

*Registered by
The State Electricity System, JSC
Date: 26-08-14
Registration #: 5/004-00*

Standard Conditions Of the Contract on Purchase of Guaranteed Capacity

Tbilisi

September 1, 2014

PREAMBLE

Standard Conditions of the Contract herein (further referred as “The Standard Conditions”) has been developed, considering the requirements of the Code of Georgia, Article 231 of the Law of Georgian on Electricity and Natural Gas and the Articles 20, 21 and 22 of the Electricity (Capacity) Market Rules, approved by the Order #77 (dated August 30, 2006) of Georgian Ministry of Energy.

Article 1. General Provisions

1.1 Standard Conditions herein represent the multiple-use preformed contractual conditions (typical contract form), established by the first party – Ltd “Energy System Commercial Operator” (further referred as “The Electricity Market Operator”), registered at Tbilisi Tax Inspection, on 7 August 2006, Register #205170036 and represented by its General Director Vakhtang Ambokadze) to the Eligible Enterprise (further referred as “The Enterprise”), which:

- a) In compliance with the Law of Georgia on Electricity and Natural Gas and the Electricity (Capacity) Market Rules (further referred as “The Market Rules), participates in the wholesale trade of electricity and guaranteed capacity;
- b) In compliance with the Law of Georgia on Electricity and Natural Gas and by the resolution of Georgian Government is determined as guaranteed capacity source;
- c) Based on the Law of Georgia on Electricity and Natural Gas and provisions established by the Electricity (Capacity) Market Rules is ready to supply the Energy System with the guaranteed capacity for functioning and energy security of the Country’s Energy System.

1.2 Connection of the Enterprise with the Standard Conditions is carried out in compliance with the Article 4 of the Conditions herein.

1.3 Standard Conditions arrange supply of Country’s Energy System with guaranteed

capacity by the Enterprise, through the Electricity Market Operator as well as other issues related to legal affairs.

1.4 Standard Conditions are duly registered with the Electricity Dispatch Licensee, based on the appropriate normative act. Content of the Conditions is public and available for all the Eligible Enterprises.

Article 2. Definition of Terms

2.1 Main terms used in Standard Conditions have the same meaning as prescribed by Georgian Law on Electricity and Natural Gas and relevant bylaws issued (adopted) by the National Energy and Water Regulatory Commission.

Article 3. Subject of the Contract

3.1 According to the Standard Conditions and active legislation as well as respective request of dispatch licensee, the Enterprise shall insure the supply of Country's Energy System with guaranteed capacity, through the Electricity Market Operator. In turn and according to the active legislation, the Electricity Market Operator shall insure collection of the payment for guaranteed capacity from the guaranteed capacity buyer Eligible Enterprises as well as settlement with these enterprises taking into consideration respective information received from the Dispatch Licensee, following the rules and conditions established by these Standard Conditions;

Article 4. Connection to the Standard Conditions

4.1 If the Enterprise was in a standby mode during the reporting period, actually possessed the guaranteed capacity and this fact was confirmed (following the rule established by the Market Rules and within the deadline) by the Dispatch Licensee, this Enterprise shall be considered as the party of the Standard Conditions herein, during respective reporting period.

4.2 From the moment of connection with the Standard Conditions, the Enterprise shall gain the rights and obligations provided by Standard Conditions herein.

Article 5. Guaranteed Capacity Cost

5.1 Cost of guaranteed capacity, provided by the Enterprise is calculated in compliance with the Law of Georgia on Electricity and Natural Gas, the Market Rules and appropriate decree of Georgian National Energy and Water Regulatory Commission.

5.2 Daily information about the period, when the Enterprise actually provides the guaranteed

capacity is the bases for settlement for the Enterprise, unless there is something else established by Standard Conditions.

Article 6. Settlement

6.1 The guaranteed capacity, provided by the Enterprise is reflected in the Act of Guaranteed Capacity Purchase, signed between the Electricity Market Operator and the Enterprise.

6.2 The Electricity Market Operator shall submit for signature to the Enterprise 4 properly completed and certified Acts of Guaranteed Capacity Purchase in seven calendar days, after the end of calculation period. The Electricity Market Operator is obliged to return two signed Acts to the Enterprise, within the period of two calendar days.

6.3 In the event that the Enterprise disagrees with daily information about the period of actual provision of guaranteed capacity, confirmed by the Dispatch Licensee and accordingly, does not sign the act considered by the Article 6.1, the Electricity Market Operator carries out settlement based on the act (based on the information defined by (Article 5,2), unilaterally signed by it.

6.4 Based on the Act of Guaranteed Capacity Purchase (in the event described in Article 6.3 – based on unilaterally signed act), the Enterprise shall issue appropriate settlement documentation (the invoice) about the cost of guaranteed capacity and submit it to Electricity Market Operator. Corresponding Tax Legislation regulates the conditions and rule of issuing and submitting Tax invoice;

6.5 The Enterprise is obliged to transfer to the bank account (indicated in settlement documents or other relevant documents) the amount, indicated in the settlement documentation directly to the Electricity Market Operator, no later than 28 days after the end of the reporting period. The obligation shall be considered fulfilled on the day, when full price of guaranteed capacity arrives on the bank account of the seller. If the Electricity Market Operator disagrees with amount, indicated in the settlement documentation (invoice), the Electricity Market Operator is authorized to compensate unarguable part of the amount, indicated in the settlement documentation (invoice).

6.6 If the adjustment of the guaranteed capacity cost (Compensation provided for in the Tax Law) have been resulted in:

6.6.1 In increase of guaranteed capacity cost, the Enterprise shall compensate to the Electricity Market Operator the excess of the amount accrued in favor of the latter, as a result of the adjustment not later than 28 calendar days after the end of the month, when corrective settlement documentation (invoice) is being issued.

6.7 As a rule, settlement between the parties is conducted through the bank transfer, unless the Electricity Market Operator sends written request on using another form of settlement.

Article 7. Obligations of the Electricity Market Operator and the Enterprise

7.1 The Electricity Market Operator is obliged to:

7.1.1 To deliver to the Enterprise any available information connected with the provision of guaranteed capacity and/or compensation of guaranteed capacity cost.

7.2 The Enterprise is obliged to:

7.2.1 To insure the Country's Energy System with the guaranteed capacity in compliance with active legislation.

Article 8. Force Majeure

8.1 In Standard Conditions herein, Force Majeure and Force Majeure Occurrence, for any party mean the circumstances, which cannot be controlled by present party, when they cannot be avoided, stopped or improved, despite all efforts of such party, when consequently the obligations imposed by Standard Conditions cannot be fulfilled. Force Majeure occurrences include but are not limited to the:

8.1.1 War, military actions, blockade, modillion, requisition and embargo;

7.1.2 Unrest, revolution, rebellion, civil war, breach of public order, civil riot, sabotage and terrorist actions;

8.1.3 Lightning, fire, explosion, storm, wind, flood, earthquake, hurricane and other natural disasters.

8.2 None of the parties is requested to fulfill the contract obligations if the reason for non-fulfillment is Force Majeure, provided that lack of funds by any of the parties is not considered as Force Majeure;

8.3 The parties are liberated from full or partial fulfillment of contract obligations only during the effectiveness of occurrences indicated in Paragraph 7.1. Under such circumstances, deadline for the fulfillment of contracted obligations will be rescheduled by the length of Force Majeure period;

8.4 In the event of Force Majeure, the party directly affected by it shall send another party the written notification about the occurrence within five workdays. This notification shall include relevant facts, information, possible consequences and duration. The document (issued by the Chamber of Trade and Industry of Georgia), justifying Force Majeure occurrence shall be presented within the following one month.

Article 9. Dispute Resolution

9.1 The Electricity Market Operator and the Enterprise shall take all possible actions to settle any dispute or disagreement, which can occur in relation with Standard Condition (its definition, usage and/or fulfillment) herein;

9.2 If the parties fail to reach common agreement, they shall appeal to the Georgian National Energy and Water Regulatory Commission or court (active within the borders of Georgia) if the location of fulfillment of Standard Conditions is under the jurisdiction of this court.

Article 10. Other Conditions

10.1 If any of the provisions of Standard Conditions, part of the provision or applying it to any party is illegal or impossible to fulfill, all other provisions will be considered effective and sustainable and they will remain in force, whereas ineffective and unsustainable provisions shall be separated from the Standard Conditions, so that the legality and fulfillment possibility of the others will be retained as fully as possible;

10.2 Terms included in the Standard Conditions herein are obligatory for the parties and their respective legatees. Entrusting the obligations imposed by Standard Conditions herein to the other party, without written approval of the second party is unacceptable;

10.3 Standard Conditions herein are regulated and defined by the Legislation of Georgia;

10.4 The Contract performance venue is Tbilisi.

10.5 Standard Conditions herein come to effect from September 1, 2014 and stay valid indefinitely.

Electricity System Commercial Operator, JSC

Address: 2 Baratashvili Street Old Tbilisi District Tbilisi, Georgia

Bank Details: Bank of Georgia, JSC Vera

Branch

Bank Code TBCBGE22

a/a GE76TB7505936030100001

ID Code 205170036

Vakhtan Ambokadze

General Director

**GEORGIAN NATIONAL ENERGY AND WATER
REGULATORY COMMISSION**

D E C I S I O N #30/4

August 14, 2014

Tbilisi

**About approval of Standard Conditions
Of the Contract on Purchase of Guaranteed Capacity**

Based on the Law of Georgia on Electricity and Natural Gas (Article 5, Paragraph 2 and Article 23¹), the Georgian National Energy and Water Regulatory Commission has decided to:

1. Approve attached Standard Conditions of the Contract on Purchase of Guaranteed Capacity;
2. The decision shall become valid from the date of announcement at the Commission Session;
3. The decision can be appealed in Tbilisi Civil Court (Address: #6 Aghmashenebeli Alley, 12th km) within one month after its official publication;
4. Oblige the Commission PR Department (N. Lashkhia) ensuring prompt public disclosure of this decision at the publicly accessible place of Commission building, and the Commission website;
5. Assign control of performance to the Commission's Electricity Department (N. Beridze).

Chairman

I. Milorava

Commission Member

M. Nadiradze

Commission Member

G. Shonia

Registered by
The State Electricity System, JSC
Date: 09-08-18
Registration #: 5/004-001

AMENDMENT N1

To the Standard Conditions of the Direct Contract on purchase of the Guaranteed Capacity

Tbilisi

August 06, 2018

The following amendment to the Standard Conditions of the Direct Contract on purchase of the Guaranteed Capacity, dated on September 1, 2014 (Dispatch Licensee Registration N 5/004-00, dated 26.08.14) have been prepared based on the decision N61/18 adopted by Georgian National Energy and Water Regulatory Commission, dated on July 26, 2018:

1. Paragraphs 6.1.. and 6.2. of Article 6 of the Contract shall be formed as follows:

„6.1 The guaranteed capacity, provided by the Enterprise is reflected in the Act of Guaranteed Capacity Purchase, materially or electronically signed between the Electricity Market Operator and the Enterprise.

6.2 The Electricity Market Operator shall materially or electronically submit for signature to the Enterprise 4 properly completed and certified Acts of Guaranteed Capacity Purchase in seven calendar days, after the end of calculation period. The Electricity Market Operator is obliged to return materially or electronically two signed Acts to the Enterprise, within the period of two calendar days.“

2. The paragraph 6.8. shall be added after the Paragraph 6.7. of the Contract:

„6.8. In cases specified in paragraphs 6.1 and 6.2 of this Agreement, the electronic version of the Acts of Guaranteed Capacity Purchase shall be formulated and signed through the electronic system on the website of the Electricity Market Operator (www.esco.ge). An electronic and electronically signed Act of Guaranteed Capacity Purchase has the same legal force as material and materially signed Act of Guaranteed Capacity Purchase.“

3. This amendment becomes effective the day of approval by the Georgian National Energy and Water Regulatory Commission and registration by the Dispatch Licensee under the terms of the Electricity (Capacity) Market Rules and remain in force indefinitely.

JSC “Electricity System Commercial Operator” Address:
Georgia, Tbilisi Old Tbilisi District

2 Baratashvili Street

Bank Details: TBCBGE22

a/a GE76TB7505936030100001

Identification Code: 205170036

Vakhtang Ambokadze

General Director

GEORGIAN NATIONAL ENERGY AND WATER REGULATORY COMMISSION

DECISION N61/18

July 26, 2018

Tbilisi

About amendments to the Standard Conditions Of the Contract on purchase of Guaranteed Capacity

Based on the Law of Georgia on Electricity and Natural Gas (Article 5 and Paragraph 1 of Article 22¹) and Article 63 of General Administrative Code, the Georgian National Energy and Water Regulatory Commission has decided to:

1. The following amendments shall be made to the standard conditions on purchase of the Guaranteed Capacity approved by the Decision N30/4 on August 14, 2014 of the Georgian National Energy and Water Supply Regulatory Commission:

a) Paragraphs 6.1.. and 6.2. of Article 6 of the Contract shall be formed as follows:

6.1 The guaranteed capacity, provided by the Enterprise is reflected in the Act of Guaranteed Capacity Purchase, materially or electronically signed between the Electricity Market Operator and the Enterprise.

6.2 The Electricity Market Operator shall materially or electronically submit for signature to the Enterprise 4 properly completed and certified Acts of Guaranteed Capacity Purchase in seven calendar days, after the end of calculation period. The Electricity Market Operator is obliged to return materially or electronically two signed Acts to the Enterprise, within the period of two calendar days.“

b) The paragraph 6.11. shall be added after the Paragraph 6.10. of the Contract:

„In cases specified in paragraphs 6.1 and 6.2 of this Agreement, the electronic version of the Acts of Guaranteed Capacity Purchase shall be formulated and signed through the electronic system on the website of the Electricity Market Operator (www.esco.ge). An electronic and electronically signed Act of Guaranteed Capacity Purchase has the same legal force as material and materially signed Act of Guaranteed Capacity Purchase.”

3. The decision can be appealed in Tbilisi Civil Court (Address: #6 Aghmashenebeli Alley, 12th km) within one month after its official publication;

4. Oblige the Commission's PR Department ensuring prompt public disclosure of this decision at the publicly accessible place of Commission building, and the Commission website;

5. Assign control of performance to the Commission's Electricity Department.

Chairman

I. Milorava

Commission Member

G. Phangani

Commission Member

M. Melikidze

Commission Member

D. Narmania