

FINAL

INOGATE Technical Secretariat Country Work Plan: Georgia

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Abbreviations and acronyms

AA	Association Agreement
AHEF	Ad Hoc Expert Facility
AP	Action Plan
CWP	Country Work Plan
DCFTA	Deep and Comprehensive Free Trade Area
DCI	Development Cooperation Instrument
E & G	Electricity and Gas
EE	Energy Efficiency
EnC	Energy Community
EnCS	Energy Community Secretariat
ECT	Energy Community Treaty
ENPI	European Neighbourhood Partnership Instrument
ESAP	Energy Statistics Action Plan
EU	European Union
GE	Georgia
GEOSTAT	Georgian Agency of Statistics
GNERC	Georgian National Energy Supply and Water Regulatory Commission
GOGC	Georgia Oil and Gas Company
GSE	Georgian State Electric System
INO GATE	Energy Cooperation between the EU, the Littoral States of the Black & Caspian Seas and their Neighbouring Countries
ITS	Inogate Technical Secretariat
LNG	Liquefied Natural Gas
PC	Partner Country
RES	Renewable Energy Sources
RM	Road Map
SCADA	Supervisory Control and Data Acquisition
SE	Sustainable Energy
SWMCG	Solid Waste Management Company of Georgia
TA	Technical Assistance
TJ	Tajikistan
TSO	Transmission System Operator

Section 1 Introduction

The overall purpose of the Country Work Plan (CWP) for the project period February 2015 – April 2016 is to define the INOGATE activities to be carried out based on the explicit requests of the Partner Country (PC) and the experience of experts. This document outlines the ITS analysis of the needs and priorities of the countries and the proposed ITS strategy and rationale for intervention.

The proposed activities presented here take into account the bilateral and trade agreements of the EC and the PC as well as other EU projects and the activities of other donors in a PC.

This country work plan has been drafted by ITS in consultation with the Partner Country and the European Commission.

INOGATE is an EU regional cooperation instrument, that is based on inter and intra-regional cooperation of Partner Countries and capacity building, focusing on the following areas:

- Technical and regulatory advice on energy security, energy markets efficiency and development;
- Implementation of energy efficiency and renewable energy policies;
- Energy and economic planning through the use of improved energy statistics;
- Facilitating energy efficiency and renewable energy investments;

The ITS provides short or medium-term technical assistance in these areas at regional and country level.

Section 2 Energy policy of Georgia

The government's main energy policy directions, based on analysis by ITS experts, are:

- To attract foreign direct investments in the hydropower sector in order to phase out thermal generation and subsequent energy imports;
- To meet the total domestic electricity demand by Georgian hydropower;
- To export excess electricity to neighbouring markets;
- To liberalize the electricity market, promote cooperation in developing cross border trade in electricity and market convergence; and
- To establish measures for energy efficiency.

The main documents of the policy and regulatory framework of Georgia, identified by ITS experts are¹:

- The Law on Electricity and Natural Gas (1997) with amendments.
- The current energy strategy and policy of 2006: "Main Directions of State Policy in the Power Sector of Georgia". The strategy is in the process of being updated to cover the period till 2030.
- The State Programme "Renewable Energy 2008", with the Georgian Energy Development fund (GEDF) to facilitate investments in renewables.

The relationship with the EU on energy, including the EnC:

¹ Details are provided in "Country Report: Georgia October 2014."

- Georgia became an observer of the Energy Community (EnC) in December 2007 and an applicant for full membership in February 2013.
- In July 2014 Georgia signed the EU-Georgia Association Agreement (AA) and the Deep and Comprehensive Free Trade Area (DCFTA) agreement.

Based on the ITS Strategy the priorities for the cooperation between Georgia and INOGATE for the period 2015-2016 are shown in Table 1 ²:

Table 1: Priorities of the Georgia-ITS cooperation for 2015-2016

Priorities
Tariff reform
Improvement of the regulatory framework
Improvement of market rules
Cross border trade
Improvement of standards
SE policy improvement
EE in the building sector
RES mapping
Energy data collection
Energy balances

Section 3 Achievements of the Georgia-ITS cooperation

Georgian representatives have actively participated in regional seminars and study tours, listed in Table 2: Completed regional activities in 2011-2014 of the Regional Work Plan, as well as in national INOGATE activities, listed in Table 2. In addition to completed activities, Table 2 also contains ongoing activities, to which the INOGATE project is already committed.

The Ministry of Energy of Georgia officially acknowledged that the assistance and support of INOGATE facilitated its progress towards full membership of the EnC.

Table 2: Completed and ongoing activities of the Georgia-ITS cooperation in 2011-2014

Implemented/ongoing Activities	Results	Impacts	Areas
ELECTRICITY AND GAS			
Review and analysis of internal electricity market models and proposal for a new model in compliance with the 3 rd Energy Package of the EU.	Recommendations on new electricity market design for Georgia (step by step approach) and paper of lessons learned in	In the medium to long term a functional internal electricity market in a manner	Regulatory Issues/Market Rules

² To the best knowledge of the ITS Project there are no overlaps with other donors.

Implemented/ongoing Activities	Results	Impacts	Areas
Providing EU experience and lessons learned in implementation of 3 rd energy package (AHEF.80/81.GE, ongoing).	EU from implementation of 3 rd energy package.	coherent with the provisions of the EU third package.	
Establishing Technical Committees (TCs) to support the harmonisation of standards (AHEF.33.GE, completed).	TCs were established.	Ability to harmonise international standards in electricity and gas and develop national standards.	Harmonization of Electricity and Gas standards and Codes
AHEF.122.GE (ongoing). Training of Georgian State Electric system(GSE) to undertake its future Transmission System Operator (TSO) responsibilities with a focus on internal network strengthening and cross-border operations.	GSE staff trained to operate as TSO. Guidelines to develop a 10 year transmission network development plan.	GSE operates as a TSO, improved cross-border trade in the region. Increased reliability of electricity supply.	Cross-border trade of electricity and gas
Support to adopting 117 gas priority standards and 137 electricity priority standards.	The first step in the implementation of European gas and electricity standards in Georgia: Adoption by the Endorsement Method of 117 gas priority standards and 137 electricity priority standards.	Modernisation of electricity and gas networks, increased opportunities in trade with EU companies due to harmonised standards.	Harmonization of Electricity and Gas standards and Codes
AHEF.74,75,76.GE (completed) <ul style="list-style-type: none"> • Training in cathodic protection system design. • Training and assistance in automatic assessment of pipelines ('unpiggable') • Training and Certification of Georgia Oil and Gas Company (GOGC) staff in construction supervision and pipeline testing and commissioning. 	About 15 participants trained on maintenance and control of (unpiggable) pipelines. and construction supervision of gas infrastructure.	Increased safety of gas infrastructure, reliability of gas supply.	Efficiency of Electricity and Gas Infrastructure
Reviewing the safety, security and integrity of gas transmission systems. Included seminar and a field visit. Proposing a methodology of risk	Guidelines to develop the methodology of risk assessment has been proposed.	Reduced number of accidents. Improved efficiency of infrastructure (reduced gas	Efficiency of Electricity and Gas Infrastructure

Implemented/ongoing Activities	Results	Impacts	Areas
assessment. (AHEF.037.GE, completed).		losses).	
Introduction and exchange of experience regarding the operation of modern gas metering devices, as well as their maintenance and metrological support (state inspection) in countries with a significant experience in this area (AHEF.35.GE/AHEF.27.TJ, completed).	Methodologies and procedures established for measuring and recording gas flows in accordance with European standards.	Reduction of gas losses, increasing metering accuracy, increased revenues from sales of gas.	Efficiency of Electricity and Gas Infrastructure
SUSTAINABLE ENERGY			
AHEF.051.GE, completed: Training of the Ministry of Energy and Natural Resources (MENR) on EU Directives and Legally Binding Obligations in the area of Sustainable Energy under the Energy Community Treaty.	Ministry staff has been trained on the EU Directives and Legally Binding Obligations.	GE becoming more prepared to apply the EU Directives and Legally Binding Obligations.	Development of sustainable energy policies and strategies
AHEF.049.GE, completed: Training of bank staff (loan officers, investment specialists) in financing of SE, EE/RES, and risk management, project development and feasibility assessment.	27 employees of the Bank of Georgia trained in assessment and financing of SE projects.	Increased investment in EE and RE solutions.	Investment facilitation
AHEF.096.GE, completed: Training of the Solid Waste Management Company of Georgia in introduction of applicable methods for assessing landfill gas potential at existing dumpsites.	26 employees of the Solid Waste Management Company of Georgia trained in the assessment of the landfill gas potential.	Options for investment in utilisation of landfill gas have been assessed.	Investment facilitation
ENERGY STATISTICS			
Developing an Energy Statistics Action Plan (ESAP 2012 - 2014).	ESAP developed and endorsed.	Improved data collection and analysis.	Energy statistics system improvement
Two TA missions to initiate and support the activities defined in the ESAP, including checking data availability for the new concept.	Questionnaires for different data providers adjusted to the circumstances in Georgia.	Improved institutional framework for energy statistics.	Energy statistics system improvement

Implemented/ongoing Activities	Results	Impacts	Areas
Technical assistance in developing energy statistics system and model for energy data collection, based on ESAP.	Established procedures for collection of energy data from coal, natural gas, crude oil and petroleum products, electricity and heat and renewable sources.	Increased capacity of GEOSTAT to collect and compile energy statistics and balances harmonised with European and international standards.	Energy statistics system improvement
Technical assistance in developing methodology and structure of energy balance compilation, based on ESAP.	Established structure and methodology for energy balance compilation.	Increased capacity of GEOSTAT to collect and compile energy statistics and balances, harmonised with European and international standards.	Energy statistics system improvement
Technical assistance for the development of IT support for energy data collection, based on ESAP	Established IT system for energy data collection: on-line and by post.	Increased capacity of GEOSTAT to collect and compile energy statistics and balances, harmonised with European and international standards.	Energy statistics system improvement
Technical assistance in the evaluation and verification of data collected during 2014 and assistance in the compilation of integrated energy balance and filling five energy questionnaires for 2013, based on ESAP.	Improved system for energy data collection. First integrated energy balance compiled. Five joint IEA/EUROSTAT questionnaires completed.	Increased capacity of GEOSTAT and MENR to collect and compile consistent and reliable energy statistics and harmonisation of with international standards	Energy statistics system improvement
Technical assistance in development of methodology for natural gas monthly statistics, based on ESAP.	Methodology for monthly natural gas statistics developed.	Increased capacity of GEOSTAT to collect and compile energy statistics and balances harmonised with European and international standards.	Energy statistics system development
Conducted national meeting	Support provided to	Increased	Energy statistics

Implemented/ongoing Activities	Results	Impacts	Areas
with key energy stakeholders on the importance of energy statistics for policy and decision making and appropriate division of labour and data sharing.	the policy decision makers in development of the legal and institutional framework for energy statistics and energy system planning.	awareness on the importance and use of official statistics for policy and decision making.	system development

Section 4 Work Plan for Georgia-ITS cooperation

As an overall strategic approach ITS intends to support the national priorities set out in section 2, including the priorities included in the Georgia - EU Association Agreement and the DCFTA requirements of the Energy Community to which Georgia has applied officially, as well as other priorities. Due attention is also paid to ongoing technical assistance including from other donors. This is ensured by coordination meetings with the beneficiaries and donors currently providing Technical Assistance (TA) in Georgia.

Emphasis will be given to those areas of intervention which are in line with the scope of work of the ITS project and those that bring tangible impact and results and have no duplication with other EU programmes and bilateral donors and are in line with the new INOGATE strategy.

The top priority planned national activities for the extension period February 2015 - April 2016 are listed in Table 3, and the secondary activities are listed in Table 4.

Table 3: Top priority planned activities for the Georgia-ITS cooperation in 2015-2016

Reference numbers	Activities	Expected results	Expected impact	Areas
ELECTRICITY AND GAS				
AHEF.118.GE (ToR under preparation)	Workshop on "Gas Infrastructure and EN 1594	Experience of using EN 1594 in EU has been communicated to the GE gas industry experts. Guidelines how to use EN 1594 in GE have been produced.	Safety of the gas infrastructure in GE is secured. Modernisation of gas infrastructure.	Harmonization of electricity and gas standards and codes
CWP.03.GE	Assistance with the implementation of the "Action Plan on Harmonisation of Standards and Codes in Electricity and Gas Sectors of Georgia": a) Seminar on electricity standards b) Update the list of revised gas standards. c) Preparation the	Implementation of the "Action Plan on Harmonisation of Standards and Codes in Electricity and Gas Sectors of Georgia"	Harmonisation of gas and electricity standards to reduce and subsequently eliminate existing technical barriers.	Harmonization of electricity and gas standards and codes

Reference numbers	Activities	Expected results	Expected impact	Areas
	draft of RM and AP for GOGC			
CWP.04.GE	Workshop on accessibility and implementation of international technical regulations and standards in the oil and gas sectors	Beneficiaries will receive recommendations regarding the issues of accessibility to technical regulations and standards of the EU countries, and will acquire skills in its practical application.	Promoting market integration, implementation of modern technologies and creation of favorable investment conditions.	The fundamental European standards have already been adopted by some countries in the region. However, its implementation is delayed due to the inaccessibility of the secondary documents, i.e. technical regulations and standards of the EU countries (e.g., Germany) and the lack of knowledge and skills of its practical application.
CWP.06.GE	Support in defining the mechanism of capacity allocation on interconnectors at the Georgian-Turkish border (for electricity).	Procedures for capacity allocation adopted.	Increased cross-border trade.	Cross-border Trade of Electricity and Gas.
CWP.08.GE	Support to GOGC in inline inspection of newly constructed pipelines (pigging), including advice to the GOGC on preparation of tenders.	Procedures on pigging adopted and tender documents improved.	Network losses of gas reduced, security and reliability of gas supply increased.	Efficiency of Electricity and Gas Infrastructure
CWP.09.GE	Improving the procedures on cross-border metering stations and upgrading the SCADA system of the transmission network.	The cross-border metering stations and the SCADA system operate according to set criteria.	Reduction of gas losses in the cross-border trade.	Efficiency of Electricity and Gas Infrastructure.
SUSTAINABLE ENERGY				
CWP.11.GE – change title to AHEF.097.GE	AHEF.097.GE, ToR sent to EC – Technical assistance in formulation of secondary legislation for Renewable Energy (RE) and related	Secondary legislation on RE development.	New wind farms constructed.	Development of sustainable energy policies and strategies.

Reference numbers	Activities	Expected results	Expected impact	Areas
	procedures for the development of wind farm projects. ECT requirement.			
CWP.14.GE	Development of a concept, strategy and action plan for an information centre on Sustainable Energy (SE), assistance in setting up the centre and development of communication materials, training of staff.	Concept, strategy and action plan developed; SE info centre established.	Increased awareness of EE and RE solutions.	Investment facilitation
ENERGY STATISTICS				
CWP.16.GE	TA in the calculation of RES share and CO2 emissions for 2014. Calculation of the share of energy from RES will be performed in line with Directive 2009/28/EC and SHARE tool. Calculation of CO2 emission from stationary and mobile energy sources will be performed in line with IPCC* methodology developed under UNFCCC.	Model/tool for annual monitoring and evaluation of RES shares established. Model for monitoring and evaluation of the CO2 emissions established.	Increased use of energy statistics for RES policies and programmes planning. Increased use of energy statistics for planning and implementation of CO2 mitigation measures.	Energy statistics system improvement
CWP.18.GE	Technical assistance in further development of energy statistics system: 1. revision of the questionnaires for energy data collection and assistance in the compilation of energy balance for 2014. 2. development of statistics on the energy prices based on Directive 2008/92/EC on transparency of	Improvement of the methodologies for energy data and energy prices data collection and compilation. Improved accuracy of energy balance.	Increased harmonisation of energy statistics with international standards.	Energy statistics system improvement

Reference numbers	Activities	Expected results	Expected impact	Areas
	energy prices.			
CWP.19.GE	Assistance in development of Standard Documentations (Quality Reports) for energy statistics and energy balances.	Energy statistics and methodologies applied available to energy data users.	Increased use of energy data for energy system planning and other national activities and policies.	Energy statistics system improvement

Table 4: Secondary priority planned activities for the Georgia-ITS cooperation in 2015-2016

Reference numbers	Activities	Expected results	Expected impact	Areas
ELECTRICITY AND GAS				
CWP.01.GE	Technical assistance for designing the electricity market (following AHEF.80/81.GE) including preparation of activity plan (stage 1) and roadmap for later stages (stages 2-4).	Roles and responsibilities of market players determined. Plan of actions adopted.	Liquidity and efficiency of the electricity market increased without affecting the end consumer prices.	Regulatory Issues/Market Rules
CWP.02.GE	Support to GNERC to develop the methodology of setting gas distribution tariffs. ECT requirement.	Methodology developed for setting gas tariffs in line with the EU principles.	Distribution network is upgraded Gas tariffs are competitive.	Development/review of tariff methodologies.
CWP.07.GE	Support to Georgian State Electric System to become a fully functional TSO. Follow-up on AHEF.122.GE.	Non-discriminatory 3 rd party access and security of supply is assured.	Increased trade of electricity.	Cross-border Trade of Electricity and Gas
SUSTAINABLE ENERGY				
CWP.10.GE – change title to AHEF.123.GE	AHEF.123.GE, ToR is being drafted – Development of action plan on the implementation of Directive 2010/31/EC “On energy efficiency in buildings” in the Georgian legislation framework.	Action plan for EE in buildings approved by the Government of Georgia.	Enhanced EE in buildings.	Development of sustainable energy policies and strategies.
CWP.15.GE	Assistance in the improvement of SE investment climate.	Development of recommendations on SE investment	Legislation for sustainable energy	Investment facilitation.

Reference numbers	Activities	Expected results	Expected impact	Areas
		climate and legislation improvement, e.g. lending conditions, banking regulations, tariff settings, fiscal incentives and institutional infrastructure.	financing improved.	
ENERGY STATISTICS				
CWP.17.GE	Technical assistance in development of the methodology for electricity and coal monthly statistics.	Improved methodologies for monthly energy statistics.	Improved energy planning and support to the monitoring security of energy supply.	Energy statistics system improvement