



ELIZBAR ERISTAVI
ENERGY TRAINING CENTER



Visegrad Fund

A Practical Guide/Manual

On the Regulation of the Electricity, Natural Gas
and Water Supply Sectors



SFPA
Slovak Foreign Policy Association



CHARLES UNIVERSITY
Environment Centre

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This Guide was prepared within the framework of the project "Sharing the Experience of the Visegrad Countries on the Regulation of the Utility Services “.

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Contents

Donor and Project Implementing Organizations..... 4

About the Project..... 4

About the Guide..... 5

Frequently Asked Questions about Utility Service Regulation..... 6

Donor and Project Implementing Organizations

The International Visegrad Fund

The International Visegrad Fund (IVF) supports regional cooperation between civil society organizations to advance their relations, exchange and share ideas and promote mutual understanding. When promoting European values in Central Europe, IVF works together towards a better-connected future.

Elizbar Eristavi Energy Training Center

The NNLE "Elizbar Eristavi Energy Training Center" (ENTC), founded by the Georgian National Energy and Water Supply Regulatory Commission (hereinafter referred to as the Commission), enhances the capabilities of stakeholders in the electricity, natural gas, and water supply sectors. Through educational programs, awareness campaigns, and knowledge exchange, the center addresses sector challenges, fosters collaboration, and employs innovative tools for a sustainable energy future.

Project partners

Research Center of the Slovak Foreign Policy Association (RC SFPA), Slovakia

The Slovak Foreign Policy Association is a think-tank based in Bratislava that promotes informed foreign policy through independent research, active debate, and practical recommendations for decision-makers. Utilizing critical analysis and community engagement, the organization publishes a variety of publications, hosts international expert forums, and empowers future generations to address global challenges.

Charles University Environment Centre, The Czech Republic

The Charles University Environment Centre, as a part of Charles University, is a leading institution in environmental research with a focus on socioeconomic aspects. The Centre offers consulting and expert support to university staff, students, and the general public in areas such as sustainability indicators, environmental education, pro-environmental behavior, and environmental and energy economics.

Partners for Climate Foundation (P4C), Poland

The Partners for Climate Foundation (P4C) serves as a catalyst for creating a climate-neutral future in Poland and beyond. Through its initiatives aimed at reducing CO2 emissions, P4C fosters tangible change both locally and internationally. Driven by the vision of a better world, P4C is dedicated to ensuring a sustainable future for all.

About the Project

The project "Sharing the Experience of the Visegrad Countries on the Regulation of Utility Services" is implemented with the financial support of the International Visegrad Foundation and aims to leverage the expertise of Poland, Czechia, and Slovakia in utility service regulation to benefit Georgia. Through the study and analysis of existing frameworks, the project will identify best practices and promote capacity building among local actors.

About the Guide

The Guide serves as a valuable resource for the target audience interested in issues related to the regulation of utility services. It focuses on frequently asked questions and explanations concerning utility service regulation. The Manual provides an opportunity to deeply analyze regulatory issues while simultaneously facilitating an easy understanding of practical aspects. It includes explanations of both current issues and the latest regulatory trends.

The Energy Training Center hopes that this Guide will contribute to improving and advancing the quality of utility services in Georgia. Furthermore, the document is expected to bring significant benefits to the Georgian National Energy and Water Supply Regulatory Commission and other interested parties.

The practical Guide/Manual is primarily intended for:

- Regulated enterprises in the energy and water supply sectors;
- Experts working on energy issues and representatives of the academic community;
- Self-governments;
- Media representatives;
- Individuals interested in making investments in the energy sector;
- International and non-governmental organizations;
- Interns and new employees of the Georgian National Energy and Water Supply Regulatory Commission.

Frequently Asked Questions about Utility Service Regulation

1. Is it possible to review existing tariffs due to inflation or other economic factors?

Explanation: Tariffs established in the energy and water supply sectors are adjusted in two cases:

- **Establishing a new tariff for a new regulatory period**, during which the tariff components determined for the previous period are revised, and new forecast indicators are defined.
- **Tariff adjustments during the regulatory period**, when the regulation period has not ended, however, due to a significant deviation between the planned and actual data for certain tariff components (overall, several components – 7% to 10%), the tariff is revised. The grounds for tariff adjustments differ for each energy as well as water supply activity.

2. Is the Commission's interpretation binding?

Explanation: According to the Commission's statute, the Commission is authorized to interpret the legal acts it adopts. Accordingly, the Commission's written interpretations (correspondence, decisions) are binding for regulated enterprises.

3. What are the specific requirements for each type of energy activity?

Explanation: Specific requirements are established for each licensable activity, detailed in the annexes of the "Licensing Rules" approved by the Commission's Resolution No.22 of May 27, 2020.

The obligation of regulated enterprises to submit reports to the Commission, as well as the relevant rules/procedures, are defined by the "Energy Market Monitoring Rules" and the "Reporting Rules" approved by the Commission's Resolution No.7 of March 30, 2021.

Transmission and distribution system operators, as well as water supply licensees, are obligated to:

- Register on the unified portal of electronic services of the Data Exchange Agency (my.gov.ge);
- Maintain or improve the annual reliability indicators for supply disruptions caused by internal reasons, whether planned or unplanned¹.

The operators of the electricity and natural gas transmission and distribution systems are required to comply with the activity unbundling requirements².

Service Quality Standards and Rules

4. What happens if the service quality does not meet the standards?

Explanation: The Commission determines the **general** and **guaranteed** service standards.

The regulated enterprise (company) is obligated to achieve and maintain the target indicators of the service standards set by the Commission during the service process. If the target standards deteriorate,

¹ Annual indicators are determined by the weighted average of actual annual figures. In the event of a deterioration in the annual reliability indicators for supply compared to the previous year, the Commission is authorized to apply measures provided for by Georgian legislation.

² Comprehensive information about the unbundling of activities is provided below in the explanation of question 16.

the company may be subject to a fine. In case of violation of the general and guaranteed standard, the company compensates the customer, and the amount of compensation is determined by the Commission³.

5. Is it possible to pay the compensation to the customer in cash upon request?

Explanation: Compensation will be credited to the customer's subscriber card as a credit (positive balance) solely for subsequent settlements and will be used to offset the charges for the services provided, until the credit is fully used⁴.

Non-Licensed Activities

6. What rules and deadlines shall a regulated enterprise follow to notify the Commission about the commencement or intention to carry out non-licensed activities? What documents shall the enterprise submit to the Commission?

Explanation: The enterprise is required to notify the Commission no later than 5 business days after the commencement of non-licensed energy activities⁵.

Activities related to the generation of electricity by small-capacity power plants, supply, trade and administration of bilateral contract platforms do not require a license.

Commencement of activities includes:

- The generation of electricity⁶ ;
- The supply of electricity or natural gas to customers;
- The commencement of electricity or natural gas trading on an organized market;
- The administration of bilateral contract platforms.

Regarding the documents to be submitted, the notification to the Commission shall be accompanied by an extract from the register of entrepreneurs and non-entrepreneurial (non-commercial) legal entities, the legal and factual addresses, as well as:

a) In the case of a supplier:

- Information about the individual service point and service center;

³ Specifically, the general and guaranteed standards, the deadlines and rules for informing the customer, the amount of compensation to be paid, target indicators, and other information related to service quality are provided in the "Service Quality Rules" approved by the Commission's Order N20 of June 28, 2021.

⁴ The exception is the connection of a new customer to the network, where a 50% advance payment of the connection fee is required. If the connection fee is waived due to a delay by the company, the amount shall be refunded to the customer's bank account as indicated in the application.

⁵ The notification form is available at the following link: <https://gnerc.org/ge/sector-participants/el-energy/litsenziis-madzieblebi>

⁶ This does not include electricity generation solely for own consumption when the generation and consumption facilities are not connected to the grid, as well as electricity generation through small and micro-capacity power plants and electricity generation upon the commissioning of a facility.

- Information about the supply activity, including current or forecasted volumes, market share, and annual turnover;
- Reference to the information available to the customer, which the company is obligated to publish⁷.

b) In the case of a small capacity power plant:

- Information about the production facility and the type of primary energy resource;
- A document confirming the acceptance of the facility into operation, issued by the authorized body;
- Information about the actual or planned output.

c) In the case of a trader:

- Information about the conducted or planned trading activities, including the current or forecasted scope, volume, market share, and annual turnover;
- A document confirming registration as a wholesale market participant.

d) In the case of a bilateral contracts market operator:

- The application form for registration as a participant on the bilateral contracts platform;
- A trading guide for the bilateral contracts platform;
- The rules for trading on the bilateral contracts platform.

Normative acts of the Commission may establish the obligation to provide additional information.

A Special Manager

7. Under what circumstances may the Commission decide to appoint a special manager for a company?

Explanation: The Commission is authorized to apply to the court for the appointment of a special manager if the licensee requests the revocation of the license, suspension, or reduction of an activity/service, and fulfilling this request may jeopardize the supply of services to customers.

If there is a basis for revoking or suspending the license, but doing so may cause more harm than continuing the license's validity, the Commission may allow the licensee to continue operations under additional conditions. If the licensee fails to meet these conditions, the Commission is authorized to take action to ensure compliance, either by itself or through third parties, on behalf of the licensee and at the licensee's expense. If it is impossible to enforce the license conditions through these means, the Commission will decide to appoint a special manager and apply to the court.

⁷ Detailed information about the supplier's obligation to inform the customer is provided below in the customer information section.

If there is a risk that delay will harm customers or the quality of service, the Commission is authorized to temporarily appoint a special manager with a justified decision and immediately apply to the court.

Once the license holder or special manager ensures compliance with the licensing conditions, the court will decide to terminate the special manager.

8. What powers does the special manager have?

Explanation: The special manager is authorized to ensure the fulfillment of licensing conditions, at the license holder's expense, in the shortest possible time, so that the licensed activity fully complies with the requirements set by the legislation. This includes taking all necessary measures to properly perform the regulated activity.

The special manager is authorized to make decisions regarding the management of resources necessary for the execution of licensed activities and, if needed, seek additional financial or technical resources to enable the license holder to meet the licensing conditions.

All actions taken to ensure the fulfillment of the licensing conditions, including the special manager's remuneration, are carried out at the expense of the license holder.

Imposing a Fine on a Regulated Enterprise by the Commission

9. What consequences may result from a company's failure to comply with the Commission's request?

Explanation: The Commission's request includes both the multiple demands established by the Commission's legal acts and a one-time request within the scope of a specific administrative procedure.

Failure to comply with the Commission's request constitutes a legal violation, and as a result, it may lead to the imposition of sanctions. Sanctions may include either a written warning or a fine.

10. In what cases may the Commission impose the maximum fine on a regulated enterprise?

Explanation: The maximum fine is currently 75,000 GEL. The Commission will assess each case individually, considering the company's actions, associated circumstances, and the outcomes, including:

- The number of customers whose supply was terminated due to the violation;
- The duration of the termination;
- The risk created for the energy system;
- Violation of supply reliability, safety, and continuity;
- The motive for the violation (e.g., profit-making);
- Whether the violation was intentional or negligent;

- The ongoing nature of the violation;
- The creation of a threat to human life, health, or property.

Based on existing practices in the Commission, an incomplete list of violations for which an enterprise was fined the maximum legal amount is as follows:

- Supplying electricity to the customer with parameters that do not meet the established standards or supplying natural gas with improper pressure;
- Interrupting or restoring the supply of electricity or natural gas in violation of safety regulations and standards;
- Connecting a new customer without the Commission's approved application;
- Unilaterally setting the connection fee;
- Unjustified refusal to connect to the network;
- Charging the customer a tariff higher than the one set by the Commission;
- Violations that posed a threat to the energy system of Georgia.

11. In what cases may the Commission impose a minimum fine on a regulated enterprise?

Explanation: The current minimum fine amount is 5,000 GEL.

According to established practice in the Commission, relatively minor violations for which an enterprise was fined the minimum amount include:

- Failure to submit the report to the Commission or notify about the commencement of non-licensed activities within the required timeframe (especially if the enterprise promptly fulfilled the request when notified by the Commission);
- Providing a receipt to the customer that was only slightly different from the form/criteria approved by the Commission.

12. What mitigating circumstances does the Commission consider when imposing a fine on a regulated enterprise?

Explanation: Mitigating circumstances are considered actions taken by the enterprise to reduce the negative consequences of the violation, immediately stop the violation, and facilitate the investigation conducted by the Commission.

The Commission is also authorized to take into account other mitigating circumstances.

13. What aggravating circumstances does the Commission consider when imposing a fine on a regulated enterprise?

Explanation: Aggravating circumstances include:

- Actions by the enterprise or another party intended to hinder the Commission's investigation of the violation or conceal the violation and its consequences;
- Continuation of unlawful conduct;
- Repeated commission of the violation.

The Commission is also authorized to take into account other aggravating circumstances.

14. Under what circumstances may the Commission decide to impose a warning as a sanction on a company?

Explanation: A written warning represents the mildest form of sanction. The Commission is authorized to issue a written warning to a company if a less severe violation and/or mitigating circumstances are present.

According to the Commission's established practice, if the violation committed by the company is a first-time offense, and/or the violation did not result in significant consequences, and if the company has taken all reasonable measures to eliminate the violation or its effects, while cooperating with the Commission, a written warning may be imposed as a sanction.

15. In what cases can the Commission make a decision to prohibit an enterprise from carrying out activities?

Explanation: Prohibition of an enterprise from carrying out energy and professional activities is one of the forms of sanction.

The Commission is authorized to apply this sanction in the event of repeated violations of the legally established requirements by the company, along with a fine.

Unbundling of Activities

16. What does the unbundling of activities mean?

Explanation: The unbundling of activities refers to the prohibition for operators of electricity and natural gas infrastructure—specifically distribution and transmission systems—from engaging in market activities such as production, supply, and trading. The aim of this unbundling is to:

- Increase competition in energy markets;
- Prevent discrimination when accessing the network and eliminate conflicts of interest;
- Eradicate cross-subsidization between activities;
- Ensure adequate investments in infrastructure.

17. Which enterprise is not subject to the unbundling obligation?

Explanation: According to the Order №1-1/37 of the Minister of Economy and Sustainable Development of Georgia of February 11, 2021, vertically integrated energy enterprises serving fewer than 100,000 customers are exempt from the legal and functional unbundling requirements for the distribution system operator. In addition, to benefit from this exemption, the vertically integrated company shall control:

- a) One distribution system operator with less than 100,000 customers connected to the network;

b) One or more distribution system operators, with a total number of less than 100,000 customers connected to the networks.

18. What are the functions of the Compliance Officer?

Explanation: The Compliance Officer is responsible for ensuring that the distribution system operator meets the unbundling requirements. Their main functions include:

- Monitoring the implementation of the compliance program;
- Preparing and submitting periodic reports on the program's execution to the Commission;
- Notifying the Commission in case of violations;
- Monitoring commercial and financial relations between the operator and vertically integrated companies, and providing information to the Commission;
- Monitoring the protection of sensitive information;
- Providing consultations on the development of internal organizational acts;
- Identifying conflicts of interest and making recommendations to eliminate them;
- Participating in all meetings of the distribution system operator's authorized leadership, where the following issues are discussed:
 - Projects related to the management, maintenance, and development of the distribution network;
 - Issues related to the buying and selling of electricity and/or natural gas, as well as ancillary services.

Persons authorized to manage the distribution system operator are obliged to notify the compliance officer of planned meetings in advance, within a reasonable period of time, and to provide him with all necessary documents and information. Additionally, the officer has the right to request any information, data, or documents related to the company's activities. The officer can enter and move within any building of the distribution system operator, including without prior notice.

19. Who appoints the Compliance Officer?

Explanation: The Compliance Officer, with the prior consent of the Commission, is appointed by the authorized collegial body of the distribution system operator - the Supervisory Board or the Management Board - and, in the absence of such, by the Director of the Distribution System Operator.

20. Who can be a compliance officer and how is it selected?

Explanation: The Compliance Officer can be either a natural or legal person who meets the following requirements:

- The candidate shall be independent and possess the necessary qualifications;
- The candidate should not be an employee of the vertically integrated enterprise or any of its components, either at the time of appointment or during the past two years.

The distribution system operator shall select the Compliance Officer based on an open competition, ensuring transparency in the selection process and the appointment of the best candidate.

Connecting a new customer to the distribution network

21. If the real estate is common property, is the consent of all co-owners required for its connection to the network?

Explanation: If it is not possible to present the consent of all co-owners for connection purposes, the application for connection should not be rejected. The property owner should not be restricted in their right to connect their real estate to the network simply because the company does not have information about the consent of other co-owners.

22. What is the deadline for a company to connect a new customer to the distribution network?

Explanation: The deadline for the connection of a facility to the electricity distribution network depends on the voltage level requested by the applicant (0.4 or 6/10 kV), the capacity (kilowatts), and the location of the facility to be connected (self-governing city or another municipality). In a self-governing city, the minimum connection deadline is 40 working days, and the maximum is 90 working days. In other municipalities, the minimum deadline is 60 working days, and the maximum is 120 working days⁸.

The deadline for connecting a customer to the natural gas distribution network varies depending on the requested capacity (m³/h) and is 60, 65, or 70 working days⁹.

The deadline for connecting a customer to the water supply system varies depending on the distance from the facility to the corresponding water supply system and the diameter of the drinking water/sewage pipe, as follows:

- For a radius of up to 100 meters, the minimum connection time in a self-governing city is 40 working days, and the maximum is 70 working days; in other municipalities, the minimum connection time is 50 working days, and the maximum is 80 working days;

⁸ The full table is available at the link: <https://www.matsne.gov.ge/ka/document/view/5201147?publication=10>

⁹ The full table is available at the link: <https://matsne.gov.ge/ka/document/view/84724?publication=35>

- For a radius of 100 to 200 meters, the minimum connection time in self-governing cities is 60 working days, and the maximum is 90 working days. In other municipalities, the minimum connection time is 70 working days, and the maximum is 100 working days¹⁰.

23. What does connection to the distribution network under non-standard conditions mean?

Explanation: In the case of non-standard connection conditions, the applicant does not pay the fee set by the Commission and requests the system operator to issue a technical condition for temporary connection. Temporary connection works may be performed by mutual agreement between the parties. If the system operator arranges the metering point, the customer pays the fee set by the Commission¹¹.

24. In what cases may a new customer be connected to the distribution network under non-standard conditions?

A non-standard connection may be made for temporary connection to the electricity distribution network.

25. What is the fee for connecting to the distribution network under standard conditions?

Explanation: The fee for connecting to the distribution network under standard conditions is set by the Commission and varies depending on the requested voltage level, power, location (self-governing city or other municipality), as well as, in the case of simultaneous connection requests for two or more new facilities, taking into account the package fee offered for the installation of a smart meter for each new facility. Specifically, the minimum fee for connection at 0.4 kV voltage level is 800 GEL, and the maximum fee is 640,000 GEL; for connection at 6/10 kV voltage level, the minimum fee is 130,000 GEL, and the maximum fee is 749,000 GEL. Accordingly, the minimum fee for installation of a metering point at 0.4 kV voltage level is 100 GEL, and the maximum fee is 3,000 GEL; for 6/10 kV voltage level, the minimum fee is 13,000 GEL, and the maximum fee is 15,000 GEL¹².

26. In what cases does the Commission make a decision to extend the connection deadline?

Explanation: The Commission is authorized to consider a company's request for an extension of the connection deadline if there is objective and irrefutable evidence and an explanation indicating that meeting the original connection deadline is impossible due to reasons beyond the company's control.

¹⁰ The full table is available at the link: <https://matsne.gov.ge/ka/document/view/80746?publication=35>

¹¹ The fees for connection and metering point installation are set by the annexes of the "Electricity Distribution Network Rules" approved by the Commission's Decree No. 19 of June 28, 2021, which can be accessed at the link: <https://matsne.gov.ge/ka/document/view/5201147?publication=11>

¹² Prices include VAT. A full table is available at the link: <https://www.matsne.gov.ge/ka/document/view/5201147?publication=10>].

The Commission will also take into account the actions taken by the company to complete the connection within the shortest possible timeframe.

27. What requirements apply to the installation of the metering node by the distribution system operator for the customer?

Explanation: The distribution system operator is responsible for installing the metering node (including the installation of the electricity meter), ensuring its proper technical installation, preparing the relevant act, and restoring, replacing, and installing a damaged metering node. Additionally:

- The metering system shall operate properly and be protected from unauthorized interference;
- The metering node shall comply with the technical regulations and standards in force in Georgia;
- The interested party shall have the ability to read the meter's readings, while the system operator has the authority to carry out the necessary work;
- In the case of 0.4 kV (380/220V) voltage, the metering node shall be arranged no further than 20 meters from the customer's property. If necessary, the installation of the meter on the customer's property is allowed.

In the case of reverse electricity flow, a reverse meter shall be installed.

Customer Notification and Response to Requests

28. What information shall the distribution system operator/natural gas distribution licensee/supplier or water supply licensee provide to the customer electronically?

Explanation: The electricity distribution system operator is obligated to inform the customer/applicant via text message regarding the following:

- Immediate notification of supply interruptions/restorations;
- Registration number and date of the application upon receipt of the application¹³;
- Notification of response or action taken on the application, immediately upon registering the response or action;
- Planned supply interruption schedules, including the time and duration;
- Unplanned supply interruptions.

The natural gas distribution licensee, natural gas supplier, and water supply licensee are also required to notify the customer and/or applicant via text message about the following:

- The payment deadline for billed amounts, at least two calendar days in advance;
- Immediate notification of individual supply interruptions/restorations;
- Registration number and date of the application upon receipt;

¹³ Referring to both registration in the company's registry and the Commission's electronic journal.

- Notification of response or action taken on the application, immediately upon registering the response or action.

29. What is the timeframe for responding to a customer request?

Explanation: The electricity distribution system operator, natural gas distribution licensee or supplier, as well as the water supply licensee, shall provide a substantiated response to the customer's request or take the appropriate action within no later than 10 business days. In the case of a rejection, the applicant shall be sent a substantiated response.

30. What is the timeframe for providing customers with information about planned and unplanned supply interruptions?

For planned interruptions in the supply of electricity, natural gas, or drinking water, customers shall be informed no more than 5 calendar days and no less than 1 calendar day prior to the scheduled interruption. The notification shall specify the start time of the work and its duration. If this timeframe cannot be met, the interruption shall be postponed.

If, due to reasons beyond the company's control, it is not possible to notify customers within the specified timeframe, customers shall be informed as soon as the company receives information about the expected interruption.

When the restoration of supply requires complex work¹⁴, customers must be immediately informed of the cause of the interruption and the estimated time for restoration.

31. What forms and means should the electricity supplier use to inform customers?

Explanation: The supplier is obligated to provide the following information to customers through the call center and the service center in accordance with the Retail Market Rules:

- General information about the supplier (name, legal address, organizational-legal form, and details about the authorized person(s) in charge);
- Contact information, including address, call center number, and email address;
- Annual financial reports;
- Supply prices, tariffs set by the Commission¹⁵, and supply conditions;
- Active public offers and their validity periods¹⁶;

¹⁴ **Complex Work** refers to the replacement/installation or construction/reconstruction of key assets in the distribution network. Once the company assigns "Complex Work" status to the actions to be carried out, customers must be informed immediately.

¹⁵ The supply price is an unregulated, market-based price, while the Commission establishes tariffs for regulated activities.

¹⁶ See the response to question 35 for more details.

- Information about customer rights, including the procedure for switching suppliers free of charge;
- The timeframe and procedure for handling complaints;
- The procedure for resolving disputes, including information about the right to contact the Commission and the Public Defender of Consumers Interests;
- Standard terms of the supply contract, if any;
- Duration and terms of the supply contract;
- Amount of the billed service fee, payment deadlines, payment methods, and consequences of non-payment;
- Volume of electricity consumed;
- Available payment methods for service fees;
- Recommendations for reducing consumption and measures to promote energy efficiency;
- Information on supply terminations and restoration times.

An electricity receipt shall include at least the following information:

- Customer identification details;
- Subscriber number;
- Receipt number;
- Start and end dates of the billing period;
- Payable service fee;
- Description of the service fee components;
- Payment deadline and consequences of missing the deadline;
- Receipt preparation date;
- Meter readings for the last two billing periods;
- Information on the payment methods (bank, quick payment terminal, or other options, with at least one providing a commission-free payment option);
 - Link to historical consumption data;
 - Summary information on the share or volume of electricity generated from renewable sources¹⁷;
 - The volume of electricity supplied (in kilowatt-hours);
 - The volume of electricity consumed during the same period last year;
 - Historical electricity consumption data for the past 12 months;
 - Average electricity consumption for the same customer category in the same locality during the previous billing period;
- Link to the registry of experts for energy efficiency improvement measures¹⁸;
- Call center number, website address, and other contact information;

¹⁷ This information is currently not reflected in the receipt.

¹⁸ As per the Law of Georgia Law on Energy Efficiency, this registry will be accessible starting December 31, 2025, under the obligation of the Ministry of Economy and Sustainable Development of Georgia.

- Information on the right to file a complaint and/or dispute with the supplier, and/or the Commission, or the Public Defender of Consumer Interests, along with relevant contact details.

The SMS-receipt shall indicate at least the following information:

- Customer identification data;
- Subscriber number;
- Receipt number;
- Start and end dates of the billing period;
- Amount due for services provided;
- Payment deadline;
- Volume of electricity supplied;
- Link to the full bill, which shall remain active for at least three years from the date of the issuance of the receipt.

32. Under what circumstances shall a supplier establish a service center, and what requirements apply to such centers?

Explanation: A service center serves as a key means for electricity consumers to access services. The electricity supplier is required to maintain at least one physical service center to provide consumers with information, facilitate on-site contract signing, accept complaints, and offer other essential services. The universal service supplier is required to have at least one service center in every self-governing city within its supply area, and at least two service centers in each region/province.

The service center may be located in the building of another legal entity, provided it does not violate the unbundling requirements.

The service center shall ensure customer information is provided both during in-person visits and through telephone and email communication.

Additionally, the customer at the service center should have the opportunity to:

- Enter into a supply contract;
- Submit an application for switching the supplier;
- File a complaint;
- Receive energy efficiency recommendations and other consumption reduction advice.

The supplier shall take reasonable measures to ensure the center is accessible for people with disabilities and consider customers' needs during operations, which includes operating at least one day

a week until 20:00. In addition, it should be possible to make a reservation in advance for a visit to the service center, and the customer's visit schedule should be respected.

33. What is the timeframe for the electricity supplier to conclude the supply contract with the customer?

Explanation: If the customer submits a fully completed contract and documentation¹⁹, the supplier shall notify the customer via an SMS about the conclusion of the supply contract within two working days.

If the contract or documents provided by the customer are incomplete, the supplier shall specify a deadline for correcting the deficiencies, which should not be less than three working days. In this case, the two-day period for concluding the supply contract will start from the moment the deficiencies are corrected.

34. Is the consent of all co-owners of the real estate required to conclude a supply contract?

Explanation: In the case where the real estate is a joint property, the consent of all co-owners is not required to conclude a supply contract for the supply of that real estate.

35. What is a public offer?

Explanation: A public offer is an offer made by the supplier to customers for a specified period, in which the supplier commits to supply electricity to the customer after the conclusion of the supply contract. A public offer includes equal terms for all customers and may vary based on factors such as customer category, price, duration of service, the volume of electricity to be purchased, or other criteria.

A public offer is published by a free supplier, who is obligated to post it on their website and submit it to the Commission on the same day. The number of active public offers by a single supplier should not exceed five. If the free supplier concludes a supply contract with terms different from those of the active public offers, they are required to publish a public offer with the same terms no later than the following day. This obligation does not apply if the entire volume of electricity for sale has been fully exhausted as a result of the conclusion of a supply contract.

¹⁹ The contract shall be signed, and a document proving ownership of the real estate or, if a third party is responsible for paying the service fee, their consent is also required.

A customer may join the contract at any time during the validity of the public offer. The duration of the offer shall be at least two weeks. If the available volume of electricity is fully exhausted, the supplier is entitled to cancel the offer before its expiration.

The Commission is authorized to instruct the supplier to post or extend the validity of the public offer if it believes the supplier is exploiting an exception related to the offer's placement for the benefit of a specific customer, or if the bilateral contract signed by the supplier deliberately limits the available volume of electricity to avoid posting the public offer.

Termination of Supply

36. In which cases is the termination of electricity supply allowed without prior notice?

Explanation: Electricity supply can be terminated without prior notice to the customer only in the following cases:

- When necessary to prevent or eliminate emergency situations;
- In case of electricity theft/illegal consumption;
- In cases where it is required for the protection of public interest, which shall be properly recorded by the system operator in the relevant logs.

The system operator is obligated to immediately notify the customer and the supplier about the termination.

37. In which cases is the termination of natural gas supply allowed without prior notice?

Explanation: The natural gas distribution system operator is required to immediately respond and terminate the supply of natural gas if there is a threat to a person's life, health, or property, if technical regulations and safety rules are violated, or if appropriate instructions have been issued by the natural gas transport licensee and/or supplier.

Termination of supply without prior notice is possible in cases of illegal use of natural gas, except when it is known that such a termination would endanger a person's life. In this case, the distribution licensee is obligated to define an additional period for the payment of the accrued debt and the termination of natural gas supply (a reasonable period), which shall not exceed 3 months.

38. In what cases is the supplier authorized to request the system operator to terminate the electricity supply?

Explanation: The supplier is authorized to request the system operator to terminate the electricity supply in the following cases:

- In cases of force majeure or related to safety concerns;

- If the customer fails to fulfill obligations specified in the supply contract, including those regarding the payment of the service fee;
- Due to the expiration of the supply contract or its termination before the agreed term.

39. In what cases is the termination of supply to the customer prohibited?

Explanation: The current legislation prohibits the termination of electricity, natural gas, and drinking water supply to a customer in certain cases, even if the customer has an outstanding debt. These cases include:

- **Health and life**
- The termination of supply is prohibited if it may pose a threat to the health or life of an individual, and the enterprise is aware of this fact. In such cases, the enterprise is required to set an additional reasonable period for the payment of the debt.
- **Small debt**
- The electricity supply cannot be terminated if the debt does not exceed 2 GEL.
- For natural gas and drinking water, termination is prohibited if the debt is less than 1 GEL.
- **Ongoing dispute:**
- The termination of supply is prohibited during the dispute resolution period by the Commission, the court, or the claims commission, unless the reason for the termination is a debt that is not the subject of the dispute.

Time restrictions:

- **Natural gas and water:**
- The termination of supply is prohibited during the evening hours, on Saturdays and Sundays, on public holidays, and the day before a public holiday.
- **Electricity:**
- The termination of supply is prohibited:
 - From 18:00 to 09:00;
 - On Saturdays and Sundays, and on public holidays as defined by Georgian legislation, for customers in self-governing cities;
 - On public holidays and rest days – on Saturdays and Sundays, as well as the day before a public holiday and Saturday-Sunday, for customers in other municipalities.

Additional restrictions in the electricity sector:

- The supply of electricity should not be terminated if the supplier has the ability to cover the debt with a deposit provided by the customer (except in cases defined by the "Electricity Retail Market Rules").
- Termination of supply due to debt at one address is not permitted for another address.

- If multiple metering points exist on the same cadastral code, the supply cannot be terminated at another metering point due to debt at one metering point, unless otherwise agreed.

Protected Customers:

- **Pensioners:**

The supply of electricity cannot be terminated until the 16th of the month.

- **Socially vulnerable families and other groups:**

Termination of supply is prohibited until the 22nd of the month for customers who:

- Are registered in the socially vulnerable database;
- Receive subsistence or reintegration assistance, or a social package;
- Are parents of multiple children, having four or more children/adopted children under the age of 18.

40. Can the supply be immediately terminated for non-payment of arrears?

Explanation: The customer is obligated to pay the service fee within the period specified in the receipt.

A special rule applies in the electricity sector. If the customer fails to pay the service fee within the specified period, the supplier is obliged to notify the customer via a short text message on the day following the expiration of the payment deadline and determine an additional payment deadline of no less than one day.

Payment of Service Fees

41. In what case should the customer be given an additional reasonable period to pay the arrears?

Explanation:

Electricity:

If the electricity supplier is aware that terminating the electricity supply could pose a threat to a person's life or health, they are obligated not to terminate the supply due to non-payment of the service fee and shall determine an additional reasonable period for the customer to pay the fee.

Natural gas:

The distribution licensee or supplier is obligated to determine an additional (reasonable) period for paying the accumulated arrears and the termination of supply if it is known that:

- Terminating the supply would pose a threat to a person's life or result in deterioration of their health;
- It would lead to disproportionately high costs compared to the accumulated arrears.

The company shall determine the additional period for paying the arrears and, if payment is not made, for the termination of supply, which should not exceed one month. If the person's health may worsen or their life may be at risk, the additional period should not exceed three months.

In such cases, a protocol shall be drafted and provided to both the customer and the supplier.

Water supply

If the interruption of drinking water supply would endanger a person's life or health, or result in disproportionately high costs for the customer compared to the accumulated arrears, and this circumstance becomes known to the supplier's representative, the water supply licensee is obligated to consider this circumstance and determine an additional (reasonable) period for paying the accumulated arrears and for the termination of drinking water supply, which should not be less than one month.

In the case of determining the additional period, a relevant protocol shall be prepared and provided to the customer.

42. What methods are allowed for the collection of accrued amounts from the customer?

Explanation: The electricity distribution system operator collects amounts from the customer only through the supplier, by reflecting the accrued amount on the bill. The payment of the arrears charged by the system operator to the customer can be arranged through mutual agreement between the parties, which shall be formalized with a relevant contract.

The natural gas distribution licensee, natural gas supplier, and water supply licensee collect the amounts accrued to the customer by reflecting the said amount in the customer's arrears.

The parties are authorized to agree on the rescheduling of the arrears and formalize this agreement with a relevant contract.

Disputed issues related to the contract on rescheduling of the arrears are to be examined by the court.

Additional Consumer Protection Mechanisms

43. Which customers are subject to additional protection mechanisms according to the Commission's rules?

Explanation: In the electricity, natural gas, and water supply sectors, the rules established by the Commission provide additional protection mechanisms for certain customer groups to ensure social support and access to essential services.

In the electricity sector, pensioners, persons registered in the socially vulnerable database, recipients of subsistence or reintegration allowances, social packages and parents with many children who have four or more children/adopted children under the age of 18 are subject to special protection.

For such customers, the electricity supply cannot be terminated due to arrears before the 16th of the month in the case of pensioners, and before the 22nd of the month for other customers, which is related to the timing of pension and assistance/benefit disbursements. Additionally, these customers cannot be charged a deposit for the following reasons:

a) Three or more instances of delayed payment of the service fee within a 12-month continuous period;

b) Termination of electricity supply due to non-payment of the service fee for a continuous period of 5 months or more.

As for the natural gas and water supply sectors, the exemption from deposit charges based on the above reasons applies only to individuals with socially vulnerable status.

44. How should a company obtain information about a customer's special status?

Explanation: The customer is obligated to inform the company about their status/condition that entitles them to benefit from the advantages provided by the current legislation. The customer shall provide the company with appropriate supporting evidence.

The Complaints Commission

45. What is the Complaints Commission, and what is its procedure for establishment, operation, member selection, and consideration of complaints?

Explanation: A Complaints Commission is a body established by a supplier to protect consumer rights and ensure equal, fair, impartial and prompt handling of complaints. Its function is to resolve customer complaints based on evidence and make reasonable decisions.

A supplier that serves household consumers or small businesses is required to establish a Complaints Commission. The Commission shall consist of at least three members. The members should have experience in related fields and demonstrate high professionalism, responsibility, and impartiality. In the case of a conflict of interest, a member of the Complaints Commission is obliged to declare this and not participate in the consideration of the complaint.

The Complaints Commission makes decisions based on an examination of evidence and consideration of the consumer's interests. It is guided by law, legal acts of the Commission, and established practices. The goal is to avoid the Commission or court considering disputes that already have uniform, established practices.

The Commission shall notify the consumer of the outcome of the complaint within 10 working days. If the complaint is accepted, the decision shall be implemented immediately, no later than within 3 days. In case of refusal, the consumer is informed about their right to contact the Public Defender of Consumer Interests, the Commission, or the court.

The supplier shall submit a report to the Commission monthly, detailing the complaints considered. The report should reflect the number of complaints submitted by consumers, as well as the reasons for refusal in cases where a complaint was not upheld.

Switching the Supplier

46. In what cases does a customer have the right to switch a supplier?

Explanation: The customer has the right to change their electricity supplier at any time, free of charge. The procedure for switching suppliers is regulated by the "Retail Electricity Market Rules" established by the Commission, which ensures the smooth operation of the process and the protection of the customer's rights.

The process of switching suppliers is facilitated by the new supplier. This process should be carried out through a special electronic system²⁰.

47. What is the procedure for switching the supplier?

Explanation: The customer can submit a supplier switching request to the new supplier, either in material or electronic form, as approved by the Commission. The request shall include the customer's identification details, subscriber number, delivery address, contact information, and the preferred date for the supplier change. The new supplier also has the right to communicate with the existing supplier and the system operator on behalf of the customer.

The supplier switching procedure shall be completed within no more than three weeks. If the customer needs to correct errors or provide additional information, the deadline may be extended.

A request for switching a supplier may be denied only for the following reasons:

- The customer has submitted a request to switch the supplier to more than one supplier on the same day;
- The request for switching a supplier is inconsistent with the technical specifications for network connection; or

²⁰ Currently, the special electronic system is in the maintenance phase and is not fully operational.

- The customer has an outstanding debt to the existing supplier for two or more months.

The existing supplier is obligated to ensure the supply of electricity until the new contract takes effect if the supply was terminated due to debt or other reasons. If the customer does not pay the service fee for the final billing period, the existing supplier shall notify the new supplier, who is required to request the system operator to terminate the electricity supply for the customer.

The Deposit

48. In what cases can a deposit be charged?

Explanation: A deposit is an amount of money or a bank guarantee provided by the customer to the supplier to ensure payment for services.

A deposit can be charged in the following cases:

- **Temporary Use:**

If the customer temporarily uses real estate or a part of it. A deposit cannot be charged on administrative/government bodies, including public legal entities, which use state property permanently or temporarily in accordance with the "Law of Georgia on State Property".

- **Failure to fulfill payment obligations:**

If the customer has made late payments for services three times or more within a continuous 12-month period.

- **Extended termination of supply:**

If the customer has not received service for a continuous period of 5 months or more due to non-payment of the debt.

- **Non-household electricity consumers:**

In the electricity sector, a deposit can also be charged if the average monthly electricity consumption cost of a non-household customer exceeds 50,000 GEL, and:

- The customer does not have the property that can be subject to forced execution in case of a dispute.
- Or their property is legally encumbered, making it impossible for the supplier to satisfy the claim in case of a dispute.
- In the natural gas and water supply sectors, a deposit can also be charged in the following cases:
- **Temporary connection:**

The customer is temporarily connected to the natural gas or water supply network for household, construction, or other purposes.

○ **Illegal consumption:**

The customer's service was terminated due to illegal consumption of natural gas or drinking water or illegal use of the sewage system.

Regulated Enterprise Inspection

49. Under what circumstances is the Commission authorized to conduct a selective inspection of an enterprise?

Explanation: The Commission carries out on-site inspections of regulated enterprises, including without prior notice.

A selective inspection of a licensee may be initiated based on a decision by the Commission. This decision specifies the purpose, date, and duration of the inspection; as well as the authorized representative of the Commission's office and/or another person responsible for conducting the inspection.

50. Is prior notice required for an inspection?

Explanation: According to the law of Georgia on "Energy and Water Supply", the Commission is authorized to conduct an on-site inspection of a regulated enterprise without prior notice. Conducting inspections without prior notice helps the Commission fully gather evidence and avoids potential attempts by the enterprise to conceal facts, which may occur in the case of a previously announced visit. At the same time, the Commission may notify the enterprise in advance about the inspection if it believes that this will help achieve the inspection's objectives more effectively, particularly when close cooperation with the enterprise is necessary during the inspection process.

51. What rights and obligations do the enterprise have during a selective inspection process?

Explanation: A regulated enterprise has the right to request the legal document that initiated the inspection, to review the information contained in it, including the inspection's purpose, date, and duration, as well as details about the authorized inspector.

For the inspection to be fully carried out, the enterprise shall provide all requested information to the Commission's authorized representative and allow access to the workplace. The enterprise is prohibited from refusing the inspection, arbitrarily terminating the inspection process, or obstructing the review of documentation, data, and information. In the case of any such violations, the authorized representative of the Commission's office will notify the Commission.

The inspection process may also involve examining the status of corrective actions taken to address violations within a timeframe set by the Commission.

Based on the inspection results, an inspection act will be drafted. Although the Commission's normative act does not explicitly define this authority, the regulated enterprise is entitled to review the contents of the inspection report.

Terms of Service of Local Self-Governments

52. Does the self-government have the right to request a different payment period/date for utility services?

Explanation: Since local self-government bodies - municipal councils and city halls - are budgetary organizations, their financial resources are directly linked to the revenues stipulated by the Local Self-Government Code. As a result, issues may arise regarding the timely payment of utility services. Local self-governments, for their part, have the right to request a different payment date for utility services from the relevant companies. However, the decision on this matter is entirely up to the company, and the Commission's normative acts do not provide for any alternative approach regarding this issue.

53. How does local self-government differ from other customers? Are there any special regulations?

Explanation: The municipality council and the mayor's office differ from other customers primarily due to the powers vested in each of them by Georgian legislation and the significance of the uninterrupted execution of these powers. The termination of supply could result in disruptions in the operation of local self-government bodies and negative consequences. Each enterprise providing services to local self-government bodies shall consider the scale of these negative consequences and make decisions accordingly regarding the termination of supply. On the other hand, it shall be considered that the revenue from service fees for utility service providers is directly linked to the safe, uninterrupted, and reliable supply to customers. Therefore, the Commission does not set any requirements or restrictions for regulated enterprises regarding the termination of supply to local self-government bodies.