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HIGH-LEVEL CONFERENCE
**EU ENERGY COOPERATION
WITH THE EASTERN NEIGHBOURHOOD
AND CENTRAL ASIA**

Celebrating the 20 years of the INOGATE Programme
and preparing for the new stage



“The Georgian experience of the electricity market design”

Georgia

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Session No. : Energy markets and tariffs

Overview

- 1. A brief presentation of the organisation
- 2. From Current to the Next (The problem)
- 3. INOGATE's intervention (assistance provided in developing a solution)
- 4. The situation today (Results / Impact)
- 5. Take away message (lessons learned)

ESCO – Brief Information

Goals:

- Maintain transparency in the electricity (capacity) wholesale trading
- Sustain financial stability
- Improvement of investment climate

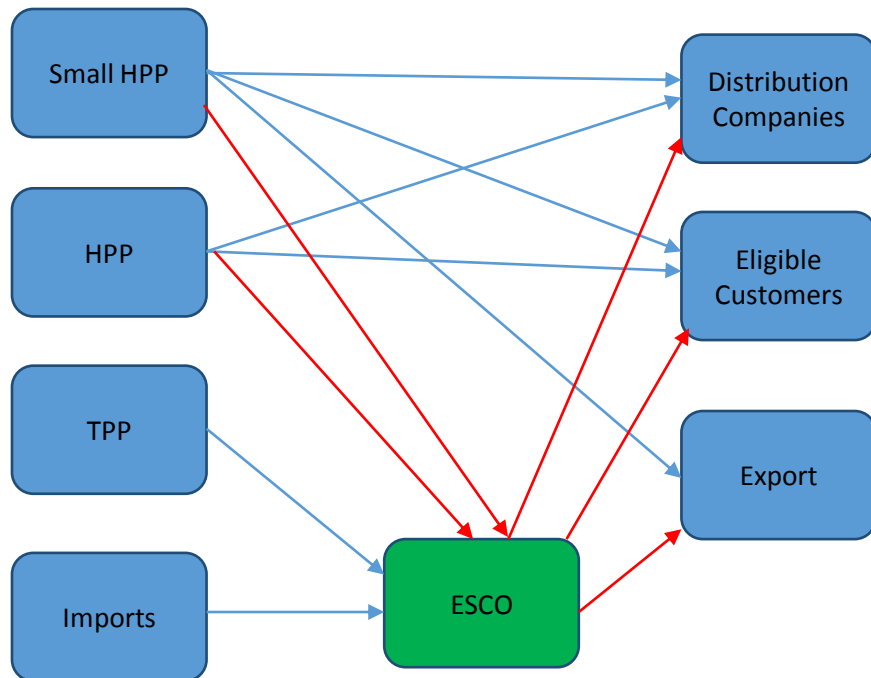


Functions:

- Registration of Eligible Entities
- Calculate and provide necessary information on the volumes traded through the Direct Contracts
- Calculate volumes for Balancing with respective Settlement
- Entering into medium and long-term contracts on import/export
- Guaranteed capacity trade
- Building and maintaining unified database for the wholesale trade
- Building and maintaining unified register of metering
- Metering system inspection

2. From current to the next

- As of today the market is organized based on the Direct Contracts and balanced through ESCO
- Generators grouped in accordance to their tariff structure
- Trading and Settlement within one month period



- Local investments and construction of new HPPs as well as cross- border transmission line open the way to interact with external markets

- Approximation with the 3rd Energy package with the need to introduce

-the concept of full customer choice

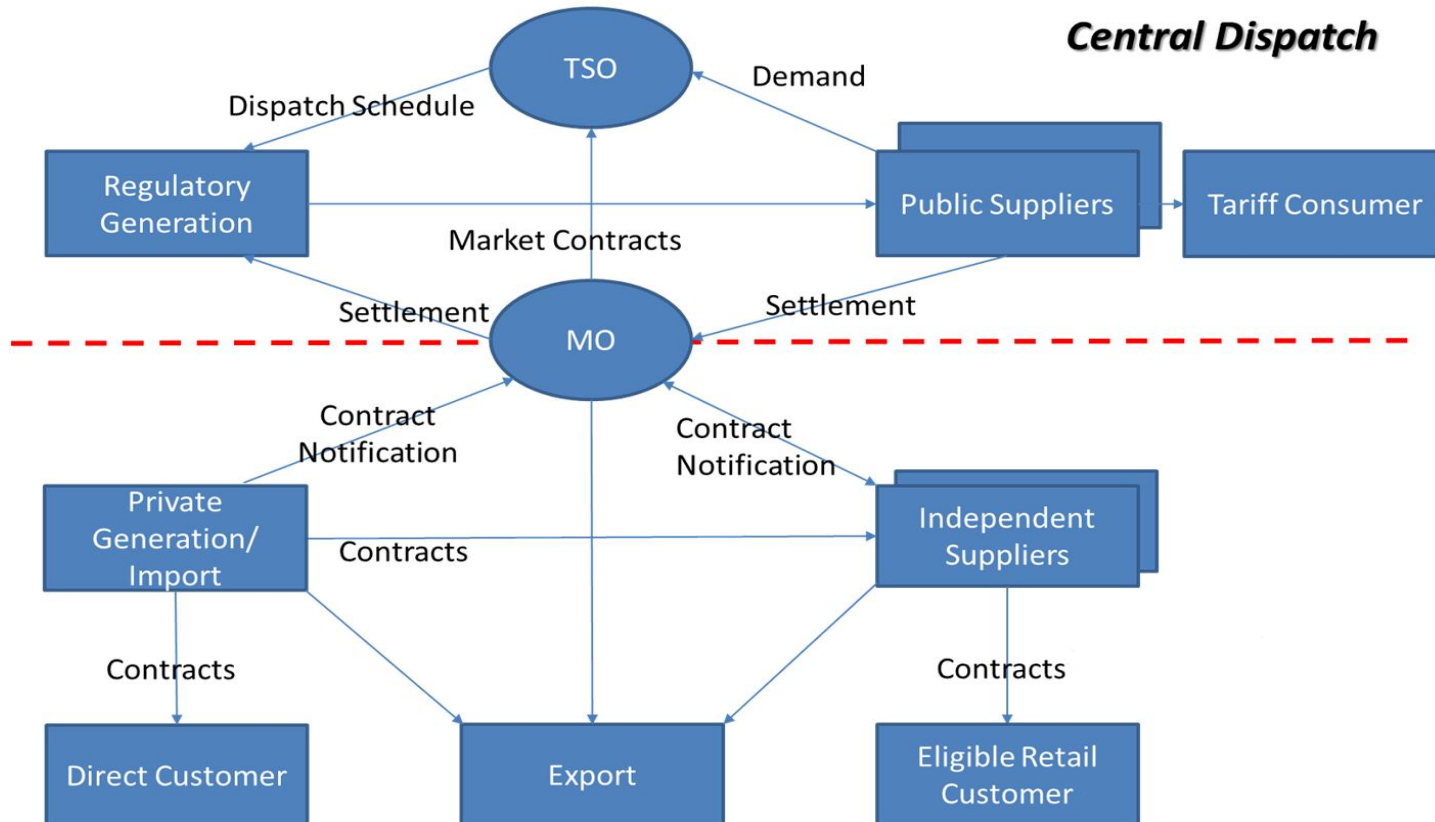
- commercially unrestricted 3rd Party access to transmission network

- Unbundling Distribution and Supply to allow 3rd party access to the distribution network

Providing that the implementation of the Acquis is performed in a manner that permits to control the risks for participants in terms of trading and for retail customers in terms of impact on tariffs

3. INOGATE's intervention

- By applying an Ad-Hoc Expert Facility the expert was engaged to produce the Report on the Development of the new market model.
- **THE OFFERED new market design** envisages a hybrid model with two parallel markets: a centrally dispatched segment with regulated price controls serving the shielded consumers while allowing competition on an initially small but growing competitive segment



4. The situation today (Results/Impacts)

- As of today the consultation on the Market Model development are ongoing
- The Report produced through the Ad-hoc facility is considered to be valuable in terms of providing the guidance on the main directions of the market reformation
- Due to peculiarity of the system the offered model can not be transferred in full but the concept of opening market gradually with the operation of two market in parallel is one of the parts to be considered in the current discussions

5. Take away message

Through the cooperation with INOGATE Ad-Hoc facility:

- opportunity to review the experiences of the different markets while working with the expert
- attending conferences with regional participation
- Information sharing
- Flexible facility to comfort our requirements in the given timeframe
- INOGATE project team efficiency

Thank you!

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