

Unofficial Translation

**Georgian National Energy and Water Regulatory Commission
Resolution N33**

December 4, 2008, Kutaisi

On the Electricity Tariffs

The tariffs established on different issues of electric energy sector adopted by the Georgian National Energy and Water Regulatory Commission is reflected in the number of resolutions, which cause the confusion during the calculation of electric energy sector tariffs due to several amendments and additions introduced to them.

Accumulation of all mentioned tariffs into one standard act would assist the electric energy sector licensees in their activities and promote maximum awareness of the consumers of different voltage electricity.

According to all mentioned above and based on the Law of Georgia on Electricity and Natural Gas (Subparagraph b of Paragraph 5 of Article 4, Paragraph 1 of Article 5, Paragraph 1 of Article 11, Paragraph 2 of Article 42, Article 43 and Paragraph 1 of Article 49¹), **we resolve:**

Chapter I. Electricity Generation (Capacity) Tariffs

Article 1. Tariffs of Hydro Power Plants

1. Marginal (upper margin) selling tariffs of the electricity generated by the hydro power plants:

- a) Vartiskhe – 2005 Ltd - 1.25 Tetri/ kWh
- b) Georgian Water and Power Ltd (ZhinvalHesi) – 2.177 Tetri/ kWh *(27.12.2017 N50) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
- c) Energo-pro Georgia Generation JSC (LajanurHesi) - 1.679 Tetri/ kWh *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

Unofficial Translation

- d) Energo-pro Georgia Generation JSC (Cascade of Gumati) HPPs) - 2.209 Tetri/ kWh *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - e) Energo-pro Georgia Generation JSC (DzevrulHesi) - 1.986 Tetri/ kWh *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - f) Energo-pro Georgia Generation JSC (RionHesi) - 4.060 Tetri/ kWh *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - g) Energo-pro Georgia Generation JSC (ShaorHesi) - 2.747 Tetri/ kWh *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - h) Removed *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - i) Removed *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - j) Removed *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - J) Removed *(25.12.2017 N44) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*
 - k) (Removed – *(13.03.18 N2) (Shall be valid upon its promulgation and will affect on the relationships arising from January 1, 2018)*)
 - l) (Removed – *(23.08.12 N 12)*;
 - m) (Removed – *(13.03.18 N2) (Shall be valid upon its promulgation and will affect on the relationships arising from January 1, 2018)*)
2. Long-term Marginal (upper margin) selling tariffs of the electricity generated by hydro power plants:
- a) KhramHesi-1 JSC:
 - a.a) Removed *(31.10.2017 N30)*
 - a.b) From November 1, 2017 till (including) December 31, 2018 – 9.781 Tetri/ kWh; *(31.10.2017 N30)*
 - a.c) From January 1, 2019 till (including) December 31, 2021 – 9.147 Tetri/ kWh; *(31.10.2017 N30)*
 - a.d) From January 1, 2022 till (including) December 31, 2025 – 2.300 Tetri/ kWh; *(31.10.2017 N30)*
 - b) KhramHesi-2 JSC:
 - b.a) Removed *(31.10.2017 N31)*
 - b.b) From November 1, 2017 till (including) December 31, 2018 – 11.248 Tetri/ kWh; *(31.10.2017 N31)*
 - b.c) From January 1, 2019 till (including) December 31, 2021 – 10.614 Tetri/ kWh; *(31.10.2017*

Unofficial Translation

N31)

- b.d) From January 1, 2022 till (including) December 31, 2024 – 3.767 Tetri/ kWh; *(31.10.2017 N31)*
- b.e) From January 1, 2025 till (including) December 31, 2025 – 3.500 Tetri/kWh *(31.10.2017 N31)*
- c) Removed (27.11.2015 №33)

Article 2. Tariffs of Thermal Power Plants

1. Mtkvari Energy Ltd (Tbilsresi Unit N9):

- a) Guaranteed capacity cost – 77 121 GEL/day; *(27.12.2018 N37)*
- b) Marginal (upper margin) tariff of electricity generation of guaranteed capacity source – 11.646 Tetri/kWh; *(27.12.2018 N37)*

2. International Energy Corporation of Georgia, Ltd (Tbilsresi Units N3 and N4):

- a) Guaranteed capacity cost 41 817 GEL/day, including: *(27.12.2018 N38)*
 - a.a) For the Unit N3 – 20 006 GEL/day; *(27.12.2018 N38)*
 - a.b) For the Unit N4 – 21 811 GEL/day; *(27.12.2018 N38)*
- b) Marginal (upper margin) tariff of electricity generation of guaranteed capacity source – 12.762 Tetri/kWh; *(27.12.2018 N38)*

3. G Power Ltd

- a) Guaranteed Capacity Cost – 47 720 GEL/Day *(27.12.2018 N36)*;
- b) Marginal (Upper Margin) tariff of electricity generation of guaranteed capacity source – 11.097 Tetri/kWh. *(27.12.2018 N36)*

3¹. Gardabani Thermal Power Plant LLC

- a) Guaranteed capacity cost – 383 971 GEL/DAY *(27.12.2018 N35)*;
- b) Marginal (upper margin) tariff of electricity generation of guaranteed capacity source – 8.322 Tetri/kWh; *(27.12.2018 N35)*

4.

- a) Guaranteed Capacity cost and tariff of electricity generation of guaranteed capacity source, determined by paragraph 1 of this article, shall be valid from January 1, 2019 till December 31, 2019 (including); *(27.12.2018 N37)*
- b) Guaranteed Capacity cost and tariff of electricity generation of guaranteed capacity source, determined by paragraph 2 of this article, shall be valid from January 1, 2019 till December 31, 2019 (including); *(27.12.2018 N38)*
- c) Guaranteed Capacity cost and tariff of electricity generation of guaranteed capacity source, determined by paragraph 3 of this article, shall be valid shall be valid from January 1, 2019 till

Unofficial Translation

December 31, 2019 (including); *(27.12.2018 N36)*

d) Guaranteed Capacity cost and tariff of electricity generation of guaranteed capacity source, determined by paragraph 3¹ of this article, shall be valid from January 1, 2019 till December 31, 2019 (including); *(27.12.2018 N35)*

5. Within the terms determined by the Clause 4 of present Article and following the established rule, the JSC Electricity Market Operator shall provide for the compensation of payment for guaranteed capacity cost to the sources of guaranteed capacity, taking into consideration the periods of provision of guaranteed capacity by these sources but not later than:

a) 275 days – for the Ltd Mtkvari Energy (Tbilsresi Unit N9); *(27.12.2018 N37)*

b) 300 days – for the Ltd Georgian International Energy Corporation (Tbilsresi Unit N3); *(27.12.2018 N38)*

c) 300 days – for the Ltd Georgian International Energy Corporation (Tbilsresi Unit N4); *(27.12.2018 N38)*

d) 335 days – for the Ltd G Power. *(27.12.2018 N36)*

e) 300 days – for the Gardabani Thermal Power Plant LLC *(27.12.2017 N35)*

Article 3. Electricity Generation Licensee Tariffs of the Plants Considered as Unified Electric Energy System Regulatory Plants of Georgia

Selling fixed tariffs of the electricity generated by the power plants considered as regulatory plants are as follows:

a) Engurhesi Ltd - 1,818 Tetri/kWh; *(19.12.2017 N36) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

b) Cascade of Vardnili HPPs Ltd – 4,002 Tetri/kWh. *(19.12.2017 N35) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

Chapter II. Service Tariffs of the Electricity Transmission, Dispatch and Electricity System Commercial Operator

Article 4. Electricity Transmission and Dispatch Tariffs

1. Fixed Tariffs of the electricity transmission:

a) JSC Georgian State Electrosystem – 1,323 Tetri/kWh *(25.12.2017 N43) (Shall be valid from January*

Unofficial Translation

1, 2018 and its validity period shall be determined by January 1, 2021)

b) SakRusEnergo JSC - 0.278 Tetri/kWh. *(19.12.2017 N41) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

c) Energotrans LTD - 0.380 tetri/kwh *(19.12.2017 N42) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

2. Fixed Tariffs of the electricity dispatch - JSC Georgian State Electrosystem

a) From January 1, 2018 till May 1, 2018 – 0,092 Tetri/kWh *(25.12.2017 N43)*

b) From May 1, 2018 till January 1, 2021 – 0,412 Tetri/kWh *(25.12.2017 N43) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

3. Removed *(19.12.2017 N42) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

Article 5. Service Tariffs of the Electricity System Commercial Operator

1. Fixed service tariff of the Electricity System Commercial Operator and service tariff of the Electricity System Commercial Operator Ltd – 0.019 Tetri/ kWh.

2. Service cost of the Electricity System Commercial Operator Ltd shall be compensated in compliance with the Electricity (Capacity) Market Rules.

Article 6. Electricity Import (Import in Case of Exchange) Tariffs

1. When importing the electricity into Georgia, marginal tariff of import (import in case of exchange) for the Eligible Enterprises shall be determined with the following formula:

$T = (T_{imp} \cdot XE + U_{cust} + U_{serv} + U_{reg} + U_{bank}) / E$, Where:

T - Marginal Tariff of the Electricity Import (GEL/kWh);

T_{imp} . – The electricity cost (GEL/kWh) determined by appropriate contract or the electricity exchange coefficient;

E – The volume of actually imported electricity

(KWh); U_{cust} – Fee established for the Customs Service (GEL) (26.11.2015 N32)

U_{regul} . – Regulation Fee (GEL);

U_{serv} . - Service cost of “The Electricity System Commercial Operator”, Ltd (in case of the import

Unofficial Translation

carried out by the Ltd “Electricity System Commercial Operator” $U_{serv.} = 0$)

U_{bank} – Bank Guarantee Service Fee (GEL), submitted by the qualified enterprise to the foreign enterprise for the electricity import in Georgia *(26.11.2015 N32)*

1¹. For the purposes of this article, the amount of bank guarantee referred to in paragraph 1 shall not exceed the two months sum of the contractual amount of import. Herewith, bank guarantee fee, for first calculation period, shall not exceed 0,50% of the guarantee amount, and for each following calculation period shall not exceed 0,20% of the guarantee amount. One-time actual expenses of bank guarantee, incurred prior to the commencement of import, shall be reflected in the first calculation period of the import, and all other expenses determined by bank guarantee agreement shall be reflected in import tariff according to the relevant calculation period, when expenses actually incurred. *(26.11.2015 N32)*

2. In the event that unplanned electricity flow (not more than 300000kWh) takes place at the customs border of Georgia through the line intended for international transit (power interchange) and the electricity import contract for this reporting period does not exist (does not function) as well as appropriate application to be submitted to the Dispatch Licensee, the contractual price ($T_{imp.}$) of such electricity shall be equal to:

a) from September 1 till May 1 of each calendar year – upper marginal tariff of electricity established by the Commission for a generation licensee, which has the highest tariff of electricity *(6.04.2015 N9 valid from May 1, 2015)*

b) from May 1 till September 1 of each calendar year – tariff of generation licensee, which has fixed tariff and has the lowest electricity tariff established by the commission. *(6.04.2015 N9 valid from May 1, 2015)*

Chapter III. Electricity Wheeling and Distribution Tariffs

Article 7. Wheeling Tariffs

1. (Removed – *(13.03.18 N2) (Shall be valid upon its promulgation and will affect on the relationships arising from January 1, 2018)*)

2. (Removed – *(13.03.18 N2) (Shall be valid upon its promulgation and will affect on the relationships arising from January 1, 2018)*)

3. Tariffs of electricity transmission by distribution licensee with its own electricity distribution network shall be determined in the range of electricity distribution tariffs defined by the Resolution

Unofficial Translation

herein. *13.03.18 N2) (Shall be valid upon its promulgation and will affect on the relationships arising from January 1, 2018)*

Article 8. Distribution Tariffs of Telasi JSC

a) 220/380 V - 6.472 Tetri/ kWh *(27.12.2017 N48)*

b) 3,3-6-10 kV - 2.712 Tetri/ kWh *(27.12.2017 N48)*

c) 35-110 kV - 2.058 Tetri/ kWh *(27.12.2017 N48)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

Article 9. Removed *(27.12.2017 N49)*

Article 9¹. Electricity Distribution Tariffs of Energo-pro Georgia, JSC

a) 220/380 V - 7.332 Tetri/kWh; *(27.12.2017 N49)*

b) 3.3-6-10 kV - 3.237 Tetri/kWh; *(27.12.2017 N49)*

c) 35-110 kV- 2.058 Tetri/kWh. *(27.12.2017 N49)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

Chapter IV. Marginal Tariffs of Electricity Consumption

Article 10. Marginal Tariffs of Electricity Purchase for Telasi, JSC Consumers

1. Fixed Marginal Tariffs of Electricity Purchase for Telasi, JSC Consumers

a) 220/380 Volt (non-household Consumer) - 18.067 Tetri/kWh *(27.12.2017 N48)*

b) 3,3-6-10 kV - 14.307 Tetri/kWh *(27.12.2017 N48)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

c) 35-110 kV - 13.653 Tetri/kWh *(27.12.2017 N48)*

(Shall be valid from January 1, 2018 and term of validity of this subparagraph shall be determined as follows: till enacting article 2(K¹) of the Law of Georgia on "Electricity and Natural Gas" established by article 1(1)(c) of the Law of Georgia on "Amending Law of Georgia on Electricity and Natural Gas"

Unofficial Translation

dated on June 30, 2017, N1187-IIIb.)

d) 35-110 kV - 13.653 Tetri/kWh *(30.05.2018, N7)*

(Will affect on the relationships arising from May 1, 2018 and its validity period shall be determined by January 1, 2021)

2. For the purpose of creating additional guarantees for social security of the population and furtherance of rational consumption of the electricity, consumption based fixed purchase tariffs (during 30 calendar days) of electricity for customers of Telasi JSC, who are Telasi JSC household users (population) at 220/380 V:

a) 101 kWh (including) - 12.325 Tetri/kWh *(27.12.2017 N48)*

b) From 101 kWh till 301 kWh (including) - 15.725 Tetri/kWh *(27.12.2017 N48)*

c) From 301 kWh and higher - 19.525 Tetri/kWh *(27.12.2017 N48)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

Article 11. Removed *(27.12.2017 N49) (Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)*

Article 11¹. Marginal Tariffs of Electricity Purchase for the Consumers of Energo-pro Georgia, JSC

1. Marginal tariffs of electricity purchase (by voltages), for the customers of Energo-pro Georgia, JSC are:

a) 220-380 V (non-household consumer) – 17.867 Tetri/ kWh; *(27.12.2017 N49)*

b) 3.3-6-10 kV – 13.772 Tetri/ kWh; *(27.12.2017 N49)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

c) 35-110 kV – 12.593 Tetri/ kWh; *(27.12.2017 N49)*

(Shall be valid from January 1, 2018 and term of validity of this subparagraph shall be determined as follows: till enacting article 2(K¹) of the Law of Georgia on “Electricity and Natural Gas” established by article 1(1)(c) of the Law of Georgia on “Amending Law of Georgia on Electricity and Natural Gas” dated on June 30, 2017, N1187-IIIb.)

d) 35-110 kV – 12.593 Tetri/ kWh. *(30.05.2018, N7)*

(Will affect on the relationships arising from May 1, 2018 and its validity period shall be determined by January 1, 2021)

2. For the purpose of creating additional guarantees for social security of the population and furtherance of rational consumption of the electricity, consumption based marginal

Unofficial Translation

purchase tariffs (during 30 calendar days) of electricity at 220/380 voltage in the Regions of Georgia (subscribers of Energo-pro Georgia, JSC) for the household customers (the population) are:

- a) Including 101 kV -12.065 Tetri/ kWh; *(27.12.2017 N49)*
- b) From 101 kV till 301 kV (including) - 15.435 Tetri/kWh; *(27.12.2017 N49)*
- c) From 301 kV and higher - 19.265Tetri/ kWh *(27.12.2017 N49)*

(Shall be valid from January 1, 2018 and its validity period shall be determined by January 1, 2021)

Article 12. The Tariffs Established Based on the Quantity of Consumed Electricity

The tariffs determined based on the consumed electricity are not “through rate”; each customer pays the electricity fee on total quantity of electricity, consumed during 30 calendar days, with the tariff established on corresponding quantity of consumed electricity.

Article 13. The Tariffs of Electricity Consumed without Individual Meters by the Household Consumers (Population) that have the Meters of Common Use

In compliance with the conditions established by the Commission, when billing with the meters of common use, in case of unavailability of individual meters, household customers (the population) pay the price of consumed electricity with the first step (including 101 kV) Tariff.

Chapter V. Transitional and Conclusive Provisions

Article 14. Wholesale Marginal (Upper Margin) Tariffs of Electricity (Capacity) to be Purchased by the Distribution Licensees and Direct Consumers

The wholesale marginal (upper margin) tariffs of the electricity (capacity) to be purchased by the distribution licensees and direct customers shall be composed based on the direct contract in compliance with the Electricity(Capacity) Market Rules.

Article 15. Billing of Value Added Tax (VAT) to the Tariffs of Electricity Given in the Resolution

Unofficial Translation

1. All the tariffs determined in this Resolution are calculated without VAT.
2. The VAT is billed in accordance with the active legislation of Georgia.

Article 16. Calculation and Accounting of the Revenues Received from Wheeling

The distribution licensees shall maintain records of revenues received from the electricity wheeling separately and quarterly provide the Georgian National Energy and Water Regulatory Commission with the sufficient information.

Article 17. Tariffs Validity Period and Correction Terms

1. The mechanisms of correction of the tariffs determined by the Paragraphs 2 and 3 of Georgian National Energy and Water Regulatory Commission Resolution N26 (on predetermined fixed tariffs to provide for the stable investment climate in the energy sector of Georgia for the long-term period), dated September 24, 2008 shall apply to the tariffs established by the Article 8 of this Resolution and they shall be valid till September 1, 2015.
2. In order to provide for the guaranteed service on return of funds spent from the credit allocated by Japanese Agency for International Cooperation for the rehabilitation of Khrami-2 JSC (as per contract signed between the Georgian Ministry of Finance and Khrami-2 JSC on December 10, 2008) to the state, long-term marginal tariff (upper margin) of Khrami-2 JSC electricity generation shall be corrected annually. This correction shall take place if the difference of rate between GEL and Japanese Yen exceeds 7% per year in comparison with similar rate for the 2016 (2.1834 Lari = 100 Japanese Yen). In addition, only the part, which is considered for servicing the above-mentioned credit of the tariff, shall be corrected. *(31.10.2017 N31)*
3. For the purpose of guaranteed return of investments made during the purchase of Khrami-1 JSC and Khrami-2 JSC, the long-term marginal tariffs (upper margin) of Khrami-1 JSC and Khrami-2 JSC electricity generation shall be corrected if the difference of GEL rate against USD rate exceeds 7% in comparison with the rate (2.0863 Lari = 1 USD) available for the period between November 1, 2013 and October 31, 2016. Amendments to the tariffs, indicated in the Clause 2 of Article 1 of this resolution due to the change of GEL: against USD shall be introduced four times: on November 1, 2013, on November 1, 2016, on November 1, 2019 and on November 1, 2022. *(31.10.2017 N30)*
4. The amendment shall be carried out with the full volume of change if any event indicated in

Unofficial Translation

Clauses 2 and 3 of Article 17 of this Resolution takes place.

Article 18. Standard Acts Cancelled because of the Activation of this Resolution

1. Connected with enabling this Resolution, the following shall be announced as void:

- a) Georgian National Energy Regulatory Commission (GNERC) Resolution N18 On Electricity Tariffs (Georgian Newsletter III, 16.05.2006, N66, Article 848), dated May 15, 2006;
- b) Georgian National Energy Regulatory Commission (GNERC) Resolution N11 On the Tariffs of Electricity Wheeling (Georgian Newsletter III, 10.10.2004, N112, Article 997), dated July 6, 2007;
- c) Georgian National Energy Regulatory Commission (GNERC) Resolution N 15 On Determining Tariffs for the Individual Consumers of Electricity (Georgian Newsletter III, 15.08.2003, N88, Article 759), dated August 26, 2003;
- d) Georgian National Energy Regulatory Commission (GNERC) Resolution N34 On Service Tariff of Electricity System Commercial Operator Ltd (Georgian Newsletter III, 04.10.2006, N136, Article 1895), dated October 4, 2006;
- e) Georgian National Energy Regulatory Commission (GNERC) Resolution N19 On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, Based on the Import/Export Contract of July 14, 2008, Signed between the Electricity System Commercial Operator Ltd and Multiplex Energy Trading Ltd (Georgian Newsletter III, 03.09.2008, N129, Article 1301), dated August 29, 2008;
- f) Georgian National Energy Regulatory Commission (GNERC) Resolution N30 On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, Based on the Contract of September 9, 2008, Signed between Telasi JSC and Multiplex Energy Trading Ltd (Georgian Newsletter III, 04.11.2008, N159, Article 1602), dated October 30, 2008;
- g) Georgian National Energy Regulatory Commission (GNERC) Resolution N21 On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, Based on the Import/Export Contract of June 20, 2007, Signed by the Electricity System Commercial Operator Ltd and Energo-pro Georgia JSC with TGR ENERGY ELECTRICITY WHOLESALE TRADE CO (Georgian Newsletter III, 12.11.2007, N159, Article 1759), dated November 7, 2007;

Article 19. Bringing the Resolution in Motion

Unofficial Translation

The Resolution herein comes into power in 15 days from being released.

Chairman

G. Chalagashvili