

*Registered by the  
Georgian State Electricity  
System, JSC  
Date: 26-08-14, #1/1479-00*

## **Standard Conditions of Direct Contract On Selling the Balancing Electricity**

*Tbilisi*

*September 1, 2014*

### **Preamble**

Standard Conditions on selling Balancing Electricity (hereinafter referred as “Standard Conditions”) have been prepared based on the requirements of Civil Code of Georgia, Georgian Law on Electricity and Natural Gas (Article 221) and the Electricity (Capacity) Market Rules approved by the Order #77 of Georgian Minister of Energy (dated August 30, 2006).

### **Article 1. General Provisions**

**1.1** Standard Conditions herein represent the contract terms (sample contract form) worded in advance and intended for multiple use, composed by one party – Ltd “Electricity System Commercial Operator” (hereinafter referred as “the Electricity Market Operator”, registered on August 7, 2009 by Tbilisi Tax Inspection, Register

#205170036, represented by its General Director Vakhtang Ambokadze) for the Eligible Enterprise (hereinafter referred as “the Enterprise”) and the Transmission/Dispatch Licensees that are authorized to take part in the wholesale trade of electricity, based on the Law of Georgia on “Electricity and Natural Gas” and “The Electricity (Capacity) Market Rules” (hereinafter referred as “the Market Rules”) in the part of buying the electricity for the purpose of covering losses and providing for the electricity (capacity) transit;

**1.2** The Enterprise can be connected to the Standard Conditions in compliance with the Article 4 of these Conditions;

**1.3** Standard Conditions regulate the terms and rules of Balancing Electricity purchase by the Enterprise from the Electricity Market Operator as well as other issues connected with these legal relations;

**1.4** Standard Conditions are completing the regulations established by active legislation (including the Market Rules). Active legislation regulates the issues not considered by Standard Conditions.

## **Article 2. Definition of the Terms**

**2.1** Main terms used in Standard Conditions have the same meaning as considered by the Law of Georgia on Electricity and Natural Gas and corresponding bylaws issued (adopted) by the Ministry of Energy of Georgia and National Energy and Water Regulatory Commission.

## **Article 3. Subject of Standard Conditions**

**3.1** Subject of Standard Conditions is selling the Balancing Electricity;

**3.2** The Enterprise buys from the Commercial Operator the electricity, which equals to the difference between the volumes of electricity to be purchased (including the actual average losses), by it during the calculation period and the electricity bought based on the direct contracts;

**3.3** According to the Standard Conditions, the Electricity Market Operator sells and the Enterprise buys the electricity aimed at meeting the actual needs and provides for full and timely compensation of its cost according to the rules and conditions established by the Standard Condition.

## **Article 4. Being Connected to the Standard Conditions**

**4.1** The Enterprise will be considered as the contract party if:

**4.1.1.** It represents the distribution licensee, direct customer, exporter, electricity generator (in the part of power purchase for the plant's general consumption of electricity), Dispatch Licensee (in the part of power purchase for covering the losses to provide for the electricity (capacity) transit);

**4.1.2.** It has received the Balancing Electricity at the delivery points during the reporting period for covering the losses to provide for the direct consumption (in case of the electricity generator – for guaranteeing general consumption of the plant), export or transit of electricity (capacity).

**4.2** From the moment of connection with the Standard Conditions, the Enterprise becomes the entity with the rights and obligations considered by these Conditions.

## **Article 5. Balance Electricity Volume, Value and Cost**

**5.1** The Electricity Market Operator determines the volume and value of Balancing Electricity in compliance with the Market Rules;

**5.2** Pricing of Balancing Electricity is taking place in compliance with the Market Rules.

## **Article 6. Settlement**

**6.1** The volume of Balancing Electricity sold to the Enterprise is reflected in the receipt- delivery act signed between the Electricity Market Operator and the Enterprise. In addition, if the amendments connected with the electricity generated, delivered and consumed (according to the Market Rules) are introduced to the receipt-delivery acts, it is resulted in making corrections to the volume of Balance Electricity, the corrected receipt-delivery act shall be drawn;

**6.2** The Electricity Market Operator submits to the Enterprise four properly composed and approved acts of electricity receipt and delivery, within 12 calendar days. The Enterprise is obliged to return two acts to the Electricity Market Operator within two calendar days;

**6.3** Based on the data provided in the receipt-delivery act, the Electricity Market Operator issues appropriate settlement documentation (invoice) on the cost of Balance Electricity and submit it to the Enterprise. Respective Tax Legislation regulates the conditions and rule of submitting the invoice;

**6.4** The Enterprise is obliged to directly compensate (via bank transfer) to the Electricity Market Operator the amount indicated in the settlement documentation, not later than 25 calendar days after the end of calculation period. This liability shall be considered fulfilled on the date, when total cost of Balancing Electricity is received on the account of the Electricity Market Operator. Regardless, the Enterprise agrees or not with the electricity receipt-delivery act and/or settlement documentation, the Enterprise shall transfer the amount indicated in the settlement documentation to the account of the Electricity Market Operator.

**6.5** In case of Balancing Electricity price adjustment, when:

**6.5.1.** The Balancing Electricity price increases, the Enterprise is obliged to compensate to the Electricity Market Operator additionally payable amount, resulted from the adjustment, not later than 25 calendar days after the end of the month, when correcting settlement documentation (invoice) is issued.

**6.5.2.** The Balancing Electricity price decreases, the Electricity Market Operator is obliged to compensate to the Enterprise the excess amount, accrued in favor of the Enterprise, not later than 28 calendar days after the end of the month, when correcting settlement documentation (invoice) is being issued.

**6.6.** As a rule, settlement between the parties takes place via bank transfer, unless the written request about using different common rule of settlement is sent from the Electricity Market Operator's side.

**6.7.** In the event that the Enterprise fails to pay or partly pays the amount, indicated in correcting settlement documentation (invoice) within the duration, determined by the Standard Conditions, the penalty (0, 06% of unpaid amount) shall be imposed per each delayed day. This penalty shall be billed on the 26th calendar day after the end of the month, when the correcting settlement documentation (invoice) was issued. Billing of this penalty shall stop on the following day (excluding the following day), when the unpaid amount is transferred to the account of Electricity Market Operator;

**6.8** The fine is calculated immediately after the reporting period. The Electricity Market Operator sends

the letter (along with the attached calculations) about it to the Enterprise. The Enterprise receives becomes liable for paying the fine upon the receipt of written notification;

**6.9** Based on the Standard Conditions, the amount payable by the Enterprise is not subject to the offset with the counter claims or writing off without the consent of the Electricity Market Operator written in advance. Transfer of the liability of the Enterprise on compensating the amount (based on the Standard Conditions) to the other (third) person is not allowed without the consent (written in advance) of the Electricity Market Operator;

**6.10** According to the Standard Conditions, the Electricity Market Operator is entitled to take the actions allowed by the legislation in the event of non-payment, partial payment and/or delay of payment of any fee or interest, connected with the cost of Balance Electricity, which includes but is not limited to the Electricity Market Operator's right on restricting or terminating the electricity delivery to the Enterprise according to the rule established by the active legislation.

## **Article 7. Payment Guarantee**

**7.1** The Electricity Market Operator is entitled to claim in writing the bank guarantee on the payments due by the time of this claim as well as the amounts expected during the reporting period(s) from the Enterprise, which has violated the obligation imposed by the Articles 6.4 and 6.5.1 of Standard Conditions. The amount insured by the bank guarantee shall not be less than the amount not paid in compliance with the Articles 6.4 and 6.5.1;

**7.2** Failure of the Enterprise to present the bank guarantee may become the subject to taking measures, included in the Article 6.10 of Standard Conditions herein. The Electricity Market Operator sends the notification about terminating or limiting the electricity (capacity) supply to the Electricity Dispatch Licensee in compliance with the Market Rules.

## **Article 8. Force Majeur**

**8.1** In Standard Conditions herein, Force Majeur and Force Majeur occurrence for any of the Parties means: the circumstances, which cannot be controlled by mentioned Party; when they cannot be avoided, stopped or improved, despite all the efforts of such Party; when as a consequence or as a result, one of the Parties cannot fulfill the obligations imposed by Standard Conditions. The Force Majeur occurrence includes (but is not limited to):

**8.1.1** The war, military actions, siege, mobilization, requisition or embargo;

**8.1.2** Unrest, revolution, rebellion, civil war, public disorder, civil riot, sabotage and terrorist actions;

**8.1.3** Lightning, conflagration, explosion, storm, wind, flood, earthquake, hurricane or other natural disasters.

**8.2** None of the Parties is requested to fulfill the Contract and it will not be considered as non-

fulfillment of their obligations, if the reason for non-fulfillment is Force Majeur, if lack of funds by any of the Parties is not considered as the Force Majeur.

**8.3** The Parties shall be released from full or partial fulfillment of contract obligations considered by Standard Conditions only, when the circumstances indicated in Paragraph 8.1 occur. Under such circumstances, deadline for the fulfillment of contracted obligations will be rescheduled by the length of Force Majeur period.

**8.4** In Force Majeur situation, the Party directly affected by it shall send another Party written notification about the occurrence within five workdays. This notification shall include relevant facts, information, possible consequences and duration. The document (the statement issued by the Chamber of Trade and Industry of Georgia), justifying Force Majeur 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 occurred in relation with the Standard Conditions (the definition, use and/or fulfillment) herein.

**9.2** If the Parties fail to reach common agreement, the subject of argument shall be submitted to the Georgian National Energy Regulatory Commission or the court within the jurisdiction of Georgia.

**9.3** The Electricity Market Operator has the right to demand immediate execution of the First Instance Court Decision in compliance with the Civil Code (Article 268, Clause 1<sup>1</sup> of the Convention).

## **Article 10. Other Conditions**

**10.1** If one of the provisions or part (or use of this provision or its part towards one of the Parties) of Standard Conditions is illegal or impossible to fulfill, all remaining provisions of the Standard Conditions will be considered effective and sustainable and they will remain in force as far as possible, whereas useless and unsustainable provisions shall be separated from the Standard Conditions, so that the legality and fulfillment possibility of others will be retained.

**10.2** The terms included in the Standard Conditions herein are obligatory for the Parties and their respective legatees. Entrustment of the obligations imposed by the Standard Conditions herein to the other Party, without written consent of the second party is unacceptable.

**10.3** Standard Conditions herein are regulated and defined by Georgian Legislation.

**10.4** The contract performance venue in Tbilisi.

**10.5** Standard Conditions shall become effective on December 1, 2010 and remain in force indefinitely.

**Electricity System Commercial Operator, JSC**

Address: 2 Baratashvili Street, Old Tbilisi District

Tbilisi Georgia Bank Details TBC Bank Vera Branch

Bank Code: TBCBGE22

a/a GE76TB7505936030100001

Identification Code: 205170036

**Vakhtang Ambokadze**

**General Director**

GEORGIAN NATIONAL ENERGY AND WATER REGULATORY COMMISSION

DECISION N30/5

*August 14, 2014*

*Tbilisi*

**About approval of Standard Conditions  
Of the Contract on Selling the Balancing Electricity**

Based on the Law of Georgia on Electricity and Natural Gas (Article 5 and Paragraph 1 of Article 22), the Georgian National Energy and Water Regulatory Commission has decided to:

1. Approve the attached Standard Conditions of Direct Contract on Selling the Balancing Electricity;
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, 12<sup>th</sup> km) within one month after its official publication;
4. Oblige the Commission's 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**

## AMENDMENT N1

### To the Standard Conditions of the Direct Contract on Selling the Balancing Electricity

**Tbilisi**

**August 11, 2016**

The following amendment to the Standard Conditions of the Direct Contract on Selling the Balancing Electricity, dated on September 1, 2014 (Dispatch Licensee Registration N 1/1479-00, dated 26.08.2014) have been prepared based on the decision N36/31 adopted by Georgian National Energy and Water Regulatory Commission, dated on May 24, 2016:

1. The Paragraph 6.4<sup>1</sup>. shall be added after the Paragraph 6.4 of the Contract:

“6.4<sup>1</sup>. Regardless, the Enterprise agrees or not with the electricity receipt-delivery act and/or facts indicated in the settlement documentation (invoice), the Enterprise shall transfer the amount indicated in the settlement documentation to the account of the Electricity Market Operator. This liability shall be considered fully fulfilled on the date, when total cost of Balancing Electricity is received on the account of the Electricity Market Operator. During the fulfillment of the obligations arising from this contract, the Enterprise is required to specify the purpose of payment in the Payment Order (the name of duty, which must be paid).

In the event that the purpose of payment shall not be specified in the Payment Order and paid amount is insufficient to cover the debt to the Electricity Market Operator, the debt should be covered under the terms of article 387 of the Civil Code of Georgia and if requirements have the equal force, the Electricity Market Operator shall allocate the paid amount proportionally between the debts of balancing electricity and guaranteed capacity.”

2. 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 N36/31

*May 24, 2016*

*Tbilisi*

### **About amendments to the Standard Conditions Of the Contract on Selling the Balancing Electricity**

Based on the paragraph 1 of article 5 and article 22 of Law of Georgia on Electricity and Natural Gas and article 29 of regulation about implementation of administrative procedures adopted by the commission dated on August 7, 2003, the Georgian National Energy and Water Regulatory Commission has decided to:

1. The following amendments shall be made to the standard conditions of selling of the Balancing Electricity approved by the Decision N30/5 on August 14, 2014 of the Georgian National Energy and Water Supply Regulatory Commission:

“6.4<sup>1</sup>. Regardless, the Enterprise agrees or not with the electricity receipt-delivery act and/or facts indicated in the settlement documentation (invoice), the Enterprise shall transfer the amount indicated in the settlement documentation to the account of the Electricity Market Operator. This liability shall be considered fully fulfilled on the date, when total cost of Balancing Electricity is received on the account of the Electricity Market Operator. During the fulfillment of the obligations arising from this contract, the Enterprise is required to specify the purpose of payment in the Payment Order (the name of duty, which must be paid).

In the event that the purpose of payment shall not be specified in the Payment Order and paid amount is insufficient to cover the debt to the Electricity Market Operator, the debt should be covered under the terms of article 387 of the Civil Code of Georgia and if requirements have the equal force, the Electricity Market Operator shall allocate the paid amount proportionally between the debts of balancing electricity and 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, 12<sup>th</sup> km) within one month after its official publication;

4. Oblige the Commission's 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  
Georgian State Electricity System, JSC  
Date: 09-08-18,  
Registration #: 1/1479-002*

## **AMENDMENT N2**

### **To the Standard Conditions of the Direct Contract on Selling the Balancing Electricity**

**Tbilisi**

**August 06, 2018**

The following amendment to the Standard Conditions of the Direct Contract on Selling the Balancing Electricity, dated on September 1, 2014 (Dispatch Licensee Registration N 1/1479-00, dated 26.08.2014) have been prepared based on the decision N61/16 adopted by Georgian National Energy and Water Regulatory Commission, dated on July 26, 2018:

1. The Paragraph 1.1. of the Contract shall be formed as follows:

“1.1. Standard Conditions herein represent the contract terms (sample contract form) worded in advance and intended for multiple use, composed by one party – Ltd “Electricity System Commercial Operator” (hereinafter referred as “the Electricity Market Operator”, registered on August 7, 2009 by Tbilisi Tax Inspection, Register #205170036, represented by its General Director Vakhtang Ambokadze) for the Eligible Enterprise (hereinafter referred as “the Enterprise”) and the Dispatch Licensee in the part of buying the electricity for the purpose of covering losses and providing for the electricity (capacity) transit and also in the part of buying the electricity for the purpose of covering losses in transmission network, that are authorized to take part in the wholesale trade of electricity, based on the Law of Georgia on “Electricity and Natural Gas” and “The Electricity (Capacity) Market Rules” (hereinafter referred as “the Market Rules”);

2. The Paragraph 3.2. of the Contract shall be formed as follows:

“3.2. The Enterprise buys from the Commercial Operator the electricity, which equals to the difference between the volumes of consumed electricity, by it during the calculation period and the electricity bought based on the direct contracts.”;

3. The paragraph 3.2<sup>1</sup>. shall be added after the Paragraph 3.2. of the Contract:

“3.2<sup>1</sup>. Dispatch Licensee:

a) In purpose to cover transmission network losses buys the amount of electricity to purchase losses in the transmission network specified in the reporting period according to the paragraph 3<sup>1</sup> of Article 23 of the “the Market Rules” from Electricity Market Operator under the Standard Conditions;

b) In purpose to cover losses for providing electricity (capacity) transit buys the amount of electricity equivalent to the difference between the quantity of electricity purchased for transit and the amount of electricity purchased on the basis of the direct agreement for these purposes specified in the reporting period according to the paragraph 3<sup>1</sup> of Article 23 of the “the Market Rules” from Electricity Market Operator under the Standard Conditions.”;

4. Paragraphs 4.1.1. and 4.1.2. of Article 4 of the Contract shall be formed as follows:

„4.1.1. It represents the distribution licensee, direct customer, exporter, electricity generator (in the part of power purchase for the plant’s general consumption of electricity), Dispatch Licensee (in the part of power purchase for covering the losses to provide for the electricity (capacity) transit and in purpose to cover losses in transmission network);

4.1.2. It has received the Balancing Electricity at the delivery points during the reporting period for covering the losses to provide for the direct consumption (in case of the electricity generator – for guaranteeing general consumption of the plant), export or in purpose of covering losses for providing transit of electricity (capacity) and of covering losses in transmission network.“

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

„6.1 The volume of Balancing Electricity sold to the Enterprise is reflected in the receipt- delivery act materially or electronically signed between the Electricity Market Operator and the Enterprise. In addition, if the amendments connected with the electricity generated, delivered and consumed (according to the Market Rules) are introduced to the receipt-delivery acts, it is resulted in making corrections to the volume of Balance Electricity, the corrected receipt-delivery act shall be drawn materially or electronically;

6.2 The Electricity Market Operator materially or electronically submits to the Enterprise four properly composed and approved acts of electricity receipt and delivery, within 12 calendar days. The Enterprise is obliged to return materially or electronically two acts to the Electricity Market Operator within two calendar days;“

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

„6.11. In cases specified in paragraphs 6.1 and 6.2 of this Agreement, the electronic version of the receipt and delivery act shall be formulated and signed through the electronic system on the website of the Electricity Market Operator ([www.esco.ge](http://www.esco.ge)). An electronic and electronically signed receipt and delivery act has the same legal force as material and materially signed receipt and delivery act.

7. 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:**

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2 Baratashvili Street

**Bank Details:** TBCBGE22

a/a GE76TB7505936030100001

Identification Code: 205170036

**Vakhtang Ambokadze**

**General Director**

GEORGIAN NATIONAL ENERGY AND WATER REGULATORY COMMISSION

DECISION N61/16

July 26, 2018

Tbilisi

**About amendments to the Standard Conditions  
Of the Contract on Selling Balancing Electricity**

Based on the Law of Georgia on Electricity and Natural Gas (Article 5 and Paragraph 1 of Article 22<sup>1</sup>) 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 of selling of the Balancing Electricity approved by the Decision N30/5 on August 14, 2014 of the Georgian National Energy and Water Supply Regulatory Commission:

a) The Paragraph 1.1. of the Contract shall be formed as follows:

“1.1. Standard Conditions herein represent the contract terms (sample contract form) worded in advance and intended for multiple use, composed by one party – Ltd “Electricity System Commercial Operator” (hereinafter referred as “the Electricity Market Operator”, registered on August 7, 2009 by Tbilisi Tax Inspection, Register #205170036, represented by its General Director Vakhtang Ambokadze) for the Eligible Enterprise (hereinafter referred as “the Enterprise”) and the Dispatch Licensee in the part of buying the electricity for the purpose of covering losses and providing for the electricity (capacity) transit and also in the part of buying the electricity for the purpose of covering losses in transmission network, that are authorized to take part in the wholesale trade of electricity, based on the Law of Georgia on “Electricity and Natural Gas” and “The Electricity (Capacity) Market Rules” (hereinafter referred as “the Market Rules”);

b) The Paragraph 3.2. of the Contract shall be formed as follows:

“3.2. The Enterprise buys from the Commercial Operator the electricity, which equals to the difference between the volumes of consumed electricity, by it during the calculation period and the electricity bought based on the direct contracts.”;

c) The paragraph 3.2<sup>1</sup>. shall be added after the Paragraph 3.2. of the Contract:

“3.2<sup>1</sup>. Dispatch Licensee:

c) In purpose to cover transmission network losses buys the amount of electricity to purchase losses in the transmission network specified in the reporting period according to the paragraph 3<sup>1</sup> of Article 23 of the “the Market Rules” from Electricity Market Operator under the Standard Conditions;

d) In purpose to cover losses for providing electricity (capacity) transit buys the amount of electricity equivalent to the difference between the quantity of electricity purchased for transit and the amount of electricity purchased on the basis of the direct agreement for these purposes specified in the reporting period according to the paragraph 3<sup>1</sup> of Article 23 of the “the Market Rules” from Electricity Market Operator under the Standard Conditions.”;

d) Paragraphs 4.1.1. and 4.1.2. of Article 4 of the Contract shall be formed as follows:

„4.1.1. It represents the distribution licensee, direct customer, exporter, electricity generator (in the part of power purchase for the plant’s general consumption of electricity), Dispatch Licensee (in the part of power purchase for covering the losses to provide for the electricity (capacity) transit and in purpose to cover losses in transmission network);

4.1.2. It has received the Balancing Electricity at the delivery points during the reporting period for covering the losses to provide for the direct consumption (in case of the electricity generator – for guaranteeing general consumption of the plant), export or in purpose of covering losses for providing transit of electricity (capacity) and of covering losses in transmission network.“

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

„6.1 The volume of Balancing Electricity sold to the Enterprise is reflected in the receipt- delivery act materially or electronically signed between the Electricity Market Operator and the Enterprise. In addition, if the amendments connected with the electricity generated, delivered and consumed (according to the Market Rules) are introduced to the receipt-delivery acts, it is resulted in making corrections to the volume of Balance Electricity, the corrected receipt-delivery act shall be drawn materially or electronically;

6.2 The Electricity Market Operator materially or electronically submits to the Enterprise four properly composed and approved acts of electricity receipt and delivery, within 12 calendar days. The Enterprise is obliged to return materially or electronically two acts to the Electricity Market Operator within two calendar days;“

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

„6.11. In cases specified in paragraphs 6.1 and 6.2 of this Agreement, the electronic version of the receipt and delivery act shall be formulated and signed through the electronic system on the website of the Electricity Market Operator ([www.esco.ge](http://www.esco.ge)). An electronic and electronically signed receipt and delivery act has the same legal force as material and materially signed receipt and delivery act.

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, 12<sup>th</sup> 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**

## **Amendment N3**

### **To the Standard Conditions of the Direct Contract on Selling the Balancing Electricity**

Tbilisi

January 29, 2020

On the basis of the Georgian National Energy and Water Supply Regulatory Commission Decision #7/12 (dated January 28, 2020), the following amendments shall be introduced to the Standard Conditions of "the Direct Contract on Selling the Balancing Electricity" of September 1, 2014 (Dispatch Licensee registration N1/1479-00, date: 26.08.2014):

1. Article 11 with the following edition shall be added after the Article 10:

“Article 11. A special rule for the reimbursement of the amount(s) that must be paid as a result of changes (adjustments) made to the “Receipt/Delivery Act(s) of Generated, Delivered and Consumed Electricity” in accordance with the Guaranteed Power Purchase Agreement from January 1, 2020 March 1, 2020.

11.1 If, as a result of changes made to “the Receipt/Delivery Act(s) of Generated, Delivered and Consumed Electricity” from January 1, 2020 to March 1, 2020 under the Guaranteed Power Purchase Agreement, the price of Balancing Electricity is adjusted and generally reduced, the rule established by this Agreement (article 6, clause 6.5. 2) shall not apply to cover the amount that should be additionally paid to the enterprise by the Electricity Market Operator, instead the rule established by this article shall apply.

11.2. The Electricity Market Operator shall reimburse the enterprise an additional amount (excluding current debt), which shall be reimbursed for the receivable(s) arising by the time of crediting, as a result of the adjustment provided for in this Article, in accordance with the amount(s) credited to the account of the Electricity Market Operator.

11.3 In accordance with clause 11.2 of this Article, payment of the amount that the Electricity Market Operator must reimburse to the enterprise, will be made within the framework of the mentioned adjustment, in accordance with the share (in proportion) of the enterprise in the total debt of the enterprises remaining in accordance with the adjustment at the time the receivable is credited.

11.4 The Electricity Market Operator shall reimburse the enterprise the amount(s) provided for in sub-clauses 11.2 and 11.3 of this Article no later than 3 (three) business days after the transfer of corresponding amount(s) to the Electricity Market Operator’s account.



11.5. The Electricity Market Operator is authorized to carry out actions in accordance with the legislation of Georgia, including the signing of an agreement on the transfer of debt”

2. This amendment shall enter into force upon approval by the legal act of Georgian National Energy and Water Supply Regulatory Commission and registration with the Dispatching Licensee in accordance with applicable law and is valid until complete and proper fulfillment of the obligations established by Article 11.

**JSC "Electricity System Commercial Operator"**

**Address:** Georgia, Tbilisi,

2 Baratashvili Street, Old Tbilisi District

**Bank Details:** TBC Bank OJSC

Bank Code: TBCBGE22

A / A GE76TB7505936030100001

Identification Code: 205170036

**Zaza Dvalishvili**

**General Director**

**GEORGIAN NATIONAL ENERGY AND  
WATER SUPPLY REGULATORY COMMISSION**

**D E C I S I O N N7/12**

Tbilisi

January 28, 2020

**About Introducing Amendment to the Georgian National Energy and  
Water Supply Regulatory Commission Decision N30/5 Dated  
August 14, 2014 on Approval of “Standard Conditions of  
Direct Contract on Selling the Balancing Electricity”**

On January 16, 2020, the Electricity Market Operator (hereinafter referred to as “ESCO”) addressed the Georgian National Energy and Water Supply Regulatory Commission (hereinafter referred to as the Commission) with its Letter #01/36 (registration number in the Commission 364/01) noting the need for change of “Standard Conditions of Direct Contract on Selling the Balancing Electricity” (hereinafter referred to as the Standard Conditions), approved by the Georgian National Energy and Water Supply Regulatory Commission Decision N30/5 of August 14, 2014.

The letter says that ESCO will buy the electricity generated by Kintrisha Hydro Power Plant from the Ltd “Hydro Development Company” (hereinafter referred to as the "Company"), based on the “Guaranteed Power Purchase Agreement” (hereinafter - the Guaranteed Power Purchase Agreement), signed on September 4, 2017. In addition, ESCO will sell the purchased electricity to the appropriate qualified enterprises based on Standard Conditions. On January 16, 2020, the JSC “Georgian State Electrosystem” sent a letter to ESCO stating that due to a malfunction of the metering unit(s) of the Kintrisha HPP used in wholesale trade and incorrect metering (with excess) of generated electricity, it became necessary to amend the "Receipt/Delivery Act(s) of Generated, Delivered and Consumed Electricity", signed with the company. This, in turn, will lead to a change in the wholesale bases of 2017, 2018 and 2019, as a result of which the Qualified Enterprises involved in wholesale trade will have financial rights and obligations. Moreover, as a result of these changes, according to the preliminary data, the company and a number of other Qualified Enterprises will jointly have debts to ESCO totaling more than 2 million GEL, most of which comes from the company. In addition, in a letter sent to the Commission, ESCO has noted that it will have a significant credit debt to the Qualified Enterprises involved in wholesale trade.

An agreement on guaranteed power purchase, signed between the Company and ESCO does not provide for such repayment periods for the amounts due as a result of adjustments provided for by the Standard Conditions. Accordingly, ESCO notes that, based on the quantity of the above sum and shortened payment periods in accordance with the Standard Conditions, ESCO will not be able to timely repay the financial obligations arising from these adjustments, which will lead to the financial

difficulties and create the risk of ESCO's bankruptcy. This, in turn, would jeopardize the stability of the entire energy system.

To avoid the above difficulties, ESCO appealed to the Commission and requested amendment to the Standard Conditions and determination of special time period different from the time period specified in the Standard Conditions, to cover the debts to Qualified Enterprises involved in wholesale trade, which appeared as a result of adjustments to the "Receipt/Delivery Act(s) on Generated, Supplied and Consumed Electricity" signed with the company.

In view of all the above, on the basis of Articles 23 and 168 of the Law of Georgia on Electricity and Water Supply, Article 13 of "the Electricity (Capacity) Market Rules", approved by the Order #77 of Georgian Energy Minister of August 30, 2006 and Article 63 of the General Administrative Code of Georgia, the National Energy and Water Supply Regulatory Commission has made the following

**Decision:**

1. To add the Article 11 with the following edition after the Article 10 in the "Standard Conditions of Direct Contract on Selling the Balancing Electricity", approved by the Georgian National Energy and Water Supply Regulatory Commission Decision N30/5 of August 14, 2014 :

Article 11 with the following edition shall be added after the Article 10:

"Article 11. A special rule for the reimbursement of the amount(s) that must be paid as a result of changes (adjustments) made to the "Receipt/Delivery Act(s) of Generated, Delivered and Consumed Electricity" in accordance with the Guaranteed Power Purchase Agreement from January 1, 2020 March 1, 2020.

11.1 If, as a result of changes made to "the Receipt/Delivery Act(s) of Generated, Delivered and Consumed Electricity" from January 1, 2020 to March 1, 2020 under the Guaranteed Power Purchase Agreement, the price of Balancing Electricity is adjusted and generally reduced, the rule established by this Agreement (article 6, clause 6.5. 2) shall not apply to cover the amount that should be additionally paid to the enterprise by the Electricity Market Operator, instead the rule established by this article shall apply.

11.2. The Electricity Market Operator shall reimburse the enterprise an additional amount (excluding current debt), which shall be reimbursed for the receivable(s) arising by the time of crediting, as a result of the adjustment provided for in this Article, in accordance with the amount(s) credited to the account of the Electricity Market Operator.

11.3 In accordance with clause 11.2 of this Article, payment of the amount that the Electricity Market Operator must reimburse to the enterprise, will be made within the framework of the mentioned adjustment, in accordance with the share (in proportion) of the enterprise in the total debt of the enterprises remaining in accordance with the adjustment at the time the receivable is credited.

11.4 The Electricity Market Operator shall reimburse the enterprise the amount(s) provided for in sub-clauses 11.2 and 11.3 of this Article no later than 3 (three) business days after the transfer of corresponding amount(s) to the Electricity Market Operator's account.

11.5. The Electricity Market Operator is authorized to carry out actions in accordance with the legislation of Georgia, including the signing of an agreement on the transfer of debt".

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'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.

David Narmania

Chairman

Giorgi Phangani

Commission Member

Giorgi Pruidze

Commission Member

**Amendment N4**  
**To the Standard Conditions of Direct Contract on Selling the Balancing Electricity**

Tbilisi

30 July, 2021

**Since**, The changes, implemented in “Market rules”, established by Decree N1-1/257 (Dated 21/03/2021) of Minister of Economics and Sustainable Development of Georgia, together with the other issues, concerns the list of qualified enterprises, participating in electricity wholesale trade. In particular, universal service supplier, free supplier, supplier of electricity with public service, supplier of last alternative and distribution licensee (in part of electricity purchasing for the purpose of covering the loss in distribution network) are added to this list.

**Since**, Resulting from the changes in list of qualified enterprises, based on paragraph 9 and 10<sup>1</sup> of Article 13 of Market rules, above mentioned qualified enterprises participating in electricity wholesale trade and purchasing balancing electricity,.

The following amendment to the Standard Conditions of the Direct Contract on Selling the Balancing Electricity, dated on September 1, 2014 (Dispatch Licensee Registration N1/1479-00, dated 26.08,2014) have been prepared based on decision N35/24 adopted by Georgian National Energy and Water Regulatory Commission, dated on July 29, 2021:

1. Paragraph 3.2<sup>2</sup> shall be added after 3.2<sup>1</sup> of Contract:

“3.2<sup>2</sup>. Distribution licensee shall purchase the amount of electricity, to be purchased, that is relevant to the losses in distribution network, determined on base of paragraph 3<sup>2</sup> of article 23 of market rules in settlement period, from Electricity Market Operator with standard conditions for purpose of covering the losses in distribution network.”.

2. The Sub-paragraph 4.1.1 and 4.1.2 of paragraph 4.1 of Article 4 are established as following:

“4.1.1 It is a direct consumer, universal service supplier, free supplier, supplier of electricity with public service, supplier of last alternative, exporter, generator of electricity (in part of purchasing the electricity for total plant losses of electricity), Dispatch Licensee (in part of purchasing the electricity for purpose of covering the loss in transmission network and losses for securing the transit of electricity (capacity)) and distribution licensee (in part of purchasing the electricity for purpose of covering the losses in distribution network).

4.1.2 It has received the balancing electricity at the delivery points in settlement period for securing the total plant losses and for covering the losses in transmission and distribution networks and the losses for securing the transit of electricity (capacity) and for exporting – in case of generator of electricity (capacity), direct consumption and supplying to retail consumers.”.

3. This amendment become effective the day of approval by the Georgian National Energy and Water Regulatory Commission and registration by Dispatch Licensee under the terms of the Electricity (Capacity) Market Rules and remain in force indefinitely. The Amendment applies to the relations arising from July 01, 2021.

**JSC “Electricity System Commercial Operator”**

**Address:** Georgia, Tbilisi

2 Baratashvili Street, Old Tbilisi District

**Bank Details:** JSC “TBC Bank”

Bank Code TBCBGE22

a/n GE76TB7505936030100001

Identification Number: 205170036

**Zaza Dvalishvili**

**General Director**

**GEORGIAN NATIONAL ENERGY AND WATER SUPPLY  
REGULATORY COMMISSION**

**Decision N 35/24**

July 29, 2021

Tbilisi

*About changes in Decision N30/5 (Dated 14/08/2014) issued by Georgian National Energy and Water Supply Regulation Commission – “About establishing the standard conditions of direct contract on selling the balancing electricity”*

Electricity Market Operator (hereafter “Esco”) presented the letter N01/519 to the Georgian National Energy and Water Supply Regulation Commission (hereafter “Commission”) on July 20, 2021.

The letter is about the necessity of making changes in Decision N30/5 (Dated 14/08/2014), issued by Georgian National Energy and Water Supply Regulation Commission – “*About establishing the standard conditions of direct contract on selling the balancing electricity*”, resulting the changes, implemented in “Electricity (Capacity) Market Rules” established by Decree N77 (Dated 30/08/2006) issued by Minister of Energy of Georgia (Hereafter “Market Rules”).

The changes, implemented in “Market rules”, established by Decree N1-1/257 (Dated 21/03/2021) of Minister of Economics and Sustainable Development of Georgia, together with the other issues, concerns the list of qualified enterprises, participating in electricity wholesale trade. In particular, universal service supplier, free supplier, supplier of electricity with public service, supplier of last alternative and distribution licensee (in part of electricity purchasing for the purpose of covering the loss in distribution network) are added to this list.

Resulting from the changes in list of qualified enterprises, participating in electricity wholesale trade, paragraph 9 of Article 13 of Market rules is re-established, according to that, direct consumers, universal service supplier, free supplier, supplier of electricity with public service, supplier of last alternative and exporters purchase the balancing electricity with standard conditions from Electricity Market Operator.

In addition, paragraph 10<sup>1</sup> is added to Article 13 of Market rules, according to that, distribution licensee shall solely purchase the balancing electricity with standard conditions from Electricity Market Operator for purpose of covering of the losses in distribution network.

As far as, the renewed redaction of Market rules stipulates the change of parties that purchase balancing electricity, it is essential the appropriate changes to be implemented in “Standard conditions of direct contract on selling the balancing electricity”, established by Decision N30/5 (Dated 14/08/2014) issued by Georgian National Energy and Water Supply Regulation Commission.

According to the marked above, on base of Article 23 and Article 168 of law of Georgia “About energy and water supply”, Article 13 of market rules and Article 63 of General Administration Code of Georgia, the Commission

## Decided:

1. Paragraph 3.2<sup>2</sup> shall be added after 3.2<sup>1</sup> of Standard Conditions of direct contract on selling the balancing electricity, that is established by paragraph 1 of decision N30/5 (Dated 14/08/2014), issued by Georgian National Energy and Water Supply Regulation Commission.
  - A) 3.2<sup>2</sup>. Distribution licensee shall purchase the amount of electricity, to be purchased, that is relevant to the losses in distribution network, determined on base of paragraph 3<sup>2</sup> of article 23 of market rules in settlement period, from Electricity Market Operator with standard conditions for purpose of covering the losses in distribution network.
  - B) The Sub-paragraph 4.1.1 and 4.1.2 of paragraph 4.1 of Article 4 are established as following:
    - 4.1.1 It is a direct consumer, universal service supplier, free supplier, supplier of electricity with public service, supplier of last alternative, exporter, generator of electricity (in part of purchasing the electricity for total plant losses of electricity), Dispatch Licensee (in part of purchasing the electricity for purpose of covering the loss in transmission network and losses for securing the transit of electricity (capacity)) and distribution licensee (in part of purchasing the electricity for purpose of covering the losses in distribution network).
    - 4.1.2 It has received the balancing electricity at the delivery points in settlement period for securing the total plant losses and for covering the losses in transmission and distribution networks and the losses for securing the transit of electricity (capacity) and for exporting – in case of generator of electricity (capacity), direct consumption and supplying to retail consumers.
2. The department of public relations of Georgian National Energy and Water Supply Regulation Commission office shall immediately ensure public publication of this decision on website of Commission ([www.gnerc.org](http://www.gnerc.org))
3. The decision is valid from the day of its declaration at the public session of commission and includes the relationships arising from 1<sup>st</sup> July 2021.
4. The decision can be appealed in Tbilisi City Court (Adress: Tbilisi, David Agmashenebeli Alley N64) during 1(one) month after its public publication.

David Narmania  
The Chairmen of Commission

Gocha Shonia  
The Member of Commission

Giorgi Fangani  
The Member of Commission

Giorgi Fruidze  
The Member of Commission