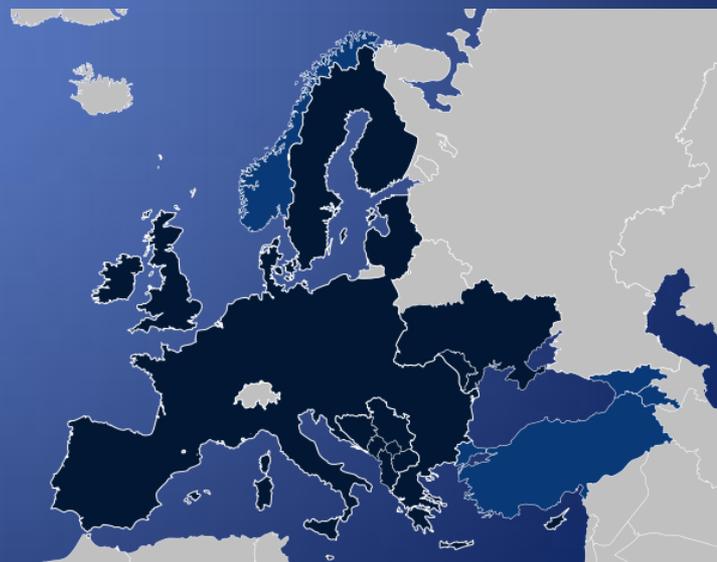


Georgia's Energy Sector in View of EC Membership Prospects

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- Current state of Georgia's energy sector in view of EC membership (strengths, weaknesses)
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- Main challenges of EC membership
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Energy Community and Georgia

- Energy Community – EU initiative
- Observer vs. Contracting Party Status
- Association Agreement and negotiations in the framework of EC
- Georgia's aspiration of EU integration – Clear motivation - No double standards

Current state of Georgia's energy sector in view of EC membership



Strengths:

- Geopolitical location
- Reliable international partner for transit of energy resources
- Secure supply of gas from transit projects (SCP, NSGP)
- Strong aspiration of EU and Euro Atlantic integration
- Focus on Energy Policy and Strategy Development
- Black sea transmission line – new tie with Turkey
- High RE potential

Current state of Georgia's energy sector in view of EC membership



Weakness:

- High level of Import dependence (about 65%)
- Part of the largest HPP (Enguri) is located in the occupied high risk zone
- Controversial and nontransparent energy legislation
- Vertically integrated energy companies (RAO-UES, Energo-Pro, SOCAR) - Uncompetitive energy markets
- Long term memoranda with energy companies
- Unbalanced powers and weak regulator
- Lack of Strategy and Policy and Institutional Capacity
- No EE and RES laws and corresponding institutional system



Georgia's EC membership – expected benefits for Georgia

- Stronger ties with the EU (sectorial integration)
- Sustainable and secure energy sector
 - Strong institutions and transparent/clear legislative base
 - Reliable and predictable energy system
 - Attractive investment environment
 - More resilient to external influence and corruption
- Increasing strategic foreign investments
- Realization of strategic transit projects (WS, AGRI...)
- Stronger political support of EU



Georgia's EC membership – benefits for society

- Public service obligation – priority
- Choice of suppliers
- Competitive energy prices
- Quality of supply
- EE and RE technologies become available for people
- Stable Investment environment results more work places



Georgia's EC membership - benefits for EU

- Reliable partner/transit country
- Diversify supply - access to Caspian hydrocarbon resources – Southern Gas Corridor
- Diversify transit routes (turkey, black sea)
- Georgia's renewable potential and 2020 targets



Barriers for getting full benefits from EC membership

- Georgia has no direct connection to EC member countries
- No reverse/back-to-back flow of gas, electricity in case of any disruptions in Georgia

Main challenges of EC membership



- Long term transit agreements (TPA, TPA tariffs, regulation...)
- Unbundling of vertically integrated companies
- Development of competitive energy markets
- Long term memoranda with integrated energy companies
- Supporting mechanisms for RE targets in different sectors
- Financing EE projects from central or municipal budgets
- Transparency and accessibility of energy data
- Security of supply – inflexible in supply diversification,
reserves

Recommendations



- Implementation of the basic principles of EU legislation should be accelerated in Georgia.
- State should create real competition and regulation mechanisms according to principles of free market economy.
- EC should analyze and take into consideration energy sector specificity of Georgia, formal participation is not a goal of Georgia.
- EC should create the mechanisms to make EC membership benefits accessible for each member country.
- CSOs have an important role in the process, they should increase their awareness, engage in the process and take responsibility for their future by monitoring advocating and inform society about the issues

მადლობა
ყურადღებისათვის!

Thank you!

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