

Georgia's European Energy Commitments

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World Experience for Georgia



Commitments entered into force

Association Agreement

-Association Agenda

- DCFTA Chapter 11

Association Agreement ANNEX XXV Energy

**Under
Impleme
ntation**

Directive No 94/22/EC exploration and production of hydrocarbons

Directive No 2009/33/EC energy-efficient road transport vehicles

Regulations on the labeling and ecodesign requirements

**Commit
ments
not
entered
into
force**

Directive No 2009/72/EC concerning internal market in electricity

Regulation No 714/2009 cross-border exchanges in electricity

Directive No 2005/89/EC safeguard security of electricity supply

Directive 2008/92/EC transparency of gas and electricity prices

Directive No 2009/73/EC internal market in natural gas

Regulation 715/2009 access to natural gas transmission network

Regulation No 994/2010 safeguard security of gas supply

Directive No 2009/28/EC renewable energy sources

Directive 2006/32/EC energy end-use efficiency/ energy services

Directive No 2010/31/EU energy performance of buildings

Directive No 2010/30/EU labeling of products

Directive No 2012/27/EU on energy efficiency

Directive 2009/119/EC stocks of crude oil / petroleum products

DCFTA-Trade Related Energy Provisions

Priority Areas

Transit – consistent with international commitments (GATT 1994 and the Energy Charter Treaty)

- **Transit Obligation for Operators-** to minimize the risk of accidental interruption or reduction of transit;
- **Independent Regulatory Authorities-** empowered to regulate the gas and electricity markets;
- **Organization of Markets-** to ensure competitive, secure and environmentally sustainable conditions;
- **Access to energy transport facilities-** implementation of a system of third party access to energy transport facilities;

Association Agenda Energy Co-operation

Main Objectives

Completing negotiations concerning Georgia's formal accession to the Energy Community

- **taking steps towards the integration of Georgia's energy market with that of the EU-regulatory convergence**
- **reinforcing Georgia's energy infrastructure network and interconnections**
- **improving energy efficiency and developing the use of renewable energy sources in Georgia**



**Commitments signed
under
the Energy Community
Accession Protocol**

Energy Community Accession Protocol

Directive No 2009/72/EC concerning internal market in electricity

Directive No 2005/89/EC safeguard security of electricity supply

Directive No 2009/73/EC concerning internal market in natural gas

Directive No 2004/67/EC safeguard security of gas supply

Directive 2012/27/EU on energy efficiency

Directive 2010/31/EU energy performance of buildings

Directive 2010/30/EU labelling of products

Directive No 2009/28/EC renewable energy sources

Regulation No 714/2009 concerning cross-border exchanges in electricity

Regulation No 715/2009 concerning access to natural gas cross-border network

Regulation 1099/2008 on energy statistics

Directive No 200/92/EC transparency of gas and electricity prices

Environmental Directives

Directive 2009/119/EC stocks of crude oil and/or petroleum products

Organization of Electricity and Natural Gas Internal Markets

Directive 2009/72/EC

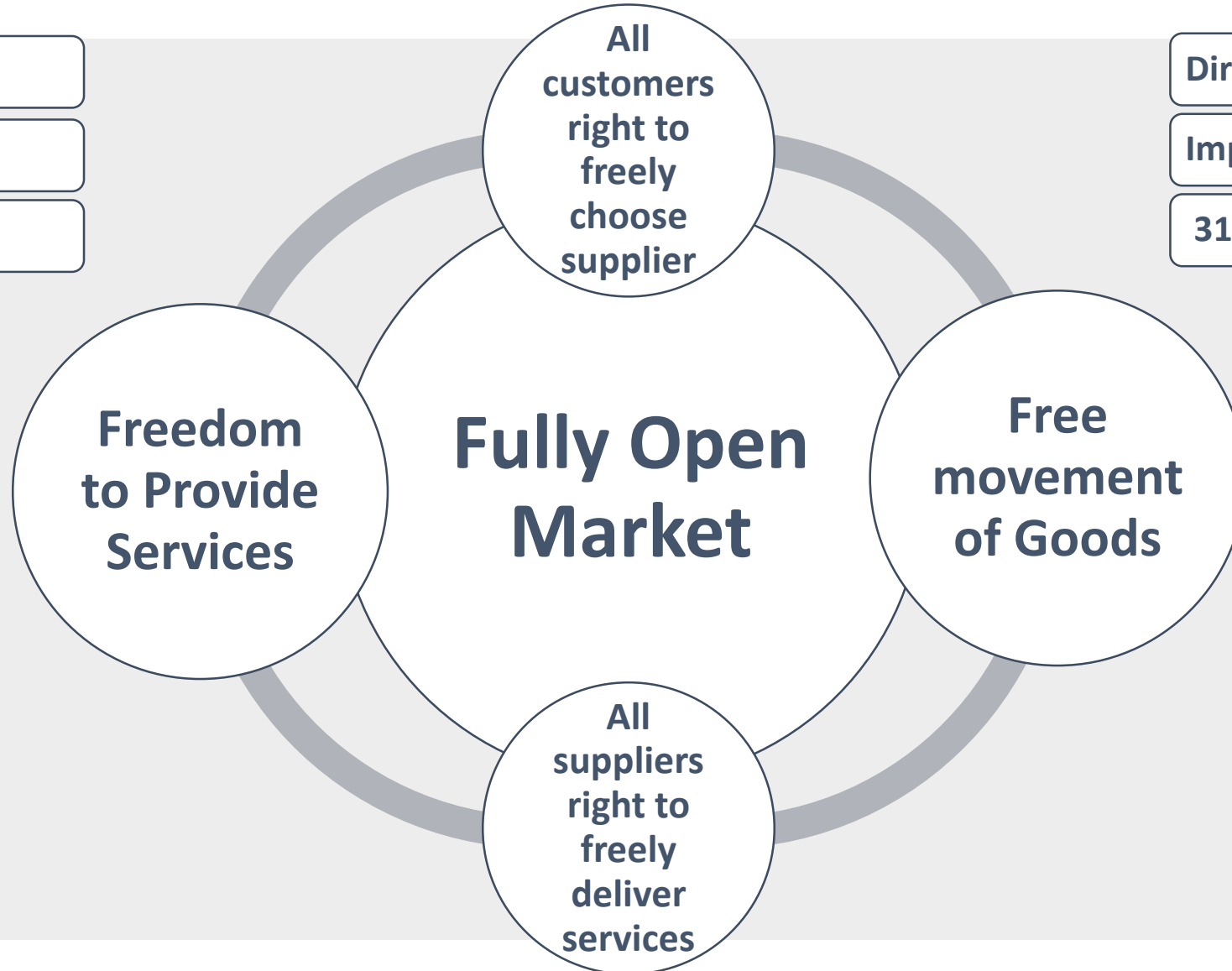
Implementation timeframe

31 Dec.2018

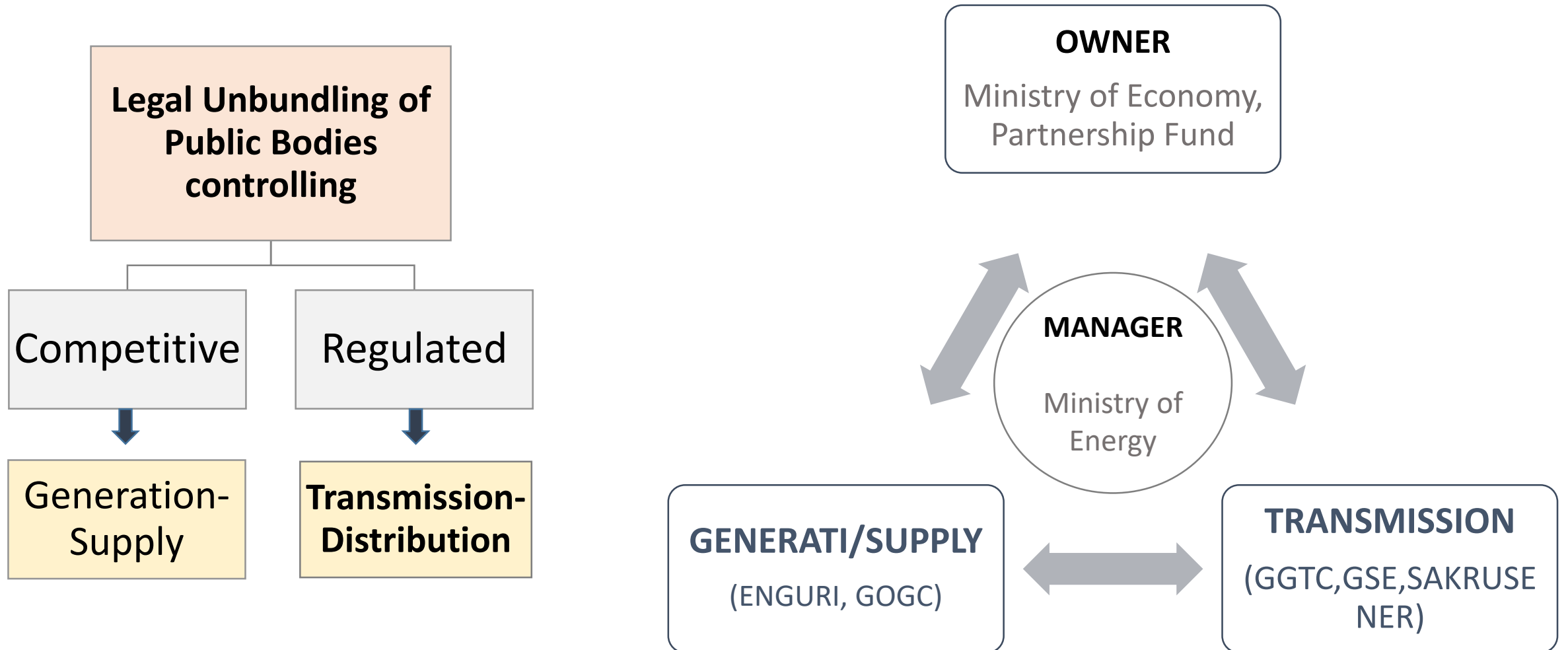
Directive 2009/73/EC

Implementation timeframe

31 Dec.2020



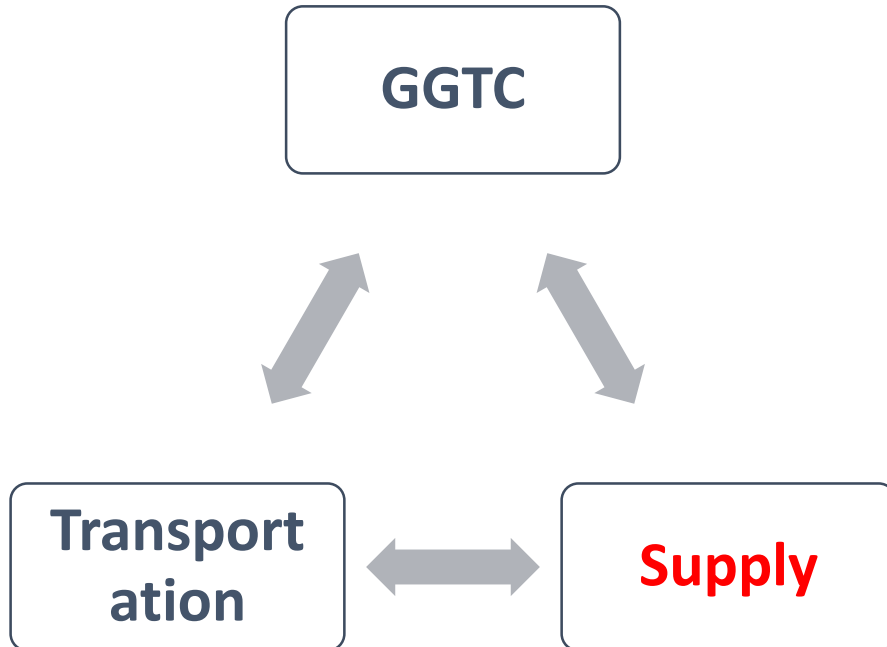
Organization of Natural Gas and Electricity Markets



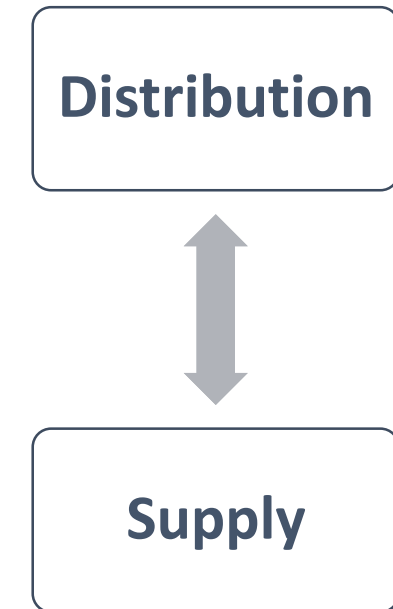
Organization of Natural Gas Market

Unbundling

Unbundling at Wholesale Market



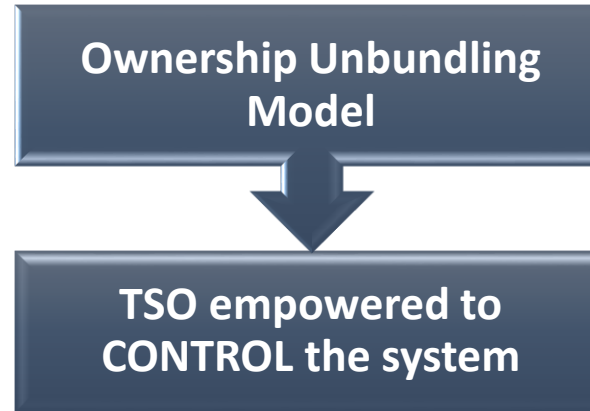
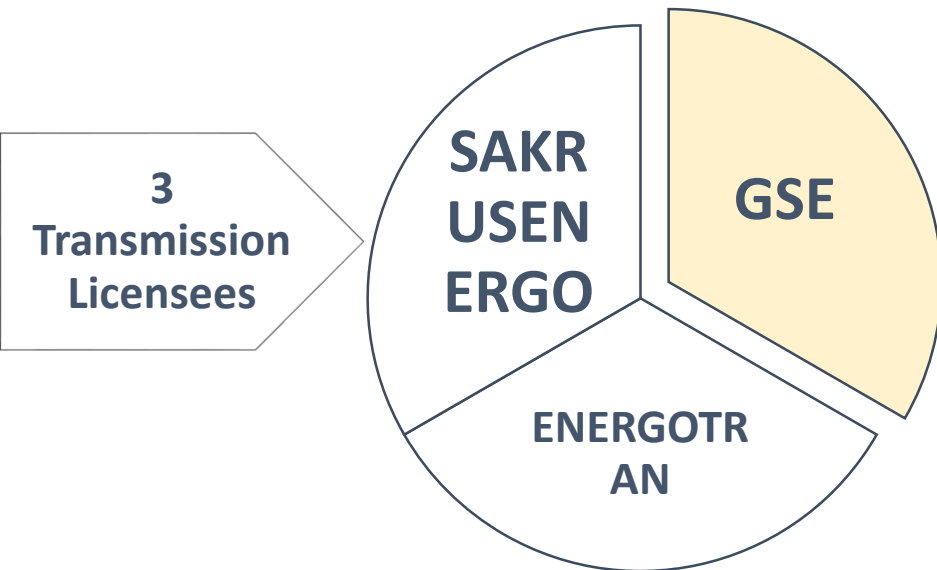
Unbundling at Retail Market



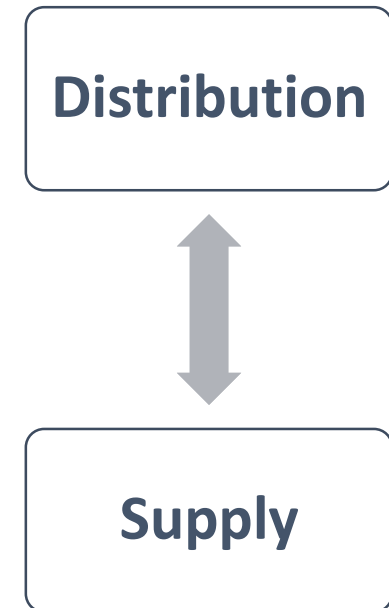
- *GGTC should not be engaged in supply activities*
- *GGTC should be empowered to take investment decisions and develop TYNDP*
- *GGTC should be empowered to appoint Supervisory Body and the right to vote*
- *GGTC should be certified as TSO*

Organization of Electricity Market Unbundling

Unbundling at Wholesale Market

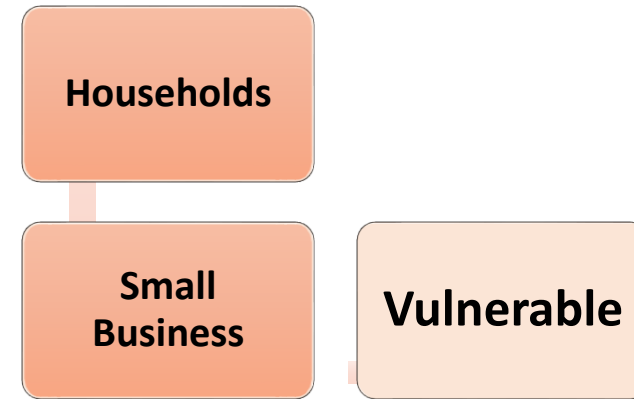
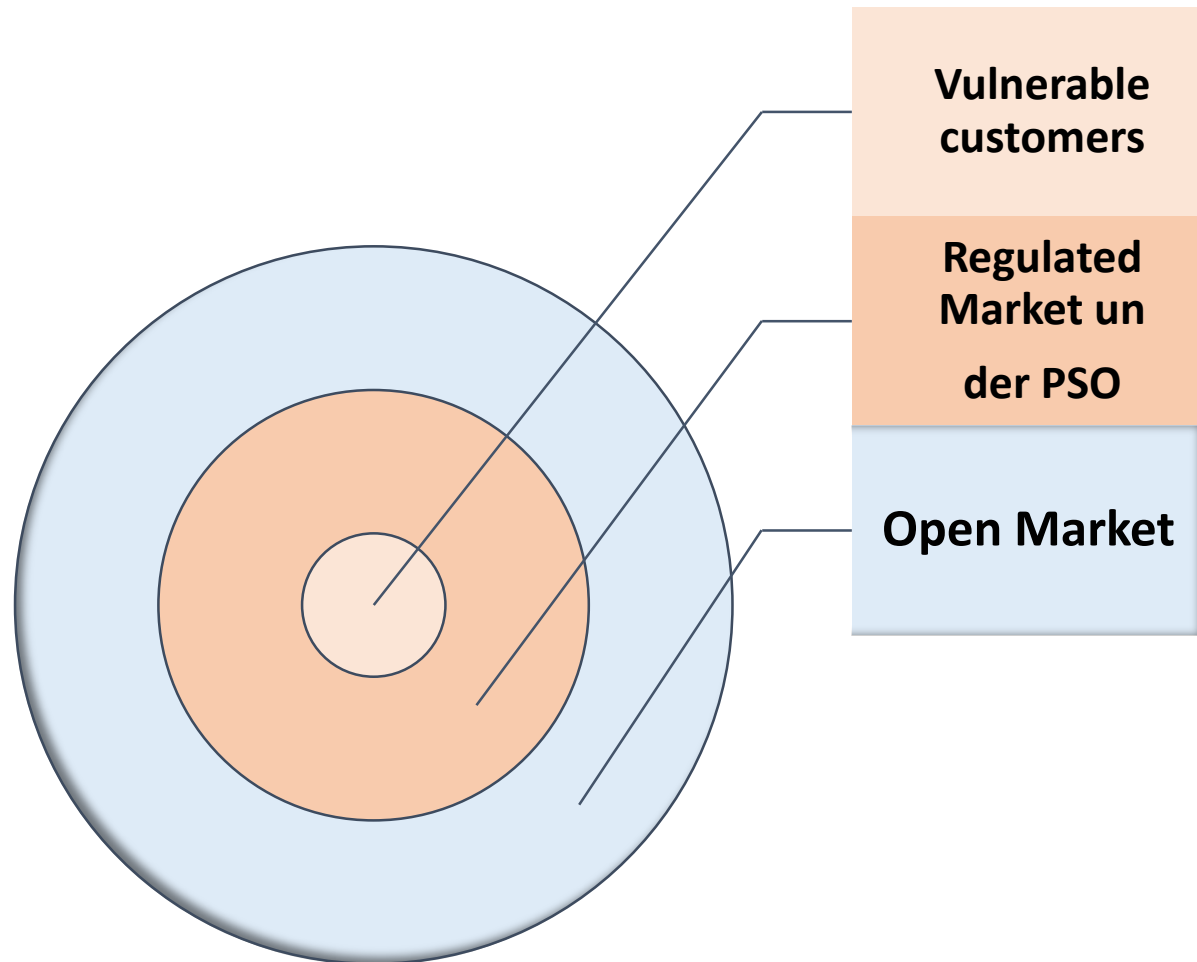


Unbundling at Retail Market



- *GSE should be empowered to take investment decisions and develop TYNDP*
- *GSE should be empowered to appoint Supervisory Body and have the right to vote*
- *GSE should be certified as TSO*

Market Liberalization



Social assistance measures

Action Plans intended to serve as a roadmap to protect customers under PSO

Procedure for granting subsidies and targeted state aids to the "vulnerable" customers

Directive No 2009/72/EC

Implementation Timeframe- by 31 Dec.2018

Agreement on TSO unbundling model

Action Plan for effective separation of supply and generation activities from network operation

Concept of Power Market Design /Opening

**Roadmap for customer protection under
PSO**

Primary Legislation

Secondary Legislation

Actions Needed

Directive No 2009/72/EC

Implementation Timeframe- by 31 Dec.2018

Primary Legislation (Ministry)

Establishing liberalized wholesale and retail markets

Defining Unbundling model

Ensuring customer's right to freely select and change power suppliers

Ensuring "Eligibility" in the market

Assuring power of Regulator to regulate/monitor wholesale and retail markets

New Electricity Law

Secondary Legislation(Regulator)

Wholesale Market Rules

- Day-ahead market rules
- Intra-day market rules
- System service market(ancillary and balance responsibility)rules
- Balancing market rules
- Financial settlement rules/clearing house for the operation of market segments

Retail Market Rules

- Methodology for the operation of market under PSO
- Rules for the setting price/tariff for universal service
- Rules for the setting price/tariff for last resort supplier
- Supply rules

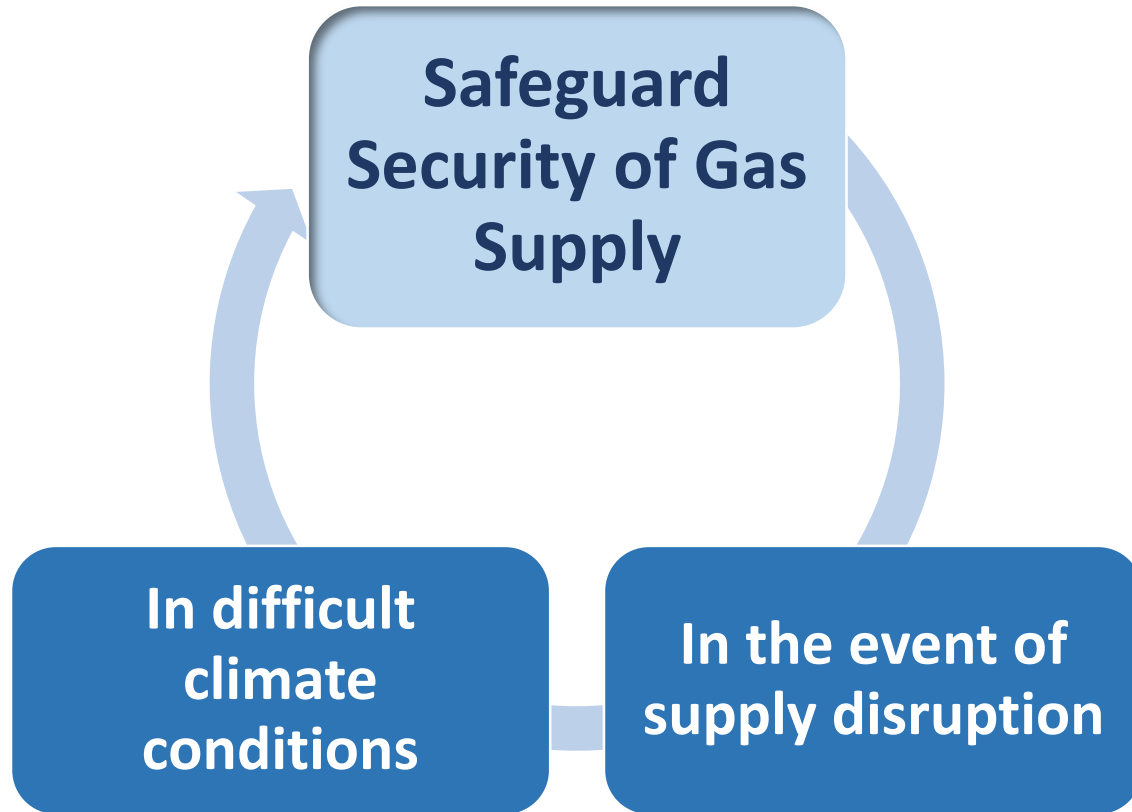
Safeguard Security of Supply

Directive 2004/67/EC/ Regulation No (EU)994/2010

Directive 2004/67/EC

Implementation timeframe

by 31 Dec.2020



Coordinated Mechanism

for response to supply crises through:

1. Preventive Action Plans
2. Emergency Action Plans

➤ *at the national and*
➤ *regional level*

Framework for managing the Security of gas Supply

Protected Customers

- All households
- SMEs+ essential social services=20%
- District heating installations (*without fuel switching possibilities*)

Infrastructure Standard

- **Guaranteed supply** to all customers in the event of a disruption of the single largest infrastructure
- **Bidirectional capacity** to be established in all cross border interconnections for physical reverse flows of gas

Supply Standard

- **Guaranteed supply to Protected Customers** under sever conditions:
 - 7 day temperature peak (once in 20 years) or
 - 30 days exceptionally high demand (once in 20 years) or
 - 30 days without the largest infrastructure working (average winter conditions)

Safeguard Security of Supply

Priorities at the regional level

Security of Gas Supply is a shared responsibility of Member States establishing “Union emergency” /“regional emergency” mechanisms

-Joint preventive and emergency action plans

-Common Security of Supply Measures

- Development of Southern Gas Corridor;
- Diversified and adequate LNG supply;
- interconnection of the Baltic region
- the Mediterranean Energy Ring;
- adequate north-south gas interconnections within central and south-east Europe

Priorities at the national level

Investments in new gas infrastructure

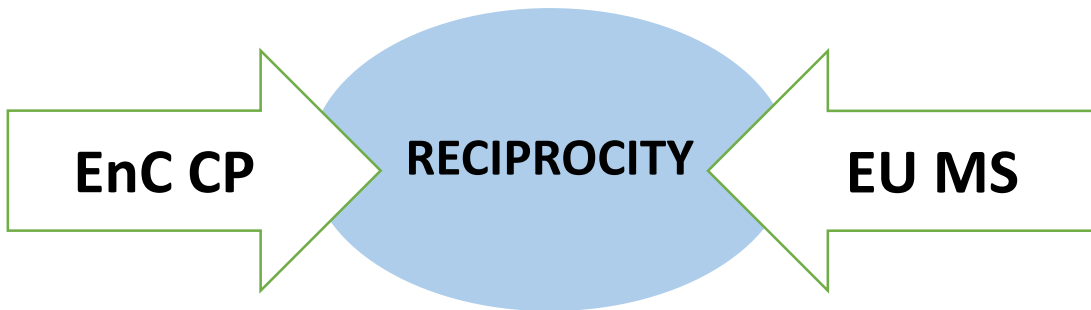
Long-term network development plan

Investments in storage facilities

Safeguard Security of Supply

Pan-European Gas System (EU + EnC)

A single regulatory space on interconnections based on legally sound reciprocity



- **adoption of 3rd package network codes and guidelines;**
- **common tariff policy;**
- **establishment of a single (or, at least, regional) entry-exit zone(s).**

Safeguard Security of Supply



Actions Needed

Creating Oil Stock Mechanisms

Ensuring availability of oil in the event of crisis through maintaining minimum stocks of crude oil and/or petroleum products

- **Georgia- stock of petroleum products for 90 days**

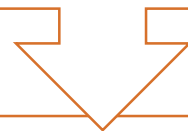
Directive 2009/119/EC

Implementation timeframe

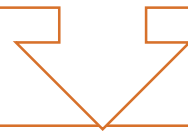
By 1 Jan. 2023

Creating Oil Stock Mechanisms

Action Plan for the creation of emergency reserve stocks



Establishing monitoring and controlling mechanisms/designation of monitoring body



Developing relevant laws/regulations for ensuring the maintenance and access to the emergency/specific oil stocks

Actions Needed

Promotion of use of energy from Renewable sources

***Reduce dependence on energy
imports***



***Reduce greenhouse gas
emissions***



Directive 2009/28/EC

Implementation timeframe

By 31 Dec. 2018

Promotion of use of energy from Renewable Sources

Setting targets (at national level) for the shares of energy from renewable sources to provide certainty for investors

Transparent rules for calculating the share of energy from renewable sources and for defining those sources

First National Renewable Energy Action plan (NREAP)

Different schemes of support for energy from renewable sources to maintain investor confidence

Actions Needed



Shifting to Energy Efficiency Economy

Directive 2012/27/EU

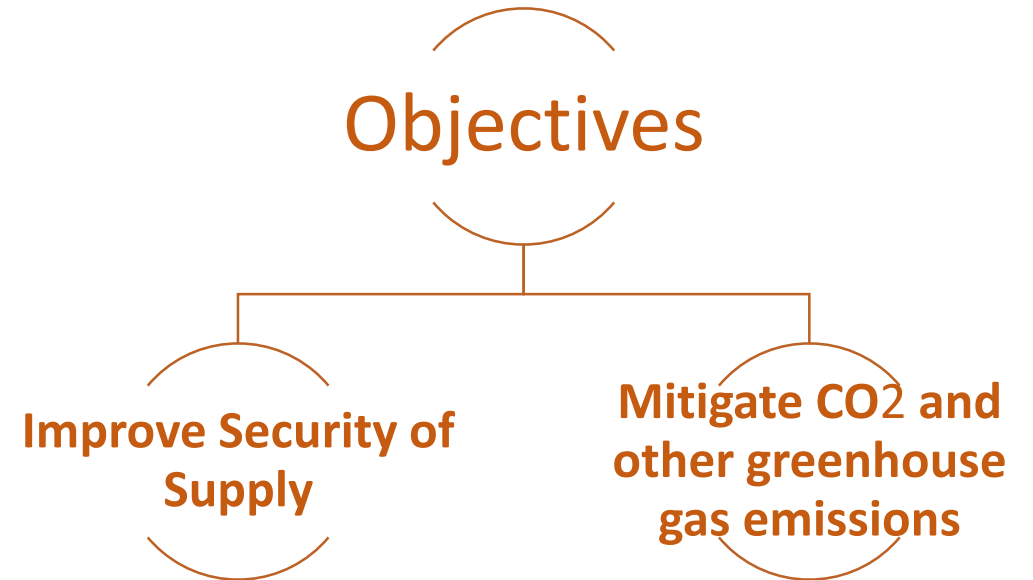
- on energy end-use efficiency and energy services

Directive 2010/30/EU

- on the indication by labelling product information on energy-related products

Directive 2010/31/EU

- on the energy performance of buildings



Shifting to Energy Efficiency Economy

Directive 2012/27/EU - on energy end-use efficiency and energy services

Implementation timeframe- 31 Dec.2018

Responsible Bodies -Ministry of Energy, Ministry of Economy

Development of indicative targets, mechanisms, incentives, institutional and financial legal frameworks to remove market barriers impeding the efficient end-use of energy

Actions Needed

Target

calculation of National Energy Efficiency Target

Plan

first National Energy Efficiency Action Plan (NEAP)

Strategy

Development of long-term investment planning strategy

Supportive Schemes

Establishment of Energy Efficiency Fund

EE Measures

In Energy (generation, transmission, distribution), heating and air-conditioning systems

certification system

Establishment of energy audits

Shifting to Energy Efficiency Economy

Directive 2010/31/EU- on the performance of buildings
Implementation timeframe- 30 June.2019
Responsible body-Ministry of Economy

Improving energy performance of buildings taking into account outdoor climatic and local conditions, as well as indoor climate requirements and cost-effectiveness

Methodology

calculating energy performance of buildings

Minimum Target

Setting minimum energy performance requirements

EE Measures

in public buildings and renovation of buildings

Certification

Establishment of certification system of buildings

Financial Instruments

For supporting energy performance of buildings

Inspection System

for heating and air-conditioning systems

Actions Needed

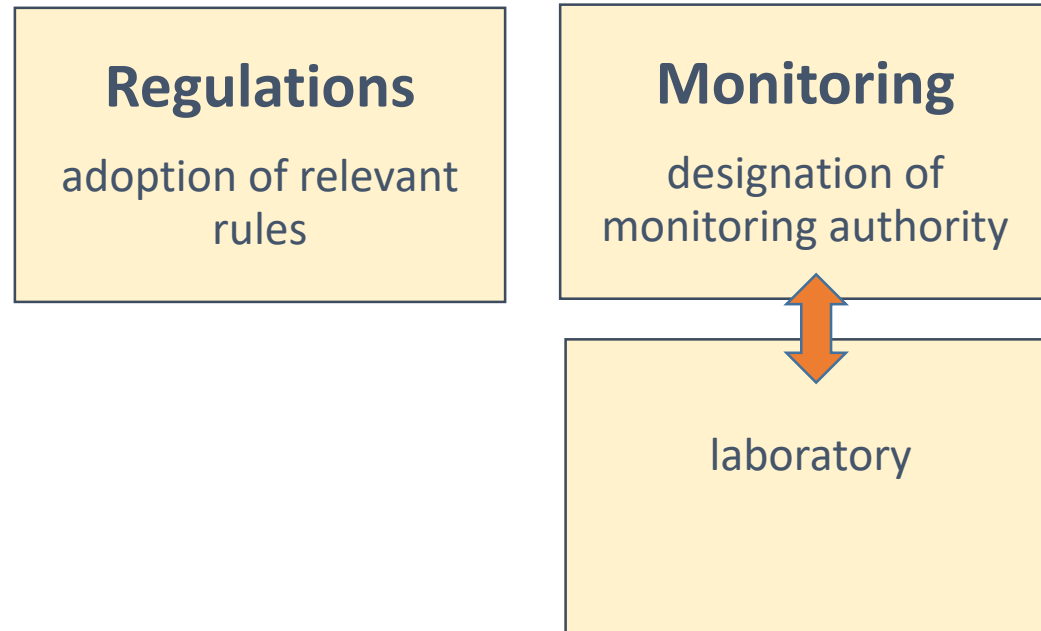
Shifting to Energy Efficiency Economy

Directive 2010/30/EU-on the indication by labelling product information

Implementation timeframe-31 Dec.2018

Responsible body-Ministry of Economy

Improving energy efficiency of energy-related products through informed consumer choice benefits



Actions Needed

Thank You!