

USAID Assistance to Georgia: Promoting Renewable Energy Investment in Georgia and Cross-Border Trade Opportunities

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USAID HYDRO POWER AND ENERGY PLANING PROJECT (HPEP)

Main Goals:

- **Accomplishment of tasks outlined in the GEMM 2015**
- **Financing of the new run-of-river HPP projects through non-recourse (project-based) loans**
- **Facilitate cross-border, competitive clean energy trading**

Main Obstacles:

Insufficient legal and regulatory framework in Georgia for a competitive electricity market

Low capacity in the electricity sector institutions to plan and implement a competitive electricity market

Lack of tools to operate a competitive electricity market



WHAT ARE GEMM 2015 AND THE ETM

- **Georgian Electricity Market Model (GEMM) 2015 and Electricity Trading Mechanism (ETM) were developed by USAID HIPP in 2011.**
- **GEMM 2015 will create an enabling environment for development of Georgian hydro resources and at the same time protect domestic tariff costumers.**
- **The ETM is an hourly balancing and day ahead process that will enable electricity trading on the regional competitive power market.**
- **GEMM 2015 and the ETM are in line with EU competitive market principles, and will be harmonized with the Turkish power market.**
- **GEMM 2015 will greatly enhance the regulatory support framework.**



MAIN TASKS OF GEMM 2015 AND ETM IMPLEMENTATION ARE:

- **Design and planning of the ETM**
- **Capacity building**
- **Institutional development**
- **Regional Market analysis and legislative basis for Electricity Trading**
- **Development of Primary Legislative improvements**
- **Development of Electricity Market Regulations**
- **Licensing and tariffs development for the electricity market**
- **Development of guarantee of origin and PSO procedures**
- **Contractual framework development (domestic and cross border)**
- **Cross border harmonization of legislation/regulations**
- **Project Website** <http://www.hydropower.ge/>



EU'S THIRD ENERGY PACKAGE MANDATES

- **Separation of production and supply from transmission networks**
- **Recognition of the strategic importance of Energy Policy**
- **Facilitation of increased cross-border energy trade**
- **More effective national regulators (Agency for the Cooperation of Energy Regulators)**
- **Promotion of cross-border collaboration and investment**
- **Greater transparency**
- **Continued enforcement of national standards to support regional market**



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EU Legislation	HPEP Technical Assistance
Separation of production and supply from networks	Tariff methodology for networks Regulatory accounting for each license type Third party access rules
Recognition energy policy's strategic importance	Development of white papers on energy policy and energy strategy Development of an energy planning process within the MoE
Facilitation of increased cross border energy trade	Capacity allocation rules Congestion management rules Development of a price zone for Georgia on Turkey's DAM
More efficient national regulators	Re-org. of GNERC Increased role and responsibilities of GNERC via E&G Law amendments
Promotion of cross-border collaboration and investment	CBETA Interconnection Operation Agreement Harmonization meetings between GNERC and EMRA Electricity Supply Agreement template
Greater Transparency	Regulatory accounting Regulatory inspection Website development for TSO and MO Stakeholder involvement in decision making
Enforcement of national standards to support regional market	Market surveillance and monitoring procedures Grid Codes



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THANK YOU