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The GENEX thanks the Energy Community Secretariat for providing the translation of the Electricity Day-ahead and Intraday Market Rules

**GEORGIAN NATIONAL ENERGY AND WATER SUPPLY
REGULATORY COMMISSION**

RESOLUTION № 46

11 August 2020

Tbilisi

On Approval of Electricity Market Rules

Pursuant to paragraph 1 of Article 23, sub-paragraph “i.g” of paragraph 1 of Article 29, sub-paragraph “f” of paragraph 1 of Article 30, Article 123 and sub-paragraph “a.a” of paragraph 2 of Article 162 of the Law of Georgia on Energy and Water Supply, the Georgian Energy and Water Supply Regulatory Commission hereby establishes:

1. To approve the following documents attached:

- a). Electricity Day-ahead and Intraday Market Rules (Annex N1);
- b). Electricity Balancing and Ancillary Services Market Rules (Annex N2).

2. This Resolution shall enter into force on July 1, 2021, with the exception of paragraph 8 of Article 15 and Articles 33-42 of the Electricity Day-ahead and Intraday Market Rules approved by subparagraph “a” of paragraph 1.

3. Paragraph 8 of Article 15 and Articles 33-42 of the Electricity Day-ahead and Intraday Market Rules approved by sub-paragraph “a” of paragraph 1 of this Resolution shall enter into force on July 1, 2022.

Chairman of the Georgian National Energy

and Water Regulatory Commission

Commissioner

Commissioner

David Narmania

Gocha Shonia

Giorgi Pruidze

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Annex № 1

Electricity Day-Ahead and Intraday Market Rules

Chapter I. General Provisions

Article 1. Regulatory Framework for the Electricity Day-ahead and Intraday markets

Day-ahead and Intraday trading in electricity is regulated under the Law of Georgia on Energy and Water Supply, the Government's Resolution on Electricity Market Concept Design, this Rules and other primary and secondary legislation of Georgia.

Article 2. Purpose and scope of this rules

1. The purposes of this rules are:
 - a. Creation of a legal framework needed for competitive electricity market and fair price formation in Georgia including facilitation of new competitors' entry to the Market;
 - b. Support to efficient production and consumption through hourly trading enabling of demand-side management;
 - c. Establishment of the transparent, efficient and secure system of financial settlements with participants;
2. These rules apply to trading in electricity on Day-ahead and Intraday markets, where one party to a transaction is a supplier, large customer, trader, System Operator and the other party - the Exchange Operator.

Article 3. Use of Terms

Terms used in this rules have the same meaning as in the Law of Georgia on Energy and Water Supply. Other terms, for the purposes of this rules, have the following meaning:

- a. **Auction** – Day-ahead market mechanism used by participants to place orders and calculate the amount and price of electricity to be supplied within the period specified in these Rules
- b. **Exchange** – Day-ahead and Intraday markets;
- c. **Exchange Operator**– undertaking licensed by the Commission to ensure the operation of the Exchange.
- d. **Order** – Market participant's proposal submitted at the platform, expressing the readiness to sell or buy electricity at the specified hour/hours;
- e. **Guarantee** – means of securing the obligations assumed by a participant on the Exchange;
- f. **Trading day** - a calendar day when trading occurs on the exchange
- g. **Participant** - a person registered as an exchange participant;
- h. **Monitoring Rules** - the rules for monitoring energy markets approved by the resolution of the Commission;
- i. **Traded electricity** - electricity purchased or sold on the Exchange

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- j. **Platform** – Electronic platform for Day-ahead/Intraday electricity trading, where a participant has an opportunity to place orders and sell / buy electricity and which is used for financial settlement;
- k. **the Commission** - Georgian National Energy and Water Supply Regulatory Commission;
- l. **Portfolio** - Consolidation of one or more assets of a participant, registered on the platform under the account of that participant and according to which it places an uniform order on the Exchange. Transactions of one portfolio entirely belong to one balancing group;
- m. **Trade Representative** - a representative of an enterprise at the exchange, who is responsible for making orders on behalf of that enterprise and for the relationship with the Exchange Operator on matters related to trading;
- n. **Clearing representative** - a representative of an enterprise at the exchange, who is responsible for viewing the invoices and for the relationship with the Exchange Operator on matters related to clearing and settlement;
- o. **Transaction** - an order placed on the exchange, that has been satisfied;
- p. **Day of physical delivery** - the period from 00:00 of a calendar day to 00:00 of the next day, when the actual receipt and delivery of electricity in the power system takes place.

Article 4. Time, place, currency and product of trade

1. The time provided by these rules, as well as the platform, corresponds to Central European time.
2. The place of trading on the exchange is Georgia and the legislation of Georgia applies to it.
3. While trading in electricity on the territory of Georgia, the product is offered and paid in the national currency (GEL).
4. Products traded on the exchange are displayed in megawatt hours.

Article 5. Calculation of terms

In calculating the terms provided by this Rules, the days off and weekends provided by the Labor Code of Georgia shall not be considered, unless otherwise specified in the specific article.

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Chapter II. Basic principles of exchange trading

Article 6. Transparency and Competition

1. Participants trade in electricity on a platform where a competitive price is transparently formed, which is known to the participants as soon as it is established and is available to other interested parties.
2. The participants are obliged to meet integrity and transparency requirements of the wholesale electricity markets, as well as the principles of competition, which are provided by the legislation, including the rule of monitoring. For this purpose, it should be possible to publish the information required by the monitoring rule on the website of the Exchange Operator.

Article 7. Principles of Pricing

1. The period of electricity trading on the exchange is an Hour (60 minutes), which means determining the price and quantity of electricity hourly.
2. The Day-ahead market price shall be determined by the equilibrium point established in accordance with Article 28 of the Rules. The market price is common to all auction participants.
3. The price of electricity on the Intraday market shall be determined on the basis “pay as bid” principle, in accordance with Article 37 of the Rules.
4. Orders placed on the platform should reflect the real interest to buy/sell electricity and costs incurred by the participant.
5. Any action of the participant, the purpose of which is to artificially influence the formation of the price on the Exchange and / or the supply-consumption structure is not allowed.
6. While trading on the Exchange, the participant should be guided by bona fide commercial interests and promote the efficiency of the Exchange.
7. By placing the order on the Exchange, the participants express their readiness to execute this order.

Article 8. Reliability of financial settlement

1. Exchange Operator should ensure the full and proper fulfillment of the financial obligations arising on the Exchange.

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2. Each participant shall provide to the Exchange Operator a reasonable amount of the guarantee determined by the Exchange Operator in accordance with Article 49 of the Rules.

Article 9. Access to information

1. Exchange Operator is obliged to post its operational rules on its website, as well as the templates of registration application and complaint.

2. Information on the results of trading on the exchange, including aggregate supply and demand curves, is available on the Exchange Operator's website.

Article 10. Confidentiality of Commercial Secrets

1. Exchange Operator is obliged to protect the confidentiality of commercial secret of the participant, which is any information, the disclosure of which may harm the competitiveness of the participant.

2. Total trading results as well as other information that does not identify the participant is not commercial secret.

3. At the request of the Commission, as well as in the cases established by the normative acts of the Commission, the Exchange Operator is obliged to pass on the information containing commercial secrets.

Chapter III. General rules for trading at the Day-ahead and Intraday markets

Article 11. Prerequisite for trading on the exchange

Only a person who is a member of the balancing group in accordance with the "Electricity Balancing and Ancillary Services Market Rules" - may be a participant [of the Exchange].

Article 12. Registration as a participant

1. In order to register as a participant, a person (candidate) must apply to the EXCHANGE Operator in accordance with Article 15 of the Rules.

2. The template of the "application for registration as a participant" shall be developed by the Exchange Operator in consultation with stakeholders and submitted to the Commission for approval. In case the Exchange Operator consents the candidate's

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application, this application will be considered an agreement on participation on the Exchange, between the Participant and the Exchange Operator.

3. The candidate shall be registered as a participant of the Exchange segment / segments indicated in the application.

4. The Application should be annexed by:

- A) a document certifying that the candidate is a member of the balancing group;
- B) Information on the candidate's activity in the energy sector;
- C) Information on the balancing group / groups related to the portfolio/portfolios requested by the Application;
- D) a document certifying the payment of the registration fee, in according with Article 24 of the Rules;
- E) documents certifying the authority and qualification of trade and clearing representatives;
- F) Details of bank account.

5. Within five days after receiving the candidate's Application, the Exchange Operator should send:

- A) Consent, if the Application complies with the requirements of paragraph 4 of this Article and is submitted by a person authorized to trade in electricity at the wholesale level;
- B) Refusal to register if the Application is incompletely fulfilled or submitted by a person unauthorized to trade in electricity at the wholesale level.

6. In the consent sent to the candidate, the Exchange Operator indicates the registration code, user name and password provided by him, as well as the instructions for using the platform. Through this data, the participant's trade representative on the platform will be able to:

- A) place an Order on the platform;
- B) to familiarize with the results of his/her own trade;
- C) receive and / or send other information provided by the platform.

7. In the notice of refusal of registration sent to the candidate, the Exchange Operator indicates the defect of the application, for the correction of which the candidate has five days. In case of timely correction of the defect, the Exchange Operator expeditiously

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reviews the application and sends the candidate consent or refusal to register within two days.

If the defect is not remedied in time, the application for registration will not be satisfied and the Exchange Operator sends an e-mail to the candidate.

Article 13. Qualification Requirements for a Trade Representative

1. A trading representative should have successfully passed the exam in trading on the energy exchange, organized by the Exchange Operator.

2. In order to assess the qualification of a trade representative, the Exchange Operator is obliged to systematically organize exams in trading on the energy exchange. The exam must be available at least once a month and the exact date must be posted on the Exchange Operator's website, at least a week in advance.

Article 14. Register of participants

1. The Exchange Operator should maintain a participants' registry.

2. The registry contains the following data about each participant of the Exchange:

A) Full name of the participant and identification code;

B) Trade and clearing representative of the participant (name, surname and personal number / passport number of the physical body), document confirming the representation and contact data (e-mail address and telephone number);

C) Information on the balancing group / groups related to the participant's portfolio / portfolios;

D) application for participation in the Exchange and consent obtained from the Exchange Operator;

E) Registration code and date assigned by the Exchange Operator;

F) Information on suspension / termination of participant status.

3. The participant must inform the Exchange Operator about the change of the data provided for in sub-paragraphs "a" - "c" of paragraph 2 of this Article, at least two days before the change enters into force. If advance notice is not possible, the participant must notify the Exchange Operator immediately. By the end of the next day, the Exchange Operator will reflect the change in the registry and, if necessary - on the platform.

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4. If the participant has not submitted the information considered by this Article to the Exchange Operator in a timely manner, which has caused the damage, the participant shall be responsible for its full compensation.

5. The list of participants and their identification codes are available on the website of the Exchange Operator.

Article 15. Exchange of information with the Exchange Operator

1. An application for registration, a complaint or any other request (other than the Order) that has a legal effect should be submitted to the Exchange Operator with the signature of a person authorized to represent in accordance with the law:

A) in the form of a hard copy document;

B) in the form of an electronic document, in accordance with the Law of Georgia on Electronic Document and Electronic Trusted Services.

2. The Exchange Operator sends to the participant any request, consent, refusal, notice, notice on suspension / termination of participation in the Exchange, with the signature of an authorized person, unless otherwise provided by these rules. In addition to sending such a letter to the participant, an email must also be sent to his / her trade representative, unless otherwise requested by the participant.

3. The participant is entitled to request an explanation from the Exchange Operator by e-mail, without an official signature.

4. The Exchange Operator must send the response to the participant's request within a reasonable time, but not later than 10 days after receiving the relevant request.

5. An e-mail address of the Exchange Operator should be posted on the website.

6. The participant is entitled to receive trading information through the Exchange Operator's Hotline, which is available 24 hours a day, every calendar day.

7. The participant ensures the readiness of its own technical equipment necessary for the exchange of information with the Exchange Operator, including the relevant telephone and internet connection.

Article 16. Placing an Order on the Exchange

1. The standard form of Order to be placed on the Exchange is available on the platform.

2. The form of Order should enable the participant to enter all the data necessary for the trade.

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3. The Order for sale of electricity on the platform shall be marked with a negative sign, and Order for purchase of electricity - with a positive sign.
4. The participant must fill the Order form completely, otherwise it won't be accepted, the reason of which will be indicated on the platform.
5. In the case provided for in paragraph 9 of Article 28 of these Rules, as well as if a participant has a technical defect in placing the Order, he / she must apply to the Exchange Operator, who is obliged to send the form of Order to the participant's representative by e-mail, receive the Order electronically and manually place it on the platform, except the cases provided for in paragraph 6 of this Article.
6. The Exchange Operator is entitled not to accept the participant's Order submitted by e-mail, if :
 - A) due to the large number of Orders received by e-mail, it is impossible to place them manually on the platform;
 - B) the participant submits orders by e-mail systematically - three or more times a week.
7. The Exchange Operator publishes on the website the technical requirements necessary for the smooth placement of the application.

Article 17. Limits on the price and quantity of electricity

1. The Exchange Operator, in agreement with the Commission, establishes technical limits on the price and quantity of electricity, as well as the number of applications, which shall not deprive the participant of the opportunity to indicate a reasonable price and amount in the application.
2. Participants must be notified of the change in the price and quantity of electricity by the Exchange Operator, as well as the technical limits of the number of applications, at least five days before the relevant change is made. In such a case, Orders submitted prior to the change of limits relating to the post-change period will be canceled and the participant will have to re-submit the Order.
3. The Exchange Operator determines the number format according to which the price and quantity should be offered.

Article 18. Suspension of trade

1. The Exchange Operator is obliged to suspend trading on the Exchange, if it is impossible to organize trading in accordance with this Rules due to a technical defect.

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2. The Exchange Operator should immediately notify the participants about the suspension and resumption of trading by publishing the relevant information on its website, as well as by sending an electronic message to the representatives of the trade.
3. Trade should be resumed as soon as the reason for its suspension is eliminated. Participants must be notified of the resumption of trading at least five minutes in advance.
4. When stopping trading, the Exchange Operator should inform the participants at regular intervals, at least once an hour, about the progress of the problem by sending an electronic message to the trading representatives.
5. In case of suspension of trading in the Intraday market, all Orders placed on the platform will be suspended. As soon as the trade resumes, the participants themselves must activate the Orders placed before the suspension, otherwise their Orders will not participate in the trade.

Article 19. Storage and publication of trade data

1. The Exchange Operator keeps data on the results of trading for a period of five years, which includes the quantity and price of electricity traded by each participant, as well as information on the applications placed on the Exchange.
2. The Exchange Operator has the right to keep the data on the quantity and price of electricity traded by the participants, as well as on the Orders, for more than the period provided for in paragraph 1 of this Article, without specifying the identification data of the participants.
3. The hourly data on the total quantity and price of electricity traded in the Day-ahead market, as well as the quantity of total traded electricity in the Intraday market and the weighted average price are published daily on the website of the Exchange Operator. The data provided for in this paragraph are be available on the Exchange Operator's website for at least 10 years.
4. Orders submitted by participants are anonymous and available only to the Exchange Operator, the commission and the relevant participant. Data on the Orders posted by the participant is available within one year of posting the order on the platform.

Article 20. Termination of participation on the Exchange

1. Participation on the Exchange or its respective segment may be terminated if:
 - A) the participant refuses to participate on the Exchange on his / her own initiative;
 - B) grounds defined by these rules for registration as a participant no longer exist;

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C) the participant systematically (twice or more during the calendar year) grossly violates these Rules and the Exchange Operator believes that this participant should be deprived of the right to trade on the Exchange;

D) there is a decision of the Commission or the court to terminate the participation on the Exchange.

2. Termination of participation on the Exchange does not constitute a ground for non-fulfillment of the obligations assumed by the participant in the relevant segment.

3. Participation on the Exchange shall be terminated by the Exchange Operator from the day following the notification of the grounds provided for in paragraph 1 of this Article.

4. If the right to participate on the Exchange is terminated by the participant who is legally obliged to trade on the Exchange, the Exchange Operator shall immediately notify the Commission and the Government of Georgia.

Article 21. Observation on participants' behavior

1. The behavior of the participants on the exchange is observed by the Exchange Operator.

2. The Exchange Operator is entitled to request from the participant the information related the Order, when this is necessary to perform the function of observation on the behavior of the participants, including the detection of violation of the requirements of these Rules.

3. If the Exchange Operator considers that there is a restriction of competition by the participants, it must inform the Commission in accordance with the Monitoring Rule.

Article 22. Violation of the Rules on Intraday and Day-ahead markets and suspension of participation on the Exchange

1. If an Exchange Operator suspects that a participant violates these rules, it shall notify the trading representative of that participant before taking any action under this article.

2. In case of violation of these Rules by the participant, the Exchange Operator sends him a warning and explains the essence of the violation, setting a reasonable period of redress and notifying him of the consequences of non-compliance. The participant must comply with the requirements set out in the notice within the specified period and notify the Exchange Operator.

3. If a participant does not comply with the requirements set forth in the notice of the Exchange Operator, his participation on the Exchange shall be suspended, of which he shall receive a notification from the Exchange Operator.

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4. In case of suspension of participation on the exchange, if the participant corrects the relevant violation, the trading right shall be renewed within two days after informing the Exchange Operator about the correction of the violation.
5. For gross violation of these rules by a participant, the Exchange Operator is entitled to immediately suspend its participation on the exchange, without following the procedure provided for in paragraph 2 of this Article. A gross violation of these rules is:
 - A) non-payment of electricity purchased on the exchange within the established period;
 - B) Failure to submit the guarantee requested by the Exchange Operator within the established period;
 - C) non-payment of the service fee to the Exchange Operator within the established period.
6. The participation on the exchange may be suspended in other cases provided by law.
7. If a participant who is suspended, has an obligation, imposed by law, to trade on the Exchange, the Exchange Operator shall immediately notify the Commission and the Government of Georgia about the suspension.

Article 23. Settlement of Disputes

1. In the event of a dispute between the Participant and the Exchange Operator, the Parties should try to resolve it.
2. If a participant considers that his / her rights are violated during trading on the exchange, he / she is entitled to apply to the Exchange Operator, who is obliged to return a reasonable answer within 10 days. If the application (claim) is satisfied and this changes the results of trading on the exchange, the participants whose trading results are affected by this change will also be notified.
3. Submission of a request to the Exchange Operator does not release the participant from the obligations arising from the disputed transaction. If, as a result of the satisfaction of the demand, the obligation to be fulfilled by the participant is reduced, the overpaid amount must be transferred to the participant's bank account or reflected in his clearing account in the form of credit, within two days after the satisfaction of the demand.
4. The participant has the right to apply to the commission or the court for the purpose of reviewing the dispute with the Exchange Operator, in accordance with law.

Article 24. Exchange Operator Service Fee

1. The service fee of an Exchange Operator should be set by the Commission in accordance with the approved tariff methodology:

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A) for each kilowatt-hour of electricity traded at the Exchange;

B) for registration as a participant, for each segment of the Exchange.

2. The participant pays the Exchange Operator service fee for electricity traded on the Exchange by transferring the fee to the Exchange Operator's bank account after the end of the reporting month, within 5 days upon receipt of the invoice issued by the Exchange Operator.

3. The registration fee for a participant shall be paid upon submission of an application for registration as a participant.

Chapter IV. Day-ahead market trading

Article 25. General rule for the trading on the Day-ahead market

1. The day-ahead market participants can trade in electricity for each hour of the next calendar day. For this purpose, the Day-ahead market auction is held on each calendar day, for the next physical delivery day.

2. On the Day-ahead market following Orders are successful and satisfied:

- i. Sale orders, where the price is less than or equal to the market price and;
- ii. Purchase orders, where the price is higher or equal to the market price.

3. Satisfied Orders on the Day-ahead market are automatically subject to financial settlement at market price.

Article 26. Placement of the Order

1. The participant can place standard hourly Orders on the Day-ahead market. The standard hourly Order implies that the participant agrees to buy / sell all or part of the amount of electricity given in it. When trading on the Exchange, participant must be represented by a qualified trade representative.

2. The application submitted by the participant for each hour is individual and independent of his / her other Orders.

3. The participant has the opportunity to place an Order on the market two weeks before the gate closure.

4. The Day-ahead market auction closes at 12:00 on the previous calendar day of the physical delivery of electricity.

5. The participant has the right to change the placed hourly Order before the gate closure. The most recently placed order will participate in the auction.

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6. The participant is responsible for verifying that its Order expresses his / her true will.
7. After the gate closure, the participant's order will no longer be accepted, regardless of the reason why it was not placed in time.

Article 27. Characteristics of the application

1. The participant will place orders in a price increasing order.
2. In each order, the participant should indicate:
 - A) the Order concerns the sale or purchase of electricity;
 - B) quantity and price of electricity;
 - C) day of physical delivery, for which the participant sells / buys electricity.
3. In the Order submitted in a specific hour, along with upgrowth of the price, the amount of electricity:
 - A) should not be decreased – in selling order;
 - B) should not be increased - in the purchase order.

Article 28. Determining the equilibrium point of the market

1. After the closing of the Day-ahead auction, the orders are placed in the system as follows:
 - A) Purchase orders - in a price decreasing order;
 - B) Sale orders – in a price increasing order;
2. Each order, on the plane of coordinates determined by price and quantity, expresses a point. Individual supply and demand curves are constructed by connecting these points by linear interpolation. By summing of individual curves, aggregated supply and demand curves are constructed, the intersection point of which is the equilibrium point. The equilibrium point determines the amount of electricity traded in a particular hour in the Day-ahead market and the market price.
3. While determining the equilibrium point, if:
 - A) There are several points of intersection of curves on the vertical line - the market price is determined by the arithmetic mean of the minimum and maximum prices on this line;

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B) There are several points of intersection of the curves on the horizontal line - the amount of electricity traded is determined by the maximum amount available on this line;

C) Several sale/purchase orders suggest the same price, but there is a demand on sale/purchase of only a portion of suggested amount of electricity at this price, such orders will be satisfied pro rata.

4. To determine the market equilibrium point, the Exchange Operator uses the European Market Integration Algorithm (EUPHEMIA).

5. If the supply and demand curves do not intersect each other due to supply shortage or oversupply, the Exchange Operator shall proportionally reduce the quantities indicated in the relevant orders until the curves intersect.

6. If the supply and demand curves do not intersect due to the absence of matching orders, the trade in the Day-ahead market will not be executed.

7. If the market price obtained after the establishment of the equilibrium point or the quantities of electricity traded by the participants are irrational numbers or do not correspond to the number format specified by the Exchange Operator, they shall be rounded up accordingly to the nearest three digits after the comma.

8. The equilibrium point is set no later than one hour after the gate closure - until 13:00 on the trading day.

9. In exceptional cases when due to the suspension of trading it is impossible to meet the deadline given in paragraph 8 of this Article, the Exchange Operator shall be given additional time until 18:00 to determine the equilibrium point of the market. Within this period, the Exchange Operator is authorized to receive orders by e-mail and determine the market equilibrium point using the alternative mechanism of the European Market Integration Algorithm (EUPHEMIA), in compliance with the requirements of paragraph 2 of this Article. If the market equilibrium point cannot be determined within this period, the trading results will be the same as:

A) the previous working day - if the next day is also a working day;

B) The previous non-working day - if the next day is a non-working day.

Article 29. Informing the participants about the Trading results

1. As soon as the market equilibrium point is calculated (no later than 13:00 on the trading day), confirmed data on transactions on the platform are available for each participant, for each hour of the following day.

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2. In the case provided in paragraph 9 of Article 28 of these Rules, the information may be available in breach of the time limit provided for in this Article, but not later than one hour after the market equilibrium point is established.

Article 30. Providing information to the balancing and Ancillary Services Market Operator

1. The Exchange Operator shall send the Day-ahead trading results (commercial nominations) to the Balancing and Ancillary Services Market Operator, no later than 15:00 on the trading day, in accordance with the "Electricity Balancing and Ancillary Services Market Rules".

2. In the case provided for in paragraph 9 of Article 28 of these Rules, the information may be sent without timeliness, but no later than one hour after the calculation of the results.

Article 31. Trading Error

1. If a participant makes a mistake in trading, he must immediately notify the exchange operator.

2. Upon receipt of a notice of error by a participant, the Exchange Operator should take all possible measures to avoid or minimize the risk of harm to this or other participant and the market.

3. If the Exchange Operator considers that the participant made a mistake while making the Order, the Exchange Operator has the right to offer the participant to correct the Order.

Article 32. Liquidity promotion

1. In order to promote the liquidity on the Day-ahead market, the Exchange Operator is authorized to enter into a contract with a participant who, on a daily or periodic basis, enters the market and places an Order for the sale / purchase of a certain amount of electricity.

2. The Exchange Operator is entitled to reduce the service fee of the Exchange Operator by no more than 30%, to the participant with whom it has concluded the contract provided for in paragraph 1 of this Article, which shall be taken into account when calculating the tariff of the Exchange Operator.

3. The standard terms of the liquidity promotion agreement and the procedure for the selection of participants shall be developed by the Exchange Operator in consultation with interested parties and shall be submitted to the Commission for approval.

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4. It is inadmissible to conclude a liquidity promotion agreement with the participant who is legally obliged to trade on the exchange.

Chapter V. Intraday market trading

Article 33. General rule of Intraday market trading

1. Participants can trade electricity for each hour of the current day on the intraday market. Trading on the Intraday market is also possible for the next day, after the Day-ahead market closes. For this purpose, the Intraday market is traded continuously, each calendar day.

2. An Order in the Intraday market can be satisfied only if its corresponding Order is placed, which matches the price, quantity and period of physical delivery. As a result, the price of electricity sold by a participant is either more than or equal to the price offered in its Order, while the price of electricity purchased by a participant is less than or equal to the price offered in its order.

3. Satisfied applications in the Intraday market are automatically subject to financial clearing, based on the Order pricing principle, except in the case provided for in Article 40 of these Rules.

Article 34. Placement of the Order

1. A participant may place the orders listed in Article 36 of these Rules on the Intraday market.

2. The Intraday market opens at 13:00 on the previous calendar day of physical delivery. Orders in the Intraday market can be placed up to one hour before the period of physical delivery of electricity (gateclosure).

3. The order can be changed or canceled by placing an order for change or cancellation on the platform, only if the order has not yet been matched.

4. After the gate closure, the participant's order will no longer be accepted, regardless of the reason why it was not placed in time.

5. In case the platform has a technical defect, and / or for objective reasons the platform is not available to the participants, the Exchange Operator may allow the posted orders to be changed or canceled.

Article 35. Order Characteristics

1. In each application placed on the Intraday market, the participant must indicate:

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- A) the order concerns the sale or purchase of electricity;
 - B) quantity and price of electricity;
 - C) type of order;
 - D) the period of physical delivery for which the participant sells / buys electricity.
2. In each order placed on the Intraday market, the participant can indicate the deadline for leaving the order on the platform, after which the order will be automatically canceled from the platform.
3. The order is valid from the moment of registration until its change, cancellation or matching with the order.

Article 36. Types of Intraday Market Orders

The following types of Orders can be placed on the Intraday market:

- A) Standard hourly (limited) order - an order that indicates a limited price and which can be partially satisfied.
- B) Block Order - an Order placed on one or more consecutive hours, which can only be fully satisfied;
- C) Iceberg order - an Order that is placed on the platform piece by piece and each subsequent part will be activated after the previous part is fully satisfied. For the purposes of the time principle provided for in Article 37 - 3 of these Rules, the time for each part of the iceberg Order to be placed on the platform is the time of its activation;
- D) An execution constraint order can be of two types:
 - D.a) -Fill-or-Kill (FoK) - implies immediate match of the Order with the full number indicated in it, otherwise the automatic cancellation of such application;
 - D.b.)-Immediate-or-Cancel (IoC) - implies partial or complete coincidence of the Order, and automatic cancellation of the remaining part.

Article 37. Order matching and pricing

1. Order matching - means the pairing of orders for the purchase and sale of electricity according to the corresponding price, quantity and period of physical delivery.

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2. One of the matched orders in the Intraday market must be a newly placed or newly modified order, which, upon placement, is automatically paired with an order already existing on the platform.
3. Orders are paired according to the principles of price and time:
 - A) The pricing principle implies the matching of newly placed Order on the platform with the best price order, which had already been placed on the platform: in the case of a newly placed purchase order, the best order is the sale order with the lowest price, and in the case of a newly placed sale order, the best order is the purchase order with the highest price;
 - B) The principle of time implies giving preference to an earlier order only if there are several orders of the best price.
4. The price of electricity traded in the Intraday market is determined by the best price order, which had already been placed on the platform:
 - A) if the newly placed purchase order is paired with the sale order, which had already been placed on the platform, the sale order price is the electricity price;
 - B) If the newly placed sale order is paired with the purchase order, which had already been placed on the platform, the purchase order price shall be the price of electricity.

Article 38. Informing the participants about the results of the trade

1. The buyer and seller, submitting the matching orders - will be immediately notified about the automatic matching of orders and the carried out transaction, by reflecting in each participant's portfolio on the platform.
2. Transaction information includes the price and quantity of electricity, at the time of the transaction and any changes related to the transaction.

Article 39. Providing information to the Balancing and Ancillary Services Market Operator

The Exchange Operator should send the daily trading results (commercial nominations) to the Balancing and Ancillary Services Market Operator within 15 minutes after the completion of each transaction in accordance with the Electricity Balancing and Ancillary Services Market Rules.

Article 40. Cancellation of a transaction

Unofficial Translation

1. A participant wishing to cancel a transaction due to an error in the trade is entitled to use the cancellation function of the transaction on the platform, no later than five minutes after the coincidence of orders, at least 20 minutes before the closing of the trade for relevant period. A request for cancellation of a transaction submitted to an Exchange Operator in violation of the requirement of this paragraph shall not be granted.
2. If a participant fails to cancel the transaction, he / she must immediately notify the Exchange Operator via the hotline, in compliance with the deadlines provided for in paragraph 1 of this Article.
3. Cancellation of the transaction is reflected on the platform in a form understandable to the participant.
4. The Exchange Operator has the right to refuse the participant about the cancellation of the transaction if the cancellation requests cannot be met due to their large number or due to the participant's systematical requests of cancellation of the transaction - three or more times a week.
5. The Exchange Operator is obliged to keep the confidentiality of the information on the cancellation of the transaction, regardless of whether the relevant request has been met or not.

Article 41. Penalty for the cancellation of a transaction

1. For each satisfied request for cancellation of the transaction, the participant bears a penalty for cancellation of the transaction.
2. The amount of the transaction cancellation penalty is determined by the Exchange Operator and notifies the commission. The amount of the fine must be reasonable.

Article 42 - Accident or other delay in the power system

1. In the event of an accident or delay in the transmission system - detected by the Transmission and Distribution System Operators, the Exchange Operator shall have the right to postpone or terminate trading in the Intraday market for a reasonable period by canceling a specific order/orders.
2. Upon receipt of the notification of the interruption in the power system from the operators of Electricity Transmission and Distribution Systems, the Exchange Operator shall be obliged to inform the participants about it.
3. An accident and / or delay in the electricity transmission / distribution system may not be the basis for the cancellation of an order that has not been affected.

Chapter VI. Financial settlement

Unofficial Translation

Article 43. Financial Settlement Process and Functions of Market Entities

1. The process of financial settlement on the Exchange includes:

A) securing liabilities on the exchange;

B) calculation of amounts payable and receivable by participants in accordance with the results of trading on the exchange (physical clearing);

C) in accordance with the calculations provided for in subparagraphs (a) and (b) of this paragraph, updating the clearing accounts of the participants and sending invoices showing the amount and amount received as a result of the deduction of financial liabilities (financial clearing);

D) in accordance with the financial clearing, the transfer of money to reimburse the electricity traded on the exchange.

2. The Exchange Operator, as the central financial counter-party, is a party of the agreement on the purchase and sale of electricity on the exchange and is responsible for the fulfillment of the financial obligations under this agreement. The Exchange Operator is obliged to reimburse the cost of electricity sold to the participants even if the amount paid / submitted guarantee by the relevant entities is not sufficient for this.

3. Financial liabilities on the Exchange are settled in accordance with the results of trading, regardless of the physical supply and consumption of electricity.

4. The Exchange Operator contacts the clearing representative of the participant to receive or provide information related to the financial settlement.

Article 44. Physical Clearing

The amount of electricity purchased / sold on the exchange by each participant and the amounts to be paid / received will be calculated by the Exchange Operator:

A) for the Day-ahead market - the day of trading;

B) For the Intraday market - the next day of trading

Article 45. Financial Clearing

1. The Exchange Operator shall update the clearing accounts of the participants and issues invoices:

A) for the Day-ahead market – up to 15:00 on the day of electricity trade;

Unofficial Translation

- B) For the Intraday market – up to 10:00 the next day of physical delivery.
2. The invoice must indicate:
- A) Identification data of the participant;
 - B) the amount received as a result of deducting the data provided for in Article 44 of these Rules;
 - C) those financial liabilities, as a result of the deduction of which the amount finally paid or receivable by the participant has been received.
3. Invoices will be issued electronically, every calendar day.
4. The invoice is available as soon as it is subscribed to the clearing account of the participant who bought and / or sold electricity on the exchange.
5. A positive number in the invoice indicates the amount payable by the participant to the Exchange Operator, and a negative number indicates the amount receivable from the Exchange Operator.
6. On the clearing account of the participant shall be given hourly data on the traded quantities and amounts, as a result of the deduction of which the information reflected in the invoice has been received.

Article 46. Transfer of money

1. The participant must ensure the transfer of the indicated amount to the account of the Exchange Operator by 16:00 the day after the invoice is issued.
2. Within two days after the invoice is issued, the Exchange Operator shall ensure the transfer of funds to the participants to reimburse the electricity sold by them on the exchange.

Article 47. Dispute over financial clearing and money transfer

1. The participant is obliged to pay the amount indicated in the invoice issued by the Exchange Operator, regardless of whether he agrees with it.
2. If the participant does not agree with the data indicated in the invoice, he / she is entitled to send his / her opinion in writing or by e-mail to the Exchange Operator, which does not suspend the obligation to transfer the amount. The Exchange Operator must send a reasoned response to the participant within 5 days of receiving the written opinion.

Article 48. Guarantee

1. The types of guarantee provided by these rules are:

Unofficial Translation

- A) basic guarantee;
 - B) Special guarantee.
2. The participant can submit a guarantee:
- A) in the form of a deposit;
 - B) in the form of a bank guarantee.
3. The deposit submitted by the participant may be reflected both in the amount deposited in the bank account of the Exchange Operator and in the amount deposited in the account of this participant in a commercial bank, which can be disposed only with the consent of the Exchange Operator or on his initiative, under the conditions established by these rules.
4. The bank guarantee submitted by the participant must be issued by an authorized person and its recipient (beneficiary) must be the Exchange Operator. The bank guarantee must be non-claimable in order to ensure payment of the amount specified in the bank guarantee upon the request of the Exchange Operator in case of non-fulfillment of the obligation by the participant.
5. The Exchange Operator is authorized to set additional requirements for the bank guarantee, which ensure the liquidity of the guarantee.
6. An Exchange Operator is entitled to refuse to accept a bank guarantee if it is not issued by a person with relevant qualifications and experience.
7. If the participant has not replaced the bank guarantee with another bank guarantee and / or deposit, 10 days before the expiration of the bank guarantee, it is considered that he has not submitted a guarantee.
8. The guarantee submitted by the participant may be used to fulfill its obligations on the exchange.
9. The Exchange Operator is authorized not to allow the participants to apply for the purchase of electricity in excess of the amount submitted in the guarantee. In case of introduction of such technical restriction, the Exchange Operator shall notify the commission at least two days ahead, as well as the participants by sending a notification to the clearing representatives and posting it on the website.

Article 49. Basic Guarantee

1. The amount of the basic guarantee is determined by the Exchange Operator.

Unofficial Translation

2. The amount of the basic guarantee is set for each trading day, simultaneously the Day-ahead and for the Intraday markets, and it changes according to the change in the trading volume or risk parameter of the participant.

3. The amount of the basic guarantee is determined by the formula:

$$Bcoll_{t,i} = \overbrace{MAX(TQ_{(t-1),i}, \dots, TQ_{(t-30),i})}^{\substack{\text{partipant's position} \\ \text{daily} \\ \text{factor}}} \times \overbrace{MAX(HP_{(t-1)}, \dots, HP_{(t-365)})}^{\text{risk parameter}} \\ \times (2 + nbD_{(t).(t+1)})$$

Where:

- $Bcoll_{t,i}$ – the amount of collateral of i-participant for t day (GEL);
- $TQ_{(t-j),i}$ – volume purchased by i-participant for (t-j) day (MWh);
- $HP_{(t-j)}$ – maximum price of electricity on the exchange during (t-j) days (GEL/MWh);
- $nbD_{(t).(t+1)}$ – sum of two trading days and any non-business days in between.

4. If a participant has bought and sold electricity on the exchange during the last 30 calendar days, during the calculation of the day position, the maximum amount of electricity sold during this period will be deducted from the amount of electricity purchased.

5. For the calculation a participant's day position and risk parameter, calculator is available on the Exchange Operator's website. Participants must be notified of the change in the risk parameter calculation period at least two days ahead by sending a notice to the clearing representatives and posting it on the Exchange Operator's website.

Article 50. Requirement of basic guarantee and confirmation of participation in the auction

1. The Exchange Operator shall inform each participant about the amount of the basic guarantee by 14:00 of each working day by placing information on the full amount of the basic guarantee on the clearing account of the participant.

2. Before 10:00 am each trading day, the following information will be displayed on the platform, on the account of each participant:

Unofficial Translation

- A) Confirmation of participation in trade - if the participant has submitted a sufficient amount of guarantee by 9:00 am on the day of trading;
 - B) Suspension of participation in trading - if the participant has not submitted a sufficient amount of guarantee by 9:00 am on the day of trading.
3. Confirmation or suspension of auction participation due to the submission or non-submission of a guarantee shall apply simultaneously in the Day-ahead and Intraday markets.
4. If the participant has submitted a guarantee in excess of the required amount and it is sufficient to meet the increased guarantee requirement, the information on the clearing account will still be reflected, although the participant will not be required to take any action in response.

Article 51. Special Guarantee

1. The request for a special guarantee is allowed in exceptional cases when the risk of non-payment is significantly increased. In such a case, the Exchange Operator, in compliance with the principle of non-discrimination, shall determine the amount of the special guarantee, the method of calculation, the reasons for use and the deadline for submission to the relevant participant.
2. Upon the occurrence of the exception provided for in paragraph 1 of this Article, the Exchange Operator shall immediately send a “Special Guarantee Request” notice to the relevant participant, which shall include the information provided for in paragraph 1 of this Article.
3. The deadline for submitting a special guarantee should not be less than one day.

Article 52. Cancellation of the guarantee request

1. The Exchange Operator cancels the guarantee requirement if, upon termination of participation in the market, the participant has fulfilled the financial obligations:
 - A) in full - the guarantee requirement is canceled in full;
 - B) in part - the guarantee requirement is canceled for the part that is not required to fulfill the remaining obligations.
2. If the guarantee requested by the Exchange Operator has been reduced, the participant has the right to submit a reduced guarantee accordingly.

Article 53. Clearing and bank accounts

Unofficial Translation

1. Transactions on the exchange, with an indication of the appropriate price and quantity, are reflected in the clearing account of the participant. Each clearing account is linked to one or more trading portfolios and one or more bank accounts of that participant
2. The participant must have opened at least one bank account (in GEL), which will be connected to the clearing account by the Exchange Operator.

Article 54. Obligation to provide information on solvency

1. The Exchange Operator may at any time request from the Participant any information necessary to assess its solvency. The participant is obliged to provide the requested information to the Exchange Operator immediately, but not later than within two days.
2. The participant must immediately provide information to the Exchange Operator if:
 - A) legal proceedings (administrative, criminal or civil) are initiated against the participant (or his / her employee, and / or a person authorized for management / representation), which may affect the participant's solvency;
 - B) there are other circumstances due to which the participant in good faith considers that his solvency is deteriorating.

Chapter VII. Transitional Provisions

Article 55. Exchange Operator Hotline Services

Until July 1, 2022, the Exchange Operator Hotline must be available every business day - from 8:00 am to 16:00 pm, and on weekends and holidays - until 12:00 pm.

Article 56. Calculation of the basic guarantee

Prior to January 1, 2022, the Exchange Operator shall be entitled to take into account the calculated electricity prices by JSC. "Commercial Operator of Electricity System", in accordance with legislation for the calculation of basic guarantee, while defining the risk parameter considered for in These rules, article 50, paragraph 3.