

Key Issues in Georgian Energy Sector - 2013, 2016 Comparison and Assessment



Energy Issues in 2013, January	Actions implemented	Results	Mean Value scale (-3-+3)	Standard deviation
Adoption of Main Directions of Energy Policy document	In 2015 Parliament of Georgia adopted the document – Main Directions of the State Policy in Energy Sector of Georgia	The document is mainly declarative and needs update	0.83	1.77
Preparation and enacting of Energy Strategy	In 2013, WEG has prepared guideline for energy strategy preparation and handed over process to the ministry. Trainings for Analytical Department (AD) were conducted in 2015-2016	Still we do not have the energy strategy of practical value, there is no process and group of specialists. The draft electricity chapter published by the ministry is far from perfection	0.00	0.58
Energy Planning	Staff of the AD were trained in using energy planning tools (MARKAL/Georgia). 10 Years Network Development Plan have been prepared for electricity and gas networks (latter is under public discussion).	Most of the trained staff members have left the Ministry. 10 year electricity Network Development Plan is based on unrealistic assumptions and envisions excessive investment. Gas network development plan will be published soon.	0.33	0.47
Compilation of Energy Balance	With international technical support the National Statistics Office of Georgia (GEOSTAT) started producing annual energy balances.	GEOSTAT has already published energy balances for 2013, 2014 years.	2.67	0.75

Completeness and quality of Georgian energy legislation	Numerous changes took place in the Market Rules and in the law of electricity and gas.	Changes in the energy legislation was not systemic and mainly was related to concrete technicalities. The quality of legislation did not improve and it is still controversial and unclear	-0.83	0.69
Centralized unbalanced Sector Governance – Power is concentrated in the Ministry of Energy	Minimal changes – market monitoring function transferred to the regulator (GNERC)	The Ministry is still holding policy, regulatory and other functions. Regulator still weak	-0.50	0.50
Regulation and tariff setting	GNERC started setting tariffs independently only for Discos	GNERC sets tariffs for distribution companies through transparent process. Needs further strengthening and improvement.	0.83	0.37
Strategic investment in the sector	Tenths of MoUs on HPP development were signed by Ministry of Energy and Developers. Technical assessment of gas storage project was finalized. Ongoing negotiations on new TPP construction	Black sea transmission line and 230 MW installed capacity TPP went into exploitation. Investments are done by state or with state guarantees.	0.83	0.37
Creation of transparent and competitive energy markets	Working on elaboration of Electricity Market model – mainly under GSE and USAID project	A day ahead trading model has been developed and testing has started. Market simullations has stopped. Stakeholders did not manage to form a market structure and allocation of dutes (GSE and ESCO)	0.17	0.69
exploration/extraction of Fossil fuels	No significant progress - Recommendations for studying of shale gas were developed	The licensees continued working, no significant State intervention has taken place. Still, insignificant amount of coal is extracting in Georgia.	-0.17	0.37
MoUs and agreements with foreign utility companies	On the basis of the bargain with Tariffs for Telasi and Energo-Pro have been temporarily reduced through direct negotiation at the expense of investment obligations and extending the questionable MoUs	The MoU with SOCAR is valid until 2030, and the MoU with Telasi is valid until 2025, though the tariff was set without economic justification (by regulator).	-1.33	0.94

Energy Efficiency	No state measures in this direction, in 2015 EBRD financed preparation of NEEAP, which will be presented in October 2016	Law, Agency, Norms and Standards, training centers do not exist	-0.17	1.07
Renewable Energy (except HPP)	State policy has not changed, with newly established company MoE set MoU on solar potential assessment	With the state funding the first wind plant is under construction	0.50	1.12
Research and Development	No state support in this direction	Research is mostly implemented under donor programs, state support is minimal	-0.50	1.12
Institutional and Professional capacity building	Twinning program (GNERC and E-control)	Sizeable progress, needs further strengthening	0.33	1.11
Energy Community membership	negotiations finalized, waiting for the EnC Ministerial in October for full membership	Membership decision is expected in October 2016. will need ratification by parliament later	1.17	0.69
Support of strategic energy transit projects	No significant development with AGRI, WS, and TCP projects	Tripartite negotiations on TCP project is ongoing without Georgi's involvement	-0.67	1.37
Regional Energy Cooperation	State policy is unclear in this direction, on one side Georgia is going to become member of Energy Community and on the other side it supports creating new electricity dispatch center with Russia, Armenia, and Iran.	Controversial plans and threat of falling victim to interests of other states	-0.33	1.37
Working on technical-normative documents	Grid codes, net-metering rules and service rules etc. were developed.	Grid Code of electricity network and more than 200 technical standards in gas sector were adopted.	1.83	0.37
Transparency of Governance	Formal consultations with CSOs. Providing with incomplete information to CSO. CSOs do not have an impact on final decisions.	No serious differences.	-0.50	1.12