The Electricity (Capacity) Market Rules

Chapter I General Provisions

Article 1. Scope of Activity

These Rules regulate:
a) Functioning of Electricity and Guaranteed Capacity Market and activity of Commercial System Operator and Dispatch Licensee.
b) Electricity purchase and sale related technical, commercial and financial relations through directagreements, among them System Commercial Operator;
c) Technical, commercial and legal relations related to electricity generation, transmission, dispatch, flow, distribution and electricity supplier activities, securing United Electricity System with Guaranteed Capacity and trading, electricity import and export, work in parallel regime of electricity systems and own consumption of the electricity generated by electricity generation licensee and small hydro power plant; *(21.06.2021, N1-1/257)*
d) Different principles and procedures of electricity generation, supply of electricity by electricity wholesale supplier, consumption, import and export for qualified enterprises, according to the principles determined bythe Georgian Law "On Electricityand Natural Gas" *(03.04.2019 N1- 1/160)*
e) Drawingup electricity(capacity) balances and their implementation rules;
f) Otherissues determined bythe Georgian legislation

Article 2. Definitions

1. The terms used in this Rules have the same meaning as in Georgian Law "On Electricity and Natural Gas".
2. Other terms have the following definitions
a) "Electricity metering" – electricity metering process including all types of metering carried out bydifferent metering equipment.
b) "Pass through" - except for transmission service, transfer of electricity (capacity) owned by other person to the electricity network belonging to preliminary identified person through the network of distribution or generation licensee, small hydro plant or direct customer; Implementation of these rules also implies the distribution service by a distribution licensee to qualified enterprises according to the licensee's distribution area. *(23.07.2007 N1-1/336)*
c) "Own means of electricity generation" – power plant that generates electricity for the units, that alongside with this power plant, are in the direct ownership of the same natural and legal person ; *(25.04.2007 N31)*
d) "Direct Agreement on Transmission/Distribution Services" – a direct agreement on transmission / dispatch service conditions made between the electricity Transmission / Dispatch Licensee on the one hand and a qualified enterprise or anyother interested partyon the other hand; *(04.03.2014)*
e) **"**Home Consumption of a Power Plant" – shall mean amount of electricity consumed by the station for the technological process of electricity (capacity) generation as well as other consumption necessaryfor operation purposes;
f) **"**Generation Loss" – shall mean amount of electricity consumed by the power plant, including home consumption, losses on electric and measuring equipment, transformers and transmission lines;
g) "Home Consumption of a Substation**"** – shall mean amount of electricity consumed by the substation for the technological process and operation of the substation;
h) „Electricity consumption within the transmission network" – electricity consumption which includes own consumption of electricity by the Transmission Licensee's substation, consumption during switching the safety regime of the transmission line operation and electricity metered during synchronization, as well as losses in the transmission grid, power transformers, step-up transformers and measuring transformers, compensator coils, shunt reactors, synchronous

compensators, and capacitor banks, as well as other technical losses during operation and no-load periods.*(04.03.2014)*

h[1]) Testing of the Electricity Transmission Network – is the inspection of work parameters of the electricity transmission network or one of its elements, which requires connection of the network, putting it (or its elements) under the voltage and/or the electricity overflow. Testing is carried out based on the request from the electricity transmission line owner, by the decision of the dispatch licensee. The system commercial operator shall be informed about the testing of the electricity transmission line intended for the intersystem transit (overflow); *(18.10.2013)*

i) "Electricity Loss in Electricity Distribution Network" – electricity consumption, including home consumption of substations, losses in overhead and underground distribution network, power and measuring transformers, power restriction reactors, compensating coils, synchronic compensators and self-consumption batteries;

j) **"**Electricity super normative loss" – positive difference between the actual losses excising in the transmission network and electricity normative (normal) losses set by the GNERC. *(25.04.2007 N31)*

k) "Electricity Wholesale Metering System" – shall mean a unity of system formed by measuring transformers, connecting cables, meter (meters), accumulating, transforming and transmission equipment for metering of electricity, its parameters and recording it at certain intervals;

k[1]) The automated system for control and metering of low-level electricity and capacity (hereinafter: the "Low-level ESKAA System") is an automated system for commercial metering of electricity that includes the metering complex (complexes), data acquisition and transmission devices and provides for collection, storage and transfer of the received data through the various channels of intermediate and/or upper level of ESKAA;

k[2]) The automated system for control and metering of intermediate level electricity and capacity (hereinafter referred to as "ESKAA system of the middle level") is an automated system for control and metering of electricity of Qualified Enterprises, that includes the data collection and transmission devices, the electricity measurement and calculation complex (complexes) and ensures the collection, storage, processing and transmission of the received data through various channels to the upper level ESKAA;

k[3]) The automated system of control and metering of electricity (hereinafter - ESKAA upper level system) is the Dispatch Licensee's automated complex of electricity metering that includes: the central measuring/calculation system of metering; intermediate and lower level ESKAA Systems; data acquisition and transmission devices; metering complex (complexes) and provides for the collection and processing of the received data in the automatic mode as well as their transfer (access) to the Electricity Market Operator and to all other interested entities and organizations, using available communication channels in the prescribed manner;

k[4]) Connection of metering point (points) to the upper level of ESKAA System implies to the establishment of direct or indirect connection (in automatic mode) of proper metering complex (complexes) with the Dispatch Licensee's central measuring/calculation complex of metering, using various communication channels. An indirect connection with the Dispatch Licensee's central measuring /calculation complex of metering can be made using the data acquisition and transmission devices and/or the measuring/calculation complex of metering of Qualified Enterprises;

k[5]) Automated system of commercial metering (hereinafter: "KAA System") is the set of software and hardware (owned by the Market Operator), which is the main means of forming the unified base of wholesale purchase/sale connected with the intermediate and upper level ESKAA Systemы and is designed to receive, check, record, collect, group and summarize the data needed for the settlement of wholesale trade of electricity (capacity), as well as for the determination of the electricity (capacity) volumes received in/delivered to the system through the direct contracts as well as the calculation of balancing electricity (capacity) and the Market Operator's service fee;

k[6]) The unified database of wholesale purchase and sale is the electronic database maintained and constantly updated by the Market Operator, in order to record and save the results of settlement of wholesale trade of electricity (capacity), including the determination of total volume of electricity received and delivered to the energysystem as a result of wholesale trade, the quantities sold and

purchased under bilateral direct contracts, as well as the results of purchase and sale of balancing electricityand also to make calculation for the unified settlement;

l) "Price of Balance Electricity" – shall mean the price of balance electricity sold by the Commercial System Operator, calculated in compliance with Chapter 4 of these Rules;

m) "Wholesale Trading" – electricity, including balance electricity and/or guaranteed capacity purchase and sale between the enterprises authorized by the Law On Electricity and Natural Gas and these Market Rules.

n) "Settlement Period" – one calendar month;

o) Removed *(25.04.2007N31)*

p) "Electricity (capacity) Generators" – generation licensee, small capacity power plant and the power plant owner person, during the period of trial run and/or complex testing of the power plant for the commissioning purposes, before the date of registration (but not more than 90 calendar days) as the generation licensee or small capacity power plant - eligible enterprise of the same power plant". *(18.04.2016 N20)*

q) "Emergency Situation" – situation in the electricity system that causes deterioration of electricity qualitative indicators and unloadingof frequency, for maintaining sustainable putting into Minimum Operation of the system that maybe followed or will be followed by operation of system automatic equipment voltage automation, separable automation (automatic etc), required electricitycurtailment or cut off; *(25.04.2007 N31)*;

q[1]) Direct Contract - a bilateral contract between the electricity buyer and seller (qualified consumers), specifying the amount, price, term, and other conditions of the electricity purchase, registered according to the provisions of these regulations; *(26.03.2024; N1-1/121)*

r) Registration of Direct Contract" - registration of contract application form based on the direct contract concluded between the dispatch license and the Electricity Market Operator, as well as registration of contracts and statements according to Articles 8 and 9[1] of these Rules, in the respective registration journals (which may also be maintained in electronic registry form) and assignment of registration numbers; *(26.03.2024; N1-1/121)*

s) "Summarizing Recording Act of Electricity Supplied and Received Through Inter System Line(s)" – a summarizing recording act of the electricity supplied and received through particular inter system line(s) during the relevant settlement period (among them exported, imported and or transit electricity) which reflects total capacity of electricity released and received through the line(s) and which is processed by the dispatch licensee and the commercial operator of the system jointly with the relevant authorized legal entityof the foreign country; *(31.10.2007 N88)*

t) "Joint Act of Exported (Imported) and/or Transit Electricity Distribution through the Intersystem Line"- is the joint act of metering of exported (imported) and/or transit electricity through the Intersystem line, during the respective settlement period. This act reflects the distribution of exported (imported) and/or transit electricity volumes through the line between two or more exporters (importers) and/or those enterprises, which have ordered the transit of electricity, if they were conducting the export (import) and/or transit through one intersystem line in this reporting period. Joint act of exported (imported) and/or transit electricity distribution shall be jointly formedby all relevant exporter (importer) and transit customers. One original copy of thejoint act of exported (imported) and/or transit electricity distribution shall be presented by the respective exporter (importer) and/or transit customer, not later than 8 (eight) calendar days after the end of reportingperiod. *(1.03.2016 N9)*

u) "Direct contract for the purchase and/or sale of imported or exported electricity"—a bilateral contract between the electricity buyer and seller (qualified consumers), specifying the volume, price, term, and conditions for the purchase of electricity and power, registered by the dispatch licensee and the Electricity Market Operator. *(26.03.2024; N1-1/121)*

v) "Contract on Electricity Export and/or Import" - a bilateral agreement between the importer or exporter of electricity produced in a foreign country and the buyer and seller of electricity produced in Georgia, as well as a bilateral agreement regarding changes, which is registered by the licensee of dispatch and the Electricity Market Operator; *(26.03.2024; N1-1/121)*

w) Power transmission line for inter system transit (pass through) - power transmission line connecting to foreign country electricity system, included in the list of power transmission lines determined bythe Ministryfor Georgian electricity system or inter system transit. *(10.11.2008 N98)*

x) New Electricity Transmission Line Intended for the Intersystem Transit (Overflow*)* – is the

electricity transmission line intended for the intersystem transit (flow), which is directly connected with direct current insertion sub-station and which was brought into service after January 1, 2012 and/or is planned to be constructed and put into operation after January1, 2012; *(18.10.2013)*

y) Project Company– enterprise, which is formed and registered under Georgian legislation

and its aim is to build, own and operate new power plant in case if there is agreement signed with Government of Georgia or anyrelevant legal act of Government exists.

z) The Commercial System Operator – shall mean the operator of the electricity market, as defined in the Law of Georgia on electricityand Natural Gas. *(04.03.2014)*

z^1) Standard conditions of a direct agreement - shall mean agreement conditions defined in advance by an authorized person for multiple applications by wholesale trade participants (typical agreement form). Standard conditions of a direct agreement are of the following types:

z^1.a) Standard conditions approved by the Commission for a Direct Agreement on Transmission/Dispatch Services registered by the Dispatch Licensee and effective if there is no direct agreement signed with the Qualified Enterprise under Paragraph (d) of this Article, with the exception of cases when the existence of such direct agreement is caused by violation of the agreement conditions or the law by the Qualified Enterprise. The standard direct agreement conditions shall not be applied to transmission and/or dispatch services related to electricity export and/or transit;

z^1.b) Standard conditions of a direct purchase and sale agreement for balancing electric energy, as approved by the Commission and duly registered by the dispatch licensee and the electric energy market operator; *(26.03.2024; N1-1/121)*

z^1.c) Standard conditions of a direct contract for the provision of guaranteed capacity, endorsed by the Commission and registered by both the dispatch licensee and the Electricity Market Operator. *(26.03.2024; N1-1/121)*

z^1.d) Standard terms of a direct distribution service contract approved by the Commission, registered bythe transmission system operator. *(23.07.2021 N1-1/336)*

z^2) Allowed Transit Capacity - is the longest possible loading of internal network and/or any of its elements during the implementation of transit (re-export) in expressed in MW. The allowed transit capacity shall be estimated for each direction/transit corridor (from the energy entry point to the electricity exit point) individually. For that purpose, the smallest volume of corresponding reporting period is taken to meet local demand in the same period, according to the priority categories "a", "b" and/or "c", as stipulated in the Paragraph 1 of these Rules assigned to the required volume of power to be exported. The allowed transit capacity shall not exceed the volume of electricity allowed by the Paragraph 2 of Article 14^{11} for the lines intended for intersystem transit (flow) which shall be transferred to the relevant direction through the transit corridor;

z^3) the volume allowed for export – the total export volume for each reporting period, specified in the approved annual electricity(capacity) balance: *(30.11.2016 N91)*

z^3.a) reduced by the volume of electricity meant for export that fall under the priority group “b” and is specified in the Paragraph 1 of Article 14^{12} to these Rules;

z^3.b) reduced by the volume meant for export, necessary to ensure the synchronous parallel operation with neighboring countries, which is always determined by the Dispatch Licensee in MWs, before the allocation in "ATC" and / or "CAA". The electricity meant for export that fall under the priority groups “a” and “b” does not belong to the volume allowed for export, specified in the Paragraph 1 of Article 14^{12} of these Rules;

z^3.c) increased by the volume (export of which is required in the Article 14^{12} to these Rules) of electricity, generated by the power plant that operates based on the renewable energy source (including the hydro power plant) and is being constructed as specified in the Paragraph “c” of Article 14^{12} to these Rules but not more than the period and the volume specified in the agreement on building new power plant, signed between the Government and the relevant person.

z^4) Internal restrictive resource - the capacity allowed for the transit (re-export) purposes and the volume allowed for export purposes; The right to use part of the internal restrictive resource can be obtained in accordance with these rules and special auction rules;

z^5) The cost of the internal limiting resource - is used only in cases of a special auction, for the use of the internal marginal resource (the allowed export volume and / or the power allowed for transit) and is the sum payable by the winner of the auction, which will be calculated according to the following principle: to use the internal limiting resource, auction prices are multiplied by the volume of satisfied MWh (the number of MW is equal to the multiplication of satisfied MW. hours by the total number of hours allocated during the reporting period);

z^6) Additional fee for the allocation / reallocation of the capacity of electricity transmission line intended for intersystem transit (energy flow) - is the additional amount set as a result of electronic auction, payable by the auction winner. This amount shall be calculated according to the following principle: "CAA" equals to the final price of electronic auction multiplied by supplied MWh. (the quantity of MWh of CAA equals to the amount of supplied hours multiplied total hours distributed during the reporting period);

z[7]) Auxiliary/System Service - is the range of different services provided through the participation of individual players of energy system and/or by means of the players' and transmission network capabilities. The Transmission System Operator organizes, implements, coordinates and controls, aimed at: the reliability and sustainability of Georgian energy system; raising the level of energy independence; improving and retaining the quality of electricity; increasing the efficiency of operation of energy system; reaching the optimal mode; forming and using the reserves; providing for the integration of renewable energy sources into the transmission network and stimulating the use of power potential of the power plants.

Z[8]. Universal Service Supplier – a person, established by the Resolution of Georgian government, that supplies the electricity to the household consumers and small enterprises, with collaboration with the Electricity Market Operator and electricity generator companies that fulfill the public services (with other generators of electricityin case of necessity). *(21.06.2021, N1-1/257)*

Z[9]. Supplier of electricity in form of public service - a person, determined by the resolution of the government of Georgia, that supplies the electricity to the retail costomers that meet the criteria, established with N246 Resolution of Government of Georgia, dated 2020, - "the conception of electricity market model", except the household costumers and small enterprises, stipulated in Z[8] of this Article. *(21.06.2021, N1-1/257)*

Z[10]. Free supplier – a person, that supplies the electricity to the retail costumers (except the cases, stipulated in Z[8] and Z[9]) with unregulated market price. *(21.06.2021, N1-1/257)*

Z[11]. The supplier of the last alternative – a person that supplies the electricity, with restricted term and regulated conditions, to the retail consumers, who according to some circumstances, were not able to choose or has lost the supplier of electricity. *(21.06.2021, N1-1/257)*

Z[12]. Dispatch Licensee – Electricitydispatch system operator. *(21.06.2021, N1-1/257)*

Z[13]. Transmission Licensee – Electricitytransmission system operator. *(21.06.2021, N1-1/257)*

Z[14]) **Producer selected at a capacity auction**: a person selected at an auction announced to use the installed capacity determined by the Government of Georgia, using renewable energy sources in accordance with Decree No. 556 of the Government of Georgia (dated December 7, 2022) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources and the Rules for Conducting Energy Auctions". *(14.02.2024, N1-1/65)*

Z[15]) **Preferential tariff holder producer**: a producer determined by Decree No. 403 of the Government of Georgia (dated July 2, 2020) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources. *(14.02.2024, N1-1/65)*

Z[16]) **Support period**: in the case of a producer selected at a capacity auction, the support period, determined by the support scheme, which is defined by Decree No. 556 of the Government of Georgia (dated December 7, 2022) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources and the Rules for Conducting Energy Auctions," and for a producer with a premium tariff, the period of support is determined by Decree No. 403 (dated July 2, 2020) of the Government of Georgia "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources". *(14.02.2024, N1-1/65)*

Z[17]) **Proposed tariff**: based on Decree No. 556 of the Government of Georgia (dated December 7, 2022) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources and the Rules for Conducting Energy Auctions," the tariff is proposed by the producer selected at the power auction; *(14.02.2024, N1-1/65)*

Z[18]) **Premium tariff**: a tariff determined by Decree No. 403 of the Government of Georgia (dated July 2, 2020) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources"; *(14.02.2024, N1-1/65)*

Z[19]) **Marginal price**: the price determined in accordance with Decree No. 403 of the Government of Georgia (dated July 2, 2020) "On Approval of the Support Scheme for the Production and Usage of Energy from Renewable Sources," the amount of which is 0.055 US dollars per 1 kW/h of electricity. *(14.02.2024, N1-1/65)*

Z[20]) Agreement on guaranteed purchase of electricity - based on a valid written agreement between the Government of Georgia, the Electricity Market Operator, and the respective party, or through a legal act of the Government of Georgia. It encompasses conditions mutually agreed upon by the Government of Georgia, the market operator, and the relevant party. (*(26.03.2024; N1-1/121)*

Chapter II Organization of Electricity (Capacity) Wholesale Trade *(13.08.2010 N 46)*

Article 3. Rules on Registration for participation in the electricity wholesale trading and making changes in the data registration *(13.08.2010 N 46)*

1. Electricity and guaranteed capacity trading in the electricity system of Georgia is allowed solely among the enterprises registered as qualified enterprises under the Georgian Law on Electricity and Natural Gas and these Rules. The Dispatch licensee is also entitled to participate in the electricity purchase portion of wholesale trade for the purpose of covering electricity losses incurred for securing electricity (capacity) transit and in the electricity purchase portion, for the purpose of covering electricitylosses in the transmission network. *(04.05.2018 N1-1/230)*

2. The following entities are participating in the electricitywholesale trade:

a. System Commercial Operator

b. The following enterprises registered as qualified enterprises under these rules:

c) Generation licensee

d) Removed *(21.06.2021, N1-1/257)*

e) Direct consumer - a person defined by the Law of Georgia on Electricity and Natural Gas and these Rules. *(27.06.2018 N1-1/326)*

f) Exporter

g) Importer

h) Small Hydro Power Plant

i) the power plant owner person, during the period of trial run and/or complex testing of the power plant for the commissioning purposes, before the date of registration (but not more than 90 calendar days) as the generation licensee or the small capacity power plant - eligible enterprise of the same power plant *(18.04.2016 N20)*

j) ElectricityWholesale Supplier. *(03.04.2019 N1-1/160)*

b.i - Universal Service Supplier *(21.06.2021, N1-1/257)*

b.j - Free supplier *(21.06.2021, N1-1/257)*

b.k - Supplier of electricityin form of the public service *(21.06.2021, N1-1/257)*

b.l - The supplier of the last alternative *(21.06.2021, N1-1/257)*
c. Dispatch licensees registered as wholesale trade participant under these Rules: *(04.05.2018 N1-1/230)*
c) in the electricity purchase portion of wholesale trade for the purpose of covering electricity losses incurred for securing electricity(capacity) transit; *(04.05.2018 N1-1/230)*
d) b) in electricity purchase portion, for the purpose of covering electricity losses in the transmission network. *(04.05.2018 N1-1/230)*
d) Distribution licensee, that is registered as a participant in wholesale trade, according to these rules, in part of purchase of electricity, for the purpose of covering electricity losses in the distribution network. *(21.06.2021, N1-1/257)*

3. Legal Person (excluding System Commercial Operator) complying with the requirements identified for the electricity wholesale trade participant under the Georgian Law on Electricity and Natural Gas and these Rules and willing to participate in the electricity wholesale trade shall apply for registration to the System Commercial Operator. A legal person shall be registered as a wholesale market participant according to each separate activity.
4. For registration of the applicant as a wholesale market participant (hereinafter Applicant) the followingdocuments shall be submitted to the System Commercial Operator:
a. Standard application form, approved by the System Commercial Operator for registration as a wholesale market participant;
b. Extract from register of entrepreneurs
c. Copyof license approved bythe Commission (for the relevant Licensee)
d. Technical document of connection to the electric grid, issued by the person, who owns the power grid, to which the applicant's power grid is connected (only applies to the production and distribution licensees, small power plants and direct customers), except for the registration of retail customer as electricitydirect customer and the Paragraph 7^1 of this Article. *(03.04.2019 N1- 1/160)*
e. Technical document that verifies connection to the The Upper Level Computerized Electricity Metering System (CEMS) of metering node(s) belonging to the applicant, who seeks the registration as a wholesale trade participant. In the case provided for in Paragraph 7^1 of this Article, when technical document verifying connection of alienated power plant to the Upper Level Computerized Electricity Metering System (CEMS) have already been issued, the applicant may only submit the information on requisites of technical document, verifying connection of metering nodes to the Upper Level Computerized Electricity Metering System (CEMS), instead of the document considered bythis Sub-paragraph. *(8.02.2017 N8)*
f. Existing description of electric installations and of connection to electricity grids, indicating of balancing division points, metering nodes and parameters, also separate scheme of connecting to the network. The submitted document (s) shall be issued by a person to the network of which the applicants network is connected to (In case of registering retail customer as direct customer); *(03.04.2019 N1-1/160)*
g. A document confirming existence of retail customer status, issued by the appropriate supplier or the distribution licensee. (in case of registration of the retail customer as the direct costumer of electricity). *(21.06.2021, N1-1/257)*
h. The bank guarantee, submitted according to the clause 6 of Art. 25 of these rules (only in case of Universal Service Supplier, free supplier, Supplier of electricity in form of public service and the Supplier of the last alternative) *(01.09.2021, N1-1/257)*
i. A document confirming the amount of electricity, consumed during last 1 (one) month for the purpose of determining the forecast of electricity consumption (only in case of Universal Service Supplier, free supplier, Supplier of electricity in form of the public service and the supplier of the last alternative). *(01.09.2021, N1-1/257)*
41. In case of the subclause “2(c)” and “2(d)” of this article, for the purpose of registering as a participant in the wholesale trade, the applicant shall submit the documentation, stipulated in sub-clause 4(a), 4(b) and 4(c) of this Article to the ElectricityMarket Operator. *(21.06.2021, N1- 1/257)*
42. In case envisaged by subparagraphs "b.d", "b.e" and "b.h" of paragraph 2 of this article, to register as a participant in wholesale trade, the applicant must submit to the Electricity Market Operator documentation provided for bysubparagraphs "a" and "b" of paragraph 4 of this article.

(03.04.2019 N1-1/160)

4^3 . In case of the subclause “2(b)(i)”, “2(b)(j), “2(b)(k)” and “2(b)(l)” of this article, for the purpose of registering as a participant in the wholesale trade, the applicant shall submit the documentation, stipulated in sub-clause 4(a), 4(b), 4(h) and 4(i) of this Article to the Electricity Market Operator. *(21.06.2021, N1-1/257)*

5. The direct consumer is registered as a participant in wholesale trade according to the delivery points, from which it must take electricity. It is prohibited for direct consumers to purchase electricity from these deliverypoints as retail customers. *(27.06.2018 N1-1/326)*

5^1. In case of direct consumer of electricity, if the applicant is an enterprise registered in the Free Industrial Zone established in accordance with the Law of Georgia on Free Industrial Zones, except for the requirements set forth in subparagraphs "a", "b", "d", "e", “f” and “g” of paragraph 4 of this Article, applicant shall also submit to the Electricity Market Operator a document confirming the registration in a free industrial zone, issued bythe relevant authorized body.
(03.04.2019 N1-1/160)

6. Repealed; *(04.03.2014)*

7. With regards to SPP owners, other than requirements set forth in paragraph 4, subparagraph a, b and c of this Article, applicant shall submit to the System Commercial Operator document confirming ownership of real estate (HPP) (cadastre data, if requested by the System Commercial Operator) and the document confirming design capacity.

71. When transferring to the new owner the power plant, belonging to the person, registered as wholesale trade participant or transferring the direct customer’s electric equipment (including the power plant/ the power grid, which is part of electric equipment, electric machinery and power devices till balancing division point(s)), if as a result of alienation there is no change in balancing division point(s) of transferred power plant/power equipment as well as metering nodes, the new owner (applicant) of alienated power unit is obliged to submit to the Electricity Market Operator the document(s) proving his (the applicant’s) ownership along with the documents defined by the Sub-paragraphs "a", "b" and "c" of Paragraph 4 of this Article, in order to be registered as wholesaletrade participant. *(8.02.2017 N8)*

72. In the case provided for in Paragraph 7^1 of these Rules, from the moment, when new owner (the applicant) of corresponding unit is registered as the wholesale market participant, the rights and obligations provided in the available and active technical condition of connection of power plant/electric equipment, appropriate contract on connection as well as the agreements on metering and connection to the Upper Level Computerized Electricity Metering System (CEMS) shall be transferred to the new owner (the applicant). In the event, when new agreement is signed with the new owner (the applicant) of appropriate unit in any of the indicated sphere or in case of modification of technical condition, new agreement/modified technical condition shall apply accordingly. *(8.02.2017 N8)*

73. In the case provided for in Paragraph 7^1 of present Article, the Electricity Market Operator shall review the compliance of submitted documentation with the requirements of these Rules, within three business days. In the case of non-compliance of submitted documentation with the requirements of these Rules, within three business days, the Electricity Market Operator shall inform the applicant (in writing) about the rejection to be included in the wholesale trading register, indicating relevant reason.

In the case of compliance of submitted documentation with the requirements of these Rules, registration of the applicant as wholesale trade participant shall take place from the date of registration in relevant agency of new holder of corresponding right to own the power plant/direct customer’s electric equipment, whereas referring to the licensee, the registration takes place from the effective date of the Commissions’ decision on issuing the license. *(08.02.2017 N8)*

8. The System Commercial Operator shall inspect the submitted documentation within the 5 work-day period and accordance of actual condition with the requirements of these Rules. In case of non-compliance of submitted documentation with the requirements of these Rules, the System Commercial Operator shall inform (in the written form) the applicant about the refusal (except the seeker of being registered as the importer, the exporter in the wholesale trade and electricity wholesale supplier) to be included as a participant in the wholesale trade, indicating corresponding reason for such refusal, not later than within 5 work days after presenting the documentation.

(03.04.2019 N1-1/160)

8[1]. In case of the individuals, who are seeking for the registration as an importer, an exporter or electricity wholesale supplier, universal service supplier, free supplier, supplier of electricity in form of the public service and the supplier of the last alternative, the Electricity Market Operator inspects the submitted documentation and accordance with the requirements of these Rules, within 3 work-day period. In case of non-compliance of submitted documentation with the requirements of these Rules, informs (in the written form) the applicant about the refusal to be included as a participant in the wholesale trade, indicating corresponding reason for such refusal not later than within 3 work days after presenting the documentation. In the event that presented documentation meets actual conditions, the System Commercial Operator includes the seeker in the register of wholesale trade participants, not later than within 5 work days after application. *(21.06.2021, N1- 1/257)* 8[2]. In cases determined by paragraph 4[1] of this article, the Electricity Market Operator shall revise the compliance of documentation presented by the Dispatch Licensee with the requirements of article 3 of these Rules, within three business days. In case of non-compliance of submitted documentation with the requirements of these Rules, the System Commercial Operator shall inform (in writing) the Dispatch Licensee about the refusal to be included as a participant in the wholesale trade, indicating corresponding reason for such refusal, not later than within three business days after presenting the documentation. If the submitted documentation is in compliance with the requirements of article 3 of these Rules, the Electricity Market Operator shall include the Dispatch Licensee in the register of wholesale trade participants, no later than within five working days after the submission of documentation from May 1, 2018. *(04.05.2018 N1-1/230)*

8[3] In case, stipulated in Art. 3(4[1]), Electricitymarket operator inspects the conformityof the documentation, submitted by distribution licensee, with the requirements, stipulated in Art. 3 of these rules, within 3 work-day period. In case of non-compliance of submitted documentation with the requirements of Art. 3 of these Rules, Electricity Market Operator informs (in the written form) the distribution licensee about the refusal to be included as a participant in the wholesale trade, indicating corresponding reason for such refusal not later than within 3 work days after presenting the documentation. In the event that presented documentation meets the requirements, stipulated in Art.3 of these rules, the Electricity Operator includes the distribution licensee in the register of wholesale trade participants, not later than within 5 work days after presenting the documentation from the date of July1, 2021. *(21.06.2021, N1-1/257)*

9. In the case of compliance of submitted documentation with the requirements of these Rules, the Electricity Market Operator, the Dispatch Licensee, the applicant and the person, who owns the power grid, where the applicant's power grid is connected shall inspect the metering nodes (including the metering nodes available at the generators and self-consumption transformers), to be used in the wholesale trade, within next five business day,s and compose the inspection act (hereinafter - the Metering Nodes' Inspection Act) of metering nodes to be used in the wholesale trade. The form of this act shall be jointly approved by the Electricity Market Operator and Dispatch Licensee. Requirements of this Paragraph does not applyto the following: *(08.02.2017 N8)*

a) Registration of the importers, exporters, electricity wholesale suppliers, transmission and dispatch licensees, universal service supplier, free supplier, supplier of electricity in form of the public service and the supplier of the last alternative as wholesale trade participants. *(21.06.2021, N1-1/257)*

b) An applicant's registration wholesale trade participant in the case indicated in Paragraph 7[1] of this Article, provided that the Metering Nodes' Inspection Act is available along with the technical document(s) proving his connection to Upper Level Computerized Electricity Metering System (CEMS).

10. If operability of metering point is identified under the inspection act of metering point, System Commercial Operator registers the applicant in the wholesale trading register no later than five business days after drafting metering unit's inspection act.

11. If under inspection act of metering points inoperability of metering point is identified, System Commercial Operator notifies in writing the applicant of rejection of registration in the wholesale trading register, indicating relevant reasons no later than five business days after drafting the metering unit's inspection act.

12. System Commercial Operator is entitled to demands additional information from applicant for specifyingthe data set forth in this Article.

13. Within 24 hours after registration of a legal entity in the wholesale trading register theElectricity Market Operator shall notify the relevant Qualified Enterprise, the Dispatch Licensee, the Qualified Enterprise or Dispatch Licensee which is the owner of the electricity network to whichthe network owned by a legal entity registered in the wholesale trading register is to be connected. If the legal entity registered in the wholesale trading register is the electricity (capacity) generator referred to in Clause23.4 of the Law of Georgia on Electricity and Natural Gas, this shall be speciallyindicated in the certificate. *(17.03.2014)*

14. Within 5 business days, legal person, registered in the wholesale trading register shall submit to the System Commercial Operator application regarding any changes in the data specified in this Article with the attached documents.

15. Responsibility on accuracy of presented application, application of changes and relevant documents and submission of such documents to the System Commercial Operator within the scheduled date shall be assumed bya relevant Qualified Enterprise.

Article 3[1]. *Removed* *(27.06.2018 N1-1/326)*

Article 3[2]. Direct consumer

1. Electricity direct customer is the customer who meets the compulsory criteria for electricity direct customers set by the Government of Georgia, as well as the requirements set out in these Rules. *(03.04.2019 N1-1/160)*

2 Any other customer besides the one defined by paragraph 1 of this Article, who meets the requirements established by this Rules and is voluntarily registered as a wholesale trade participant direct consumer of electricity.

3 Direct customer created as a result of change of ownership/possession right on the object (objects) or its part (parts) owned/possessed by direct customer registered under this Rules is new direct customer, which is obliged to register in the wholesale trade in accordance with these rules.

Article 4. Revoking the Registration of the Wholesale Market Participant ***(****13.08.2010 N46)*

1. The reasons for revoking the registration of the Applicant as a wholesale market participant are as follows:

a. Revocation of the license by the Commission – from the effective date of the Commission's Resolution;

b. Decision of an authorized body on the elimination of the wholesale market participant or court decision on termination of bankruptcyproceedings – from the effective date of the relevant decision;

c. Multiple violations by wholesale market participant of the requirements set by these Rules that caused electricity disconnection twice during a calendar year – from the first date of submission of dispatch licensee's message to the System Commercial Operator;

d. Failure to pay System Commercial Operator's service fee for three months in succession – from the first date following the month of the reporting period defined by the System Commercial Operator;

e. Removed *(13.11.2014 N119);*

f. Removed *(27.06.2018 N1-1/326);*

g. Application of wholesale market participant regarding revocation of the registration of the wholesale market participant - from the first date following the month of the reporting period after submission of application to the System Commercial Operator;

h. The electricity metering system of the wholesale trade participant does not meet the established requirements and/or the technical document confirming the connection with the upper level SKAA System is not available. In such cases the registration of the wholesale trade participant shall be canceled onlyin the part of appropriate (inappropriate or not connected) metering node (nodes);

i. Transfer of the right on power plant/electric equipment belonging to the wholesale trade participant to the new owner – from the date of registration of the right on ownership of indicated energy unit under the new owner's name. Referring to the licensee, it will be from the effective date of Commission's decision on terminating the license. ***(Refer to the relations originated from 01 February 2017)*** *(08.02.2017 N8);*

j. The wholesale trade participant no longer meets the requirements set forth in these Rules for the registration of participants in wholesale trade - the date set by the Electricity Market Operator. ***(Refer to the relations originated from 01 February 2017)*** *(08.02.2017 N8).*

k. In case of not submitting the bank guarantee – from the date, determined by Electricity Market Operator. *(01.09.2021, N1-1/257)*

2. Conditions set forth in Paragraph 1, subparagraphs c, d and g of this Article may not be the basis for revocation of the registration of the wholesale market participant. In the similar cases System Commercial Operator shall applyto the Commission for response.

2^1. The registration of electricitywholesale supplier can be canceled in cases determined by subparagraphs "b", "d", "g" and "j" of first pharagraph of this article. *(03.04.2019 N1-1/160)*

2^2 The registration of universal service supplier, free supplier, supplier of electricity in form of the public service and the supplier of the last alternative may be annulled in cases determined in clauses 1(b), 1(d), 1(g), 1(j) and 1(k) of this article. *(21.06.2021, N1-1/257)*

3. Legal person and dispatch licensee, qualified enterprise and transmission licensee owner of electric grid where the legal person with revoked registration as a wholesale market participant is connected shall be notified by the System Commercial Operator regarding the decision on revocation of the registration of such legal person no later than the following day after making record regarding revocation of the registration as a wholesale market participant in the relevant register (other than the cases set forth in the in Paragraph 1, subparagraphs b of this Article).

4. Registration as a direct customer has an irreversible character. Accordingly, the person registered as a direct consumer has no right to request registration as a retail customer. In addition, the applicant is not entitled to cancel the registration as a participant in the wholesale trade on the basis of subparagraph "g". *(27.06.2018 N1-1/326)*

5. Revocation of the registration as a wholesale market participant of a qualified enterprise does not exempt such qualified enterprise from the financial obligations assumed prior to revocation of the registration.

Article 4^1. Special rule for the registration as wholesale trade participant and cancellation of registration of the power plant owner person, during the period of trial run and/or complex testing of the power plant for the commissioning purposes. *(18.04.2016 N20)*

1. During the period of trial run and/or complex testing of the power plant for commissioning purposes the registration, the power plant owner person (hereinafter referred to as "the Applicant") shall submit the following documents to the Electricity Market Operator, in order to be registered as the wholesale trader:

a) Application for registration as a wholesale trade participant, in the form, approved by the ElectricityMarket Operator;

b) Extract from the Entrepreneurs' Register;

c) Technical document of connection to the electric grid, issued by the person, who owns the electric grid, to which the Applicant's electric grid will be connected;

d) Written consent of Dispatch Licensee on trial run and/or complex testingof the power plant;

e) Technical document confirming connection to the "Top Level ESCA System", of metering nodes (meant for wholesale trading), available at the receipt/delivery points, from where the applicant shall deliver and supplythe power;

f) The document confirming the ownership of real estate (power plant), cadastral data and the document proving the rated capacity(onlyupon ElectricityMarket Operator's request).

2. Within three working days, the Electricity Market Operator shall inspect the compliance of submitted documentation and actual condition with the requirements of these Rules. In case of non-compliance of submitted documentation with the requirements of these Rules, the Operator

shall notify, in writing, the applicant about the refusal to be included in the register of wholesale traders, not later than 3 working days after submission of the documents.

3 In case of compliance of submitted documents with the requirements of these Rules, the Electricity Market Operator, the Dispatch Licensee, the applicant and the owner of electric grid, to which the applicant will be connected, shall check the metering nodes (from which the applicant shall supply/receive the power) meant for the wholesale trade and compose the inspection act of metering nodes, to be used in wholesale trade act ,in the form approved by the Paragraph 9 of Article 3 of these Rules, within the next 5 business days.

4 In the event that the inspection act of metering nodes proves proper functioning of settlement meters, available at the receipt/delivery points, the Electricity Market Operator shall include the applicant in the register of wholesale trade participants, not later than two working days after drawingthe inspection act of metering nodes.

5 In the event that proper functioning of settlement meters is not confirmed by the inspection act of metering nodes, available at the receipt/delivery points, the Electricity Market Operator shall inform the applicant in writing about the refusal to include in the register of wholesale trade participants, indicating appropriate reason, not later than two working days after composing the inspection act of metering nodes.

6 Electricity Market Operator shall notify the relevant Eligible Enterprise, the Dispatch Licensee, the Eligible Enterprise or the licensee, owner of electric grid, to which the electric grid owned bythe applicant included in the register of wholesale trade participants is connected.

7. The applicant shall be responsible for the accuracy of application and appropriate documents.

8 In accordance with this Article, registration of the person listed as the wholesale market participant shall be canceled in 90 calendar days after the registration or in the event that this person obtains the generation licensee or becomes registered as small capacity power plant - eligible enterprise, from the day of occurrence of one of these circumstances.

9 If the registration is revoked on the basis of expiration of 90 calendar days as per Paragraph 8 of this Article, the Electricity Market Operator shall notify the person, whose registration (as a wholesale trade participant) has been canceled in the register of wholesale traders, no later than the following business day after recording the cancellation as well as to the Dispatch Licensee and eligible enterprise or transmission licensee, to the power grid of which the person (whose registration as the wholesale market participant has been canceled) is connected.

10 In case a person registered as a participant in wholesale trade in accordance with this Article, due to an objective reason (s) independent of it, fails to complete the trial commissioning and / or complex testing of the power plant within 90 calendar days after registration in accordance with this Article, that person may exercise one of the rights set forth in subparagraphs (a) and (b) of this Article: *(13.01.2021, N1-1/4)*

A) request an extension of the registration period, in respect of which it shall address a substantiated letter to the electricity market operator at least 1 working day before the expiration of 90 calendar days provided for in paragraph 8 of this Article;

B) after cancellation of registration on the basis of expiration of 90 calendar days provided for in paragraph 8 of this Article, at any time submit an application to the electricity market operator for registration as a participant in wholesale trade in accordance with the procedure established by paragraph 1 of this Article.

11. In the case of a person registered as a participant in wholesale trade in accordance with this Article, shall use: *(13.01.2021, N1-1/4)*

A) the right provided for in sub-paragraph “a” of paragraph 10 of this Article, the electricity market operator shall extend the registration period established for the trial commissioning and / or complex testing of the power plant bynot more than 30 calendar days.

B) the right provided for in sub-paragraph “b” of paragraph 10 of this Article, the electricity market operator shall, within 3 working days, verify the compliance of the submitted documentation and the actual situation with the requirements of these Rules. In case of non- compliance of the submitted documentation with the requirements of these Rules, no later than 3 working days after the submission of the documentation, notifies in writing about the registration as a participant in the wholesale trade. And in case of compliance, will register a person as a participant in wholesale trade for not more than 60 calendar days.

12. In case of registration of a person registered as a wholesale participant in accordance with sub-paragraphs "a" and "b" of paragraph 11 of this Article, the registration shall be revoked in case of expiration of the period specified in these sub-paragraphs or in case of registration of a person in a part of the same power plant as a generation licensee or as a small power plant - a qualified enterprise, from the dayof occurrence of anyof these circumstances. *(13.01.2021, N1-1/4)*

13. After the cancellation of the registration on the basis of paragraph 12 of this Article, the electricity market operator shall notify about it no later than the next working day after the registration cancellation is made in the register of participants in the wholesale trade the person whose registration of a wholesaler has been revoked and a dispatch licensee, as well as a qualified enterprise or transfer licensee who also has a connection to the electricity network owned by a person whose registration in the wholesale trade has been revoked. *(13.01.2021, N1-1/4)*

14. A person registered as a participant in wholesale trade is entitled to enjoy only one of the rights specified in sub-paragraphs "a" and "b" of paragraph 10 of this Article only once. *(13.01.2021, N1-1/4)*

Article 4[2]. Rule of mandatory registration of retail consumer as direct consumer *(03.04.2019 N1-1/160)*

1. The retail customer, who meets the Mandatory Criteria for the Direct Consumers of Electricity set by the Government Decree, from the date specified on the same Decree, must register as a wholesale trade participant, as a direct customer. *(21.06.2021, N1-1/257)*

2. At least 30 calendar days before the date set by the Government of Georgia Decreedesignated in paragraph 1 of this Article, the distribution licensee is obliged to submit to the Electricity Market Operator and the Dispatch Licensee the list of retail consumers provided for in the first paragraph of this article, which shall be accompanied by a list of points of accession of the customers to the network.

3. The retail consumer defined by paragraph 2 of this article is no longer a retail customer from the date specified by the Decree of the Government of Georgia referred to in paragraph 1 of this Article.

4. The distribution license holder is obliged to notify the retail customer defined in paragraph 2 of this article at least 30 calendar days before the date indicated in paragraph 1 of this article on the annulment of the retail customer status from the date indicated in paragraph 3 of this article.

5. After receipt of the notification referred to in paragraph 4 of this Article, as a direct customer, the registration applicant (hereinafter - the applicant), at least 15 (fifteen) working days prior to the date indicated in paragraph 1 of this article, must submit to the Electricity Market Operator documentation provided for in Article 3 of these Rules. Electricity Market Operator shall register applicant as a participant in the wholesale trade in accordance with the provisions of Article 3 of these Rules.

6. If the functionality of electricity metering nodes is confirmed by the act on checking metering nodes envisaged by the paragraph 9 of article 3 of these Rules, an applicant is entered in the list of wholesale trade participants from the date defined in the first paragraph of this article.

7. If the functionality of electricity metering nodes is confirmed by the act on checking metering nodes envisaged by the paragraph 9 of article 3 of these Rules, an applicant is entered in the list of wholesale trade participants from the date defined in the first paragraph of this article, only in case if the legal act adopted by the Commision has defined the deadline for correcting the defect set by the act on checking metering nodes.

Article 5. General Principles of Wholesale Trade Technical Standards

1. Qualified enterprise, transmission and dispatch licensees shall:

a. For electricitysystem reliable operation install, build, repair and maintain their own facilities

b. Put the main assets in thereliable operational condition in the in the earliest possible time period

c. Providethe requested information to the system commercial operator

2. Qualified enterprise and dispatch licensee shall subordinate their own facilities to the requirements of the dispatch licensee. By meeting this term, qualified enterprise independently defines expediency and quality of this or that facility. Qualified enterprise may withdraw its facilities from subordination of dispatch licensee if such action is permitted bydispatch licensee.
3. Qualified enterprises (other than Electricity Market Operator and Electicity Wholesale Supplier) shall submit on the daily base to dispatch licensee information on actual data of the meters installed in the deliveryand receipt centers. *(03.04.2019 N1-1/160)*

4. Qualified enterprises (other than Electricity Market Operator, Electricity Wholesale Supplier, universal service supplier, free supplier, supplier of electricity in form of the public service and the supplier of the last alternative) shall connect the meters, installed in all delivery and receipt centers, in addition the meters, installed in connection points of generators of electricity producers and self-consumption transformers, to the upper level of ESKAA System and ensure to provide information on actual data of the meters to the electricity dispatch system operator according to at least frequency required under clause 3 of this article. *(21.06.2021, N1-1/257)*

5. Qualified enterprises (except for the Electricity Market Operator, wholesale electricity supplier, universal service supplier, free supplier, supplier of electricity in form of the public service and the supplier of the last alternative) are authorized to temporarily (no more than 24 hours for a specific reporting period) suspend contact / connection of meters installed in receipt- delivery points and connection points of generators of electricity producers and self-consumption transformers to the upper level of ESKAA System only in case of urgent need and with the prior written consent of the ElectricityDispatch System Operator. *(21.06.2021, N1-1/257)*

Article 6 Removed *(10.11.2008 N98)*

Article 7. Removed *(13.08.2010 N46)*

ChapterIII. Direct Agreements

Article 8. Parties of Direct Contract

1. Power purchase direct contract may be concluded between qualified enterprises and also qualified enterprises and transmission and dispatch licensees which under the Georgian Law on Electricity and Natural Gas and these Rules are entitled to participate in the wholesale electricity market trading."
2. If on the one hand, generation licensee, importer, electricity wholesale supplier or small power plant and direct customer, electricity wholesale supplier or exporter on the other hand is the same legal person, electricity (capacity) direct contract is substituted by the application on electricity (capacity) delivery. Implementation of such application requires similar conditions and procedures as in case of direct agreement. *(21.06.2021, N1-1/257)*
3. Power purchase direct agreement is concluded by meeting the terms and conditions of the present Rules. Power purchase direct contract along with other terms shall include the following data:
a) the quantity or methodology for determining the amount of electrical energy to be supplied under a direct contract (with permissible error not exceeding +/- 30%); (26.03.2024; N1-1/121)
b) Monthly and daily estimated amount of the electricity to be delivered;
c) Unit price of the electricity to be delivered;
d) Accurate time of electricity delivery starting and ending points by indicating an accurate date.
e) Conditions for electricity delivery;
f) If one party of the direct contract is electricity generator - name of power plant where the electricity to be delivered is generated and such deliveryis the subject of direct agreement
g) Conditions of termination of direct agreement;
h) The number assigned to the direct contract by the contracting parties, along with the date of execution;
4. The format of the application for mandatory conditions of a direct contract (contractual application) is jointly established by the dispatch licensee and the Electricity Market Operator. (26.03.2024;N1-1/121)

5. In order to register a direct contract, both the dispatch licensee and the Electricity Market Operator must be provided with three original copies of the contract application form, prepared based on the direct contract, along with one copy of each direct contract, unless exempted under the provision outlined in clause 5^1 of this Article. Should any disparities arise between the terms outlined in the direct contract and the contract application form, the conditions stipulated in the latter shall take precedence. It is important to note that the contract application form is an inseparable component of the direct contract. (26.03.2024;N1-1/121)

5^1 In instances where an agreement for the guaranteed power purchase is reached between the parties, three copies of the mutually executed contract application form and agreement are to be submitted to the dispatch licensee and the Electricity Market Operator for registration. (26.03.2024;N1-1/121)

6. In the case when the decision is made by the qualified enterprise, that owns the regulating power plant, about the realization of specific amount of electricity for the purpose of suppling the electricity for domestic consumption and this electricity is generated by this qualified enterprise, universal service supplier shall give a preference to the electricity, generated by this regulating power plant considering the criteria of price, while purchasing the electricity by this qualified enterprise, in purpose of supplying the electricityto the retail costumer. *(21.06.2021, N1-1/257)*

7. The qualified enterprise, that owns the regulating power plant, shall inform the universal service supplier, Electricity Dispatch System Operator and Commercial System Operator about all decisions, made under clause 6 of this article within 5 (five) days. *(21.06.2021, N1-1/257)*

Article 8^1. Contractual obligations *(13.08.2010 N46)*

1. In the event that the amount of electrical energy consumed by the buyer of electrical energy in the reporting period falls short of the quantity stipulated in the direct contract(s), the seller(s) of electrical energy (excluding wholesale electricity suppliers) shall be deemed to adhere to the standard terms of the directly registered direct contract and shall deliver this electricity (balancing electricity) to the buyer through the System Commercial Operator. (26.03.2024; N1-1/121)

2. If the volume of electrical energy generated by the seller of electrical energy in the reporting period is lower than the volume required to be supplied (sold) as per the direct contract(s), the entity (entities) purchasing electrical energy (excluding wholesale electricity suppliers) shall be considered to have adhered to the standard terms of a directly registered contract as per prevailing legislation and shall source balancing electricity from the System Commercial Operator to fulfill the shortfall. (26.03.2024; N1-1/121)

21. Should the volume of electricity supplied (sold) by the wholesale electricity supplier to the direct consumer(s) of electricity or to the exporter(s) in accordance with direct agreement(s) during the reporting period be insufficient, the quantity of electricity to be purchased from the producer(s) or importer(s) of electricity, the entity (entities) selling electricity to a wholesale electricity supplier shall be deemed duly registered under the standard terms of a direct contract and shall serve as the seller of balancing electricity to the System Commercial Operator. (26.03.2024; N1-1/121)

22. In the event that the amount of electricity purchased by a wholesale electricity supplier from the producer(s) or importer(s) of electricity under a direct agreement(s) or imported under its import agreement falls short of the quantity stipulated to be supplied (sold) as per a direct contract, the entity(s) purchasing electricity from a wholesale electricity supplier shall be considered to adhere to the standard terms of the directly registered contract in accordance with the law and shall function as the buyer of balancing electricity from the System Commercial Operator. (26.03.2024; N1-1/121)

3. Power purchase direct contract shall afford accurate identification of the parties' obligations regarding electricitysupply and receipt"

Article 9. Mandatory Registration of Direct Contract with the dispatch licensee and the Electricity Market Operator (26.03.2024; N1-1/121)

1. A direct contract shall be submitted for registration simultaneously to the dispatch licensee and the Electricity Market Operator (except for contracts stipulated in clause 1 of Article 9^1 and Article 29 of these Rules) prior to the conclusion of the relevant reporting period for the purchase or sale of electricity, no later than 3 working days (excluding the day of submission). The terms of the direct contract and the contractual application submitted to and registered by the dispatch licensee and the Electricity Market Operator must be identical. In case of discrepancies between the terms of the direct contract and/or the contractual application submitted and registered with the dispatch licensee and the Electricity Market Operator, the conditions stipulated in the version registered by the Electricity Market Operator shall prevail, based on the corresponding month's data. (26.03.2024; N1-1/121)

2. For registration purposes, a letter of application for the registration of a direct contract with the dispatch licensee and the Electricity Market Operator, along with the following documents, must be submitted:

a) In the scenario outlined in clause 5 of Article 8 of these Rules: three copies of the contract application, all pages of the direct contract (excluding import and export contracts), and appendices, signed by the respective authorized representatives of both parties;

b) In accordance with clause 5^1 of Article 8 of these Rules, three copies bearing signatures on all pages and appendices of the contract application form and direct contract, endorsed by the relevant authorized representatives of both parties;

c) In the case of electricity generation and/or receipt via the distribution network, an agreement for the provision of distribution services is signed by both parties to a direct contract with the relevant distribution system operator (irrespective of whether it procures or sells electricity). (26.03.2024; N1-1/121)

2^1.Direct contracts concluded by a wholesale supplier of electrical energy during the reporting period for the purchase of electrical energy and/or agreements on the import of electrical energy, as well as direct contracts for the sale of electrical energy to consumers and/or exporters, concluded during the same reporting period, must be submitted for registration simultaneously. (26.03.2024; N1-1/121)

2 ^{2} The total amount of electricity supplied by the electricity supplier during the reporting period and/or the total amount of electricity implied in the contract of electricity import shall be equal to the total amount of electricity that must be sold to direct consumers in the same reporting period under the terms of direct contract. *(03.04.2019 N1-1/160)*

3. A direct contract becomes effective upon registration by both the dispatch licensee and the Electricity Market Operator in accordance with these regulations. A direct contract cannot become effective unless it is registered by one of the authorized parties for registration. (26.03.2024; N1-1/121)

4. The electric energy dispatch licensee is obligated to reject the registration of a direct contract if:

a) The party to the direct contract and/or application for the contract does not represent a qualified enterprise with regard to the activities outlined in the direct contract and/or application for the contract (except in cases where one of the parties to the direct contract and/or contract application form, and/or the contractual application, is the licensee for transmission and/or dispatch);

b) Submission requirements and deadlines for registering a direct contract and/or contractual application are violated;

c) The stipulations of clause 2 of this article are breached;

d) Dispatching electrical energy (power) as per the direct contract and/or contractual statement and/or executing this direct contract may impede the operational dispatch control of the system;

e) The application for registration and/or the direct contract fail to specify all mandatory

conditions outlined in clause 3 of Article 8;

f) The information and conditions specified in the application for a contract contradict the information and conditions stipulated in the contract;

g) The corresponding agreement for the purchase of services for the transmission, dispatch, and/or reloading of electrical energy has not been registered by the respective qualified enterprise;

h) The condition of clause 5 of Article 14^5 of these Rules is not provided for in the direct contract for the export of electrical energy. (26.03.2024; N1-1/121)

4^1. The Electricity Market Operator is obligated to reject the registration of a direct contract and/or contract application form if:

a) The party to the direct contract and/or the contractual application does not represent a qualified enterprise with regard to the activities outlined in the direct contract and/or contractual application (except in cases where one of the parties to the direct contract and/or the contractual application is the licensee for transmission and/or dispatch);

b) The requirements and deadlines for filing a direct contract and/or application for registration are violated;

c) The stipulations of clause 2 of this article are breached;

d) The requirements of clauses 2^1 and/or 2^2 of this article are violated;

e) The application for registration and/or the direct contract fail to specify all mandatory conditions outlined in clause 3 of Article 8;

f) The information and conditions specified in the contractual application contradict the information and conditions stipulated in the contract;

g) The impossibility of reflecting electrical energy (power) as per the direct contract and/or contractual application in the calculation databases of the reporting period(s) specified by the direct contract and/or contractual application;

h) If the terms of the direct contract and/or contractual application contradict the terms of the contract for the guaranteed purchase of electrical energy,

i) The terms of the direct contract and/or contractual application contradict the norms established by these Rules" (26.03.2024; N1-1/121)

5 Removed; *(04.03.2014)*
6 Upon the dispatch licensee's or the Electricity Market Operator's consent to register a direct contract, written notification is dispatched to the involved party(ies) of the direct contract. In the event of refusal, notifications are sent to the concerned party(ies) of the direct contract and another authorized individual for contract registration. Should the electricity dispatch licensee or the Electricity Market Operator fail to dispatch notification to the relevant party(s) regarding consent or refusal to register a direct contract within 3 (three) working days following the presentation of the direct contract (excluding the day of presentation), the direct contract is deemed registered with the respective authorized representatives, and the contract is entered into the registry. The authorized individual is obliged to promptly register the contract and assign a registration number to it. (26.03.2024; N1-1/121)
7 Requirements stipulated for registration of Direct Agreements shall be valid for registration of anyamendments made to the Direct Agreement
8 The dispatch licensee and the Electricity Market Operator are obligated to maintain a register containing direct contracts (agreements) or modifications to direct contracts (agreements) registered within the corresponding reporting period, along with Unified Data on Direct Contracts terminated pursuant to Article 10 of the Regulations. The format of the register shall be developed and sanctioned by the dispatch licensee in conjunction with the Electricity Market Operator. (26.03.2024; N1-1/121)
9 Mandatory registration of standard terms of a direct contract for the purchase of balancing electricity and standard terms of a direct contract for the provision of guaranteed power, including their modifications and supplements, by the dispatch licensee and the Electricity Market Operator is required. After approval by the commission, the standard contract terms (including modifications and supplements), along with the corresponding commission resolution, are submitted for registration to the dispatch licensee and the Electricity Market Operator. (26.03.2024; N1-1/121)
9^1 Registration of standard terms of a direct contract for the provision of transmission (dispatching) services and standard terms of a direct contract for the provision of distribution services, as well as their modifications and supplements, with the dispatch licensee is mandatory. After approval by the commission, the standard contract terms (including modifications and supplements), along with the relevant commission resolution, are transmitted to the dispatch licensee for registration. (26.03.2024; N1-1/121)
10. The stipulations of clauses 4 and 4^1 of Article 9 of these Regulations do not apply to the registration of standard contract terms, their amendments, and supplements. (26.03.2024; N1-1/121)
11. If the commission does not approve the standard contract terms (modification or supplement), the dispatch licensee shall refrain from registering the standard terms of the direct contract for the provision of transmission/dispatching services and/or the standard terms of the direct contract for distribution services (modification or supplement), and the Electricity Market Operator and the dispatch licensee shall adhere to the standard conditions of a direct contract for the purchase of balancing electricity and/or to the standard conditions of a direct contract for the provision of guaranteed capacity (modification or supplement). (26.03.2024; N1-1/121)
12. The standard conditions of a direct contract for the provision of transmission/dispatching services and/or the standard conditions of a direct contract for the provision of distribution services take effect upon registration by the dispatch licensee. Similarly, the standard conditions of a direct contract for the purchase of balancing electricity and/or the standard conditions of a direct contract for the provision of guaranteed capacity take effect upon registration by both the dispatch licensee and the Electricity Market Operator. (26.03.2024; N1-1/121)
13. The relevant party is obligated to ensure their registration with the authorized individual(s) stipulated by these regulations no later than 5 working days following the approval of the Standard Conditions (including amendments and supplements) by the Commission. (26.03.2024; N1-1/121)
14. For the purposes delineated in this article, a reference to a direct contract, as appropriate, also encompasses a reference to a contractual statement formulated on the basis of a direct contract. (26.03.2024; N1-1/121)

Article 9^1. Mandatory registration of an agreement for the import and/or export of electrical energy with a dispatch licensee (26.03.2024; N1-1/121)

1. The agreement for the import and/or export of electrical energy, outlined in sub-clause "c" of clause 2 of Article 2 of these regulations, must be submitted for registration with the dispatch licensee no later than before the agreement takes effect, within 3 (three) working days, except as stipulated in clause 5 of Article 14^1 of these Rules.
2. For registration, it is necessary to furnish 3 (three) copies of the agreement and its annexes, signed by the pertinent authorized representatives of both parties.
3. The executed agreement for the import and/or export of electrical energy becomes effective upon registration with the dispatch licensee.
4. The electric energy dispatch licensee is obligated to decline registration of the agreement if:

a) Neither party represents a qualified enterprise in terms of import-export activities;

b) The requirements and deadlines for submitting a registration agreement have been violated;

c) The stipulations of clause 2 of this article have been breached;

d) The contract fails to specify all mandatory conditions outlined in clauses "a", "c", "d", "e", and "h" of clause 3 of Article 8.

5. Should the electric energy dispatch licensee neglect to dispatch a notice of refusal to register the agreement to the party(s) of the agreement (qualified enterprises) within 3 (three) working days following the presentation of the agreement, the agreement is deemed registered, and they are required to promptly register the contract and allocate a registration number to it.

6. Any modifications to the registered agreement necessitate the same procedures as the initial registration of the agreement.

7. Within 2 working days from the date of registering the agreement or its modification, the dispatch licensee is obliged to furnish the Electricity Market Operator with a copy of the agreement or its modification;

Article 9^2. Termination of an agreement or registration of import and/or export of electricity (26.03.2024; N1-1/121)

1. An application for early termination of the contract must be submitted for registration to the dispatch licensee no later than 15 days before termination.
2. Registration of the termination of the contract by the dispatch licensee results in the termination of the contract.
3. Upon receiving a request to terminate the contract from a party (a qualified enterprise), the dispatch licensee must notify the party about the requested termination date, which should not exceed 25 calendar days from the date of application submission.
4. The dispatch licensee must terminate the registration of the agreement if none of the parties or the agreement itself meets the requirements established by clause 4 of Article 91 of these Rules.
5. The dispatch licensee is obligated to inform the parties involved in the agreement (qualified enterprises) and the Electricity Market Operator at least 5 days before terminating the registration of the agreement, providing reasons for termination, except when none of the parties involved in the agreement remains a qualifying establishment.

Article 10. Termination of the Direct Agreement or Registration

1. An application for early termination of a direct contract (except for a contract registered based on Article 9^1 of these Rules) must be submitted for registration to the dispatch licensee and the Electricity Market Operator no later than 15 days before termination. (26.03.2024; N1-1/121)

2. Registration of termination of a direct contract by a dispatch licensee and/or an operator of the electric energy market results in the termination of the direct contract. (26.03.2024; N1-1/121)

3. Removed *(25.04.2007 N31)*

4. If the parties to the contract jointly request termination, the dispatch licensee and/or the Electricity Market Operator must inform the parties of the requested termination date, which should not exceed 25 calendar days from the date of application submission. (26.03.2024; N1-1/121)

5. The dispatch licensee and/or the Electricity Market Operator are obliged to terminate the registration of a direct agreement if one or both parties to the agreement and/or agreement fail to comply with the requirements of Article 9, paragraph 2, subparagraph "D", clause 4, and clause 4^1 of these Rules. Termination of registration of a direct contract by a dispatch licensee and/or the Electricity Market Operator results in the termination of the direct contract. (26.03.2024; N1-1/121)

6. The dispatch licensee and/or the Electricity Market Operator are obliged to notify the parties participating in the direct contract and another person authorized for registration at least 5 days in advance about the termination of registration of the direct contract, indicating the reasons for termination of registration, unless the party participating in the direct contract is no longer a qualified enterprise. In the event of termination of registration of the direct contract by the dispatch licensee or the Electricity Market Operator, written information is also sent to the second person authorized to register. (26.03.2024; N1-1/121)

7. For the purposes provided for in this article, a reference to a direct contract, in appropriate cases, also implies a reference to a contractual statement drawn up on the basis of a direct contract. (26.03.2024; N1-1/121)

8. Termination of registration of an agreement registered on the basis of Article 9^1 is carried out according to the rules established by Article 9^2 of these Rules. (26.03.2024; N1-1/121)

Article 10^1 Special rules of registration for direct agreements of the project company

1. A direct contract concluded by the project company (comprising a direct contract for transmission and/or dispatch services of electrical energy, a direct contract for electrical energy export, or an agreement for the reservation of transmission and dispatch services as stipulated in paragraph 9 of Article 14^1 of these regulations) must be submitted concurrently to the dispatch licensee for pre-registration and to the Electricity Market Operator within 30 days subsequent to its execution. In instances of a separate signature for the reservation of transmission-dispatching services as detailed in clause 9 of Article 14^1, it is registered by both the dispatch licensee and the electric energy market operator, using a distinct numbering system. Pre-registration of the contract takes effect post-registration by the dispatch licensee and the Electricity Market Operator and cannot be deemed valid unless registered by either of the authorized entities. (26.03.2024; N1-1/121)

2. For pre-registration, the dispatch licensee and the Electricity Market Operator must furnish a registration application letter alongside the following documentation:

a) Three copies of the contract application encompassing all pages of the pertinent contract (excluding the export contract) and any accompanying annexes, duly signed by the respective authorized representatives of all involved parties;

b) In cases of electrical energy (power) supply via a network owned by a distribution licensee, an agreement regarding the provision of electrical energy transmission services is to be concluded with the distribution licensee. (26.03.2024; N1-1/121)

3. The dispatch licensee for electrical energy dispatch and/or the Electricity Market Operator shall decline the preliminary registration of the submitted agreement in adherence to clause 2 of this article if:

a) Violations of this article's stipulations are identified;

b) The registration application and/or the corresponding agreement fail to delineate all necessary conditions mandated by extant legislation, inclusive of conditions pertaining to the agreement's commencement;

c) Contradictions between the data and conditions stipulated in the registration application and those delineated in the agreement emerge;

d) Preliminary registration of the relevant agreement for the provision of transmission, dispatch, and/or reloading services of electrical energy has not been executed. (26.03.2024; N1-1/121)

4. Preliminary registration of the contract becomes effective post-registration by the dispatch licensee and the Electricity Market Operator. In the event that the dispatch licensee for electrical energy dispatch and/or the Electricity Market Operator fail to issue a notification of consent or refusal to register the agreement to all involved parties within 10 working days subsequent to the submission of the agreement for pre-registration, the contract is deemed concluded. Consequently, the dispatch licensee and the Electricity Market Operator are mandated to expediently carry out such pre-registration and allocate a registration number. During pre-registration, the dispatch licensee and/or the Electricity Market Operator reserve the right to specify additional conditions to the project company regarding the attainment of direct registration status for the agreement via pre-registration, including the prerequisite of furnishing a notarized translation into Georgian if the contract is formulated in a foreign language. (26.03.2024; N1-1/121)

5. Any amendment to agreement under this article for aim of preregistration requires the same procedure as preregistration of agreement itself.

6. An application for the premature termination of the contract stipulated in this article must be submitted for registration to both the dispatch licensee and the Electricity Market Operator no later than 15 days preceding the contract termination. (26.03.2024; N1-1/121)

7. The dispatch licensee and/or the Electricity Market Operator shall terminate the pre-registration of the agreement prescribed in this article if the party to the agreement, i.e., the project company, ceases to comply with the requirements outlined by the legislation of Georgia, or if the contract concluded with the Government of Georgia for the construction of the corresponding new power plant in Georgia ceases to be operational. (26.03.2024; N1-1/121)

8. The dispatch licensee and/or the Electricity Market Operator are required to provide advance notification to the parties involved in the contract at least 5 days before the termination of the preliminary registration of the agreement, delineating the reasons for termination. In the event of the termination of the preliminary registration of the agreement by the dispatch licensee or the Electricity Market Operator, written notification is also dispatched to another duly authorized individual responsible for registering the contract. (26.03.2024; N1-1/121)

9. Following the commencement of the pre-registration agreement and the fulfillment of all requisite conditions essential for its execution, the project company issues a corresponding notification, accompanied by supportive documentation, to both the dispatch licensee and the Electricity Market Operator alongside a duly completed corresponding contractual application. Subsequently, the dispatch licensee and the Electricity Market Operator are mandated to verify the project company's notification and the status of compliance with all conditions necessary for the implementation and commencement of the contract in accordance with the legislation of Georgia (including adherence to the provisions of Article 9 of these Rules, which do not contravene the conditions outlined in this article). This process culminates in the issuance of one of the following decisions within 5 working days:

a) Granting the status of direct registration of a contract subsequent to pre-contractual registration;

b) Specifying the conditions requisite for conferring the status of registration of a direct contract via the preliminary registration of the contract. (26.03.2024; N1-1/121)

10. In the event that the decision stipulated in sub-clause "b" of clause 9 of this article is reached, the project company reserves the right to reapply, issuing a notification to both the dispatch licensee and the Electricity Market Operator post the fulfillment of the necessary conditions for bestowing the status of registration of a direct contract. (26.03.2024; N1-1/121)

11. The dispatch licensee and the Electricity Market Operator are mandated to furnish each other with a registry of preliminary registration of the agreement within 2 working days from the date of preliminary registration. (26.03.2024; N1-1/121)

12. Termination of the preliminary registration of the contract by the dispatch licensee and/or the Electricity Market Operator results in the cessation of the preliminary registration. (26.03.2024; N1-1/121)

Article 11. Information Publicity *(25.04.2007 N31)*

1. The qualified enterprises shall disclose the information as deemed public by these rules and effective legislation, except for the cases, when the law holds a condition of nondisclosure of this information to the third parties.
2. The Dispatch Licensee and the Commercial Operator shall post (announce) public information at a publicly accessible place (including the official website). Announced information has to be updated shortly, showing the time and date of the latest update".
3. Consistent with these rules, the followingshall be deemed as public information:
a) Volumes of purchased and sold electricityduring the settlement period, indicating the prices;
b) Actual losses in the transmission network during the settlement period (indicating the voltage levels);
c) Volumes and prices of purchased balance electricity;
d) Volumes of un-contracted electricity in the energy system and prices proposed by the buyer (if such exist).

Chapter IV. Trade with Balance Electricity

Article 12. Removed *(13.08.2010 N46)*

Article 13. Balance Electricity Wholesale Trade through System Commercial Operator *(13.08.2010 N46)*

1. Trade of balance electricity shall be carried out only through the Electricity Market Operator. Sale and purchase of balance electricity through the Electricity Market Operator can be carried out based on direct agreements as well as based on standard direct agreement rules (hereinafter – the Standard Rules) (04.03.2014)
2. Standard Terms as well as the amendments and addenda to this Standard Terms shall be notified in writing to the participants of wholesale trading or upload on the official webpage of the System Commercial Operator no later than within 2 working days prior to its enactment.
3. Standard Terms shall regulate the following issues: a. Terms of balance electricity sale and purchase b. Terms of payment of balance electricity fee
b. For a buyer of balance electricity from the System Commercial Operator – means of securing reimbursement of the cost of balance electricity, including reasonable amount of penalties
c. Other terms related to sale and purchase of balance electricity
4. Under standard terms and mandatory rule System Commercial Operator shall purchase from the Qualified Enterprise – electricity generator and importer:

a. Difference between the electricity amounts delivered at the bus-bar by the Qualified Enterprise and electricity amount sold by such enterprise based on the direct contract (balance electricity). b. Difference between the electricity amounts imported by importer and sold by such importer, based on direct agreement on import. (balance electricity)

5. The amount of electricity generated (delivered at the bus-bar) at the hydro power plant (HPP), based on the direct agreement executed under the current legislation or/and GoG legal act between the Qualified Enterprise, owner of HPP and System Commercial Operator is subject to mandatory purchase by the System Commercial Operator. This amount of electricity is balance electricity (other than the cases stipulated in paragraph 7 of this Article) *(07.06.2011)*

5 [1] Electricity purchased based on a direct agreement signed by the Electricity Market Operator with generators (except for the generators provided for in Clause 5 of this Article) or importers, shall be deemed balance electricity, with the exception of the cases provided for in Clause 7 of this Article. *(04.03.2014)*

5 [2] Electricitypurchased based on the transit deviations agreement (provided for in Article 148 of these Rules) signed by the Electricity Market Operator with the enterprise ordering the transit shall be deemed as the balance electricity, with the exception of the cases provided for in Clause 7 of this Article. *(04.03.2014)*

5 [3] Removed *(Order N69 dated on 13.07.2015, it shall apply to the relations arisen from June 1, 2015)*

5 [4] electricity purchased by the Electricity Market Operator in compliance with the Article 14^{8} of these Rules, based on the direct contract (on transit deviation) of import, signed with the transit customer enterprise, is considered as Balancing Electricity. *(20.05.2016 N30)*

55. The electricity generated (and delivered at the bus bar) by the producer selected during the auction in the support period represents the balancing electricity. *(14.02.2024 N1-1/65)*

56. The electricity generated (and delivered at the bus bar) during the supporting period by the premium tariff holder producer represents the balancing electricity. *(14.02.2024 N1-1/65)*

6. Electricity imported in the reporting period by the System Commercial Operator (including electricity imported by the System Commercial Operator during emergency situation) and not sold based on the direct agreement on import, executed with the Qualified Enterprise is balance electricity.

7. Electricity purchased and exported by the System Commercial Operator based on the direct agreement on export and also imported electricity sold based on the direct agreement on import is not balance electricity.

8. Balancing electricity purchased by the Electricity Market Operator in the accounting period under points 4, 5, 5^{1}, 5^{2}, 5^{4}, 5^{5}, and 5^{6} of this article, as well as under clause 6 of this article, shall be sold to the electricity buyer - qualified enterprise - based on the Standard Conditions of Direct Contract.*(14.02.2024 N1-1/65)*

9. The Qualified Enterprises - direct consumers, universal service supplier, free supplier, supplier of electricity in form of the public service, the supplier of the last alternative and exporters - shall purchase (under Standard Conditions) from the Electricity Market Operator the amount of electricity equal to the difference between the quantity of electricity consumed by them during the settlement period and the electricity purchased based on the direct contract. The above mentioned electricity is Balancing Electricity. For the purposes of this paragraph, the electricity (capacity) generator that buys the balancing electricity to secure total plant losses becomes the direct consumer solely in terms of electricitypurchase. *(21.06.2021, N1-1/257)*

10. In order to cover the losses in the transmission network, the Dispatch Licensee shall purchase (under Standard Conditions) from the Electricity Market Operator, during the calculating period, the quantity of electricity sufficient to the losses in the transmission network, specified in paragraph31 of article 23, which is the Balancing Electricity. *(04.05.2018 N1-1/230)*

10^{1}. Distribution licensee shall purchase (under Standard Conditions) from the Electricity Market Operator the amount of electricity, to be purchased, equal to the loss in distribution network, determined under paragraph 3^{2} of Article 23, during the settlement period. The above mentioned electricity is Balancing Electricity. Such purchasing is implemented for the purpose of covering the loss in distribution network. *(21.06.2021, N1-1/257)*

11. The Dispatch Licensee in order to cover the losses and provide for the electricity (capacity) transit, shall purchase (under Standard Conditions) from the ElectricityMarket Operator, during

the calculating period, the quantity of electricity, which equals to the difference between the amount of electricity sufficient to the losses in the transmission network, specified in paragraph 3^1 of article 23 and the quantity of electricity bought through the direct contract for this purpose, which is the Balancing Electricity. *(04.05.2018 N1-1/230)*

Article 14. Formation of the Price of Balance Electricity Purchased and Sold by the Commercial Operator of the System *(13.08.2010 N46)*

1. Within the scope of Standard Terms, System Commercial Operator makes settlement with the balance electricitysuppliers as follows:

a. In case of Qualified Enterprise, owner of regulating having fixed tariff - at the generation tariff set bythe Commission;

b. With a qualified enterprise holding a power plant with regulated upper limit tariff (except for the case provided for in sub-paragraphs c, d and e of this Article) with the upper limit of the production tariff established bythe Commission for the relevant qualified enterprise: *(01.07.2021 N1-1/285)*

ba From September 1 till May 1 of each calendar year - commensurate with the electricity generation upper marginal tariff set bythe Commission for the relevant Qualified Enterprise;

bb From May 1 till September 1 the tariff should be commensurate with the fixed tariff of the regulating power plant that has the lowest generation tariff set by the Commission, but not more than the upper limit of the tariff set by the Commission for the appropriate qualified enterprise. *(14.02.2018 N1-1/57)*

c. In case of the owner of the thermal power plant (which is not identified as the source of Guaranteed Capacity by the Government of Georgia) - at the generation upper marginal tariff set by the Commission.

d. In case of Qualified Enterprise, owner of Source of Guaranteed Capacity other than the case stipulated in sub paragraph e of this paragraph - commensurate with the electricity generation upper marginal tariff of the Source of Guaranteed Capacity.

e. with the Guarantee Capacity owner Eligible Enterprise (upon its request), on the electricity, generated (supplied at the busbar) during the testing - for the Weighted Average Price (but no more than upper margin of electricity generation tariff, established by the Commission for the Guaranteed Capacity Sources) of Balancing Electricity, purchased based the Paragraph 1 and provided for in the Paragraphs 1^1, 1^2, 1^4 and 2 of this Article. The quantity and price of Balancing Electricity provided for in the Paragraphs 4, 5 and 6 of this Article do not participate in this price formation. *(20.05.2016 N30)*

f. In case of Qualified Enterprise, owner of deregulated small power plants - according to Article 36^1 paragraph 2 of the present Rules.

g. In case of importer (except for the System Commercial Operator):

ga From September 1 till May 1 of each calendar year - based on direct agreement made in compliance with the Standard Terms and Article 13, paragraph 5 of the present Rules at the highest generation tariff of balance electricity sold by the generator to the System Commercial Operator but no more than upper marginal import tariff set bythe Commission for a relevant import.

gb From May 1 till September 1 of each calendar year - at the adjustable fixed tariff of the regulatorypower plant that has the lowest tariff set bythe Commission.

h. in case of the Qualified Enterprise, owner of newly built power plant – according to article 36^2 of the present Rules, other than the case envisaged under paragraph 1 of this Article . *(5.12.2011 N251)*

i. With the eligible enterprise provided by these Rules (Article 3, Paragraph 2, Sub-paragraph "b.g"), for the lowest tariff of regulatory power plant with adjustable fixed tariff set by the Commission. *(18.04.2016 N20)*

j. in case of the Qualified Enterprise, that owns the deregulated power plant, except for the cases provided for in subparagraphs "f" and "h" of this article:

j.a) From September 1 to May 1 of each calendar year - at a tariff for the production of electricity from a source of guaranteed capacity erected after 2010, which was ascertained as the highest tariff based on the relevant tariff methodology established by the Commission. When conducting calculations, the Electricity Market Operator disregards the tariff of the guaranteed power source for the reporting period in which the test of the guaranteed power source was conducted.

Note: If during any reporting period from September 1 to May 1, the tariff for the production of electric energy from a source of guaranteed power, as outlined in sub-clause “j.a” of the first clause of this Article, remains undetermined, the electric energy market operator computes based on the

appropriate tariff methodology established by the commission, utilizing the highest tariff for the production of electricity from a source of guaranteed capacity, as specified in sub-clause j.a. of the first clause of this Article, determined in the preceding reporting period. The preceding reporting period does not encompass the period from May 1 to September 1. (26.03.2024; 1-1/121)

.aj) From May 1 till September 1 of every calendar year - at the tariff of that regulatory power plant that has fixed tariff and to that the lowest tariff of generation is set by the Commission. *(28.02.2022N1-1/84)*

1 [1]Electricity provided for in Clauses 13.5 and 13.5[1] shall be purchased by the Electricity Market Operator based on the price specified in the direct agreement. *(04.03.2014)*

1 [2]Electricity provided for in Clause 13.5[1] of these Rules shall participate in the formation of the balance electricity price provided for in Clause 13.3 based on the maximum import tariff set by the Commission for the corresponding import. *(04.03.2014)*

13Removed *(Order N69 dated on 13.07.2015, it shall apply to the relations arisen from June 1, 2015)*

14 The electricity provided for in the Paragraph 5[4] of the Article 13 of these Rules takes part in the Balancing Electricity price formation provided for in the Paragraph 3 of this Article, for the price, defined bythe Paragraph 1 of Article 14[9] of these Rules. *(20.05.2016 N30)*

2. With the exception of the electricity provided for in Clause 1[2] of this article, electricity imported by the Electricity Market Operator (including electricity imported by the Electricity Market Operator during an emergency situation) which is not sold based on the direct import agreement executed with Qualified Enterprise shall participate in the formation of the balance
electricity price stipulated in paragraph 3 of this Article at the upper marginal import tariff set by the Commission for the relevant import. *(15.12.2014)*

21. The Electricity Market Operator concludes settlements with the electricity producer outlined in clause 5[5] of Article 13 of these Rules during the respective reporting period. This settlement occurs at the Weighted Average Price of balancing electricity, acquired by the Electricity Market Operator according to the stipulations outlined in clauses 1, 1[1], 1[2], and 1[4] of this article and as provided in clause 2. This pricing structure excludes the quantity and cost of balancing electricity as specified in clauses 2[2] , 4, 5, and 6 of this Article. *(14.02.2024 N1-1/65)*

22. The Electricity Market Operator concludes settlements with the electricity producer outlined in clause 5[6] of Article 13 of these Rules during the pertinent reporting period. These settlements are based on the weighted average price of balancing electricity acquired by the electricity market operator as per the specifications outlined in clauses 1[1], 1[2], and 1[4] of this article and as provided in clause 2. The quantity and price of balancing electricity under clauses 2[1], 4, 5, and 6 of this article are not factored into the price formation process. *(14.02.2024 N1-1/65)*

3. The Electricity Market Operator sells the balancing electricity to the qualified enterprises under clauses 9, 10, 10[1], and 11 of Article 13 within the respective reporting period for the Weighted Average Price of balancing electricity based on clauses 1, 1[1], 1[2], 1[4], 2[1,] 2[2] and 2 of this article. The quantity and price of balancing electricity under clauses 4, 5, and 6 of this article are not factored into the price formation process.*(14.02.2024 N1-1/65)*

31. When determining the pricing of balancing electricity destined for sale to qualified enterprises, as outlined in clauses 9, 10, 10[1], and 11 of Article 13 of these Rules, pursuant to clause 3 of this article, the Electricity Market Operator considers the outcome of electricity imports, conducted by Electricity Market Operator (excluding the electricity sold under direct contracts), as well as income and/or expenses from exchange rate differentials incurred in establishing the price for electricity during the reporting period in which the differential was effectively acknowledged. *(14.02.2024 N1-1/65)*

32. When setting the price for balancing electricity to be sold to qualified enterprises provided for in clauses 9, 10, 10[1], and 11 of Article 13 of these Rules, in accordance with clause 3 of this article, the Electricity Market Operator takes into account the amount of compensation, determined by multiplying the difference between the offered tariff and the price determined in clause 2[1] for the amount of electricity purchased by the Electricity Market Operator on the basis of clause 5[5] of Article 13 of these Rules, in the corresponding reporting period. *(14.02.2024 N1-1/65*

33. The Electricity Market Operator shall conduct the settlement with the electricity producers, stipulated in Article 13, clause 5[6] of these Rules, under clauses 2[1] and 3[2] of this article, during the

relevant reporting period. *(14.02.2024 N1-1/65*

34. When setting the price for balancing electricity to be sold to qualified enterprises provided for in clauses 9, 10, 10 [1], and 11 of Article 13 of these Rules, in accordance with clause 3 of this article, the Electricity Market Operator takes into account the amount of compensation, defined as multiplying the positive difference between the marginal price and the price determined by clause 2^2 of this article for the amount of electricity purchased by the Electricity Market Operator on the basis of clause 5^6 of Article 13 of these Rules, in the corresponding reporting period. *(14.02.2024 N1-1/65*

35. In accordance with point 5^6 of Article 13 of these Rules, the Electricity Market Operator conducts settlement with the electricity producers, during the relevant reporting period, as specified in clauses 2^2 and 3^4 of this article. *(14.02.2024 N1-1/65*

4. In case of balance electricity export performed by exporter(s), the relevant legal person (or persons) purchases (purchase) electricity from the Electricity Market Operator at highest tariff (price) recorded during the same settlement period. If the balance electricity with the highest tariff (price) is insufficient, it shall be replenished with the subsequent highest tariff (price) balance electricitybased on the principle of tariff (price) decrease. *(04.03.2014)*

5. System Commercial Operator is entitled to export electricity purchased based on the direct agreement as well as balance electricitypurchased from the electricitygenerator.

6. In case of balance electricity export performed by the System Commercial Operator, within the scope of relevant contractual export price (taking into consideration other export related expenses) System Commercial Operator shall export highest tariff (price) balance electricity sold by the electricity (capacity) generators (other than balance electricity stipulated in paragraph 4 of this Article)

7. Upon the request of System Commercial Operator, Qualified Enterprises shall submit the documentation of price formation of balance electricity sold by them no later than after 2 business days after the request. In case of failure to deliver requested documents within the set terms, price of relevant balance electricity for the purpose of this Article is deemed to be the tariff of the regulating power plant with the adjustable fixed tariff that has the lowest tariff set bythe Commission.

Chapter IV[1]. Electricity Import and export *(10.11.2008 N98)*

Article 14[1]. General terms of electricity import and export

1. The electricity import and export is possible within the volumes and duration, established by the Electricity (Capacity) Balance, whereas during the period of emergency situation the electricity import and export is possible without being included the Electricity (Capacity) Balance. *(18.10.2013)*

2. The dispatch licensee is authorized to:

a) To determine the direction of the import or export by neighboring country (countries) within the volumes of electricity import or export considered by the Electricity (Capacity) Balance, based on proper application of the importer or the exporter;

b) Not to consider the application of the exporter and/or the importer and/or reduce the volumes listed in it (application), aimed at insuring the sustainability and reliability of electric energy system as well as under the conditions of considerable shortage (deficit) or surplus of internal resources in comparison with the Electricity (Capacity) Balance and/or emergency situation or real danger of such occurrence (deficit, surplus, emergency), as required for the system. The dispatch licensee immediately informs corresponding exporter and/or importer about such decision in written form. *(18.10.2013)*

3. In the event that the volume of imported/exported and/or transited electricity to be transmitted by the Dispatch Licensee through the specific intersystem power transmission line exceeds the volume indicated in relevant contract of imported and/or exported and/or transited electricity and/or application, provided by the Importer/exporter/transit customer, those individuals are considered to be the importers/exporters or transit customers, who were importing/exporting and/or transiting power through the power transmission line, chosen for the particular intersystem transit, within this reporting period (only during the validity of specific application for export/import/transit). The excessively exported/imported and/or transited electricity shall be distributed pursuant to the Paragraph 2 of Article 146. *(1.03.2016 N9)*

4. The electricity importers and exporters and/or transit customers are required to submit the import and/or export and/or transit statements to the Dispatch Licensee ten (10) work days prior the beginning of power supply, except the cases provided for in the Paragraph 5 of this article. The rule included in this paragraph shall not apply to the import and export of electricity in emergency situations. Under such circumstances, of the rule of submission of such statements is regulation by relevant contract. *(1.03.2016 N9)*

5. In cases of electricity shortages in domestic consumption or surpluses in domestic electricity production, a qualified enterprise is entitled to submit agreements (including changes) outlined in sub-clauses "e" and "c" of Article 2, clause 2 of these regulations, along with the corresponding application, no later than one working day before the commencement of import (export) of electrical energy in a direction not specified by the electricity balance, and the dispatch licensee may register them in excess of the volumes approved by the balances. The dispatch licensee independently determines the presence of electricity shortages or surpluses based on the principles outlined in clause 6 of this article and promptly publishes this information on the website (www.gse.com.ge). Additionally, the dispatch licensee must promptly notify the Ministry and submit a revised balance within 10 days to incorporate changes and amendments to the electricity (power) balance. (26.03.2024; N1-1/121)

6. The dispatch licensee shall develop the electricity (capacity) balance in a manner to ensure maximum utilization of export potential taking into account the requirements of the energy system sustainabilityrequirements.

7. Registration by the dispatch licensee of the contract specified in sub-clause "c" of clause 2 of Article 2 of these Rules imposes obligations on the dispatch licensee to adhere to the technical provisions and terms outlined in the contract in accordance with the technical regulations and/or contracts concluded by the dispatch licensee with the technical contractor of the power system of a foreign state. If specific issues are not directly regulated by legislation and there is no contract with the technical contractor of the relevant neighboring country, or if such a contract does not address specific issues directly, the dispatch licensee will base decisions solely on the import of electricity and/or export contracts. (26.03.2024; N1-1/121)

8 Relevant transmission licensees and dispatch licensees by the time of overflow of electricity between Georgia and neighbor countries are obliged to prioritize electricity import and or export agreements performance in terms of other types of overflows, taking into account that domestic energy resources of the country are effectively used. Priority of exporting electricity is conferred to the electricityproduced locally.

9 The Transmission Licensee and the Dispatch Licensee shall have the right to sign, either jointly or separately, agreements for transmission/dispatch services (including long-term agreements) in order to ensure export through the new cross-border transit (interconnection) line. *(31.01.2014)*

91. Repealed; *(04.03.2014)*

92. The relevant Transmission Licensees and the Dispatch Licensee, as well as the Company implementing the New Cross Border Transit (Interconnection) Line Project, are obliged to take into account and include the following in the relevant agreements concluded in accordance with Clause 9 of this Article:

a) priorities given in Clause 8 of this Article and Clause 1 of Article 14^{12} of these Rules;

b) Limitations and technical conditions envisaged by interconnection agreements and/or agreements on parallel regime operation concluded between technical operators of the Georgian power system and the power system of the relevant neighboring country. *(04.03.2014)*

93. Repealed; *(04.03.2014)*
94. Repealed; *(04.03.2014)*
95. Repealed; *(04.03.2014)*
96. Repealed; *(04.03.2014)*
97. Repealed; *(04.03.2014)*
98. Repealed; *(04.03.2014)*
99. Repealed; *(18.10.2013)*
10. Repealed; *(04.03.2014)*
11. Repealed; *(04.03.2014)*
12. Repealed; *(04.03.2014)*
13. Repealed; *(04.03.2014)*
14. Repealed; *(04.03.2014)*
15. Repealed; *(04.03.2014)*
16. Repealed; *(04.03.2014)*
17 Repealed; *(04.03.2014)*
18. Repealed; *(04.03.2014)*
19. Repealed; *(04.03.2014)*
20. Repealed; *(04.03.2014)*
21. Repealed; *(04.03.2014)*

Article 14^2. Electricity Import and Export in the Emergency Situations

1. Agreement on electricity import and or export which aims at import and or export of electricity in the emergency situations, the propriety is given to exchange of electricity only in case if during the emergency situation the electricity export and/or import agreement does not satisfy the requirements of eradication of emergencysituation.

2. For the purpose of ensuring energy system stability, in the state of emergency the right to execute import and export agreements is borne only by the commercial operator of the system. When concluding this type of agreement, or amending or modifying it, the commercial operator of the system should agree with the dispatch licensee in advance that part of terms of the agreement, which deals with the stability, safetyand reliable functioning of the energysystem (technical part).

3. During the effective term of the state of emergency, export or import agreement executed by the importer or the exporter in terms of compatibility with the requirements necessary for eradication of the emergency situations is evaluated by the dispatch licensee and in case of making poor evaluation of agreement on requirements on eradication of emergency situation, terminates implementation of the regular agreement on export and import instead will implement an agreement of the commercial operator of the system on import and export during the state of emergency.

4. In cases when there is an emergency situation in the Georgian power system and there is no Electricity Import Agreement provided for in this Article, for the purpose of eliminating the emergencyand preserving the power system stabilityand safety, the Dispatch Licensee shall have

the right to import electricity from a neighboring country without having an Electricity Import Agreement, based on a written solicitation of the Ministry. The electricity imported into the Georgian power system by the Dispatch Licensee under this Clause shall be compensated by the Dispatch Licensee through returning (exporting) the same amount of electricity to the power systemof the neighboring country during the same reporting period, without an Electricity Export Agreement. *(12.26. 2013)*

5. For the purpose of Clause 4 of this Article, the electricity imported from the power system of a neighboring country and then returned from the Georgian power system by the Dispatch Licensee during the same reporting period shall be recorded in the "Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s)" as the balance of received and returned electricity (the difference between the imported and returned [exported] amounts). The Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s) shall show the balance of received and returned electricity. If the balance of received and returned electricity is not recorded in the Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s), the Dispatch Licensee shall inform the System's Commercial Operator in writing about the quantities of received and returned electricity. *(12.26. 2013)*

6. The electricity imported from the power system of a neighboring country and then returned from the Georgian power system under Clause 4 of this Article during the same reporting period shall be recorded by the System's Commercial Operator in the Wholesale Electricity Purchase and Sale Integrated Database referred to in Article 15, Paragraph 2(d) and Article 27 of these Rules only as the balance of received and returned electricity (the difference between the imported and returned [exported] amounts). *(12.26. 2013)*

7. For the purpose of Article 23 of these Rules, with regard to the electricity imported from the power system of a neighboring country and then returned from the Georgian power system under Clause 4 of this Article during the same reporting period, in the total amounts of electricity meteredat the receipt and delivery points, the Dispatch Licensee shall take into account only the balance of received and returned electricity (the difference between the imported and returned [exported] amounts). *(12.26. 2013)*

8. The Dispatch Licensee shall carry out settlement with the corresponding entity of the neighboring country for the positive balance of electricity referred to in Clause 5 of this Article (if the amount ofimported electricityexceeds the amount of returned electricity). *(12.26. 2013)*

9. The Dispatch Licensee shall carry out settlement with the System's Commercial Operator for the negative balance of electricity referred to in Clause 5 of this Article (if the amount of returned electricityexceeds the amount of imported electricity). *(12.26. 2013)*

10. In cases when there is an emergency situation in the power system of the neighboring country and there is no Electricity Export Agreement provided for in this Article, for the purpose of eliminating the emergency and preserving the power system stability and safety, the Dispatch Licensee shall have the right to export electricity in the neighboring country without having an Electricity Export Agreement, based on a written solicitation of the relevant body of the neighboring country (Technical Operator of the electricity System or State Management Ageny of the Electricity Sector) . The electricity exported from the Georgian power system by the Dispatch Licensee under this Clause shall be compensated by the Dispatch Licensee through returning (importing) the same amount of electricity from the power system of the neighboring country during the same reporting period, without an Electricity Import Agreement. *(21.12.2015 N114)*

11. For the purpose of Clause 10 of this Article, the electricity exported in the power system of a neighboring country and then returned from the power system of the neighboring country by the Dispatch Licensee during the same reporting period shall be recorded in the "Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s)" as the balance of received and returned electricity (the difference between the exported and returned [imported] amounts). The Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s) shall show the balance of exported and returned electricity. If the balance of exported and returned electricity is not recorded in the Summarizing Protocol of Electricity Supply and Receipt through the Cross-Border Line(s), the Dispatch Licensee shall inform the System's Commercial Operator in writing about the quantities of exported and returned electricity. *(21.12.2015 N114)*

12. The electricity exported in the power system of a neighboring country and then returned in the Georgian power system under Clause 10 of this Article during the same reporting period shall be recorded bythe System's Commercial Operator in the Wholesale Electricity Purchase and Sale

Integrated Database referred to in Article 15, Paragraph 2(d) and Article 27 of these Rules only as the balance of received and returned electricity (the difference between the exported and returned [imported] amounts). *(21.12.2015 N114)*

13. For the purpose of Article 23 of these Rules, with regard to the electricity exported in the power system of a neighboring country and then returned (imported) in the Georgian power system under Clause 10 of this Article during the same reporting period, in the total amounts of electricity metered at the receipt and delivery points, the Dispatch Licensee shall take into account only the balance of exported and returned electricity (the difference between the exported and returned [imported] amounts). *(21.12.2015 N114)*

14. The Dispatch Licensee shall carry out settlement with the System Commercial Operator for the positive balance of electricity referred to in Clause 11 of this Article (if the amount of exported electricityexceeds the amount of returned electricity). *(21.12.2015 N114)*

15. The Dispatch Licensee shall carry out settlement with the corresponding entity of the neighboring country for the negative balance of electricity referred to in Clause 11 of this Article (if the amount of returned electricityexceeds the amount of exported electricity). *(21.12.2015 N114)*

Article 14^3. Exchange of Electricity

1. Exchange of electricity is prioritized versus other export – import, only in case the amount of electricity imported to Georgia as a result of exchange will not be less than 80% of exported electricity. Electricity exchange agreement has the same power as simultaneous submission of electricityimport and export agreement bythe qualified enterprise.

2. The procedure of selection of statements envisaged in article 14.4 of these rules does not apply to electricity exchange. In case there are several agreements on exchange of electricity executed in compliance with the requirements of clause 1 of this article, the priority will be given to the exchange of electricity (export and import) which has the higher coefficient of relativity between the costs of electricityexported and imported from and to Georgia.

Article 14^4. Other import and export of electricity (capacity)

1. Other than those envisaged by 14.2 and 14.3 of these rules, the dispatch licensee is obliged to prioritize:

a. when importing electricity, the lowest cost of imported electricity

b. when exporting electricity, the highest export price under the term that generation of the power station of the electricity producer during the export period is envisaged in the electricity (capacity) balance.

2. In case two or more bidders submit the same price, satisfaction of the requirements of the parties is done on the basis of equal distribution between bidders of the existing power transmission line

designated for the particular inter system transit. In case, if electricity volume declared by any of the bidders in the statement is less than the volume of electricity given in terms of equal distribution, the difference will be equallydivided between other bidders.
3. The dispatch licensee is obliged to notify the relevant persons on adopted decision 2 business days ahead before commencement of the settlement period.

Article 14[5]. Electricity Importers and Exporters
1. Import and export operations are permissible for qualified enterprises possessing meticulously executed contracts encompassing the entire quantity of imported or exported electrical energy, delineated under sub-clauses “u” and “v” of clause 2 of article 2 of these Rules. Furthermore, in the instance of exports, compliance with sub-clause "d" of clause 2 of article 2 and the provision of the guarantee outlined in clause 6 of this article are mandatory requisites to be submitted to the Electricity Market Operator. (26.03.2024; N1-1/121)
2. In case of commercial operator of the system the agreement envisaged in sub clause v, clause 2, article 2 of these rules is deemed the standard terms of direct agreement.
3. The requirements of registering direct agreements, established requirement and procedure for termination of registration and agreement apply to the import and export agreements, outlined in chapter 3 of these rules,, taking into account those requirements and procedures which are outlined in this chapter.
4. If the concluded import-export contract or amendment does not specify the start, end, quantity, duration, terms of electricity supply (excluding payment of electricity fees, dispute resolution terms, and changes to agreement details) and quality parameters, or if the application does not comply with the requirements outlined in clause 1 of Article 14[4], the increase in electricity price intended for import, as specified in the application, must be submitted to the dispatch licensee for registration within one year from the effective date of the contract or its amendment. (26.03.2024; N1-1/121)

5. The direct agreement on electricity export should envisage (other than the agreement executed by the commercial operator of the system) that capacity of electricity envisaged in the agreement which will be fully reimbursed by the exporter in case this electricity is not generated by the producer. Exporter is exempt from the liabilities stated in this clause if the power generation failed for the reason of the producer or dispatch or transmission licensee, also due to breakdown or other force majeure conditions.
6. An Exporter (except those Exporters who simultaneously are Generation or Distribution Licensees) shall submit to the Electricity Market Operator a bank guarantee in order to secure payment of the purchased guaranteed capacity price, Electricity Market Operator’s service fee and the balance electricity (capacity) price. The exporter’s obligation to provide the guarantee is created from the day when the Dispatch Licensee registers agreements specified in Paragraphs 2(u) and 2(v) of Article 2. In addition, in case of the electricity export through new transmission line, meant for inter-system transit (interchange), the bank guarantee shall be presented to the Market Operator,not later than 12 work days before the date, when the export is planned to start. Such security may be a bank guarantee issued by a commercial bank licensed in Georgia, or an unconditional and irrevocable bank guarantee issued by a bank operating in an OECD country and reinsured by a Georgian licensed commercial bank based on a counter-guarantee. The bank guarantee amount shallbe defined by the Electricity Market Operator and shall not exceed 10% of the total export agreement price. The exporter’s bank guarantee amount, effective period and other conditions shall be definedby the Electricity Market Operator within 3 working days after receiving a written request from theexporter. The effective period of the bank guarantee shall not exceed 45 calendar days following themonth when the export ended. If the export price increases, the exporter shall provide a bank guarantee adjusted to the new circumstances; otherwise it shall be deemed that the exporter failed tosubmit a bank guarantee. If the agreement price is reduced, the exporter shall have the right to requestreduction of the bank guarantee amount. The Electricity Market Operator shall immediately inform the Dispatch Licensee about the submission of a bank guarantee by an exporter as well as about return, amendment, expiry, use or annulment of an exporter’s bank guarantee. Based on an agreement between parties an exporter will not be obliged to submit a bank guarantee if the exporterpays the corresponding guarantee amount in advance. *(04.03.2014)*

Article 14[6]. Rights of Electricity Importers, Exporters and Transit Customer Eneterprises and Metering-Settlement of Relevant Electricity *(1.03.2016 N9)*

1. Accounting of the imported or exported electricity is done in compliance with these rules. An act summarizing supplied and received electricity (among them imported, exported, and or transit electricity) through particular inter-system transmission line is drawn up jointly by the dispatch licensee, transmission licensee operating relevant line, and the commercial operator of the system with the technical operator of the foreign country.

2. If two or more importer (exporter) and/or transit customer enterprises were carrying out the import (export) and/or transit of power through one intersystem line, during one reporting period, "the joint act of distribution of electricity, imported (exported) and/or transited through the intersystem line" shall be composed. This act will reflect the distribution of volumes of imported (exported) and/or transited power, per each participant importer (exporter) and/or in transit customer enterprise. "The joint act of distribution of electricity imported (exported) and/or transited through the intersystem line" shall be jointly processed by all relevant importers (exporters) and/ or transit customer enterprises. Each original copy of "joint act of distribution of electricity imported (exported) and/or transited through the intersystem line" shall be submitted by relevant importers (exporters) and/or transit customer enterprise to the Dispatch Licensee and the Market Operator, not later than 8 (eight) calendar days after the end of reporting period. Otherwise, the Dispatch Licensee will distribute the volumes of imported (exported) and/or transited electricity among the importers (exporters) or/and transit customer enterprise(s) mentioned in this Paragraph, pursuant to the rule given in Article 2^1 and compose the imported (exported) and/or transited electricity distribution act ("Distribution Act"), not later than 11 (eleven) calendar days after the end of reporting period and immediately send it to the Market Operator and relevant importer (exporter) and/or transit customer enterprise. *(1.03.2016 N9)*

2^1 In case provided in the Paragraph 2 of this Article, the Dispatch Licensee shall distribute the electricity, imported (exported) and/or transited in particular hour of reporting period, among the importers (exporters) and/or transit customer enterprises, mentioned in this Paragraph, in proportion with the plans each of them has agreed with the Dispatch Licensee (with the exception of the case provided for in Article 51 of these Rules), pursuant to the Market Rules (taking into account the adjustments). If for the purposes of this Paragraph, during one of concrete hours, sum of the plans agreed (taking into account the adjustments) between the Dispatch Licensee and the enterprises, which are customers of importer(s) (exporter (s)) and/or transit equals to zero ("zero hour") but actually, overflow of electricity was registered in this "zero hour", the Dispatch Licensee distributes the quantity of electricity outflow in "zero hour" (except the overflow of electricity caused by the regimes described in the Paragraph 2 of Article 14^7 of these Rules) among those importer(s) (exporter (s)) and/or transit customer enterprise(s), which were carrying out the import (export) and/or transit of power through the same intersystem line within the same reporting period. In addition, actual outflow of electricity in "zero hour" shall be distributed among them in proportion with total volumes (taking into account the adjustments) of relevant plans for export (import) and/or transit (taking into account the adjustments), agreed with the Dispatch Licensee for the hour right before and after "zero hour". (28.04.2023, N1-1/177)

3. Not later than 11 (eleven) calendar days after the end of reporting period, the Dispatch Licensee shall send one copy of each following acts to the Distribution Licensees: "metering act of totally supplied and received electricity through the intersystem line(s)) during the reporting period"; also, "joint distribution act of exported (imported) and/or transited electricity through the intersystem line" or "the distribution act. *(1.03.2016 N9)*

4. If two or more importer (exporter) and/or transit customer enterprise are carrying the import (export) and/or transit of electricity through one intersystem line during one reporting period, for the purpose of composing the distribution act of electricity imported (exported) and/or transited electricity through the specific intersystem line, the Dispatch Licensee shall deliver to relevant exporter (importer) and/or transit customer enterprise(s) relevant available data on metering of electricity, actually transmitted through the concrete intersystem line, not later than 6 (six) calendar days after the end of reporting period. *(1.03.2016 N9)*

5. If two or more importers (exporters) and/or transit customer enterprises carry out the import (export) and/or transit of electricity from one neighboring country through two or more

intersystem lines, at the same time, in parallel synchronous operation mode, and in addition, the agreed plan of electricity supply through the intersystem lines (taking into account the adjustments) are composed as a summary (in the form of overall plan of outflow and/or inflow at the border), the Dispatch Licensee (in the case provided for in Paragraph 2 of this Article) shall distribute the actually imported (exported) electricity and/or transit electricity from neighboring country through the separate intersystem line, during corresponding reporting period, among the importers (exporters) and/or transit customer enterprises, indicated in this Paragraph in proportion (agreed by the Dispatch Licensee for each of them in compliance with the Market Rules) with the summery schedule (summery schedule of inflow and/or outflow of electricity at the respective border) of the same reportingperiod. *(5.08.2016 N60)*

Article 14[7]. A person liable for declaration of electricity passing across Georgian customs border without an agreement on electricity import or export

1. If during the settlement period of passing electricity across the customs border of Georgia, there is no effective agreement on export and or import of electricity through relevant inter system line designated for overflow of electricity and the relevant statement of the importer or exporter on liability to declare about overflow of electricity, the responsibility is borne by the dispatch licensee, unless otherwise stated in clause 2 of this article.
2. In the period of enforcement of the power transmission line protection or synchronization regime, the obligation to declare about electricity passing across the customs border of Georgia is borne by the transmission licensee operating such line. Enforcement of the power transmission line protection or synchronization regime is permitted only in case of consent of the transmission licensee operating this line.
3. Based on the paragraphs 1 and 2 of this Article, declaration and customs registration of the electricity flown through the lines for inter system transit (flow) does not necessarily imply relevant dispatch (transmission) licensee's right of ownership of this transferred electricity.

Article 14[8]. Import and export of deviations that take place during transit.

1. The difference (transit deviations) between the electricity incoming to and outgoing from Georgia, during the transit and for its purposes represents the import or export of electricity in Georgia, except the electricity, which Dispatch Licensee buys for the purpose of covering the losses to insure the electricity (capacity) transit. The following documents on transit deviations shall be pre-agreed with the Dispatch Licensee and signed between the Electricity Market Operator and transit customer: a) The contracts on export/import of electricity - in the case, when the transit customer is a non-resident person;
b) Direct contracts on import/export of electricity - in the case, when the transit customer is resident person.
2. For the purposes of this Article, the terms "resident" and "non-resident" have the meaning defined in the Tax Legislation of Georgia." *(20.05.2016 N30)*

Article 14[9]. Rules of Compensating Import/Export of the Deviations that Take Place During Transit *(04.03.2014)*

1. The Electricity Market Operator carries out the settlement on transit deviations with the transit customer under the contract on import of electricity and direct contract on electricity import provided for in the Article 14[8] of these Rules: *(20.05.2016)*
a) From September 1 till May 1 of each calendar year - commensurate with the electricity generation upper marginal tariff set by the Commission for the relevant hydro power plant *(13.03.2017);*
b) From May 1 till September 1 of each calendar year the tariff should be commensurate with the fixed tariff of the regulating power plant that has the lowest generation tariff set by the Commission.
2. Transit customer carries out the settlement with the Electricity Market Operator on transit deviations (under the contract of electricityexport, defined bythe Sub-paragraph "a" of Paragraph

1 of Article 14^{8} of these Rules) for the Weighted Average Price (based on the Paragraphs 1^{1}, 1^{2} and 1^{4} of Article 14 of these Rules and provided for in the Paragraph 2) plus all the costs and fees payable to the exporter. *(20.05.2016 N30)*

3. Transit customer carries out the settlement with the Electricity Market Operator on deviations of transit between the transit customer and the Electricity Market Operator, under the direct contract on electricity export, defined by the Sub-paragraph "b" of the Paragraph 1 of the Article 14^{8} of these Rules. *(20.05.2016 N30)*

Article 14^{10}. Logistical and Technical Support of the Transit Implementation (04.03.2014)

1. In order to ensure logistical and technical support of the cross-border transit through the Georgian territory the Dispatch Licensee and the Transmission Licensee must sign a separate agreement in which the price of using the Transmission Licensee's grid and services shall be specified. If the Transmission Licensee refuses to sign such agreement, the Transit Licensee shall be obliged not to hinder the transit implementation through its grid.

2. If the agreement between the Dispatch and Transmission Licensees provided for in Clause 1 of this Article does not exist, the issue of compensation payable for using the grids and services of the corresponding Transmission Licensees during transit through the New Cross Border Transit (Interconnection) Line shall be solved based on the following principles: 90% of income received based on Agreement on Technical Support of the cross-border transit (interconnection) shall be paid to the Transmission Licensee which owns the transmission line; the remaining 10% of income received based on Agreement on Technical Support of the cross-border transit (interconnection) shall be divided between the Transmission and Dispatch Licensees proportionally to the electricity transmission/dispatch service tariffs set bythe Commission for these licensees.

3. There shall be no fee payable for transmission of electricity purchased by the DispatchLicensee for covering the electricity(capacity) transit losses.

Article 14^{11}. The Dispatch Licensee's Sphere of Authority in Establishing the Capacity of Cross Border Transit (Interconnection) Lines *(04.03.2014)*

1. In compliance with the legislation of Georgia and based on the corresponding Parallel Regime Operation Agreement, the Dispatch Licensee is authorized to determine the capacity and the available transmission capacity (ATC) of the cross border transit (interconnection) lines (except for the New Cross Border Transit (Interconnection).

2. If the Dispatch Licensee exercises the right under Clause 1 of this Article, the cross border transit (interconnection) line's allowed transit capacity during the reporting period shall be determined by means of the following formula:

Transit ATC = ATC * 0,90 - ∑Import, where:

Transit ATC – is the cross border transit (interconnection) line's allowed transit capacityduring the concrete reporting period;

ATC - is the available volume of the capacityof the same cross border transit (interconnection) line during the same reporting period;

∑Import – is the total amount of import planned for the same cross border transit (interconnection) line during the same reporting period based on the forecasted electricity(capacity) balance. Besides, electricityimport used to ensure electricity export during the same reporting period shall in any case be limited by the available volume of the allowed transit capacity, regardless registration of the import agreement.

3. The capacityand available volume of the New Cross Border Transit (Interconnection) Line shall be determined in compliance with the relevant provisions of Article 14^{15} of these Rules.

Article 14^{12}. Priority Groups *(04.03.2014)*

1. Priorities and preferences for ensuring electricity export through the New Cross Border Transit (Interconnection) Line shall be determined based on the following decliningsequence:

a) Electricityimport and export in emergencysituations;

b) Export of electricity generated by a renewable power plant (including hydro power plants) built in Georgia after 2010, conditional that there is a long term electricity export agreement provided for in Paragraph 9, Article 14^1 of these Rules – during the effective period of the agreement;

c) Export of electricity generated by a renewable power plant (including hydro power plants) built in Georgia after 2010, conditional that less than 10 years have passed since the start-up and beginning of the commercial operation of the power plant and there is no longterm electricityexport agreement provided for in Paragraph 9, Article 14^1 of these Rules. Export of electricity generated by a renewable power plants (including hydro power plants) which are under construction also belong to the same priority group if:

c.a) An agreement is signed with the government on construction of the power plant,

c.b) A long term agreement provided for in Paragraph 9, Article 14^1 of these Rules has not been signed for export of its generation.

d) Export, transit, re-export of electricity generated by other Georgian power plants or imported into Georgia which is not provided for in Paragraphs (a), (b) and (c) of this Clause.

2. For the purpose of ensuring electricity export through the New Cross Border Transit (Interconnection) Line, every following priority group specified in Clause 1 of this Article shall be satisfied onlyafter full satisfaction of the previous priority group.

3. The provisions of Articles 14^3 and 14^4 of these Rules shall not be applied to the New Cross Border Transit (Interconnection) Line.

4. The capacity received/allocated for export by each priority group provided for in Clause 1 of this Article shall be used only for the electricity export by the same priority group. An exception shall be allowed for purchase of balance electricity during the period necessary for disconnection of the cross-border transit (interconnection) line or reduction of its load.

Article 14^{13}. Capacity Categories of the New Cross Border Transit (Interconnection) Line
(04.03.2014)

1. The following main categories shall be applied for defining, characterizing and allocating the capacityof the New Cross Border Transit (Interconnection) Line:

a) The capacityof the New Cross Border Transit (Interconnection) Line (the grid capacity – NTC - Net Transfer Capacity);

b) The non-available capacity of the New Cross Border Transit (Interconnection) Line (NAC - Non-Available Capacity);

c) The available capacity of the New Cross Border Transit (Interconnection) Line (hereinafter – the available capacityor ATC (Available Transfer Capacity);

d) The capacity allocated based on the predefined priorities – (AAC - Already Allocated Capacity);

e) The allocated capacity of the New Cross Border Transit (Interconnection) Line (capacityallocation) or ALC (Allocated Capacity).

2. The capacityof the New Cross Border Transit (Interconnection) Line (the grid capacity – NTC - Net Transfer Capacity) is the total capacity / program of the New Cross Border Transit (Interconnection) Line which satisfies the safety standards set by the corresponding transmission systems for the active power flow during a certain period of time.

3. The non-available capacity of the New Cross Border Transit (Interconnection) Line (NAC - Non-Available Capacity) is the portion of New Cross Border Transit (Interconnection) Line capacity which, based on a mutual agreement between the energy system operators of Georgia and the corresponding neighboring country, is not available for export due to those specific technical and safetyproblems which cannot be addressed during the relevant export period.

4. The available capacity of the New Cross Border Transit (Interconnection) Line (hereinafter – the available capacity or ATC (Available Transfer Capacity) - means the portion of NTC which remains available after each phase of the capacity allocation for commercial activities and which is offered to consumers. The ATC is calculated by deducting the non-available capacity from the Net Transfer Capacityof the New Cross Border Transit (Interconnection) Line (NTC–NAC=ATC + ALC).

5. The capacity allocated based on the predefined priorities – (AAC - Already Allocated Capacity) is the available capacityof the New Cross Border Transit (Interconnection) Line which is allocated

in advance, based on the priorities, for export of electricity generated by the renewable power plants built in Georgia after 2010, conditional that there is a long term agreement on transmission / dispatch services provided for in Paragraph 9, Article 14^{1} – – during the effective period of the agreement. If the available capacity is less than the capacity allocated based on the predefined priorities, the capacity shall be allocated by means of an auction, in compliance with the procedures stipulated in Paragraph 1, Article 14^{17} of these Rules.

6. The allocated capacity of the New Cross Border Transit (Interconnection) Line (capacity allocation) or ALC (Allocated Capacity) is the capacity of the New Cross Border Transit (Interconnection) Line which is allocated for a specific period. ALC includes AAC (NTC-NAC=ATC+ALC).

Article 14^{14}. The Main Concepts Applied to the New Cross Border Transit (Interconnection) Line Capacity Allocation *(04.03.2014)*

1. The main concepts applied to the New Cross Border Transit (Interconnection) Line Capacity Allocation are as follows:

a) The CAA (Capacity for Allocation by Auction) – is the capacity of the New Cross Border Transit (Interconnection) Line which must be allocated through an auction and can be divided into separate parts, based on the use of the minimum and maximum capacity (CAA's components);

b) The capacity (volume) allowed for export – the total amount of electricity (capacity) approved in the annual balance reduced by the amount which is necessary for synchronic parallel regime operation with the neighboring country during May, June, July and August and which is established bythe Dispatch Licensee for each month, before allocation of the CAA;

c) The additional fee for the allocation /reallocation of the New Cross Border Transit (Interconnection) Line capacity is the additional price which is set as a result of an oral auction and is payable by the auction winner; This additional fee shall be calculated based on the following principal - the final CAA price received as a result of an oral auction multiplied by the number of satisfied MWh (granted MWs specified in the Goals for Receiving CAA and the total number of hours granted for such use);

d) The internal limitation resources – the capacity allowed for transit – for transit (re-export) purposes and the volume allowed for export - for export (re-export) purposes;

e) The price of using the internal limitation resources – applied only in case of an oral auction for the use of the internal limitation resources. The price of using the internal limitation resources is the price payable by the auction winner calculated based on the following principle – the final price fixed at the oral trade for using the internal limitation resources multiplied by the number of satisfied MWh (granted MWs specified in the Goals for using the internal limitation resources and the total number of hours granted for such use).

2 The capacityof the New Cross Border Transit (Interconnection) Line which must be allocated through an auction or CAA (Capacityfor Allocation by Auction) shall equal:

a) the initial available capacity (the initial ATC) – if the initial available capacity (the initial ATC) is less than the capacityallocated based on the predetermined priorities and/or the sum of such capacities as defined in Clause 2 of Article 14^{15} of these Rules;

b) The residual capacityavailable during 16 working days following November 1 (residual ATC) – in cases provided for in Clause 3 of Article 14^{17} of these Rules;

c) Any other residual available capacity (residual ATC), with the exception of the cases provided for in Paragraph (b) of this Clause, if it exceeds 0 for one and/or several reporting periods of a calendar year; besides, the residual available capacity must be allocated in compliance with these Rules;

d) The ATC that becomes available due to full or partial release of the ALC at any moment; the auction shall be conducted onlyfor the released ALC and the period for which it is released;

e) CAA redefined due to an unscheduled limitation (reduction of NTC or increase of NAC), if some specific circumstances occur during a reporting calendar year which are provided for in the Georgian legislation or the agreement signed between the institutions authorized to dispatch the energy systems of Georgia and the neighboring country and these specific circumstances cause reduction of the NTC and/or increase of NAC, thus making it necessary to release ALC based on the sequenceset for the priority groups. In this case an auction is announced for the reporting period (the calendar month(s) or days within a month) during which the unscheduled limitation

(reduction of NTC or increase of NAC) takes place. In this case, during the limitation period the capacityalreadyallocated to the participants who belong to the priority group stipulated in Article 14[12], Paragraph 1(d) shall be annulled; if this annulment is not enough for releasing ALC to the needed level, than the capacity already allocated to the participants of the next priority group stipulated in Article 14[12], Paragraph 1 shall also be annulled, until the ALC is released to the necessarylevel;

f) The CAA redefined for transit as a result of an unscheduled limitation for receiving transit (reduction of the available capacity of the cross-border transit [interconnection] line by the Dispatch Licensee based on Clause 1 of Article 14[11] of these Rules), if during the reporting calendar year the Dispatch Licensee reduces the available capacity of the cross-border transit [interconnection] line based on Clause 1 of Article 14[11] of these Rules and it becomes necessary to release the transit ALC. In this case, an auction must be announced for the reporting period (the calendar month(s) or days within a month) during which the unscheduled limitation for receiving transit takes place. In this case, the capacity already allocated between the persons who ordered the transit but are influenced bythe limitation for receiving the transit shall be annulled.

Article 14[15]. Stages for Preparing Allocation of the New Cross Border Transit (Interconnection) Line *(04.03.2014)*

1. No later than on the 1st of August of each year, the Dispatch Licensee shall define and publicly announce (by publishing the information on the website: www.gse.com.ge) the capacity (NTC) of the New Cross Border Transit (Interconnection) Line for the following calendar year(s) by the reportingperiods, as well as ATC, ALC, NAC volumes and export directions.

2. Within 15 working days starting from the 1st of August of each year, the Dispatch Licensee shall deduct the Capacity Already Allocated based on priorities (AAC) from the initial available capacity (ATC) and define Already Allocated Capacity (ALC) and the residual ATC of the New Cross Border Transit (Interconnection) Line for the following calendar year(s) by the reporting periods. If the initial available capacity (ATC) is less than the Capacity Already Allocated based on priorities and/or the sum of such capacities, the initial available capacity shall be allocated through a special auction, in compliance with the procedures provided for in Article 14[17] of these Rules. In all other cases, before the 1st of September of each year, the Dispatch Licensee shall publicly announce (by publishing the information on the website: www.gse.com.ge) the updated NTC, ATC, ALC (including AAC) and NAC volumes for the following calendar year, based on the reporting periods.

3. Before the 1st of November of each year, the candidate Exporter and the enterprise ordering the transit (hereinafter – the Candidate) shall submit to the Dispatch Licensee an application requesting a portion of the residual available capacity(hereinafter - the requested capacity.

4. In cases where the requested volume exceeds the remaining available volume declared by the dispatch licensee and/or the volume of duly registered direct export contracts signed by the bidder, or if it is evident from the bidder's information that they are undergoing bankruptcy or liquidation proceedings, and/or are subject to public law restrictions, or if the application does not meet the requirements stipulated in clause 1 of Article 14[16] of these regulations and/or the prevailing legislation, or is incomplete, and/or the relevant bidder has not been granted the right to use the authorized volume for export or the capacity authorized for transit in accordance with these Rules, the application will not be eligible for participation in the distribution process. In such instances, the trading participant has the right to modify or withdraw (cancel) the submitted bid before the expiration of the period specified in clause 3 of this article. (26.03.2024; N1-1/121)

5. Within 10 working days after the expiry of the term set for submission of applications, the Dispatch Licensee shall check the received applications and attached documents and, if there are no inconsistencies, register the applications within 2 working days (the application registration term).

6. Only registered applications can participate in the allocation of the residual available capacity. The residual available capacity must be allocated within three working days after the expiry of the application registration term.

Article 14[16]. Forms and Documents to be Submitted for Allocation of the Capacity of the New Cross Border Transit (Interconnection) Line *(04.03.2014)*

1. The application form is approved and published on its website (www.gse.com.ge) by the Dispatch Licensee. The application shall indicate the following information:

a) Requisites (the name, identification code (in case of an individual - Personal #), actual address, contact details);

b) The priority group to which the electricity to be exported by the bidder belongs to (with generation objects indicated). If a bidder exports electricity which belongs to several priority groups, it shall divide the volume indicated in the application according to respective groups, otherwise the application will not be considered;

c) The requested volume must be specified for specific reporting periods (months). The requested volume must not exceed the published remaining available volume for any given month and the volume of direct export contracts signed and duly recorded by the bidder. (26.03.2024; N1-1/121)

2. The application shall be accompanied bythe following documents:

a) In case of export or a transit ordering party – the information on public restrictions, as well as the information that the bidder is not involved in bankruptcy proceedings, or receivership launched by respective authorized bodies;

b) In case of an exporter the following additional documents shall be submitted: b.a) A document confirming the registration as a wholesale trade participant; b.b) The Direct Contract on Electricity Export;

b.c) The Contract on ElectricityExport;

b.d) The properly registered Direct Contract on Electricity Transmission Service; b.e) The properly registered Direct Contract on Electricity Dispatch Service;

c) In case of a transit ordering party the following additional documents shall be submitted: c.a) The Contract on Providing Transit signed with a respective authorized licensee;

c.b) A respective contract between the electricity receiving partyand the transit ordering partyon buying-selling/supplying transit electricity;

c.d) The information about properly registered transit deviation contracts provided for in the Article 14^{8} of these Rules: *(20.05.2016 N30)*

c.d.a.) About the contracts of electricityexport/import - in the case, when the transit customer is a non-resident person;

c.d.b.) About the direct contracts of electricityexport/import - in the case, when the transit customer is a resident person".

c.e) If transit is not implemented by the electricity generator itself, a relevant agreement on the purchase/supply of transit electricity signed between the electricity supplier (seller) and transit orderingpartyshall be submitted either;

d) In case of electricity re-export, the Contract on Electricity Import shall be also presented except for the documents referred to in Paragraphs “a”, “b.a”, “b.c”, “b.d” and “b.e”;

e) In case of export of electricity generated by the renewable power plant which is under construction referred to in Paragraph “c”, Clause 1, Article 14^{12} of the Rules the following requirements shall be met:

e.a) the dispatch and transmission service fee shall be paid for the total capacity obtained for electricity export referred to in Paragraph “e” of this Clause following the allocation of capacity of a new cross border transit (interconnection) line irrespective of the volume consumed and used (implemented electricity export). However, the restriction of export because of the fault of a dispatch or transmission licensee presents an exception, in which case the dispatch and transmission service fee shall be reduced for the period of such restriction/ byrespective volume.

e.b) within 5 days from the announcement of capacity allocation results following the allocation of capacity of a new cross border transit (interconnection) line, the Dispatch Licensee shall be submitted bank guarantees towards all respective licensees for the total capacity obtained for the export of electricity referred to in Paragraph “e” of this Clause; the guarantees shall cover the total dispatch/transmission service fee (according to respective licensees) payable for the total capacity obtained for the export of electricity referred to in Paragraph “e” of this Clause (for the total period of export). Terms of the bank guarantee shall be negotiated with the Dispatch Licensee in advance and shall provide for unconditional payment of the guarantee amount upon the initial request by a respective licensee. The bank guarantee shall be issued bya commercial bank licensed in Georgia

or a bank operating in an OECD (the *Organization for Economic Co-operation and Development*) country; in the latter case the guarantee shall be reinsured by a commercial bank licensed in Georgia based on a counter-guarantee.

f) The electricityDispatch Licensee mayrequire additional documents or data if needed.

3. If the exporter (re-exporter) or a transit ordering party is allocated the capacity which is less than the required capacity of the line referred to in this Article, not later than within 5 days from publishing the allocation results such person (the exporter, re-exporter, transit ordering enterprise) shall submit to the Dispatch Licensee properly signed amendment to all relevant agreements (referred to in Clause 2 of this Article) according to the actuallyallocated capacity.

Article 14[17]. The Rule for Allocation of the Capacity of the New Cross Border Transit (Interconnection) Line *(04.03.2014)*

1. If the existing capacity of a specific new cross border transit line (considering the following additional restrictions: for export purposes – the total amount of electricity (capacity) approved in the annual balance reduced by the amount which is necessary for synchronic parallel regime operation with the neighboring country during May, June, July and August and which is established by the Dispatch Licensee for each month, before allocation of the CAA; for transit and re-export purposes – capacity allowed for transit on respective Cross Border Transit Line for receipt of electricity(capacity) in Georgia) in anyreporting period is not sufficient to meet requests of all bidders from the priority group referred to in any Paragraph, Clause 1, Article 14[12] of the Rules (a prioritygroup referred to in Paragraphs „b“, „c“ or „d“), insufficient capacity of the new electricity transmission line is allocated by the Dispatch Licensee according to the priority order set forth in Clause 1, Article 14[12] based on the special auction results.

2 The rules of allocation of existing insufficient capacity of the New Cross Border Transit (Interconnection) Line referred to in Clause 1 of this Article shall be applied to the balance of the line capacity (remaining available capacity), which remains for the next priority line (group) followingthe full satisfaction of the previous priorityline (group).

3 When the remaining ATC is completely allocated within the priority group referred to in Clause 1, Article 14[12] of the Rules so that the requests of bidder exporters are completely met (considering the following additional restrictions: for export purposes – the total amount of electricity (capacity) approved in the annual balance reduced by the amount which is necessary for synchronic parallel regime operation with the neighboring country during May, June, July and August and which is established by the Dispatch Licensee for each month, before allocation of the CAA; for transit and re-export purposes – capacity allowed for transit on respective Cross Border Transit Line for receipt of electricity (capacity) in Georgia), the auction is not held and the remaining ATC is allocated to members of the respective priority group according to the requested volumes. In other cases, the remaining available volume shall be allocated in line with this Article and special auction procedures.

4 If the auction is held according to the results of the phase of ATC allocation without auction, the rights to participate in the auction and the bidder’s status for respective reporting periods and CAA capacities are given to only those persons, whose registered requests (applications) were not satisfied at the phase of ATC allocation without auction.

Article 14[18]. Cases of ATC Allocation without and with Auction *(04.03.2014)*

1. At the phase of allocation without auction ATC may be allocated in the following cases according to the procedure below:

a) If the request submitted and registered from the priority group referred to in Paragraph “b”, Clause 1, Article 14[12] of the Rules does not exceed corresponding components of ATC in the relevant reporting period and at the same time does not exceed the capacity (volume) allowed for export for the same reporting period, the request will be completely met.

b) If only one request is submitted and registered from the priority group referred to in Paragraph “b”, Clause 1, Article 14[12] of the Rules, which exceeds corresponding components of ATC in the

respective reporting period or/and exceeds the capacity (volume) allowed for export for the same reporting period, the request will be met only within the restricted value of a corresponding component of ATC or the capacity(volume) allowed for export;

c) If the request submitted and registered from the priority group referred to in Paragraph "c", Clause 1, Article 14[12] of the Rules does not exceed corresponding components of ATC remaining in the respective accounting period as a result of ATC allocation within the previous priority group (including by auction if needed) and at the same time does not exceed the balance of the capacity (volume) allowed for export, the request will be completelysatisfied;

d) If only one request is submitted and registered from the priority group referred to in Paragraph "c", Clause 1, Article 14[12] of the Rules, which exceeds corresponding components of ATCremaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within a previous priority group or/and exceeds the balance of the capacity (volume) allowed for export in the same reporting period, the request will be met only within the restricted value of the corresponding component of remaining ATC or the balance of the capacity (volume) allowed for export;

e) Requests submitted and registered from the priority group referred to in Paragraph "d", Clause 1, Article 14[12] of the Rules are completelymet unless:

e.a) the total request for export and transit (re-export) exceeds corresponding components of ATC remaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous priority groups and at the same time,

e.b) requests for transit (re-export) in the respective reporting period exceed the capacity allowed for transit and at the same time,

e.c) requests for export exceed the balance of the capacity (volume) allowed for export as a result of ATC allocation (including byauction if needed) within the previous priority groups.

f) If only one request is submitted and registered from the priority group referred to inParagraph "d", Clause 1, Article 14[12] of the Rules and this request:

f.a.) In case of transit (re-export) - exceeds corresponding components of ATC remaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous prioritygroups and/or exceeds the capacityallowed for transit;

f.b) In case of export (re-export) - exceeds corresponding components of ATC remaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous priority groups and/or exceeds the balance of the capacity (volume) allowed for export, f.c) In this cases (Paragraphs "f.a" and "f.b") the request is satisfied respectivelywithin the lower restricted value between the corresponding components of remaining ATC and capacity allowed for transit/balance of the capacityallowed for export.

g) Requests for export submitted and registered from the priority group referred to in Paragraph "d", Clause 1, Article 14[12] of the Rules are completelysatisfied if:

g.a) The sum of such requests for export and the capacity (volume) allowed for transit in the same reporting period do not exceed corresponding components of ATC remaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous prioritygroups and at the same time,

g.b) Such requests for export do not exceed the balance of the capacity (volume) allowed for export in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous priority groups.

h) Requests for transit submitted and registered from the priority group referred to in Paragraph "d", Clause 1, Article 14[12] of the Rules are completelysatisfied if:

h.a) The sum of such requests for transit and balance of the capacity (volume) allowed for export in the same reporting period do not exceed corresponding components of ATC remaining in the respective reporting period as a result of ATC allocation (including by auction if needed) within the previous priority groups and at the same time,

h.b) Such requests for transit do not exceed the capacity allowed for transit in the same reporting period.

2. In all other cases, except for the ones referred to in Clause 1 of this Article, ATC is allocated byspecial auction.

Article 14[19]. Publication of ATC Allocation *(04.03.2014)*

Within two working days the Dispatch Licensee shall announce the allocation results i.e. the updated NTC, ATC, ALC (including AAC), NAC, and the residual ATC by publishing the information (on the web page www.gse.com.ge). The Dispatch Licensee shall have the right to announce a special auction before the start of each or any reporting period, in order to allocate the remaining ATC (the residue).

Article 14[20]. Special Auction Rules *(04.03.2014)*

The rules of conducting a special auction for allocation/reallocation of the New Cross Border Transit (Interconnection) Line capacity shall be approved by the Dispatch Licensee in agreement with the Ministryand published on the Dispatch Licensee's webpage, in order to ensure access.

Article 14[21]. The Grounds and Rules for Payment of the Additional Price Set as a Result of an Auction *(04.03.2014)*

1. The price for using the internal limiting resource shall not be paid for the capacity which is subject to payment of the additional price set as a result of an auction for allocation/reallocation of the line capacity.
2. In return for the transmission right received for the corresponding CAA portion, the auction winner shall pay the price set as a result of the auction and the price of using the internal limiting resource (if there are grounds for such payment).
3. The additional price set as a result of an auction for distribution/redistribution of the line capacity, as well as the price of using the internal limiting resource for export (re-export) purposes, shall be an auxiliarysource of income for the Licensee who owns the new transmission line.
4. The price of using the internal limiting resource for the transit (re-export) purposes shall be an auxiliary source of income for the Transmission Licensee who is the owner of the cross border transit (interconnection) line participating in the international transit [except for the New Cross Border Transit (Interconnection) Line]. If the price of using the internal limiting resource for the transit (re-export) purposes shall be divided between several Transmission Licensees who own the cross border transit (interconnection) line participating in the transit (re-export), the amount shall be divided proportionally to the tariffs set for the Transmission Licensees for the corresponding reporting period.
5. If the winner participant refuses to use the received CAA fully or in part, neither the additional price paid by the participant in advance nor the price of using the internal limiting resource shall be returned to the participant, while if instead of the advance payment the winner has provided a bank guarantee, the guarantee shall be used to cover the price of the unused CAA as well as the price of using the internal limiting resource.
6. If the winner participant refuses to use the received CAA fully or in part, while the winner has not paid in advance either the additional price or the price of using the internal limitation resources and has not provided a bank guarantee, the winner shall pay to the corresponding Transmission Licensee a penalty based on the additional price payable for the unused CAA and the price of using the internal limitation resources.

Article 14[22]. The transfer of the right of using with bandwidth/Reallocation *(N1-1/115; 23.03.2023)*

If by any of the reporting periods (year, month) or during a certain part thereof it becomes known that for intersystem transit (overflow), any consumer of the New Cross Border Transit (Interconnection) Line will not be able to ensure to consume the amount of bandwidth intended for it (planned for it or stipulated for it with certain agreement), Transmission System Operator is entitled to reallocate (allocate) the amount of released bandwidth, based on the results of a special auction conducted in compliance with the priority

sequence stipulated in Clause 1, Article 14^{12} of these Rules.

Article 14^{23}. Limitation of Effectiveness of the Rules Set for the New Cross-Border Transit (Interconnection) Line *(04.03.2014)*

Articles 14^{12} - 14^{22} shall not be extended to the electricity export through the New Cross Border Transit (Interconnection) Line being constructed/constructed by means of private investments (without international financial credit resources attracted with the use of the state guarantee).

Chapter V. System Commercial Operator

Article 15. Functions of the System Commercial Operator

1. The Commercial Operator shall carry out the activity stipulated in the Law of Georgia on Electricity and Natural Gas. The sphere of Commercial Operator's functions and rights shall be defined bythe Georgian legislation, the Commercial Operator's Charter and these Rules.
2. Functions of the System Commercial operator are:
a. Purchase and sale of balance electricity (capacity) (including medium and long term agreements on import and export). For this purpose the System Commercial Operator shall:
a.a Conclude direct agreements with Dispatch Licensee for trading of balance electricity and register direct agreements at the Dispatch Licensee;
a.b Define balance electricity volume through comparison of amounts specified in agreements with actual amounts of generated, supplied, imported, consumed and exported electricity set by thedirect agreements and recorded in the acceptance statements;
a.c Calculate balance electricityprice in compliance with these Rules;
a.d Settle accounts with Qualified Enterprises for balance electricity purchased and sold by System Commercial Operator.
a.e. When executing average and long term agreement with the relevant entities of the foreign country on electricity import and export (exchange), for this purpose, System Commercial Operator is entitled to sell and or purchase imported and or exportable electricity both through direct contracts as well as in any other form envisaged in these rules for purchase-sale of balance electricity (standard terms of direct contracts).
b. Guaranteed capacity trading according to the Law of Georgia on "Electricity and Natural Gas" and the present Rules. Including but not limited to:
b.a) Submit for registration to the Dispatch Licensee Direct Agreement with standard terms on purchase of Guaranteed Capacity from the sources of Guaranteed Capacity and sale of Guaranteed Capacityto the Qualified Enterprises purchasing Guaranteed Capacity
b.b billingthe cost of the Guaranteed Capacityand settlements with the qualified enterprise.
c. Setting up united database on wholesale purchase-sale, including setting up and maintaining united register of metering. Including but not limited with:
c.a Setting up and maintaining united database of metering points;
c.b Settingup united database of meter readings according to settlement periods;
c.c Gathering of necessary information and systematization on the electricity production means, substations and customers.
d. On the basis of processing (analysis) relevant information provided by dispatch licensee and qualified enterprises, determination of actual amount (volumes) of electricity received (consumed) and/or sold and purchased by power sellers and buyers and submission of information for final settlement, also jointly with the dispatch licensee, executing the summarizing recording act on electricity supplied and received during the settlement period (among them exported, imported and/or transit electricity) to the direction of the particular power transmission inter system line(s) with the authorized legal entityof the foreign country.
e. Pre agreement on the contract on operation in the parallel regime, executed by the electricity dispatch licensee with the relevant enterprises of the Georgian neighbor electricity systems and for the purpose of its proper implementation exercising monitoring and other authorities as provided by the legislation and in these Rules
f. Inspection of the meters used in Wholesale meteringprocess
g. In the event of super normative losses in the transmission network, based on request of the interested party, determine volume and price of electricity purchased as a result of super normative loss.
h. Registration of wholesale trade participants; (26.03.2024; N1-1/121)
i. Registration of direct contracts. (26.03.2024; N1-1/121)
3. Ensuring transparency of the activity and availability of the existing public information; for this purpose System Commercial Operator posts information:
a. Regarding volumes and prices (tariffs) of electricity purchased and sold on the basis of directagreements for each settlement period;

b. Regarding volumes of balance electricity purchased and sold on the basis of standard provisions of the direct contract for each settlement period and average weighted tariffs;
c. Amount of actual average losses in the transmission grid
d. For each settlement period regarding purchase and sale of the Guaranteed Capacity, withreference to the sources of Guaranteed Capacitysecured volume of capacity and established tariffs(prices).
4. Removed
5. It is incumbent upon the System Commercial Operator to establish a suitable contract with the power plant (comprising production licensee and/or low-power power plant), whose electricity (power) production falls under full or partial compulsory purchase as per prevailing legislation and/or governmental decree of Georgia. The execution of such a contract must adhere to identical conditions and procedures as those governing a direct contract, inclusive of registration with both the dispatch licensee and the Electricity Market Operator. (26.03.2024; N1-1.121)

Article 16. Compensation of service provided by Electricity System Commercial Operator
(28.06.2007 N46 enacted from October 1, 2007)

1. Compensation of the cost of service of the System Commercial Operator is mandatory for the electricity (capacity) qualified enterprise. Service provided by the System Commercial Operator shall be compensated at the tariff set by the Commission through the actions performed by the Qualified Enterprise according to the total amount of the electricity generated (delivered at the bus-bar) by generator (other than sources of Guaranteed Capacity), purchased by the electricity wholesale supplier, universal service supplier, free supplier and supplier of electricity in form of thepublic service, received/purchased by distribution licensee with purpose of covering the loss in distribution network, among them passed through, received (consumed) by direct consumer, imported by importer, exported by exporter. *(21.06.2021, N1-1/257)*
1^1 The cost of service of the System Commercial Operator is compensated by sources of Guaranteed Capacity according to the amount of Guaranteed Capacity (in kWhs appropriate to the capacity set by the Government of Georgia) secured by them in the settlement period and securing period (days) at the tariff set by the Commission. Requirement set forth in the paragraph 1 of this Article does not applyto the sources of Guaranteed Capacityamong them to the generated (delivered at the bus-bar) electricity.
2. Service provided bythe commercial operator of the system is compensated consistent with the full volumes of system reserve of capacities purchased bythe qualified enterprises from the commercial operator of the system, also power purchased (consumed), exported and transmitted bythe qualified enterprises as a result of its operations, under the tariff established byGNERC. *(31.10.2007 N88).*
3. Removed *(31.10.2007 N88)*
4. Qualified enterprises are required no later than 25th date of completion of each settlement period to compensate cost of service of the commercial operator of the system billed to them.
5. Upon request of the commercial operator of the system, the qualified enterprises are required, commensurate with the request, to present guarantees for covering the cost of service of the commercial operator of the system envisaged bythe legislation and or make advance payments.
6. Commercial operator of the system is authorized to exercise the measures envisaged by the law against the qualified enterprises which do not paythe service fee or breach the payment timelines.
7. Removed.
8. Removed.

Chapter V[1]. Dispatch Licensee *(25.04.2007 N31)*

Article 16[1]. Main Responsibilities of the Dispatch Licensee

1. **Main Responsibilities of the Dispatch Licensee are to:**

a) Ensuring the stability, security, and reliable operation of the electrical power system and meeting the requirements of all pertinent licensees, small power plants, importers, exporters, and direct users to ensure the appropriate registration and execution of direct contracts. (26.03.2024; N1-1/121)

b) Develop the regimes promoting implementation of direct contracts and supporting effective operation of the electricity system; to achieve this purpose, he may use the administrative leverages provided by the legislation, including the drafting of respective operational dispatch instructions and protocols;

c) Load the unused capacity available in the electrici t y system in compliance with the principle of minimum price, so that this load does not cause violation of the provisions of direct contracts, signed in advance, upon request of the Qualified Enterprise and/or at his own discretion as needed for the electricitysystem (for the sustainabilityand stability purposes);

d) Make the records of instructions and guidelines he has issued during the day, available for the System Commercial Operator, at any time, along with all the changes introduced to the electricity (capacity) supplyand consumption plan, designed in advance;

e) Record in the operative journal of central dispatch office all the unwarned restrictions carried out bythe licensee, as required to maintain reliabilityand safetyof the electricitysystem;

f) Deliver to the System Commercial Operator the processed information on the quantity of electricity for sale (as set forth in the direct contracts) and actually sold electricity (including the information envisaged by clause 7 of article 31 of these Rules) in accordance with the following rule:

f.a) Deliver (on a daily basis) the records of all the directions and instructions, issued by the Licensee duringthe previous calendar day, indicating all the changes in the schedules of electricity (capacity) generation and/or supply drafted (agreed) beforehand; to provide the information on electricity (capacity) generated, transmitted and/or consumed during the whole day (including the information on unused and used reserve and/or balance electricity (capacity)), indicating respective Qualified Enterprises; to deliver the information on the status of implementation of direct contracts, indicating violation of or adherence to the schedules set forth in any of these contracts.

f.b) Deliver all available actual data on the supplied or released electricity (capacity), along with the quantity of actual losses of electricity, recorded in the transmission grid of an appropriate transmission licensee in the reporting month as well as to provide the information (on supplied and/or consumed) electricity reflected in supply and consumption schedules and actually registered by the meters, indicating deviations and also available information on fulfilment of direct contracts, after the end of each month, under the terms envisaged bythese Rules.

g) Send to the Ministry the actual balance of electricity generated in the electricity system per each Qualified Enterprise, the electricity received (consumed) and released at the supply and delivery points, indicating the losses in the transmission grid, during 30 calendar days after completion of the each reporting month.

h) Register or cancel registration of the direct contracts following these Rules. In the event that dispatching of the electricity (capacity) envisaged in the registered direct contracts is impossible and/or fulfillment of this direct contract may hinder the operational dispatch management of the system, the Licensee shall suspend the registration of this direct contracts for definite or indefinite time, notifying the parties of the direct contracts before the deadline specified in clause 6 of article 10 of these Rules;

i) Implement control over the consumption of Reserved Capacities in the electricity system by theQualified Enterprises, following these Rules. *(28.06.2007 N46)*

j) Make available the information he possesses on purchased and free capacities (indicating the Qualified Enterprises and the capacities);

k) Maintain the unified online register of direct contracts and announce the information on available and unused capacities in the electricity system following the set rules. This information may also be posted on the official website. *(31.10.2007 N88)*

l) Not to reduce the capacity delivered to the Qualified Enterprise on the basis of direct contract without prior warning, except in cases of emergency, Force Majeure or other occasions, specified in these Rules or the direct contract;

m) Meet the requirements of the Qualified Enterprise on termination or resumption of power supply, followingthese Rules;

n) Maintain the register of “technical documents that confirm the connection to the upper level ESKAA System” on electricity metering junction(s) (including those, used in the wholesale trade) that will immediately reflect the fact of issuance of "technical document(s) confirming the connection to the upper level ESKAA System" and indicate appropriate electricity metering junction(s);

o) Prepare the list of those electricity metering junction(s) (including the generators and self-consumption transformers) that are listed in “the register of ESKAA System" and used in wholesale trade, from which the electricity metering data was impossible to receive during 24 hours, without an exceptional (a good) reason and inform (in writing) the respective Qualified Enterprises and the Electricity Market Operator if it happens. In addition, under such circumstances, the Qualified Enterprise responsible for nondelivered data on electricity metering shall submit (at his own expense) to the Dispatch Licensee the meter reading, registered in appropriate electricity meters, in accordance with these Rules, including the requirements of clause 51 of article 26.

p) Notify (in writing) the Electricity Market Operator and respective Qualified Enterprise if during previous 3 (three) successive reporting periods it was impossible to take the electricity meter reading(s) from one of the electricity metering junctions (including the generators and self- consumption transformers) listed in “the register of ESKAA System" and used in the wholesale trade, for three hundred and sixty (360) hours or more, without an exceptional (a good) reason, including the fact of cancellation of registration of Qualified Enterprise as a participant of wholesaletrade of electricity.

q) Maintain the registry of agreements (“the registry of agreements on connection with ESKAA System”) signed with respective legal persons on technical terms, rule and volume of transmission of meter readings from corresponding electricity metering junctions;

r) Conduct the inspection of the meters according to the methodologyestablished byhim;

s) Take part in the wholesale trade of electricity (capacity) and buy from the Electricity Market Operator the Balancing Electricity sufficient to the losses in the transmission grid, with the purpose of purchasing losses in the transmission network; *(04.05.2018 N1-1/230)*

t) Buy the electricity through the direct contract as well as under Standard Conditions of direct contract, to provide for the transit of electricity (capacity) and cover the losses. *(04.05.2018 N1-1/230)*

2. Keyfunctions of Dispatch Licensee are:

a) To balance the power supplyand consumption at anytime;

b) To plan and dispatch the entire energy system, so that the electricity parameters (frequency, voltage, etc.) meet the established standards;

c) To secure the stability, sustainabilityand reliable functioning of the electricitysystem;

d) To carry out the import/export of electricity (capacity) and/or establish connection with the power systems of neighboring countries in a parallel regime; to provide for the service in a due manner, following principles and procedures of legislation and these Rules.

e) To determine actual losses of electricity in the transmission grid during the respective reporting month.

3. Dispatch License is authorized:

a) To request and receive (without hindrance) the information on the state and degree of readiness of technical facilities, owned bythe Qualified Enterprises;

b) To carry out the inspection/checking of metering system(s) (including the participant of wholesale trade of electricity) and/or its integral components; to get involved in programming of the electricity meters and provide technical/program support of metering communicators, along with the interested parties; (18.10.2013)

c) To terminate or limit the power supply to the Qualified Enterprise in case of nonpayment, incomplete payment and/or violation of the payment deadlines, under these Rules;

d) To claim curtailment of consumption (capacities) in the event that the Qualified Enterprise exceeds the established limit (agreed 24 hour schedule) of electricity and act following present Rules if this requirement have not been met;

e) To issue the appropriate dispatch guidelines for the purpose of ensuring uninterrupted supply of electricityto the Qualified Enterprise, with the agreed schedule and volume;

f) To request from the Qualified Enterprise the commercial bank guarantee in order to ensure full compensation of the services envisaged bythe contract and under these Rules;

g) To limit the supply of electricity envisaged in direct contracts (defined by balance sheets) to the qualified enterprises without prior notification, in the event of an accident for the purpose of ensuring operative control and stabilityof the electricitysystem;

h) To deliver the electricity to the Qualified Enterprise in compliance with the additional corrected electricity (capacity) balance, when introducing the schedule of restrictions due to the deficit of electricity and capacity in the country and /or in cases envisaged in these Rules; to act at own discretion in case of non-existence of mutuallyagreed additional schedule;

i) To limit or terminate the trans-border power interchange and/or inflow in case of deficit or surplus of internal resources in the country (in comparison with the electricity (capacity) balance) and/or emergency situation or real threat of such (deficit, surplus, emergency) occurrences, to provide for the sustainable, secure and reliable functioning of electricitysystem. *(18.10.2013)*

j) stop (or limit, taking into account the requirements of the stability and security of the energy system) the cross-border inflow of electricity in the event of an surplus of electricity (capacity) in the country or such a forecast, and, if necessary, limit the generation of electricity to ensure the safe operation and stability of the energy system; In addition, in case of a restriction of electricity generation, the following requirements shall be met:

j.a) Electricity generation should be limited by proportionally reducing generation within the expected daily load balance of hydro power plants (excluding the amount of the public service obligation) during the limitation period;

j.b) Restriction on electricity production does not apply to the production of electricity for export byhydro power plants;

j.c) In the case provided for by this Sub-clause, the limitation (water spill) of electricity (capacity) generation at hydroelectric power plants that are annual regulating stations (with public service obligations) can be carried out onlyfor the safetyof hydraulic structures.

Note: For the purposes of this Sub-clause, excess electricity (capacity) means a situation in which the water reserves in the hydro power plant's annual regulation reservoir are no longer stored due to technical safety parameters and, at the same time, electricity production in the country exceeds electricity consumption (including exports). In the event of the implementation of the restriction provided for by this Sub-clause, the Transmission System Operator shall be released from the obligation to execute the registered direct contracts provided for by sub-clause "a" of clause 1 of this Article. *(04.05.2022; N1-1/200)*

4. The Dispatch Licensee is obliged to meet other requirements established by these Rules to ensure the priorityof the principles set forth in this Article.

Article 16[2]. Types of Auxiliary/System Services

1. Types of auxiliary/system services are as follows:

a) Frequency conservation reserve (primary reserve); b) Frequency recovery reserve (secondary reserve); c) Replacement reserve (third reserve);

D) Adjustment of voltage;

E) Restoration of the power system (part of the power system) from a zero state.

2. The parameters and characteristics of each type of auxiliary/system services and the actors involved in its implementation shall be selected in accordance with the rules set bythe grid code.

3. Transmission System Operator shall coordinate and control the integrated organization and provision of the types of auxiliary/system services.

Article 16[3]. Contracts on Auxiliary/System Services

1. Transmission System Operator is authorized to request the conclusion of the contracts on auxiliary/system services with relevant persons involved in provision of different types of services.

2. A contract on auxiliary/system services may regulate the legal, technical and other aspects of the services as well as the implementation and control procedures, the responsibilities of the parties and the response measures.

Chapter VI. Loaded Reserve and Guaranteed Capacity

Article 17. Balancing of supply – consumption of electricity and unloaded capacity

1. For the purpose to maintain sustainability of the power system and technical parameters of the electricity, supply-consumption of electricity may be balanced by using the following capacities existing in the energysystem:
a. Load reserve – unused capacity existing in the system, realization time of which makes up no longer than 60 seconds.
b. Guaranteed Capacity – according to these Market Rules capacity secured by the Sources ofGuaranteed Capacitydetermined bythe Government of Georgia, including:
b.a Capacity secured by the source of Guaranteed Capacity that according to the technical parameters of the plant can be synchronized with the power system from idle mode in no more than 25 minutes and maintains requested capacity for no more than the following 35 minutes;
b.b Capacity secured by the source of Guaranteed Capacity that according to the technical parameters of the plant can be synchronized with the power system from idle mode in no more than 24 hours and maintains requested capacity for no more than the following 1 hr.

Article 18. Unloaded Capacity and Usage of the Guaranteed Capacity

1. The load reserve and guaranteed capacity are at the disposal of the dispatch licensee and shall be utilized for balancing electricity(capacity) supply-consumption.
2. For maintaining sustainability of the power system and relevant technical parameters of the electricity, the dispatch licensee is authorized to independentlymake a decision to use the load reserve and issue a relevant order on loading the unused capacities existing in the power system, maintainingload for not more than 1 hour.
3. For the purpose to secure implementation of schedules and parameters envisaged in direct contracts, the dispatch licensee shall substitute the capacity used as a result of using load reserve with the guaranteed capacityin one hour after loading.
4. Following the effective legislation and the terms provided in these rules, the decision on substitution of used capacity with other sources and loading is made by the dispatch licensee commensurate with the principle of safetyof the power system and the least cost principle.
5. Following the principle of safety of the power system and least cost principle, dispatch licensee is authorized, for longer than 1 hour to load the qualified power generating enterprise which has not used the capacities provided in prior determined power supply schedules in the scope of direct contracts and loading of this facility shall not cause violation of the direct contract executed in advance. Terms provided in this clause do not exempt the dispatch licensee from obligation to secure performance of the direct contract.

Article 19. Expression of Readiness for Securing Guaranteed Capacity

1. The guaranteed capacity necessary for safe functioning of the uniform energy system of the country, also the period of securing guaranteed capacity to the uniform energy system per each sourceof the guaranteed capacity, are determined bythe Government of Georgia.

2 The guaranteed capacity source, prior to commencement of each settlement month no less than 15 calendar days earlier, for the purpose to express readiness, shall submit to the dispatch licensee the following documents: a. application on expression of readiness to secure the guaranteed capacity, which should reflect:

a. The title of the station and technical specifications;

b. Required time (minutes) from the idle mode until full synchronization with the energysystem;

c. Required time (minutes) from synchronization with the energy system until the guaranteed capacityreaches the source of the guaranteed capacityas established bythe Government of Georgia.

d.d. the exact sections of the future settlement period, during which the guaranteed capacity cannot be secured, also due to repair and or rehabilitation works.

b. the copyof the agreement on providing fuel only in the case of thermal power plant.

(03.04.2019 N1-1/160)

3 For the purposes of this chapter, repair and or rehabilitation of guaranteed capacity source production means includes those works, after which the guaranteed capacity source can not provide the guaranteed capacity to the energy system commensurate with these rules and its production means are not subordinated to the dispatch licensee.

4 The application form expressing readiness is designed and approved bythe dispatch licensee.

5 The guaranteed capacity source, upon request, is obliged to submit to the dispatch licensee the documents evidencing technical capabilities and parameters of the production means possessed by it in a form preliminarily requested bythe dispatch licensee.

6 Submission of the application expressing readiness of the guaranteed capacity sources is mandatory during the corresponding settlement period in order to consider its readiness by the dispatch licensee. Confirmation of the readiness means relevant source of the guaranteed capacity being at the disposal of the dispatch licensee and the supply of the energy system with the guaranteed capacity under the terms set forth in Article 17, b.a or b.b. sub paragraph. The responsibility over accuracy of the data provided in the application expressing readiness is borne by the guaranteed capacitysource.

Article 19[1]. Testing of the Guaranteed Capacity Source

1. Readiness of the guaranteed capacitysource can be checked through testing.

2. Testing of the guaranteed capacity source is the process which certifies readiness of the guaranteed capacity source to perform requirements established by sub paragraph b.a or b.b. of Article 17 of these rules. The testing of the guaranteed capacity source should confirm: a. in cases envisaged by article 17, paragraph 1, b.a sub paragraph of these rules, in the scope of technical parameters of the relevant station, the possibilityof synchronizing with the system maximum within

25 minutes after the idle mode, possibility of taking capacity for the particular guaranteed capacity source determined by the government of Georgia not exceeding following 35 minutes and the possibility of preserving load for not less than 1 hour and not more than 24 hours; b. in cases envisaged by article 17, paragraph 1, b.b sub paragraph of these rules, within the limits of the technical parameters of the relevant station, the possibility of synchronizing with the system after the idle mode – not exceeding 24 hours, possibility of taking capacity for the particular guaranteed capacity source determined by the government of Georgia not exceeding following 12 minutes and the possibilityof preserving load for not less than 1 hour and not more than 24 hours;

3. The testing is conducted with reference to these rules and the technical regulations of testing, which, taking into account the proposal of the interested guaranteed capacity source, shall be developed bythe dispatch licensee.

4. testing of the guaranteed capacity source is carried out upon request of the dispatch licensee or the guaranteed capacity source. Upon the request of the dispatch licensee to test the guaranteed capacitysource, the testing should be conducted at least once a year.

5. Upon request of the guaranteed capacity source, the testing is carried out in cases envisaged in clause 5 of Article 20 of these rules. (with exception of sub clause "e" of paragraph 5 of Article 20, or in case testing has alreadybeen requested bythe dispatch licensee).

6. The guaranteed capacity source shall submit the application of readiness as envisaged in Article 19, together with the request to carry out testing (to which the term set forth in clause 2 of Article 19 does not apply). The request of the guaranteed capacity source for testing, taking into account the technical parameters of the energy system operation, shall be met by the dispatch licensee at least within seven calendar days after submission of the application *(09.16.2011)*

7. Taking into account the needs of the energy system, the dispatch licensee is authorized to continue loading (operation) of the guaranteed capacity source after completion of testing, notwithstanding the results of testing regarding its readiness under the terms set forth in paragraph 2 of Article 19^1.

8. The dispatch licensee is obliged to segregate the volume of electricity generated during the testing period from the total output during the relevant settlement period for the testing purposes taking into account the terms determined according to these rules.

9. The dispatch license is obliged to introduce the testing related documents to the qualified enterprisepurchasingguaranteed capacity, within five business days after receivingrelevant request.

Article 20. Rules and Terms of Trading with the Guaranteed Capacity

1. Trading with the guaranteed capacity is done only through the System CommercialOperator.
2. 10 days prior to commencement of the settlement period, the dispatch licensee shall send to the System Commercial Operator and the guaranteed capacity source the list of sources readiness of which for the following settlement period is confirmed consistent with the requirements of Article 19, with reference to the volume of guaranteed capacity and anticipated periods (days) of securing guaranteed capacity. The dispatch licensee must immediately notify the commercial operator of the system and relevant guaranteed capacity sources about the enforced amendments to the submitted information.
3. System Commercial Operator on the basis of the information received from the dispatch licensee consistent with paragraph 2 of this Article, no less than 3 calendar days earlier prior to commencement of the settlement period, shall send notification to the qualified enterprises purchasing guaranteed capacities.
4. System Commercial Operator shall purchase the guaranteed capacity during the settlement period, and, accordingly, shall compensate the cost of the guaranteed capacity only to those guaranteed capacity sources and for that period, readiness and readiness period of which is confirmed by the dispatch licensee consistent with paragraph 9 of this Article other than the case stipulated in the Article 21, paragraphs 1 and 2. *(09.16.2011)*
5. The cost of the guaranteed capacity of the guaranteed capacity source shall not be compensated in case the guaranteed capacity source fails to supply the energy system with that volume of the guaranteed capacity, which is established by the Government of Georgia, including but not limited to:
a. duringthe repair period of the production means possessed bythe guaranteed capacitysource; b. during testing, the guaranteed capacity source, within the limits of the technical parameters of the relevant station, fails to synchronize with the system and/or take the capacity determined by the Government of Georgia and/or preserve such capacity under the terms and timing established byparagraph 2 of article 19^1;
c. in case of emergencybreakdown of the guaranteed capacitysource;
d. in case the guaranteed capacity source, within terms and timing established by paragraph 2 of article 19^1 after the request of the dispatch licensee and within the limits of technical parameters of the relevant station, fails to synchronize with the system and/or take the guaranteed capacity determined bythe Government of Georgia and /or preserve such capacity;

e. in case the guaranteed capacity source, upon request of the dispatch licensee, does not submit the documents evidencingtechnical capabilities and parameters of the production means under itspossession;

6. in cases envisaged by paragraph 5 of this article (other than sub clause "e"), the guaranteed capacity source shall not be compensated for the guaranteed capacity prior to confirmation of the readiness through testing, in cases envisaged by paragraph "e" – prior to submission of the relevant documents. *(Order N69 dated on 13.07.2015, it shall apply to the relations arisen from June 1, 2015)*

7. For the purposes of this article, the cost of guaranteed capacity shall not be compensated from the day of occurrence as envisaged in paragraph 5, including the day when the readiness of the guaranteed capacity source was confirmed as a result of the testing. The dispatch licensee must register all orders issued in cases envisaged in paragraphs 5 and 6 of this article at the operative log of the central dispatch. *(Order N69 dated on 13.07.2015, it s to the relations arisen from June 1, 2015)*

8. The guaranteed capacity source must immediately inform the dispatch licensee about the reasons causing occurrence envisaged in clause 5 of this article (other than sub clause "e"), also submit the application on expression of readiness and request testing, unless testing has already been requested by the dispatch licensee. *(Order N69 dated on 13.07.2015, it shall apply to the relations arisen from June 1, 2015)*

9. No later than four calendar days after completion of the settlement period, the dispatch licensee shall submit to the System Commercial Operator proven information on those guaranteed capacity sources, which were ready during the settlement period and factually had the guaranteed capacity available, with reference to the guaranteed capacity supply periods (days), also, during the respective settlement period, the volume of electricity generated by the sources of guaranteed capacity (delivered to the bus bar), with reference to electricity generated (supplied to the bus bar) duringtestingexercised with the request of the guaranteed capacity source *(09.16.2011)*;

10. Sources of guaranteed capacity, as delineated in clause 9 of this Article, become parties to the standardized terms of the purchase and sale contract for guaranteed capacity, duly registered by both the Electricity Market Operator and the dispatch licensee, excluding cases outlined in clause 4 of Article 23 of Georgia's Electricity and Natural Gas Law." (26.03.2024; N1-1/121)

11. The purchase of guaranteed capacity from the electricity market operator is carried out through universal service providers, independent providers, public service providers, electricity suppliers, final alternative suppliers, direct users, exporters, and entities specified in sub-clause "b.g" of clause 2 of Article 3 of these Rules, which represent the parties to the standard conditions of the guaranteed capacity purchase and sale agreement registered by the Electricity Market Operator and the operator of the electric energy transmission system. (26.03.2024; N1-1/121)

12. For the purposes of clause 10 and 11 of this Article, the System Commercial Operator registers the standard terms of the agreement on purchase and sale of the guaranteed capacity with the dispatch licensee both for the guaranteed capacity sources and for the qualified enterprises purchasing guaranteed capacity.

13. For the Guaranteed Capacity buyer distribution licensees, direct consumers, exporters and the persons, provided by these Rules (Article 3, Paragraph 2, Sub-paragraph "b.g") – means for providing the payment of guaranteed capacity price, including a reasonable amount of penalty. *(18.04.2016 N20)*

c. For the Guaranteed Capacity buyer, supplier of universal service, free supplier, supplier of electricity in form of the public service, the supplier of the last alternative, direct consumers, exporters and the persons, provided by these Rules (Article 3, Paragraph 2, Sub-paragraph "b.g") – means for providing the payment of guaranteed capacity price, including a reasonable amount of penalty. *(21.06.2021, N1-1/257)*

d. Other conditions for purchase and sale of the guaranteed capacity.

14. The requirements of chapter 3 do not apply to the standard terms of the agreement envisaged by this article, its amendments and modifications, also to invalidation of the registration. The dispatch licensee must conduct registration no later than within five calendar days after the commercial operator of the systemsubmits the registration documents. After the expiry of such term, the registration shall be deemed effective.

15. Standard terms, as well as all amendments and modifications thereto, shall be notified to the qualified enterprises purchasing guaranteed capacity no later than 2 business days after their enforcement, in writing and should be posted at the official web page of the System Commercial Operator, within the terms stipulated under the Standard Conditions of the agreement.

Article 21. Settlement for the Provided Guaranteed Capacity

1. The cost of the guaranteed capacity shall be compensated to the relevant guaranteed capacity sources on daily basis, taking into account the confirmed readiness period of the guaranteed capacity source, but not exceeding the number of days set by the Commission for the relevant source of guaranteed capacity. Compensation of the cost of guaranteed capacity to the guaranteed capacity sources is carried out despite its output of electricity (delivery to the bus bar) for the same period, based on the standard conditions or within the terms provided for in Clause 23.4 of the Law of Georgia on Electricityand Natural Gas. *(04.03.2014)*

2. The guaranteed capacity sources provided for in Clause 20.9 of these Rules shall charge the Electricity Market Operator for the cost of guaranteed capacity based on the guaranteed capacity tariff established by the Commission and the number of standby days during the settlement period, confirmed by the Dispatch Licensee. If from the beginning of the period set by the Commission for the guaranteed capacity source till the settlement period (including), total number of the guaranteed capacity source's standby days, confirmed by Dispatch Licensee, exceeds the number of days, determined by the Commission for the respective guaranteed capacity source, the guaranteed capacity source must bill for the guaranteed capacity cost based on the difference between the number of days established by the Commission and the total number of standby days confirmed by the Dispatch Licensee, from the beginningof balancing year until the settlement period. *(04.03.2014)*

3. Guaranteed capacity buyer qualified Enterprise - supplier of universal service, free supplier, supplier of electricity in form of the public service, the supplier of the last alternative, direct consumer, exporter and the persons, provided by these Rules (Article 3, Paragraph 2, Sub- paragraph "b.g.") are obliged to compensate the Guaranteed Capacity Fee (payable to the guaranteed capacity sources during the settlement period) to the Electricity Market operator, in proportion with actual consumption of Guaranteed Capacity buyer qualified Enterprise in total actual consumption and export or export share. *(21.06.2021, N1-1/257)*

Article 22. Responsibility of the Guaranteed Capacity Source and the Qualified Enterprise Purchasing Guaranteed Capacity

1. The guaranteed capacity sources is required to keep its production means in readiness and upon request of the dispatch licensee supply electricity to the energy system under the terms and conditions set forth by these rules. The guaranteed capacity sources is required, in agreement with the dispatch licensee, to repair the production means at least once a year.

2. System Commercial Operator does not represent the entity responsible for securing guaranteed capacity to the energy system. Such responsibility is borne by the relevant guaranteed capacity source.

Article 22[1]. Rule on Purchase and Sale of Electricity by the Guaranteed Capacity Source

1. The guaranteed capacity is at the disposal of the dispatch licensee. The guaranteed capacity source must subordinate the capacity to the dispatch licensee. Accordingly, the decision on utilization of the guaranteed capacity source and volumes and expediency of loading the production means under its possession is independently made by the dispatch licensee. The volume of the guaranteed capacity established by the Government of Georgia does not exempt the respective guaranteed capacity source from preserving its production means in the readiness mode under the terms of the production license and its technical parameters.

2. Sale of electricity generated by the guaranteed capacity source (delivered to the bus bar), among them the electricity generated during the testing (delivered to the bus bar) is performed through direct agreements or by means of the System Commercial Operator commensurate with this rules (balance electricity). *(21.06.2021, N1-1/257)*

3. Electricity (except of the balancing electricity) determined by paragraph 2 of this article, shall be sold to the Universal Service provider and to the supplier of electricity in the form of public services under direct agreements. *(28.12.2021; N1-1/580)*

4. paragraph 3 of this article does not applyto the Guaranteed Capacity Sources built from 2010 *(24.10.2017 N67)*

Chapter VII. Electricity Losses in the Transmission Network (Electricity consumed for technological process)

Article 23. Electricity purchase and indemnification for losses in the network *(25.04.2007 N31)*

1. Electricity (capacity) is purchased by a qualified enterprise at the busbar owned by electric energy (capacity) producer, and in case of import – at the appropriate receiving point of connection with the system of a neighboring country.

2 The dispatch licensee calculates the actual losses from the differences of totally metered volume of electricity in the receipt and delivery points per each calculation period and the electricity metered in the safety mode of electricity transmission line (lines) intended for intersystem transit (interchange) from the side of neighboring country's electric energysystem. *(18.10.2013)*

21. The dispatch licensee calculates the actual average loss from the difference between the volume of actual loss calculated in compliance with the Clause 2 of Article herein, from one hand and on the other hand: the electricity metered in the safety mode of electricity transmission line (lines) intended for intersystem transit (interchange) from the side of neighboring country's electric energy system as well as total of the electricity volume, flown during the synchronization of the line. *(18.10.2013)*

22. The dispatch licensee shall submit the indicators (values and percentage values) of actual loss and actual average loss to the System Commercial Operator not later than 7th day of the month followingthe calculation period. *(18.10.2013)*

3. For the purpose of fulfilling the clause 1 of this Article, the electricity, bought by the buyer Eligible Enterprise (except for the Electricity Market Operator and the Dispatch Licensee in cases determined by sub-clause (c) of clause 2 of Article 3 of these Rules) through the direct contract, including the electricity purchased under the Standard Conditions of direct contract is determined by the amount of consumed electricity registered in relevant energy deliverypoints, whereas the Dispatch Licensee shall purchase a quantity of electricity quate to the actual average loss, in order to cover the losses in the transmission network. *(04.05.2018 N1-1/230)*

31. For the purpose of ensuring the electricity (capacity) transit by the Electricity Dispatch System Operator during the reporting period, the losses and the amounts of electricity, to be purchased, adequate to the losses in the transmission network are calculated by means of proportional distribution of the electricity relevant to factual average losses between the factual total consumption and the electricity transit volume(s) of buyer qualified Enterprises (supplier of universal service, free supplier, supplier of electricity in form of the public service, the supplier of the last alternative, distribution licensee (in terms of the purchased/received electricity in purpose of covering the loss in distribution network), direct consumers and exporters) during the respective reporting period. *(21.06.2021, N1-1/257)*

32. The amounts of electricity, appropriate to the loss in distribution network of electricity, to be purchased by the distribution licensee within settlement period, are calculated as following: the electricity, distributed (transmitted) for the qualified enterprises shall be subtracted from the amount of electricity, received in network of distribution licensee. *(21.06.2021, N1-1/257)*

4. Standard losses in the distribution network shall be compensated by retail customers and those Qualified Enterprises that receive electricity from a distribution grid. The value of electricity losses is included into the relevant tariffs bythe Commission.

41 . Balancing Electricity is the electricity adequate to the losses in the transmission network and Dispatch Licensee shall buy it from the Electricity Market Operator under Standard Conditions of Direct Contract. *(04.05.2018 N1-1/230)*

4^2. The amounts of electricity, appropriate to the loss in distribution network, represents the balancing electricity and it shall be purchased by the distribution licensee from Electricity Market Operator under the standard conditions of direct agreements. *(21.06.2021, N1-1/257)*

5. Quantitative indicator of over normative losses for the specific calendar year represents the positive difference between the amount of losses in the transmission network and the amount of electricityadequate to the percentage of normative losses. *(04.05.2018 N1-1/230)*

Article 23^1. Purchase of Electricity by the Generation Licensee or Small Power Plant for General Utilization of the Station

In the period of idleness of the electricity production means by the generation licensee or small power plant, the electricity for general utilization of the station is secured from the other qualified enterprise by means of the relevant electricity (capacity) purchase and transmission- dispatch and transit service agreement or from the commercial operator of the system under the standard terms".

Chapter VIII. Settlement

Article 24. Removed

Article 25. Presentation of financial guarantees

1. If a qualified enterprise delays payment of cost of purchased electricity (capacity) or/and transmission, dispatch and passing through fee for more than 5 days, electricity (capacity) seller or transmission, dispatch and relevant distribution licensee are authorized to request bank guarantees from the relevant qualified enterprise for ensuring payment of the cost of the electricity (capacity) and transmission, dispatch or/and passing though service fee for the upcoming settlement period *(25.04.2007 N31)*

2. If a Qualified Enterprise fails to present a financial guarantee, the Commercial Operator is fully authorized to prevent participation of such Qualified Enterprise in balance electricity trade, while the Generation Licensees, small power plants, Transmission and Distribution Licensees shall have a right to terminate supply of electricity (capacity) and/or provision of services to such customers in compliance with these Rules.

3. If qualified enterprise, purchasing electricity (capacity) or/and transmission, dispatch and passing through services (among them balance electricity), delays paying cost of purchased electricity (capacity) or service fees, this enterprise is obliged to reimburse the damage related to such delay. *(25.04.2007 N31)*

4. Within 27 days after completion of settlement period (if not otherwise defined in the direct contact) in case of nonpayment by the qualified enterprise of the cost of electricity or service fees within a defined time period or in case of failing to present bank guarantees, commensurate with this Article, qualified enterprise, selling electricity (capacity) or any relevant licensee, providing service are authorized to demand termination of the relevant direct contract from electricity dispatch licensee, *(25.04.2007 N31)*

5. Removed

6. supplier of universal service, free supplier, supplier of electricity in form of the public service, the supplier of the last alternative, while registering as a participant of wholesale trade according to the Article 3 of these rules, shall submit the unconditional and undertaking bank guarantee to Electricity Market Operator in purpose of ensuring the compensation of the cost of guaranteed capacity (to be purchased), the fee of service, conducted by Electricity Market Operator and the cost of balancing electricity (capacity). For this purpose, the unconditional and undertaking bank guarantee shall be issued by a commercial bank licensed by the State or a bank of the member country of Organization for Economic Co-operation and Development („OECD").

In last case, the bank guarantee, issued by bank of the member country of „OECD“, shall be reinsured by the a commercial bank licensed by the State based on a counter-guarantee. The amountof bank guarantee is determined by Electricity Market Operator and its amount shall not exceed thetotal cost of forecast volume of guaranteed capacity and balancing electricity, to be purchased within2 (two) month and the total price of service of Electricity Market Operator. The term and other conditions of the bank guarantee are determined by Electricity Market Operator for the suppliers, stipulated in this paragraph, during 3 (three) working days after their written application. The term of the bank guarantee shall not exceed 45 calendar days following the month of completion of purchasing of balancing electricity. In case of increasing the price of agreement, the eligible personshall make relevant the submitted bank guarantee to the changed conditions, otherwise it isconsidered that the bank guarantee is not submitted. The bank guarantee is considered as unpresented, if supplier of universal service, free supplier, supplier of electricity in form of the publicservice, the supplier of the last alternative will not add to the bank guarantee the amount of money(stipulated in the bank guarantee), used by Electricity Market operator and will not submit such guarantee to it. *(01.09.2021, N1-1/257)*

Article 25[1]. Termination (Curtailment) of Electricity Supply

1. The basis for terminating (curtailing) electricitysupplyto the qualified enterprise is as follows:
a. On the basis of the standard terms of the direct contract on balance electricity purchase, the non payment of the cost of balance electricity purchased by the wholesale trading participant within the timing established by the standard terms, also, violation of other obligations envisaged by the standard terms;
b. Non-payment of the cost of guaranteed capacity secured on the basis of the standard terms of the direct contract on sale of the guaranteed capacity within the timing established by the respective agreement, also violation of other terms of the relevant agreement;
c. Non-payment of the electricity transmission and or dispatch cost within the timing established bythe relevant service agreement, also violation of other terms of the respective agreement;
d. Non-payment of the cost of service of the commercial operator of the system within the terms established bythese rules.
2. The dispatch licensee terminates (curtails) electricity supply to the qualified enterprise on the basis of the notice of the System Commercial Operator or the transmission licensee or at own discretion;
3. As of the moment of receiving the notice from the interested party, the dispatch licensee is required to notify relevant qualified enterprise on termination (curtailment) of the electricity supply 72 hours earlier. If, meanwhile the interested party’s notice sent to the dispatch licensee or the decision of the dispatch licensee is not changed, the latter enforces termination (curtailment) of the electricity supply to the qualified enterprise. All qualified enterprises are obliged to perform the request of the dispatch licensee regarding electricity supply termination (curtailment). Request of the dispatch licensee regarding electricity supply termination (curtailment) to the qualified enterprise applies to the delivery points, from which qualified enterprise receives the electricity as a retail customer. (24.08.2015 #82)
4. The dispute associated with termination (curtailment) of the electricity supply, shall not become basis for electricity supply termination (curtailment), unless there is a decision of the authorized establishment in place. The issue of compensation of damage incurred to the qualified enterprise as a result of groundless termination (curtailment) of the electricity supply is resolved consistent with the effective legislation.
5. In case of failure to pay the cost of electricity transit, the service termination terms are regulated by the relevant transit agreement. On this basis, termination (curtailment) of the electricity supply shall be exercised with mandatory adherence to the notification term established by paragraph 3 of this article, on which the dispatch licensee and the System Commercial Operator should be duly notified.
6. Resumption of the electricity supply is done on the basis of notice of the commercial operator of the system or transmission licensee or at own discretion.

7. Requirements of this Article also apply to those entities which do not represent the qualified enterprises as of the moment of payment of the cost of balance electricity, guaranteed capacity, transmission, dispatch, service fee of the commercial operator of the system.
8. Electricitytermination (curtailment) shall not be exercised during holidays.

Article 26. Data Collection

1. All Qualified Enterprises shall use the equipment owned or/and managed by them to meter the amount of electricity generated, delivered at the buss-bar, transmitted, consumed, supplied or distributed bythem in compliance with these Rules. *(21.06.2021, N1-1/257)*

1^1 For the purpose of paragraph 1 of this article, distribution licensee shall seperately meter the amount of distributed electricity, including for the supplier of universal service, free supplier, the supplier of electricity in the form of the public service, the supplier of the last alternative, and the loss in distribution network. These data shall be submitted to the Electricity Market Operator with appropriate report, confirmed by all parties. *(21.06.2021, N1-1/257)*

2. The Qualified Enterprises shall ensure access of the Dispatch Licensee, Commercial Operator and the counter-agent partyto the above data.
3. Registers for recording readings of settlement meters and technical meters shall be kept at the receipt and delivery points located at stations and substations and the data shall be signed by the parties, Dispatch Licensee and the Commercial System Operator. The register shall contain hourly readings of settlement meters and technical meters.
4. At stations and substations where taking hourly meter readings is impossible meter readings shall be taken and recorded in the register at least once in 10 days. The list of such stations and substations shall be developed bythe Commercial System Operator.
5. At the end of each settlement period the Qualified Enterprise shall elaborate the acceptance report (reports) in the presence of the authorized representatives of all parties, based on meter readings recorded in the register (according to voltages) and in compliance with the set format.
6. Acts can be drawn up in material or electronic form, through a qualified electronic signature, in accordance with the Law of Georgia on Electronic Documents and Electronic Trusted Services. In case of concluding acts in material form the number of original copies of the acceptance report depends on the number of the Qualifies Enterprise's counter agent parties; two originals will be submitted to the Commercial Operator and Dispatch Licensees (for each). *(02.06.2020 N1-1/202)*
7. Persons responsible to control metering at stations and substations are appointed by the Qualified Enterprises and Transmission Licensees based on an order. This person shall systematically control accuracy of meter readings, records made in the register and development of balances at stations and substations.

8. Data, stated in the relevant operational data statement, shall be passed to the commercial operator of the electricity system and dispatch licensee upon completion of the reporting period, also an act (using data of the upper level ESKAA system) appropriately executed and certified by a qualified enterprise in material form or compiled in electronic form, shall be submitted to the dispatch licensee not later than 2 days after completion of reporting period; such licensee checks it and in case of any remarks, it shall act in accordance with the rules established by paragraph 11 of this Article. In the absence of comments, it checks them, after which the acts of receipt and delivery of consumed electricity are immediately verified by the transmission licensees. The dispatching licensee shall deliver the originals (in case of electronic registration, a certified version of the act through the electronic system) of the certified act to the Electricity Market Operator no later than 2 working days after the receipt of the materially certified act by the transmission licensees. The Electricity Market Operator shall send the acts submitted in material form to the qualified enterprises no later than 2 working days. *(02.06.2020 N1-1/202)*

9. In case of a failure to submit such Reports within the defined timeframe the Qualified Enterprise shall paypenaltyin compliance with the agreement signed with the Commercial operator.

10. Amendments to the acceptance reports of generated, delivered and consumed electricity shall be carried out in accordance with the same rules valid for issuing acceptance reports.

11. If dispatch licensee disagrees with the data, indicated in the submitted handover act, it shall immediately notify of the above commercial operator of the electricity system by indicating valid reasons of disagreement, Working group, including commercial operator of the electricity system, dispatch licensee and relevant qualified enterprise is established to resolve the disagreement. The group shall makethe decision commensurate with item 4, Article 27 of this Rules. *(25.04.2007 N31)*

Article 27. Meter Reading Register and Data Management

1. The Commercial Operator shall enter the electricity generation, supply and consumption data from the Acceptance Reports into the integrated data base of wholesale sale and purchase.

2. System Commercial Operator within seven calendar days shall process actual data supplied by the dispatch licensee by means of comparing them with the agreement volumes and electricity acceptance certificates and shall submit to the qualified enterprises and transmission-dispatch licensees the information regarding their performance of the agreements registered bythem duringthe settlement period, volumes of balance electricityreceived in the energysystem and the supplied electricityvolumes.

3. If Qualified Enterprises disagree with the information processed bythe Commercial Operator they shall, within 2 days, notifythe Commercial Operator about their disagreement specifying well-grounded reasons. A task force shall be formed to resolve the dispute with participation of the Commercial Operator, Dispatch Licensee and the relevant Qualified Enterprise.

4. Working group makes final decision by simple majority of votes within two working days. Decision made by the working group shall be executed as minutes. If a party disagrees with the decision made by the working group, it may file an appeal against this decision, commensurate with the Georgian legislation. *(25.04.2007 N31)*

5. Handover acts of generated, transferred, delivered and consumed electricity and official information presented by the commercial operator of the electricity system commensurate with the Article 15 of these Rules serve as a basis for exercising the final settlement between the Parties, among them for adjusting the settlement, based on the information indicated in the log book. *(25.04.2007 N31)*

6. Within 20 days after completion of the reporting month, commercial operator of the electricity system presents to the qualified enterprise final information for settlement which is based on proper processing(analysis) of the relevant information submitted bythe dispatch licensee *(25.04.2007 N31)*

Chapter IX. Electricity (Capacity) Transmission and Dispatch Services

Article 28. Electricity (capacity) transmission, dispatch and pass through service ***(28.06.2007 N46)***

1. Electricity transmission, dispatch, transit and wheeling services shall be carried out only based onthe relevant agreement on purchase of electricity transmission, dispatch and transit services, while in cases provided for in the legislation – based on standard conditions of a direct agreement on electricity transmission, dispatch and transit services, registered in compliance with the set rules. *(11.02.2014)*

2. Qualified Enterprises (distribution licensees, the supplier of universal service, free supplier, the supplier of electricity in form of the public service, the supplier of the last alternative, direct consumers, exporters, as well as electricity generators – if the power plant purchases electricity to cover its total home consumption or if a small power plant sells electricity to a retail consumer connected to the bus/grid owned by the power plant) shall carry out settlement with the Electricity Dispatch System Operator, based on every kWh of electricity consumed (metered) at the delivery points, using the tariff set bythe Commission for such services. *(21.06.2021, N1-1/257)*

2.1 In case of purchase of electricityto provide for total home consumption, the distribution licensees, the supplier of universal service, free supplier, the supplier of electricity in the form of the public service, the supplier of the last alternative, the direct customer and the electricity generators shall pay (except the tariff, fixed for the services of new transmission line, intended for the intersystem transit (flow)) for these services , with the tariffs established bythe Commission on entire volume of every kWh of electricity, consumed and recorded at the delivery points. *(21.06.2021, N1-1/257)*

2.2 Except for the cases provided for in Paragraph 2^3 of this Article, exporters shall carry out settlement with the Transmission Licensee based on the whole amount of electricity exported through a cross-border transit line (regardless ownership of the line), using the tariff set by the Commission for such services (with the exception of tariffs set for services provided through the new cross-border transit [interconnection] line). *(11.02.2014)*

2 [3]If an exporter exports electricity by means of the new cross-border transit [interconnection] line, the exporter shall carry out settlement with the Transmission Licensee based on the whole amount of electricity exported through the new cross-border transit [interconnection] line, using all tariff setby the Commission for the Transmission Licensee (including the tariff set for services provided through the new cross-border transit [interconnection] line. *(11.02.2014)*

3. (Removed) *(03.07.2017)*

Article 29. Purchase Agreement on electricity (capacity) transmission, dispatch or/and pass through service *(25.04.2007 N31)*

1. Direct Agreements for Purchase of Electricity (Capacity) Transmission, Dispatch and Transit Services shall be submitted to the Dispatch Licensee for registration.

2. Any amendments/additions to the Direct Agreement shall be made in writing. Such amendments shall be submitted to the Dispatch License for registration.

3. All Qualified Enterprises shall have a Direct Agreement on Electricity (Capacity) Transmission and Dispatch Services. If a Qualified Enterprise refuses to sign a Direct Agreement on Electricity (Capacity) Transmission and Dispatch Services or if the Direct Agreement is terminated, the transmission and dispatch services shall be provided based on the standard conditions of a Direct Agreement on Electricity (Capacity) Transmission and Dispatch Services. The standard Direct Agreement conditions shall not be applied to the transmission and/or dispatch services provided for electricity export and/or transit. The standard Direct Agreement conditions shall be applied if there is no direct agreement signed with the concrete Qualified Enterprise, unless absence of such agreement is caused by the Qualified Enterprise's failure to meet the agreement conditions or legal requirements. (04.03.2014)

4. Qualified enterprise is authorized to refuse passing electricity (capacity) through their own network to the interested party, except for the cases when the refusal is due to nonpayment of relevant fee for passing though or network capacity. Except for transmission network, relevant

authorized person may request electricity (capacity) passing through the networks of generation or distribution licensee and small hydro power plant (SHPP) or /and direct customer. *(25.04.2007 N31)* In such cases:

a) if an interested entity requests to transmit electricity (capacity) through a network owned by the Generation or Distribution Licensee, small power plant or direct consumer, such transit of electric power (capacity) does not oblige the owner of the network to supply the power (capacity) required to balance the actual consumption (if the power transit agreement does not provide for otherwise). Consequently:

aa) if there is no agreement for the supply of electricity (capacity) required to balance actual consumption, and there occurs an unauthorized use of the electricity (capacity) of the owner of the network, the owner of the network is entitled to claim the compensation for the incurred losses and request the payment of the amount of electricity (capacity) used without permission in the appropriate settlement month at the highest price of electricity (capacity) purchased by him;

ab) Above-standard losses in the electric network shall be reimbursed by the owner of the electric network at the highest price of electric power (capacity) purchased to satisfy the needs of actual consumption of the consumer (receiver).

b) If the service of requested transit involves a distribution network, according to the effective legislation, the transit fee is determined bythe commission;

c) If the service of requested transit involves such network, which is not owned by the distribution licensee, the owner of the network under the Civil Code of Georgia is obliged, in order to ensure proper connection, to tolerate the use of his network and receive appropriate compensation for such use (transit of electricity (capacity)) on the basis of mutual agreement between the parties;

5. Generation licensee or SHPP, based on the relevant request are authorized to deliver electricity (capacity) to the direct customer or/and other qualified enterprise through their own network. In this case electricity supplier shall undertake the obligation of delivering electricity (capacity) needed for balancing consumption, if not otherwise defined in the agreement executed between them**.** *(25.04.2007 N31)*

7. 6. removed *(21.06.2021, N1-1/257)* Removed *(21.06.2021, N1-1/257)*

Chapter IX1. Operation in the parallel regime of the Electricity System *(25.04.2007 N31)*

Article 29[1] Management, Performance and Settlement of Operations in Parallel Regime

1. The agreement for operation in parallel regime entered by the dispatch licensee based on the preliminary agreement with the Commercial Operator shall serve for the sustainability and stability of power systems of both Georgia and its neighboring countries on the basis of bilateral balance (interchange) of existing capacities in the connected electrical systems.

2. The actual demand of qualified enterprises is satisfied by the electricity (capacity) flowing into the Georgian energy system in parallel regime, at the expense of the electricity (capacity) flowing from the energysystem of a neighboring country.

3. The operation of the Dispatch Licensee in parallel regime (connection) with the neighboring energy systems requires cooperation between the Dispatch Licensee and the Commercial Operator (this can be specified in detail in the memorandum of collaboration).

4. The Dispatch Licensee technically controls the inflow and outflow of electric power in the Georgian energy sector, and the final analysis of the information provided by the Dispatch Licensee for the purpose of it being reflected in the settlement information is carried out by System Commercial Operator.

5. In parallel regime, the outflow of power (capacity) from the Georgian power sector to the power sector of a neighboring country is carried out at the expense of the returned (supplied) power (capacity) byrelevant generation, distribution and/or direct consumers.

6. In parallel regime, the inflow of power into the energy system of Georgia and the return of power consumed (received) by a qualified enterprise shall be carried out by the same volume of power, according to the schedule agreed with the Commercial Operator of the System and the Dispatch Licensee or/and while operating in parallel regime for the energy system of the neighboring country in case of need for this energyor at their request.

7. The qualified enterprises are obliged to return to the Dispatch Licensee the received or consumed power (capacity) in parallel regime in the same volume of energy purchased or generated on the basis of direct contract, this request with the relevant qualified enterprise, which is defined by Commercial Operator of the System in advance.
8. If a qualified enterprise has no relevant sources of electric power (capacity) purchased or generated under a direct contract, the return (offset) of the consumed (received) power will be carried out on standard terms by purchase of balance electricity.
9. The actual losses of electric power originated in Georgian system as a result of interflow of electric power (capacity) during validity period of the contract while operating in parallel regime will be covered at the receiving point, individually by those qualified enterprises, which received (consumed) inflow of electric power for ensuring their actual need.
10. While billing qualified enterprises for inflow of electric power (capacity) in parallel regime, billing rules and characteristics as well as calculation of actual losses of electric power (capacity) in transmission network specified bythe present Rules are applied.
11. Along with the contract of operation of electric power systems in parallel regime other power import or/and export contracts may be in force in the same electric power system of the neighboring country.
12. In contrast to power (capacity) import and export activities the operation of electric power systems in parallel regime (interflow of electric power (capacity), is not an economic activity.
13. If it is necessary to cancel the contract on operation in parallel regime, the decision is made only by mutual agreement of the Dispatch Licensee and System Commercial Operator, so as to meet the legal requirements of qualified enterprises in the system. The same condition shall be observed when the term of the contract on parallel operation is expiring.
14. After termination of the contract on parallel regime balance – interflow of power (except zero balance) is considered as power export or import. Likewise in the part of balance electricity the Dispatch Licensee is an importer or exporter, where, in case if:
a) The balance-interflow of electric power from Georgia is above zero and the amount paid by the neighboring country to the Dispatch Licensee does not meet legal requirements of qualified enterprises in the electric power system of Georgia, the difference shall be compensated by the Dispatch Licensee.
b) The balance-interflow of electric power to Georgia is less than zero and the qualified enterprises must return to the Dispatch Licensee electric power (capacity) received during the parallel regime and consumed by them, they are obliged to pay to the Dispatch Licensee at the price established for balance-inflow of the relevant contract on operation in parallel regime (or at the constructed value specified bythis contract).”

Chapter X. Electricity (capacity) Balance

Article 30. Electricity (capacity) Annual Balance

1. In order to make an annual forecast of electricity (capacity) balance, no later than November 1 of each calendar year the Dispatch Licensee shall receive from Qualified Enterprises standard applications for electricity (capacity) supply-demand for the following year starting from January 1 through December 31. *(04.03.2014)*
2. Not later than November 20 of each calendar year the Dispatch Licensee shall develop a projected electricity (capacity) balance for the next year, based on the received applications and taking into account actual balance of the electricity (capacity) for the previous year and send it to the Ministry for approval. *(04.03.2014)*
3. No later than December 1 of each year the Ministry shall approve the forecast electricity (capacity) balance submitted by the Dispatch Licensee. The annual electricity (capacity) balance shall cover the period of the following year from January
1 through August 31 (balance year) *(04.03.2014)*
4. While requiring dispatch license qualified enterprise shall additionally submit the application for correction of annual balance. *(25.04.2007 N31)*

Article 31. Supply and Consumption Schedules

1. The Dispatch Licensee shall elaborate monthly forecasts and daily/hourly plans of generation and supply sources within the approved electricity (capacity) balance, based on monthly and daily/hourlysupply and demand applications submitted by the Qualified Enterprises, and taking into account theexpected regimes and resources of the power system.
2. For the purpose of monthly planning and pursuant to the requirements of the instruction, provided bythe Paragraph 24 of this Article:
a) The Eligible Enterprises (except for importers and exporters) shall send to the Dispatch Licensee the samples of hourly schedules of consumption and supply for the next reporting period, four days prior the mentioned reporting period, including the volumes to be purchased or sold through the direct contracts during the respective reporting period;
b) The importers and exporters shall send to the Dispatch Licensee the samples of hourly schedules of import and export for the next reporting period, 10 days prior the mentioned reporting period, including the volumes to be purchased or sold through the direct contracts during the respective reportingperiod. *(1.03.2016 N9)*
21. For the purpose of daily planning, 1 (one) working day in advance, the Qualified Enterprises (except importers and exporters) and 2 (two) working days in advance the importers and exporters shall submit to the Dispatch Licensee the consumption and supply applications for the following working day, while in case of non-working days
- the demand and supply applications for the following non-working day and the very first working day, in compliance with the instructions provided for in Clause 2^4 of this Article. *(04.03.2014)*
22. Based on the hourly demand and supply applications received from the Qualified Enterprises, the Dispatch Licensee shall work out and approve the electricity (capacity) supply and consumption plan. In case of any inconsistencies in the consumption and supply applications submitted to the Dispatch Licensee, the Dispatch Licensee shall immediately notify the Qualified Enterprises, specify the reasons and offer to correct the inconsistency within the deadline provide for in the relevant instruction. If no agreement is achieved with the Qualified Enterprise or if the Qualified Enterprise fails to respond on time, the Dispatch Licensee shall have the right to work out and approve consumption and supply balances and the electricity (capacity) supply and consumption plans at the Dispatch Licensee's own discretion, taking into account the expected regimes and resources of the power system. *(04.03.2014)*
23. If the supply and consumption applications for each calendar day or their inconsistency corrections are not provided within the deadlines provided for in Clauses 2^1 and 2^2 of this Article, within 3 working days after the end of the reporting period the Dispatch Licensee will work out corresponding summarizing information and assessments and publish them on the Dispatch Licensee's web page. *(04.03.2014)*
24. The application forms (monthly, daily/hourly), as well as the instructions for making forecasts and daily/hourlyplans must be developed and approved bythe Dispatch Licensee. *(04.03.2014)*
3. The Electricity Dispatch Licensee shall officially publish on its web page www.gse.com.ge the information regarding daily/hourly electricity (capacity) consumption and supply schedules immediatelyupon approval of such schedules, in compliance with the instruction provided for in Clause 2^4 of this Article. Publication of such information on the web page by the Dispatch Licensee shall be considered as official publication. *(04.03.2014)*
4. Implementation of the electricity (capacity) consumption and supply schedules developed by the Dispatch Licensee shall be mandatory for all the persons involved in electricity generation, export, import, transmission, distribution, dispatch, consumption and transit. These schedules impose specific obligations and responsibilities upon each of them. The approved daily consumption and supply schedules shall not be subject to revision and/or correction except for emergency situations and other cases provided for in the legislation. *(04.03.2014)*
5. Qualified enterprises shall unconditionally fulfill active requests of dispatch licensee, except for the cases envisaged bythe legislation**.** *(25.04.2007 N31)*
6. Removed.
7. The Dispatch Licensee shall:
a. Plan and dispatch the integrated electricity system in such a way that ensures correspondence of its parameters (frequency, voltage etc.) with the set standards;
b. Balance electricitysupply and consumption at anytime;

c. By observing the terms of these rules, deliver on the daily basis to the commercial operator of the electricity system the available information on electricity (capacity) received or delivered in the delivery and receipt points, electricity represented in the delivery and consumption schedules and actually metered electricity (delivered or/and consumed) and also information on implementation of the direct contract and in addition dispatch licensee shall supply on the daily basis records of these guidelines and instructions issued in the previous day by indicating all the changes made in the preliminaryplanned electricity(capacity) generation or/and delivery. schedules *(25.04.2007 N31)*

8. In case if terms of a certain agreement is failed to be appropriately fulfilled due to the technical problems existing in the power system, and this non fulfillment will clearly influence implementation of the contract within the reporting month, dispatch licensee shall immediately notify the Parties of the above and at the request of one of the contractual Parties shall prepare written confirmation indicating the reasons causing non fulfillment of direct contractual terms (within the terms defined in the paragraph 9 of this Article**)** *(25.04.2007 N31)*

9. Well-organized notifications, requests, or/and assignments of the dispatch licensee shall be registered by the both sides. Registration may be conducted both in writing and by audio recording. Efficient notifications, requests, or/and assignments of the dispatch licensee is a publish information. Records of efficient notifications and requests shall be issued by the dispatch licensee within 3 working days after the request made bythe interested qualified enterprise. *(25.04.2007 N31)*

Chapter XI. Wholesale Metering of Electricity

Article 32. (Removed) *(9.06.2015, N58)*

Article 33. (Removed) *(9.06.2015, N58)*

Article 34. (Removed) *(9.06.2015, N58)*

Article 35. (Removed) *(9.06.2015, N58)*

Article 36. (Removed) *(9.06.2015, N58)*

Chapter XI[1]. Deregulated Power Plants *(25.04.2007 N31)*

Article 36[1]. Small Capacity Power Plants *(10.11.2008 N98)*

1. If the electricity released by small capacity power plant at receipt point has not been purchased (totally or partly), based on direct contract signed in advance, small capacity power plant is considered a seller of electricity to the System Commercial Operator by direct agreement made in compliance with Standard Conditions.

2. Within the scope of the direct agreement made in compliance with Standard Conditions, Electricity Market Operator shall make settlement when purchasing balance electricity from the deregulated small capacity power plant:

a) from September 1 to May 1 of each calendar year, with the tariff for the production of electricity from a source of guaranteed capacity built after 2010, which was determined to be the highest tariff based on the relevant tariff methodology established by the Commission. When making calculations, the Electricity Market Operator does not take into account the tariff of the guaranteed power source for the reporting period in which the test of the guaranteed power source was carried out.

Note: If the tariff for the production of electricity from a guaranteed power source, provided for in subparagraph a of clause 2 of this article, is not determined in any reporting period from September 1 to May 1, the Electricity Market Operator is obliged to make calculations based on the appropriate tariff methodology established by the by the commission and determined in the previous reporting period of this article at the highest tariff for the production of electrical energy

from a source of guaranteed capacity, provided for in subparagraph a of clause 2. The previous reporting period does not mean the period from May 1 to September 1. (26.03.2024; N1-1/121)

b.From May 1 till September 1 of every calendar year - at the tariff of that power plants that have adjustable fixed tariffand to that the lowest tariff is set bythe Commission. *(28.02.2022 N1-1/84)*

3. Small capacity power plant may purchase electricity for the purpose of ensuring relevant execution of the agreement on electricitygenerated bythese plants; the volumes should not exceed
2. the framework of forecasted volumes proposed in electricity(capacity) forecasted balances.

Article 36[2] . Newly Built Power Plant *(5.12.2011 N 251)*

1. If the electricity, released by newly built power plant at a receipt point, has not been purchased (totally or partly) based on direct agreement (including direct agreement made in compliance with the current legislation or/and GoG legal act signed between the qualified enterprise, owner on the power plant and System Commercial Operator), such newly built power plant is considered a seller of electricity to the System Commercial Operator by direct agreement made in compliance with Standard Conditions.

2. Within the scope of the direct agreement, made in compliance with Standard Conditions, Electricity Market Operator shall make settlement when purchasing balance electricity from the newlybuilt power plant:

a) from September 1 to May 1 of each calendar year, with a tariff for the production of electricity from a source of guaranteed capacity built after 2010, which was determined to be the highest tariff on the basis of the relevant tariff methodology established by the Commission but no more than on the basis of the current legislation between the operator of the electrical energy market and the relevant person at the price specified in the concluded agreement “On the guaranteed purchase of electrical energy." When making calculations, the Electricity Market Operator does not take into account the tariff of the guaranteed power source for the reporting period in which the test of the guaranteed power source was carried out.

Note: If the tariff for the production of electricity from a guaranteed power source, provided for in subparagraph “a” of paragraph 2 of this article, is not determined in any reporting period from September 1 to May 1, the electricity market operator makes the calculation determined in the previous reporting period in accordance with clause 2 of this article, with the highest tariff for the production of electrical energy from a source of guaranteed capacity, provided for in sub-clause “a.”. The previous reporting period does not mean the period from May 1 to September 1. (26.03.2024; N1-1/121)

a. From May 1 till September 1 of every calendar year - at the tariff of that power plants that have adjustable fixed tariffand to that the lowest tariff is set bythe Commission. *(28.02.2022 N1-1/84)*

Chapter XII. Resolution of Disputes

Article 37. Resolution of Disputes

All disputes that may arise in connection with the Rules shall be resolved according to Georgian Legislation

Article 37[1]. Temporary Rule on Securing System Reserve of Capacity *(28.06.2007 N4 till September 1, 2007)*

1. For the purpose to secure system reserve of capacity to the electricity system, commercial operator of the system on the basis of the contract executed with the guaranteed source of reserve purchases (makes reserve of) system reserve of capacityat relevant volume.

2. Commercial operator of the system should secure the energy system of Georgia with the systemreserve of capacitynot less than 10% of the forecast consumption of electricity.

3. System reserve of capacity is at the disposal of the dispatch licensee and is used for balancing supply-consumption of the electricity (capacity). Thereby, selling of electricity by the guaranteed source of reserve (relevant power generator), in the scope of the direct contract executed in advance, maybe exercised onlyupon prior agreement with the commercial operator of the system.
4. Distribution licensee, direct consumer and exporter shall compensate the commercial operator of the system the full cost of securing system reserve of capacity. Commercial operator of the system, if necessary, may apply the legislation and the means on imposing payment envisaged by these rules.
5. Commercial operator of the system collects the cost of the system reserve of the capacity from the distribution licensee, direct consumer and exporter and makes compensation to the relevant qualified enterprise.
6. Commercial operator may terminate effectiveness of direct contracts outlined in Article 1 against the power generating qualified enterprise in case of warning 20 calendar days earlier, unless otherwise envisaged bythe agreement executed between them.
7. Expiration of the effective term of this Article does not exempt parties from performing financial liabilities.

Chapter XIII. Transitional Provisions

Article 38. Issues to be Regulated for the Transitional Period with Regards to these Rules

1. Removed *(28.06.2007 N46)*
2. Supply of power in the territory of Abkhazia is exercised from Enguri HPP and Vardnili cascade HPP per established forecast balance volumes. HPP-s of Enguri and Vardnili cascade out of their generation deduct the volume supplied to Abkhazia territory for the relevant settlement period proportionate with their generation and record them according to the present rules and the established tariff. In case power supply to Abkhazia territory is exercised at the expense of the electricity purchased by the commercial operator of the system, Enguri HPP amd Vardnili cascade HPP are obliged to supply the commercial operator of the system electricity in equivalent volumes for the upcoming settlement periods. Commercial operator of the system is entitled to sell the indicated electricity at the price of the electricity purchased by it and supplied to Abkhazia territory. When exporting this electricity by the commercial operator of the system, the price formation is done consistent with the agreement executed on export and or exchange of electricity. Clause 6 of article 14 does not applyto these cases. *(31.10.2007 N88)*
3. In case of a failure to pay for electricity purchased by the Buyers from the Union (Association) Wholesale Electricity Market and membership fee in July and August 2006 the Wholesale Electricity Market is authorized to demand from the Dispatch Licensee to terminate electricity supply to such buyersof the Union (Association) Wholesale Electricity Market.
4. Removed *(31.10.2007 N88)*
5. According to this rule information is delivered in written. In addition, it may delivered by e-mail fax, telephone message or otherwise if it is preliminaryagreed upon ***(****25.04.2007 N31)*
6. Prior to improvement of metering systems technical equipment, among them prior to improvement of metering systems technical equipment needed for distribution among transmission licensees, amounts to be paid to system commercial operator or amounts to be received from this operator, be used the same ratio as set by the Commission and existing between the normative losses in the transmission network of JSC ”Sakrusenergo” and “Georgian State Electricity System LLC. In addition this item is effective till July2007. *(25.04.2007 N31)*
7. Upon the improvement of metering systems technical equipment or/and appearance of fulfillment options of the terms set forth in the sub item b, item 3, Article 32 of these rules within the scope of relevant transmission network, dispatch licensee shall notify the Ministry on the above and indicate the results achieved though this improvement, among them options related to improvement of accurate metering of delivered and transmitted electricity (capacity) in the transmission network. *(25.04.2007 N31)*
8. Paragraph 5 of Article 13 and paragraph 8 of Article 31 shall be enforced from 1 July2007.
9. Before the Generation licensee or small capacity power plant puts in order the electricity metering system (within the period envisaged byParagraph 6 of the Article herein), in the even of

outage of electricity generation facility for less than one settlement period, in case of positive difference between the received and generated electricity during this period, settlement of received residue shall be carried out based on the direct contract on electricity (capacity) purchase and service except when utility consumption is fully compensated by the direct contracts signed on electricity (capacity) purchase and service with other qualified enterprises.

10. For the settlement period if November 2007, forecast capacities to be reserved under the agreement registered in a standard form with the dispatch licensee, shall not be calculated, those sources of generation, which will secure the capacities not reserved bythe qualified enterprises for the settlement period of November 2007 shall not be selected, and the compensation of securing system reserve of capacity shall be exercised according to the agreement (on securing system reserve of capacity) drawn up in a standard form and registered with the dispatch licensee and on the basis of actually secured capacities of the system reserve identified by means of testing by the dispatch licensee. *(31.10.2007 N88)*

Article 38[1]. Pre-registration Rule for Agreements Concluded before May 1, 2013 by the Project Company

Agreement (direct agreement on transmission or/and dispatch service, direct agreement on electricity export, agreement on electricity export) concluded by the project company before May 1, 2013, also electricity export transmission-dispatch service reservation agreement may be submitted for pre-registration to the dispatch licensee no later than November 1, 2013. In cases envisaged by this paragraph, provisions of subparagraphs 2-10 of Article 10[1] apply to the preregistration of a relevant agreement bythe Project Company.

Article 39. Special Rule of Allocation of System Reserve of Capacity in the Electricity System

a. For the purposes of this Article guaranteed source of reserve also includes the thermal power plants not envisaged as guaranteed source of reserve within the validity term of the electricity (capacity) forecast balance.

b. From May 1 till September 1 cost of system reserve of capacity will be reimbursed to the thermal power plants identified in the item 1 of this Article according to the annual generation volume (delivered at the buss-bar) but not more than 10% of supply volume (excluding electricity supplied to Abkhazia) envisaged by the electricity (capacity) forecast balance and of total annual export volume. Actual electricity volume delivered at the buss-bar by the thermal power plant during the current year will be subtracted from this volume.

c. Not later than May 1, 2009 guaranteed sources of reserve (thermal power plants) identified in the Item 1 of this Article shall submit to the Dispatch Licensee the application for guaranteed system reserve of capacity.

d. Within three calendar days after the receipt of the application for guaranteed system reserve of capacity, Dispatch Licensee shall register the volume of system reserve of capacity calculated as the difference between the volume indicated by the source in the application for guaranteed system reserve of capacity and its actual generation (delivered at the buss-bar) for each source indicated in this Article.

e. Equitable sharing of guaranteed system reserve of capacity among the Qualified Enterprises, purchasing system reserve of capacity shall be conducted from May 1, 2009 till August 31 2009 f. Not later than May 5, 2009 Dispatch Licensee shall submit the information indicated in Item 3 of this Article to the System Commercial Operator and guaranteed sources of reserve. Based on the obtained information System Commercial Operator within May –August 2009, not later than 10th day after each settlement month allocates the volume of system reserve of capacity (according to thespecific source of system reserve of capacity) to each Qualified Enterprise, purchasing system reserve of capacity proportionally according to the share of the corresponding Qualified Enterprise's actual consumption (during the same settlement period) in the total actual consumption of the Qualified Enterprises, purchasing system reserve of capacity. System Commercial Operator submits this information to the corresponding Qualified Enterprises.

g. Information envisaged in Item 6 of this Article represents the basis for settlement between the sources of system reserve of capacity and System Commercial Operator, and also between the Qualified Enterprises, purchasing system reserve of capacity and System Commercial Operator. Qualified Enterprises, purchasing system reserve of capacityreimburse the cost of system reserve

of capacity taking into account according the tariff (upper margin) of system reserve of capacity set for the relevant source under the legislation and volume of system reserve of capacity to be purchased by them, envisaged by the Item 6 of this Article, based on the direct contract with standard terms on securingsystem reserve of capacity.
h. This Article applies solely to the sources of system reserve of capacity envisaged under Item 1 of this Article, that submit application to the Dispatch Licensee, drawn up according to the rule set by this Article.

Article 40. Special Rule for Providing the Power System with Capacity System Reserve, during the Period of May 1- September 1, 2010

1. For the purpose of this article, the guaranteed reserve source shall include those thermal power plants, which have not been considered as guaranteed reserve sources during the period of September 1- May1, 2010.
2. From May 1 till September 1, 2010, the cost of system capacity reserve shall be compensated to the thermal power plants, stipulated in paragraph 1 of Article herein, according to the declared volume necessary for providing for the system capacity reserve but not more than deliverable (excluding the electricity, consumed on the Territory of Abkhazia) quantity, stipulated in the active forecast balance of electricity(capacity) and 10% of total annual volume of export.
3. Not later than May 10, 2010, the system capacity reserve sources (thermal power plants), defined in paragraph 1 of present article shall submit the application about the system capacity reserve, delivered during the period of May 1 - September 1, 2010, indicating exact points (by days) of future settlement period, during which the system capacity reserve will not be guaranteed, including the repair and/or preventive works.
4. Within three calendar days, after receiving the application on guaranteeing system capacity reserve, the dispatch licensee shall determine the volume of system capacity reserve, provided by respective source of system capacity reserve during each settlement period (May 10, 2010 – September 10, 2010). (Taking into account the restrictions, indicated in paragraph 2 of the article herein as well as periods of repair and/or preventive works, stipulated in the application about the system capacityreserve.)
5. Not later than May 15, 2010, dispatch licensee shall submit the information, stipulated in the paragraph 4 of Article herein to the System Commercial Operator as well as to the system capacity reserve sources. From May 10, 2010 till August 10,
2010, based on the received information, System Commercial Operator shall distribute the system capacity reserve volume among the system capacity reserve buyer eligible enterprises. It shall be distributed proportionally to the share of actual consumption or export of respective eligible enterprise in total consumption and export of system capacity reserve buyer eligible enterprises during the same settlement period. System Commercial Operator shall send the mentioned information (indicating specific source of system capacity reserve and volumes of provided) to the corresponding eligible enterprise.
6. The information stipulated in the paragraph 5 of the article herein represents bases for the settlement between the system capacity reserve sources and System Commercial Operator as well as between the system capacity reserve buyer eligible enterprises and System Commercial Operator. The system capacity reserve buyer eligible enterprises shall compensate the cost of provided system capacity reserve in compliance with the Direct Contract, drawn up in the form of standard conditions for guaranteeing system capacity reserve. The volume of system capacity reserve to be purchased according to the paragraph 5 of the article herein shall be taken into consideration.
7. The article herein applies only to those sources of system capacity reserve, envisaged in the paragraph 1 of the article herein, which are submitting the application to the dispatch licensee, following the rule set bythis article.

Article 41. Temporary Provisions

1. For the purpose of providing for testing of new transmission line intended for intersystem transit (outflow) no settlement is carried out on the electricityinflow (inflow and outflow) at the customs

border of Georgia till December 31, 2013. According to the Clause 2 of the Article 23, only positive difference (positive balance in Georgia, meaning import) between the volumes of electricity inflow and outflow during the testing (considered by this Clause) in one calculation period, which represents the electricityexpenditure in the transmission line is used as additional component of actual loss.

2. When calculating actual average losses determined commensurate to the Clause 21 of the Article23 of these Rules, onlypositive balance value considered bythe Clause 1 of this Article shall be additionally deducted from the value of actual losses, calculated according to the Clause 2 of the Article 23, during the period(s) determined bythe Clause 1 of this Article.

3. The Inflow and outflow of the electricity volumes (except the positive difference between the volumes of the electricity outflow during the testing considered by the Clause 1 of this Article) aimed at providing for the testing of the new transmission line intended for Intersystem transit (interchange) are not used during the calculation of actual losses for the corresponding calculation period.

4. For the purpose of determining, making public and allocating different types of the transmission capacity of the New Cross-Border Transmission (Interconnection) Line for the remaining period of 2013 and for the year 2014, the Dispatch Licensee shall make a separate decision and publish the following:

a) The deadline for determining and publishing the Net Transmission Capacity (NTC) of the transmission line provided for in Clause 14[15].1 of these Rules, as well as the deadline for determining and announcing ATC, ALC and NAC capacities and export directions for the following calendar year (years), bythe reporting periods;

b) The deadline for determining and announcing the renewed capacities of NTC, ATC, ALC (including AAC) and NAC of the line, transmission line provided for in Clause 14[15].2 of these Rules;

c) The deadline for submitting the applications provided for in Clause 14[15].3 of these Rules; Additional requirements for the participants of the capacity allocation process (including requirements set for renewable power plants which are under construction, referred to in Paragraph 2(e) of Article 14[16] of these Rules). *(04.03.2014)*

5. For the reporting year 2014, in order to ensure the maximum use of the new cross- border transit (interconnection) line capacity, the Dispatch licensee shall have the right to separate from the capacity allocation process one (the earliest) period or several successive periods and reduce the available capacityallocation deadlines for these periods. *(31.01.2014)*

6. In order to ensure return to Turkey of the electricity received by the Electricity Market Operator from Republic of Azerbaijan in March-April 2012 and in case of existing available transmission capacity (considering internal limiting resource/the restrictions arising from dispatch opportunities) in new electricity transmission line meant for intersystem transit (flow) from Georgia to the Republic of Turkey during the period of 2016-2017, the available transmission capacity shall be distributed to the Electricity Market Operator without considering the procedures defined by Chapter IV[1] of these Rules and export volume in the electricity (capacity) balance. In case of exercising the right under this Paragraph, the Market Operator is responsible for submitting the contract on electricity export for registration to the Dispatch Licensee during corresponding reporting month(s) no later than 7 (seven) days prior the beginning of electricity exports to Turkey in compliance with the Sub-paragraph "t" of Article 2 of these Rules as well as the forecast hourly schedule of electricity export. *(22.02.2017 N11)*

6[1]. For the purpose of providing sustainable, reliable and stable operation of Georgian Energy System and covering the electricity shortage (deficit) in domestic supply/consumption as well as returning the electricity received from the Republic of Armenia in February-April, 2017 by the Market Operator in spring-summer period of 2017, the export volume meant for return is distributed to the Electricity Market Operator without considering the procedures defined by Chapter IV[1] of these Rules and the export volume in the electricity (capacity) balance. In case of exercising the right under this Paragraph, the Market Operator is responsible for submitting the electricity export contract (for registration) to the Dispatch Licensee during corresponding

reporting month(s) as well as the forecast hourly schedule of electricity export, no later than 7 (seven) days prior the beginning of electricity exports to Turkey, in compliance with the Sub- paragraph “t” of Article 2 of these Rules. *(22.02.2017 N11)*

6[2]. In order to exercise the rights under clauses 6, 6[1], 6[3] and 6[4], the Electricity Market Operator is responsible for delivering to the Dispatch Licensee preliminary estimated information about specific reporting month(s), export capacity and possible counterpart of export contract, no later than45 (forty five) days prior to the beginning of reporting period of corresponding export. After receiving the preliminary estimated information under this Clause and until the deadline provided byclauses 6, 6[1], 6[3] and 6[4] of this Article, the Dispatch Licensee shall reduce the allowed capacity by the electricity capacity reflected in the Electricity Market Operator’s notification until receiving another accurate information from the Operator and not implement appropriate procedures for available transmission capacity(ATC) distribution on the capacity indicated in the Electricity MarketOperator’s notification. *(29.05.2018 N1-1/262)*

6[3]. For sustainable, reliable and stable functioning of the electricity system in Georgia, also in order to cover the electricity shortage (deficit) of inland supply and consumption of the country, theexport volume determined by the Electricity Market Operator to return in July 2018 the electricity received from the Republic of Turkey in March 2018 shall be distributed to the Electricity Market Operator without the procedures determined in chapter IV[1] of these Rules and without inclusion of the export volume into the Electricity (Capacity) Balance. In case of exercising the right determinedin this clause, the Electricity Market Operator is obliged to submit to the Dispatch Licensee the electricity export agreement envisaged by sub-clause "u" of article 2 of these Rules for registration as well as the forecast hourly charts of the electricity export, no later than 7 (seven) days prior to thebeginning of electricityexport to the Republic of Turkey. *(04.05.2018 N1-1/230)*

6[4]. For sustainable, reliable and stable functioning of the electricity system in Georgia, also in order to cover the electricity shortage (deficit) of inland supply and consumption of the country, as well as, in order to ensure the supply of electricity by rules of barter (exchange) by the Electricity Market Operator in the Republic of Turkey in the summer of 2018 ("June", "July", "August" of the calendar year), the export volume determined within the electricity exchange (By the condition of the return of the 2018 autumn-winter period ("October", "November", "December"of the calendar year)) shall be distributed to the Electricity Market Operator without the procedures determined in chapter IV[1] of these Rules and without inclusion of the export volume into the Electricity (Capacity) Balance. In case of exercising the right determined in this clause, the Electricity Market Operator is obliged to submit to the Dispatch Licensee the electricity export agreement envisaged by sub-clause "u" of article 2 of these Rules for registration as well as the forecast hourly charts of the electricity export, no later than 7 (seven) days prior to the beginning of electricity export to the Republic of Turkey. *(29.05.2018 N1-1/262)*

7. Deadline for the submission to Dispatch Licensee of application on remaining available volume (requested volume) to be utilized by the bidders (mentioned in the Paragraph 3 of Article 14[15] of these Rules) shall be extended until December 1, 2016. *(24.10.2016 N83)*

8. Five (5) business days after the expiration of deadline for submitting the applications shall be the established duration to certify the application for the year 2016, provided for in the Paragraph 5 of Article 14[15]of these Rules. If there are no gaps, the application shall be registered in one (1) business day. *(24.10.2016 N83)*

9. Remaining available volume provided for in the Paragraph 6 of Article 14[15]of these Rules shall be distributed within 2 (two) business days after the expiration of deadline for the registration of applications. *(24.10.2016 N83)*

10. Deadline for the submission to Dispatch Licensee of application on the volume allowed for import purposes, provided for in the Paragraph 1 of Article 14[23] of these Rules, shall be extended until December 1, 2016. *(24.10.2016 N83)*

11. Dispatch Licensee shall organize special auction for the Year 2016 on the volume allowed for import purposes, provided for in the Paragraph 4 of Article 14[23] of these Rules, within 4 (four) business days, after the expiration of deadline, set forth by the Paragraph 10 of Article 41 of these Rules. *(24.10.2016 N83)*

12. Deadline for the submission to Dispatch Licensee of appropriate application by the bidders willing to transit (re-export) the remaining available volume (requested volume), provided for by the Paragraph 1 of Article 14[24] of these Rules shall be extended until December 1, 2016. *(24.10.2016 N83)*

13. Special auction shall be organized on the volume allowed for transit purposes, provided for in the Paragraph 7 of Article 14^{24} of these Rules within 5 (five) business days, after the expiration of deadline, set forth bythe Paragraph 12 of Article 41 of these Rules *(24.10.2016 N83).*

14. For the purpose of balancing of the electricity, supplied at the territory of Abkhazia, according to the paragraph 2 of Article 38 of these rules, Engurhesi LTD shall be admitted as the receiver of the full volume of the electricity (without any payment), that is flown without the agreement on transmission line, named "Nakaduli" (110 kw.) and on transmission line, named "Salkhino" (220 kw.) at the boarder of Georgia and Abkhazia, during the period from March 29, 2022 till/including March 31, 2022. Engurhesi LTD shall also be admitted as the supplier of received electricity, as marked above, at the territory of Abkhazia. (08.04.2022, N1-1/161)

15. The cost of the electricity, marked in paragraph 14 of this Article and flown (without any payment) without the agreement on transmission line, named "Nakaduli" (110 kw.) and on transmission line, named "Salkhino" (220 kw.) shall be defined according to the contractual cost of imported electricity, by ElectricityMarket Operator, on the same transmission lines in applicable settlement period. Article 147 regulates the declarationof the electricity, stipulated in this paragraph. (08.04.2022, N1-1/161)

16. The volume of the electricity, flown (without any payment) without the agreement and stipulated in paragraph 14 and 15 of this article is determined on the basis of the volumes established by the acceptance statements of electricity, compiled with operative meter readings during the applicable settlement period on the transmission line, named "Nakaduli" (110 kw.) and on transmission line, named "Salkhino" (220 kw.). (08.04.2022, N1-1/161)

17. Paragraph 14 of this article is applicable only over the settlement period of March 2022. (08.04.2022, N1- 1/161)

18. LLC Engurhesi is designated as both the recipient and subsequently the supplier of the entire volume of electricity delivered during November and December 2023 to the territory of Abkhazia. This arrangement transpired without a formalized contract and without any compensatory agreements. The transmission occurred at the Russian-Georgian border through the 220 kV "Salkhino" and/or the 110 kV "Nakaduli" electricity transmission line. This role is assumed by Ltd "Engurhesi"to facilitate the balancing of electricity supplied to the territory of Abkhazia, adhering to the provisions outlined in paragraph 2 of Article 38 of the governing rules. Notably, the electricity consumed within the confines of the Abkhazian territory during the pertinent reporting period(s) will be primarily satisfied by the electricity provided for in this specific arrangement. (12.12. 2023, N1-1/490)

19. In case of non-submission of the act of consolidated metering of electricity supplied and received through the intersystem line(s), the volume of electricity supplied without the agreement provided for in paragraph 18 of this Article shall be determined in the respective reporting period at the Russia-Georgia border on the 220 kV "Salkhino" transmission line and/or 110 kV "Nakaduli" transmission line. "Nakadul" transmission line, based on the volumes established by the mutually confirmed act of receipt-delivery of electric energy concluded between the transmission system operator and the technical operator of the power system of Russia, and in case of non-confirmation of the said act by the respective technical operator of Russia, operational data, including SCADA, by the transmission system operator/metering systems, with data based on the volumes established by the unilateral act. (12.12. 2023, N1-1/490)

20. Paragraphs 18 and 19 of this Article shall exclusively apply commencing in November 2023 and extend through the accounting periods of December. (12.12. 2023, N1-1/490)

21. The Ltd. "Enguri HPP" shall be regarded as the recipient of the entire volume of not contracted electricity (without compensation) flown in January 2024 through the 220 kV power transmission line "Salkhino" and/or the 110 kV power transmission line "Nakaduli" located on the Russian-Georgian border, followed by its supply to the territory of Abkhazia, for the purpose of balancing electricity provision to the Abkhazia region, as stipulated in Article 38, Clause 2 of these Rules. (14.02.2024; 1-1/65)

22. In January 2024, the coverage of consumed electricity within the territory of Abkhazia will be executed according to the subsequent procedure:

a) The electricity delivered without contract on the Russian-Georgian border through the 220 kW power transmission line "Salkhino" and/or 110 kW power transmission line "Nakadul" in January 2024;

b) The electricity imported by the Electricity Market Operator on the Russian-Georgian border through the 220 kW power transmission line "Salkhino" and/or 110 kW power transmission line "Nakadul" and purchased by "Enguri HPP", in January 2024;

c) The surplus of the specified capacities remaining above the contracted capacity, as per sub-clauses "a" and "b," will be supplied by the electricity generated by "Enguri HPP" and the cascade of "Vardnili Hydro Power Plants" in January 2024, in accordance with Article 38, Clause 2 of the Market Rules". (14.02.2024; 1-1/65)

23. In case of failure to submit a consolidated accounting report for the electricity supplied and

received via the intersystem line (lines), the amount of electricity supplied without a contract, provided for in clause 21 of this article is determined based on the electricity receipt-delivery act, concluded between the Transmission System Operator and the Technical Operator of the Russian Energy, in the corresponding reporting period, on the Russia-Georgia border, through the 220 kW power transmission line "Salkhino" and/or 110 kW power transmission line “Nakaduli”. In the event of non-confirmation of the said act by the corresponding technical operator in Russia, the Transmission System Operator will use operational data, including SCADA and accounting systems, based on the volumes established by the unilateral act. (14.02.2024; 1-1/65)
24. Clauses 21–23 of this article apply only to the reporting period of January 2024. (14.02.2024; 1-1/65)
25. In February 2024, the electricity delivered without contract to the territory of Abkhazia, at the Russian-Georgian border, via the 220 kW power transmission line "Salkhino" and/or 110 kW power transmission line "Nakaduli" shall be considered for balancing purposes of the electricity delivered to the territory of Abkhazia by the Ltd. "Enguri HPP” in accordance with Clause 38, Clause 2 of these Rules. (16.02.2024; N1-1/68)
26. In February 2024, the allocation of electricity consumed in the territory of Abkhazia will be carried out as follows:
a) The electricity delivered without a contract to the territory of Abkhazia, at the Russian-Georgian borde,r via the 220 kW power transmission line "Salkhino" and/or 110 kW power transmission line "Nakaduli", in February 2024;
b) The electricity imported by the Electricity Market Operator and purchased by “Enguri HPP”, in January 2024, through the 220 kW power transmission line "Salkhino" or 110 kV power transmission line "Nakaduli";
c) Covering the surplus capacity specified under sub-clauses "a" and "b" is carried out from the electricity produced by the “Enguri HPP” and “Vardnili Cascade Hydroelectric Power Plants” in February 2024, in accordance with clause 2 of Article 38 of these Market Rules. (16.02.2024; N1-1/68)
27. In the absence of a consolidated accounting act for electricity supplied and received through the intersystem line (lines), the volume of electricity supplied without the contract provided for in clause 25 of this article is determined on the basis of the volumes established by the receipt-delivery act concluded between the Transmission System Operator and Technical Operator of the Russian Energy System. In the event of non-confirmation of the said act by the corresponding technical operator in Russia, the Transmission System Operator will use operational data, including SCADA/data from the metering systems, based on the volumes established by the unilateral act. (16.02.2024; N1-1/68)
28. The validity of clauses 25 through 27 of this article shall be extended only for the reporting period of February 2024. (16.02.2024; N1-1/68)
29. The value of the electricity flown without a contract through the 220kW power transmission line "Salkhino" and/or 110 kW power transmission line “Nakaduli”, in the months of November-December 2023 and January-February 2024, at the Russian-Georgian border, mentioned in clauses 18-28 of this article shall be determined in accordance with the contractual value of the electricity imported by the Electricity Market Operator on the same power transmission lines, in the reporting period of March 2022. Article 14^7 of these Rules applies to the customs clearance of electricity provided for in this clause. (16.02.2024; N1-1/68)
30. Ltd. "Enguri HPP" shall be considered the recipient of uncontracted electricity supplied at the Russian-Georgian border via the 220 kW power transmission line "Salkhino" and/or the 110 kW power transmission line "Nakaduli" in March 2024 and subsequently delivered to the territory of Abkhazia. This is in accordance with clause 2 of Article 38 of these Rules, aimed at balancing the electricity supplied to the territory of Abkhazia.(11.04.2024; N1-1/144)
31. In March 2024, the electricity consumed in the territory of Abkhazia shall be covered as follows:

a) The uncontracted electricity received via the 220 kW electricity transmission line "Salkhino" and/or the 110 kW electricity transmission line "Nakaduli" on the Russia-Georgia border line in March 2024;

b) The electricity imported and purchased from the Enguri HPP by the Electricity System Operator in March 2024 via the 220 kW electricity transmission line "Salkhino" and/or the 110 kW electricity transmission line "Nakaduli";

c) Covering the amount remaining in excess of the volume determined in sub-clauses “a” and “b” is carried out from the electricity produced by the Enguri HPP and Vardni HPP Cascades in March 2024, in accordance with clause 2 of Article 38 of the Market Rules. (11.04.2024; N1-1/144)

32. The actual quantity of uncontracted electricity defined by clause 30 of this agreement is delineated in the finalizing metering act (finalizing metering act) of electricity conveyed and received through the intersystem line(s). Should the said finalizing metering act remain absent for the pertinent reporting period, the actual electricity flow, absent the aforementioned agreement, is gauged by the electricity volumes documented in the mutually ratified receipt and delivery act of electricity, endorsed by both the transmission system operator and the technical operator of the Russian energy system. In instances where the relevant technical operator in Russia fails to confirm the aforementioned act, the determination is based on data unilaterally compiled by the transmission system operator, incorporating operational data such as SCADA/accounting systems information. Furthermore, in calculating the quantity of electricity imported without a contract, as specified in clause 30 of this article, consideration is given to the electricity volumes recorded in the acceptance-handover acts pertaining to the electricity effectively supplied through import agreements between relevant entities in Georgia and Russia. (11.04.2024; N1-1/144)

33. The implementation of Clauses 30-32 shall apply only to the March 2024 accounting period. (11.04.2024; N1-1/144)

34. In March 2024, the cost of uncontracted electricity supplied via the 220 kW electricity transmission line "Salkhino" and/or the 110 kW electricity transmission line is assessed based on the contractual price of electricity imported through these same power lines during the reporting period of March 2022. The provisions outlined in Article 147 of these Rules govern the customs clearance procedures for electrical energy specified in this clause. (11.04.2024; N1-1/144)

Article 42. On Extension of Deadline for Composing the Joint Act on Imported (Exported) and/or Transit Electricity Distribution through the Intersystem Line *(29.08.2016 N64)*

1. The deadline for composing and submitting the “Joint Act on Imported (Exported) and/or Transit Electricity Distribution through the Intersystem Line” (set forth in Paragraph 2 of Article 146 of these Rules) for the transit customer enterprises and importers shall be extended till September 1, 2016, keeping in mind that in July 2016, the parallel synchronous operation mode of Georgian and Azerbaijani Power Systems was insured for the first time by means of operation of two intersystem transmission lines simultaneously, whereas the overall summarized plan (instead of separate plans for by the electricity overflow by power lines) of electricity overflow has been used in theintersection of Georgia-Azerbaijan energysystems.
2. In the event that the duly signed “Joint Act on Imported (Exported) and/or Transit Electricity Distribution through the Intersystem Line” is not submitted to the Dispatch Licensee until September 1, 2016, the electricity imported and transited during the reporting period of July 2016 from Azerbaijan (in accordance with the Act on imported and transited electricity composed by the

Dispatch Licensee on August 11, 2016) towards Georgia shall be considered as final.
3. If the composed and duly signed "Joint Act on Imported (Exported) and/or Transit Electricity Distribution through the Intersystem Line" (as set force in the Paragraph of this Article) is presented to the Dispatch Licensee, the Dispatch Licensee shall be instructed to cancel the imported and transited electricity distribution acts composed by the Dispatch Licensee in August 11, 2016 for July 2016 (on electricityoverflown from Azerbaijan towards Georgia).
4. Duly signed "Joint Act on Imported (Exported) and/or Transit Electricity Distribution through the Intersystem Line" and submitted to the Dispatch Licensee within the period, specified in the Paragraph 1 of this Article shall represent the basis for correction of settlement between the parties for Julyreporting period.

Article 43. Special rule for accepting the electricity (capacity) of certain metering nodes into the wholesale trade during the trial run and/or comprehensive testing of a power plant *(17.01.2017 N2)*

1. If according to the findings of the Commission for Examination of Technical Conditions of Connection to the Grid and/or the conclusion of Joint Commission provided in the Paragraph 9 of

Article 3 of these Rules, it was determined that the electricity metering node(s) are properly designed at the power grid connection point but the electricity metering nodes are not arranged at the technical metering points (including the generators and self-consumption transformers or other power plants, where separate arrangement of metering nodes is not technologically envisioned), then commissioning and/or acceptance in wholesale trade of such a power plant owner person is possible under the condition of postponement (within three (3) calendar months) of the obligation to arrange the unarranged (or improperlyarranged) metering nodes provided for in respective conclusion.

2 Under the circumstances defined in the Paragraph 1 of this Article, the System Commercial Operator is entitled to register the applicant (the power plant owner in person) in the wholesale trading register within five (5) business days only if the electricity metering node (nodes) placed at the connection points is (are) properly arranged.

3 If the power plant owner person defined in the Paragraph 1 of this Article fails to insure proper arrangement and acceptance of metering nodes in the wholesale trade within the obligation postponement period, the power plant owner's appropriate status of participant of wholesale trade shall be canceled.

4 This article shall apply only to the power plant, which is in the process of trial run and/or comprehensive testing (aimed at commissioning of power plant) as of 1 January2017.

Article 44. Special method of determining the amount of transmission services, carried out by transmission licensees for the JSC "ENERGO-PRO Georgia" at "Dariali-Zhinvali Circuit" *(03.07.2017)*

1. For the purposes of this Article, "Dariali-Zhinvali Circuit" is defined as the 110kV, 35kV, 10kV, 6kV and 0,4kV section of distribution network, owned by the electricity distribution licensee (further in the text referred to as the JSC "ENERGO-PRO Georgia"), operating in Mtskheta- Mtianeti Region of Georgian Energy System, bordered by the delivery and receipt points, which the JSC "ENERGO-PRO Georgia" uses during the reporting period:

a) to receive the electricity:

aa) at the 110 kV Substation "Kazbegi" belonging to the JSC "Energo-Pro Georgia" from the delivery points of substation(s) owned by the transmission licensee as well as the delivery point of 110 kV Transmission Line "Dariali".

a.b) the deliverypoints located at the basbars of electricity(capacity) generator power plants;

b) to supply the electricity to the delivery points provided for in Subparagraph "a" of this Paragraph and to those receipt points of Mtskheta-Mtianeti Section, from which the other distribution licensees and direct customers receive the electricity at their own electricity networks. This electricity is delivered through the electricitynetwork belonging to the JSC "ENERGO-PRO Georgia".

2. The volume of transmission services (E"D-Z" Circuit) carried out at "Dariali-Zhinvali Circuit" by the transmission licensees for the JSC "Energo-Pro Georgia" shall be calculated using the following formula:

E "D-Zh". Circuit = [E trans.receipt /(E trans.receipt + E gen.receipt) x E APG.consumption, (kWh), where:

a) E trans.receipt - is total volume of electricity (further in the text referred to as "the volume of electricity, transferred from Zahesi"), received by delivery points of transmission networks at "Dariali-Zhinvali Circuit" plus the volume of electricity, transmitted to the JSC "Energo-Pro Georgia" from relevant delivery points of transmission network of "Gldani-220" and "Didube - 220" Sub-stations, through the energy transmission lines ("Avchala-35" and "Tseva-35"), installed in the area of the same circuit and calculated in proportion with the electricity consumed in the active node of Zahesi, created by the energy transmission lines ("Avchala-35" and "Tseva-35"), mentioned by the same distribution licensee.

b) E gen. receipt - is the difference between the volume (in kWh) of electricity received by the distribution network of the JSC "ENERGO-PRO Georgia" from the delivery points of the power plants, placed in "Dariali-Zhinvali Circuit", on the one hand, and the volume of electricity transferred from Zahesi, on the other hand;

c) E APG. cons - is the difference between the volumes of electricity specified by the Sub-paragraphs "a" and "b" of Paragraph 1 of this Article in "Dariali-Zhinvali Circuit" of the grid of JSC "ENERGO-PRO Georgia.

Article 45. Temporary Rules for Registration of Retail Customer as Direct User of Electricity *(03.04.2019 N1-1/160)*

1. A retail customer who, on the basis of the results of 2018, meets the mandatory criteria defined by the Georgian Government Decree #144 (dated 25 March 2019) for the direct consumers of electricity based on the Law of Georgia on Electricity and Natural Gas, shall be registered as a directconsumer to participate in the wholesale market from May 1, 2019.

2. The Distribution Licensee is obliged to submit to the Electricity Market Operator and Dispatch Licensee no later than April 15, 2019, a list of retail consumers envisaged by Clause 1 of this Article, which should be accompanied bya list of points connected to the network of those users.

3. Retail customer defined by the Clause 2 of this Article shall not be a retail customer from May 1, 2019.

4. The distribution licensee is obliged to notify the retail customer as set out in the Clause 2 of this Article no later than April 15, 2019, on the cancellation of retail customer status from May 1, 2019 and submit the documents provided for in the Subclauses "f" and “g” of Clause 4 of Article 3.
5. After receiving a written notification under the Clause 4 of this Article, the applicant, who wants to be registered as a direct customer in a wholesale trade shall submit to the Electricity Market Operator, the documents required in the Clause 4 (Sub-clauses “a”, “b”, “f” and “g”) and Clause 5^1 of Article 3 of these Rules no later than April 20, 2019.
6. The Electricity Market Operator shall review the relevance of submitted documents with the requirements of these Rules within three business days. In case of non-compliance with the requirements of these Rules, no later than 3 working days after the submission of these documents, the Electricity Market Operator shall notify the registration seeker in writing about the refusal to register as the participant of wholesale trade, indicating the relevant reason.
7. In case of compliance with the requirements set forth in this Article, the Electricity Market Operator, the Dispatch Licensee, the registration seeker and the owner of the network to which the registration seeker must join shall check the metering nodes used in wholesale trade and draw up an act of inspection of metering nodes. The Electricity Market Operator shall notify (in writing) the applicant on the specific date of inspection of metering nodes used in wholesale trading within three business days after submission of registration documents. The metering nodes used in wholesale trade shall be checked within 10 days from the date of the commencement of written notification bythe ElectricityMarket Operator.
8. If the sevicability of metering nodes is confirmed by the inspection act of electricity metering nodes, the applicant shall be registered in the register of participants in the wholesale trade from May 1, 2019.
9. If the inspection act of metering nodes has not proved the servisebility of electricity metering nodes, registration of the applicant seeking registration in the wholesale trading register shall be carried out from May 1, 2019 if the deadline to correct the defect has been determined by the Commission based on the legal act.
10. If the retail customer defined in Clause 2 of this Article does not perform the action specified in Clause 5 of this Article, the Electricity Market Operator shall notify the person, who owns the network, to which the retail user is connected no later than April 25, 2019. The person, who owns the network, to which the retail user is connected is obliged to terminate/limit the supply of electricity to the retail consumer from May1, 2019.

Article 45^1. Temporary Rules for registration of Retail Customer as Direct Customer of Electricity

1. A retail customer who, according to N244 Decree (dated 31 May 2021) of Georgian Government – “About changes in Decree N246 (dated 16 April 2020) of Georgian Government “About Confirmation of Conception of Electricity Market Model”, on base of the results of 2020, meets the mandatory criteria defined for the direct consumers of electricity, shall be registered as a direct consumer to participate in the wholesale market from July1, 2021.
2. The Distribution Licensee is obliged to submit to the Electricity Market Operator and Electricity Dispatch System Operator no later than June 23, 2021, a list of retail consumers envisaged by Clause 1 of this Article, which should be accompanied by a list of points connected to the network of those users.
3. Retail customer, defined by the Clause 2 of this Article, shall not be a retail customer from July 1, 2021.
4. The distribution licensee is obliged to notify in writing the retail customer as set out in the Clause 2 of this Article no later than June 23, 2021, on the cancellation of retail customer status from July 1, 2021 and submit the documents provided for in the Subclauses "f" and “g” of Clause 4 of Article 3.

5 After receiving a written notification under the Clause 4 of this Article, the applicant, who wants to be registered as a direct customer in a wholesale trade shall submit to the Electricity Market Operator, the documents required in the Clause 4 (Sub-clauses "a", "b", "f" and "g") and Clause 5^1 of Article 3 of these Rules no later than June 25, 2021.

6 The Electricity Market Operator shall review the relevance of submitted documents with the requirements of these Rules within three business days. In case of non-compliance of submitted documentation with the requirements of these Rules, no later than 3 working days after the submission of these documents, the Electricity Market Operator shall notify the registration seeker in writing about the refusal to register as the participant of wholesale trade, indicating the relevant reason.

7. In case of compliance of the submitted documentation with the requirements set forth in this Article, registration seeker shall be registered as the participant of wholesale trade from July1,2021.

8 The Electricity Market Operator, the Electricity Dispatch System Operator, the registration seeker and the owner of the network to which the registration seeker must join, shall check the metering nodes, existed at the level of voltage of 35/110 kw and 6/10 kw, used in wholesale trade, and draw up an act of inspection of metering nodes not later 3 calendar months after submission of the documentation.

9 the serviceability of metering nodes is not confirmed by the inspection act of electricity metering nodes, the Commission must be informed about faults, marked in the act of inspection of metering nodes.

10 If the retail customer defined in Clause 2 of this Article does not perform the action specified in Clause 5 of this Article, the Electricity Market Operator shall notify the person in writing, who owns the network, to which the retail user is connected about this, no later than June 25, 2021. The person, who owns the network, to which the retail user is connected is obliged to terminate/limit the supplyof electricityto the retail consumer from July 1, 2021. *(21.06.2021, N1-1/257)*

Article 46. Required Measures Related to the Termination of Tariff Regulation for the Electricity Import, in Accordance with the Law of Georgia on "Electricity and Water Supply" *(28.01.2020, N1-1/46)*

1. After the enactment of the Georgian National Energy and Water Supply Regulatory Commission Decision on terminating the tariff regulation for the electricity import, in accordance with the Law of Georgia on "Electricity and Water Supply":

a) The electricity imported by the Electricity Market Operator that was not sold on the basis of a direct contract on import concluded with the Qualified Enterprise, shall participate with its prime cost (taking into account the price specified in the relevant import agreement) in the price formation of Balancing Electricity, provided for bythese Rules (Article 14, Clause 3);

b) The electricity acquired on the basis of a direct contract on import by the Electricity Market Operator prior to the entry into force of the aforementioned Decision of Georgian National Energy and Water Supply Regulatory Commission, participates in the formation of Balancing Electricity price, stipulated by these Rules (Article 14, Clause 3) with the fixed/marginal price specified in the corresponding direct contract on import.

c) Electricity imported into Georgia and purchased on the basis of a direct import contract by the electricity market operator shall participate in the formation of the balance electricity price provided for in paragraph 3 of Article 14 of these Rules at the price specified in the relevant direct import contract. *(21.08.2020, N1-1/333)*

2. The Dispatching Licensee, in order to fulfill the conditions specified in Clause 1 (a) of Article 14^4 of these Rules, is guided bythe following:

a) If there is a direct contract for the import of electricity - a fixed/marginal selling prices determined for the corresponding billing period of the direct contract on import of electricity;

b) If the importer of electricity is the System Commercial Operator - at fixed/marginal prices of the contract for the import of electricity, subject to the conditions of Sub-clause (a) of this Article.

Article 47. Temporaryrule on the sale of electricity generated during a trial run and/or complex test of a thermal power plant *(28.01.2020, N1-1/46)*

1. The electricity generated by a thermal power plant that is registered as a wholesale trade participant Qualified Enterprise (as of January 1, 2020), being the power plant in the mode of trial run and/or complex test shall be sold:

a) To the Electricity Market Operator on the basis of Standard Conditions of Direct Contract on Selling the Balancing Electricity;

b) To the Distribution Licensee based on the direct contract concluded with the Qualified Enterprises;

c) Based on the direct contract concluded with Enguri HPP for the purposes of these Rules (Article 38, Clause 2).

2. In the case taken into account in Sub-clauses (b) and (c) of this Article, the owner of the relevant thermal power plant is a party to the direct contract (referred to in Article 8 of these Rules) as a wholesale trade participant Qualified Enterprise, registered for the purposes of trial run and/or a complex test regime and the requirements of Article 9 of these Rules shall apply.

3. For the purposes of this Article, the rule provided for in Article 14(1)(i) of these Rules shall applyto the price of electricitysold under a direct contract.

Article 48. In exceptional cases, in order to eliminate the emergency situation, to stabilize the Georgian power system and to maintain security, a temporary rule for the return of electricity imported from a neighboring countrybya dispatch licensee without an electricityimport contract *(09.03.2021, N1-1/76)*

1. In order to eliminate the emergency situation, stabilize the power system and maintain security, in accordance with paragraph 4 of Article 142 of these Rules, the amount of electricity imported into the Georgian power system by the dispatch licensee without an electricity import contract, the return of which could not be made to the power system of the respective neighboring country (Turkey) during the same reporting period, is balancing electricity.
2. Electricity specified in paragraph 1 of this Article shall participate in the formation of the balance electricity price provided for in paragraph 3 of Article 14 of these Rules by the upper limit of the tariff of the hydropower plant to which the Commission has set the highest tariff.
3. The Electricity Market Operator shall make a payment to the dispatch licensee for the electricity specified in paragraph 1 of this Article at the tariff specified in paragraph 2 of this Article.
4. The dispatching licensee has the right, in agreement with the Ministry, to reimburse the amount of electricity provided for in paragraph 1 of this Article to the neighboring country's energy system in the next reporting period, by agreement with the technical operator of the

neighboring country's power system, by returning (taking out) the same amount of electricity to the neighboring country's power system without an export contract.

5. In the case provided for in paragraph 4 of this Article, the dispatching licensee shall purchase balancing electricity from the electricity market operator in accordance with paragraph 3 of Article 14 of these Rules in order to ensure the return (withdrawal) of electricity exported to the energysystem of a neighboring country.

Article 49. The temporary rule for the purchase of electricity supplied from the Energy Transmission Line "Salkhino" (220 kV) and "Nakaduli" (110kV) intended for transit in the Republic of Turkey in October 2022 (30.09.2022, 1-1/421)

1. During transit in October 2022, part of the electricity (not more than 60,000,000 kWh of imported electricity) supplied from the Energy Transmission Lines "Salkhino" (220 kV) and "Nakaduli" (110kV) intended for transit to the Republic of Turkey will be purchased from the importer by the Electricity Market Operator, based on a direct import contract, which will be compensated byreturning the same amount of electricity to the importer. For the purposes of clause 11 of article 14 of these Rules, the conditional price of electricity purchased within the framework of a direct import contract shall be determined by the Electricity Market Operator, taking into account the forecast costsof the purchase of export electricity to be supplied under the contract specified in clause 2 of this article.
2. Based on clause 1 of this Article, the electricity bought by the Electricity Market Operator under the direct import agreement is subject to return to the importer in the period from November 1, 2022, to June 30, 2023, on the basis of an additional direct export agreement signed between the parties. Based on a direct export agreement, the exact amount of electricity due to be returned in May 2023, the dispatch licensee will provide the Electricity Market Operator in writing no later than May 15, 2023, and the amount due to be returned in June - no later than June 15, 2023. If the dispatching licensee fails to deliver to the electricity market operator the exact amount of return electricity within the above timeframes, the Electricity Market Operator will not be able to ensure the return of the importer of electricity purchased under a direct import agreement on the basis of a direct export agreement additionally signed between the parties. At the same time, the return of electricity and distribution of the volume of exports of the cross-border line for the specified purposes should be carried out without taking into account the volumes determined by the balance of electricity (capacity) and the export potential of the electric power system for the corresponding reporting period. (28.04.2023, 1-1/177)
3. The rule established by this article is valid including June 30, 2023. (28.04.2023, 1-1/177)

Article 50. Temporary Rule for the Additional Sale of Electricity to a Transit Operator Based on a Direct Export Agreement (28.03.2023, 1-1/123)

1. In addition to the returnable electricity specified in clause 2 of Article 49 of these Rules, the Electricity System Commercial Operator is obliged to sell to the electricity importer a maximum of 30,000,000 kWh electricity, delivered through the ETL 220 kV “Salkhino” and ETL 110 kV “Nakaduli” and intended for transit to the Republic of Turkey, no later than June 30, 2023, on the basis of a direct export agreement. For the purposes of this paragraph, in May 2023, the Dispatching Licensee will provide in writing to the electricity market operator the exact amount of electricity to be sold to the electricity importer no later than May 15, 2023 and the volume for sale in the month of June - no later than June 15, 2023. In the event that the Dispatching licensee, within the above terms, will not be able to deliver to the electricity market operator the exact amount of electricity (within the aisles of the amount of electricity for sale to the electricity importer, established by this paragraph) supplied through the ETL 220 kV “Salkhino” and ETL 110 kV “Nakaduli” and intended for transit to the Republic of Turkey, the electricity market operator cannot sign a direct export contract and sell to the electricity importer electricity supplied through the ETL 220 kV “Salkhino” and ETL 110 kV “Nakaduli” and intended for transit to the Republic of Turkey. (28.04.2023, 1-1/177)
2. For the purposes of clause 1 of this Article, as an exception, the Electricity System Commercial

Operator has the right to conclude with the Enguri HPP a direct agreement on the purchase and sale of electricity and, on its basis, purchase the above-mentioned 30,000,000 kWh of electricity from the Enguri HPP at a tariff determined by the Commission. In particular, the exact amount of electricity that is calculated within the period that the dispatching licensee will provide the Electricity Market Operator in accordance with the first clause of this Article. In this case and in the specified reporting period (from April 1 to June 30, 2023, inclusive), the specified electricity is not considered as balancing electricity and does not participate in the formation of the balancing price for the electricity provided for in Article 14 of these Rules. The registration rules specified in Article 9 of these Rules apply to the said direct electricity supply contract. (28.04.2023, 1-1/177)

3. On the basis of a direct export contract, the Electricity System Commercial Operator will supplythe electricity purchased pursuant to clause 2 of this Article to the importer of electricity intended for transit to the Republic of Turkey through the 220 kV ETL “Salkhino” and the 110 kV ETL “Nakaduli”, by price set by the Commission. Export and distribution of the export volume of the cross-border line for the specified purpose should be carried out without taking into account the volumes determined by the electricity (capacity) balance for the relevant period and the export potential of the electric power system.

Article 51. Provisional Rule for Proportional Distribution of Imported (Exported) and/or Transit Electricity (28.04.2023, 1-1/177)

1. In April, May and June 2023, during the proportional distribution of the agreed plans provided for in clause 14^6 of article 2 of these Rules, the Dispatch Licensee is authorized to give priority to transit electricity and electricity generated in Georgia based on imported energy raw materials, taking into account the electronic regimes fixed by the electricity system (including lack (shortage) of internal resources compared to the balance of electricity (capacity) or surplus, breakdown and other restrictions on the cross-border line). In this case, the proportional distribution of the agreed plans on the actual exported electricity for other exporters starts after full distribution only for the electricity in the above priority group according to the same principle. In any case, first of all, the export of electricity is ensured by the Electricity Market Operator, in order to repay the debt to the Republic of Turkey recognized by the Government of Georgia on the basis of Article 11 of “The Agreement on Cooperation in the Energy Field" signed on April 9, 2015 between the Governments of Georgia and the Republic of Turkey.

2. The rule established by this article is valid including June 30, 2023.

Article 52. Reflection of the Electricity Generated in July and August 2023 by the Newly Built Power Plant in the Settlement Databases (14.08.2023, 1-1/317)

1. The amendments made to the implementation agreement, signed between the Government of Georgia, the Electricity Market Operator, and relevant persons, on the basis of the Resolution No.1468 of the Government of Georgia “dated August 14, 2023” on the construction of a new power plant in Georgia, shall be reflected in the "Guaranteed Power Purchase Agreement", concluded between the relevant person and the Electricity Market Operator, while the Dispatch Licensee shall ensure the registration of the specified amendment.

2. The Electricity Market Operator shall reflect in the settlement databases (of July and August 2023 reporting period) the direct contracts, signed as a result of amendments made to the implementation contract, signed between the Government of Georgia, the Electricity Market Operator, and the relevant persons, on the basis of the Resolution No.1468 of the Government of Georgia (dated August 14, 2023)on the construction of a new power plant in Georgia.

Article 53: Reflection in the Calculation Databases of the Electricity Produced by the Newly Constructed Power Plant in September 2023

1. Based on the Resolution of the Government of Georgia No. 1805 "On Construction of New Power Plant in Georgia" (dated October 13, 2023), amendments to the executive agreement signed between the Government of Georgia, the Electricity Market Operator and the relevant persons shall be reflected by the relevant person and the Electricity Market Operator in the "Guaranteed Power Purchase" contract

concluded between them, and the Dispatch Licensee shall ensure registration of the said amendment.

2. Based on the Resolution of the Government of Georgia No. 1805 dated October 13, 2023, direct contracts concluded as a result of amendments made to the executive agreement signed between the Government of Georgia, the Electricity Market Operator, and relevant persons regarding the construction of a new power plant in Georgia the Electricity Market Operator shall reflect in the settlement database for the reporting period of September 2023".

Article 54. On registration of a direct contract in an electronic form (26.03.2024; N1-1/121)
In order to register a direct contract for the purchase and sale of electrical energy in electronic form, the Electricity Market Operator ensures the preparation and maintenance of the corresponding electronic platform on its official website until May 31, 2024.

Article 55: Incorporation of Settlement Data on Electricity Generated by the Newly Built Power Plant into the Databases (12.04.2024; N1-1/146)

1.Pursuant to Government of Georgia Decree No. 507 (dated April 8, 2024), concerning the establishment of a new power plant in Georgia, modifications have been made to the implementation agreement signed between the Government of Georgia, the Electricity System Operator, and the relevant parties. These changes must be duly recorded by the relevant persons and the Electricity System Operator in the "Guaranteed Power Purchase" agreement, and those authorized to register agreements shall ensure the proper registration of these modifications.

2. In accordance with Government of Georgia Decree No. 507 (dated April 8, 2024), direct contracts resulting from modifications to the executive agreement between the Government of Georgia, the Electricity Market Operator, and relevant parties regarding the construction of a new power plant in Georgia shall be documented in the designated database for the March 2024 reporting period.