

Unofficial Version

Georgian Government

Resolution No 246

April 16, 2020

Tbilisi

On Approval of the Concept of Electricity Market
Model

Article 1

In accordance with clause 1 of Georgian Law “On Energy and Water Supply”, the attached “Concept of Electricity Market Model” shall be approved.

Article 2

The resolution shall enter into force immediately upon its publication.

Prime Minister

Giorgi Gakharia

Concept of the Electricity Market Model

Chapter I. General Provisions

Article 1. Purposes of the Market Concept

1. Concept of Electricity Market Model (hereinafter the “Concept”) sets the guiding principles for organizing and functioning of electricity wholesale market (hereinafter the - “Market”) in Georgia that aims to:

- a) Set such model of electricity market that ensures creation of attractive investment environment and opportunity for free choice for the customers, in way of transparent and competitive market development as on wholesale as well as on retail level;
- b) Set the electricity organized markets including the Day-ahead, Intra-day, balancing and ancillary services, as well as bilateral market;
- c) Define the rights and responsibilities among the market subjects and distribute the functions;
- d) Form the liquidity and competitive price on the organized electricity markets, and also implement the financial mechanisms needed for the effective and sustainable functioning of the market;
- e) Promote the establishment of supporting mechanisms (schemes) foreseen by the Georgian Law “On the Encouragement of Generation and Utilization of Energy from the Renewable Sources”;

- f) Identify the measures that need to be implemented to move to the target model;
- g) Fulfill the obligations assumed by the Protocol "On the Accession of Georgia to the Treaty Establishing the Energy Union".

2. The Market Concept also sets the mechanism of commitment fulfillment deriving from the agreements concluded with the energy entities before the enactment of the Georgian Law "On Energy and Water Supply", special requirements of electricity supply of the occupied territories of Georgia and public service organization.

3. The electricity market target model implies free market, where the participants are benefitting from equal, nondiscriminatory conditions and the competitive price is established transparently giving customers the opportunity of free choice.

4. The terminology applied in the Market Concept has the same meaning as defined in the law on "Energy and Water Supply".

Article 2. Guiding Principles of Market Concept

Guiding principles of the Market Concept are:

- a) Competitive, free and transparent trade in energy markets;
- b) Avoiding the conflict of interests and discrimination;
- c) Electricity trade on the wholesale market through the competitive market mechanisms, namely, by bilateral agreements and/or on electricity-organized markets, including the Day-ahead, Intra-day and balancing markets;
- d) The principle of the Concept is the trade in electricity produced by the public service provider energy enterprises (with the exception of public service provider electricity suppliers, provided for in Article 151 of the Concept) and producers using the support mechanism/scheme, only in organized markets;
- e) Definition of generation and consumption hourly schedules, also determination of electricity generation/ consumption means and their load by the parties responsible for the planning (self-dispatching)
- f) Hourly trade on organized markets and accordingly, the responsibility of each market participants for the imbalances caused by them in each hour;
- g) Purchase of electricity only for the Day-ahead and Intra-day markets to cover losses by system operators;
- h) Cross border capacity allocation based on transparent and fair rules.

Chapter II. Segments and Operation of the Wholesale Market

Article 3. Segments of the Wholesale Market

Segments of the Wholesale Market are:

- a) Day-ahead market;
- b) Intra-day market;
- c) Bilateral agreements' market;
- d) Balancing and supporting services' market.

Article 4. Wholesale market Subjects

Subjects of the wholesale market are:

- a) Electricity Market Operator;
- b) Transmission system operator;
- c) Distribution system operator;
- d) Electricity producer;
- e) Trader;
- f) Supplier;
- g) Large Consumer;
- h) Wholesale public Service Organization.

Article 5. Operation of the Wholesale markets

1. Electricity day-ahead, intraday market operator (hereinafter the power exchange operator) ensures:
 - a) Operation of the Day-ahead and Intra-day markets;
 - b) Proceeding the registry of day ahead and intraday market participants;
 - c) Establishment of transparent, accessible and reliable system of financial settlement for day ahead and intraday markets. (31.05.2021, N244)
2. Power exchange operator has the right to carry out the service related to the financial settlement through the financial institution with corresponding qualification and experience.
3. Balancing and ancillary services market operator (hereinafter Balancing Market Operator) ensures:
 - a) Operation of balancing and ancillary services market;
 - b) Definition of balancing and ancillary services market products;
 - c) Calculation of imbalance price;
 - d) Determining the amount of the financial guarantee to ensure the payment for the imbalance.

e) Establishment of transparent, accessible and reliable system of financial settlement for balancing and ancillary services markets, as well as for financial clearing of imbalance settlement.

3¹. The balancing market operator is entitled to fulfill the services, related to financial settlement, with a relevant financial institute that has an appropriate qualification and experience.

4. Other subjects have right to operate derivatives market according to article 121, point 2 of Law on “Energy and Water Supply”.

Article 6. TSO Role in Balancing of Electricity System

In accordance with the “Energy and Water Supply” law and respective legal acts of the Commission, transmission system operator ensures:

- a) Defining the relevant amounts of forecasting products on balancing and ancillary services’ markets;
- b) Managing of the system with self-dispatching principle, also taking other needed measurements for balancing including the activation of balancing capacity based on the market results;
- c) Organization of cross border balancing mechanisms, which includes management of emergency power supply between power systems;
- d) Registration of the balance responsible parties, including balancing service providers and issuing the relevant codes;
- e) For the purpose of wholesale electricity market operation needs, managing and developing the unified electricity metering system, accessibility of hourly metered data.

Article 7. Trade on Retail Market

On electricity retail market, final consumer, including the large customer, purchases electricity from the supplier based on the relevant agreement. The customer selects suppliers by itself.

Article 8. Cross Border Capacity Allocation

1. Along with cross border capacity allocation with neighboring countries, in case of implicit trade, the capacity allocation by TSO will be conducted through the procedure approved by Commission and consulted with the Day-ahead market operator, taking into consideration technical and economic criteria.

Chapter III. Organizing the Public Service

Article 9. Public service obligations

1. Based on common economic interest, for the purpose to ensure security of supply, continuity, corresponding quality and price, for renewable energy sources or energy production, upon the legal act of Government of Georgia, the public service obligation is imposed upon:

- a) The Wholesale Public Service Organization;
- b) Universal Service Supplier;
- c) Supplier of the Last Resort;
- d) Electricity Producers Performing the Public Service, including guaranteed capacity sources.

2. Within the conditions of market liberalization, the public service obligation is imposed temporarily after consultation of Government of Georgia with the Commission, the competent authorities and the Energy Community Secretariat;

2¹. In order to promote a competitive price in the electricity market, public service provider producers are guided by the principles of deregulated producers participating in the wholesale electricity market when trading on organized markets. (30.12.2022, N622)

3. A public service obligation is a temporary measure that should be subject to regular, at least within two years, review to determine its needs and impacts.

Article 10. Wholesale Public Service Obligations

1. The objectives of the wholesale public service are: to support renewable energy producers, guaranteed purchase agreement participant producers, and promote the integration of their electricity into the organized market; to support the universal service provider by providing a stable price for electricity to be purchased and facilitating integration into the organized market; to ensure supplies to existing consumers in the occupied territory of Georgia (Autonomous Republic of Abkhazia) by purchasing electricity on the organized market; to support the commercial import trader (importer) by ensuring a stable price for imported electricity and facilitating integration into the organized market. (N236, 29.06.2023)
2. For the purposes provided for in the first part of this Article, wholesale obligations for the provision of public services include:
 - a) The purchase of electricity, provided by contracts of guaranteed purchase, and its realization on organized markets, the use of appropriate financial mechanisms for fulfilling the conditions of contracts and financial calculations;
 - b) Financial settlement within the frames of the support scheme for the producers participating into the renewable energy and other supporting schemes;
 - c) Financial settlement of the difference between the market price arranged under a price

difference agreement with the utility electricity producers and the production tariff set by the Commission in accordance with the law;

- d) Purchase of electricity, for supplying the occupied territory of Georgia (autonomous republic of Abkhazia), on the organized market, responsibility on an imbalance related to it;
 - e) Financial settlement of the difference between the market price arranged under a price difference agreement with a universal service provider and the tariff established by the Commission in accordance with the law;
 - f) Charging for guaranteed capacity from enterprises-buyers and making financial settlements with sources of guaranteed capacity (thermal power plants) with obligations to provide public services.
 - g) Financial settlement of the difference between the price of the organized market(s) and the price(s) of imported electricity under a price difference agreement with a trader (importer).
- (N236, 29.06.2023)

3. A wholesale public service is provided by WPSO in accordance with Articles 11-13, paragraph 3 of Article 14 and Article 15² of this Concept. Other obligations may also be assigned to the wholesale organization of consumer services. (N236, 29.06.2023)

4. The wholesale public service is provided by the wholesale organization of public services in accordance with Articles 11-13, clause 3 of Article 14 and Article 15² of this Concept. Other obligations may be imposed by the law on the wholesale organization of public services.

5. In accordance with the Georgian law “On Energy and Water supply“, in case of necessity, the regulator sets the tariff of wholesale public service.

6. For the full and efficient implementation of wholesale public services, a wholesale public service organization shall have a special fund established for this purpose by the Government of Georgia. The sources of income of the Special Fund and the expenses to be reimbursed from the Special Fund are determined by this Decree and “The Principles for Fulfillment by the Georgian Electricity Market Operator (ESCO) of Obligations for Wholesale Public Services” (Appendix N2).

7. The wholesale public service organization shall separately account for the income received and the expenses incurred within the framework of each service provided for in clause 1 of this Article.

8. The principles for fulfillment by the JSC “Electricity System Commercial Operator” (ESCO) of obligations to provide wholesale public services are determined by Appendix No. 2 to this Concept.

9. The Operating Rules of the wholesale public service organization, the instructions of the Special Fund, and the balance sheet of the Special Fund shall be drawn up by the wholesale public service organization and approved by the Ministry of Economy and Sustainable Development of Georgia.

10. In order to ensure guaranteed capacity, the wholesale public service provider organization and the Transmission System Operator shall develop a procedure for fulfilling the obligation to provide public services, which shall be approved by the Government of Georgia upon the proposal of the Ministry of Economy and Sustainable Development of Georgia.

11. The person responsible for balancing, whose balancing group includes the power plant of the public service provider electricity generator, is compensated 10% of the payment for the balancing capacity of the relevant power plant, sold by him on the market of balancing and auxiliary services.

Article 11. Integration of Guaranteed Power Purchase Agreements in the Organized Market and Settlement with the Producers Benefitting from the Support Scheme

1. For transparency, liquidity, and competitive pricing in the electricity market, the sale of electricity under the guaranteed purchase agreement takes place on the organized market by the wholesale public service organization or by the producer. The Guaranteed Purchase Agreement is not a bilateral agreement defined by the Law of Georgia on Energy and Water Supply and legislative and by-laws regulating the electricity sector.

2. To support the involvement of electricity producers in the organized markets, upon agreement with the Georgian Government, the agreement, which provides for either a compensation of negative difference between the market price and the price included in the existing agreements, or other supporting measure, maybe concluded with the WPSO.

3. If the producer participating in the guaranteed purchase agreement does not apply the rightforeseen by the paragraph 2 of this article, the WPSO is responsible for the bidding of this electricity at the organized market

4. Producers using a renewable energy or other -supporting scheme may decide, that the electricity generated by them are traded at the organized market, on their own (or other entity, if the agreement says so). The fee foreseen by a supporting scheme will be reimbursed by the WPSO.

5. Removed (30.12.2022, N622)

Article 12. Imposing the Public Service Obligation on Electricity Producers and their Participation in the Organized Market

1. In order to create transparency, liquidity, and competitive prices in the electricity market, electricity producers (including sources of guaranteed capacity) trade on the organized market, except for the cases provided for in clause 11 of this Article and article 17³ of this Concept.

1¹. During the period of provision of the guaranteed capacity, the right of the public services provider electricity producer (which is charged with maintaining the guaranteed capacity (quick emergency reserve) by a decree of the Government of Georgia) to buy and/or sell electricity at the organized market shall be limited, except for the right to purchase the electricity for own consumption of relevant power plant. (N236, 29.06.2023)

2. Public service obligation on individual producers will be imposed for a limited period of time by the resolution of the Georgian Government, after consultation with the Commission and the Energy Community Secretariat. The Government's Resolution will define the period in which PSOs on producers will be progressively reduced together with the decreasing scope of the universal service based on Annex 1 "Market Opening Stages" of this concept.
3. The obligation to provide public services, imposed on the electricity producer in connection with the price of electricity, is expressed in the conclusion of an agreement with the wholesale public service organization. As a result, if between the day-ahead market price and the generation tariff set by the Commission:
 - a) The difference is positive, the producer shall pay the difference to the wholesale public service organization;
 - b) The difference is negative, the wholesale public service organization shall compensate the difference to the electricity producer providing public services.
4. In accordance with the Law of Georgia on Energy and Water Supply, if necessary, the Commission shall establish a tariff for the public services provider electricity producer, according to which an agreement on the price difference shall be signed with the wholesale public service organization.
5. In the case of a source of guaranteed power, the fee for guaranteed power and (or) the tariff for the production of electricity from the source of guaranteed power shall be determined by the Commission in accordance with the approved method.
6. The producer of public services is responsible for the imbalance.

Article 13. Rules for the Purchase of Electricity Consumed in the Occupied Territory of Georgia
- the Autonomous Republic of Abkhazia

1. For consumption in the occupied territory of Georgia (Autonomous Republic of Abkhazia), electricity will be purchased by a wholesale public service organization, on the day-ahead market.
2. The wholesale public service organization is responsible for the imbalance caused by the consumption of electricity in the occupied territory of Georgia (Autonomous Republic of Abkhazia).
3. The income received by the wholesale public service organization in the Special Fund and other sources of funding determined by law shall be used to cover the cost of electricity consumed in the occupied territory of Georgia (Autonomous Republic of Abkhazia), as well as the costs of imbalance, bank guarantees required for trading in organized markets, and fees for the services of market operators.
4. Electricity consumption in the occupied territory of Georgia (AR of Abkhazia) can be covered

by ESCO through imported electricity.

5. The wholesale public service organization shall not pay the system operator's tariff, the guaranteed capacity fee, and the costs related to the purchase of electricity, which is not provided for in clauses 2 and 3 of this Article, for the electricity purchased to meet the existing demand in the occupied territory of Georgia (Autonomous Republic of Abkhazia).

Article 14. Universal Service

1. Universal service supplier ensures the electricity supply with the regulated terms to household and small enterprises that did not choose the supplier, according to the distribution area, where it is determined by the relevant resolution of Georgian Government as the universal service supplier.
2. Universal Service Supplier purchases electricity only on day ahead and intraday markets.
3. In accordance with “The Law of Georgia on Energy and Water Supply”, if necessary, the Commission determines the tariff for electricity purchased by the universal service provider, on which an agreement on the price difference is concluded with the wholesale public service organization. As a result, if between the day-ahead market price and the tariff established by the Commission:
 - a) The difference is positive, the wholesale public service organization shall compensate the difference to the universal service provider;
 - b) The difference is negative, the universal service provider shall pay the difference to the wholesale public service organization.
4. Universal service supplier is responsible for the imbalance.

Article 15. Supply of the Last Resort

1. Supplier of the last resort ensures electricity supply to those final customers, who lose the chance for getting electricity due to the planned or undue suspension of the market activities or rough violation of the commitments by their supplier, with the tariff established by the Commission.
2. The last resort supplier purchases the electricity only on day ahead /intraday market.
3. The last resort supplier is responsible for the imbalance.

Article 15¹. Supply of Electricity as Performing the Public Service

1. The supplier provides the electricity as performing the public service to the end users of the other category, that is determined by clause 1 of Annex 1 of this Concept and over which the universal service does not apply.
2. The enterprise, that has a function of universal service supplier, under Resolution of Georgian Government, may has an obligation of supplying the electricity as performing the public service.
3. The conditions (including the price) of service and protection of the consumers of the supplier of electricity as performing the public service shall be different from the condition for the consumers of universal service supplier.
4. The supplier of electricity as performing the public service purchases the electricity on wholesale market, including the organized markets.
5. The supplier of electricity as performing the public service is responsible for imbalance.

Article 15². Rules of Implementation of Commercial Import, Selection of Trader (Importer) and Trade in Imported Electricity (N236, 29.06.2023)

1. Determination of the need and volume of commercial import of electricity in the country, as well as the choice of a trader (importer) implements the commercial import, is carried out in accordance with the "Rules of the Power Transmission Network".
2. In order to create transparency, liquidity and a competitive price in the electricity market, a commercial import trader (importer) sells the electricity it imports in the Day-ahead and Intra-day markets in accordance with the "Day-Ahead and Intra-day Electricity Market Rules".
3. To sell imported electricity, a commercial import trader (importer) trades on the Day-ahead market in such a way that the proposed bid ensures the sale of electricity at any positive price.
4. If the electricity imported by a commercial import trader (importer) was not fully sold on the Day-ahead market, the trader (importer) is obliged to offer the specified unsold electricity to the Intra-day market as a competitive enterprise oriented on maximizing the profit. In case of failure on any day by the trader (importer) of the obligation specified in this article, on the basis of the price difference agreement drawn up between the ESCO and the trader (importer), on that day there will be no payment for the volume of actually imported electricity, which should have been sold on the Day-ahead and Intra-day markets.
5. In order to facilitate the sale of imported electricity on organized markets by a trader (importer) carrying out commercial import, an agreement is concluded between the trader (importer) and the wholesale public service organization on the difference in price, as a result of which the income received by the trader (importer) on the Day-ahead and Intra-day markets, and also between the

amounts received and/or paid as a result of imbalance and the actual cost of imported electricity:

- a) The amount, which corresponds to the difference, shall be paid by the trader (importer) to the wholesale public service organization, if the difference is positive;
- b) The amount, which corresponds to the difference, shall be paid by the wholesale public service organization to the trader (importer), in case of a negative difference.

6. The wholesale public service organization shall reimburse the trader (importer) carrying out commercial imports only the amount provided for by sub-clause "b" of clause 5 of this Article, taking into account clause 4 of this Article.

7. Issues related to imbalances arising from trading in organized markets of imported electricity by a commercial importer (importer) are regulated in accordance with the "Power Transmission Network Rules" and the "Rules of the Market for Balancing Electricity and Ancillary Services".

Chapter IV. Transitional Provisions

Article 16. Preparatory Activities for Gradual Transition to the Target Model from 2022 (N239, 29.06.2023)

1. Before July 1, 2024, the JSC "Georgian Energy Exchange" shall establish and implement the Day-ahead market platform, test it, run it in simulation mode with potential participants, and implement it. (04.06.2024; N181)

1¹ Until July 1, 2025, the JSC "Georgian State Electricity System" shall implement:

- a.a) Establish and implement the balance market platform, including testing, launch, and operation in simulation mode with potential participants;
- a.b) Form the registration system for persons responsible for balancing, including those providing balancing services, and the establishment of a proper register;
- a.c) Prepare the measures necessary for the production of a unified accounting database, its management, and settlement in the wholesale market;
- b) The JSC "Commercial Operator of the Electric Energy System" (ESCO) shall establish and implement the necessary tools for the organization of wholesale public services, including testing, launch, and operation in simulation mode with potential participants and market operators. (04.06.2024; N181)

2. From July 1, 2024, the Exchange Operator shall:

- a) Implement the Day-ahead market operation;
- b) Provide for the financial settlement functions for Day-ahead and Intraday markets. (04.06.2024;

N181)

2¹. From July 1, 2025, the following shall be implemented:

a) The Balancing Market Operator shall:

a.a) Operate the balancing and auxiliary services market;

a.b) Purchase the balancing energy and balancing reserves from service providers in the balancing market;

a.c) Provide for the financial settlement functions for the balancing and auxiliary services market;

a.d) Manage the register of persons responsible for balancing, including those providing balancing services;

b) The Transmission System Operator shall carry out measures necessary for balancing, production, and implementation of a unified accounting base, in accordance with the legal acts of the Commission;

c) ESCO as a wholesale public service organization shall provide the wholesale public services. (04.06.2024; N181)

3. Until July 1, 2024, the JSC “Georgian Energy Exchange” shall:

a) Establish/arrange and test the Intra-day market and running with the potential participants in simulation regime and its implementation;

b) Submit the application to the Commission to get a license for operating the intraday market.

4. From July 1, 2024, the Exchange Operator shall ensure operation the platform of the Intra- day market.

Article 17. Market functioning in transitional period – until July 1 of 2021

1. Until July 1, 2021:

a) The JSC “Electricity System Commercial Operator” (ESCO) carries out:

- a.a) Registration of market participants of wholesale market;
- a.b) Proceeding of an entire metering data;
- a.c) Trading with the balancing energy;
- a.d) Trading with the guaranteed capacity;
- a.e) Other functions determined by the acting legislation;

b) Transmission System Operator

- b.a) Dispatching the electricity to be sold within the scope of bilateral agreements and technical balancing of consumption/supply
- b.b) Registration of direct bilateral contracts;
- b.c) Other functions defined by the legislation.

2. Removed (31.05.2021, N244)

Article 17¹. Functioning of the market during the transition period - from July 1, 2021, to July 1, 2025. (04.06.2024; N181)

1. From July 1, 2021 the provider shall be added to the participants of wholesale market under separation of distribution systems operators, implemented according to the requirements of the law

“about energy and water”.

2. Organizing of wholesale market trading of supplier and distribution system operator, as well as separation of purchasing of network losses among supplier and distribution system operator and settlement are regulated under corresponding regulating legal acts.
3. Until July 1, 2025, the entities outlined in Article 17 of the Concept shall continue to exercise their rights and fulfill their duties as defined in the same article, with due consideration to the provisions of this article. (04.06.2024; N181)
- 3¹. From July 1, 2024, to July 1, 2025, the provision of Day-ahead and Intra-day markets and the operation of the relevant platform shall be conducted in accordance with the principles outlined in Article 17⁴ of this Concept. (04.06.2024; N181)
4. Clauses 3-3¹ and 4 of Article 5, Clauses 6, 8, 10-11, Clauses 1-1¹, 3-4, and 6 of Article 12 of this Concept shall not be applicable until July 1, 2025. Also, Article 13, Clauses 2-4 of Article 14, Clauses 2-3 of Article 15, Clause 5 of Article 15¹, and the requirements stipulated by Clauses 2-7 of Article 15² (04.06.2024; N181)

Article 17². Terms of Supply of Balancing Capacity of Automatic Frequency Restoration Reserve and Frequency Maintenance Reserve by Public Service Electric Power Producers during the Transitional Period (04.06.2024; N181)

1. Until January 1, 2026, tender applications for the balancing capacity tender announced by the Balancing Market Operator for the supply of automatic frequency restoration reserve shall be submitted at zero price. The public service electricity producer shall, based on the price difference agreement, compensate the wholesale public service electricity organization for 90% of the amount corresponding to the positive difference between the balancing electricity price of the automatic frequency restoration reserve and the tariff established by the Commission for the respective public service electricity producer.
2. Until January 1, 2026, the Balancing Market Operator shall not announce a tender for balancing capacity for the frequency maintenance reserve. During the stipulated period, upon request from the Transmission System Operator, the supply of the frequency maintenance reserve at zero price shall be provided by the public service electricity producer qualified for the frequency maintenance reserve in accordance with the legislation.

Article 17³. Procedure for Repayment of Electricity Debt Recognized by the Government of Georgia

1. In accordance with article 11 of the agreement signed between the Government of Georgia and the Government of the Republic of Turkey (dated April 9, 2015) on Cooperation in the Energy Sector, in order to ensure the return of the recognized debt for electricity by the Government of Georgia for the Republic of Turkey, Georgia appointed ESCO as an electricity supplier.
2. In order to recover the electricity debt recognized by the Government of Georgia to the Republic of Turkey, ESCO shall purchase electricity based on a direct contract with a public service provider electricity producer determined by the Ministry of Economy and Sustainable Development of Georgia.
3. The price of purchased electricity is determined by the Commission in accordance with the established production tariff for the producer specified in clause 2 of this Article.
4. All expenses incurred by ESCO in connection with the return of the debt for electricity recognized by the Government of Georgia to the Republic of Turkey are financed from the state budget.

17⁴. Wholesale Electricity Trade from July 1, 2024 to July 1, 2025 (04.06.2024; N181)

1. The wholesale purchase and sale of electricity shall be conducted on the Energy Exchange in accordance with the "Rules of Day-Ahead and Daily Electricity Markets" approved by the National Energy and Water Supply Regulatory Commission of Georgia, and/or in accordance with the "Electricity (Capacity) Market Rules" approved by the Minister of Energy of Georgia on August 30, 2006, through a bilateral direct contract and/or balancing electricity.

2. The entities involved in the wholesale electricity market include the Market Operator (ESCO), the Exchange Operator, and wholesale market participants registered in accordance with the "Electricity (Capacity) Market Rules" approved by the Minister of Energy of Georgia on August 30, 2006, by Order No. 77.

3. During the period specified in this article, the price and quantity of balancing electricity shall be calculated monthly. Accordingly, if a participant trades electricity hourly on the exchange or through a bilateral direct agreement, the traded electricity is included in the total traded quantity for the corresponding month.

4. Only the wholesale market participants registered in accordance with the "Electricity (Capacity) Market Rules" approved by Order No. 77 of the Minister of Energy of Georgia on August 30, 2006, have the right to buy/sell electricity on the electricity exchange.

5. Buying/selling electricity on the electricity exchange is voluntary.

6. Only the following wholesale market participants, registered in accordance with the "Electricity (Capacity) Market Rules" approved by the Minister of Energy of Georgia on August 30, 2006, by Order No. 77, have the right to buy electricity on the electricity exchange:

- a) Direct consumers, for the purpose of ensuring the consumption of the enterprise;
- b) Universal service providers, for the purpose of purchasing electricity;
- c) Electricity suppliers in the form of public service, for the purpose of purchasing electricity to be supplied;
- d) Independent suppliers, for the purpose of purchasing electricity to be supplied;
- e) Suppliers of last resort, for the purpose of purchasing electricity;
- f) The Electricity Transmission System Operator:
 - f.a) for the purpose of purchasing losses in the transmission network.
 - f.b) for the purchase of losses for the provision of electricity (power) transit;

g) Distribution system operators, for the purpose of purchasing losses in the distribution network.

7. Only the following wholesale market participants, registered in accordance with the "Electricity (Capacity) Market Rules" by the Minister of Energy of Georgia on August 30, 2006, by Order No. 77, have the right to sell electricity on the Energy Exchange:

a) Enterprises that own deregulated power plants, based on a legal act issued by the relevant authorized body, and do not have a public service obligation, for the portion of electricity generated by these power plants;

b) Enterprises that own deregulated power plants, based on a legal act issued by the relevant authorized body, and are assigned a public service obligation only for a portion of the generated electricity, for the portion of electricity generated by these power plants that is not subject to a public service obligation;

c) Enterprises that, based on an existing written agreement between the Government of Georgia, ESCO, and the said enterprise, and/or a legal act of the Government of Georgia, have duly concluded with ESCO the "Agreement on the Guaranteed Power Purchase," for the portion of electricity generated by these power plants that must be sold during the off-sale period according to the agreement;

d) Enterprises that, in relation to the relevant power plant, benefit from the support scheme defined by a resolution of the Government of Georgia, for the portion of electricity generated by these power plants during the period free from the support period.

8. During the period provided in the first clause of this article, balancing electricity and guaranteed capacity shall be traded only through ESCO, in accordance with the "Rules of the Electricity (Capacity) Market" approved by the Minister of Energy of Georgia by Order No. 77 of August 30, 2006.

Article 18. Temporary Regulation of Electricity Supply for the Occupied Territory of Georgia - Autonomous Republic of Abkhazia (04.06.2024; N181)

1. Until July 1, 2025, the supply of electricity to the territory of Abkhazia is conducted based on the approved forecast balance volumes of electricity (capacity) generated from the Enguri HPP and Vardnili Cascade HPPs. These cascade hpps reduce the electricity supplied to the territory of Abkhazia in proportion to the electricity they produce during the relevant reporting period. The recorded amount follows the current regulations and tariffs established by the Commission. If electricity is provided to the territory of Abkhazia using electricity purchased by ESCO, the Enguri HPP and Vardnili Cascade HPPs are obligated to supply an equivalent amount of electricity to ESCO in subsequent reporting periods. ESCO is authorized to sell this electricity at the price it purchased and delivered to the territory of Abkhazia. When ESCO exports this electricity, the price is determined according to the agreement signed for the export and/or exchange of electricity."

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2. During the period from July 1, 2023, to July 1, 2025, in case of excess electricity production or consumption, accidents, influx of electricity without a contract, and/or other unforeseen circumstances, the measures outlined in the first clause of this article shall be regulated by the "Electricity (Capacity Market Rules", approved by the Order No. 77 of the Minister of Energy of Georgia (dated August 30, 2006).

Article 19. Stages of Competitive Market Development

1. According to paragraphs 2 of article 166 of the Georgian Law on Energy and Water Supply annex 1(1) defines the end – users. These customers should choose suppliers mandatory after expiration of date, indicated in this annex.
2. (Removed) (29.08.2022, N436).
3. Clause 1 of Annex 2 of this Concept defines the deadlines of releasing the producers from public service obligation.

Article 20. Temporary Provision

1. After the implementation of the target model, the enterprises are not released from fulfilling financial obligations to ESCO, which are assigned to them on the basis of "The Electricity (Capacity) Market Rules", approved by the Order No.77 of the Minister of Energy of Georgia (dated August 30, 2006). In case of non-fulfillment of the mentioned obligations by an enterprise, ESCO is entitled to apply to the operator of the relevant system, to which the enterprise is connected, with a request to limit/stop the supply of electricity to the enterprise.
2. Upon receipt of ESCO's request, the System Operator is obliged to inform the relevant enterprise about the interruption (limitation) of the supply of electricity and ensure the interruption (limitation) of the supply of electricity within 72 hours. If during this time ESCO does not change/cancel the request sent to the relevant system operator, the system operator stops (limits) the supply of electricity to the enterprise. All enterprises are obliged to fulfill the requirement of the system operator to cut off (restrict) the supply of electricity.
3. The power supply of the enterprise is restored by the corresponding system on the basis of ESCO's request.
4. Following the implementation of the target model, starting from July 1, 2025, at 00:00 until 02:00, the regulations and terms stipulated in the "Electricity (Capacity) Market Rules", as approved by Order No. 77 of the Minister of Energy of Georgia on August 30, 2006, shall govern matters concerning electricity trading. (04.06.2024; N181)

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Annex No.1 (N239, 29.06.2023)

1. Market Opening Stages:

Period	Market Opening
Until July 1 of 2021	35-110 kW voltage usage customer, which consumes not less than 0,4 million kWh in month
Until July 1 of 2025	In all 35-110 kW voltage, also 6-10 kW voltage usage customer, which consumes not less than 1 million kWh in month
Until July 1 of 2026	All other consumers except households and small enterprises

2. Releasing the Producers from the Public Service Obligation:

Period	Electricity Producer that shall be Released from the Public Service Obligation
From 01.01.2021	Hydro power plants constructed until August 1 of 2008, which design capacity does not exceed 50 MW
From 01.05.2022	Hydro power plants constructed until August 1 of 2008, which design capacity does not exceed 65 MW

From 01.05.2024	Hydro power plants constructed until August 1 of 2008, which design capacity does not exceed 75 MW
From 01.05.2026	Hydro power plants constructed until August 1 of 2008, which design capacity does not exceed 90 MW
From 01.01.2027	Hydro power plants constructed until August 1 of 2008, which design capacity does not exceed 120 MW

Annex N2

Principles for Fulfillment by the Georgian Electricity Market Operator (ESCO) of Obligations for Wholesale Public Services

Chapter I General Provisions

Article 1. Purpose and Scope of Activity

1. The purpose of this annex is to define the rules and principles of fulfillment by the public service provider wholesale organization of the obligations stipulated in Articles 9 and 10 of “The Electricity Market Model Concept” (hereinafter referred to as ‘the Market Concept’) approved by “The Law of Georgia on Energy and Water Supply” and the Decree #246 of the Georgian Government (dated April 16, 2020).

2. This annex governs:

- a) The rights and obligations of the public services provider wholesale organization and universal service providers, renewable energy producers benefitting from the support scheme, producers with guaranteed purchase agreements, and public service provider electricity producers, including the guaranteed power sources and trader (importer) (N236, 29.06.2023)
- b) The issues related to ensuring the consumption of electricity in the occupied territory of Georgia (the Autonomous Republic of Abkhazia);
- c) General rules for the formation and disposal of a special fund created by the public services provider wholesale organization for the implementation of wholesale public services, under the Market Concept;
- d) The rules for the creation and publication of the ESCO web portal for the administration, publicity, and transparency of data of renewable energy producers benefitting from the support scheme.
- e) The rule of reimbursement of fees for the services of a wholesale public service organization;
- f) The obligations of wholesale market entities to ensure the implementation of wholesale public services.

Article 2. Definitions of Terms

1. The terms used in this annex have the following meanings:

Last Update: June 4, 2024

- a) Wholesale Public Service Organization – the JSC "Electricity System Commercial Operator" (hereinafter – ESCO), as an entity defined by the Market Concept (Article 16, Clause 2, Sub-clause d), approved by the Decree of the Government of Georgia #246 (dated April 16, 2020).
 - b) Public Service Provider Electricity Producer - a producer of electricity determined by the decree of the Georgian Government, including the thermal power plant, which is responsible for the provision of public services.
 - c) Price Difference Agreement - Standard Terms of the Agreement, based on which the WPSO enters into relations with the public service provider electricity producer, the universal service provider, Commercial import trader (Importer) and/or other entities specified by the current legislation, including with the entities specified in the Market Concept (Article 11, Clause 2). Standard agreement terms are prepared and approved by the wholesale public service organization. (N236, 29.06.2023)
 - d) Wholesale Public Service Operation Rules (hereinafter – the Operating Rules) - the rules approved by the Ministry of Economy and Sustainable Development of Georgia based on this document, regulating the conditions and procedures of public service provision activities.
 - e) Equilibrium Price - the day-ahead market price established by “The Day-ahead and Intra-day Electricity Market Rules” in accordance with the equilibrium point.
 - f) Cost of actually imported electricity – the cost of electricity actually imported by commercial import trader (importer) according to the amount of imported electricity and the price, fixed in the price survey and to be chosen by the trader (importer). (N236, 29.06.2023)
 - g) Commercial import - electricity actually imported by the trader (importer), the sale of which is carried out on the Day-ahead and Intra-day markets in accordance with the Concept and rules established by this document, with the exception of electricity imported in emergency situations and imported electricity, to cover electricity consumption in the occupied territory of Georgia (Autonomous Republic of Abkhazia). (N236, 29.06.2023)
2. The terms used in this annex have the meaning defined by “The Law of Georgia on Energy and Water Supply”, as well as legislative and subordinate acts regulating the Energy Sector.

Chapter II

General Rule for Public Service Implementation

Article 3. Implementation of Public Services by a Wholesale Public Service Provider Organization

1. A wholesale public service provider organization provides the following services to:
 - a) The persons, who are entrusted with the duty of public service based on Article 9 of the Market Concept, under the legal act of the Government of Georgia;
 - b) The producers benefitting from the renewable energy support mechanisms (schemes) in concordance with the current legislation;
 - c) The producers with the guaranteed purchase agreement;
 - d) Commercial import traders (Importers). (N236, 29.06.2023)
2. To ensure the reliability of supply to consumers in the occupied territory of Georgia (Autonomous

Republic of Abkhazia), the wholesale public service organization buys the electricity on the organized market.

3. The wholesale public service organization, to implement the wholesale public service, manages a special fund in accordance with the rules established by this document and the current legislation.

Article 4. Prerequisite for Public Service Implementation by a Wholesale Public Service Provider Organization

1. Wholesale public service organization, in order to provide public services services, concludes relevant agreements with the persons specified in sub-clauses "a", "b" and "d" of clause 1 of Article 3 of this Annex, namely:

- a) An agreement on the difference in price with electricity producers, with an obligation to provide public services, and universal service providers - standard terms of the agreement;
- b) An agreement on financial settlements, determined by law, with producers using a mechanism (scheme) to support renewable energy;
- c) An agreement on the difference in price with a trader (importer) carrying out commercial import - standard terms of the agreement. (N236, 29.06.2023)

2. The contracts referred to in clause 1 of this Article shall be concluded in concordance with the Law of Georgia on Energy and Water Supply, the Market Concept, and the rules established by the current legislation.

Chapter III

Trading Rules and Conditions in the Organized Market

Article 5. Electricity Trade Provided by Guaranteed Purchase Agreements

1. In the case provided for in the Market Concept (Article 11, Clause 3), ESCO sells the electricity produced (supplied at the bus-bar) by the producers with the guaranteed power purchase contracts on the organized market, by this Document and the Operating Rules.

2. In the case provided for in clause 1 of this Article, ESCO:

- a) Trades the electricity of guaranteed purchase agreement owner producer only for the period and in the amount specified in the guaranteed purchase agreement concluded between ESCO and the relevant entity;
- b) Places an order for the sale of electricity on the day-ahead market in accordance with the requirements of "The Electricity Market Rules for the Day-ahead and Intra-day Markets", approved by Decree #46 of the Georgian National Commission for Energy and Water Supply Regulation (dated August 11, 2020), and in such a way that the proposed application ensures the sale of the specified electricity on the market at any positive price.

- c) Upon written request from the electricity producer with a guaranteed purchase agreement, conducts a tender on the market of balancing and ancillary services in accordance with the requirements of “The Rules of the Market for Balancing and Ancillary Electricity Services”, approved by the Decree No. 46 of the Georgian National Energy and Water Supply Regulatory Commission (dated August 11, 2020), and the price offered by the electricity producers with a guaranteed purchase agreement, as a minimum, provides the respective producer and ESCO with full coverage of the costs incurred as a result of participation in this market.
3. Income from the market of balancing and ancillary services shall be distributed between ESCO and the respective producer following the terms of the guaranteed purchase agreement. If the contract does not provide for such conditions, the cost of the sold balancing capacity belongs to the producer, and the cost of the generated electricity (released at the busbar) sold on the market of balancing and ancillary services is reimbursed by ESCO to the producer at the price and conditions specified in the guaranteed purchase agreement.
4. In its activities related to a manufacturer benefiting from a guaranteed sales contract, ESCO shall be guided by the production forecast plans provided by the respective producer. The producer is obliged to take all possible measures to prepare and provide forecast plans (hourly) with maximum accuracy. The terms, frequency, and procedure for submitting forecast plans are determined by the current rules.
5. In case of non-submission of the forecast plans provided for in clause 4 of this Article, the producer benefitting from the guaranteed purchase agreement shall be liable for the costs caused by the imbalance in the relevant period.
6. In case of failure to submit the forecast plans provided for in clause 4 of this Article, ESCO plans the volume of purchased electricity and is guided by the actual production data of the most recent day. Planning procedures are determined by the Operating Rules.
7. ESCO shall be liable for the cost of the imbalance resulting from the trade of electricity generated by the guaranteed power purchase agreement owner producer, only in the case provided for in this Article (Clause 1), except for the circumstances provided in clauses 5, 10, 11 and 12 of this Article and the period of trade at the balancing market.
8. ESCO makes settlements with the producer specified in this Article under clause 1 of Article 10 of this annex and the Operating Rules.
9. ESCO shall not be responsible for the purchase of electricity required to meet the producer's self-consumption with a guaranteed purchase agreement, and the cost of the imbalance resulting from this purchase.
10. In the case provided for in clause 1 of this Article, ESCO shall not be liable for the cost of the imbalance caused by the electricity actually consumed by the producer.
11. In the case provided for in clause 2 of Article 11 of the Market Concept, the producer himself is responsible for the cost of the imbalance arising from the trade in electricity on the market organized by the producers with guaranteed sales contracts.
12. In the case provided by sub-clause "c" of clause 2 of this article, the electricity producer with a guaranteed purchase agreement is responsible for the imbalance resulting from the participation of ESCO in the market of balancing and auxiliary services.

Article 6. Trade of Electricity from the Producer Benefitting from the Renewable Energy Sources and other Support Schemes

1. The producers benefiting from renewable energy sources and other support schemes shall ensure that the electricity they produce is traded on an organized market based on the applicable law, the Market Concept, and other legal acts regulating the Energy Sector.
2. The producer provided for by this Article shall be liable for the amount of the imbalance resulting from the sale of electricity produced by him, within the limits established by the current legislation.
3. ESCO, together with the producers identified in this Article, shall reimburse the fees determined by the support scheme by applicable law, including this annex and the Operating Rules.
4. ESCO shall settle with the producer referred to in this Article under clause 2 of Article 10 of this annex and the Operating Rules.

Article 7. Electricity Trade of the Public Service Provider Producer

1. The public service provider producer ensures that the electricity it had generated (released at the bus-bar) is traded on the organized market based on the Market Concept and the current legislation.
2. The producer referred to in this Article establishes a separate balancing group for each public service provider power plant and trades with a separate portfolio on the organized market.
3. ESCO with the producers defined in this Article shall sign an agreement provided for in the Market Concept (Article 12, Clause 3), on the difference between the day-ahead market price and the electricity generation tariff established for the public service provider organization by the Commission (in the case determined by “The Law of Georgia on Energy and Water Supply”) as well as on reimbursement of the amounts provided for in the Market Concept (Article 17¹, Clause 1).
4. Compensation to the producer, specified in this Article, is made following this Document, the Operating Rules, and the price difference contract concluded between the parties.
5. The producer referred to in this Article shall be liable for the amount of the imbalance resulting from the trade with the electricity generated by it.
6. ESCO makes settlements with the producer specified in this Article under clause 3 of Article 10 of this Appendix and the Operating Rules.

Article 8. Participation of the Universal Service Provider in the Organized Market

1. The Universal Service Provider ensures electricity trading on the Day-ahead and Intra-day markets, based on the Market Concept and the current legislation.
2. If the Universal Service Provider, in addition to this activity, is engaged in other electric power activities, he is obliged to create a separate balancing group in the part of the activity of the Universal Service Provider and trade a separate portfolio on the Day-ahead and Intra-day markets.
3. ESCO shall conclude an agreement with the Universal Service Provider, as defined in the Market Concept (Article 14, Clause 3) on the difference between the Day-ahead market price and the

electricity purchase tariff established for the universal service provider by the Commission (in the case determined by “The Law of Georgia on Energy and Water Supply”).

4. Reimbursement to the Universal Service Provider is made following this annex, the Operating Rules, and the agreement concluded between the parties for the difference between the prices.
5. The Universal Service Provider is responsible for the cost of the imbalance caused by the electricity it trades.
6. ESCO makes payments to the Universal Service Provider under this Document (Article 10, Clause 4) and the Operating Rules.

Article 9 - Rules for the Purchase of Electricity Consumed in the Occupied Territory of Georgia - Autonomous Republic of Abkhazia

1. ESCO, to purchase electricity for delivery to the territory of the Autonomous Republic of Abkhazia, trades on the day-ahead market in such a way that the proposed application ensures the purchase of electricity at any price (price acceptance application).
2. For this Article, ESCO plans the volume of purchased electricity, while being guided by the actual consumption and historical data for the most recent day, taking into account the climate conditions. Planning procedures are determined by the operating rules.
3. ESCO shall be liable for the cost of the imbalance of electricity traded under this Article.
4. Electricity consumption in the occupied territory of Georgia (Autonomous Republic of Abkhazia) can be covered by ESCO through the electricity imported for this purpose.

Article 9¹. Imported Electricity Trading by a Commercial Import Trader – Importer (N236, 29.06.2023)

1. A commercial import trader (importer) ensures the trading of electricity he imports on the Day-ahead and Intra-day markets, based on the Market Concept and current legislation.
2. If a trader (importer) carrying out commercial import, along with the import of electricity, is engaged in other electric power activities, he is obliged to create a separate balancing group in terms of imported electricity and trade in a separate portfolio in an organized market.
3. In the event that a trader (importer) carrying out commercial import does not provide the ESCO with a bank guarantee required by Article 15, clause ¹ of this Annex, the ESCO is not required to sign with the trader (importer), identified in this Article, in accordance with clause 5 of Article 15 ² of Market Concepts, a certain agreement to reimburse the difference between the income received by the trader (importer) in the day-ahead and daily markets and the cost of electricity actually imported;
4. Reimbursement with the trader (importer) specified in this article is carried out in accordance with this annex, the operating rules and the price difference agreement concluded between the parties.

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5. Issues related to imbalances arising from trading in organized markets of imported electricity by a commercial import trader (importer) are regulated in accordance with the "Power Transmission Network Rules" and the "Rules of the Market for Balancing Electricity and Ancillary Services".

6. ESCO settles with the trader defined in this article in accordance with clause 4¹ of article 10 of this Annex and the Rules of Operation.

1.

Chapter IV Settlement, Provision of Data, and Publication of Information

Article 10. Settlement

1. ESCO makes monthly settlements (unless otherwise provided by the guaranteed purchase agreement) with the guaranteed purchase agreement owner producers, for the electricity they had actually generated (released at the bus-bar) during the corresponding reporting month, at the price and on the terms provided for in the guaranteed purchase agreement.
2. ESCO with producers benefitting from the renewable energy and other support schemes makes monthly settlements for the electricity they actually produce (sold for sale) at each hour of the corresponding reporting month, taking into account the positive difference between the price determined by the support scheme and the equilibrium price fixed on the day-ahead market in the corresponding hour, but not more than:
 - a) the premium tariff determined by the "Support scheme for the production and use of energy from renewable sources" approved by the Resolution No. 403 of the Government of Georgia of July 2, 2020 "On the approval of the support scheme for the production and use of energy from renewable sources";
 - b) the price difference determined by the "Support scheme for the production and use of energy from renewable sources and the rules of the power auction" approved by the Resolution No. 556 of the Government of Georgia of December 7, 2022 "On the Approval of the Support Scheme for the Production and Use of Energy from Renewable Sources and the Rules of the Capacity Auction".
3. ESCO makes a settlement with the public service provider power plants as follows:
 - a) Daily, on the volume of electricity nominated (sold) at the Day-ahead and Intra-day markets during the corresponding hour, taking into account the difference between the equilibrium price set on the market for the same hour at the Day-ahead market and the tariff set for the relevant producer by the Commission (in the case provided for by "The Law of Georgia on Energy and Water Supply"). If the specified difference is positive, the producer shall refund the amount to ESCO, and in case of a negative difference, ESCO shall refund the amount to the producer.
 - b) Monthly, on to the volume of balancing electricity activated at the organized and ancillary

services markets, in the case established by the Law of Georgia on Energy and Water Supply, ESCO shall reimburse the corresponding amount to the producer, taking into account the positive difference between the price paid for the indicated electricity at the balancing and ancillary services market and the price established by the Commission for the relevant producer established tariff, taking into consideration the conditions defined in the Market Concept (Article 17²).

4. ESCO makes daily settlements with the universal service provider for the volume of electricity nominated (purchased) by them at the Day-ahead and Intra-day markets at the corresponding hour, taking into account the difference between the equilibrium price fixed on the day-ahead market at the corresponding hour and the tariff electricity purchase set by the Commission (in the case provided for by “The Law of Georgia on Energy and Water Supply”), for the corresponding universal service provider. If this difference is positive, ESCO will refund the amount to the Universal Service Provider, and if the difference is negative, the Universal Service Provider will refund the amount to ESCO.

4¹. The ESCO makes monthly settlements with the trader (importer) specified in Article 9¹ of this Annex for the electricity actually imported by it in the relevant reporting month, for the difference between the total amount of money received in the corresponding reporting month in the Day-ahead and Intra- day markets, as well as the amount received / paid as a result of the imbalance , and the price of imported electricity (according to the price fixed in the price survey) according to the following formula:

$$A_{cfd} = (A_{dam} + A_{idm} + A_{imb}) - E_{imp} * T_{auct} * K$$

Where:

A_{cfd} - is the amount to be reimbursed on the basis of a price difference agreement (in GEL);

A_{dam} - is the total amount (in GEL) received by the trader (importer) as a result of trading on the Day-ahead market in the reporting month;

A_{idm} - is the total amount (in GEL) received by the trader (importer) as a result of trading on the Intra-day market in the reporting month (in GEL);

A_{imb} - is the total amount received and paid as a result of the imbalance by the trader (importer) in the reporting month (in GEL);

E_{imp} - Is the amount of electricity actually imported by the trader (importer) in the reporting month (kWh);

T_{auct} - is the price fixed by the trader (importer) in the price survey (in the case of zonal import prices recorded in the price survey);

T_{auct} - is the weighted average price of actually imported electricity. (Foreign currency/kWh);

K - is the official rate set by the National Bank on the last day of the reporting month. (N236, 29.06.2023)

5. The terms and procedures related to the implementation of payment are determined by the Operating Rules.

Article 11. Data Submission

1. The Transmission System Operator is obliged to provide ESCO with the following documents and information on:

- a) The actual confirmed data (acceptance and delivery act) on electricity generated in the reporting month by producers benefitting from the guaranteed purchase agreement and the support scheme;
- b) The actual verified hourly data (acceptance and delivery act) on consumption and receipt of electricity by the suppliers, electricity producers, wholesale market player large consumers, traders (only in the part of export), and system operators (to cover the losses in the network) during the reporting month;
- c) The volume of balancing electricity activated in the balancing and ancillary services market by an individual public service provider producer (indicating the period, volume, and price in hourly terms);
- d) The results of a price study (in terms of imports) no later than 2 (two) business days after its closing, indicating the name of the winning commercial import trader (importer), the price of imported electricity and the forecast volume of imports; (N236, 29.06.2023)
- e) The actual confirmed data about the import of electricity by a commercial import trader (importer) in the reporting month (act of acceptance and transmission) on an hourly basis. (N236, 29.06.2023)
- f) Not later than 12 (twelve) calendar days after the end of the reporting month, the Transmission System Operator is obliged to submit to ESCO (being the entity responsible for balancing) an hourly report on the calculation of the imbalance along with the settlement report; (N236, 29.06.2023)
- g) Not later than 12 (twelve) calendar days after the end of the reporting month the Transmission System Operator is obliged to submit to ESCO the hourly records of imbalances of the trader (importer) carrying out commercial import. (N236, 29.06.2023)

2. ESCO has the right to turn to the Transmission System Operator with a justified request to submit all the documents it has, which are required by ESCO in accordance with the legislation to perform its functions, in addition to the documentation provided by sub-clauses a, b, c, d and e of clause 1 of this Article. (N236, 29.06.2023)

3. ESCO has the right, with a justified request, to apply to the Exchange Operator to provide access to the information at its disposal necessary to perform the functions assigned by law, including the results of trading on the Day-ahead and Intra-day markets of persons specified in these rules, as well as on the results of trading on the Day-ahead and Intra-day markets of the trader (importer) carrying out commercial imports. (N236, 29.06.2023)

4. In order to fulfill the obligations established by law, ESCO is authorized to require from the producer benefitting from the support scheme, the producer with a guaranteed sales contract, the producer providing public services, the universal service provider and the trader (importer) carrying out commercial import, to provide the information available to them. These persons are obliged to provide the requested information to ESCO within the time limits specified by the Operation Rules and in the prescribed manner. (N236, 29.06.2023)

Chapter V

Administration, Publicity, and Transparency of the Data of Renewable Energy Producers Benefiting from the Support Scheme

Article 12. Data Administration

1. ESCO is responsible for maintaining the register of renewable energy producers benefitting from the support scheme, administering data, and publishing information following this Annex and Operating Rules.
2. For the purposes referred to in clause 1 of this Article, ESCO shall create a web portal.
3. The renewable energy producer benefitting from the support scheme is required to register on the web portal created by ESCO.
4. For this article, ESCO shall process and publish information on the electricity actually generated by renewable energy producers benefitting from the support scheme.

Article 13. Publicity and Transparency of Information

1. ESCO is obliged to publish the following information on the official website:
 - a) Annual report on the activities of ESCO, including the annual report of the Special Fund;
 - b) The Audit report on the annual financial statements of ESCO;
 - c) The statistical data on the activities of ESCO;
 - d) The information on the activities of ESCO defined by the Operating Rules and applicable law that is not confidential.

Chapter VI

Service Fee for the Wholesale Public Service Organization

Article 14. Service fee

1. Payment of ESCO services is mandatory for the public service provider electricity producer, the universal services supplier, the producer of renewable energy benefitting from the support scheme, and the producer with a guaranteed sales contract, the trader (importer), defined in Article 9¹ of this Annex. The services provided by the wholesale public service provider organization are compensated as a result of the activities carried out by the enterprises, in particular, the electricity produced (released at the bus-bar) by the producers (except for guaranteed power sources) and actually received by the universal service provider and in accordance with the total amount of electricity actually imported by the trader (importer), defined in Article 9¹ this Article, , according to the tariff established by the Commission. (N236, 29.06.2023)
2. ESCO's service fee is reimbursed by guaranteed capacity sources in accordance with the amount (in kilowatt-hours, corresponding to the capacity established by the Government of Georgia) of

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guaranteed capacity provided by them in the reporting month and the period of provision (hours), according to the tariff for ESCO services established by the Commission.

3. The enterprises referred to in clauses 1 and 2 of this Article are obliged to reimburse the fees charged from them for ESCO services in accordance with the Operating Rules.
4. If an enterprise delays payment for ESCO services, ESCO has the right to request a bank guarantee. Enterprises are obliged, upon request, to provide statutory guarantees for payment for the services of a wholesale public service organization and (or) to make advance payments in accordance with applicable rules.
5. In case of non-payment of fees for the ESCO services, violation of the terms of payment, or failure to present a bank guarantee provided for in this Article, wholesale public service provider organization has the right to demand restriction of trade in the organized market for the relevant person under whose responsibility the balancing group of the corresponding enterprise is united. ESCO applies to the Transmission System Operator regarding the mentioned circumstances. The Transmission System Operator is obliged to immediately inform the person responsible for balancing about the restriction of trade on the organized markets and implement the restriction of trade within the terms and in the manner established by the Rules of the Electricity Balancing and Auxiliary Services Market.
6. If the enterprise pays the ESCO service fee after the occurrence of the circumstances provided for in clause 5 of this article or provides a bank guarantee, the public service provider will immediately notify the Transmission System Operator, who will ensure the restoration of the right to trade for the person responsible for the appropriate balancing in the terms and in the manner established by “The Rules of the Balancing and Ancillary Services Market”.

Chapter VII

Financial Guarantees

Article 15. Presentation of Financial Guarantees

1. If the universal service provider, the renewable energy producer benefiting from the support scheme, the producer with a guaranteed purchase agreement, and the public service provider electricity producer (including a guaranteed energy source) are late in fulfilling the obligations related to the upcoming payment established by this Annex and Operating Rules, ESCO has the right to request a bank guarantee. The enterprise is obliged, in accordance with the request of ESCO, to present the guarantees provided by the legislation for the repayment of the relevant obligation and/or to make an advance payment in accordance with the Operating Rules.
- 1¹. A trader (importer) carrying out commercial import is obliged to provide ESCO with a bank guarantee for the amount of electricity reflected in the price survey no later than 5 (five) calendar days after winning the price survey. If the trader (importer) does not provide the specified bank

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guarantee, ESCO will not sign the price difference agreement with the trader (importer) as defined in Article 15², clause 5 of the Market Concept. (N236, 29.06.2023)

2. In case of violation of the terms of repayment of obligations to the universal service provider, outlined in this annex and the Operating Rules, the Universal Service Provider has the right to request a bank guarantee.
3. The issues related to the presentation of the bank guarantee stipulated in this article are determined by the operating rules and the relevant agreement.
4. In case of failure to provide a bank guarantee envisaged by this Clause and the Operating Rules, ESCO has the right to demand disconnection of the relevant enterprise from the electrical network following the procedure prescribed by the Operating Rules. Disconnection from the electrical network is carried out by the relevant network operator based on the request of ESCO.
5. If an enterprise presents a bank guarantee provided for by this Article, after the occurrence of the circumstances envisaged in clause 4 of this Article, the wholesale public service provider organization immediately informs the relevant system operator responsible for the restoration of connection to the network of the corresponding enterprise.

Chapter VIII

Formation and Management of the Special Fund

Article 16. General Provisions

1. Based on this annex, the Government of Georgia shall establish a special fund for the accumulation of financial resources necessary for the full and effective implementation of wholesale public services.
2. The Special Fund Balance is approved by the Ministry and managed by ESCO.

Article 17. Income and Expenses of the Special Fund

1. The revenues of the Special Fund are:
 - a) The income received based on the price difference agreement;
 - b) The revenues received from the sale of electricity generated by a producer with a guaranteed purchase agreement on organized markets;
 - c) On the based document, the income of mitigating imbalances generated as a result of trading by ESCO on organized markets;
 - d) Other income provided by the current legislation, except for the income received from the service fee of ESCO and guaranteed capacity sale.

2. In order to ensure the liquidity of the Special Fund, ESCO is authorized to apply to relevant financial institutions to attract working capital.
3. The Special Fund covers the following:
 - a) The amounts payable under a price difference agreement;
 - b) Financial obligations provided by the relevant mechanism for the beneficiaries of the support scheme, including those with a guaranteed sales contract;
 - c) The electricity purchased on the market organized by ESCO to cover energy consumed in the occupied territory of Georgia (Autonomous Republic of Abkhazia), as well as the electricity imported for this purpose, and all costs associated with the implementation of such activities;
 - d) The cost of compounding imbalances arising from ESCO's trading in organized markets, for which ESCO is responsible for compensation in accordance with this document;
 - e) The interest on the loan necessary to fulfill financial obligations in the framework of the wholesale provision of public services, as well as all expenses necessary for trading on the organized market;
 - f) The costs associated with the provision of a guarantee, provided for in this Document (Article 15, Clause 2);
 - g) Other expenses stipulated by the current legislation, except expenses related to the purchase of operational and guaranteed capacity of ESCO.
4. Obligations related to wholesale public services shall be covered by the Special Fund based on legislation, in accordance with their origin and terms of payment.

Article 18. Planning of the Special Fund

1. The draft balance of the Special Fund (hereinafter referred to as the Balance) is developed annually by ESCO and submitted to the Ministry for approval.
2. When compiling the balance sheet, monthly forecast data for the next year are used, in particular:
 - a) The forecast of generation of public service provider electricity producers;
 - b) The electricity consumption forecast by the consumers benefitting from the universal services;
 - c) The forecast of the output of a producer with a guaranteed purchase agreement benefitting from the support scheme and a production facility;
 - d) The electricity consumption forecast in the occupied territory of Georgia (Autonomous Republic of Abkhazia), agreed with the transmission system operator;
 - e) The forecast of the prices of the day-ahead market;
 - f) The remuneration for the services of market operators, financial guarantees, and the approximate amount of other remuneration;
 - g) The forecast of the volume of unbalance and estimated price;
 - h) The forecast of expected income and expenses based on price difference agreements;
 - i) The expected expenses under the support scheme;
 - j) The expenses related to the purchase of electricity consumed in the occupied territories of

Georgia (the Autonomous Republic of Abkhazia) in organized markets;

k) The exchange rate, which is taken as the exchange rate of the National Bank of Georgia, effective on the day when the balance of special funds is submitted for approval. The organization is also authorized to use the exchange rate used by the National Bank of Georgia when conducting predictive macroeconomic analysis.

l) The approximate amount of interest on the loan and other costs required to mobilize working capital;

m) Other information necessary for the development of the project balance;

n) Forecast data on electricity import, provided by the accounting balance; (N236, 29.06.2023)

o) Forecast prices on electricity import. (N236, 29.06.2023)

3. In order to clarify the information provided in clause 2 of this Article, ESCO has the right to contact the operators of the transmission system and the organized market.

4. ESCO is authorized for this Article (Clause 2, Sub-clauses "a", "b", "e" and "e") to apply to the Georgian National Energy and Water Supply Regulatory Commission.

5. ESCO is obliged to ensure the confidentiality of the information provided in this Article, in the manner prescribed by applicable law.

6. For special fund management, financial accounting for wholesale utility services provided by ESCO is maintained separately by service segments.

7. When planning the balance of a special fund, income and expenses must be balanced.

Article 19. Adjustment of the Special Fund

1. ESCO conducts a monthly analysis of the liquidity of the special fund, taking into account the actual data of the previous period and the forecast period of the remaining reporting year. If the expected total deficit of the Special Fund is equal to/exceeds [5%] of revenues and/or expenditures stated in the approved balance sheet, ESCO must submit a revised balance sheet to the Ministry.

2. ESCO is authorized to request from the entities provided for in clause 2 of Article 18 of these Rules, the submission and/or clarification of corrected information provided for in the same clause.

3. In the case provided for in clause 1 of this Article, the Ministry approves the adjusted balance sheet and is submitted to the Commission.

Article 20. Special Fund Instruction

1. ESCO prepares and submits the instruction of the Special Fund to the Ministry for approval.

2. The instruction of the Special Fund includes:

a) The parameters of the Special Fund and the principles of their calculation;

b) The criteria for compiling the balance sheet of the Special Fund;

c) The procedures for preparing, agreeing, and submitting for approval the Special Fund Project;

d) The procedure and terms for approval and adjustment of the Special Fund;

e) Other conditions and procedures necessary for the planning and operation of the Special Fund.