



Main Challenges of the Reforms in Energy Sector



REGULATION FOR DEVELOPMENT

Main Challenges from 3rd Energy package

- Strong and independent national regulatory authority
- Unbundling of the sector
- Access to the system
 - ✓ Third-party access
 - ✓ Entry-exit regime
- Consumer protection and market opening



Challenge - Duties and Powers of the NRA

- Financial, institutional and HR independence
- Fixing and approving tariffs, as well as tariff methodologies
- Inspection and investigatory power
- Issuing binding decisions
- Approving grid access regime
- Approving congestion management rules
- Approving balancing and imbalance settlement rules
- Approving TYNDP and distribution development plans
- Licensing and certification duties
- Monitoring



Continuation of the Challenge - Monitoring

- Wholesale market prices and supply prices
- Transparency and compatibility of data exchanges
- Compliance of DSO, TSO and TA owners
- Investments – transmission, distribution and generation adequacy
- Competition and market opening
- Restrictive contractual practice
- Grid access
- Repairs and maintenance timeframe
- Safeguard measures
- Compliance with network reliability and security rules, quality of service
- Monitor commercial and financial relations in the sector
- Congestion management and access to cross-border infrastructure



Challenge - Unbundling

- Electricity:

- Two DSOs serving more than 100,000 customers are only suppliers
- TSO unbundling – network ownership

- Natural Gas:

- 3 Distribution companies serve more than 100,000 customers
- One natural gas transportation licensee, with structure more similar to ISO

Licensing and certification rules missing



Challenge - Third Party Access

- Electricity:
 - Challenges with distribution generation
 - Balancing mechanism and imbalance responsibility missing
 - Fair access on cross-border capacity
- Natural Gas:
 - Network Codes (Transmission and distribution)
 - Network access
 - Storage regulations
 - Entry-Exit model



Challenge - Market Opening

- Wholesale market opening – suppliers institute missing
- Eligibility in the wholesale market
- Operation of market under PSO
- A free choice of supplier/An easy and fast switch of supplier
- Consumer protection. Last resort, universal supplier services and vulnerability criteria

Target market model unknown



Other Challenges

- No direct connection with EU/EnC markets -
Integration with EU organizations
- Administrative/legislative efforts
- Coordination burden
- Lack of Human capacity





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Success Georgia!

