

Annex
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WHOLESALE ELECTRICITY MARKET TRADING RULES OF THE REPUBLIC OF ARMENIA

SECTION I

GENERAL PROVISIONS

CHAPTER I SUBJECT AND DEFINITIONS

1. The RoA Wholesale Electricity Market Trading Rules (hereinafter: Rules) shall define the structure, the principles of functioning of the Wholesale Electricity Market (hereinafter: WEM), the procedure for registration of WEM Participants, the Trading rules, Orders submission procedures, procedures for import and export of electricity, principles of functioning of the Bilateral Contracts, the Day-Ahead and Balancing Markets, procedures on provision of and payment for electricity and capacity supply and System services, requirements to the storage and transparency of WEM data, the rules and procedures aimed at increasing the efficiency of the WEM operation, as well as other rules required for well organized, normal and efficient operation of WEM.
2. The main definitions used in these Rules:
 - 1) **Trading (Settlement) Period** A period of 60 minutes duration.
 - 2) **Commercial Metering** Metering of electricity (capacity) quantities and provided services subject to payment within the framework of trading relations of WEM Participants.
 - 3) **Commercial Meter** A metering device for commercial measurement of electricity (capacity) quantities stated in the WEM Contract.
 - 4) **Trading day (TD)** A sequence of consecutive Trading periods starting from 00:00 until 23:59.
 - 5) **Generator** An entity that holds an electricity (capacity) generation license and is in the state of performing electricity generation activity.

- 6) **Export Point** Crossing point of the interconnection line and the state border, where the export of electricity is carried out.
- 7) **Distribution Network** A unified system of electricity distribution lines, substations and other facilities controlled and operated by the Distributor.
- 8) **Distribution Network Code** The Republic of Armenia Electricity Market Distribution Network Code approved by the Commission.
- 9) **Distributor** An entity holding an electricity distribution license.
- 10) **Confidential Information** Information on commercial status or financial secrets of a WEM Participant and/or other information, the public disclosure of which may harm the latter ones, as well as customer-related information available with the WEM Participants.
- 11) **Transaction** An agreement between the WEM Trade Participants in respect of electricity trading in all segments and components of the WEM or a direct contract signed with a foreign natural person or legal entity on the export of electricity or on the import of electricity to be sold in WEM or to satisfy its own demand.
- 12) **Universal Supplier** An entity holding a universal supplier license.
- 13) **Annual Adequacy Forecast (AAF)** A complex of annual forecasted indicators of electricity consumption, losses and own needs, generation, import and export defined by the Rules.
- 14) **WEM Participants** Generator, Universal Supplier, Supplier, Trader, Qualified Customer, Transmitter, Distributor, System Operator and Market Operator.
- 15) **WEM Trade Participants** Generator, Universal Supplier, Supplier, Trader, Qualified Customer and Transmitter, Distributor in terms of electricity purchased to cover own needs and losses
- 16) **WEM Contract** A contract between WEM Participants for participation in the WEM.
- 17) **Autonomous Power Producer (APP)** A legal or physical entity generating electricity for own needs and possessing energy facilities with installed capacity not exceeding the overall installed capacity of its electricity consumption devices and the level defined in the Energy Law (hereinafter: Law).
- 18) **Dispatch Instruction** A real-time instruction by the ESO in cases defined by the Transmission Network Code and the present Rules.

- 19) AMIR** The cross-border interconnection line comprising high voltage transmission lines and other plant and apparatus as necessary which connects the electricity systems of Armenia with Iran.
- 20) Transmission network** The unified system of electricity transmission lines (including substations and other facilities) being under the management and operation of the Transmitter, through which electricity is transmitted to distribution network, customers, exported (imported) and (or) transited to a third country.
- 21) Transmitter** An entity holding an electricity transmission license.
- 22) Transmission Network Code** The RoA Electricity System Transmission Network Code approved by the Commission.
- 23) System Services** Services procured under regulated tariffs pursuant to the Transmission Network code for reliable and safe operations of the electricity system.
- 24) Electricity System Operator (ESO)** An entity holding an Electricity System Operator license.
- 25) Order** An offer to sell and/or a bid to buy electricity submitted in accordance with these Rules.
- 26) Commission** The Public Services Regulatory Commission of the Republic of Armenia
- 27) Metering Point** Commercial and control metering points specified in the WEM Contract.
- 28) Metering Complex** A set of combined devices (current and potential transformers, electricity meters, impulse sensors, modems, adders and connection wires, connected to each other according to the scheme approved by design) which is designed for measurement and settlement of electricity (capacity).
- 29) Metering Data** The quantity of electricity metered and recorded by a Commercial Meter.
- 30) Metered Electricity** The quantity of electrical energy metered during a Settlement period.
- 31) Metering Device** Electricity meter or a set of combined devices (electricity meter, current and potential transformers) calibrated by the body of metrology.
- 32) Balancing Services** System services provided for frequency control.

33) Balancing Market (BALM)	A segment of the WEM, where balancing energy is being traded.
34) Balancing Energy	The difference between quantity of electricity sold and purchased on the Direct Contracts and Day-Ahead Markets as a result of dispatching the system in a real time, and quantities of electricity that have been actually purchased and sold (including imported and exported or transited) within the same Settlement period, which shall be calculated according to the Rules.
35) GEAM interconnection	The cross-border interconnection line comprising high voltage transmission lines and other plant and apparatus as necessary which connects the electricity systems of Armenia with Georgia.
36) Retail Market Rules	The Republic of Armenia Retail Electricity Market Trading Rules approved by the Commission.
37) Supplier	An entity holding an electricity supply license.
38) Import Point	A crossing point on the interconnection line, through which import of electricity is being implemented.
39) Market Management System (MMS) User	A responsible entity (entities) appointed by the WEM Participant, except for the Market Operator.
40) Electricity Market Operator (EMO)	An entity holding the electricity market operator services license.
41) Qualified Customer	A customer recognized as such by the Market Operator on grounds of being in compliance with the criteria defined by these Rules.
42) Bilateral Contracts Market	A segment of the WEM, where electricity trade is conducted based on direct contracts for purchase and sale of electricity signed between the WEM Trade Participants.
43) Contractual capacity	The annual capacity (by months) stated in the contract between IPP plant and Universal Supplier.
44) Boundary Point	The border of balance ownership of electricity facilities of the WEM Trade Participants.
45) Control meter	Electricity control metering device specified in the WEM Contract.
46) Transit	Transit transmission of electricity through the customs area of the Republic of Armenia from the entry customs authority to the exit customs authority.

47) Available capacity	Maximum capacity subject to Dispatch by the System Operator which is determined by reducing the nominal capacity by the capacity of limitations resulted from climatic conditions at TPPs and ANPP (external air temperature, humidity, location altitude), water flow and pressure at HPPs, as well as deterioration of main equipment, thermal load and residual physical resources.
48) Clearing Price	A price formed in the Day-Ahead Market per each Trading Period of each Trading Day.
49) Day-Ahead Market (DAM)	A segment of the WEM, where electricity trade is conducted based on the Transactions concluded on the day prior to the day of actual delivery of electricity.

CHAPTER 2 OBJECTIVE AND PRINCIPLES OF WEM OPERATION

3. The objectives of WEM operation according to these Rules are as follows:
 - 1) To ensure gradual liberalization of WEM, establishing flexible mechanisms of electricity trade;
 - 2) To support the improvement of the Republic of Armenia electricity system competitiveness and investment environment;
 - 3) To create transparent and competitive conditions for WEM operation encouraging new WEM Participants' entry to the Wholesale Market;
 - 4) To promote the cross-border trade.

4. The WEM operation is based on the following fundamental principles:
 - 1) Implementing electricity trade in various segments of the WEM;
 - 2) Ensuring adequate conditions for economic competition in non-regulated segments of WEM;
 - 3) Applying accountability mechanisms for violation of responsibilities under these Rules and Transactions, as well as for imbalances caused by a WEM Participant;
 - 4) Establishing transparent and non-discriminatory conditions for import, export, transit of electricity and power flow exchange with regional systems;
 - 5) Export of electricity only after the domestic demand for electricity is satisfied;
 - 6) Authenticity and accessibility of information submitted by WEM Participant to ESO and EMO;
 - 7) Encouraging generation of electricity from renewable sources either by REPPs or by APPs;
 - 8) Ensuring non-discriminatory access to the Transmission and Distribution Networks in WEM.

CHAPTER 3 INFORMATION SUBMISSION AND NOTIFICATION

5. The exchange of information among the WEM Participants, as well as submission of documents shall be performed in a proper way as defined Provision 6 of these Rules.
6. Within the framework of these Rules the exchange of information among the WEM Participants as well as submission of documents shall be deemed appropriately performed, if the information has been sent by a registered letter with a notice of delivery or other means securing the integrity of the message (including sending a message to a phone number specified by the WEM Trade Participant), or by electronic communication systems (including to the email specified by the WEM Trade Participant), as well as through other electronic communication means defined by legislation or it has been handed with a mail delivery confirmation, unless otherwise specifically mentioned in these Rules. In case of notification through the MMS the information presented to the EMO shall be deemed notified by the given WEM Participant to other WEM Participants whom it may concern.
7. The WEM Trade Participant shall be liable for accuracy of information provided in WEM.
8. Where inaccuracies were revealed in the information provided by the WEM Participant, the person who revealed those inaccuracies shall within no more than 3 business days after the inaccuracies have been revealed, submit the information to an authorized person and the latter shall make appropriate corrections within 1 business day after getting notified.
9. In cases provided for by these Rules the EMO and ESO shall ensure complete publication of information presented by WEM Trade Participant.
10. The WEM Participant shall respond to the inquiries, applications, complaints or suggestions of other WEM Participants within 5 business days upon receipt of those, unless other term is defined by the Rules for the specific cases.
11. Information shared by WEM Participants with each other shall be of a public domain, if it is not deemed confidential in accordance with the Law or the WEM Participant who presented that information, does not consider it confidential and did not mark it as “Confidential information” according to the RoA legislation requirements.
12. WEM Participant shall be eligible to disclose confidential information only in cases and procedures defined by the Law and shall bear responsibility for violation of the legislation requirements with regard to the information confidentiality.
13. Any record or document provided in the context of these Rules shall be preserved for at least a five-year period, but not less than a period defined in the RoA legislation for storage of such type of documentation.

CHAPTER 4 EMERGENCY SITUATIONS

14. In cases defined by the Transmission Network Code, when an Emergency Situation is declared, the WEM Participants shall operate exclusively based on the dispatch instructions of the ESO. The obligations assumed under Transactions shall be suspended for the entire period of Emergency Situation and measures defined by these Rules for violation thereof shall not be undertaken.
15. In Emergency Situations, electricity shall be sold at the maximum price defined by the Commission for the Balancing Services Providing Generator, except for those plants, for which the Commission

has set a tariff. For these plants the sale of electricity shall be performed at the tariff set by the Commission. At the same time electricity shall be purchased at the actually formed average weighted price of electricity sale.

16. Within 10 business days upon declaring by the ESO the end of the Emergency Situation and the beginning of trading restart period, the ESO in cooperation with EMO shall submit to the WEM Participants and the Commission the calculations on services actually provided by WEM Participants and the price of electricity actually delivered (purchased) during the Emergency Situation, according to Provision 15 of these Rules (hereinafter: ES calculation).
17. Within 3 business days upon the receipt of the ES calculation from the EMO as described in Provision 16 of these Rules, the Commission and the WEM Participants shall submit to the EMO their conclusions in writing. If the parties agree with the calculation results, the EMO shall download it to the MMS, while in case of disagreements and disputes in respect of calculations, the WEM Participants shall be guided by the procedures defined in these Rules.

CHAPTER 5 WEM PARTICIPANTS' RESPONSIBILITY, DISPUTE (DISAGREEMENT) RESOLUTION

18. The WEM Participant shall bear responsibility for non-fulfillment or inadequate fulfillment of the provisions of these Rules by the Law and in the procedures defined by the WEM Contract.
19. The WEM Participant shall not be responsible for violations defined in these Rules, if those happened due to force majeure circumstances.
20. Procedures defined in this Chapter in respect of force majeure circumstances shall not have effect during Emergency Situations.
21. In terms of these Rules, any circumstance or event (after-effect of that event) that led (may lead or will lead) to non-fulfillment or inadequate fulfillment of obligations defined by these Rules and at the same time is characterized by features stated below, is considered a force majeure situation:
 - 1) Is out of control of the WEM Participant;
 - 2) The WEM Participant undertook all possible actions and efforts (including precautional, alternative, legally defined) to prevent, weaken, eliminate or avoid the influence of those circumstances (after-effects);
 - 3) The WEM Participant notified the other party about such circumstances in the shortest possible time but not later than within 10 days after being reported of that.
22. In terms of this Rules force majeure includes, but not limited to the following situations:
 - 1) Natural and man-made calamities, epidemics, acts of God (including floods, earthquakes, hurricanes, tornados, thunderstorms, heavy rains with lightening, snowstorms and landslides), nuclear, chemical or biological contamination, strikes and public disorders;
 - 2) Rebellions, terroristic acts, wars, invasions, armed conflict, actions of foreign enemies and blockade, which take place on or involve the territory of the Republic of Armenia and could not be reasonably predicted;
 - 3) An act, activity or inactivity of a state and municipal agency or other authorized body, due to which no permission or right was issued or extended to facilitate fulfillment of

obligations, or due to which fulfillment of obligations was hindered, on condition that the WEM Participant acted in compliance with the RoA legislation.

23. Where a dispute (disagreement) arises between the WEM Participants, the parties shall resolve them through negotiations.
24. The EMO and the ESO shall facilitate alternative dispute resolution within the framework of their jurisdictions.
25. If a dispute (disagreement) is not settled by the parties, any party may apply to the Commission requesting to resolve the dispute within its jurisdiction, as well as may file a suit at a competent court, unless the parties have agreed to submit their dispute to arbitration.

SECTION 2

WEM PARTICIPANTS AND WEM CONTRACT

CHAPTER 6 WEM TRADE PARTICIPANTS

26. Electricity Trade in WEM among the WEM Trading Participants shall be conducted based on Transactions signed according to the Rules.
27. The Generators shall be classified in WEM into the following groups:
 - 1) Generators operating under the Public-Private Partnership (hereinafter: PPP) contracts (hereinafter: IPP plants),
 - 2) Hydro power plants and plants operating on other renewable energy sources (wind, solar, geothermal and biomass) under 30 MW capacity, except for IPP plants, with the Power Purchase Guarantee as provided for by the Law (hereinafter: REPP plants),
 - 3) Generators subject to tariff regulation, except for IPP plants, REPP plants and the Balancing Services Providing Generator (hereinafter: RPP plants),
 - 4) Generators operating in competitive conditions (hereinafter: CPP plants), including:
 - a) Thermal power plants,
 - b) Combined heat and power generation (cogeneration) plants,
 - c) plants with an expired term for power purchase guarantee provided by the Law or by the PPP
 - d) IPP plants, which according to the PPP are eligible to operate under competitive conditions.
 - 5) Generator providing Balancing services under electricity generation license and wholesale trading license (hereinafter: BSP).
28. In accordance with the Law, the License and the Rules the Generator shall:

- 1) Sell electricity to WEM Trading Participants,
- 2) Purchase electricity on the WEM in case of failure to fulfill its contractual obligations by means of its own generation of electricity,
- 3) Export electricity.

29. In accordance with the Law, the License and the Rules the Universal Supplier shall:

- 1) Purchase electricity from REPP plants, IPP plants, APPs and other WEM Trade participants,
- 2) Import electricity,
- 3) Sell the surplus of electricity to WEM Trade Participants.

30. In accordance with the Law, the License and the Rules the Supplier shall:

- 1) Purchase electricity from WEM Trade Participants, except for the REPP plants and IPP plants and APPs having contract signed with the Universal Supplier as defined in Retail Electricity Market (hereinafter: Retail Market) Trading Rules,
- 2) Import electricity,
- 3) Sell the surplus of electricity to WEM Trade Participants.

31. According to its Licenses and the Rules, the BSP shall:

- 1) Sell electricity on the regulated component of the Bilateral Contracts Market (hereinafter: RC) at quantities defined and prices regulated by the Commission,
- 2) Sell electricity under competitive conditions on other WEM segments;
- 3) Purchase electricity on the WEM in case of failure to fulfill its contractual obligations by means of its own generation,
- 4) Export and import electricity.

32. The rights defined as per sub-provisions 2 and 4 of Provision 31 of these Rules may be exercised by the BSP on condition of priority fulfillment of obligations under sub-provision 1 of Provision 31 and Provision 43 of these Rules.

33. According to the Law, the License and the Rules the entity involved in the wholesale electricity trade (hereinafter: Trader) shall:

- 1) Purchase electricity from WEM Trade Participants at non-regulated prices, except for REPP and IPP plants and APPs having contract signed with the Universal Supplier as defined in Retail Market Trading Rules,
- 2) Import Electricity,
- 3) Sell electricity,
- 4) Export electricity.

34. According to the Law, the Rules and the WEM Contract, in order to meet its own needs the Qualified Customer shall:
- 1) Purchase electricity in WEM,
 - 2) Import electricity,
 - 3) Sell the surplus of electricity to WEM Trade Participants.
35. To acquire the status of a Qualified Customer the Customer (except for the residential customers) shall meet the following requirements:
- 1) Be connected to the Transmission network or Distribution network,
 - 2) Have got an electricity metering complex corresponding to the requirements of the Transmission Network Code;
36. According to the Law, the License and these Rules the Transmitter and Distributor shall purchase electricity on the WEM to cover Transmission Network losses and Distribution Network losses, respectively, and for their own needs. The Universal Supplier instead of the Distributor shall buy electricity on the WEM.
37. REPP has the right to consume electricity necessary for its own needs at different metering points in accordance with the Retail Market Rules.

CHAPTER 7 WEM SERVICES PROVIDERS

38. According to the Rules the EMO, ESO, Transmitter and Distributor, as well as the BSP shall provide services to WEM Participants.
39. According to the Law, the License, the Rules and the WEM Contract the EMO shall perform:
- 1) Operation and maintenance of MMS,
 - 2) Enabling entrance to, activity and termination of activity of the WEM Participant in the MMS, well as the provision and modification of balance responsibility status;
 - 3) Submit in the MMS the maximum allowed limit to buy electricity, import electricity and receive services for a WEM Participant;
 - 4) Registration of all Orders and Transactions;
 - 5) Recording quantities of electricity purchased and sold by WEM Trade Participants;
 - 6) Organizing normal operation of DAM, including DAM clearing;
 - 7) Calculation of imbalances in the BALM;
 - 8) Through MMS prepare the statement of charges to be paid for electricity and provided services by the WEM Participants;
 - 9) on behalf of the beneficiary, submission of a written claim to the bank issuing the guarantee for paying a sum of money with the guarantee, by indicating the bank account number of the principal to whom the money is subject to transfer;

- 10) Coordinate the cross-border trade of electricity;
- 11) Collection of data from Commercial meters located in-between the Transmission and Distribution Networks;
- 12) Other functions necessary to ensure normal and efficient operation of WEM.

40. The ESO shall perform the following pursuant to the Law, the License and the Rules:

- 1) Planning of the electricity system balance;
- 2) Management of System Services provision;
- 3) Forecasting the Electricity System load to perform its responsibilities associated with electricity system balancing. While developing such a forecast the ESO shall take into consideration the forecasts provided by WEM Participants;
- 4) Forecasting the electricity volumes that would be required to cover losses at the Transmission Network and notifying the EMO and the Transmitter.
- 5) Coordinate the cross-border trade of electricity;
- 6) Other functions necessary to ensure secure and reliable operation of the electricity system.

41. The Transmitter in compliance with the Law, the License, the Rules and the WEM Contract shall:

- 1) Provide transmission services to the WEM Trade Participants;
- 2) Organize transit of electricity;
- 3) Ensure uninterrupted operation of Metering Complexes being the property of the Transmission Network.

42. The Distributor shall perform the following, pursuant to the Law, the License, the Rules and the WEM Contract:

- 1) Provide distribution services to the WEM Trade Participants,
- 2) Register the Metering Complexes data of WEM Participants connected to the Distribution Network, including commercial and control meter readings,
- 3) Ensure the completeness of and availability of access to of the registered data for the EMO through the real-time Automated Data Acquisition System (hereinafter DAS), MMS or other available software packages.

43. The BSP shall provide balancing services pursuant to the licenses and the Rules, performing purchase/sale of electricity at the BALM, as required for such a purpose.

44. WEM Services are paid by the buyers, and in case of export or transit of electricity by the WEM participant entitled to such activities at tariffs approved by the Commission, as follows:

- 1) Transmission, ESO and EMO services, if they are connected to the Transmission Network or Generator;

- 2) Transmission, Distribution, ESO and EMO services, if they are concurrently connected to the Transmission and Distribution Networks;
- 3) Transmission, Distribution, ESO and EMO services, if they are connected to the Distribution Network.

CHAPTER 8 WEM PARTICIPANT'S BALANCING RESPONSIBILITY

45. Within the context of these Rules, the WEM Trade Participant may trade electricity and use WEM services, if:

- 1) It has chosen the type of the WEM balancing responsibility, according to Provision 46 of these Rules;
- 2) Its Metering complex is located at the Boundary point and meets the requirements as per Provision 354 of the Transmission Network Code;
- 3) In case of assuming the status of BRPI, BRPA or BRPG it has provided the bank guarantee in compliance with the requirements of Provision 64 and CHAPTER 31 of these Rules, and the Universal Supplier, according to the requirements of CHAPTER 32 of the Rules, has provided funds securing guarantee of payments.

46. The responsibility for balancing in the WEM may be undertaken in the following ways:

- 1) According to Provision 48 of the Rules, the WEM Trade Participant has assumed the status of an independent balance responsible party (hereinafter: BRPI);
- 2) According to Provision 49 of the Rules, the WEM Trade Participant has joined the other participant's balancing Group, authorizing the latter to bear its balancing responsibility (hereinafter: BRPA),
- 3) According to Provision 50 of the Rules, the WEM Trade Participant has joined the other participant's balancing Group by authorizing the latter to trade electricity in the WEM on behalf of itself, to undertake balancing responsibility and pay for services (hereinafter: BRPP),
- 4) According to Provision 51 of the Rules, the WEM Trade Participant has assumed the responsibility for imbalances of other WEM Trade Participant or has formed a balancing Group (hereinafter: BRPG).

47. The WEM Trade Participant may have only one status at a time out of the aforementioned BRPI, BRPA, BRPP and BRPG status. The WEM Trade Participant may be concurrently involved only in one WEM Trade Participant's balancing Group that acquired the BRPG status.

48. The WEM Trade Participant shall be eligible to assume the BRPI status and be self-responsible for its imbalances in the WEM. If the WEM Trade Participant with the BRPI status has got more than one metering points, then the imbalances shall be considered based on the total number of metering points. The WEM Trade Participant with the BRPI status may refuse from that status, in case of assuming the BRPA, BRPP or BRPG status. The RPPs, the Transmitter, as well as the BSP in terms of WEM Transactions on sale /purchase of electricity shall mandatorily get the BRPI status and have no right to refuse from that status.

49. The WEM Trade Participant shall have the right to get the BRPA status and to authorize the other WEM Trade participant to bear its balancing responsibility, if the latter has got the BRPG status. The cost of imbalances caused by the WEM Trade Participant with the BRPA status and of services resulted from those imbalances shall be charged off to the participant with BRPG status, which has assumed to undertake the given responsibility. The BRPA may shift its balancing responsibility

to other BRPG or to refuse from the BRPA status in case of assuming the BRPI, BRPG or BRPP status.

50. The WEM Trade Participant shall have the right to get the BRPP status and to be involved in the Balancing group of the WEM Participant with the BRPG status. The entire responsibility for imbalances in the WEM caused by the WEM Participant with the BRPP status shall be undertaken by the participant that involved the latter in its balancing group. The BRPP may authorize other BRPG to trade electricity in the WEM on its behalf and to bear its balancing responsibility or to refuse from the BRPP status in case of assuming the BRPI, BRPG or BRPA status. Traders shall have no right to acquire the BRPP status. The following WEM Trade Participants shall mandatorily get the BRPP status and have no right to refuse from that status:

- 1) Transmitter,
- 2) IPP plants,
- 3) REPP plants

51. The WEM Trade Participant shall have the right to form a balancing Group and assume the BRPG status by involving therein WEM Trade Participants with the BRPA or BRPP status, whereas the Suppliers and Traders may involve APPs. The WEM Trade Participant with the BRPG status shall be responsible for imbalances caused both by WEM Trade Participants with BRPA status and BRPP status involved in its balancing Group and by APPs. The following WEM Trade Participants shall mandatorily get the BRPG status and have no right to refuse from that status:

- 1) Universal Supplier,
- 2) Suppliers.

52. The relationship between the WEM Trade Participants with the BRPG status and the WEM Trade Participants with the BRPA status and BRPP status involved in the balancing Group of the latter shall not be regulated, except for the Universal Supplier and participants involved in its balancing Group.

53. The following limitations shall be set for the balancing group of WEM Trade Participant:

- 1) the Qualified Customer who acquired or is intended to acquire the BRPP status may not be involved in the balancing Group of the Qualified Customer with the BRPG status,
- 2) the CPP plant who acquired or is intended to acquire the BRPP status may not be involved in the balancing Group of the CPP with the BRPG status,
- 3) the APP may not be involved in the Balancing Group of the Qualified Customer and CPP plant with the BRPG status

54. Those IPP and REPP plants, APPs (in terms of APP-Distributor electricity exchange agreements), Generators under commissioning and testing, which has got the BRPP status and signed the contract with the Universal Supplier, Customers that signed Supply Contract with the Universal Supplier, as well as the Distributor shall be mandatorily involved in the Balancing Group of the Universal Supplier. The Universal Supplier shall undertake shared responsibility for imbalances caused by WEM Participants involved in its balancing Group, including the Distributor.

55. The WEM Trade Participant with the BRPG status, except for the Universal Supplier shall have the right to terminate the activity of the balancing Group with the intention to acquire the BRPI,

BRPP or BRPA status, as well as may remove the WEM Trade Participants with the BRPP or BRPA status from the balancing Group.

56. The balancing responsibility status of the WEM Trade Participants as mentioned in Provision 46 of the Rules shall be changed according to Provisions 70-72 of the Rules. During each change of the status the terms and conditions for provision of the given status, as well as those defined in this Chapter shall apply for appropriate MMS registration.

CHAPTER 9 WEM CONTRACT

57. For participation in the Wholesale Electricity Market, the WEM Participants shall sign the WEM Contract. The WEM Contract shall be concluded between WEM Services providers and WEM Trade Participants.
58. The WEM Contract is deemed to be a contract of adhesion (offer) in terms of Article 444 of the RoA Civil Code, to which the WEM Trade Participants may join in procedures defined by this Chapter.
59. For registration WEM Service Providers by means of the MMS shall submit to EMO their offer and WEM Trade Participants shall submit their acceptance join the WEM Contract that complies with the Model Contract approved by the Commission.
60. For the purposes of trading electricity on WEM the IPP and REPP plants shall sign with the Universal Supplier the following contracts defined by the Commission in addition to the WEM Contract:
- 1) Contract on connection of a power plant under construction (reconstruction) to the Distribution Network, on delivery of electricity during commissioning and testing works and sale/purchase of electricity (Electricity Generator – Distributor Contract for the power plant of 30 MW and over installed capacity with a power purchase guarantee); or
 - 2) Contract on connection of a power plant under construction (reconstruction) to the Distribution Network, on delivery of electricity during commissioning and testing works and sale/purchase of electricity (Generator – Distributor (Universal Supplier) Contract for a plant under 30 MW installed capacity with a power purchase guarantee).

SECTION 3

REGISTRATION WITH AND CESSATION FROM THE WEM

CHAPTER 10 PROCEDURE FOR REGISTRATION OF WEM PARTICIPANT AND ACQUISITION OF THE BALANCING RESPONSIBILITY STATUS

61. To participate on WEM the WEM Participant shall file an application for registration in the MMS, submit the documents listed in Provision 62 of the Rules and by filling in the following data:
- 1) Name, State registration number (ID card number);
 - 2) Tax Identification Number (Social Security Number);
 - 3) Location (Registration) address;

- 4) Notification address (if differs from the location (registration) address);
- 5) E-mail address;
- 6) Phone number;
- 7) Bank requisites;
- 8) Quantity and data of MMS users by authorities vested;
- 9) Generators shall provide as well:
 - a) Power plant location address;
 - b) Metering Complexes data by each Metering Point;
 - c) Type of fuel used for electricity generation,
 - d) Installed capacity,
 - e) Licensed/Allowed Capacity, Maximum Physical Capacity of each Delivery Point,
 - f) Minimum technological capacity
 - g) Ramp-up rate
 - h) Ramp-down rate
- 10) Notice of acquisition of the Qualified Customer status. In this case the following shall be filled in, as well:
 - a) Location of the given consumption system;
 - b) Metering Complexes data by each Metering Point;
 - c) Maximum capacity of the consumption system,
 - d) Maximum capacity at each Metering Point.

62. While registering with the MMS the WEM Participant shall specify its preferable balancing responsibility status: BRPI, BRPA, BRPP or BRPG. In case of assuming the BRPA or BRPP status the WEM Participant shall specify the requisites of the WEM Trade Participant with the BRPG status that will be responsible for its imbalances.

63. While filing the MMS registration application, the WEM Trade Participant shall attach the following:

- 1) The ID card, for a legal entity - the State registration certificate, documents verifying the MMS user authorities and its electronic signature sample;
- 2) Operation license issued by the Commission or a status-verification document;
- 3) The offer to join the WEM Contract signed by the WEM Service Providers and the acceptance of offer by the WEM Trade Participants certified by electronic signature, subject to registration with the EMO according to the Rules,

- 4) Written consent of the WEM Trade Participant with the BRPG status, in case the participant intends to acquire BRPA or BRPP status,
 - 5) The scanned copy of the bank guarantee for acquisition of the BRPI, BRPG or BRPA status, except for the Universal Supplier.
64. Upon submission of the scanned copy of the original bank guarantee through the MMS, the WEM Trade Participant that has submitted the bank guarantee shall send the original bank guarantee to the EMO by post or as a registered letter with verification of receipt. Requirements of this Provision shall be in affect while providing a new guarantee after expiration of the current bank guarantee, as well as with the purpose of increasing the allowed amount of guarantee.
65. Within 1 business day upon the receipt of the MMS registration application the EMO shall check the compliance of data presented during registration with the MMS and data provided in the Acceptance or Offer or the bank guarantee with the requirements of the Law, the WEM Participant License, the Acceptance of the offer to join the WEM Contract and these Rules.
66. Once the submitted data comply with the requirements of Provision 65 and requirements of Provision 35 in case of the Qualified Customer, the EMO shall register the WEM Participant and
- 1) Provide him an MMS access token,
 - 2) Register the offer of the WEM Service Provider and the acceptance of the WEM Trade Participant
 - 3) Register accordingly WEM BRPI, BRPG, BRPA or BRPP status participants, specifying the status activation year, month, day and time.
67. In case of a positive outcome of checking the compliance of the bank guarantee mentioned in Provision 64 of these Rules, the EMO shall confirm in the MMS the maximum allowed limit to buy electricity, import electricity and receive services by the given WEM Participant depending on the guarantee amount, and in case of in compliance of the bank guarantee, the EMO shall refuse and provide reasons for refusal. The maximum allowed limit is determined by reducing the amount of the bank guarantee by five percent.
68. Where inaccuracies are revealed in the MMS registration data, the EMO shall request that the given WEM Participant eliminate those in 3 business days or, in case of in compliance with the acts specified in Provision 65 shall reject the registration by providing reasonable grounds for rejection in writing.
69. In case the EMO rejects the WEM Participant registration, the new application for registration shall be submitted according to Provisions 61 and 64 of the Rules.

CHAPTER II PROCEDURES ON CHANGE AND TERMINATION OF BALANCING RESPONSIBILITY STATUS

70. At least 10 days prior to the change, in case of intending to change its balancing responsibility status defined in Provision 46 of the Rules, or at least 25 days prior, in case of intending to terminate the balancing Group activity, the WEM Trade Participant shall submit an application to the EMO through the MMS, specifying the preferable status of balancing responsibility and the date of assuming that status. If the WEM Trade Participant wants to assume the BRPP or BRPA status or wants to join the Balancing Group of the other WEM Trade Participant with the BRPG status, then it shall attach to its application the written consent of the WEM Trade Participant with the BRPG status and to whose balancing Group the given participant intends to join.

71. Within 3 business days upon the receipt of the application mentioned in Provision 70 of the Rules the EMO shall check its compliance with the requirements of Chapter 8 of the Rules and if no discrepancies are revealed, it shall confirm the new balancing responsibility status of the WEM Trade Participant starting the day specified in the application, and where discrepancies are revealed, it shall reject the application providing reasonable arguments and notify the applicant through the MMS. In cases, if:

- 1) The WEM Trade Participant applied for being involved in the balancing Group of the other WEM Trade Participant with the BRPG status or applied with the request to change its balancing responsibility status within the currently active balancing Group, then:
 - a) within 2 business days after checking the compliance of the application with the requirements defined in the Rules, the EMO shall through the MMS submit the application for approval of the WEM Trade Participant with the BRPG status, to whose Balancing Group the given applicant wishes to join, or in whose Balancing Group the involved applicant wishes to change its balancing responsibility status;
 - b) Within 2 business days upon the receipt of the EMO's notification, the WEM Trade Participant with the BRPG status shall approve the involvement of the applicant in its Balancing Group or the change of its status within the given group or shall reject the request;
 - c) Within 1 business day after the receipt of the answer of WEM Trade Participant with the BRPG status the EMO shall from the date specified in his application remove the applicant from the current Balancing Group and include him in the new group or change his balancing responsibility status by informing on that to applicant, the BRPG of the current Balancing Group, as well as the WEM Trade Participant with the BRPG status of the new Balancing Group,
- 2) The WEM Trade Participant with the BRPG status wishes to acquire other status of balancing responsibility, the EMO, within 2 business days after having checked the compliance of the application with the requirements defined by the Rules, shall inform through the MMS the participants involved in the given Balancing Group and from the date specified in the application shall terminate the activity of the group and provide the applicant the status mentioned in the application.

72. In case the Balancing Group terminates its activity, if the WEM trade participant included in that group does not assume any other balancing responsibility status in accordance with this Chapter of the Rules upon receipt of the notice of termination of the Group activity, then his activity in WEM shall be ceased pursuant to Paragraph b of sub-provision 2 of Provision 73.

CHAPTER 12 PROCEDURE FOR CESSATION OF WEM PARTICIPATION

73. The WEM Participant cessation shall be implemented in the following manner:

- 1) Upon the initiative of the WEM Trade Participant, except for WEM services providers, RPP plants, BSP and the Universal Supplier, submitting a written application to the EMO at least 10 days prior to the cessation and at least 25 days in case of a WEM Trade Participant with a BRPG status, specifying the year, month, day and time of the cessation;
- 2) Upon the EMO's initiative:

- a) if the WEM Participant's license has been terminated (expired) or the status has been lost,
- b) If the WEM Participant failed to choose balancing responsibility status according to Provision 72 of the Rules.

74. The WEM Trade Participant may apply for cessation of participation in WEM on condition that:

- 1) All the obligations undertaken within the framework of WEM are fulfilled;
- 2) All the payments provided for by the Rules are paid.

75. In case of cessation of participation in WEM in procedures defined by Paragraph a of sub-provision 2 of Provision 73 of the Rules, the activities of the given WEM Participant shall be terminated on the day the corresponding resolution of the Commission on license validity expiration or termination of the license entered into force, unless other date is defined by the resolution.

76. In case of cessation as per Paragraph b of sub-provision 2 of Provision 73 of the Rules, the activity of the given WEM Participant shall be terminated on the day of termination of the balancing Group activity according to sub-provision 2 of Provision 71 of the Rules.

77. Within 5 business days after the receipt of the WEM Trade Participant's application, the EMO shall inform the given Participant on approval of the application in case it complies with requirements specified in Provisions 74 of these Rules or in case of non-compliance, inform on rejection of the application specifying the basis for rejection.

78. Where the EMO approves the application of the WEM Trade participant for cessation from the WEM:

- 1) The WEM Contract with the given WEM Trade Participant shall be considered terminated,
- 2) Taking into consideration that the generating plant and/or consumption system of the WEM Trade Participant is connected to the Transmission or Distribution Network, the EMO shall 5 business days in advance inform the latter through the MMS about the disconnection of the given participant from the Transmission or Distribution Network, respectively, specifying the year, month, day and time of the disconnection. In case the given participant has acquired the status of a consumer in the Retail Market, then the Retail Market Rules shall apply.
- 3) in case of a bank guarantee, EMO on behalf of the beneficiary, indicating the waiver of the rights to it, returns it to the WEM Trade Participant,
- 4) if the application has been submitted by the WEM Trade Participant with the BRPG status participant, then the EMO shall terminate its balancing Group activity and at least 20 business days prior shall inform of that the WEM Trade Participants involved in that Balancing Group, specifying the year, month, day and time of the termination of activity. The balancing responsibility status of these participants shall be changed in accordance with the requirements of Provision 72 of the Rules,
- 5) if the application has been submitted by the WEM Trade Participant with the BRPP or BRPA status, then the EMO shall at least 5 business days prior to the cessation day inform of that the WEM Trade Participant with the BRPG of the balancing Group, in which the given participant was involved, specifying the year, month, day and time of the cessation.

SECTION 4

MMS MODULES AND WEM PARTICIPANT PROFILE

CHAPTER 13 MODULES OF THE MARKET MANAGEMENT SYSTEM SOFTWARE

79. The MMS is designed to ensure operation of the WEM, including electronic communications and trade in different segments of the WEM, conclusion of Transactions and implementation of calculations.
80. Each WEM Participant shall access the MMS by using the token provided by the EMO.
81. The tokens shall be delivered by hand based on delivery-acceptance act, 4 free-of-charge tokens per each Participant, except for REPP plants, for which 2 tokens are provided free-of-charge. Additional tokens shall be provided by the EMO, subject to payment of annual fee in amount of 5000 (VAT included) AMD.
82. Within 2 business days after the receipt of the application for additional tokens and if a payment verification document is presented, the EMO shall provide the required quantity of tokens to the given Participant, and if no payment document is presented, the EMO shall reject the application.
83. The MMS shall comprise of specifications, which will be able to ensure:
- 1) Uninterrupted and reliable operation of MMS;
 - 2) User's two-factor authentication and activity validation by means of password generating device and password generating software;
 - 3) Communication between the WEM Participants;
 - 4) Use of documents certified by electronic signature;
 - 5) Issuance, registration of electronic invoices notified and paid;
 - 6) Data compliance verification and notifications of potential inadequacies for the Orders submitted to different segments of WEM;
 - 7) Verification of Transactions in progress in different WEM segments and all Bids as to being secured by guarantees, and in case the guarantee amount is insufficient, automatic restriction of the Participant's right of bidding;
 - 8) Data integrity and removal protection for information recorded in the MMS;
 - 9) Protection from unauthorized access of third parties;
 - 10) Automatic application of allowable limits for submission of Orders and conclusion of transactions by fixing the amount stated in the bank guarantee;
 - 11) Availability of a back-up system, which is based on an individual electronic platform, is highly secured and compatible with the MMS main platform, to be activated in case of malfunction of the MMS main platform or temporary failure of the system operation.

84. MMS shall include at least the following platforms:

- 1) Users Database and Management platform;
- 2) System Forecast platform;
 - a) Annual Balance Forecast module;
 - b) Availability and Dispatch Information Management module;
- 3) Bilateral Contracts Management platform;
- 4) Day-Ahead Market Management platform;
- 5) BALM Management and Imbalances Settlement platform;
- 6) Transaction Management platform comprising of
 - a) Transactions allocation module,
 - b) Signed Transactions module.
- 7) Financial Operations Platform comprising of
 - a) Bank guarantees management module,
 - b) Invoices module per WEM segments, components, Trading periods, Transactions, Transaction Parties, payments and liabilities, as well as Metering Points.
- 8) Information and communication platform
 - a) Notifications and Inquiries module,
 - b) Information and analysis module,
 - c) MMS Users support module.

85. The WEM Trade participant have the right of access to the MMS platforms and modules that are directly relevant to him/her.

86. The EMO shall be responsible for operation, safety, maintenance and control of the MMS.

87. The EMO and the ESO within the framework of their jurisdictions, shall be responsible for confidentiality of the information recorded in MMS.

CHAPTER 14 WEM PARTICIPANT'S VIRTUAL ELECTRONIC CARD

88. The WEM Participant's virtual e-card shall be included into the MMS Users Database platform.

89. The virtual e-card of the WEM Participant registered with the MMS shall contain information defined in this Chapter. The WEM Participant shall be required to notify about any inaccuracies or changes in the data recorded on their virtual cards.

90. The general profile of the WEM Participant's virtual e-card shall contain the following data:

- 1) Name, State registration number (ID card number);
- 2) Tax Identification Number (Social Security Number);
- 3) Location (Registration) address;
- 4) Notification address (if differs from the location (registration) address);
- 5) E-mail address;
- 6) Phone number;
- 7) Bank requisites;
- 8) licenses, if required by law;
- 9) balance responsibility status in WEM acquired in accordance with Provision 46 of the Rules;
- 10) Quantity and data of MMS users by authorities vested;
- 11) In case of a WEM service provider, the signed offer to the WEM contract, and in case of a WEM Trade participant, the electronic copy of the acceptance to the WEM Contract and the functions reserved for the latter in WEM;
- 12) WEM segments and components where WEM Participant is entitled to act.

91. In case of Generator the electronic virtual e-card shall also contain the following information:

- 1) Power plant location address;
- 2) Metering Complexes data by each Metering Point;
- 3) Type of fuel used for electricity generation,
- 4) Installed capacity,
- 5) Licensed/Allowed Capacity,
- 6) Maximum Physical Capacity of each metering point,
- 7) Minimum technological capacity
- 8) Ramp-up rate
- 9) Ramp-down rate

92. In case of Qualified Customer, the electronic virtual card shall also contain the following information:

- 1) Notice of acquisition of the Qualified Customer status. In this case the following shall be filled in, as well:
- 2) Location of the given consumption system;

- 3) Metering Complexes data by each Metering Point;
- 4) Maximum capacity of the consumption system,
- 5) Maximum capacity at each Metering Point.

CHAPTER 15 WEM PARTICIPANTS' ELECTRONIC ACCOUNT

93. The WEM Participant's electronic account consists of the following sub-accounts:

- 1) Seller sub-account;
- 2) Buyer sub-account;
- 3) Importer sub-account;
- 4) Exporter sub-account;
- 5) Balancing sub-account.

94. The Universal Supplier in addition to sub-accounts defined in Provision 93 of the Rules shall have also the "Universal Supplier sub-account".

95. Each sub-account of the WEM Participant's electronic account shall include data on transactions carried out by the latter for each Settlement period per segments and components of the WEM, including:

- 1) Quantity of electricity, for the purchase or sale of which the WEM Participant concluded Transactions, by segments and components of the WEM;
- 2) Confirmations made by EMO and ESO verifying conclusion of Transactions for the cases defined by the Rules;
- 3) Quantity of electricity that according to Metering Complexes records has been actually purchased and sold by the WEM Participant;
- 4) Hourly differences between the Electricity quantities stated in the signed Transactions and those actually traded by the WEM Participant;
- 5) Prices for hourly differences of Electricity quantities that were stated in Transactions and those that were actually traded by the WEM Participant and their cumulative sum;
- 6) The guarantee allowed limits of the WEM Trade Participants with the BRPI, BRPA, BRPG status to purchase, import electricity and receive services.

SECTION 5

ELECTRICITY SYSTEM ANNUAL ADEQUACY FORECAST

CHAPTER 16 ANNUAL ADEQUACY FORECAST OF THE ELECTRICITY SYSTEM

96. Annual Adequacy Forecast aims to:

- 1) Assess of the electricity system ability to meet the domestic market demand, demonstrated appropriately by the hourly balances of the power system, in all steady-state regimes, in which the electricity system may operate under standard conditions;
- 2) Cover the domestic market demand by dispatching all available resources on a least cost principle ensuring reliability and safety of the system, as well as hourly schedules of GEAM and AMIR interconnections;
- 3) Development of generation schedules for RPP plants subject to approval by the Commission in accordance with Provision 108 of the Rules;
- 4) Assessment of availability of reserve capacities for Balancing market;
- 5) Assessment of feasibility of cross-border (including transit) flows.

97. The ESO shall develop the AAF on the basis of its own forecasts and estimates on demand and supply of the RoA electricity system, information available on the capability of interconnection transmission lines, as well as data inputs from other WEM Participants and competent authorities of the other countries' electricity systems.

98. By October 1 of each year, the WEM Participants mentioned in Provision 99 of these Rules shall submit to the ESO the hourly schedules of their forecasted supply and consumption to Distribution and/or Transmission Networks, for all 12 months of the next calendar year.

99. The WEM Participants shall provide the following information to the ESO:

- 1) The EMO shall provide the forecasted import and export schedules, including the transit:
- 2) Generators (except for REPP and IPP plants) shall provide:
 - a) Generation schedules, their own consumption and losses needs for each individual unit separately, if the plant consists of several units. Moreover, generation schedules for HPPs with annual or seasonal regulation reservoirs shall be based on average historical amount of annual generation for HPPs. Generation schedules for HPPs with multiannual regulation reservoirs shall be based on the guaranteed amount of electricity generation taking into account the hydrological situation forecasted at the start of the year and the reserve water resources in the reservoir of the HPPs in consideration. Irrigation regimes forecast for the period covered by the AAF is coordinated with the RoA state authorized body. The rivers' natural flow forecasts for the period covered by the AAF, shall take into account the multiannual trends of the hydrological situation change and the forecasts of the meteorological service,
 - b) relevant justifications when an application in accordance with Transmission Network Code is presented for the modification of technical characteristics during the observed period by AAF.
- 3) Universal Supplier shall provide:
 - a) schedules for all connection points in the WEM for its customers,

- b) generation schedules for REPP and IPP plants, as well as the forecast of the amount of electricity delivered to the distribution network by the APPs (based on electricity exchange between the APP and Distributor),
- 4) Distributor shall provide the forecast of losses and own needs of the distribution network, which is comprised in accordance with Distribution Network Code,
- 5) Supplier shall present the Load schedules for all connection points in the WEM,
- 6) each Qualified Customer shall present the Load schedules for all connection points in the WEM,
- 7) Trader shall provide the forecast of generation schedules for its contracted APPs, if any.

100. For the purpose of submitting to the ESO the information mentioned in Sub-Provision 3 of Provision 99 of these Rules, each year by September 1 the Universal Supplier shall receive the following:

- a) IPP plants shall submit the information mentioned in Sub-Provision 2 of Provision 99 of these Rules,
- b) customers whose annual demand was equal or greater than 1 million kWh for a previous calendar year, except the Qualified Customers on their load schedules.

101. ESO shall take into account the forecasted electricity generation of the new plants and the capacity of the out-of-operation plants during the observed AAF period.

CHAPTER 17 ANNUAL ADEQUACY FORECAST VERIFICATION

102. By October 20 of each year the ESO shall submit through the MMS to each WEM Participant the draft AAF. Within 3 business days the WEM Participants shall approve the Draft or provide to the ESO their objections. The ESO may accept or reject each suggestion on the draft AAF for the purposes of ensuring system reliability and safety indicators. In case of rejection, the ESO shall inform the WEM Participant of it through the MMS by providing reasonable justifications. The ESO shall provide all the suggestions, rejections and justifications to the body authorized by the RoA Government and the Commission.

103. By November 1 of each year the ESO shall be obliged to coordinate the AAF with the state authorized body and present it to the Commission and the WEM Participants.

104. Within 10 business days upon receipt of the AAF, the Commission may require from the ESO clarifications and/or revisions of the AAF, if it does not comply with the requirements of the Law, legal acts of the Commission or contains unsubstantiated assessments.

105. The ESO shall provide necessary clarifications not later than within 5 business days in cases defined in Provision 104 of the Rules.

106. By November 15, the WEM Participants may submit to the Commission their suggestions referred to the AAF clarification.

107. Based on Provisions 96 and 104 of these Rules the Commission shall inform the ESO about its final position by December 15. Within 3 business days after receipt of Commission's position ESO shall approve and publish the AAF.

108. By December 15, the Commission shall:

- 1) approve mandatory amount of the electricity quantity for sale in the RC by RPP plants,
- 2) the Contractual and available Capacity of IPP plants, if provided by the PPP contract.

SECTION 6

ELECTRICITY TRADE IN WEM

CHAPTER 18 WEM STRUCTURE

109. The WEM comprises of the following market segments:

- 1) Bilateral Contracts Market;
- 2) Day-Ahead Market;
- 3) Balancing Market.

110. The Bilateral Contracts Market consists of the following components:

- 1) Long-term contracts component;
- 2) Regulated component;
- 3) Non-regulated component.

111. Electricity from the Generators in the stage of commissioning and testing, which was delivered during that period to the Transmission or Distribution Networks, shall be sold exclusively to the Universal supplier under the terms stipulated by the Commission.

112. In the case of trading in non-regulated component of the Bilateral contracts market (hereinafter: NRC), the rights of APPs on electricity exchange with Universal Supplier arising from the Retail Market Trading Rules shall be deemed terminated.

CHAPTER 19 TRADE OF ELECTRICITY IN THE LONG-TERM CONTRACTS COMPONENT OF THE BILATERAL CONTRACTS MARKET

113. Electricity trade in Long-Term Contracts Component of the Bilateral Contracts Market (hereinafter: LC) shall be carried out between IPP plants and REPP plants on the one hand and the Universal Supplier on the other hand, as well as IPP plants and the BSP in cases provided for by the PPP Agreement.

114. The relationship between IPP plants and the BSP shall be regulated according to the contract signed in the LC. The BSP shall be obliged to sell the electricity quantity stated in provisions of the contract with IPP plants signed in the LC, to the Universal Supplier.

115. IPP and REPP plants shall not be eligible to sell electricity in other WEM segments or components. The prices of electricity being sold to the Universal Supplier shall be regulated by the Commission.

116. The ESO shall be eligible to issue Dispatch Instructions to IPP plants that signed contracts with the Universal Supplier in the WEM LC component to reduce to the minimum the electricity purchase expenses required for satisfying needs of the Universal Supplier and its customers. In

such cases the ESO shall take into consideration the priority obligation of the Universal Supplier to buy electricity from IPPs and REPPs.

117. The sale/purchase of capacities of IPP plants shall be carried out in the WEM LC component and shall include capacity ordered by the ESO according to the Transmission Network Code.

CHAPTER 20 ELECTRICITY TRADE IN THE REGULATED COMPONENT OF THE BILATERAL CONTRACTS MARKET

118. Trade of electricity in the RC shall be carried out between RPPs and the BSP, on the one hand, and the Universal Supplier, Suppliers and Qualified Customers, as well as Transmitter, on the other hand. Traders and CPP plants shall not trade in the RC.

119. Trade of electricity in the RC shall be based on tariffs defined by the Commission and on monthly quantities of electricity mandatory for sale in the RC approved by the Commission in accordance with Provision 108 of the Rules.

120. Within the period from the 15th day to the 20th day of each month the Universal Supplier, Suppliers and Qualified Customers, as well as Transmitter shall through MMS submit to EMO their bids for electricity subject to purchase the next month in the RC, which shall contain information on the electricity quantity in the form of hourly load schedules. In cases when the Universal Supplier, Suppliers, Qualified Customers, as well as the Transmitter, have submitted bids electricity after the expiration of the period specified in this Provision, the latter shall not participate in the monthly electricity trade of the RC.

121. The electricity quantity specified in the Bid shall not exceed the average quantity of electricity consumed at the metering point during the same period over the last three years. Where data on quantity of consumed electricity for the last three years is missing, then:

- 1) Data of the previous two years or, if not available, of the previous one year shall be taken into account,
- 2) for new customers connected to the electricity Transmission network or Distribution network, monthly data on forecasted volume of electricity consumption specified in the documents attached to the Connection Application and in the connection contract, shall be taken into account.

122. The WEM Trade Participant that participates in RC shall have the right to change or withdraw its bid before the date specified in Provision 120 of the Rules is expired.

123. Within one business day after the date specified in Provision 120 of the Rules, the EMO shall distribute through the MMS the quantity of electricity subject to mandatory sale by RPPs and BSP in the RC in the month defined by the Commission, among the Universal Supplier, Suppliers, Qualified Customers, as well as Transmitter having submitted Bids, accordingly:

- 1) Where the cumulative quantity of electricity specified in the bids is more than the quantity of electricity subject to sale by RPP plants within the next month, then the quantity specified in the Bids shall be allocated s between participants submitted the Bids in the proportion of the quantities of electricity specified in their bids,
- 2) Where the cumulative quantity of electricity specified in the bids is less than the quantity of electricity subject to sale by RPP plants within the next month, then the bid of each

WEM Trade Participant shall be satisfied according to the quantity of electricity specified in the submitted Bid,

- 3) Electricity shall be allocated firstly from generators operating at low tariffs defined by the Commission and then from the generators operating at higher tariffs.

124. Within one business day after the electricity quantities mandatory subject to sale in the RC are allocated among the WEM Trade Participants according to Provision 123 of the Rules, the EMO shall record in the corresponding sub-accounts of the WEM Participants' virtual e-cards the data on electricity quantities subject to delivery and on amounts subject to payment in accordance with transactions registered.

125. Electricity subject to mandatory sale in the RC by RPP plants and BSP, but not demanded shall be included in the amount of electricity to be sold in DAM.

126. Electricity subject to mandatory sale in the RC by RPP plants and BSP, but not demanded may be sold in NRC, as well as be exported after the closure of DAM, according to Chapter 27 of these Rules.

127. Where deviations from the Transactions signed in the RC are revealed, the EMO and WEM Participants party to the Transaction shall be guided by the regulations defined in Chapters 25 and 26 of these Rules.

CHAPTER 21 ELECTRICITY TRADE IN THE NON-REGULATED COMPONENT OF THE BILATERAL CONTRACTS MARKET

128. Electricity trade in the NRC shall be conducted between CPP plants, the BSP, APPs, Traders, Universal Supplier, Suppliers, Qualified Customers, Transmitter and in cases defined in Provision 131 of the Rules, the RPP plants as well.

129. Electricity trade in NRC shall be concluded based on Transactions signed between the NRC participants. The participants of the NRC shall be required according to Provision 130 of the Rules to notify the ESO and the EMO of the quantity of electricity subject to trade under these Transactions.

130. In order the Transaction on purchase of electricity in the NRC be considered effective, no later than within 1 business day after signing the Transaction or in cases, when the Transaction implies trading within the TD, no later than by 1 day prior to Trading day (hereinafter: TD-1) at 16:59, the WEM Trade Participant who is a party to the Transaction shall be obliged to submit through the MMS to ESO and EMO the information about the seller of electricity and the quantity of electricity to be purchased in hourly granularity, which shall contain the confirmation from both parties of the Transaction.

131. After publication of DAM results in procedures defined by Provision 158 the RPP plants shall have the right to sell electricity not demanded in the DAM to the NRC within the period from 15:30 to 16:59 of the TD-1.

132. Once the Transaction signed by the NRC participants is submitted to him/her in accordance with Provision 130, not later than in 1 hour the EMO shall:

- 1) Register the Transaction in the MMS as a Transaction concluded by Parties,

- 2) In correspondence with the registered Transaction, record in the corresponding sub-accounts of the Participants' electronic virtual cards the data on electricity quantities subject to delivery between the Participants without data on amounts subject to payment.

133. Export and import of electricity from the NRC may be carried out according to Chapter 27 of these Rules.

134. Where deviations from the Transactions signed in the NRC were revealed, the EMO and WEM Participants party to the Transaction shall be guided by the regulations defined in Chapters 25 and 26 of these Rules.

CHAPTER 22 DAY AHEAD MARKET

135. Trade of electricity in the Day Ahead Market (DAM) shall be carried out by CPP plants, RPP plants, Traders, the Universal Supplier, Suppliers, Qualified Customers, Transmitter, as well as by the BSP In terms of electricity that is subject to mandatory sale but not demanded in the RC.

136. Trade of electricity in DAM shall be carried out on hourly basis. The electricity quantities subject to sale and purchase and their prices shall be calculated by MMS in procedures defined by CHAPTER 23.

137. All DAM activities shall be carried out for the next one Trading Day and completed one day prior to TD-1, within the periods defined in this Section.

138. Prices of Offers submitted to DAM by WEM Participants shall not exceed the maximum BSP price approved by the Commission, and in the case of RPP plants, to be twenty percent higher than the electricity tariff defined by the Commission or have a negative value. Such Offers shall be rejected by the EMO.

139. DAM Participants may submit the following types of Orders:

- 1) Offers - simple or stepwise
- 2) Bids – single or stepwise,

140. DAM Orders should include the following information:

- 1) In case of a single Order that proposes one price for electricity purchased or sold in each Trading Period of the TD, the information comprises of:
 - a) The electricity price expressed in AMD/kWh with an accuracy of up to 2 decimals;
 - b) The electricity quantity expressed in kWh.
- 2) In case of a single Order without pricing:
 - a) If it is an Offer, only the quantity of electricity for sale is indicated with the price equal to zero;
 - b) If it is a Bid, only the quantity of electricity demand is indicated with the price equal to the maximum price defined by the Commission for provision of balancing services.

- 3) In case of a stepwise Orders, the Order proposes different price-quantity steps over the TD trading period depending on the quantities subject to sale or purchase. Such a Bid or Offer shall include up to 5 steps, in which the sale price for each successive step shall be higher than the previous one, whereas the purchase price for each successive step shall be lower than the previous one. At the same time the price-quantity steps in Bids and Offers shall be proposed independently, so that the seller be able to sell, and the buyer be able to buy any price-quantity step separately. Bids and Offers shall contain information specified in the above-mentioned Sub-Provision 1, points a) and b) for each proposed step.

141. Export and import of electricity from the DAM may be carried out according to Chapter 27 of these Rules.

CHAPTER 23 DAM CLEARING RULES

142. For the DAM Clearing purposes all electricity Offers and Bids submitted by WEM Participants shall be aggregated in order to produce one aggregated supply and one aggregated demand curve for each Trading Period. The processes shall entail adding all offered quantities at each price step to construct the aggregated supply curve and adding all demanded quantities at each price step to construct the aggregated demand curve.

143. If the aggregated supply and the aggregated demand curves for the specific Trading Period intersect, then the Clearing Price for that period, as well as, the fully or partially cleared and non-cleared Orders shall be determined in accordance to the Provisions 145 to 150.

144. If the aggregated supply and the aggregated demand curves for the specific Trading Period do not intersect, then the Clearing Price for that period, as well as, the fully, partially cleared and non-cleared Orders shall be determined in accordance to the Provisions 151 to 154.

145. Where there is just one price point and more than one quantity points at which the aggregated supply and demand curves intercept and the quantity of the marginal Offer is equal to the quantity of the marginal Bid then:

- 1) The Market Clearing price of the specific Period of the Trading day is the price at the interception point;
- 2) An Offer is totally cleared, as long as its price is equal or lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) A Bid is totally cleared, as long as its price is equal or higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 5) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) The cleared market quantity equals the total quantity of the cleared Offers which also equals the quantity of cleared Bids.

146. Where there is just one point at which the aggregated supply and demand curves intercept and the quantity the marginal Offer exceeds the quantity of the marginal Bid then:

- 1) The Market Clearing price of the specific Period of the Trading day is the price at the interception point, which is determined by the marginal Offer;
- 2) An Offer is totally cleared, as long as its price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Offer shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day up to the quantity that is cleared by the marginal Bid. Where the marginal Offer is composite, i.e. several Offers with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Bids shall be allocated among these Participants in proportion to the quantity indicated in each Offer.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 7) The cleared market quantity equals the total quantity of the cleared Bids.

147. Where there is one price point and more than one quantity points over which the aggregated supply and demand curves intercept, and the quantity of the marginal Offer exceeds the quantity of the marginal Bid then:

- 1) The Market Clearing price of the specific Period of the Trading day is the price at the interception points;
- 2) An Offer is totally cleared, as long as its price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Offer shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is cleared by the marginal Bid. Where the marginal Offer is composite, i.e. several Offers with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Bids shall be allocated among these Participants in proportion to the quantity indicated in their Offers.
- 5) A Bid is totally cleared, as long as its price is equal or higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 7) The cleared market quantity equals the total quantity of the cleared Offers.

148. Where there is just one point at which the aggregated supply and demand curves intercept and the quantity of the marginal Bid exceeds the quantity of the marginal Offer then:

- 1) The Market Clearing price of the specific Period of the Trading day is the price at the interception point, which is determined by the marginal Bid;
- 2) An Offer is totally cleared, as long as its price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Bid shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is covering the marginal Offer. Where the marginal Bid is composite, i.e. several Bids with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Offers shall be allocated among these Participants in proportion to the quantity indicated in their Bids.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 7) The cleared market quantity equals the total quantity of the cleared Offers or step of Offers.

149. Where there is one price point and more than one quantity points over which the aggregated supply and demand curves intercept and the quantity of the marginal Bid exceeds the quantity of the marginal Offer then:

- 1) The Market Clearing price of the specific Period of the Trading day is the price at the interception points;
- 2) An Offer is totally cleared, as long as its price is equal or lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Bid or a step of the Bid shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is covering the marginal Offer. Where the marginal Bid is composite, i.e. several Bids with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Offers shall be allocated among these Participants in proportion to the quantity indicated in their Bids.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.

7) The cleared market quantity equals the total quantity of the cleared Offers.

150. Where there are more than one price points and one quantity point over which the aggregated supply and demand curves intercept at the point where the quantity of the marginal Bid is equal to the quantity of the marginal Offer then:

- 1) The Market Clearing price of the specific Period of the Trading is determined by the marginal Offer;
- 2) An Offer is totally cleared, as long as its price is equal or lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 5) A Bid shall not be cleared, if the price is equal or lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) The cleared market quantity equals the total quantity of the cleared Offers which also equals the cleared Bids. Offers and Bids, submitted by WEM Participants that lead to an increase of the total cleared market quantity will not be cleared regardless of their price.

151. Where the aggregated supply and demand curves do not intercept because the quantity of marginal Offer is not enough to match any Bid at the indicated Offer price, then an additional zero quantity-price step equal to the corresponding Bid is considered the marginal Offer. Following this adjustment, the DAM clearing will be performed in accordance with the following rules:

- 1) The Market Clearing Price of the specific Period of the Trading day is the price at the interception point, which is determined by the marginal Bid;
- 2) An Offer is totally cleared, as long as its price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Bid shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is covering the marginal Offer. Where the marginal Bid is composite, i.e. several Bids with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Offers shall be allocated among these Participants in proportion to the quantity indicated in their Bids.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 7) The cleared market quantity equals the total quantity of the cleared Offers.

152. Where the aggregated supply and demand curves do not intercept because the price of the marginal Bid is higher than the price of the marginal Offer and the quantity of the marginal Offer is equal the quantity of the marginal Bid, then:

- 1) The Market Clearing price of the specific Period of the Trading day is determined by the marginal Offer;
- 2) An Offer is totally cleared, as long as its price is equal or lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Offer shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is covering the marginal Bid. Where the marginal Offer is composite, i.e. several Offers with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Bids shall be allocated among these Participants in proportion to the quantity indicated in their Offers.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 7) The cleared market quantity equals the total quantity of the cleared Offers which also equals the quantity of cleared Bids.

153. Where the aggregated supply and demand curves do not intercept because the price of the marginal Bid is higher than the price of the marginal Offer and the quantity of the marginal Offer exceeds the quantity of the marginal Bid, then:

- 1) The Market Clearing price of the specific Period of the Trading day is determined by the marginal Offer;
- 2) An Offer is totally cleared, as long as its price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 3) An Offer shall not be cleared, if the price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.
- 4) The marginal Offer shall be partially cleared at the Market Clearing Price of the specific Trading Period of the Trading Day for up to the quantity that is covering the marginal Bid. Where the marginal Offer is composite, i.e. several Offers with the same price have been received from different WEM Participants, then the residual amount of electricity required to clear the Bids shall be allocated among these Participants in proportion to the quantity indicated in their Offers.
- 5) A Bid is totally cleared, as long as its price is higher than the Market Clearing Price of the specific Trading Period of the Trading Day.

6) A Bid shall not be cleared, if the price is lower than the Market Clearing Price of the specific Trading Period of the Trading Day.

7) The cleared market quantity equals the total quantity of the cleared Bids.

154. Where the aggregated supply and demand curves do not intercept because the price of the first Offer is higher than the price of the first Bid, then the EMO shall inform the Participants that the DAM shall not be cleared.

CHAPTER 24 DAM TRANSACTIONS

155. The submission of Orders in the Day-Ahead Market starts at 10:29 in TD-I and ends at 12:59 in TD-I, which is the DAM Gate Closure Time.

156. The DAM Participants may modify or withdraw the submitted Orders before the DAM Gate Closure Time. The price proposals of DAM Orders made by the WEM Trade Participants in the MMS shall become visible for the EMO only after the DAM Gate Closure.

157. Taking into consideration the electricity prices and quantity specified by Participants in their Orders, the EMO shall perform validation of DAM Orders through the MMS and before 13:59 of the TD-I shall accept the Order or suggest the WEM Trade Participant to revise the Order, providing reasonable justifications for non-acceptance. Participants that received suggestion for revision from the EMO shall be required before 14:29 of the TD-I to submit the final revised Order to the EMO.

158. The EMO shall perform the DAM Clearing through the MMS based on the Orders received by 14:30 of TD-I.

159. By 15:29 of the TD-I the EMO shall publish in the MMS and its own website the DAM Clearing Prices and the summary data on electricity sale/purchase Transactions per Trading Periods of the TD.

160. Electricity sale/purchase Transactions between WEM Trade Participants that submitted Offers and Bids that have been cleared as a result of DAM Clearing shall be deemed concluded from the time period specified in Provision 159 of the Rules.

161. The DAM Transactions shall be concluded in a way that the electricity quantity sold by each WEM Trade Participant on the DAM shall be proportionally allocated between buyers per Trading Periods of the TD.

162. Before 19:59 of the TD-I the EMO shall register all the executed Transactions in the MMS, and record in the Participants' virtual e-cards the data the quantity and costs of electricity sold and purchased per TD-I Trading Periods.

163. Where deviations from Transactions signed in the DAM are revealed, the EMO and the Parties to the Transaction shall be guided by regulations defined in CHAPTER 25 and 26 of these Rules.

CHAPTER 25 BALANCING MARKET

164. Trading of balancing electricity between the BSP on one hand and other WEM Trade Participants with BRPI status and BRPG status on the other hand, shall be implemented on the Balancing Market.

165. The BALM shall be a regulated market, where the Transactions are executed as a result of Imbalance settlement calculations performed by the EMO through the MMS.
166. By 15:29 of the TD-I the BSP shall publish in the MMS the sale price of electricity of the TD for balancing purposes for all Trading periods, if it is lower than the maximum BSP price set by the Commission. The price set by the BSP cannot be more than twenty percent of DAM clearing price. Otherwise, the BSP balancing electricity price for TD shall be assumed equal to the maximum price defined by the Commission. The BSP shall be obliged to comply with all Dispatch Instructions of the ESO on balancing of supply and demand of the TD.
167. WEM Trade Participants with BRPI status and BRPG status shall sell electricity surplus and purchase electricity shortage from BSP occurred as result of imbalances, in cases and procedures defined by these Rules.

CHAPTER 26 IMBALANCE SETTLEMENT

168. The imbalances shall be calculated by the EMO through the MMS for each WEM Trade Participant with BRPI status and BRPG status by each Trading Period of the TD.
169. By 17:59 of the TD-I each WEM Trade Participant with BRPI status and BRPG status shall submit to ESO and EMO the quantities of electricity subject to consumption, delivery, export or import in all WEM segments during the TD period, per all Metering Points and Trading Periods of the TD (hereinafter: Transactions allocation).
170. Per each Trading Period WEM Trade Participants shall not submit Transaction Allocations that do not correspond to the technical characteristics included in their virtual electronic card taking also into account non-availability information.
171. The ESO, based on the Transactions allocation submitted by the WEM Trade Participants with BRPI status and BRPG status, carries out the evaluation of the system reliability and security indicators on the basis of Provision 163 of the Transmission Network Code. ESO has the right to offer the WEM Trade Participants with BRPI status and BRPG status to review their Transactions allocation in cases where a their offered option doesn't allow to ensure system reliability and safety indicators and they can't be regulated in procedures defined by the Transmission Code by means of the BSP.
172. Where the change of Transactions allocation offered by WEM Trade Participant with BRPI or and BRPG status is deemed necessary by the ESO, then by 19:29 of TD-I ESO shall submit through MMS to the given participant its suggested Transaction allocation option with relevant justifications. WEM Trade Participant with BRPI or BRPG status shall be obliged to accept and be guided by the Transaction allocation option offered by the ESO.
173. The net volume of imbalances for each WEM Trade Participant with BRPI or BRPG status shall be calculated by the EMO through the MMS and determined in the following way:
- 1) the actual quantity of metered electricity delivered, consumed, exported or imported shall be determined for Metering point of each WEM Trade Participant with BRPI or BRPG status per Trading period of the TD. Moreover, in case of import or export of electricity, the imbalances are distributed proportionally among the WEM participants carrying out import and export of electricity in proportion of Transactions on an hourly basis.

- 2) the volume of TD net imbalances for each WEM Trade Participant with BRPI or BRPG status shall be determined by comparing the actual metered data by Trading Periods with the Transactions concluded by the latter.

174. Payments for imbalances to be assigned to each BRP or BRG as appropriate based on the aggregation of their imbalances for each Trading Period in the Trading Day shall be calculated as follows:

- 1) When the BRP netted imbalance volume during the Trading Period is negative, then the BRP appeared as a buyer in the BALM and an amount equal to the product of that quantity of electricity and the price defined by the BSP in each Trading Period of the TD as specified in Provision 166 of the Rules shall be debited to the latter's balancing sub-account as an amount to be paid to the BSP.
- 2) When the BRP netted imbalance volume during the Trading Period is positive, then the BRP appeared as a seller in the BALM and, an amount equal to the product of that quantity of electricity and the price corresponding to the lowest tariff for sale set for the WEM RC shall be credited to the latter's balancing sub-account as an amount to be paid by the BSP.

175. The EMO shall conduct and upload records defined by the Provision 174 of the Rules to the MMS by 08:59 of the one day after the Trading day (TD+1).

SECTION 7

CROSS-BORDER TRADE, TRANSIT AND TECHNICAL POWER FLOWS

CHAPTER 27 CROSS-BORDER TRADING

176. The Cross-border trading of electricity shall be carried out by conclusion of direct contract with a foreign natural person or legal entity on the export of electricity or on the import of electricity to be sold in WEM or to meet its own demand.

177. Import of electricity shall be carried out by the Universal Supplier, Suppliers, Traders, Qualified customers and BSP, the following cases:

- 1) Universal Supplier and Suppliers import electricity to meet the electricity demand of WEM participants or customers in their balancing group;
- 2) Traders import electricity to meet the electricity demand of WEM participants in their balancing group, as well as to sell it in NRC and DAM;
- 3) BSP shall export the electricity purchased from WEM participants due to the imbalances.

178. Export of electricity shall be carried out by Traders, CPPs and if prescribed by the Rules by the BSP and RPPs in the following cases:

- 1) Traders, CPPs, RPPs and the BSP shall export the electricity subject to sale in NRC;
- 2) Traders shall export the subject to sale in DAM;

3) Qualified customers import electricity to meet their own electricity demand.

179. In order the Transaction on import or export of electricity to be considered effective, no later than within 1 business day after signing the Transaction or in cases, when the Transaction implies trading within the TD, no later than by TD-1 at 16:59, the WEM Trade Participant who is a party to the Transaction shall be obliged to submit through the MMS to ESO and EMO information on the amount of electricity imported or exported on an hourly basis.

180. Information on the export and import of electricity shall be included in the Transactions allocation provided in Provision 169 of the Rules.

181. The EMO and ESO shall coordinate the process of organizing the cross-border trade, in procedures defined by the Rules.

182. In cases of import of electricity, the seller delivers it to the buyer at the Point of Import.

183. Where deviations from Transactions signed on cross-border trade are revealed, the EMO and the Party to the Transaction shall be guided by regulations defined in CHAPTER 25 and 26 of the Rules.

CHAPTER 28 TRANSIT OF ELECTRICITY

184. Transit of electricity shall be performed through the Traders based on contract signed with the transit client.

185. Electricity transit is considered to be a simultaneous Transaction of import and export of electricity carried out by a Trader and all provisions of the Rules on the import and export of electricity shall apply to it equally. The amount of imported electricity is not taken into account in the payments to the WEM Service providers stated in Provision 44 of the Rules.

186. Where deviations from Transactions signed on transit of electricity are revealed, the EMO and the Party to the Transaction shall be guided by regulations defined in CHAPTER 25 and 26 of the Rules.

187. Transit delivery of electricity shall be carried out only if it neither contradicts the interests of domestic consumers, nor reduces reliability and safety indicators of the RoA electricity system, nor hinders fulfillment of obligations undertaken within the framework of already concluded contracts of the BSP in respect of AMIR Interconnection.

188. The ESO may terminate transit delivery if reliability and safety indicators of the RoA electricity system are reduced or are under the threat of reduction.

CHAPTER 29 TECHNICAL POWER FLOWS

189. Technical power flows shall be carried out exclusively by the BSP through AMIR Interconnection, on the basis of the electricity generation license issued by the Commission, as well as on the basis of the AMIR technical power flows agreement.

190. The BSP shall sign contracts with the ESO, the EMO and the Transmitter, and the Distributor, if it requires using the Distribution Network as well.

191. In order to fulfill its obligations, the BSP shall have the right to purchase electricity in WEM Electricity generated at the Vorotan Cascade shall not be purchased for technical power flow exchange through AMIR.

192. The ESO shall coordinate the implementation of technical power flows.

193. The ESO shall notify the EMO and the BSP in writing of the commencement, interruption, resumption or termination of the technical power flows.

194. The ESO may terminate technical power flows in the event, if reliability and safety indicators of the RoA electricity system are reduced or are under the threat of reduction.

195. In cases of Emergency situations technical power flows through AMIR and GEAM Interconnections shall be carried out by the BSP on the basis of relevant contracts,

SECTION 8

WEM PAYMENTS GUARANTEES

CHAPTER 30 PAYMENTS GUARANTEE MECHANISM

196. In order to buy, to import electricity and to receive services on the WEM the WEM Trade Participants, excluding the Universal Supplier, shall provide to the EMO a bank guarantee issued by any commercial bank operating in the Republic of Armenia, in procedures prescribed in this Chapter, Provision 64 of these Rules and Annex NI to these Rules.

197. The bank that presented the guarantee upon the request of the WEM Trade Participant (principal) shall accept liability in writing before the creditor of the principal that, in case of non-fulfillment or inadequate fulfillment by the principal of its liabilities under Transactions, following the written application of the EMO acting on behalf of the principal's creditor (beneficiary) in an undisputable manner a certain amount will be transferred to a corresponding bank account of the WEM Trade Participant specified by the EMO, within the relevant limits of the guarantee amount.

198. For the bank guarantee:

- 1) The effective period shall not be less than 45 days,
- 2) The defined amount shall not be less than 5 million AMD.

199. While the WEM Trade Participant submits Orders in the WEM, in order to guarantee the payments for electricity purchased, imported and services rendered in the WEM, the available residual amount of the bank guarantee in the MMS shall be reduced as follows;

- 1) In case of submitting Bids in the RC - by 150 % of the cost of electricity received as a product of the quantity of electricity stated in the Order and the highest tariff defined for RPP plants participating in the RC;
- 2) In case of submitting Bids in the DAM - by the cost of electricity received as a product of the quantity of electricity stated in the Order and the maximum BSP price defined by the Commission;

200. The reduced amount of the WEM Participant's bank guarantee mentioned in Provision 199 of these Rules as a result of electricity purchase or import Transactions in the RC, DAM and NRC shall be adjusted in the MMS as follows:

- 1) For RC and DAM Transactions:
 - a) By amount equal to the cost of electricity purchased,
 - b) By amount equal to the cost of the ESO service, which is determined as a product of the quantity of electricity purchased under the given Transaction and the tariff defined by the Commission for the ESO service,
 - c) By amount equal to the cost of the EMO service, which is determined as a product of the quantity of electricity purchased under the given Transaction and the tariff defined by the Commission for the EMO services,
 - d) By amount equal to the cost of the Transmitter's service, which is determined as a product of the quantity of electricity purchased under the given Transaction and the tariff defined by the Commission for transmission services,
 - e) By amount equal to the cost of the Distributor's service, which is determined as a product of the quantity of electricity purchased under the given Transaction and the average weighted cost of distribution service for the given WEM Trade Participant actually formed in the previous month. If no distribution service were provided to the given WEM Trade Participant, the bank guarantee amount shall be determined as a product of the quantity of electricity purchased under the given Transaction and the highest tariff defined by the Commission for distribution services applied at Metering points on the distribution network;
 - f) For the balancing service - by amount equal to the product of a twentieth of electricity quantity purchased under the Transaction as per point (a) of this Provision and the maximum tariff defined for balancing services.
- 2) For NRC Transactions – by amount equal to the sum of costs for services defined in points b, c, d, e and f of sub-provision 1, considering the quantity of electricity purchased under the Transaction in the NRC.

201. Once the settlement of imbalances of the NRC, DAM and RC is completed as described in Provision 175 of these Rules, the reduced amount of the WEM Participant's bank guarantee mentioned in Provision 200 of these Rules shall be adjusted in the MMS before 10:00 of TD+1 in the following manner:

- 1) By amount equal to the cost of the ESO service, which is determined as a product of the quantity of electricity actually purchased for the TD and the tariff defined by the Commission for the ESO service,
- 2) By amount equal to the cost of the EMO service, which is determined as a product of the quantity of electricity actually purchased for the TD and the tariff defined by the Commission for the EMO services,
- 3) By amount equal to the cost of the Transmitter's service, which is determined as a product of the quantity of electricity actually purchased for the TD and the tariff defined by the Commission for transmission services,
- 4) By amount equal to the cost of the Distributor's service, which is determined by the cost of distribution service formed as a product of the quantity of electricity purchased for the TD and the distribution service tariff for the given connection point of the WEM Trade Participant, and if the WEM Trade Participant is connected to the different voltage levels of the distribution network, then the bank guarantee shall be

reduced by amount equal to the sum of service costs formed as a result of a product of electricity passed through the given voltage level and the distribution service tariff defined for the given voltage level;

- 5) By amount equal to the cost of actually rendered balancing service, which is determined by the cost of electricity actually purchased for TD from the BALM.

202. In case of electricity transit or import, in order to guarantee the payments for the Balancing Services, when registering the Transaction in the MMS the allowed limit of WEM Trade participant's bank guarantee shall be reduced by product of the quantity of imported electricity and by the price of electricity received as a result of the maximum price set by the Commission for the provision of the Balancing Services.

203. The allowed bank guarantee limit of the WEM Trade Participant shall make the total sum of costs of Transactions already signed but not paid for and services obtained, as well as new Transactions to be signed and services to be rendered.

204. Upon expiration of the maximum allowed limit the WEM Participant shall be deprived of the right to submit new Orders and conclude new Transactions. If the given WEM Participant has made complete or partial payments to the sellers for electricity purchased, imported and services provided under the Transaction, then the bank guarantee presented by that WEM Participant to the EMO shall be considered not encumbered by liabilities that are already paid, and the given WEM Participant shall receive back the right of submitting new Orders and concluding new Transactions. In case of making complete or partial payments to the seller within the framework of its Transactions, the WEM Participant shall in one business day inform the EMO by presenting a proof of payment through MMS.

CHAPTER 31 PROCEDURES FOR MAKING PAYMENTS FROM THE SPECIAL ACCOUNT (ACCOUNTS) OF THE UNIVERSAL SUPPLIER AND USING THE GUARANTEED AMOUNT

205. In accordance with the Electricity Universal Supply License No 0633 issued to the Universal Supplier in compliance with the Commission's Resolution No748-A dated December 21, 2018, with the purpose to ensure guaranteed payments for electricity purchased for LC component, DAM and BALM market segments and in the RC market component and to ensure payment of guaranteed amounts to Generators of 30 MW and over installed capacity and WEM Service Providers, the Universal Supplier shall open a Special account (accounts) and present a bank guarantee agreed upon with the Commission in the required guaranteed amount as a supplementary means to secure the payment of debts accumulated by the end of the previous month. The Guarantee shall not be less than 10% of the total amount charged for the previous year's average monthly purchase of electricity (capacity) and for services provided by WEM Service Providers. The choice of the banks servicing the Special account (accounts) shall be coordinated with the Commission.

206. The Special account (accounts) servicing contracts and modifications to these contracts and to the Guarantee shall be agreed upon with the Commission in advance.

207. The Special account (accounts) funds shall be managed in compliance with these Rules and the Universal Supplier License.

208. Payments in cash made by the customers for the consumed electricity shall be accepted by commercial banks operating in the territory of the Republic of Armenia and by legal entities holding a license for provision of payment and settlement services (hereinafter: payment and settlement

organizations), in compliance with the contracts signed by the Universal Supplier with the banks and payment and settlement organizations. According to these contracts, the payments collected from the customers for the consumed electricity by the banks and payment and settlement organizations shall be transferred to the special account (accounts) in one banking day, except for the amounts collected by “Haypost” Closed Joint Stock Company that shall be transferred to the special account (accounts) in one banking day in Yerevan, two banking days in urban communities and up to five banking days in rural communities. The payments collected from the customers for the electricity consumed, except for the Special Account (accounts), cannot be transferred to another bank accounts, as it is stated in the contracts signed between the Universal Supplier and banks or payment and settlement organizations. The contracts and further modifications thereto shall be submitted to the Commission for approval.

209. In case of a bank transfer for the electricity consumed, the customers shall transfer funds only to the banking account mentioned in the invoicing documents issued by the Universal Supplier, and the Universal Supplier shall mention only one of the Special Accounts or attached technical accounts (subaccounts) in the invoicing documents submitted to the customers.
210. The Universal Supplier’s payments for the electricity purchased and services provided to WEM Participants can be made only through the Special Account (accounts) based on the Universal Supplier’s payment orders.
211. In case the Universal Supplier fails to make payments by the time defined in the Contracts, the Generators of 30 MW and over installed capacity and WEM services providers in LC component, DAM, BALM and RC markets may apply to the bank, which provided the Guarantee, to have their requirements met under that Guarantee. The Guarantee-issued bank shall review the submitted claims and issue a respective Resolution within 5 business days. In case the funds under the Guarantee are insufficient to cover the amounts claimed and amounts to be covered by the Guarantee issued bank, the Universal Supplier within 5 business days required for revision of claims and issuance of the resolution shall transfer the deficient amount to the Special Account (accounts) and pay to the Participants that have submitted claims to the Guarantee issued bank the amount sufficient enough to cover the claims and meet the coverage deficiency. In case the claims are satisfied by the Guarantee issued bank, the Universal Supplier shall within 10 working days submit a new Guarantee to the Commission for approval.
212. Starting the 5th day of each month the total amounts deposited to the Special Account (accounts) shall be deemed pledged in favor of Generators with 30 MW and over installed capacity and WEM services providers in the LC component, DAM and BALM segments and in the RC component, as means to secure the payment of actual debts accumulated by the end of the previous month. This should be stated in the pledge agreements between the Universal Supplier and the above entities. The Generators with installed capacity under 30 MW, other sellers acting in the LC component, DAM and BALM and in the RC market component, service providers other than WEM services providers shall not sign pledge agreements with the Universal Supplier. The pledge agreement , as well as modifications and changes thereof shall be coordinated with the Commission. The amounts deposited to the Special Account (accounts) shall be used also for making payments for electricity purchased by the Universal Supplier from other entities in order to sell it on the domestic market. The pledge shall be terminated after fulfillment by the Universal Supplier of all financial liabilities available at the end of the previous month. Upon completion of the mentioned function, the Universal Supplier may dispose the amounts available on the Special Account (accounts) and transfer them to its current accounts only.

213. Only the amounts collected from the customers for electricity consumed or amounts transferred exclusively from the current accounts of the Universal Supplier can be deposited to the Special Account (accounts). Funds from the Special Account (accounts) can be used only for making payments for electricity purchased and services provided in the LC component, DAM and BALM segments and in the RC component, or, in case the collateral is terminated as mentioned in Provision 212 of these Rules, can be transferred exclusively to the current accounts of the Universal Supplier.

214. The procedure per Provision 213 of the rules shall be stated in the Special Account (accounts) service contract (contracts).

215. Each month the Universal Supplier shall provide a Special Account (accounts) transaction statement to the Commission, in compliance with the forms set by the Commission.

SECTION 9

METERING OF ELECTRICITY AND INVOICING

CHAPTER 32 EMO RESPONSIBILITY FOR COMMERCIAL METERING

216. This Section shall define regulations and relationship associated with electricity metering in the WEM.

217. Commercial metering in the WEM, calculation of inevitable technological losses during actual regimes of the Transmission Network and metering of actual losses of electricity in the Transmission Network shall be implemented by the EMO.

218. The EMO shall implement Commercial metering in the WEM for Boundary Points of WEM Participants located on the Transmission and Distribution networks, based on data collected from meters installed at those Boundary Points. In case of failure of commercial meters, the EMO shall implement Commercial metering based on the data received from Control meters specified in the WEM Contract.

219. The EMO shall be liable for reliability of the data it has submitted, in procedures defined in the RoA law.

220. WEM Participants shall have access to all Metering data relevant to them, at least for the last three years.

CHAPTER 33 METERING DATA COLLECTION AND PERIODICITY

221. Collection of data from the metering points shall be implemented by the EMO through the DAS.

222. For the purposes of metering data collection, the EMO shall ensure the following:

- 1) Good operational condition of the DAS and related infrastructures;
- 2) Collection of data being transferred from Commercial meters to the system-level server;

3) reflection of metering data in the MMS in a real time for all Trading periods of the Trading day.

223. The WEM participants shall ensure free access to Metering points registered in the DAS and possibility for unhampered collection of data by the EMO, as well as ensure good working condition of equipment and devices used for data transmission and communication.

CHAPTER 34 METERING OF ELECTRICITY AT THE GENERATOR'S SIDE

224. Electricity delivered by Generator shall be metered for each plant separately. The Commercial metering complex shall be installed in compliance with the requirements defined by Provisions 217 of the Transmission Code.

225. The EMO shall be obligated to meter electricity delivered or consumed by Generator:

- 1) At the Generator-Transmitter point;
- 2) Generator-Distributor Boundary point;
- 3) At the Generator-Customer Boundary points.

226. Commercial metering of the IPP's Contractual capacity in the WEM shall be performed by the EMO according to the contract signed between the Universal Supplier and IPP. The Contractual capacities shall be subject to payment in case, if a two-part tariff with electricity rate and monthly capacity charge is established for IPP plants. If the information provided by the ESO on the IPP's available capacities for the Settlement Period contains different data on actual available capacities, then their average weighted capacity shall be recorded as the one subject to be paid for.

227. Reduction of the IPP's available capacity shall be considered a Contract violation and shall not be subject to payment.

CHAPTER 35 METERING OF ELECTRICITY AT THE TRANSMITTER'S AND DISTRIBUTOR'S SIDE

228. Metering of electricity transmitted by Transmitter shall be implemented at the Generator-Transmitter, Transmitter-Qualified Customer and Generator-Distributor Boundary Points, as well as at the Import and Export points, and for the Distributor at the Distributor-WEM Trade Participant Boundary Point.

229. The EMO shall be obligated to register the following data in respect of the Transmitter and the Distributor:

- 1) Electricity imported by WEM Participants at the Import point;
- 2) Electricity delivered by to the WEM Participant at the Export point;
- 3) Electricity delivered to the Distributor at the Transmitter-Distributor Boundary Point;
- 4) Electricity delivered to the WEM Participant at the Distributor-WEM Participant Boundary Point.

CHAPTER 36 SPECIFIC METERING RECONCILIATION CASES

230. For metering data verification, the EMO according to Provision 260 of the Transmission Network Code, shall prepare electricity balances of WEM Trade Participants for the Balancing group (or groups) formed by metering complexes included in the DAS.

231. In case the actual established balance exceeds the limit values of the average statistical data for the last one year or, even much more, the allowable imbalance limit values, then:

- 1) The EMO shall be obliged to inform the parties to the Transaction of the sudden change in the metered levels offering to find out the reasons of the sudden changes in the metered value.
- 2) The parties to the Transaction with the involvement of the EMO shall make inspection of the balance group (or groups) of metering complexes registered in DAS and in case failures in the metering complexes are detected, shall prepare a corresponding statement.
- 3) The EMO shall make recalculations where there is a statement about a failure of commercial metering complexes.
- 4) In case a failure in the balance group of Commercial metering complexes and its connection circuits is not detected, the deviation of the actual imbalance value from the average statistical data (if actual imbalance value doesn't exceed the allowable imbalance limit value of the given Balancing group) is deemed to be acceptable due to the agreed changes of regimes, and recalculations shall not be performed.
- 5) In case the actual imbalance value exceeds the allowable imbalance limit value, but a failure of the metering complexes and its connection circuits is not detected as a result of inspection, the holder of the metering complexes shall perform ad-hoc inspection of Commercial meters, current and potential transformers, preparing relevant protocols, as well as replace the metering complexes, if necessary.
- 6) Recalculation shall be performed based on the data received from the control meters. Recalculation results shall be included in the payment documents of the next month after the failure is detected.

232. The allowable imbalance limit shall be determined by the EMO in compliance with Annex NI of Transmission Network Code.

CHAPTER 37 CALCULATION OF LOSSES AT THE TRANSMISSION NETWORK

233. By the 10th day of each month the EMO shall be obligated to submit to the Transmitter information in writing about actual losses of metered electricity in the Transmission Network for the previous month, as well as to publish the information in the MMS.

234. Before the 15th day of the next month the EMO shall calculate the unavoidable technological losses caused by actual regimes of operation in the Transmission Network for the given Settlement Period, according to Annex I of Transmission Network Code, submit the calculation to the Transmitter and publish it in the MMS.

CHAPTER 38 STATEMENT OF CHARGES

235. Within the first two business days of each month, based on information Chapter 15 of the Rules stated in recorded in electronic accounts of WEM Participants in accordance , the EMO shall prepare statement of charges to be paid for electricity and provided services and submit them to the WEM Participants for confirmation.
236. If the WEM Participants have no objections on the charges for electricity and provided services, they shall confirm the Statement of charges presented by the EMO, within two business days after receiving the statement.
237. Within two business day after confirming the Statement of charges, the WEM Participants shall prepare and submit to other parties the Settlement Statement on electricity delivered or purchased or services provided.
238. The WEM Participant that received the Settlement Statement shall in one business day after the day of the receipt confirm the statement of charges for electricity delivered to him/her or purchased by and for the services provided to him/her or provided by him/her, and within three business days shall make respective payments, except for the Universal Supplier. The Universal Supplier shall make the payments by the 25th day of each month.

SECTION 10

MONITORING OF WEM

CHAPTER 39 DATA COLLECTION REQUIREMENTS

239. The ESO and the EMO shall be responsible for data collection provided for by this Section and for publishing them in the Websites as appropriate and shall make it permanently available.
240. The ESO shall collect and publish the following data:
- 1) Information on the electricity system Load per Trading Period to be published based on the information provided by EMO;
 - 2) The electricity system load forecast per Trading Period to be published at least 14 hours before the DAM Gate Closure and be updated afterwards every 2 hours on a rolling basis;
 - 3) Week-, month- and year-ahead aggregated electricity system load forecasts to be published based on the forecast data; year-ahead System Load Forecasts shall be published with a weekly time-step;
 - 4) Information relating to the unavailability of transmission network, to be published no later than one hour after the change in availability;
 - 5) Information relating to congestion management measures, if any;
 - 6) Forecast of total generation per Trading Period;
 - 7) Information related to the unavailability of Generating Units;

- 8) The Renewable Energy Sources (RES) Forecast per Trading Period of the TD. Such forecasts should be made publicly available for every Settlement Period of the Trading Day by 08:59 of TD-1.

241. The EMO shall collect and publish the Actual delivery per Trading period (per technology, where data is available).

CHAPTER 40 MONITORING OF DAM

242. The EMO shall collect and publish the following data on DAM:

- 1) Information on the electricity system load per Trading Period;
- 2) The volume of electricity trade in the DAM;
- 3) The DAM Clearing Price per Trading Period of the TD;
- 4) Imbalance Settlement Prices per Settlement Period defined in accordance with CHAPTER 26 of the Rules;
- 5) Total Imbalance quantities per Settlement Period.

SECTION II

TRANSITIONAL PROVISIONS

243. Those Customers (except for residential customers) that hold electricity supply contracts with the Universal Supplier as of the day of effectiveness of the Rules, shall within the timeframes specified in Provision 245 of the Rules choose a Supplier or acquire a Qualified Customer status.

244. In cases, when a Supplier is not chosen or a Qualified Customer's status is not obtain in accordance with Provision 243 of the Rules customers shall pay the Universal supplier for the consumed electricity at the tariff set by the Commission in accordance with the Retail Market Rules.

245. Rules specified in Provision 243 of the Rules customers that hold electricity supply contracts with the Universal Supplier as of the day of effectiveness of the Rules (except for residential customers), shall be effective from the following dates:

- 1) For 110 kV and higher voltage Customers - from February 1, 2023;
- 2) 35 kV voltage Customers, which in the previous calendar year in all their Metering points, had an annual consumption of 1 million kWh and more - from February 1, 2024;
- 3) 6(10) kV voltage Customers, which in the previous calendar year in all their Metering points, had an annual consumption of 1 million kWh and more - from February 1, 2025;
- 4) Customers, which in the previous calendar year in all their Metering points, regardless of the voltage level, had an annual consumption of 1 million kWh and more - from February 1, 2025.

(To be filled in a bank form)

___ ___ 20__

BANK GUARANTEE No. _____

By this guarantee (hereinafter, referred to as the Guarantee) _____ (hereinafter, referred to as the Guarantor) upon request of _____ (hereinafter, referred to as the Principal), is unconditionally committed to pay a monetary amount of up to _____ (hereinafter, the Guarantee Amount) to _____ (hereinafter, referred to as the Beneficiary), following the written claim of the latter (hereinafter, referred to as the Claim) for non-compliance or inadequate compliance of the Principal with the liabilities arising from the _____ contract (hereinafter, referred to as the Contract) signed on ___ ___ 20__ between the Principal and the Beneficiary, pursuant to the following conditions:

1. The Guarantee shall be a security for adequate fulfillment by the Principal of its liabilities under the Contract;
2. The Guarantee shall be valid from __ 20__ till __ 20__ inclusive;
3. The following documents shall be enclosed with the Claim:
 - a. _____,
 - b. _____.
4. Within maximum ___ business days after the receipt of the Claim and documents enclosed, the Guarantor is committed to discuss the Claim and documents enclosed, in order to check their compliance with the terms of the Guarantee.
5. The Guarantee Amount shall be reduced by amount of the payment paid by the Guarantor according to the Claim.
6. The Beneficiary's right of claim for the payment of the Guarantee Amount arising from the Guarantee, may be assigned to the other entity upon a written consent of the Guarantor.
7. Relations associated with the Guarantee shall be regulated by the Republic of Armenia Legislation.

Authorized person/Signature