



**Georgian National Energy and Water Supply  
Regulatory Commission**

*www.GNERC.org*

# **GNERC's experience in the framework of the Twinning Project**



**REGULATION FOR DEVELOPMENT**

Tbilisi, 2015

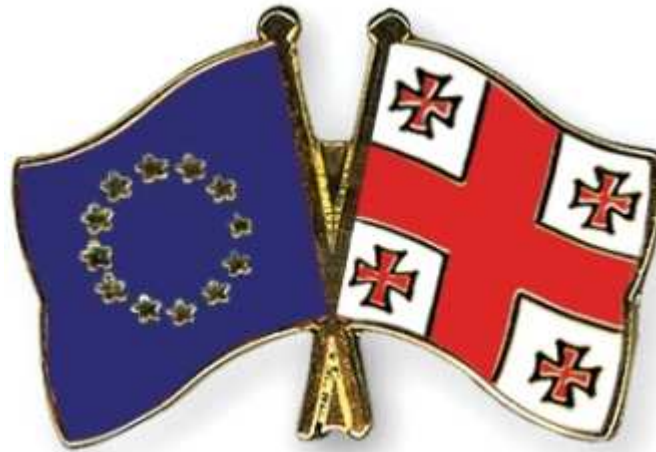
# Content

- Georgia and EU – Goals and Priorities;
- Concept of Twinning;
- Previous Twinning Project (2012 – 2014);
- Recent Developments in Georgian Energy Sector;
- New Twinning Project (2016-2017).



# Georgia and EU – Goals and Priorities

- Georgia on its way to harmonize with European Electricity Market;
- Negotiations on EU Energy Community full membership;
- Strengthening of Independent Regulatory Body;
- Modern Electricity Trade Mechanisms for Step by Step Market Liberalization.



# About Twinning Initiative

- Twinning – history, goals and opportunities;
- Twinning – successful instrument for strengthening cooperation with post-soviet countries and establishing close relationship;
- Implementing twinning projects in Georgia, goals and results.



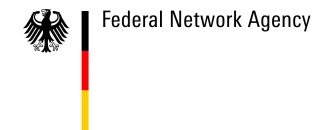
# Previous Twinning Project (2012 – 2014)

- Introduction of incentive based tariff methodology and strengthening GNERC's capacity;
- Increase institutional capacity of GNERC staff in the field of electricity regulation;
- Introduction of incentive regulation as a key instrument for the efficiency increase;
- Development of key indicators of service quality standards.



# Previous Twinning Project (2012 – 2014)

- Project parties from EU member states
  - ❑ E-Control Austria – Energy Regulatory Commission of Austria;
  - ❑ BNetzA – Federal Network Agency of Germany in Electricity, Tele Communication, Post and Railway Sectors;
  - ❑ SPRK – Regulatory Commission of Utility Companies of Latvia;
  - ❑ EXAA – Power Exchange, Austria
- Project Parties from Beneficiary country
  - ❑ Georgian National and Water Supply Regulatory Commission (GNERC)



# Recent Developments in Georgian Energy Sector

- Development and improvement of primary and secondary legislation;
- Developed new tariff methodology for Electricity and Natural Gas Sectors;
- Implementation of service quality standards;
- Development of new tariff application forms in accordance with new tariff methodologies;



# Recent Developments in Georgian Energy Sector

- Depreciation norms developed and approved;
- Grid Code for the Transmission Companies developed and Approved;
- New Calculation Rules of the Normative Losses for distribution companies developed and Approved;
- New tariffs were set for several power plants as well as transmission and distribution companies.





# New Twinning Project (2016-2017)

Strengthening capacities of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in regulatory cost audit and market monitoring”:

- Capacity building and project management
- Regulatory Cost Audit
- Market Monitoring



# New Twinning Project (2016-2017)

- Project aims to significantly increase the knowledge and skills of GNERC's management and its staff in the electricity sector regulation with specific reference to regulatory cost audit and market monitoring in line with the EU acquis and best practices.
- Project started in January 2016 and will last for 24 months
- Project parties from EU member states
  - Austrian energy regulatory authority
  - Lithuanian National Commission for Energy Control and Prices (NCC)
- Project Parties from Beneficiary country
  - Georgian National and Water Supply Regulatory Commission (GNERC)



**E-CONTROL**



National  
Commission  
for Energy  
Control and  
Prices



# New Twinning Project - Expected Results

- Creating necessary legal framework for Market Monitoring and Regulatory Cost Audit;
- Capacity Building for performing Market Monitoring and Regulatory Cost Audit;
- Necessary pre conditions for the implementation of cost audits and market monitoring are created.





# Georgian National Energy and Water Supply Regulatory Commission

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## Thank You!



**Gocha Shonia**  
Commissioner, GNERC

[g.shonia@gnerc.org](mailto:g.shonia@gnerc.org)

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