



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

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Import and Export Regulation in Georgia



REGULATION FOR DEVELOPMENT

Content

- Legal framework and general principles for cross-border electricity trading
- Cross-border infrastructure and main bodies
- Statistical outlook
- Role of GNERC in cross-border trading
- Future challenges

Legal Framework

- General Principles
 - Georgian Law on Electricity and Natural Gas;
 - The Electricity (Capacity) Market Rules
- In addition to those rules for new cross-border line
 - Cross Border Electricity Trade Agreement (20/01/12)
 - Interconnection Operation Agreement (TEIAS-GSE/Energotrans) (18/09/13)
 - Special Auction Rules

General Principles (1)

- Electricity export/import is fully deregulated;
- Electricity export/import can be done by any person based on direct contracts;
- Exporter and importer are obliged to act in accordance with the Electricity (Capacity) Balances
- Importer is also obliged to act in accordance with the tariffs set by the Commission;
- Electricity (Capacity) Balances is approved by the Ministry of Energy under the proposal submitted by the Dispatch Licensee

General Principles (2)

- During emergency situations imports and exports can be done without being included in the Electricity (Capacity) Balances;
- The Dispatch Licensee is authorized to determine the direction of the import or export volumes by neighboring country (countries)
- During emergency situations priority is given to electricity exchange compared to other export/import.

Electricity Transit (1)

- Person interested in transiting electricity shall conclude an agreement with a dispatch licensee on the provision of technical support for transiting electricity.
- No regulation fees are charged for power transit.
- The respective tariffs set by the Commission for transmission and dispatch services shall not be applied in case of power transit;
- Electricity transit fee covers all costs related to transiting electricity including electricity losses

Electricity Transit (2)

- The losses of the power incurred during the technical provisioning of the transit can be compensated by the supply of respective amount of power (compensating power);
- The dispatch and transmission licensees shall enter into the separate agreement, which shall stipulate the amount of compensation for the use of transmission licensee's networks.
- If there is no such agreement in place between the dispatch and transmission licensee, the compensation amounts shall be defined and reimbursed in accordance with the market rules.

Electricity Transit (3)

- In case the transmission licensee refuses to enter into agreement on transit of the power, it is obliged to bear the usage of its network and provide the transmission services;
- The issues related to the power transit are also regulated by the rules of power (capacity) market and by the agreement on technical provisioning of power transit;
- The participants of transit process are obliged to submit information to the market operator (ESCO);

Transmission Network in Georgia, 2014



**Source: Ten Year Network Development Plan, GSE*

Transmission Licensees



- 100% state-owned;
- Operates 500/330/220/110/35/10/6 kV voltage levels
- Length of the lines:
 - 500 kV – 289 km
 - 220 kV – 1584 km
 - 110 kV – 856 km
 - 35 kV – 491 km



ENERGOTRANS

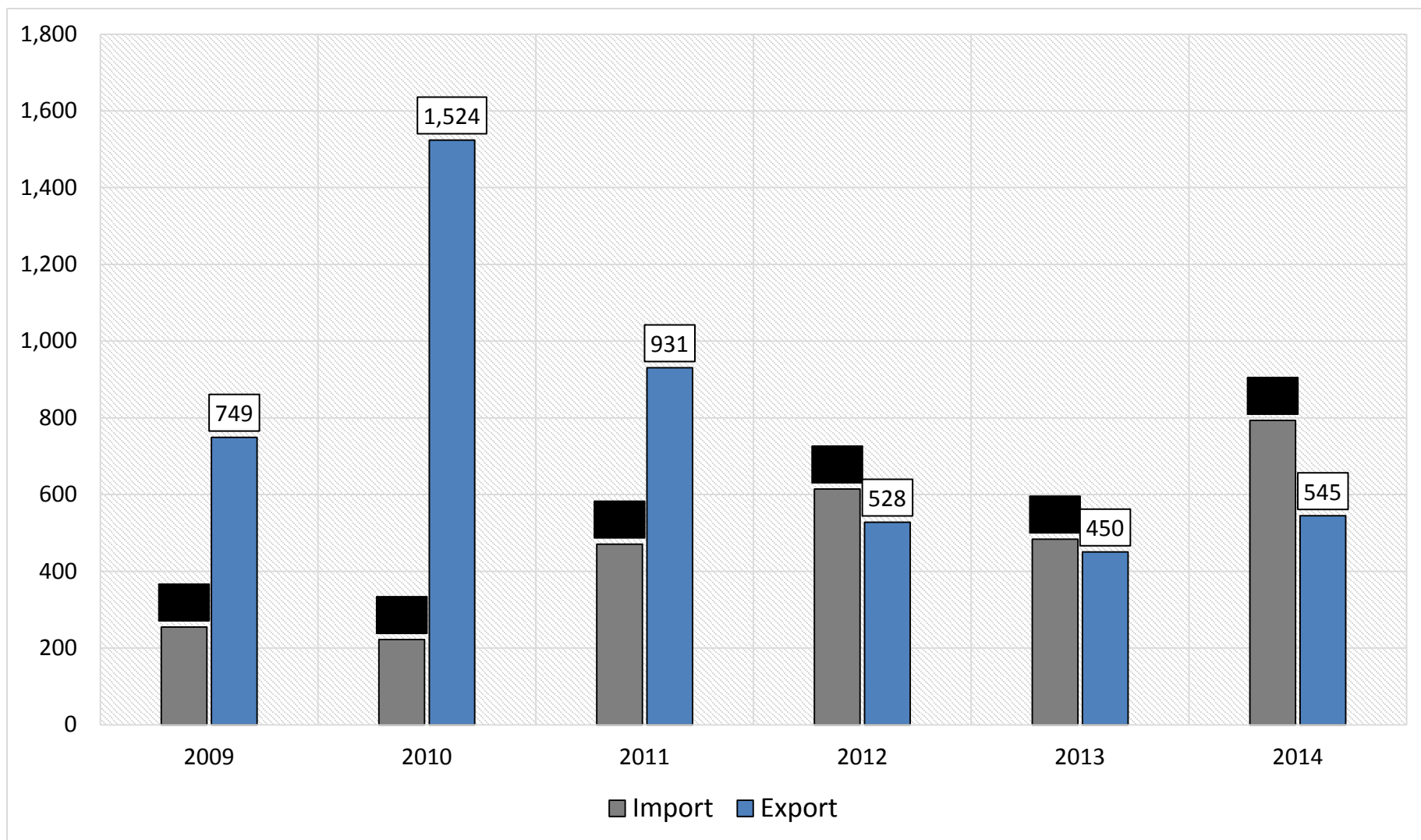
- 100% State owned company
- Operates 500/400 kv line
- Length of the line – 153 km
 - Georgian side – 33 km
 - Turkish side -120 km



SAKRUSENERGO

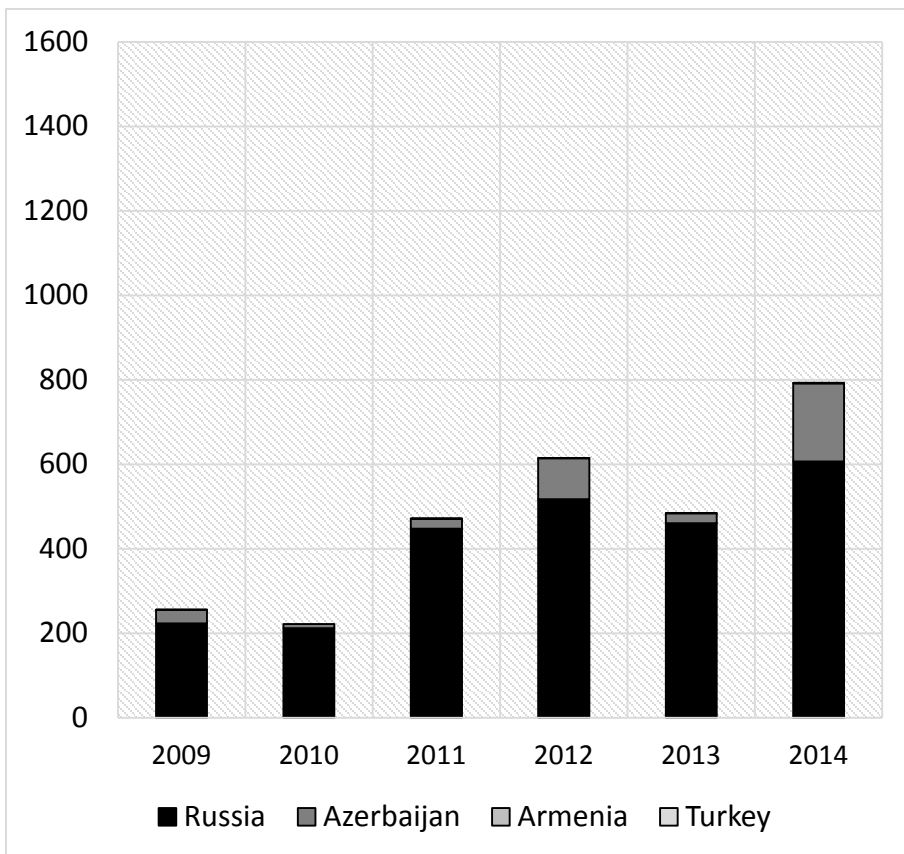
- 50% state-owned, 50% – Inter-Rao;
- Length of the lines – 908 km
 - Georgian side – 600 km
 - Russian side – 308 km

Export-Import, GWh

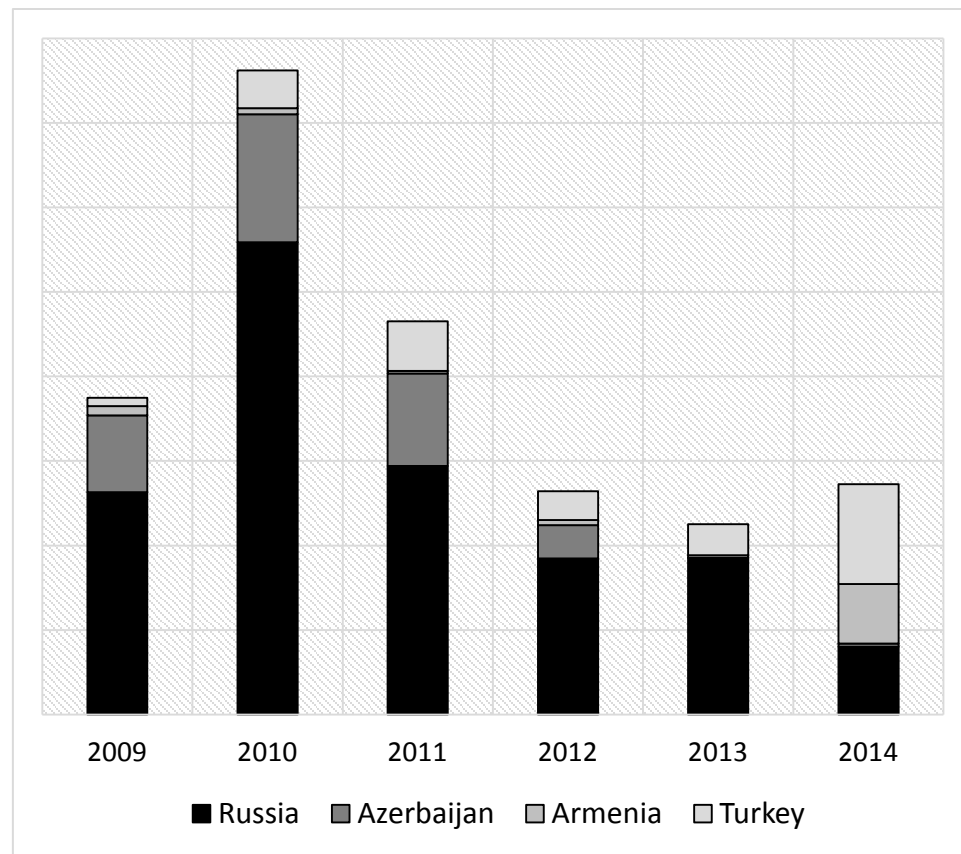


Export-Import by Countries, GWh

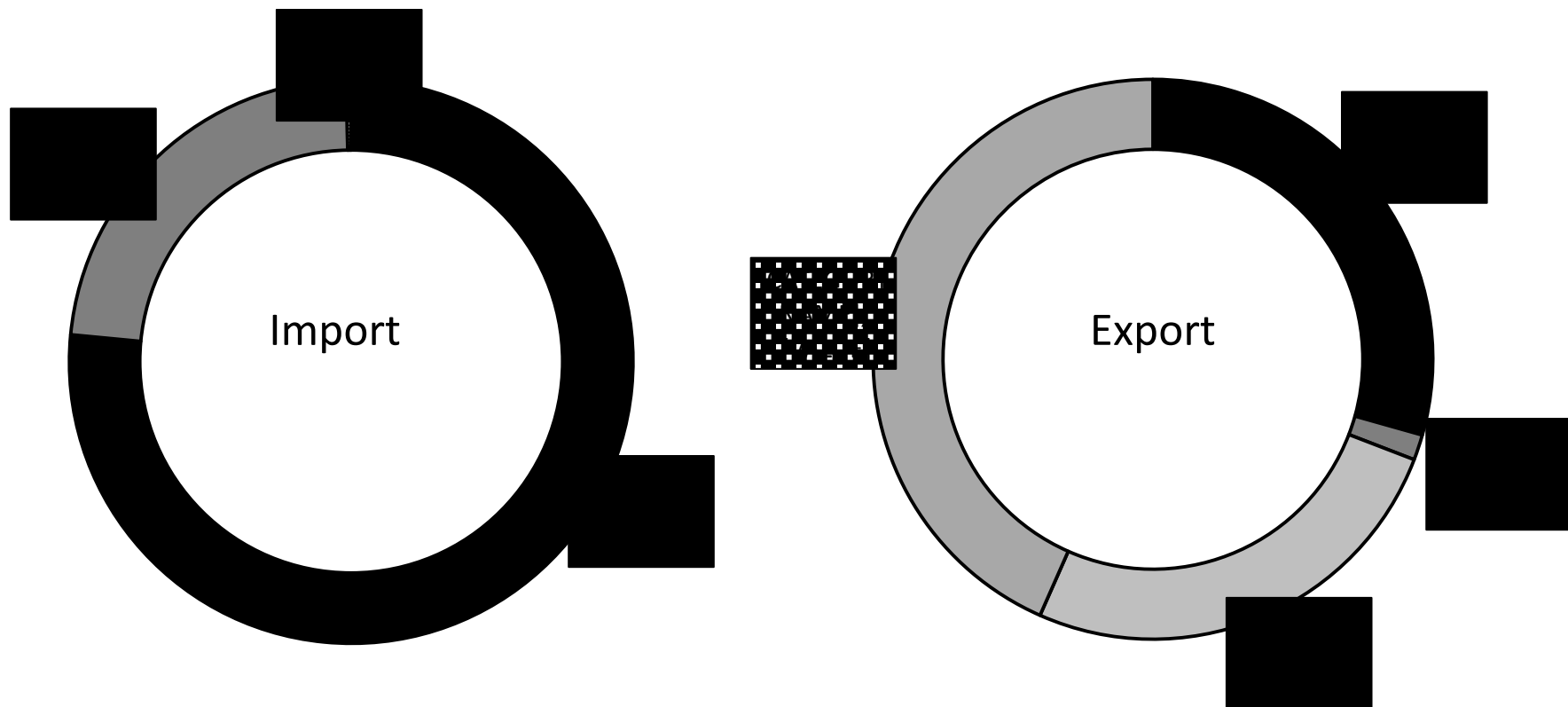
Import



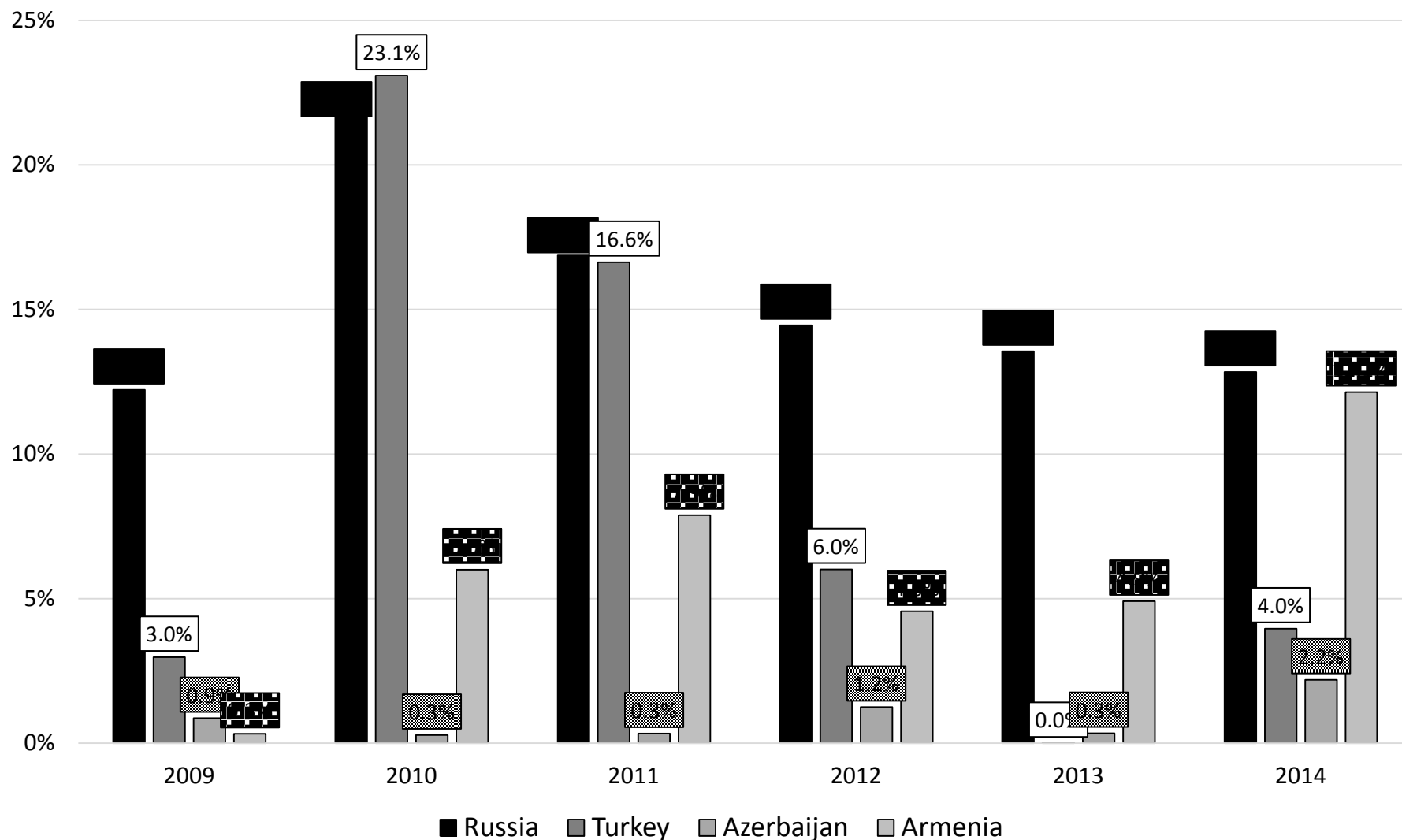
Export



Export-Import by Countries, 2014, GWh



Annual usage rate of cross-border lines



Transmission Tariffs



All voltage
levels



0.33
US cents



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500 Kv



0.117
US cents

400 Kv



0.152
US cents



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All voltage
levels



0.078
US cents

Transmission Cost for Exporting Electricity (1)

Exporting Electricity to Turkey

Transmission		Market Operator		Dispatch		Guaranteed Capacity		
0.677 US cent	+	0.008 US cent	+	0.044 US cent	+	0.222 US cent	=	0.951 US cent

Electricity to Other Directions

Transmission		Market Operator		Dispatch		Guaranteed Capacity		
0.348 US cent	+	0.008 US cent	+	0.044 US cent	+	0.222 US cent	=	0.622 US cent

Transmission Cost for Exporting Electricity (2)



What role GNERC plays in cross-border trading

- The Commission is entitled to monitor Energy market of Georgia by the Georgian Law on Electricity and Natural Gas:
 - Use of transmission line and congestion management
 - New tariff application form with more detailed data
 - Annual reports with next year work plan
 - 3 year investment plans by transmission licensees and TSO
 - 10 year network development plan by TSO
 - Resolving disputes between market participants

Future Challenges

- Gradual harmonization of Georgia's energy legislation with the EU's energy acquis
- Strengthening regulatory competence in monitoring of cross-border trading
 - EU Energy Community's Regional Market Monitoring
 - Twinning project: Strengthening capacities of the GNERC in regulatory cost audit and market monitoring
- Maximum utilization of cross-border transmission capacity
- Analyze potential of day-ahead electricity trading node at the border



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Thank You!

