

MARKET RULES

I. General Provisions

Article 1. Goal and Objectives of the "Market Rules"

1. The strategic objective of the "Market Rules" is to establish market relations within the electricity sector, to promote efficiency of electricity generation, transmission, distribution, export, import and consumption, to gradually develop competition within the sector, to create the environment for attracting the necessary investment and to develop reliable, fair and stable relationships among the Licensees.
2. "The Market Rules" provide with the following:
 - a. Implementation of the adequate accounting standards to ongoing restructuring of the electricity sector;
 - b. Creation of the Wholesale Market's independent democratic management system.
3. The Main Principles of the Wholesale Market are:
 - a. Independence;
 - b. Economical reasonability and fairness;
 - c. Guaranteed and timely payment;
 - d. Equality of Market members;
 - e. Transparency;

Article 2. Definitions of the Used Terms

The terms used in this document have the same meaning as in Georgian Law "On Electricity and Natural Gas". Those terms that are directly related to the Wholesale Market are defined below:

- a. "The General Director of the Georgian Wholesale Electricity Market" - person, which conducts management of the Wholesale Market according to the "Market Rules" and "Technical Code of the Wholesale Market and is reporting to the Executive Board. The General Director of the Wholesale Market is appointed by the Executive Board and approved by the Georgian National Energy Regulatory Commission
- b. "The Settlement Director of the Georgian Wholesale Electricity Market" - person, who defines the volume of electricity (capacity) traded through the wholesale market and volume of transmission and dispatch services, also determines amounts due and issues relevant invoices.

- c. "The Market Funds Director of the Georgian Wholesale Electricity Market" - person, who collects and distributes funds received from the trading of electricity (capacity) within the Wholesale Market, as well as from transmission and dispatch services.
- d. "Settlement Period" – the period of one calendar month.
- e. The "Wholesale Market Seller" - Market Members - generation and import licensees, who are suppliers of electric energy and capacity, also transmission and dispatch Licensees, who supply transmission and dispatch services to the Wholesale Market.
- f. The "Wholesale Market Buyers" - Market Members – distribution and export licensees, direct consumers, which, at the Wholesale Market, define level of demand on electricity.
- g. "Wholesale Market Member" - individual or legal person, who holds generation, distribution, transmission, dispatch, export, import licenses or is a direct consumer.
- h. The “Controlled Territory ” – Georgian integrated electric power system to which various operating procedures are applied by or under the supervision of the Dispatch Licensee in order to:
 - h.a. Balance the volume of generated electricity by the generation licenses and present demand of consumers;
 - h.b. Maintain scheduled interchange with other interconnected systems;
 - h.c. Maintain the frequency of the electric power system within reasonable limits;
 - h.d. "Emergency Period" - period of time, during which electricity supply shall be limited, in order to maintain the balance between electricity demand and supply.
- i. "Curtailment Group" - shall mean the group of customers or feeders grouped together by the dispatch Licensee for the purpose of elaboration of a Curtailment Plan.
- j. “Curtailment Plan” - shall mean the list of Curtailment Groups, which determines order for electricity supply to electricity buyers and according which electricity is supplied to the electricity buyers during times of capacity shortages or emergency periods.

Article 3. Legal Status of the Market

1. Organizational-legal form of the Wholesale Market is a Union (Association) of Electricity Sector Licensees and Direct Consumers. A Union (Association) established by the members of the Georgian Wholesale Electricity Market is a legal entity of the private Law, its entrepreneurial activities may have only supplementary nature and shall serve the common goals of the Wholesale Market, i.e. establishment of favorable conditions for development of competition.

2. The Market Rules do not change the legal status and the organizational legal form of the members of Electricity Wholesale Market; each of them will remain as an independent individual. They are the independent contractors towards each other and the third party

Article 4. Membership (Participation)

1. All entities, (legal entities and individual entrepreneurs) holding any license issued in compliance with the law on “Electricity and Natural Gas” or are the direct customers are obliged to be the members of the Wholesale Market.
2. Any other Entity which is eligible to be engaged, or proposes to engage in the electric power business in Georgia may become a Member upon compliance with such reasonable conditions of the Georgian National Energy Regulatory Commission and the GWEM .
3. Wholesale Market membership will be limited to the Individuals and/or Legal Persons registered in Georgia.
4. All Natural (and) Legal Persons connected to or capable of being connected to the Transmission Grid for the purpose of supplying electricity and who have been issued a Generation License will be required to be a member of the Georgian Electricity Market (Wholesale Market).
5. The Wholesale Market members shall pay membership fee, amount and payment timetable of which is to be determined by the Executive Board and approved by the Regulatory Commission.
6. Noncompliance with the "Market Rules", "Wholesale Market's Technical Standards ", legitimate requirements of the General Director, Executive Board of the Wholesale Market and the Commission, may cause suspension of the Wholesale Market's Membership.
7. Violations of the "Market Rules" requirements and of other regulating documents, or dispute cases are to be reviewed by the Commission.

III. Management of the Wholesale Market

Article 5. Executive Board

1. The Executive Board consists of 12 members:
 - a. Three members from the Generation Licensees;
 - b. One member – from the Transmission Licensees;
 - c. One member – from the Dispatch Licensee;
 - d. Two members – from the Distribution Licensees;

- e. One member - from the Direct Consumers;
 - f. General Director of the Wholesale Market;
 - g. One member - from the Ministry of Fuel and Energy, one deliberative vote;
 - h. One member - from the Ministry of Economy, Trade and Industry, one deliberative vote;
 - i. One member - from the Ministry of Finance, one deliberative vote;
2. If the representatives of all three Ministries believe, that any decision made by the Executive Board violates existing legislation, they are authorized to bring this decision to the attention of the related Ministries and the Commission. If it is necessary, such decision may be appealed in the Commission.
3. Each member of the Executive Board is nominated by the licensees and the Ministries and is appointed by the GNERC for a 5-year period.
4. Premature suspension of rights and responsibilities of an Executive Board member is due in cases as follows:
- a. If the member voluntarily resigns from the Executive Board, or his employment is terminated by Participant who appointed him;
 - b. If the member, by any reason, leaves the position, which was supporting his membership in Executive board;
 - c. If the Licensee, who appointed the member, losses its seat in the Executive Board;
 - d. If the accusatory decision has been taken against the member;
 - e. If the Court recognizes the member as disabled or missing;
 - f. If the member consistently does not satisfactorily perform his duties;
 - g. If the member dies.

Article 6. Rights and Responsibilities of the Executive Board

- 1. The Executive Board, together with the General Director, shall present the report for the past year by March 31.
- 2. The member of the Wholesale Market, whose representative is not able to attend the board meeting, can send his/her representative approved by the notary and the representative will have membership right.
- 3. In order for a decision to be passed by the Executive Board the support of the 2/3 of present members, that possess the right to vote, is required.

4. The Executive Board members shall elect a Chairman from its voting members; The Commission approves the results of the Chairman elections by the decision.
5. The Chairman of the Executive Board has one vote. The Chairman is responsible for organization of the Executive Board's meetings and for providing the opportunity for each member to express their position.
6. The Executive Board shall hold its annual meeting in December or January at such time and place, as the Chairman shall designate. The Executive Board approves the schedule of the meetings on the annual organizational meetings. Any two members may call a special meeting of the Executive Board. Upon receipt of a written request from any of the two initiators the Chairman is to arrange a special meeting within three days. In the written request the initiator is to indicate the issues he wishes to be discussed and the special meeting
7. Written notice of each meeting of the Executive Board shall be delivered to each member of the Executive Board, not less than three business days prior to the date of the meeting. The notice shall specify the principal subject matter expected to be acted upon at the meeting.
8. Any Participant may appeal any action taken by the Executive Board in the Georgian National Energy Regulatory Commission. The appeal should be conducted in accordance with the GNERC resolution #4 as of April 6, 2000 on the procedure rules of the dispute issues' discussion between licensees, licensees and the customers.
9. The Executive Board shall have the power and authority to establish the committees and working groups to manage at the Executive Board's direction various areas of market activities.
10. At each annual meeting, the Executive Board shall adopt a Wholesale Market budget and staffing schedule for the ensuing calendar year. In adopting budget the Executive Board shall give due consideration to the budgetary requests of each committee and General Director of the Wholesale Market. The Executive Board may modify Wholesale Market budget from time to time after its adoption. The first year budget of the Board shall be approved by the GNERC upon its submission by the Executive Board.
11. The Executive Board shall appoint the General Director of the Wholesale Market (General Director) for 5-year period and at his nomination, appoints Settlement Director and Market Funds Director.
12. The Executive Board considers main normative documents, including "Market Rules", "Technical Code", the annual budget projects presented by the General Director and prepared by the relevant working committees, and then presents them to the GNERC for changes, additions and approval.

13. The meetings of the Executive Board are called once in a month as a rule. As the exception, the meetings can be called upon the request of at least 5 members of the Wholesale Market and the 3 members of Executive Board.
14. The Executive Board is authorized to adopt and discuss all necessary decisions on the Market Rules and demand the implementation of all the concrete documentation requirements based on it. Any member of the Executive Board, also any member of the Electricity Wholesale Market representative is authorized to attend the Executive Board meeting and express the opinion about the issues discussed on the meetings.

Article 7. The General Director of the Wholesale Market

1. The General Director of the Georgian Wholesale Electricity Market is directing a special independent structure, which is in charge of wholesale electricity trading relations in fair and non-discriminatory manner. The General director is reporting to the Executive Board.
2. The General Director of the Wholesale Market, according to "Market rules":
 - a. Monitors and directly controls the wholesale market ;
 - b. Directs activities related to preparation, consideration and submission of "market Rules", also monitors the process associated with changes and amendments to it;
 - c. Between the meetings of the Executive Board considers and makes decisions on issues related to the operation and development of the Wholesale Market;
 - d. Represents the Wholesale market;
 - e. With the Executive Board's approval, appoints, the Settlement Director and the Market Funds Director under the contract;
 - f. Together with the Dispatch Licensee, approves the balances on delivery and demand on electricity within the Wholesale Market and makes corrections to these balances if necessary; in case of deficit announces the tender for importing of necessary amount of electricity, creates a tender commission for making relevant decisions;
 - g. Within its competency, informs GNERC on violation of the License requirements by the Licensees;
 - h. Conducts monitoring of fulfillment of the "Market Rules, technical standards of the of the Wholesale Market" by Licensees within the Wholesale Market;
 - i. According to approved budget and on the basis of contractual system independently sets salary and bonus rates;
 - j. Directs periodical report-preparation on the Wholesale Market's operation and development;
 - k. Within its competency, issues orders and controls their fulfillment;
 - l. According to existing legislation, provides transparency and availability of the documents related to the Wholesale market's operation.

Chapter III. Formation of the Electricity (Capacity) Balances, Distribution and Dispatching

Article 8. The Responsibilities of the Market Members

1. Each member of the Wholesale Market shall:
 - a. In order to guarantee reliable operation of the electricity sector, the Wholesale Market member shall install, repair, maintain and operate all the facilities under its control and systematically provide the Wholesale Market with the information related to the reliability of these facilities;
 - b. To the fullest extent practicable, subject all facilities and other resources owned or controlled by it to central dispatch by the Dispatch Licensee; provided, however, that each Participant shall at all times be the sole judge as to whether or not and to what extent safety requires, that at any time any of such facilities will be operated at less than full capacity or not at all. Each Member may remove from central dispatch a facility or other resources owned or controlled by it, if and to the extent such removal is permitted by rules and standards approved by the Executive Board.
 - c. Each Member shall, to the fullest extent practicable:
2. The day-to-day scheduling and coordination through the Dispatch Licensee of the operation of generating units and other resources, shall be designed to assure the reliability of the Georgian bulk power system at the .
3. Generation licensees and import licensees, which are the tender winners, shall submit officially to the Wholesale market applications on electric energy (capacity) supply to Wholesale Market and through direct contracts for the following day, month, quarter and year, under the established rule. Distribution and export licensees, direct consumers shall submit officially to Wholesale Market applications on electric energy (capacity) purchase at Wholesale Market and through direct contracts for the following day, month, quarter and year.
4. Wholesale Market shall elaborate and approve electric energy (capacity) balances in compliance with the dispatch and transmissions licensees, on the basis of submitted applications and shall inform officially generation, import, distribution and export licensees, direct consumers on such balances. Parameters of licensees and direct consumers set out in approved electric energy (capacity) balances shall contain their official obligations; these balances shall be considered as general contracts made between power suppliers (seller) and consumers (buyer), imposing on each of them certain obligation and responsibilities.
5. Wholesale Market shall ensure regular monitoring on implementation of obligations by licensees and direct consumers, set out in the electric energy (capacity) balances.

6. Wholesale Market shall ensure reimbursement of electric energy (capacity) cost, purchased at Wholesale Market by distribution and export licensees, direct consumers, transfer of sums to generation and import licensees, under “Market Rules”. In case of non-payment, Wholesale Market shall determine amount of debt and at the request of the generation (import) licensee shall immediately determine distribution licensee(s) and/or direct consumer(s), which have debtor liabilities to such generation (import) licensee. In case if the issue on liabilities is appealed at the court, Wholesale market shall act as a co-plaintiff.

7. The Wholesale market, on the basis of “Energy Generation, Expense and Supply Acts”, calculates the electric energy actual average selling price and in case of the difference with the estimated price presents a proposal to the Commission for tariff changes.

8. In case if any licensee or direct consumer suffers material losses caused by other licensee(s) or direct consumers, payment for such losses shall be charged to the responsible party, under the current legislation.

9. For the purpose to improve balancing of electricity supply-consumption and relations between licensees and direct consumers, bilateral or multilateral contracts may be executed, if necessary, including contracts with participation of Wholesale Market.

Article 9. Dispatch and Scheduling

1. The Dispatch Licensee shall:
 - a. Be responsible for scheduling and dispatching the power system such that the frequency, voltage and quality of electrical supply meet the requirements specified in the Technical Standards;
 - b. At any time balance electricity supply, transmission and consumption;
 - c. Be responsible for preparation and implementation, in cooperation with the Wholesale Market and, a operational (daily) schedule of electric energy (capacity) supply (Generation, Import). Such schedules shall meet consumer demand, as well as exports and necessary reserve requirements.
 - d. Satisfy requirements of Wholesale Market, regarding economical reasonability and fairness of electricity generation, import, export, distribution and direct consumption.
 - e. Fulfill the directions of the Wholesale Market with regards of generation, import, export, distribution licensees and the direct customers, whose goal is to protect the principles of reasonability and rule of Law.

2. Wholesale Market members shall unconditionally fulfill orders issued by the Dispatch Licensee within its competency, and if dispute occurs, it shall be resolved according to set rules.
3. By the end of each day, the Dispatch Licensee shall provide the Wholesale Market with all orders, which were issued during the day, as well as all changes, made in the preliminary prepared application.

Article 10. Operational (Day to Day) Scheduling

1. At no later time than 09:30 of each day each Generation and Import Licensees shall submit to the Settlement Director and Dispatch Licensee, with respect to each generating block and direct contract, an availability declaration for the following day. The availability (application) declaration shall represent projected capability of each generating block and direct contract to supply electric energy for the following day. If any generator fails to submit for any generating block or direct contract any data in accordance with this section, the Settlement Director and Dispatch Licensee shall assume that the generating block and/or direct contract is unavailable and shall proceed in the unit commitment and settlement computations accordingly.
2. In conformance with established procedures, a Generation or Import Licensee may submit to the Settlement Director and the Dispatch Licensee a revised availability declaration with respect to each generating block and direct contract the availability or flexibility of which has been changed since the time of the most recent declaration.

If the Dispatch Licensee finds that actual availability of any generation block is below its declared availability, it shall unilaterally re-declare the availability of this resource to its actually demonstrated value, and immediately relay this information to the Settlement Director and concerned Participant(s).

3. At no later time than 9:30 of each day buyers under direct contracts and Import and Export Licensees should provide their respective hourly delivery schedules to the Settlement Director and to the Dispatch Licensee to be included for the following day unit commitment.

Article 11. Direct Contracts

1. The Direct contracts, in the scope of the existing Legislature, shall be allowed between:
 - a. Distribution Licensees and Generation Licensees;
 - b. Distribution Licensees and Import Licensees;
 - c. Generator Licensees and Export Licensees;
 - d. Generator Licensees and Direct Consumers;
 - e. Import Licensees and Direct Consumers.

On one hand between generation, distribution, import, export licensees and direct consumers and on the other hand between transmission and dispatch licensees, on the basis of direct contracts executed on wholesale purchase-selling of electricity.

2. The General Director of the Wholesale Market in consultation with Dispatch Licensee, shall submit to the Executive Board for approval special procedures, describing criteria which Licensees must satisfy to be eligible to engage in direct contracts. Such procedures shall determine amount of MW each generating plant can dedicate to direct contracts. These special procedures shall be approved by the GNERC.
3. Receiving electric power under direct contract does not release a buyer under such contract, from payment obligations to the Transmission and Dispatch Licensees, also from the payment obligation of the difference between the Wholesale Market estimated average weighted tariff and the tariffs set by the direct contracts.
4. Parties to direct contracts bear full responsibility to provide to the Settlement Director and the Dispatch Licensee with all relevant information to assure that these contracts can be physically implemented and correctly reflected in the settlement.

Article 12. Curtailment and Emergency Period

1. Due to capacity and electricity deficit in Georgia, the Wholesale Market shall have Curtailment Plans prepared for emergency periods.
2. The Wholesale Market together with the Dispatch Licensee prepares curtailment schedule (Plan), which shall define amount of electricity to be curtailed during different regimes of expected deficit. The Curtailment Schedule (Plan) shall be agreed with the Executive Board and approved by the GNERC
3. During the implementation of the Curtailment Plan the careful consideration shall be given to the Buyer's background in terms of payment for consumed electricity.
4. Customers, their capacity and sequence, (which) that are intended for curtailment, shall clearly be defined in the Curtailment Plan.
5. The Dispatch Licensee conducts its activities according to approved Curtailment Plan.
6. The Curtailment Plan comes into effect upon disconnect of those buyers from the network who fail to meet their payment obligations and to fulfill bank deposits.
7. The Security Council of Georgia determines certain customers who shall not be included in the Curtailment Plan as a matter of national security policy and shall not be disconnected, except cases when disconnection is caused by non-payment for consumed electricity.

8. The Dispatch Licensee will declare an Emergency Period when due to the (unforeseen) failure of generating or transmission equipment, the Dispatch Licensee will be unable to maintain a balance between supply and demand.
9. During an Emergency Period, the Dispatch Licensee may order the Wholesale Market Sellers and the Transmission Licensee to cancel maintenance outages and may request from the Wholesale Market Members compliance with the requirements of the emergency situations.

Chapter IV. Terms for the Connection to the Transmission and Distribution System

Article 13. Connection to the Transmission System

1. Transmission Licensees will connect to their Transmission system any Generator Licensee, Distribution Licensee, Import Licensee, Export Licensee or Direct Consumer in a manner that will meet their needs, provided that the entity requesting connection is a Wholesale Market Member and meets relevant technical standards.
2. Transmission Licensees and Dispatch Licensees shall prepare an investment plan that details new transmission facilities that will be necessary to construct within the next five years and submit that plan to the Georgian National Energy Regulatory Commission for approval.
3. Transmission Licensees will have the right to terminate service in accordance with the Georgian Law “On Electricity and Natural Gas”.

Article 14. Connection to the Distribution System

1. Distribution Licensees will connect to their Distribution System any customer that meets relevant technical standards and financial criteria, as determined by the existing legislation.
2. Distribution Licensees will have the right to terminate service to customers under the Georgian Law “On Electricity and Natural Gas”, "Market Rules", "Technical Code" or in accordance with the other normative documentation.

Chapter V. Finances of the Wholesale Market

Article 15. Membership Fees

1. The management bodies and the staff of the Georgian Wholesale Electricity Market Member's Union (Association) are financed by the membership fees, also through income allowed by Georgian Legislation.
2. Amount of the membership fees shall be determined according to the needs of the management bodies and the staff of the Wholesale Market and is approved by the GNERC upon Executive Board's submission.
3. Membership fees are accumulated in a Wholesale Market's account and their disposal shall be conducted according to the approved budget.
4. During the year, each member shall pay to the Wholesale Market annual membership fee in accordance with the set rules.
5. In the case of necessity members of the Wholesale Market together with the General Director shall determine sources for covering those expenses of the Market that are not reflected in the approved annual budget.
6. As a rule, generation and import licensees shall commence payment of membership fee, after they receive the first payment for supplied electricity from Wholesale Market. Advance payment of any Wholesale Market Membership Fee is permitted.

Article 16. Other Revenues

The other revenues of the Wholesale Market may be grants, donations, budgetary resources (received through the State programs) and etc.

Chapter VI. Financial System of the Electricity Sector within the Wholesale Market

Article 17. The Main Principles of the Financial System Reform

1. Reforms of the financial system within the Electricity sector, which are integral part of the Sector's restructuring, shall be based on the following principles:
 - a) Decentralization of financial-settlement relations, according to "Entrepreneurs Law", "Electricity and Natural Gas Law" and other legal regulations;
 - b) Abolition of unnecessary institutions involved in electricity (capacity) sales cash flow and transparency;
 - c) Individual disposal of own financial resources by all Licensees and protection of Licensee from discriminatory financial policy and illegal actions from other Licensee(s);
 - d) Increase of financial resources' utilization efficiency and adjustment of the Licensee's rights and obligations to the existing legislation.

Article 18. Special Transfer Account of the Wholesale Market

1. In accordance with Clause 17, the Wholesale Market sets a special transit bank accounts which accumulates all the finances paid by the Wholesale Market Buyers according to "Market rules". Money transfer from the account is allowed only to bank accounts of electricity (capacity) sellers through Wholesale Market.
2. Transfer of amounts from special account to the Wholesale Market Sellers, is conducted systematically, (due to the conveniences of performing bank transfers) according to preliminarily prepared rule, approved by the Executive Board and known by the Wholesale Market Members. This formula is based on information provided by the sellers concerning the amount of energy (capacity) and services supplied to the market, their wholesale tariffs and equality of all the Sellers.
3. Wholesale Market may open other accounts in banks, if necessary.

Chapter VII Electricity Metering and Settlement

Article 19 . Electricity Metering

1. In order to conduct accurate settlement for electricity, all of the Wholesale Market Members shall be equipped with reliable meters. The meters shall be installed at delivery and receiving points that shall be concretized in the Technical Standards of the Wholesale Market.
2. All kinds of meters, among them active and reactive energy and capacity meters, collectors devices, self-measuring systems for metering, devices for control of electricity quality shall be in compliance with Technical Standards and be recorded in State Register (Registry?) for Metering Equipment. All the meters shall be installed according the set rules for installment of electric equipment.
3. The Wholesale Market Members are legally and financially responsible for security of all kinds of metering equipment, inviolability of seals on this equipment, damage caused by human interference or accuracy of metering circuits.
4. The Wholesale Market Members shall, at any time, provide with unrestricted access of the Wholesale Market's representatives to the metering equipment.
5. The Dispatch Licensee, other Licensees shall, according to set rules, provide the Wholesale Market with the relevant information on metering.

Article 20. Settlement

1. Settlement Period shall mean, the period of one calendar month.
2. The Wholesale Market Members shall, within five days after expiration of the settlement period, notify Wholesale Market (the Settlement Director):

- a. on amount of delivered, received or/and consumed electricity within the settlement period. The regional representative of the Wholesale Market shall affirm the notification.
 - b. on electricity purchased and/or sold under direct contracts and amount of services.
3. If such information is not timely provided, members of the Wholesale Market Member shall bear responsibility according to the established rules. that are prepared by the Wholesale Market and are approved by the Commission.
4. If mistake was made in electricity metering, the data recalculation shall be made according to that specific period, when the last technical inspection of the meter was conducted.
5. Over normative losses in the course of transmission shall be allocated under special instructions. In case if a dispute arises regarding reasons, which resulted such losses, Wholesale Market shall create a special commission, for taking decisions regarding over-normative losses.
6. The Settlement Director shall:
- a) Determine the total amount of losses for the settlement period;
 - b) Meter wholesale purchase/selling of electricity;
 - c) Determine amount, which are owed by Wholesale Market Buyers to Wholesale Market Sellers and shall submit such information to the market fund director under the established rule.
7. Wholesale Market Buyers shall make settlements prior to 25th day of the following fiscal month (other then settlements with AES Telasi).

Clause 21 . Responsibility of the Market Funds Director

1. The Market Fund Director shall:
 - a. issue bills to electricity buyers, on the basis of information received from the settlement director within the first 10 days of each fiscal period;
 - b. allocate sums received from Wholesale market Buyers among Wholesale market Sellers, under the established rule;
 - c. perform settlement from depository account, in case of non-payment by the Wholesale Market Buyers;
 - d. cover completely the electricity cost prior to 30th day of the following fiscal month; advise the distribution licensee to terminate services to Wholesale Market Buyer, in case of he does not pay for the consumed electricity within the above time frame.
 - e. In case if the Wholesale Market Buyer violates provisions of this paragraph 2, the responsibilities of the Buyer shall be determined according the Civil Code of Georgia.
 - f. Wholesale Market Members shall not bear financial responsibilities for violation of agreement provisions, in case of force major. Any

Wholesale Market Member shall notify immediately the general director of Wholesale market in case of commencement of force major conditions.

Article 22. Data Collection and Verification

1. Market Members, dispatch and transmission licensees shall provide, under the established rule, the Settlement Director daily with all metered data related to actual system operation in order to assure accurate and timely settlement.
2. The amount of energy, generated, consumed, imported and exported shall be determined on the basis of metered data.
3. The Settlement Administrator, using appropriate software where necessary, shall collect metered data; validate metered data; update standing entries; and adjust and summarize the metered data for generation and consumption.
4. The following variables shall be determined on the basis of the metered data values for each Settlement Period:
 - E_{gen} – total generation of the power plant (according to power blocks)
 - E_{plant} – electricity supplied by the plant from busses (total production minus self consumption)
 - E_{ws} – actual consumption of distribution licensees and direct consumers
 - E_{imp} – volume of imported power
 - E_{exp} – power purchased by export licensees
 - E_{dir} – volume of power supplied through direct contracts
5. In order to accurately calculate payments the Settlement Director may request from participants to provide summarized periodic readings of electricity meters of total energy generated by each Block and the station.
6. In order to verify the accuracy of the received data, the Dispatch Licensee or any person authorized by him and Settlement Director, or any person authorized by him, have the right to enter premises of the market participants in order to inspect all the metering equipment and their compliance with the Technical Standards.
7. Calculation of payments due to Wholesale Market Members:
 - a) payments due to distribution and export licensees and direct contractors shall be calculated as follows:

$$R = (E_{ws} - E_{dir}) \times T_{wt} + E_{dir} \times [T_{tr} + T_{dis} + T_{sagr} + T_{imp.comp.} + (T_{gen} - T_i)]$$

where,

R – sum of invoices issued by Wholesale Market – payments due (in Lari)

E_{ws} – consumption of distribution and export licensees and direct consumers (kWh)

$$E_{ws} = \Sigma E_{plant} + E_{imp} - L$$

E_{dir} – volume of power supplied through direct contracts (kWh)
 E_{imp} – volume of power imported by import licensees (kWh)
 L – power losses in transmission grid (kWh)
 T_{wt} – average wholesale tariff, determined by GNERC (Tetri/kWh)
 T_{tr} – transmission tariff set by GNERC (Tetri/kWh)
 T_{dis} – tariff set by GNERC for distribution licensees (Tetri/kWh)
 T_{sagr} – tariff set by GNERC for Sakrusenergo (Tetri/kWh)
 $T_{imp.comp.}$ – import component set by GNERC (Tetri/kWh)
 T_{gen} – average generation tariff, determined by GNERC (Tetri/kWh)
 T_i – tariff set by GNERC for each power plant (Tetri/kWh)

b) payment due to generation licensees shall be calculated as follows:

$$M_i = (E_{plant} - E_{dir}) \times T_i$$

where,

M_i - sum due to each power plant (in Lari)
 E_{plant} - electricity supplied by the plant from busses (kWh)
 T_i – tariff set by GNERC for each power plant (Tetri/kWh)

c) payment due to import licensees shall be calculated as follows:

$$M_{imp} = E_{imp} \times T_{imp}$$

where,

M_{imp} – import cost (in Lari)
 E_{imp} – volume of imported lower (kWh)

d) payment due to transmission licensees shall be calculated as follows:

$$M_{tr} = E_{ws} \times T_{tr}$$

where,

M_{tr} - payment due to transmission licensee (in Lari)
 E_{ws} – volume of power supplied to distribution licensees and direct consumers (transmitted or passed through grids), considering losses (kWh)
 T_{tr} – transmission tariff set by GNERC (Tetri/kWh)

e) payment due to dispatch licensees shall be calculated as follows:

$$M_{disp} = E_{ws} \times T_{disp}$$

where,

M_{disp} - payment due to dispatch licensee (in Lari)
 E_{ws} – volume of power consumed by distribution and export licensees and direct consumers (kWh)
 T_{disp} – tariff set by GNERC for dispatch licensees (Tetri/kWh)

8. If for any reasons, by the date for payment is accordance with paragraph 7 there is a shortage of funds on the special transfer account of Wholesale Market, the Fund Director shall notify immediately the General Director and the Executive Board. The Fund Director shall calculate payments due in the following manner, considering actual resources:

9.
a) $K_{cor} = M/R$

where,

K_{cor} – correction factor

M – actual return funded to the Wholesale Market account in the fiscal month (in Lari)

R - sum of invoices issued by Wholesale Market in the fiscal month (in Lari)

b) Actual payments due to the sector entities shall be calculated in the following way figures calculated under paragraph 7 times correction factor:

Chapter VIII. Necessary Data for Market Functioning

Article 23. Data

1. Each wholesale market member shall present following data to the wholesale market and Dispatch Licensee:

Data required from all market members:

- a. Full Name of the Participant;
Type of activity (form of ownership);
Address of the participant (full address).
- b. Thermal plants:
Name of the plant;
Number of the unit;
Location of the unit's meter;
Installed capacity of the unit;
Unit's minimum load;
Unit's thermal characteristics;
Information on direct contracts (if any);
Type and price of fuel.
- c. From hydro plants:
Name of the Plant;
Number of the plant;

- Location of the plant's meter;
 - Information on direct contracts (if any);
 - d. From Distribution, Trade, Export and Import Licensees:
 - Electricity receiving point in the grid;
 - Metering point;
 - Information on direct contracts (if any);
 - e. From Direct Consumers:
 - Electricity receiving point in the grid;
 - Metering point;
 - Information on direct contracts (if any);
2. In order to provide accurate information each participant of the wholesale market shall make periodical adjustments to the above-indicated data. The Settlement Director and the Dispatch Licensee shall make appropriate amendments to their databases within two days after receiving such adjusted information.

Chapter IX Dispute Resolution

Article 24 . Dispute Resolution Procedures

1. If the Wholesale Market Member does not agree to the vote of the Executive Board, he may submit to the Commission the matter for resolution hereunder, if the vote:
- a. Requires such Wholesale Market Member to make an additional payment or to take any action pursuant to Market Rules and Agreement; or
 - b. Reduces the amount of any receipt or forbids, pursuant to Market Rules and Agreement, the taking of any action by the Wholesale Market Member ; or
 - c. Limits Wholesale Market Member's right, which to his mind has been granted pursuant to Market Rules and Agreement or imposes the obligation, which is not pursuant to Market Rules and Agreement.
 - d. Results in the termination of the Wholesale Market Member's status as a Wholesale Market Member or imposes any penalty on the Participant; or
 - e. Fails to grant in full an application for transmission service.
2. The Wholesale Market Member seeking review of a vote of the Executive Board shall give written notice to the Secretary of the Executive Board within ten business days after the vote, each member of the Executive Board shall be provided with a copy of the notice. The provider of notice under this Section shall be referred to herein as the "Aggrieved Party."

3. Location and procedures of hearing is determined by the Commission.
4. Distribution Licensee and direct consumer shall be entitled to suspend payment of amounts in dispute for just reasons till final resolution of such disputes.

Chapter X. Regulatory Supervision and Final Provisions

Article 25. Implementation of Regulatory Supervision by GNERC

The Georgian National Electricity Regulatory Commission shall approve Market Rules and other methodologies and instructions connected thereto, implement monitoring over their implementation, observance of the current legislation by Wholesale Market and phased development of competition.