



ELIZBAR ERISTAVI
ENERGY TRAINING CENTER



Visegrad Fund

RESEARCH PAPER

**On the Current Regulatory Status of Electricity,
Natural Gas and Water Supply Sectors of Georgia**



SFPA
Slovak Foreign Policy Association



CHARLES UNIVERSITY
Environment Centre

TBILISI
2024

RESEARCH PAPER

**On the Current Regulatory Status of Electricity,
Natural Gas and Water Supply Sectors of Georgia**

TBILISI
2024

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

The research was conducted by the Elizbar Eristavi Energy Training Center operating under the Georgian National Energy and Water Supply Regulatory Commission (GNERC), in the period of April- May of 2024, with the financial support of International Visegrad Fund.

The views expressed in the document by the author(s) do not reflect the position of the International Visegrad Fund. Accordingly, the International Visegrad Fund is not responsible for the content of this document.

THE DOCUMENT WAS PREPARED BY:

Mariam Ioseliani

Georgi Shengelia

Revaz Geradze

Temur Tordinava

Nugzar Beridze

Lia Gvazava

Eleonora Lagvilava

Ketevan Berikashvili

Salome Janelidze

CONTENT

I.	Review and analysis of the regulatory framework of the electricity, natural gas and water supply sectors of Georgia.	7
II.	Quantitative Research Results (Regarding the regulation of the electricity, natural gas, and water supply sectors)	20
III.	Results of Qualitative Results (Regarding the regulation of the electricity, natural gas, and water supply sectors)	27
IV.	Conclusions and key trends	29



ELIZBAR ERISTAVI
ENERGY TRAINING CENTER



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 socio-economic 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 RESEARCH

In the framework of the research, a review and analysis of the regulatory, national, and international/European legislative acts governing the electricity, natural gas, and water supply sectors in Georgia were conducted, including the process of harmonizing Georgian legislation with European directives.

The issues, key trends, challenges, and needs related to the regulation of the electricity, natural gas, and water supply sectors were examined.

The Energy Training Center team believes that the research results will significantly benefit the sector, including the Georgian National Energy and Water Supply Regulatory Commission and other stakeholders.

THE PURPOSE AND METHODOLOGY OF THE RESEARCH

The research aimed to describe and analyze the key directions and activities of Georgia's regulatory framework for electricity, natural gas, and water supply sectors. It included reviewing the legal and regulatory framework to identify key trends, challenges, and needs.

Methodologically, the research employed both qualitative and quantitative approaches. Research tools included desk research, surveys, and focus groups. Quantitative data was collected using an online survey platform, specifically Google Forms.

The qualitative component of the research utilized the focus group method. Data obtained from both quantitative surveys and qualitative methods were processed using the statistical software IBM SPSS. The research focused on the Samegrelo-Zemo Svaneti region (including the municipalities of Zugdidi, Senaki, Tsalenjikha, Mestia, Poti) and the capital city of Tbilisi. The target audience for the research was defined as 300 participants. The target audience consisted of the following stakeholders:

- Representatives of energy, natural gas and water supply sector regulated companies from the Samegrelo-Zemo Svaneti region and Tbilisi;
- Experts specializing in energy issues and members of the academic community;
- Self-government representatives of the Samegrelo-Zemo Svaneti region;
- Media representatives.

CHAPTER I. REVIEW AND ANALYSIS OF THE REGULATORY FRAMEWORK OF THE ELECTRICITY, NATURAL GAS AND WATER SUPPLY SECTORS OF GEORGIA.

Within the framework of this study, a review and analysis of the regulatory, national and international/European legislative acts of the electricity, natural gas and water supply sectors in Georgia were conducted. Additionally, the study reviewed the process of harmonizing the Georgian legislation with European directives, incorporating excerpts from the Commission's reports.

1. Harmonization with Energy Community acquis

On June 27, 2014, an "Association Agreement" was signed between Georgia, on the one hand, and the European Union and the European Atomic Energy Community and their member states, on the other hand.

With the Association Agreement, Georgia undertook the obligation to gradually approximate its legislation with that of the EU and international legal instruments within the specified time frame. On October 14, 2016, the Protocol "Concerning the Accession of Georgia to the treaty establishing the Energy Community" was signed, which determines the conditions for the implementation of EU energy legislation in Georgia and which was ratified by the Parliament of Georgia on April 21, 2017. As a result, on July 1, 2017, Georgia officially became a contracting party to the treaty establishing the Energy Community.

By signing the Association Agreement with the European Union and joining the Energy Community, Georgia undertook the obligation to carry out reforms in the energy sector and to lay the foundation for the approximation with the European energy market. The main goal of European liberal energy legislation is to promote trade in wholesale and retail markets and for this to divide monopolistic and competitive activities, specifically unbundling transmission and distribution activities from generation and supply activities.

As a result of the signing of the Association Agreement and the protocol concerning the Accession of Georgia to the treaty establishing the Energy Community between Georgia and the European Union, Georgia undertook the obligation to bring its legislation closer to the EU legislation, which also provides for significant reforms in the energy sector. The Third Energy Package includes two directives and three regulations: Directive 2009/72/EC on Common Rules for the Internal Electricity Market; Directive 2009/73/EC on Common Rules for the Internal Market of Natural Gas; Regulation 714/2009 on Access to the Cross-border Electricity Trade Network; Regulation 715/2009 on Access to Natural Gas Transmission Networks; Regulation 713/2009 on the Establishment of the Agency for the Cooperation of Energy Regulators (ACER).

The Third Energy Package mainly focuses on consumer protection, increasing competition in energy markets and establishing an independent national regulatory authority. The existence of an independent regulatory authority is one of the main requirements of EU legislation. The directives stipulate that the national regulatory authority should be functionally, financially and legally independent. Functional independence implies that the regulatory authority should be independent of any public or private organization or official, not receiving any instructions. In addition, its personnel and persons responsible for management must not have any kind of market interest. In addition, employees of the independent regulatory authority

and persons with management rights should not receive direct instructions. Reference in this case refers to any action that will influence the decision made by the regulatory body. The purpose of regulation is to protect the interests of regulated enterprises and consumers in accordance with existing legislative requirements. To ensure these goals, the regulator needs to be an independent, strong and highly professional body. The regulation of the energy sector in Georgia is carried out by the Georgian National Energy and Water Supply Regulatory Commission (hereinafter referred to as the Commission), which includes the issuance of relevant activity licenses, setting tariffs, market monitoring, resolving disputes and other important issues. The presence of an effective regulator implies both political and financial independence, as well as having the necessary competencies and powers for regulation. In addition to EU directives, the main aspects of energy regulation are outlined in the legislation of Georgia. According to Article 7, paragraph 1, subparagraph “F” of the Constitution of Georgia, the Unified Energy System belongs to the special Administration of the higher state bodies of Georgia, and according to Article 52, paragraph 1, subparagraph “D”, the President of Georgia, on the recommendation of the government, submits candidates for membership of national regulatory bodies to the parliament for election. The main normative document for the regulation of the energy sector is the Law of Georgia “On Energy and Water Supply”, which creates a legal framework for considering and implementing the requirements of the legal acts of the European Union in the Georgian legislation.

On December 15, 2022, the Energy Community Ministerial Council adopted the so-called the Electricity Integration Package. This package encompasses legislation on energy efficiency, renewable energy, electricity market structure, and the security of electricity supply. It aims to establish and develop an integrated electricity market among the Energy Community contracting and neighboring EU member states, facilitating market coupling.

Based on the decision of the Energy Community Ministerial Council, the member states, including Georgia, were instructed to transpose the requirements of the directives included in the mentioned package into the national legislation. The Energy Integration Package includes the following directives and regulations included in the “Clean Energy for All Europeans” package:

- Directive (EU) 2019/944 on common rules for the internal market for electricity. It establishes regulatory guidelines for electricity generation, transmission, distribution, supply, and storage. The directive encourages the integration of renewable energy sources into the network and enables consumers to actively engage in market operations by generating, consuming, or selling electricity themselves.
- Regulation (EU) 2019/943 on the internal market for electricity. It defines the rules for the unified wholesale electricity market and principles for network operation.
- Regulation (EU) 2019/941 of 5 June 2019 on risk-preparedness in the electricity sector. It mandates contracting states to develop contingency plans for managing crisis scenarios in the electricity sector.
- Regulation (EU) 2019/942 on establishing a European Union Agency for the Cooperation of Energy Regulators. It provides for the new role and functions of the European Union Agency for the Cooperation of Energy Regulators (ACER).

On November 30, 2021, the Energy Community Ministerial Council also adopted the Decarbonization Roadmap, a policy document aimed at transposing and implementing decarbonization rules and regulations into national legislation. The objective is to contribute to the Energy Community's goal of achieving climate neutrality by 2050.

The transposition of the Energy Community legal framework into national legislation is crucial for Georgia's path towards European Union accession. It serves as a method to enhance energy security, mitigate energy poverty, and safeguard consumer rights within the energy sector.

Georgia has initiated efforts to incorporate the fourth energy package into national legislation. A package of amendments to the Law of Georgia "On Energy Efficiency" has been drafted and introduced for review in the legislative body. Additionally, a draft amendment to the Law of Georgia "On Promoting the Generation and Consumption of Energy from Renewable Sources" has been prepared and will soon be initiated. This draft outlines several obligations and regulatory measures that the Commission will undertake to align with the requirements of the Clean Energy Package.

On December 20, 2019 the Georgian Parliament adopted the Law of Georgia "On Energy and Water Supply". This law sets out the overarching legal framework governing the generation, transmission, distribution, supply, and trade of electricity and natural gas. The new law provides the legal basis for adopting and implementing the provisions of the third energy package within Georgian legislation. The primary objective of the law is to facilitate the establishment, opening, development and integration of a well-functioning, transparent and competitive energy market. Additionally, it regulates the free access to this competitive energy market.

The law established a legal framework to incorporate and implement the requirements of the following legal acts of the European Union into the legislation of Georgia:

- Directive 2009/72/EC of 13 July, 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC;
- Regulation (EC) No 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003;
- Directive 2005/89/EC of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment;
- Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC;
- Regulation (EC) No 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005;
- Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply.

To align with the requirements of the mentioned legal acts in Georgia's legislation, following the adoption of the law, the Commission enacted several subordinate normative acts related to energy regulation between 2020 and 2024, based on the best practices from Europe and the Commission's accumulated experience over decades.

2. Regulatory acts adopted in the electricity sector for the harmonization with Energy Community acquis

The rules related to both retail and wholesale trade in electricity in Georgia were determined by the Law of Georgia “On Electricity and Natural Gas,” the acts of the Commission adopted on its basis, and by Order #77 of August 30, 2006 of the Minister of Energy of Georgia “On Approval of Electricity (Capacity) Market Regulations”. Specifically, before the transition to the new model of the electricity market, the current legislation concerning electricity trade included regulations on electricity wholesale trade, electricity generation, transmission, dispatch, export, re-export, import, transit, and other significant issues. The full performance of these activities is crucial for the proper and safe functioning of the electricity sector. To ensure that Georgia fulfills its obligation to align with European standards, it became necessary to revise and update the legislation regulating the electricity market. To this end, the Commission adopted a series of secondary normative acts regulating energy sector based on the best European practices and the extensive experience accumulated by the Commission over the years.

2.1. The Electricity Retail Market

To regulate relations in the electricity retail market, the Commission approved the “Electricity Retail Market Rules” on August 13, 2020 by Resolution #47. This resolution incorporates the best European practices for managing relations between suppliers and consumers. It includes rules for electricity supply, universal service supply, last-resort supply, changing suppliers, and the supply of electricity as a public service. The resolution ensures that end users have the right to independently select a supplier based on the supply price and service conditions offered. This regulation is a prerequisite for developing a competitive retail market, enhancing service conditions offered by suppliers, implementing better quality service, and offering more favorable supply prices to customers. The ability of the end user to change suppliers is a crucial tool for promoting the opening of the market, its dynamism, and active functioning. To facilitate this, the Commission has established a fast, user-friendly, simple, and free procedure for changing suppliers. The resolution sets the general regulatory framework for the relationship between the electricity supplier and the end user. It establishes the rights and obligations of both the supplier and the end user, including the terms and conditions for concluding and modifying supply contracts, providing information, and delivering services to the end user. It also specifies the supplier’s authority concerning non-household end users, including the rules for imposing fines and entering into supply contracts with conditions that differ from the standard terms stipulated by the Law of Georgia “On Energy and Water Supply”. The resolution also incorporates the requirements of the Energy Community legislation regarding protection guarantees for household consumers and small enterprises. It regulates the relationships between the universal electricity service provider on the one hand and household consumers and small enterprises, on the other. Additionally, the resolution specifies the conditions for last resort electricity supply in cases where the end user loses the opportunity to receive electricity due to the supplier ceasing operations or committing serious breaches of obligations. This service marks a significant innovation introduced by the Law of Georgia “On Energy and Water Supply” aimed at safeguarding the rights of end users. Regarding the conditions outlined for electricity supply as a public service in the resolution, their objective is to specify the unique provisions governing the service provided by the supplier to consumers under public service obligations, including the regulations and terms for entering into or joining the standard contract for electricity supply as a public service.

Regulation of the implementation of transitory measures in the electricity sector

Considering the new regulatory environment, on November 12, 2020 the Commission approved “Transitory measures in the electricity sector” by Resolution # 58. This Resolution determines the content and form of the measures to be implemented in the electricity sector in the transitional period, including the wholesale and retail markets, as well as sets terms of implementation, and defines responsible stakeholders. The resolution outlines specific obligations for operators of the day-ahead and intra-day electricity markets, the electricity balancing and ancillary services market, and the electricity transmission system. It also establishes rules and conditions for registering as a balance responsible party or as a balancing group member during the transition period. Additionally, the resolution sets forth measures for the retail electricity market during this period, including criteria for automatic service provision to end users by the universal service supplier or public service electricity supplier, and the rule for charging fee for the consumed electricity during the transition phase.

2.2 The Electricity Wholesale Market

Market concept

The Government of Georgia, approved a new concept for the electricity market model by Resolution #246 of April 16, 2020, as outlined in Article 162, Paragraph 1, Subparagraph “A” of the Law of Georgia “On Energy and Water Supply”. This new concept establishes the guiding principles for organizing and operating the wholesale electricity market in Georgia which ensures the creation of an investment-friendly environment and determines the measures to be implemented for the transition to the target model. The concept delineated the sectors within the wholesale electricity market: the day-ahead market, the intraday market, and balancing and ancillary services market. It also identified various market participants: the electricity market operator, transmission system operator, distribution system operator, electricity producers, traders, suppliers, and large customers. Aligned with common economic interests (to ensure security of supply, continuity, the supply of electricity with appropriate quality and price, as well as the promotion of energy generation from renewable sources), the concept stipulated obligations for providing public services which would apply to entities including the wholesale public service organization, the universal service provider, the last resort supplier, suppliers of electricity as a public service, including those offering guaranteed capacity, and established the fundamental principles of their settlement, as well as financial security. The concept outlined the calendar of key events during the transition period, including the phases of imposing public obligations on relevant electricity generation sources and the stages of market liberalization- opening (on the part of consumers).

The wholesale electricity market rules

To foster a regulatory environment aimed at fostering a competitive electricity market and ensuring equitable pricing, as well as facilitating the entry of new market participants, the Commission approved the “Electricity Market Rules” by Resolution #46 of August 11, 2020. These rules encompass the rules for day-ahead and intraday electricity markets, as well as balancing and ancillary services markets. The resolution outlines pricing principles for these markets, the conditions and procedures for registration as a participant, information exchange for trading, placement of applications/bids, and financial settlements. In particular, the period for electricity trading on the day-ahead and intraday markets shall be an hour (60 minutes)

that encompasses hourly determination of price and volume of electricity. Furthermore, the price in the day-ahead market is determined based on the intersection of aggregated supply and demand curves derived from the price and quantity of each bid, marking the point of equilibrium (balance point) that defines the volume and market price of electricity traded on the day ahead market in the concrete hour. The price of electricity on the intraday market shall be determined based on bid price principle which means coupling of bids on sale and purchase based on respective price, volume and period of physical supply. An electricity enterprise which is the member of the balancing group can be a participant on the day-ahead and intraday markets in compliance with “Electricity Balancing and Ancillary Service Market Rules”. The mentioned enterprise shall also have a trading representative certified through an examination organized by the exchange operator. The rules governing the day-ahead and intraday markets also mandate that the exchange operator monitor participant behavior and in the event of violations, promptly report them to the Commission. Additionally, the exchange operator offers technical support to market participants for submitting bids on the exchange, utilizes the European Electricity Market Integration Algorithm (EUTHEMIA) to determine hourly electricity prices as needed, and provides information about the results of trading to participants. It should be noted that the energy exchange operator as a central financial party shall be the party to the contract on purchase and sale of electricity concluded on the energy exchange and shall be responsible for fulfilment of financial liabilities under this contract. Therefore, the energy exchange operator shall ensure reimbursement of costs to the participants for electricity sold, even if the amount paid/financial collateral submitted by respective entities is not sufficient. Thus, to participate in the exchange, the participant is obliged to provide financial guarantees in advance, and for the electricity purchased after the end of the trade, in accordance with the invoices submitted by the exchange operator on the next day, ensure the transfer of the specified amount to the account of the exchange operator, on the basis of which the exchange operator transfers the specified amount in accordance with the invoices submitted to the relevant participants for the sold electricity.

2.3 Licensees in the electricity sector

As of December 31, 2023, 27 licensees are operating in the electricity sector in Georgia, including:

- Generation licensees – 22;
- Distribution licensees – 2;
- Transmission licensees – 1;
- Market operation licensees - 2.

3. The Commission Acts adopted in the natural gas sector for the harmonization with Energy Community acquis

The natural gas market in Georgia comprises both retail and wholesale sectors. Currently, Georgia does not have an organized natural gas market, leading to transactions occurring solely through bilateral agreements within the wholesale market. Suppliers typically import natural gas (or purchase small volumes of locally produced natural gas), which they then resell to other suppliers. At the retail level, suppliers directly supply natural gas to end users. It is possible for a single supplier to operate at both wholesale and retail levels concurrently.

3.1 Natural gas wholesale market

The natural gas market model concept

The Government of Georgia approved the concept of the natural gas market model by Resolution# 447 16 of September 2, 2021 pursuant to Subparagraph “A” of paragraph 1 of Article 129 of the Law of Georgia “On Energy and Water Supply”. This concept outlines the fundamental principles governing the organization and operation of the wholesale natural gas market. It aims to establish a model that fosters an attractive investment climate and enables transparent and competitive markets. This model also seeks to provide consumers with the freedom of choice, both at the wholesale and retail levels, while identifying measures to be implemented for the transition to the target model. The concept outlined the segments and entities within the wholesale natural gas market, allowing any participant to freely trade in their desired segment. According to the law, it was established that to ensure common economic interests (supply security, quality, competitive pricing, environmental protection, energy efficiency, and consumer protection), the Government of Georgia may impose public service obligations on energy enterprises. Public service obligations should minimally impact market liberalization and shall be imposed in accordance with the law, following consultations with the Commission, other competent national authorities, and the Energy Community Secretariat. According to the concept, the establishment and operation date of the natural gas exchange is defined as the moment when the daily balancing obligation for market participants comes into force, as per the rules of the natural gas transmission network. (This balancing issue is regulated by a normative act of the Commission, with the deadline for the obligation set for December 2024).

3.2 Natural gas retail market

The natural gas retail market rules

To regulate relations in the natural gas retail market, the Commission approved the “Regulations of the Natural Gas Retail Market” (hereinafter referred to as the “Natural Gas Retail Market Rules”) on December 28, 2021. Similar to the electricity retail market rules, these regulations reflect the best European practices for governing the relationships between natural gas suppliers and consumers. The natural gas retail market rules encompass rules for natural gas supply, natural gas public service supply, supply of last resort and supplier change. These rules ensure the end user’s right to independently choose a suitable supplier based on the offered supply price and service conditions, which is a prerequisite for the development of a competitive natural gas retail market. The rules of the natural gas retail market establish the rights and obligations of both the natural gas supplier and the end user, the terms and conditions for the supplier to conclude supply contracts with end users (household or non-household), the procedures for modifying contract terms, providing necessary information to the end user, and delivering services. The rules of the natural gas retail market also comprehensively address the requirements of Energy Community legislation by ensuring protection guarantees for household consumers and small enterprises. They regulate the operations of natural gas suppliers providing services as a public utility. Furthermore, these rules establish conditions for last-resort natural gas supply in the event that the end user loses the opportunity to receive natural gas due to the cessation of activity by the natural gas supplier or significant breaches of contractual obligations. The rules of the natural gas retail market include a fast, end-user-oriented, simple, and free procedure for changing suppliers.

Implementing this procedure will facilitate the opening of the natural gas retail market, promoting its dynamism and ensuring active operation.

The natural gas distribution network rules

The “Natural Gas Network Rules” approved by Commission’s Resolution #22 of August 31, 2018 consolidated the regulations governing both the natural gas transportation and distribution networks into a single document. However, under the Law of Georgia “On Energy and Water Supply,” the rules governing the natural gas transmission and distribution networks are two independent acts and the law provides for different procedures for their adoption.

To comply with the requirements set forth in the Law of Georgia “On Energy and Water Supply”, the Commission approved the “Natural Gas Distribution Network Rules” by Resolution # 80 of December 31, 2021 which aim to comprehensively address the matters specified in the law “On Energy and Water Supply” through harmonization with current regulations in the natural gas sector and also promote the most effective implementation of the innovations provided by the law in practice. The “Natural Gas Distribution Network Rules” regulate relationships concerning the distribution of natural gas among the natural gas distribution system operator, suppliers, and end users. They also govern interactions between the natural gas distribution system operator and the natural gas transmission system operator.

The approval of the “Distribution Network Rules “ regulated legal relations pertaining to the natural gas distribution network. These include procedures for connecting new customers to the distribution network, increasing volumes to be connected to the distribution network, temporary connections, meter inspections, prevention of illegal natural gas consumption, and related matters. It is noteworthy that the aforementioned resolution amalgamated regulations pertaining to the distribution network previously outlined in the “ Natural Gas Supply and Consumption Rules” approved by Commission’s Resolution #12 of July 9, 2009 and the “Natural Gas Network Rules,” approved by Commission’s Resolution #10 of August 31, 2018.

Granting approval for disposal of shares/operating assets and merger of companies by the network system operator

The Law of Georgia “On Energy and Water Supply” regulates issues related to the procedures for the disposal of shares/operating assets by the system operator and the company mergers. Specifically, paragraph 1 of Article 16¹ of the Law establishes the obligation for the relevant system operator to notify the Commission in advance if there is an intention to merge the system operator and/or alienate more than 5 percent, or more than 5 percent of shares/stocks, or there is an intention to alienate 5 percent, or more than 5 percent of the total value of operating assets and/or to change the controlling person (ultimate beneficiary) that creates a possibility for a person or a legal entity residing in a third country to exercise control over the system operator and/or operating assets.

3.3. Licensees in the natural gas sector

In 2023, 20 distribution licensees (including the three largest licensees: “Tbilisi Energy” LLC, “SOCAR Georgia Gas” LLC, “SakOrgGaz” JSC) and one transportation licensee (“Georgian Gas Transportation Company (GGTC)” LLC) operated in the natural gas sector.

4. Pricing and Tariff Regulation

The basis for the calculation of electricity tariffs for enterprises subject to tariff regulation in the electricity and natural gas sectors by the Commission is the Law of Georgia “On Energy and Water Supply” and in accordance with the requirements of the same law, the tariff methodologies developed by the Commission and approved by the normative administrative-legal act.

Based on the tariff methodology, the principles of “incentive” (marginal revenue regulation) and “expenditure plus” regulation established in international practice are used for the calculation of electricity tariffs, which ensure the stability of the enterprise’s operation and stimulate the growth of efficiency, reimbursement of reasonable expenses and reasonable profit.

Within the framework of the public service provided by the law, which is imposed by the Government of Georgia upon the enterprise for relevant electricity activity, the Commission is authorized to determine the electricity tariffs for the final consumer served by the public service provider based on the tariff methodology approved by the Commission.

According to the tariff methodologies and regulations approved by the Commission, the tariffs are set for the regulation period and for a specific energy enterprise individually, namely: tariffs are set over a five-year period for distribution and transmission in the electricity sector, tariffs are set for 3 years for hydropower plants subject to public service obligation. In case of thermal power plants guaranteed capacity fee is set annually (for 1 year period), guaranteed capacity source generation tariff is set monthly, based on actual data, in case of suppliers subject to public service obligation tariffs are set also for one year period.

5. Unbundling of Activities

To ensure the proper implementation of one of the most important principles of the Third European Energy Package—the unbundling of transmission system operators—the Commission approved the Transmission System Operator (TSO) Certification Rules by Resolution N9 of March 27, 2020. These rules define the basis, procedures, and deadlines for the unbundling of the transmission system operator. The resolution aims to establish the prerequisites for the effective unbundling of transmission system operators and the mechanism for controlling their performance, which is essential for the development of competitive energy markets. Additionally, the resolution provides grounds for the refusal of certification and initiating the certification procedure again.

In accordance with the Law of Georgia “On Energy and Water Supply”, the Commission oversees the certification of the transmission system operator and ensures its compliance with the requirements of independence and unbundling of activities.

Commission’s Resolution N39 of July 16, 2020 on Approval of the Distribution System Operator Unbundling Rules

According to the Law of Georgia “On Energy and Water Supply”, the distribution system operator, which is part of a vertically integrated enterprise, must be independent, at least in terms of legal form, organizational arrangement, and decision-making, from other activities that do not relate to the distribution activities. The “Distribution System Operator Unbundling Rules”, approved by Commission’s Resolution N39 of July 16, 2020, describe in details the legal, functional (management), account unbundling, and independence requirements, as

well as the related procedures for the distribution system operator. The Resolution applies to distribution system operators in the electricity and natural gas sectors. In addition, the Resolution outlines the requirements for the development, implementation, submission, acceptance, and publication of the compliance program by the distribution system operator. It also defines the activities of the compliance officer.

6. Water supply sector regulatory legislation

The water supply activity involves the utilization of a potable water supply system and/or wastewater system, the supply of potable water to water consumers, and/or a wastewater system within a specific water supply and/or wastewater system(s). The potable water supply entails the supply of potable water to water consumers through a potable water supply system.

The water supply sector has been regulated by the Commission since 2008. According to the Law of Georgia “On Water User Organizations”, the activity of the primary water user was also added to the scope of regulation of the Commission, within the scope of which the competence of the Commission includes the approval of the methodology for determining the tariffs for the services provided by the primary water user and the determination of the tariffs for the services provided, approving the rules of water supply, to the primary water user and water user organization/ dispute review between other water users. Regulation is carried out on the basis of the law of Georgia “On Energy and Water Supply” and the by-laws adopted by the Commission, in particular, the “The Drinking Water Supply and Consumption Rules” approved by the Commission’s Resolution #32 of November 26, 2008.

The Drinking Water Consumption Rules governs relationship between drinking water suppliers and consumers during sale, purchase, supply and consumption of drinking water using drinking water supply system. Provisions established under present Rules shall be binding for the persons engaged in drinking water supply and/or consumption. The rules define the supplier’s responsibility for provision of adequate services and water supply to consumers through water supply system.

Pursuant to the Rules, the seller undertakes the responsibility to supply the buyer with drinking water in compliance with active legislation, present Rules and with terms and conditions of this contract, and the buyer undertakes the responsibility to pay the fee for the water received and comply with terms and conditions defined under active legislation, present Rules and the Contract. The rules ensure the safe, reliable, and efficient operation of water supply systems and the provision of related services to all users of these systems.

The Commission regularly monitors the compliance with the licensing conditions of water supply licensees, employing various methods, including reviewing the reports submitted by licensees to the Commission.

On July 29, 2021, the Commission adopted Resolution #36 approving the “Rules for Investment Appraisal in the Water Supply Sector”. One of its primary objectives is to establish criteria for assessing the core activities of water supply licensees and to approve both their current levels and target indicators.

When choosing the criteria, the Commission drew upon the best global practices, (the International Water Association (IWA)), as well as considering the current situation and challenges within the field. As a result, 11 key indicators were identified, namely:

- Index of quality of supplied drinking water (DWPQ) according to which the quality of drinking water supplied to consumers by licensee enterprises is assessed;
- Index for defining the drinking water supply coverage area (DWCA) according to which the coverage area of the drinking water utilization supply network of the individual licensee enterprise in the territorial unit of its operation is evaluated;
- Index of drinking water supply based on a restricted schedule (CS) according to which the continuity of drinking water supply to consumers by the water supply enterprise (schedule) is assessed;
- Index for defining the waste water service coverage area (WWCA) according to which the coverage area of the water supply network of a separate licensee enterprise in the territorial unit of its operation is evaluated;
- Index of quality of the liquid discharged into water reservoirs by means of the waste water sewerage system (WWPQ) according to which the conformity of liquid discharged into water reservoirs by a separate water supply licensee enterprise with the norms currently enforced in Georgia is evaluated;
- Index of fire hydrant coverage (FH). The mentioned indicator assesses the coverage area of fire hydrants on the network of water supply licensees;
- Index of accidents on drinking water pipelines (DWPB). This indicator evaluates the number of incidents that occurred on the drinking water pipelines of the water supply licensee enterprise (per 100 km, annually);
- Index of accidents on waste water pipelines (WWPB). This indicator evaluates the number of incidents that occurred on the waste water pipelines of the water supply licensee enterprise (per 100 km, annually);
- Drinking water infrastructure leakage index (ILI). The indicator estimates the volume of drinking water loss in the drinking water supply systems of water supply licensee enterprises;
- Service staff productivity index (SPI); This indicator evaluates the number of personnel employed by water supply licensees relative to the volume of a specific water supply system;
- Drinking water distribution pipelines' flexibility index (WPFI). This indicator evaluates the number of consumers whose services are interrupted in the event of one damage, considering the current condition of the network of the individual water supply licensee.

The mentioned criteria are determined prior to submitting the investment plans by the licensees to the Commission. Accordingly, under the “Rules for Investment Appraisal in the Water Supply Sector”, licensees are required to consider the criteria defined by the Commission when drafting their investment plans and ensure that their investments address areas aimed at enhancing the current level of service.

Similar to the electricity and natural gas sectors, enterprises operating in the water supply sector, which are subject to tariff regulation, also base their tariff calculations on the Law and the tariff methodology developed by the Commission. This methodology is approved by the normative administrative-legal act in accordance with the Law and the tariff methodology,

and it is based on the “incentive” (marginal revenues) regulation approaches recognized by international practice and principles. The tariff methodology aims to safeguard consumers from monopoly prices while also ensuring the protection of investors’ interests, stable operation, reimbursement of reasonably incurred expenditures, and the opportunity to make fair profits.

Based on the mentioned tariff methodology, tariffs are set for a three-year period. Consequently, the potential for considering forecasted data in the tariff is also defined, including capital expenditures (annual depreciation and surpluses on regulated assets) for each tariff year on investments, according to established rules (investment plans), shall be approved by the Commission Decision and implemented in the relevant tax year. The tariff methodology includes provisions for adjusting tariffs for the next tariff adjustment period based on the investments actually implemented.

6.1. Licensees in the water supply sector

As of December 31, 2023, 8 water supply licensees are operating in the water supply sector in Georgia. Out of the licensees operating in the water supply sector, 1 is a state-owned company, 5 are municipal companies and 2 are privately owned companies.

7. Licensing and Technical Regulation

Commission’s Resolution #22 of May 27, 2020 on the “Rule of Notification on Licensing and Informing About Energy Activities”

By Resolution #22 of March 27, 2020, the Commission approved the “Licensing Rules” and the “Rule for Informing About Energy Activities” which establish a regulatory framework for the authorization of energy activity license seekers and energy enterprises performing unlicensed energy activities. The purpose of the Resolution is to ensure a transparent and effective licensing process, as well as to define a simple notification procedure for energy enterprises performing unlicensed energy activities.

According to the Law of Georgia “On Energy and Water Supply”, the Commission issues licenses for the following energy activities: electricity generation, electricity/natural gas transmission, electricity/natural gas distribution, electricity/natural gas market operation, natural gas storage system operation, operation of liquefied natural gas facilities and water supply.

The Commission’s resolution determined the procedure for applying to the Commission by the license seeker, a comprehensive list of the documents to be submitted by the license seeker to the Commission, the Commission’s powers and the obligations of license seekers during the application review process, requirements to ensure transparency in the licensing process and other matters related to reviewing applications and issuing licenses. Furthermore, the Resolution approved the license form to be issued by the Commission and the license conditions for activities subject to licensing. Based on this Resolution, the by Commission’s Decision N45/8 of June 25, 2020, the license application forms for energy and water supply activities, as well as notification forms for energy activities were approved. In addition to licensing matters, the ‘Rule for Notification on Energy Activities’ approved by the Resolution also delineated the procedure and content of the notification to the Commission regarding small capacity power plant and supply and/or trading activities.

Commission's Resolution #63 of December 9, 2020 "On the Approval of the Rules for Determining, Calculating and Payment of Regulatory Fees"

The Commission approved the 'Rules for Determining, Calculating and Payment of Regulatory Fees' by the Resolution #63 of December 9, 2020, which determined the amount of the regulation fee for the payers of the regulation fee, the method of its calculation and the terms of payment. According to the Resolution, the regulated enterprises have the obligation to submit a forecast of their activity volume for the following year to the commission by September 15 each year. In addition, information on the total (charged) income of the regulated service and/or product delivered/provided during the reporting month is submitted to the Commission every month.

8. Dispute Resolution Mechanisms

Based on Article 29 (1) (k.c) and Article 155 of the Law of Georgia "On Energy and Water Supply", one of the main functions of the Commission is to resolve, within its competence, the disputed issues between enterprises and consumers and between enterprises themselves, as well as to review and resolve the requests of enterprises concerning the deferral of the deadlines established by the law for the connection of new consumers to the distribution network.

The Commission's Resolution #24 of June 4, 2020 approved the "Dispute Settlement Rules", the purpose of which is to determine the procedures for reviewing disputes arising between enterprises, as well as between consumers and enterprises, and to define a unified legal standard for reviewing disputes related to the legality of imposing an administrative penalties and/or charging fees by enterprises for administrative offence facts provided for in Articles 96¹ and 149 of the Administrative Offenses Code of Georgia. The resolution also envisaged a new procedure for the Commission to review disputes - adjudication without an oral hearing, aiming to expedite and efficiently resolve disputes while conserving time and administrative resources. Under this Resolution, the Commission will address disputes through a streamlined administrative process without oral hearings, unless the Commission deems it necessary to hold an oral hearing on its own initiative. On June 11, 2020, based on the "Dispute Settlement Rules", the Commission issued Decision N43/6, specifying the disputed matters to be discussed at the oral hearing.

The Commission is independent in resolving disputes and adheres solely to the legislation of Georgia. It resolves the disputed issue impartially, in full compliance with the requirements of the law. Although the Office of the Energy Ombudsman operates independently of the Commission, the protection of consumers' interests remains an important function of the Commission. Therefore, when reviewing and resolving disputes, the Commission strives to implement its functions in full compliance with the legislation. The Commission, as a result of reviewing the dispute, issues an individual administrative-legal act - a Decision. In addition, the administrative proceedings on a number of disputed issues are terminated by an individual administrative-legal act of the Commission's apparatus - a Letter.

CHAPTER II. QUANTITATIVE RESEARCH RESULTS

(Regarding the regulation of the electricity, natural gas, and water supply sectors)

Respondents from different target audiences from the Samegrelo-Zemo Svaneti region and Tbilisi were interviewed within the project. The basic method of the quantitative component was a survey, the main tool of which was a standardized questionnaire. An online survey form Google Forms was used to collect quantitative data.

The survey covered topics related to the regulation of the electricity, natural gas, and water supply sectors, focusing on identifying key trends, challenges, and needs within these areas. A total of 217 respondents participated in the survey.

In terms of gender representation, 57% of the respondents were men and 43% were women. The survey targeted all age categories from 18 years old, with the majority of respondents, specifically 63%, being between the ages of 30 and 50.

To determine the key trends, challenges, and needs in the regulated sectors of electricity, natural gas, and water supply in the Samegrelo-Zemo Svaneti region and Tbilisi, the responses from specific groups were analyzed separately:

- **The first group** included representatives from regulated companies in the electricity, water supply and natural gas sectors, as well as local self-government from the Samegrelo-Zemo Svaneti region.
- **The second group** comprised energy experts, academic professionals, and media representatives.

66% of respondents from **the first group** (the Samegrelo-Zemo Svaneti region) did not participate in GNERC's public meetings, but they frequently receive updates through GNERC's website or Facebook page.

A large part of the respondents, which is 92%, are satisfied with the effectiveness of the regulatory norms in the electricity, natural gas, and water supply sectors. Overall, 97% of them expressed a high level of satisfaction (rating their experience with 4 or 5 points on a scale of 1 to 5 with 5 being the highest and 1 the lowest). Specifically:

Diagram #1. Level of Satisfaction with the Effectiveness of Regulatory Norms



61% of respondents (from Samegrelo-Zemo Svaneti and Tbilisi) identified the availability of customer services, including online platforms and hotlines and timely response as the most important factor for effective relations with customers in the electricity, natural gas, and water supply sectors. Additionally, 60% of respondents from both regions emphasized the importance of quick and effective resolution of customer complaints and requests.

Furthermore, 59% of respondents (from Samegrelo-Zemo Svaneti and Tbilisi) believe it is crucial to inform citizens about the regulation of various utility issues, specifically:

Diagram #2. How important it is to inform citizens regarding the regulation of various types of utility issues (Samegrelo-Zemo Svaneti)



In response to the question regarding which agency is responsible for informing citizens about the resolution of various communal issues, 36% of respondents in Samegrelo-Zemo Svaneti identified local self-government, 35% named the utility company, and 28% pointed to the Commission.

Diagram #3 Who is responsible for raising citizen awareness, and which agency addresses communal issues? (Samegrelo-Zemo Svaneti Region)



According to 64% of respondents, infrastructure poses the primary challenge for municipalities in Tbilisi and the Samegrelo-Zemo Svaneti region in terms of utility services, while 24% identify the lack of modern technologies as significant.

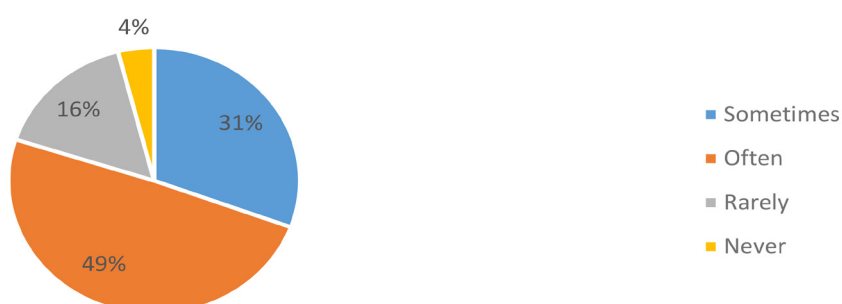
Specifically, within the Samegrelo-Zemo Svaneti region, 42% of respondents cite infrastructure as the main challenge, followed by 30% mentioning the lack of modern technologies, and 28% noting the increase in demand for services:

Diagram # 4 The main challenge in terms of utility services (the Samegrelo-Zemo Svaneti region)



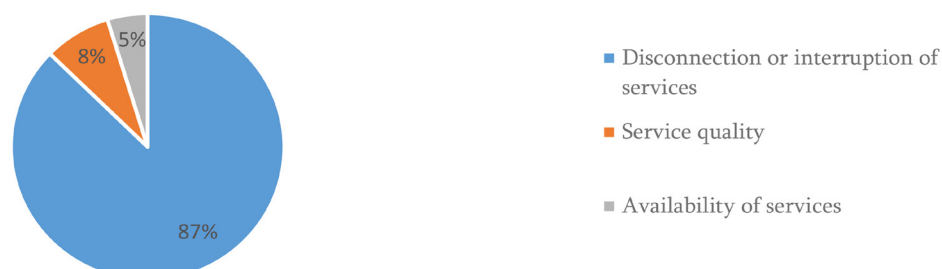
Meanwhile, the survey results from respondents in the Samegrelo-Zemo Svaneti region (utility companies and self-government) were significant. When asked about the frequency of citizens' requests regarding specific utility issues that may not fall within their competence, half of the respondents in Samegrelo-Zemo Svaneti, 50%, indicated that citizens often seek assistance despite the issue not being under their direct jurisdiction.

Diagram #5 the frequency of requests regarding utility issues (the Samegrelo-Zemo Svaneti region)



Regarding the reasons for customer complaints, the majority of respondents from Samegrelo-Zemo Svaneti, 87%, cite issues related to disconnection or interruption of utility services. Another 8% mention concerns regarding service quality, while 5% of respondents from Samegrelo-Zemo Svaneti highlight issues related to the availability of services.

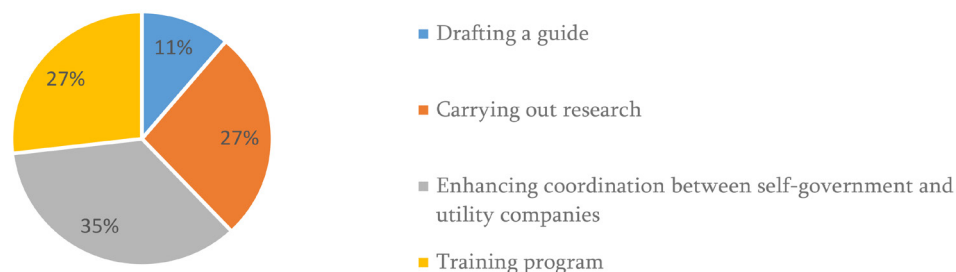
Diagram #6. The most frequent reasons for customer complaints (Samegrelo -Zemo Svaneti region)



To improve utility services in the Samegrelo-Zemo Svaneti region, 35% of respondents suggest enhancing coordination between local self-government and utility enterprises.

The respondents' views were equally divided on the necessity of conducting research on the needs of local self-government and utility companies in public utility services, as well as developing training programs for local self-government officials and utility company employees.

Diagram #7. Needs to improve utility services(Samegrelo-Zemo Svaneti)

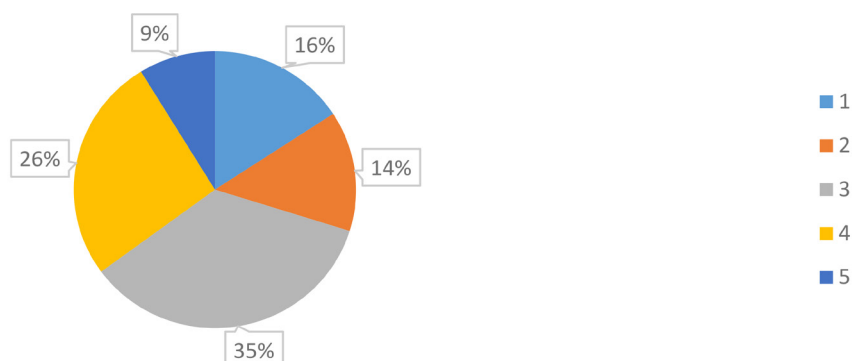


The second group in the study comprised representatives from the media, experts in energy issues, and members of the academic community.

Regarding their familiarity with the Commission's mission and strategy, 77% of respondents indicated they know these documents well or very well (rated 4 or 5 points).

In terms of awareness about the regulatory acts of the Commission, the majority of respondents, 35%, rated their awareness at 3 points:

Diagram #8. Awareness of Commission Acts



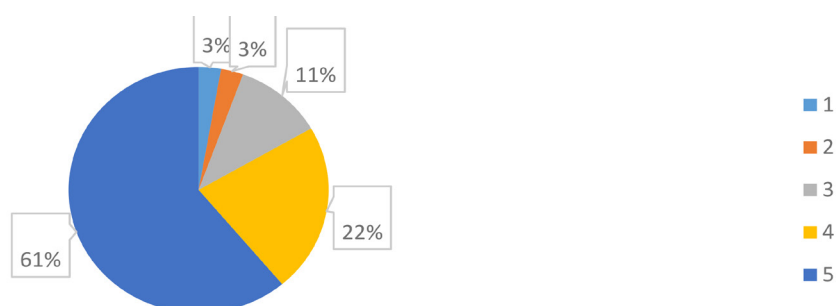
In addition, 37% of the respondents are aware of the Commission's annual reports, while 19% are not informed, and 44% have partial awareness. However, 70% are informed about articles, studies, and news related to the regulation of electricity, natural gas, and water supply issues:

Diagram #9. Being familiar with articles, studies and news



It's noteworthy that 58% of the respondents contacted the Commission regarding issues in the regulated sectors (with 42% not applying accordingly), and the majority of them—specifically 61%—rated the service received with the highest score:

Diagram #10. Satisfaction with the Commission's services



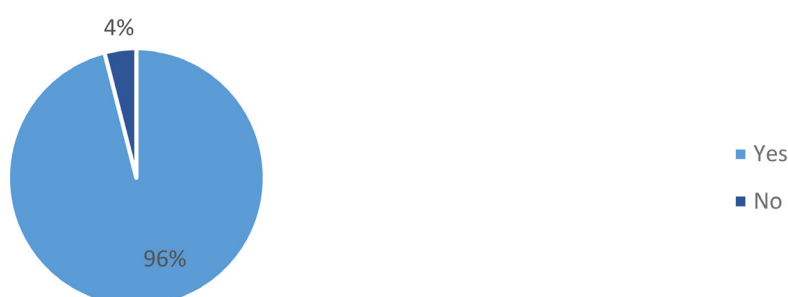
61% of the respondents stated that they did not participate qualification-raising activities related to the regulation of electricity, natural gas, and water supply:

Diagram #11. Participation in qualification-raising activities



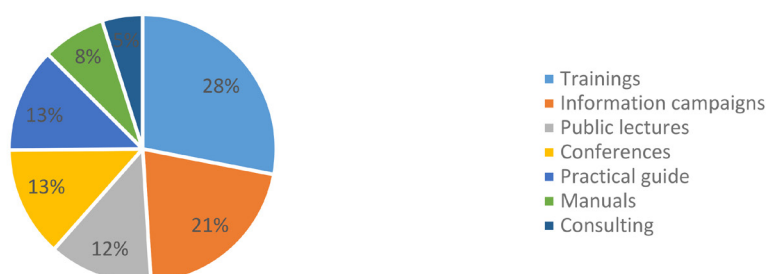
95% of the over 200 surveyed respondents (from Samegrelo-Zemo Svaneti and Tbilisi) expressed a desire to receive more information about the regulation of electricity, natural gas, and water supply. Similarly, among the respondents specifically from the Samegrelo-Zemo Svaneti region, 96% indicated their interest in receiving more information about the regulated sectors:

**Diagram #12. Receiving more information about regulated sectors
(in the Samegrelo-Zemo Svaneti region)**



21% of the respondents believe that the best way to achieve this goal will be through information campaigns, while the majority, 28%, prefers conducting relevant trainings. In particular:

Diagram #13. Additional Measures for Information And Qualification Raising



Key trends identified as a result of the quantitative research

- Nearly all respondents, 95% (from Samegrelo-Zemo Svaneti and Tbilisi), expressed a desire to receive more information on the regulation of electricity, natural gas, and water supply issues;
- Analysis of the quantitative research results revealed that the Commission's regulatory norms were deemed highly effective by 92% of respondents, and overall satisfaction was rated as high by 97%;
- 61% of respondents identified the availability and timely response of customer services, including online platforms and hotlines, as the most crucial factor for effective customer relations in the electricity, natural gas, and water supply sectors. Additionally, 59% emphasized the importance of promptly addressing customer complaints and requests with effective solutions.
- 50% of the respondents from the Samegrelo-Zemo Svaneti region (utility companies and self-governments) report frequent appeals from citizens concerning specific utility issues, even if these issues may not fall within their jurisdiction.
- 64% of respondents identify infrastructure as the primary challenge facing municipalities in Tbilisi and the Samegrelo-Zemo Svaneti region regarding utility services, while 24% cite a lack of modern technologies.
- 42% percent of respondents identify infrastructure as the primary challenge faced by municipalities in the Samegrelo-Zemo Svaneti region in terms of communal services, while 30% highlight the lack of modern technologies.
- The basis for customer complaints, according to 87% of respondents from Samegrelo-Zemo Svaneti, is the termination or delay of utility services.
- The majority of respondents, comprising 35%, advocate for enhancing coordination between local self-government and utility enterprises. Additionally, conducting pertinent research and developing training programs in this regard are deemed crucial measures (27% - 27%).
- 35% of experts in media and energy issues, along with representatives from academic community, are very familiar with the Commission's mission and strategy, while 26% know them well.
- The research uncovered that 37% of respondents get to know about the Commission's annual reports, while 70% stay informed about articles, studies, and news related to the regulation of electricity, natural gas, and water supply sectors.
- Concerning issues within regulated sectors, 58% of respondents have approached the Commission, with a majority giving the highest rating to the services received.
- Trainings were favored by 28% and information campaigns by 21% as the most popular activities for enhancing knowledge and qualifications among the respondents.

CHAPTER III. RESULTS OF QUALITATIVE RESULTS

(Regarding the regulation of the electricity, natural gas, and water supply sectors)

Qualitative research was conducted with the target audience, specifically representatives from regulated companies and self-governments within the energy, natural gas, and water supply sectors of the Samegrelo-Zemo Svaneti region.

In the focus group format, the discussion was conducted according to a pre-developed discussion plan. Using this method, it became possible to study the disposition and attitudes of the target audience towards the research issue. It's worth noting that participants in the focus group demonstrated considerable interest and active engagement throughout the process.

The following main issues were proposed to the representatives of the focus group:

- How do you perceive the influence of the existing regulatory framework on customer satisfaction within the utility sectors in your region?
- Could you elaborate on the primary challenges that your company/municipality encounters in the realm of utility service? How do these challenges impact customer service and overall satisfaction?
- From your perspective, what are the top 2-3 concerns based on your experience currently affecting the regulated electricity, natural gas, and water sectors in your region?
- Companies and self-governments, please outline the specific challenges you encounter in coordinating activities within your respective competences.
- How do you propose to enhance cooperation between companies and self-governments to improve the effectiveness of delivering reliable, affordable, quality, and sustainable utility services to consumers?
- Have customers contacted you regarding utility issues that fall outside your jurisdiction? Please discuss the measures you plan to implement in such instances.
- Please discuss what additional steps the regulator should take to better meet the needs of municipalities, utility companies, and consumers effectively?
- Please share the specifics of recent regulatory changes that have impacted your company's or municipality's operations and customer service.
- What approaches do you employ to communicate with users/citizens and understand their needs and concerns (e.g., surveys, meetings, online platforms)? How effective are these approaches in resolving customer issues?
- What recommendations do you have for enhancing collaboration between the regulatory body, utility companies, and municipalities? Please explore mechanisms for improving cooperation among municipalities, the Commission, and regulated companies to better tackle sector challenges.

Key findings and trends identified as a result of conducting qualitative research

In terms of the main trends, challenges and needs in the regulated sectors of electricity, natural gas and water supply, the following directions have been identified:

- Representatives of regulated companies and self-governments in the Samegrelo-Zemo Svaneti region, specifically in the electricity, natural gas, and water supply sectors, highlighted smooth interaction in their operational activities within their respective competencies.
- Participants in the study reported highly positive experiences in their interactions with the Commission. They acknowledged that the current regulatory framework positively impacts customer satisfaction in the region and enhances the operations of utility sector companies.
- According to representatives of regulated companies and self-governments, they consistently address consumer inquiries by providing written responses and clarifications. However, consumers frequently seek further clarification on specific regulatory matters. As assessed by these representatives, there is a need to enhance consumer awareness and provide additional information on certain issues (such as tariff regulation approaches and deadlines for required works, etc.) within the existing regulatory framework. The research identified a lack of sufficient awareness regarding regulatory issues among consumers.
- The study participants observed that citizens frequently approach local self-government bodies regardless of whether the issue falls within their jurisdiction or that of the company.
- Some focus group participants highlighted recurring issues during various types of work, which can potentially damage company systems, leading to service interruptions, deteriorated service quality, and increased network loss rates. According to self-government representatives, these problems may stem from certain types of work that do not necessitate permits and these problems may be related to the implementation of such types of work.

There was significant interest expressed in the need for information on regulatory issues. Specifically, interest was noted in the following types of events:

- Arranging regular meetings to discuss accumulated issues related to regulatory topics.
- Increasing awareness and providing additional information to consumers regarding specific issues within the current regulatory framework.
- Enhancing awareness and providing additional information to consumers about the roles, responsibilities, and coverage areas of regulated companies, self-governments, and the Commission in the energy, natural gas, and water supply sectors.

CHAPTER IV. CONCLUSIONS AND KEY TRENDS

- The majority of participants in the study, 95% (from the Samegrelo-Zemo Svaneti region and Tbilisi), expressed a strong desire to receive more information regarding the regulation of electricity, natural gas, and water supply issues, underscoring the timeliness and importance of the conducted study.
- Overall, 97% of respondents gave high evaluations for the efficiency and satisfaction level of the Commission's regulatory norms. This indicates effective performance by the Commission.
- In cases where respondents apply to the Commission regarding issues in regulated sectors, they consistently give the highest assessment to the services received from the Commission. This reflects a high standard of handling issues by the Commission.
- The participants in the study assessed that the current regulatory framework positively impacts both customer satisfaction and the operations of companies within the utility sector. This portrayal presents the Commission as an effective agency implementing fair and balanced policies.
- In the Samegrelo-Zemo Svaneti region, citizens frequently contact companies and self-governments regarding utility service issues (particularly regarding interruptions and delays (87%)). The identified challenges of insufficient infrastructure and lack of modern technologies, as highlighted by the respondents, underscore the ongoing relevance of utility service issues in the region.
- The survey of respondents (including utility companies and self-government) in Samegrelo-Zemo Svaneti revealed that citizens often approach them about utility issues that fall outside their purview. This situation underscores the importance of implementing additional measures to educate citizens about which specific agency to contact for various utility problems.
- Trainings and information campaigns emerged as the most crucial measures for enhancing knowledge and qualifications among the respondents. Therefore, there is a significant emphasis on expanding initiatives that support the implementation of activities in this direction.
- To improve utility services, there is a need to strengthen coordination through regular meetings between self-government bodies and utility companies. Additionally, there is a call for developing training programs aimed at increasing understanding and qualifications related to the regulation of electricity, natural gas, and water supply issues.
- The majority of respondents highlighted the availability and timely response of customer service, including online platforms and hotlines, as crucial mechanisms for effective customer interaction in the electricity, natural gas, and water supply sectors.
- There was an identified need to enhance awareness and provide additional information to users about specific issues (such as deadlines for work performed by regulated companies, and the functions and duties of regulated companies, self-governments, and the Commission, etc.).
- Experts working on energy issues and representatives from the academic community expressed a strong desire to receive more information regarding the regulation of electricity, natural gas, and water supply issues.



გამომცემლობა „უნივერსალი“

თბილისი, 0186, ა. პოლიტეკოსკიას 4, ☎: 5(99)33 52 02; 5(99) 17 22 30

E-mail: universal505@ymail.com; gamomcemlobauniversali@gmail.com

ISBN 978-9941-33-827-4



ELIZBAR ERISTAVI
ENERGY TRAINING CENTER



ISBN 978-9941-33-827-4



entc.ge 