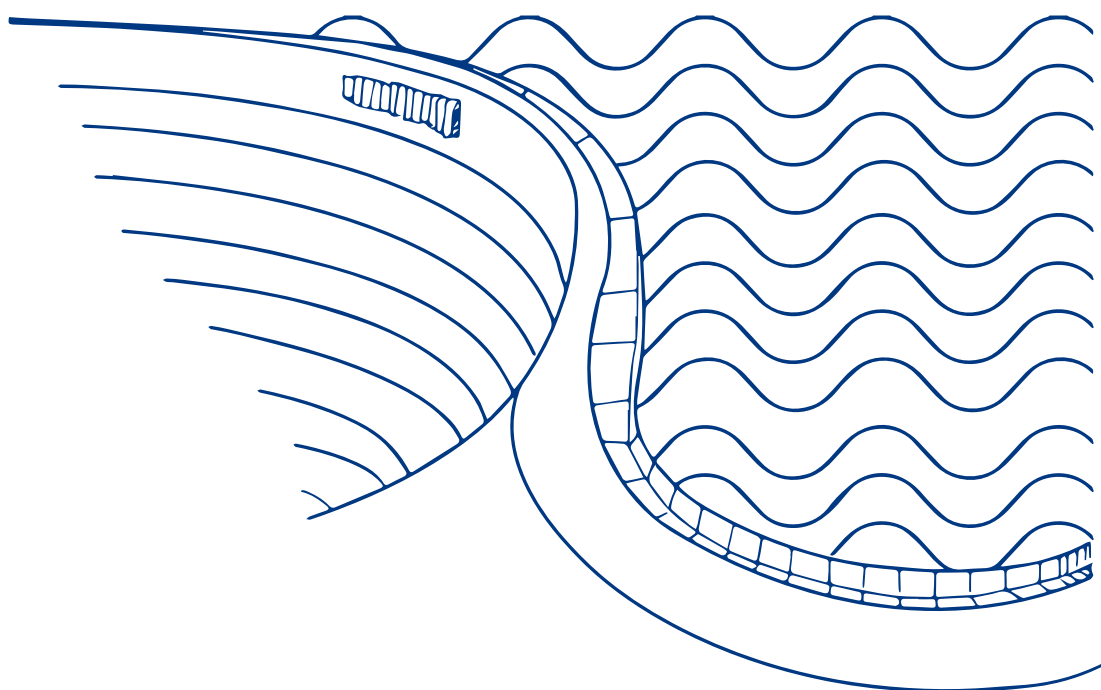


Georgia

Annual Implementation Report

1 November 2021





Georgia

Summary Implementation

Summary Indicators	Transposition Assessment	Implementation Status	Descriptions
 Electricity		 66%	Implementation in the electricity sector of Georgia is well advanced.
 Gas		 25%	Implementation in the gas sector of Georgia is at an early stage.
 Oil		 15%	Implementation in the oil sector of Georgia is yet to begin.
 Renewable Energy		 39%	Implementation in the renewable energy sector of Georgia is still at an early stage.
 Energy Efficiency		 51%	Implementation in the energy efficiency sector of Georgia is moderately advanced.
 Environment		 58%	Implementation in the environment sector of Georgia is moderately advanced.
 Climate		 57%	Implementation in the climate sector of Georgia is moderately advanced.
 Infrastructure		 3%	Implementation in the infrastructure sector of Georgia is yet to begin.
 Statistics		 98%	Implementation in the statistics sector of Georgia is almost completed.
 Cybersecurity		 38%	Implementation in the cybersecurity sector of Georgia is still at an early stage.



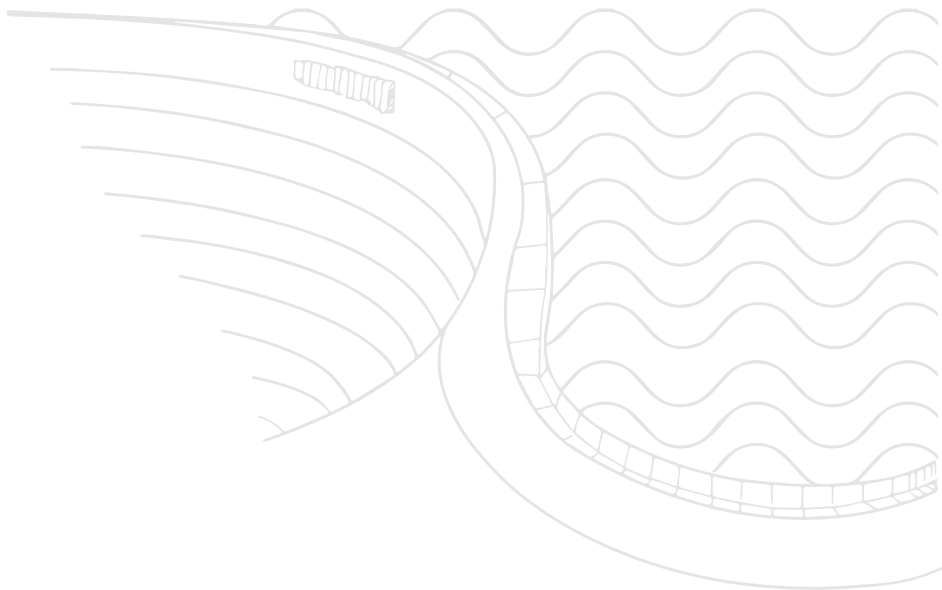
Georgia

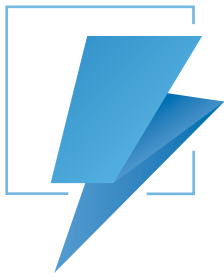
State of Energy Sector Reforms

Georgia's pace of reform in the energy sector is still remarkable, despite certain set-backs during the reporting period. The establishment of an organized power market had to be moved to the end of 2021, and the full unbundling of transmission system operators in both electricity and gas is still pending. Distribution unbundling in the power sector was achieved, however, and

a gas exchange is established following the adoption of a gas market concept. A prominent dispute over the fate of one large hydropower project during 2021 has put the question of the future energy mix of Georgia on the agenda, and investment in hydropower in particular.

Georgia is the only Contracting Party that is not (yet) directly interconnected with other Parties. Its power sector is mainly based on hydropower. The system is synchronized with Azerbaijan and Russia. Depending on the season, electricity is either exported or imported from its neighbours, including Turkey. The country hosts important gas and oil pipelines for the Southern Corridor. It is dependent on gas imports from Azerbaijan (dominantly) and Russia (marginally). In terms of solar and wind energy, the country's potential is yet to be tapped. Georgia also plans to further increase its hydropower capacities.





Electricity Implementation

Electricity Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			The certification of the transmission system operator depends on the proper allocation of management rights by 31 December 2021. Unbundling of distribution system operators was completed.
Access to the system			Connection fees and network tariffs are published. Connection Codes and the Transparency Regulation are transposed and implementation has started. Electricity distribution network rules were adopted during this reporting period.
Wholesale market			The launch of day-ahead, balancing and ancillary services markets was postponed to 2022. GENEX and GSE are running joint testing in preparation for their timely launch. REMIT has been transposed.
Retail market			Deregulation of production (HPPs below 50 MW) and large customers (an average consumption of more than 0,4 million kWh per month and connected to the 35 - 110 kV voltage level) continued as scheduled under the Electricity Market Concept Design.
Regional integration	n/a	n/a	Georgia is not interconnected with other Contracting Parties or EU Member States. Thus, no regional integration at the Energy Community level is taking place at present.

Georgia continues to build on the progress achieved by the adoption of the Law of Georgia on Energy and Water Supply on 20 December 2019.

According to the decision of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) of 1 April 2021, the electricity transmission system operator GSE was certified and licensed by GNERC in May 2021. GNERC took into account the Secretariat's Opinion and gave a deadline to GSE to ensure compliance with the ownership unbundling model by 31 December 2021.

The unbundling of the two distribution system operators has been completed. Energo Pro and Telasi continue performing solely distribution activities, while two universal suppliers EP Georgia Supply and Telmiko, respectively serve customers outside and within Tbilisi. Compliance officers are yet to be appointed. Both suppliers were appointed to act also as suppliers of last resort.

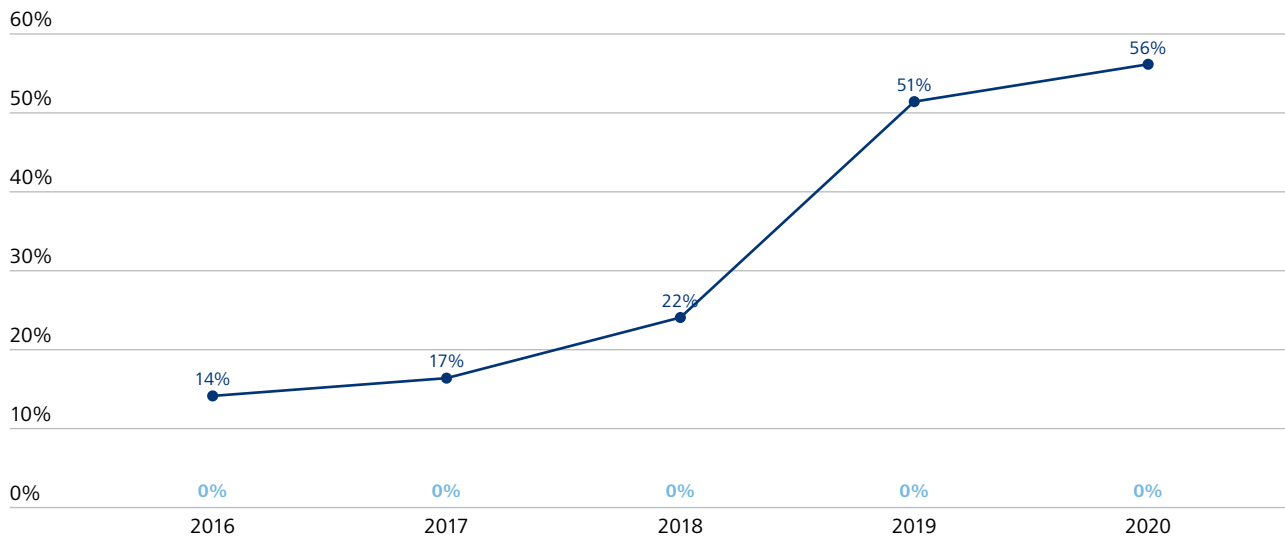
The Connection Network Codes were transposed and entered into force on 1 July 2021. General principles on congestion

management, including the use of congestion revenues, have not been implemented yet. Capacity allocation is implemented only on the borders with Turkey but in a non-compliant manner. In June 2021, GNERC approved the distribution network rules. The Transparency Regulation was transposed, yet so far only a limited number of data is published on the ENTSO-E Transparency Platform.

GNERC approved Rules for Energy Market Monitoring and Reporting on 30 March 2021, thus transposing the REMIT Regulation.

By Resolution of the Government of Georgia of 31 May 2021, the opening of day-ahead, balancing and ancillary services markets was postponed until 1 January 2022. Market operators have developed a joint plan of activities to be implemented from 1 July 2021 to 1 January 2022. GNERC has adopted a resolution approving the measures to be applied in the transitional period until market opening, including necessary simulations of the market. Electricity undertakings that are obliged to trade on the exchange in accordance with the Electricity Market Model Concept Design should be registered as day-ahead market par-

Retail Market Opening



- Supply to active eligible customers in % for Georgia
- Supply to active eligible customers in % for the Energy Community (weighted average %)

Source: Ministry of Economy and Sustainable Development, compiled by the Energy Community Secretariat

ticipants before 17 December 2021 and arrange their balance responsibility with the electricity transmission system operator by 15 October 2021.

Hydropower plants with capacity below 50 MW were deregulated from 1 January 2021. In addition, from 1 July 2021, large consumers with an average consumption of more than 0,4 million kWh per month connected to the 35 - 110 kV voltage level entered the free market (both wholesale and retail).

The regulation on protection of vulnerable customers in the electricity sector has not been adopted yet.

Until Georgia has a physical interconnection with the EU or the Energy Community electricity markets, a derogation from cross-border cooperation rules applies. At this stage, there is no coordinated capacity allocation of cross-border capacities with neighbouring countries, except bilateral cross-border capacity allocation on the interconnectors with Turkey.



Georgia Gas

Gas Implementation

Gas Indicators	Transposition Assessment*	Implementation Status	Descriptions
Unbundling			In 2021, certification of Georgian Gas Transportation Company was refused by the regulator. Small distribution licensees serving less than 100.000 customers are exempted from unbundling.
Access to the system			The Natural Gas Network Rules adopted in 2018 ensure transparent and non-discriminatory third party access.
Wholesale market			There is no virtual trading point and all contracts are concluded bilaterally for the long term. The Government adopted the Natural Gas Market Concept, which foresees the establishment of a natural gas exchange and an OTC auction platform until December 2022.
Retail market			Eligibility rights are formally granted but competition at retail level depends on unbundling of distribution system operation. End-user gas prices remain regulated for households and thermal generation, and are deregulated for the commercial sector.
Interconnectivity			Georgia is only connected with third countries and exempted from the application of the Energy Community gas acquis at interconnection points. It submitted its first natural gas Security of Supply Statement in August 2021.

Georgia's main progress in reforming the gas sector was the adoption of the Law of Georgia on Energy and Water Supply. Two years later, the country needs to accelerate the adoption of secondary acts and implement the Law in practice. For the regulation of interconnection points, exemptions apply until 2026. They benefit also the South Caucasus Pipeline and the North South Gas Pipeline.

The state-owned transmission system operator, Georgian Gas Transportation Company (GGTC), applied for certification to the regulator GNERC in June 2021 under the independent system operator model. This was followed by the establishment of a daughter company of the incumbent supplier and importer GOGC, Georgian Natural Gas Transmission Network Owner (GNGTNO). However, mainly due to the absence of a lease agreement and a failure of Georgia to ensure separation between public bodies controlling competitive and network related activities, GNERC refused to certify GGTC. Delays are expected in the unbundling of distribution system operators.

Georgia is exempt from performing capacity allocation on the interconnection points. However, third party access to the national network is not affected by that exemption. The introduction of an entry/exit tariff methodology is not yet in place. The REMIT Regulation was transposed through the adoption of the Rules for Energy Market Monitoring and Reporting by GNERC.

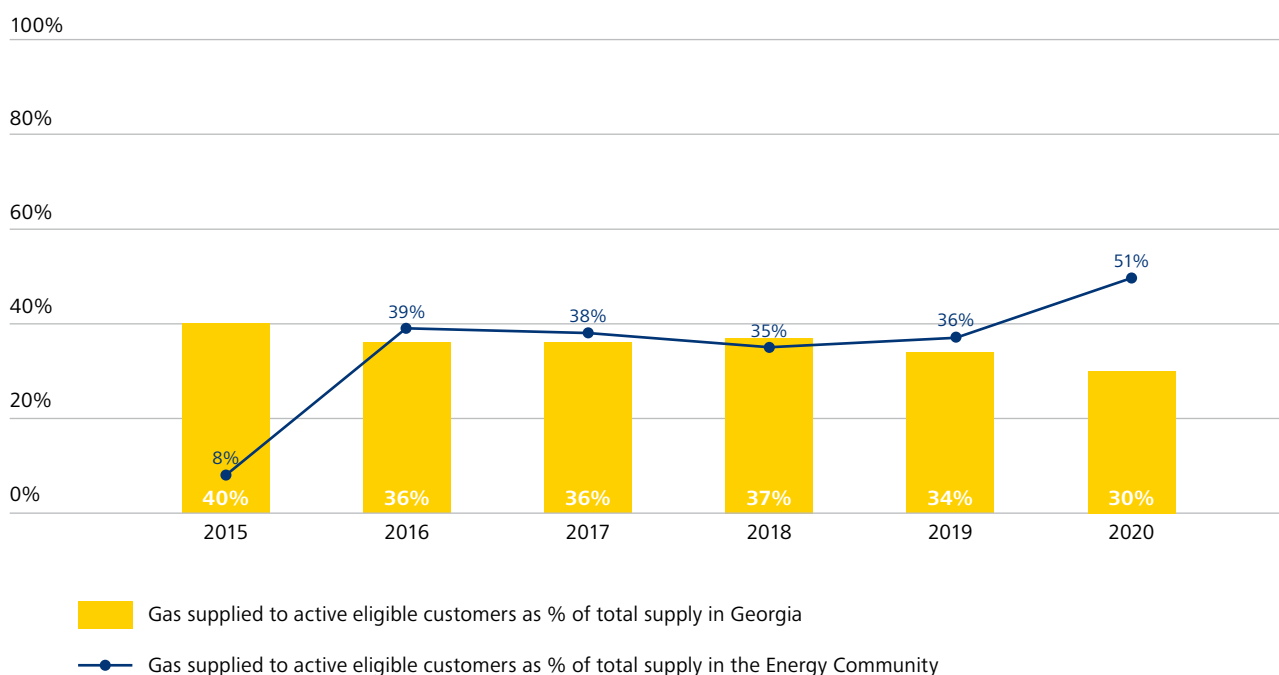
The Government adopted a Natural Gas Market Concept on 2 September 2021. It envisages market-based price formation, but also the imposition of public service obligations for a limited period of time. The public service obligation mechanism is currently being drafted. Wholesale prices are deregulated for the commercial sector including industry and small enterprises. The commercial sector, although under unregulated prices, suffers from non-transparent price formation which affects its competitiveness. There is no virtual trading point in Georgia.

A Memorandum of Understanding (MoU) between the Ministry in charge of energy, the Secretariat, EBRD, GOGC and GGTC was signed in July 2021 with the goal to establish a natural gas exchange and an over-the-counter (OTC) auction platform. The natural gas market operator company, Georgian Gas Exchange LLC, was established on 15 October 2021 as a subsidiary of GOGC and GGTC. The development of a well-functioning natural gas exchange could diversify Georgia's gas market and provide opportunities for increased trading. Georgia is a net importer of gas, and the intergovernmental agreements keep the wholesale and retail gas markets illiquid and foreclosed.

Households in need of special treatment due to their status or health condition are subject to social programmes and additional protection by the Government. Rules on the protection of vulnerable customers in the natural gas sector are missing.

Georgia is in the process of developing several by-laws at present. It transposed the security of supply acquis in the Law and is expected to adopt the Rules on Security of Natural Gas Supply by the end of 2021. Georgia has also submitted its first Security of Supply Statement to the Secretariat in August 2021.

Retail Market Opening



Source: Georgian National Energy and Water Supply Regulatory Commission (GNERC), compiled by the Energy Community Secretariat

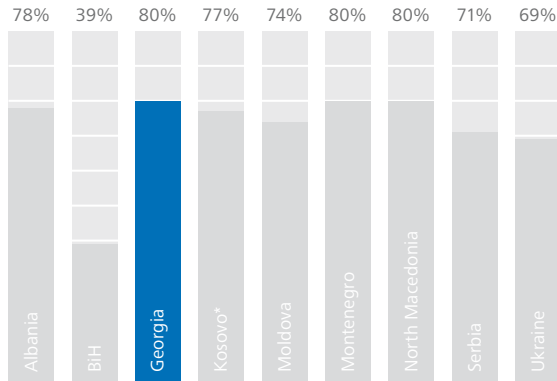


Georgia

National Authorities



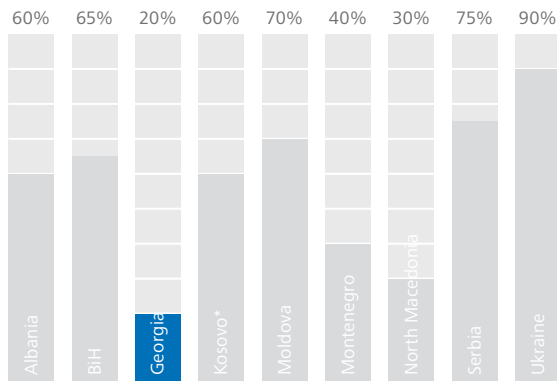
Regulatory Authority



The Georgian National Energy and Water Supply Regulatory Commission (GNERC) demonstrated profound technical expertise and independent execution of responsibilities. The transposition of the REMIT Regulation into the national market rules and adoption of criteria based on which derogations from the electricity Network Codes can be granted prove the regulator's commitment to align the regulatory framework with requirements of the acquis. However, rules for designation of a NEMO are still pending.



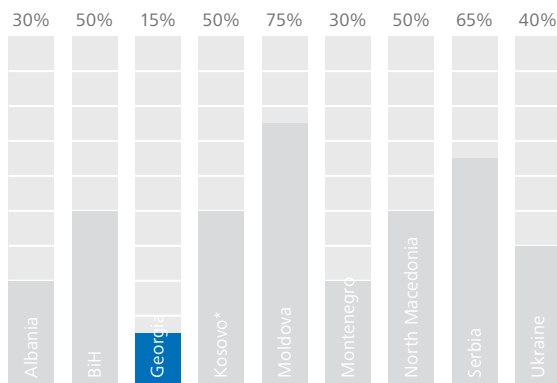
Competition Authority



While the Competition Agency is responsible for the enforcement of competition law in general, the energy regulatory authority, GNERC, is responsible for its enforcement in the electricity and natural gas sectors. In the reporting period, amendments to the Law on Competition were adopted, improving cooperation between the Competition Agency and GNERC and strengthening the effective enforcement of competition law. GNERC has never pursued a case based on infringements of competition law.



State Aid Authority



The amendments to the Law on Competition adopted during the reporting period further aligned the definition of State aid with Article 18 of the Treaty. However, the amendments did not address the lack of obligation to notify any aid measure for approval before it is granted. Furthermore, the authority does not have the power to render a negative decision and require recovery. Also the grounds of compatibility are not fully aligned with the State aid acquis. Enforcement of the State aid acquis in the energy sector is lacking since neither the Competition Agency nor GNERC consider themselves to be competent.



Oil Implementation

Oil Indicators	Transposition Assessment	Implementation Status	Descriptions
Stockholding obligation		<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	Georgia does not have emergency oil stocks. The remaining open issues with the current draft of the Oil Stockholding Act concern the identification of the commercial operators which should be required to maintain the stocks and lack of storage facilities. If the law is adopted within 2021, Georgia could still partially meet the stockholding obligations by the 1 January 2023 deadline, while full implementation will require a minimum period of five years.
Emergency procedures		<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	Currently, there are no procedures in place to release emergency oil stocks. Under the draft Act, the Minister in charge of oil has the authority to release by decree the stocks in case of a supply disruption.
Fuel specifications of petrol, diesel and gas oil for non-road mobile machinery (NRMM)		<div style="width: 60%;"><div style="width: 60%;"></div></div> 60%	The December 2020 Decree allows sulphur content in petrol of up to 10 ppm and introduces additional specification improvements, including with respect to the sulphur content in diesel fuel. The sulphur content limit was set at 50 ppm in 2019, going down to no more than 50 ppm as of March 2021 and less than 10 ppm as of January 2022. There are no specifications relating to gas oil used for NRMM.
Monitoring compliance and reporting including the lay down the rules on penalties		<div style="width: 40%;"><div style="width: 40%;"></div></div> 40%	A national fuel quality monitoring system that includes sampling and analyses of fuels is not established. Detailed penalty measures are specified in the Administrative Offenses Code of Georgia.

Georgia showed only slight progress during the reporting period. The submission of the draft Oil Stockholding Act to the Parliament is pending the resolution of remaining open issues, including the process of identifying commercial operators subject to the obligations and storage of the stocks. The latter is most problematic because consultations with commercial operators and research revealed a complete lack of facilities. In order to have a chance to at least partially meet the obligations of the Oil Stocks Directive, the draft Act should be finalized as soon as possible and submitted to the Parliament by the end of 2021 at the latest.

The quality of fuel is regulated by the December 2020 Decree of the Government on the Quality Standards of Motor Gasoline and the January 2021 Decree on Diesel Fuel Composition Norms, Analysis Methods and their Introduction. The Motor Gasoline Decree reflects the current EU standards for petrol, whereas the Diesel Decree allows usage of sulphur content of no more than 50 ppm as of 1 March 2021 and no more than 10 ppm as of 1 January 2022. Specifications for gas oil for non-road mobile machinery (NRMM) should be transposed by amending the 2021 Decree on Diesel Fuel.



Georgia Renewable Energy

Renewable Energy Implementation

Renewable Energy Indicators	Transposition Assessment	Implementation Status	Descriptions
National Renewable Energy Action Plan			Due to its later accession to the Energy Community, Georgia adopted the NREAP only at the end of 2019. The document contains measures to promote renewable energy; however, there is no 2020 target.
Quality of support schemes			The feed-in premium (FiP) scheme, which was previously limited to hydro, was amended in January 2021 to cover all renewable power plants with installed capacity higher than 5 MW. Existing hydro producers, supported through power purchase agreements (PPAs), are exempt from balance responsibility. This should change from January 2022, once new Electricity Market Rules enter into force.
Grid integration			Guaranteed and priority access for renewable energy producers is envisaged by the Law. Connection costs to the distribution grid depend on an offer from the distribution system operator. As this leaves room for interpretation, the regulator is working to establish connection fees.
Administrative procedures and guarantees of origin			No progress has been made to simplify administrative procedures and establish a one-stop shop in the reporting period. Georgia has expressed interest to join the Energy Community regional initiative to establish an electronic system for guarantees of origin.
Renewable energy in transport			Provisions related to sustainability of bio-fuels are still not transposed and the legal framework remains completely non-compliant with Directive 2009/28/EC.

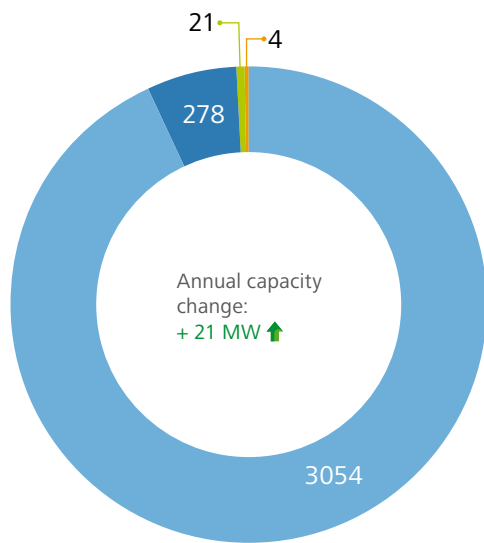
In the reporting period, Georgia did not make significant progress in the implementation of the renewables acquis. Deadlines for the adoption of several acts arising from the 2019 Law on Promoting the Production and Use of Energy from Renewable will expire at the end of 2021. Several acts are under preparation. Georgia currently develops a rule for issuance of guarantees of origin for electricity from renewable sources.

A net-metering system for self-consumption is in place since 2016. The regulator is in charge of managing the scheme. All microgenerators must have a smart meter. Consumers are al-

lowed to group up and jointly own microgenerators. Under the so-called "virtual net metering", it is not required for microgenerators to be connected to the premises of one or all consumers. In summer 2020, the installation limit was increased from 100 kW to 500 kW. The scheme is technology neutral, but most of the existing plants are solar PV.

Georgia should proceed with the adoption of secondary legislation and implementation in line with the Law and Guidelines on State Aid for Environmental Protection and Energy without delay.

Total Capacities of Renewable Energy 2020 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar

Source: Ministry of Economy and Sustainable Development

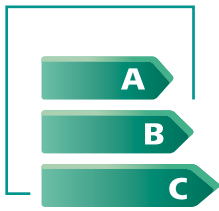
The Georgian renewable power portfolio is mostly based on hydropower. Georgia is putting efforts to diversify its production and promote the use of renewable energy despite not having a binding target for 2020.

On 30 August 2021, the tendering procedure for the implementation of the Udabno solar power project with installed capacity of 5 MW was finalized and on 13 September, a partnership agreement was signed.

Beside more than 3.000 MW of large hydropower and almost 300 MW of small hydropower, Georgia has in operation one wind park (Gori, 20,7 MW) and 4 MW of mostly solar rooftop installations operating under the net-metering scheme.

Total capacities of renewable energy (MW):

3357



Georgia

Energy Efficiency

Energy Efficiency Implementation

Energy Efficiency Indicators	Transposition Assessment	Implementation Status	Descriptions
Energy efficiency targets and policy measures			The general 2020 target was set in the latest NEEAP. The specific targets required by the Energy Efficiency Directive were established by the 2020 Energy Efficiency Law. Georgia submitted the second Annual Progress Report to the Secretariat in 2021.
Energy efficiency in buildings			The Law on Energy Performance of Buildings is in place. The minimum energy performance requirements for buildings or building units and building elements and the national calculation methodology for buildings performance were adopted by the Government in July and September 2021. The adoption of the other key by-laws (certification rules, regulation on inspection of heating and air-conditioning systems) is pending.
Energy efficiency financing			The Energy Efficiency Law promotes the use of ESCOs but does not include a framework to support public financing (i.e. an energy efficiency fund). Nevertheless, a large number of international technical assistance projects and financing programmes support energy efficiency measures, especially in the building sector.
Energy efficient products - labelling			The Law on Energy Labelling was adopted in December 2019. It transposes also Regulation 2017/1369/EU. Nevertheless, the adoption of the fifteen product regulations required by the Law was delayed and some of the drafted product regulations need to be updated to reflect the latest versions. The rest are expected to be adopted by the Government before the end of 2021.
Efficiency in heating and cooling			Georgia has no district heating or cooling systems. An assessment of high-efficiency cogeneration and efficient district heating and cooling potential has not been conducted.

During this reporting period, Georgia made small steps to improve its record in the area of energy efficiency. It adopted a methodology for minimum energy performance of buildings calculation required under the Buildings Directive. The institutional framework benefited from the decision of the Ministry of Economy and Sustainable Development to allocate more staff to the energy efficiency field.

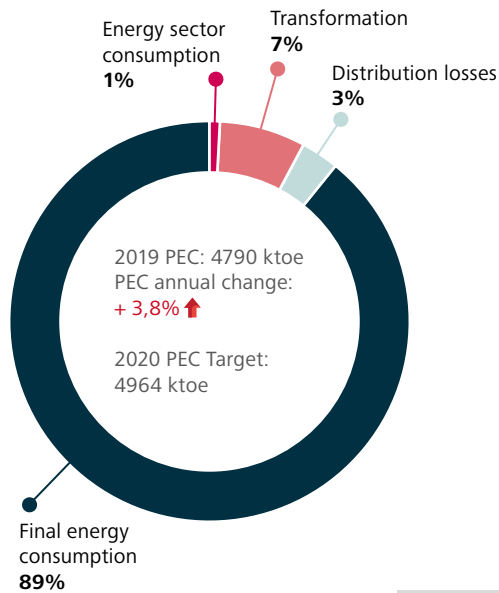
Georgia's focus should be on the adoption of the large number of by-laws needed to implement the Energy Efficiency Law, the

Energy Efficiency in Buildings Law and the Labelling Regulation. Until this has been achieved, Georgia will remain non-compliant in many areas of the energy efficiency acquis.

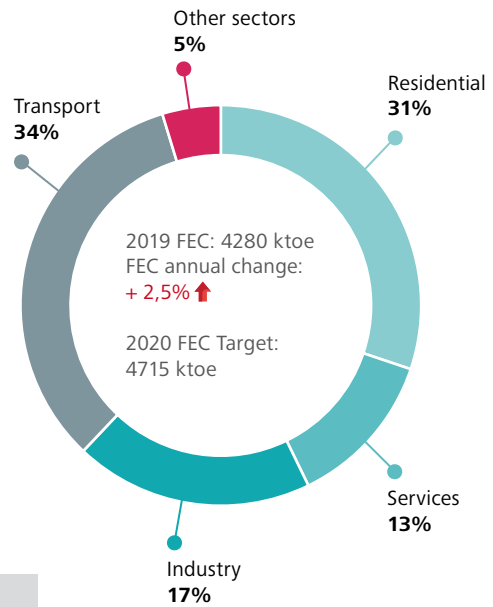
Currently, there is no national fund for energy efficiency, but large grant and lending programmes for energy efficiency in buildings are expected to start in 2021. Adequate engagement of the private sector requires the further development of the ESCO market.

2019 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2019 value and trends:
0,37 ktoe/mil EUR, -0,9% ↓

Source: EUROSTAT 2021 data and Contracting Party's Annual Reports under Directive 2012/27/EU

Energy Efficient Products – Overview of Implementation of Labelling Regulation

FRAMEWORK REGULATION*	Household dishwashers	Fridges and freezers*	Household washing machines	Televisions	Air conditioners and fans*	Household tumble driers	Electrical lamps and luminaires	Solid fuel boilers*	Space heaters*	Water heaters & storage tanks	Domestic ovens and range hoods

Adopted and implemented Compliance or implementation issues detected No progress with adoption/implementation

* The new labelling package adopted by the Ministerial Council in November 2018 was assessed, as the transposition deadline expired in January 2020.

Source: multiple sources of data (EECG reports, NEEAPs etc.), compiled by the Energy Community Secretariat



Georgia Environment

Environment Indicators	Transposition Assessment	Implementation Status	Descriptions
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)			The EIA screening of the full project including its associated activities and components are not systematically applied for modified and revised projects. This includes projects approved under previous legislation. The quality mechanism of the EIA reports must be strengthened, in particular for HPPs.
Sulphur in fuels			According to Georgia's Accession Protocol to the Energy Community Treaty, the provisions of the Directive entered into force on 1 September 2021. The rules on land-based fuels, in force since 2017, are compliant with the Directive's provisions. Amendments related to marine fuels sampling and analysis are expected to take place still in 2021.
Large combustions plants and industrial emissions			The preparation of the draft Law on Industrial Emissions, which complies with the provisions of the Industrial Emissions Directive, was finished. Its adoption is foreseen in 2021.
Nature protection			The new draft Law on Biodiversity should be adopted to address the shortcomings of the outdated nature protection legislation. Any further postponement of the adoption of the draft Law might result in serious damage and harm to natural areas, including Special Protection Areas (SPAs) for birds. Management and monitoring plans for SPAs for birds should be prepared and prohibitions concerning the potential disturbance of the birds species should be established and enforced.
Environmental liability		n/a	The Law on Environmental Liability was adopted during the last reporting period and is compliant with the provisions of the Directive.

Further improvements of Georgia's Environmental Assessment Code and its secondary legislation are needed to secure proper enforcement of the EIA provisions for revised or modified projects and projects' cumulative impacts. The shortcomings of the transitional provisions of the Code in particular the provisions concerning projects that were subject to an assessment and approval by previous legislation should be rectified. The quality of the EIA report for one large HPP project – Namakhvani HPP cascade located on the Rioni River, is subject to an environmental review within the mediation process between civil society organizations and the Georgian Government lead by the Secretariat's Dispute Resolution and Negotiation Centre. The role of the EIA/SEA Expert Commission should be strengthened in the decision-making process. Different models for EIA/SEA reviews can be introduced in order to strengthen the quality check of the reports.

Given the increasing cases of conflict between renewable energy development projects and their impacts on nature, in particular hydropower projects, and the lack of SEAs for previous energy plans/programmes that foresee renewables development

(like the National Renewable Energy Action Plan adopted in 2019), the SEA procedure for the National Energy and Climate Plan should be initiated as early as possible in the process.

The requirements and thresholds of the Sulphur in Fuels Directive for heavy fuel oil and gas oil have been transposed by the Government Order on the Establishment of Sulphur Content Limit Values into national law. Amendments on sampling and analysis are planned to be adopted by the end of 2021.

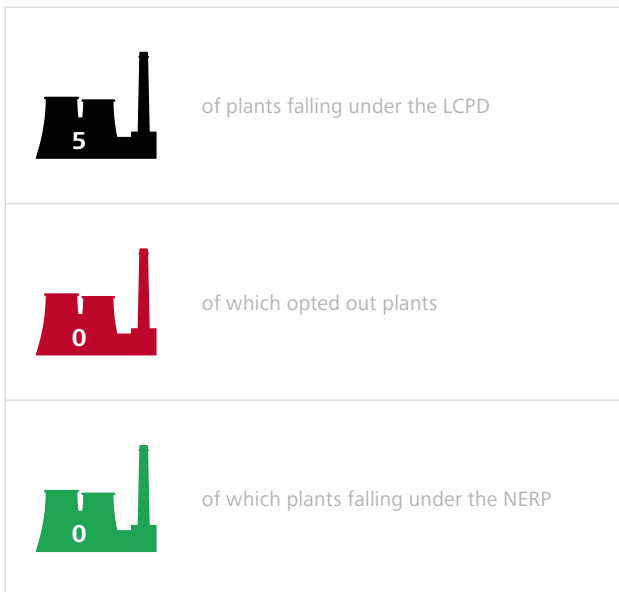
Georgia has five gas-fired installations falling under the scope of the Large Combustion Plants Directive, one of which started its operations in 2020. The emissions of all plants are compliant with the provisions of the Directives (four plants with the Large Combustion Plants Directive and one plant with the Industrial Emissions Directive). Georgia complied with its reporting obligations under the Large Combustion Plants Directive in March 2021. The adoption of the Law on Industrial Emissions and a by-law on special provisions for combustion plants is expected to take place by the end of 2021 and complete the transposition of the Directive.

Georgia identified 24 Special Protection Areas for Birds (SPAs). Management and monitoring plans for each site are not in place. Special focus must be given to the protection of breeding and migratory birds concentrated on migratory corridors and high mountain ranges. Currently, nature conservation legislation in Georgia is outdated. The shortcomings of the nature protection laws, adopted mainly in the 90s, and collisions of these laws and by-laws with other national legislation will be addressed in the new draft Law on Biodiversity. The draft Law will introduce a new approach of “protected and strictly protected species”, meaning that two different lists of species will be adopted,

based on the Birds and the Habitats Directives. The draft Law will also prohibit the deliberate killing or capture of strictly protected or protected wild birds and other wild animal species, as well as destruction, damage or collection of their nests, lairs, burrows, eggs/spawns, deliberate destruction of migration and water access routes or watering places.

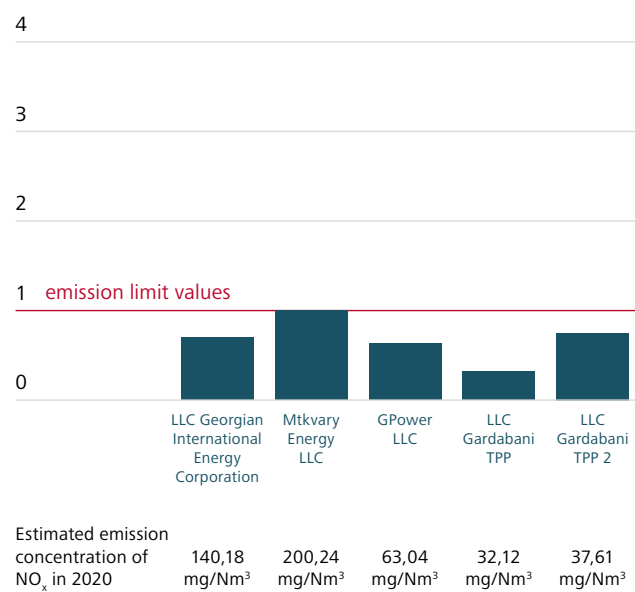
In March 2021, the Law on Environmental Liability was adopted by the Parliament. Its provisions are in compliance with the Directive. By-laws, necessary for the implementation of the new Law, were developed and are currently being finalised.

Installations under the Large Combustion Plants Directive

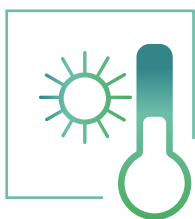


Source: compiled by the Energy Community Secretariat

2020 emissions of NO_x versus applicable emission limit values (ELV)



Source: calculated by the Energy Community Secretariat



Georgia Climate

Climate Indicators	Transposition Assessment	Implementation Status	Descriptions
National greenhouse gas emissions monitoring and reporting systems			The legislative framework and software tool for GHG data management, the Climate Action Plan and the Long-Term Strategy are still under development. Georgia is not fully compliant with Regulation (EU) 525/2013.
National Energy and Climate Plans (NECPs)			Georgia's draft NECP is currently being discussed within wider stakeholder groups based on an agreement under of the Namakhvani mediation process. Finalization is expected in early 2022.

Georgia's NDC2 under the Paris Agreement set an unconditional target of 35% below 1990 level of its total domestic GHG emissions by 2030, and a target of 50 - 57% of its total GHG emissions by 2030 compared to 1990, conditional on international support. Its fourth National Communication, along with its National Inventory Report, was submitted to the UNFCCC in April 2021. For the preparation of the national GHG inventory, Georgia still depends on external assistance and outsourced technical expertise. There is a need for a unified common framework for different sectors, including generally applicable reporting formats and a software tool.

The legal framework for a binding monitoring and reporting greenhouse gas emissions (MMR) system is not complete. The processes related to the development of Georgia's Long-Term Low Emissions Development Strategy has started in the second

half of 2020 and is currently ongoing. Georgia developed a Climate Change Strategy focused solely on mitigation. Since 2019, the country is in the process of creating a national system for policies, measures and projections and updating its legislation to align with EU standards. At national level there are no generally applicable reporting formats. The GHG inventory compilation is project based and conducted according to the IPCC guidelines.

Georgia continued developing its NECP in 2021, with regular meetings of the working groups including public authorities and energy sector stakeholders. Specific meetings with civil society have started in autumn 2021, as agreed under the Namakhvani mediation, followed by a public consultation. Depending on the outcome of the consultations, Georgia plans to finalize the NECP in 2022.



Georgia Infrastructure

Infrastructure Implementation

Infrastructure Indicators	Transposition Assessment	Implementation Status	Descriptions
National competent authority			The national competent authority has not been appointed.
Manual of procedures			The manual of procedures has not been drafted.
National regulatory authority involvement			The methodology and criteria used to evaluate investments in electricity and gas infrastructure projects have not been published.

There has been no progress in the implementation of Regulation (EU) 347/2013 in the last reporting period. A national competent authority is yet to be defined and the related acts are still missing. The Georgian National Energy and Water Supply Regulatory Commission (GNERC) has approved investment evaluation rules and in the course of the last reporting period worked on defining a cost-benefit analysis methodology for the evaluation of investment projects in the transmission system, both in electricity and gas. In July 2021, GNERC has approved a cost-benefit analysis methodology for the evaluation of investment projects in the gas transmission system as an annex

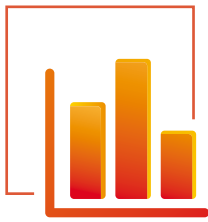
of the investment evaluation rules. GNERC should approve the same for the electricity transmission system and publish the methodology and criteria used to evaluate investments in electricity and gas infrastructure projects. Further progress in this respect is expected.

Georgia should proceed with the Regulation's transposition as soon as possible. This is likely to facilitate the realization of the proposed PMI projects (SCP Georgian Offtake Expansion for EU LNG Swap, Trans-Anatolian pipeline expansion and further expansion of the South Caucasus pipeline).

PECI/PMI projects (December 2020): **3**

Gas: **3**

PMI: **3**



Statistics Implementation

Statistics Indicators	Transposition Assessment	Implementation Status	Descriptions
Annual statistics			The five annual questionnaires for 2019 were transmitted to EUROSTAT. The questionnaire on final energy consumption of households for 2019 was compiled and transmitted. The quality report is submitted to EUROSTAT in 2021 and published.
Monthly statistics			Monthly data are collected and disseminated timely in accordance with Annex C of the Regulation. Short-term monthly gas datasets are missing.
Price statistics			Price statistics for electricity and natural gas were compiled and transmitted in accordance with the acquis.

Georgia maintains a high level of compliance with the acquis on statistics.

Statistics are produced by the national statistics institute, GEOSTAT. The energy balances produced by GEOSTAT are in compliance with Annex B of Regulation (EC) 1099/2008 and the five questionnaires are being transmitted to and published by EUROSTAT since 2013. In addition, disaggregated data on final energy consumption of households are reported to EUROSTAT in the defined questionnaire format. Preliminary questionnaires with data for 2020 were prepared and transmitted on time.

As for the monthly statistics, Georgia has been transmitting all monthly data collections from Annex C of Regulation (EC) 1099/2008 timely. The only shortcoming is completeness of MOS oil data. Short-term monthly data collections for oil pursuant to Annex D of Regulation (EC) 1099/2008 are provided,

whereas there is a break in short-term reporting of natural gas. Natural gas and monthly oil data are reported to the JODI database.

GEOSTAT introduced quality assurance procedures and prepares quality reports for different domains. The quality report with the metadata for transmitted energy statistics is submitted to EUROSTAT for publication, as required by the Regulation.

The transmission of statistics on prices of natural gas and electricity charged to end-users, broken down by consumption band, taxation level and price component, has started from 2018 data onwards and is fully compliant with the acquis.

Georgia is widely compliant with the obligations from the acquis on statistics.



Georgia Cybersecurity

Cybersecurity Implementation

Cybersecurity indicators	Transposition Assessment	Implementation Status	Descriptions
Institutions and legislation			Georgia lacks a comprehensive cybersecurity law or compliant rules for the energy sector. CERT-GOV-GE is responsible for cyber protection in the energy sector. Identification of critical information infrastructure is not specific to critical energy assets.
Requirements for operators and energy regulatory authority			The risk assessment framework is basic and not energy-specific. There are general obligations for security measures to be established and for incident reporting by the operators of critical information infrastructures, with no energy-specific references. GNERC is not mandated for cybersecurity matters.

The Cybersecurity Strategy of 2017 promotes measures to increase the resilience of critical informational systems, analyse threats, prevent cyber incidents or alleviate their impact. There are no energy-specific cybersecurity policies and measures in place. The new draft Strategy 2020 - 2022 is pending adoption.

The Law on Information Security of 2012, as amended in 2021, partially transposes Directive (EU) 2016/1148 (NIS Directive) and the key provisions of Directive 2008/114/EC in the context of critical information and communication infrastructures. The Law defines security criteria for the public and private domains of the economy, including energy, and addresses information security audits, cybersecurity services and the concept of CERT operation. Risk assessment and international cooperation are missing. Legislative and regulatory acts also address some aspects of security and protection of rights in the digital data environment, such as incident reporting obligations and security of e-transactions.

The main cybersecurity authority is the Digital Governance Agency (DGA) established in 2020. DGA is tasked to promote digital governance and provide information security and cybersecurity services and assistance in implementing ISO/IEC 27000 standards to the public administration. The Agency hosts the national CERT of Georgia (CERT-GOV-GE) acting as focal point

for cybersecurity response. It is responsible for handling cybersecurity incidents, providing alerts, raising awareness, training, testing and education. Protection of critical infrastructure is CERT's priority.

There are no explicit criteria for identification and designation of critical infrastructures in the energy sector. The 2021 amendments of the Law on Information Security define three categories of essential subjects – two for the public and one for the private sector, with identification criteria based on the likelihood of the incidents and severity of impact. A list of specific operators needs to be developed by the DGA and adopted by the Government.

Cybersecurity risk assessment is barely addressed. The Law on Information Security provides only general requirements for security audits and obligations for performing tests. DGA is tasked to set the framework for information security and assess internal rules and status reports that each operator of critical information infrastructure has to submit. Specific criteria for risk assessment in energy are not defined.

The energy regulatory authority GNERC has no specific cybersecurity tasks or powers.