
**Border Specific Annex for the Bidding Zone
border Italy – Montenegro to the Harmonised
Allocation Rules for Long-Term Transmission
Rights**

TITLE 1

General provisions

Article 1

Subject matter, effective date and scope

1. This Annex to the Harmonised Allocation Rules for Long-Term Transmission Rights (hereafter referred to as “HAR”) is related to the Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “FCA Regulation”) that is not directly applicable to the Bidding Zone borders outside of the European Union (hereafter referred to as “EU”). Bidding Zone border Italy CSUD- Montenegro is not yet part of any of the CCR since it is not mentioned in Annex 1 of Decision of the Agency for the Cooperation of Energy Regulators no 06/2016 of 17 November 2016 on the electricity transmission system operators’ proposal for the determination of capacity calculation regions.
2. In accordance with Article 4 of the HAR, regional or border specificities may be introduced for one or more Bidding Zone borders.
3. The purpose of this Annex to the HAR (hereafter referred to as the “Annex”) is to apply HAR (as amended by this Annex) to the Bidding Zone border Italy CSUD-Montenegro, i.e. to the Bidding Zone border between Terna S.p.A. (hereafter TERNA) and Montenegrin Transmission System Operator (hereafter CGES). Rules described in this Annex are governed by the applicable EU legislation law or by applicable legal acts of Energy Community, and/or applicable national legislation. References to TSO or Transmission System Operator therefore include references to EU TSOs and transmission system operators from contracting parties of the Energy Community Treaty. References to NRA or National Regulatory Authority include references to NRAs of the European Union and NRAs from contracting parties of the Energy Community Treaty.
4. This Annex enters into force as of the date of entry into force of the HAR in accordance with the applicable national regulatory regime. This Annex may be reviewed based on request of the relevant National Regulatory Authorities. In case this Annex needs to be amended based on a decision of the National Regulatory Authorities, Article 68 of the HAR shall apply.
5. If there is an inconsistency between any of the provisions in the main body of the HAR and this Annex, the provisions in this Annex shall prevail.
6. The capitalised terms used in this Annex are defined in the HAR to which this Annex is attached.

TITLE 2

General Provisions

Article 2

Definitions and interpretation

1. The Allocation Platform on the border between Bidding Zones of TERN and CGES shall be provided by JAO S.A., the Joint Allocation Office.
2. Term Allocation Rules is replaced in whole document with the following meaning: Harmonised allocation rules for Long-Term Transmission Rights (HAR).

TITLE 3

Requirements and process for participation in auctions and transfer

Article 3

Regulatory and legal requirements

1. This Article 3 amends Article 18 of the HAR.
2. It is the responsibility of each market participant to ensure that it complies with national legislation, and where applicable, European Union legislation or legal acts of the Energy Community, including requirements of any relevant competent authority, and that it obtains all necessary authorizations in connection with its participation in auctions or in transfer and the use of long-term transmission rights.

TITLE 4

Curtailment

Article 4

Day Ahead Firmness deadline

1. This Article 4 amends Article 58 of the HAR.
2. The Allocation Platform shall publish on its website and take into account for the calculation of compensation for curtailed Long Term Transmission Rights the Day Ahead Firmness Deadline for the Italy CSUD – Montenegro Bidding Zone border, that is 7:30 a.m. on the first (1st) day preceding the delivery day.

Article 5

Compensation for curtailments to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline

1. This Article 5 replaces Article 59 of the HAR.
2. In cases of curtailment to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline the compensation for each affected hour and Registered Participant shall be calculated as the Long Term Transmission Rights in MW per hour corresponding to the

difference between the allocated Long Term Transmission Rights held by the Registered Participant before and after the curtailment multiplied by the Marginal Price of the initial Auction.

Article 6

Reimbursement or compensation for curtailments due to Force Majeure or emergency situation after the Day Ahead Firmness Deadline

1. This Article 6 replaces Article 61 of the HAR.
2. In the event of Force Majeure or an emergency situations after the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement calculated as the Long Term Transmission Rights in MW per hour corresponding to the difference between the allocated Long Term Transmission Rights held by the Registered Participant before and after the curtailment multiplied by the Marginal Price of the initial Auction.

Article 7

Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights

1. For avoidance of doubts in Article 48 the Allocation Platform shall compensate the Long Term Transmission Rights holder for non-nominated Physical Transmission Rights reallocated at the relevant daily allocation according to the marginal price of the explicit auction at which transmission rights were allocated for day ahead timeframe and concerned hour.

TITLE 5

Design of Long-Term Transmission Rights

Article 8

Type of Long-Term Transmission Rights

In accordance with Article 4 of the HAR, the type of Long-Term Transmission Rights that shall be applied on Bidding Zone border Italy CSUD-Montenegro is Physical Transmission Rights pursuant to UIOSI principle.

Article 9

Forward capacity time frames

Long-Term Transmission Rights on Bidding Zone border Italy CSUD-Montenegro shall be issued for the forward capacity time frames month and year.

Article 10

Form of product

1. Long-Term Transmission Rights shall be issued in form of base load products with a fixed amount of MW over the product period.

2. The product form may include Reduction Periods, i.e. specific calendar days and/or hours within the product period, in which Cross Zonal Capacities with a reduced amount of MW are offered, taking into account a foreseen specific network situation (e.g. planned maintenance, long-term outages, foreseen balancing problems).
3. Where the product to be auctioned includes reduction periods, the auction specification shall include for each reduction period information on the duration of the reduction period and the amount of offered capacities.

Article 11 **ATC calculation**

1. Allocation of Long-term transmission rights on Italy CSUD-Montenegro bidding zone border shall be done using ATC calculated with the NTC-based approach. Provisions of the HAR relating to the allocation of cross-zonal capacities calculated with the flow-based approach will not be applicable.

Article 12 **Effective date and application**

1. Allocation Rules shall enter into force after approval of National Regulatory Authorities, and shall be applied for the purpose of capacity allocation starting from 1st January 2026 onwards.