

*Registered by the
Georgian State Electricity System, JSC
Date: 16-08-16, #1/2174-00*

Standard Conditions of Direct Contract On Buying the Balancing Electricity

Tbilisi

Preamble

Standard Conditions on buying the Balancing Electricity (hereinafter referred as “Standard Conditions”) have been prepared based on the Civil Code of Georgia and the requirements of, the Law of Georgia on “Electricity and Natural Gas”(Article 22¹) and “the Electricity (Capacity) Market Rules” (Articles #13 and #14), approved by the Order #77 of Georgian Minister of Energy of Georgia on 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 – the Electricity System Commercial Operator, JSC (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) that is 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”) and the enterprise does not have relevant direct contract on Buying the Balancing electricity;

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

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

1.4 Standard Conditions are completing the regulations established by the current legislation, including the norms determined by the Market Rules. The 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 normative administrative legal

acts issued (adopted) by the Ministry of Energy of Georgia and Georgian National Energy and Water Regulatory Commission.

Article 3. Subject of Standard Conditions

3.1 Subject of Standard Conditions is the Purchase of Balancing Electricity;

3.2 By means of Standard Conditions, the Electricity Market Operator buys from the Enterprise:

3.2.1. The volume of electricity (Balancing Electricity), which equals to the difference between the volumes of electricity to be delivered at bus-bar by the generator during the calculation period and the electricity sold through the direct contracts and/or

3.2.2. The difference between the volumes of electricity (Balancing Electricity) imported by the importer and the electricity sold by the importer through the direct contract.

3.3 According to the Standard Conditions, the Enterprise sells and the Electricity Market Operator buys the Balancing Electricity and provides for full and timely compensation of its cost, in compliance with the terms and conditions prescribed by the Standard Conditions.

Article 4. Being Connected to the Standard Conditions

4.1 The Enterprise will be considered as contract party if:

4.1.1. It is registered by the Electricity Market Operator as Eligible Enterprise: generation licensee, small capacity power plant, Power Plant Owner During the Test Run and/or a Comprehensive Testing Period, also importer;

4.1.2. It has delivered or imported the Balancing Electricity at the bus-bar during the calculation period;

4.2 From the moment of connection with the Standard Conditions, the Enterprise becomes the subject of the rights and obligations determined by these Conditions.

Article 5. Balancing Electricity Volume, Value and Cost

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

5.2 Balancing Electricity price is determined in compliance with the Market Rules and legal acts of Georgian National Energy and Water Regulatory Commission.

Article 6. Settlement

6.1 The volume of Balancing Electricity bought from 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) introduced to the receipt-delivery acts or in the finalizing acts of the electricity delivered and received via inter-system line(s) is resulted in making corrections to the volume of Balancing Electricity, the corrected receipt-delivery act shall be drawn;

6.2 The Electricity Market Operator submits to the Enterprise 4 (four) properly composed and approved acts of electricity receipt and delivery not later than 12 calendar days after the end of the Calculation Period. The Enterprise is obliged to return 2 (two) acts to the Electricity Market Operator within 2 (two) calendar days from it receipt;

6.3 Based on the datas provided in the receipt-delivery act (regardless the approval of the Enterprise), the Enterprise issues and submits to the Electricity Market Operator appropriate settlement documentation (invoice) on the cost of Balancing Electricity. Respective Tax Legislation regulates the conditions and rule of submitting the invoice;

6.4 The Electricity Market Operator is obliged to compensate (via bank transfer) to the Enterprise directly the amount, indicated in the settlement documentation, not later than 28 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 Enterprise. If the Electricity Market Operator disagrees with the data of settlement documentation (invoice), the Electricity Market Operator is authorized to compensate to the Enterprise non-arguable part of the amount indicated in the settlement documentation (invoice);

6.5 In case of correcting the cost of Balancing Electricity, if:

6.5.1. As a result, the cost of Balancing Electricity increases, the Electricity Market Operator is obliged to compensate to the Enterprise the amount (to be paid additionally as a result of correction), not later than 28 calendar day, after the end of the month, when the correcting settlement documentation (invoice) was issued. If the Electricity Market Operator disagrees with the data of settlement documentation (invoice), the Electricity Market Operator is authorized to compensate to the Enterprise non-arguable part of the amount indicated in the settlement documentation (invoice);

6.5.2. As a result, the cost of Balancing Electricity decreases, the Enterprise is obliged to compensate to the Electricity Market Operator the amount (additionally accrued in favor of as a result of correction), not later than 25 calendar day, after the end of the month, when the correcting settlement documentation (invoice) was issued.

6.6. settlement between the parties is taking place via bank transfer, unless the written request of the Electricity Market Operator on applying other recognized rule;

Article 7. Force Majeure

7.1 In Standard Conditions herein, Force Majeure means the circumstances, which cannot be controlled by the 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 Majeure occurrence includes (but is not limited to):

7.1.1 The war, military actions, siege, mobilization, requisition or embargo;

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

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

7.2 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 Majeure, if lack of funds by any of the Parties is not considered as the Force Majeure.

7.3 The Parties shall be released from full or partial fulfillment of contract obligations considered by Standard Conditions only, when the circumstances indicated in Paragraph 7.1 occur. Under such circumstances, deadline for the fulfillment of contracted obligations will be rescheduled by the length of Force Majeure period.

7.4 In Force Majeure 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 Majeure occurrence shall be presented within the following one month.

Article 8. Dispute Resolution

8.1 The Electricity Market Operator and the Enterprise shall take all possible measures to settle all arguments or disputes occurred in connection with the Contract (its definition, application and/or fulfillment) herein.

8.2 In the event that Parties fail to reach common agreement, the arguable issue shall be submitted to the Georgian National Energy and Water Regulatory Commission or the court (operating in Georgia), if it has jurisdiction over the location of fulfillment of Standard Conditions.

Article 9. Other Conditions

9.1 If one of Standard Conditions' provision or its part (or use of this provision or its part towards one of the Parties) is illegal or impossible to fulfill, all remaining provisions of 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 Provisions of Standard Conditions will be retained.

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

9.3 Standard Conditions herein are regulated and defined by the Georgian Legislation.

9.4 Contract performance venue is Tbilisi.

9.5 Standard Terms and Conditions shall enter into force from 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 #36/32

May 24, 2016

Tbilisi

About approval of the Standard Conditions of Direct Contract On Buying 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. Standard Conditions of Direct Contract on Selling the Balancing Electricity, approved by the Georgian National energy and Water Regulatory Commission dated on August 14, 2014, shall be formed as attached.
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 (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

G.Shonia

Commission Member

G. Pangani

AMENDMENT N1

To the Standard Conditions of the Direct Contract on Buying the Balancing Electricity

Tbilisi

August 06, 2018

The following amendment to the Standard Conditions of the Direct Contract on buying the Balancing Electricity, dated on August 16, 2016 (Dispatch Licensee Registration N 1/2174-00, dated 16.08.16) have been prepared based on the decision N61/19 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 volume of Balancing Electricity bought from 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) introduced to the receipt-delivery acts or in the finalizing acts of the electricity delivered and received via inter-system line(s) is resulted in making corrections to the volume of Balancing 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 4 (four) properly composed and approved acts of electricity receipt and delivery not later than 12 calendar days after the end of the Calculation Period. The Enterprise is obliged to return materially or electronically 2 (two) acts to the Electricity Market Operator within 2 (two) calendar days from it receipt.“

2. The paragraph 6.7. shall be added after the Paragraph 6.6. of the Contract:

„6.7. In cases specified in paragraphs 6.1 and 6.2 of this Agreement, the electronic version of the receipt-delivery act 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 receipt and delivery act has the same legal force as material and materially signed receipt and delivery act.

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

DECISION N61/19

July 26, 2018

Tbilisi

**Standard Conditions
Of the Contract on buying Balancing Electricity**

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 of buying of the Balancing Electricity approved by the Decision N36/32 on May 24, 2016 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 volume of Balancing Electricity bought from 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) introduced to the receipt-delivery acts or in the finalizing acts of the electricity delivered and received via inter-system line(s) is resulted in making corrections to the volume of Balancing 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 4 (four) properly composed and approved acts of electricity receipt and delivery not later than 12 calendar days after the end of the Calculation Period. The Enterprise is obliged to return materially or electronically 2 (two) acts to the Electricity Market Operator within 2 (two) calendar days from its receipt.“

b) The paragraph 6.7. shall be added after the Paragraph 6.6. of the Contract:

„6.6. 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). An electronic and electronically signed receipt and delivery act has the same legal force as material and materially signed receipt and delivery act.

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

Commission Member

Commission Member

Commission Member

I. Milorava

G. Phangani

M. Melikidze

D. Narmania