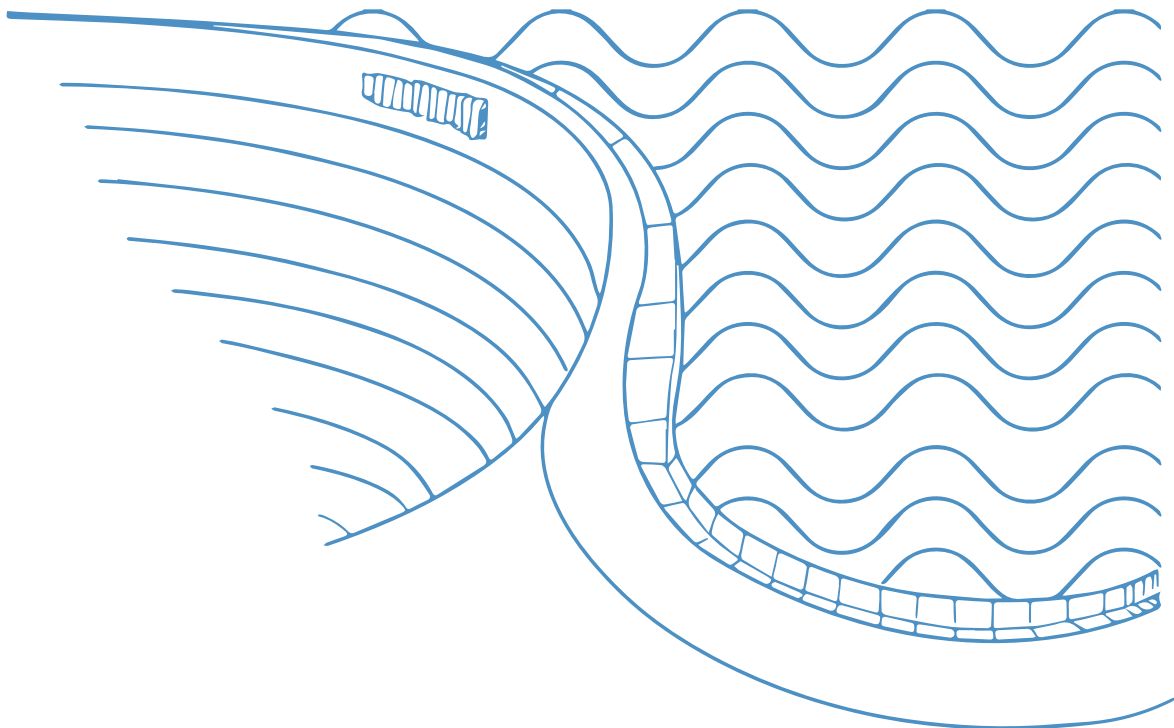












Georgia

Annual Implementation Report

1 November 2024

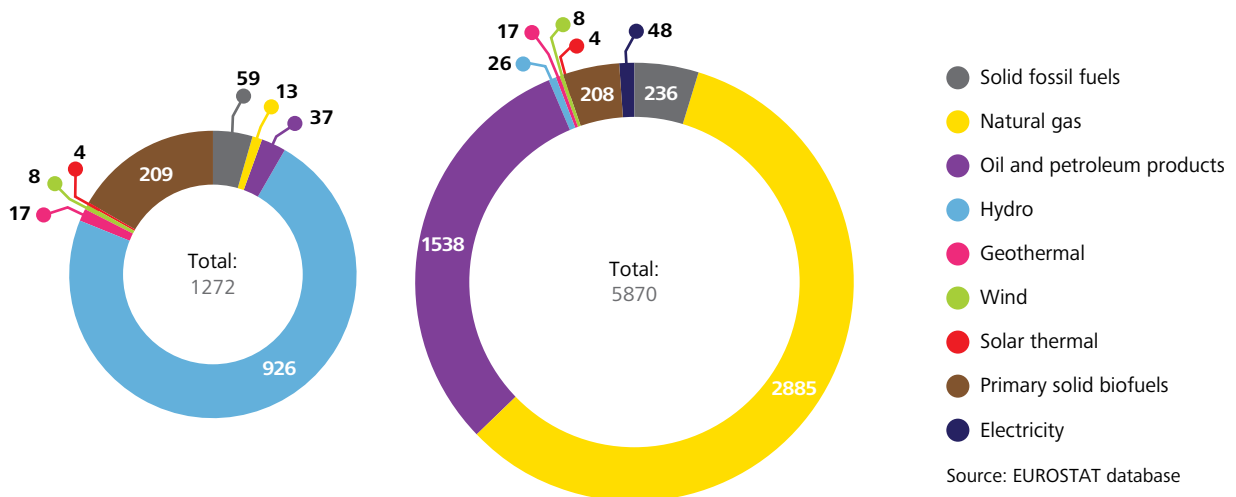


IMPLEMENTATION OVERVIEW

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
 Markets and integration	 31%	Completion of the certification of the transmission system operator and the opening of the balancing market should not be delayed further. Transposition of the EIP should be completed. Georgia should unbundle its network companies, transpose the tariff and balancing network codes, implement its gas market concept design and retail market rules.
 Decarbonising the energy sector	 47%	Georgia should finalise the transposition and implementation of the required elements EU ETS Directive, including full transposition of the Monitoring and Reporting Regulation, as well as the Accreditation and Verification Regulation. The country should continue climate reporting under the Governance Regulation and establish a national inventory system for estimating anthropogenic emissions by sources and removals by sinks. Amendments to the Renewable Energy Law are needed to align with REDII. Remaining by-laws for the amended energy efficiency laws should be adopted, and the long-term building renovation strategy should be completed.
 Ensuring energy security	 69%	Georgia should adopt the draft gas Preventive Action Plan, taking into account the Opinion of the Secretariat and accelerate with the drafting and adoption of the Emergency Plan.
 Improving the environment	 60%	The competent authority's capacity must be improved to identify permitting challenges and propose comprehensive solutions for full integration and digitalisation. The Government must incorporate the Strategic Environment Assessment measures into the NECP revision. Compliance with the emission limit values for large combustion plants should be re-established.
 Performance of authorities	 70%	Georgia shall pursue active enforcement of competition and State aid policies. Capacity building of GEOSTAT shall be pursued in parallel with improvements in energy data collection, processing, and analysis.

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



Procedures under Article **91** EnCT

Overall number of cases: **5**

ECS-1/23 - electricity & gas

ECS-7/24 - electricity

ECS-15/24 - oil

ECS-20/24 - gas

ECS-25/24 - renewable energy



Georgia

Markets and integration

ELECTRICITY

40%



WHOLESALE MARKET

26%

Georgia has not yet transposed the Electricity Integration Package (EIP), a deadline for which was 31 December 2023. An infringement procedure for non-transposition has been initiated by the Secretariat. Draft amendments to the Law of Georgia on Energy and Water Supply needed for the transposition of Directive (EU) 2019/944 and Regulation (EU) 2019/943 have been developed with support from the EU4Energy Governance Project and were submitted to the Ministry of Economy and Sustainable Development which is currently finalising the draft. Other acts from the EIP do not apply to Georgia due to the lack of interconnection with other Energy Community Contracting Parties or the EU Member States.

Currently, two legal documents exist in Georgia which jointly regulate the electricity market: the Electricity (Capacity) Market Rules approved by the Minister of Energy in 2006 (which govern bilateral contracts and the so-called balancing market operated by ESCO), and the Electricity Market Rules approved by the regulator in 2020 (which govern the day-ahead and the intraday markets). Additionally, the Electricity Market Concept Design approved by the Government of Georgia in 2020 establishes the guiding principles for organising and functioning of electricity markets in Georgia.

Georgia officially launched a day-ahead market and intraday market on 1 July 2024. Participation in these markets is voluntary while the restricted access limits the scope of entities eligible to trade. Authorised buyers include direct consumers, universal service suppliers, suppliers of electricity as a public service, competitive suppliers, suppliers of last resort, transmission system operators (TSOs) and distribution system operators (DSOs). Regarding market participants authorised to sell electricity on the day-ahead and the intraday markets, these include deregulated power plants, power plants with public service obligations (PSOs) applicable only to a portion of their generation (selling electricity not subject to PSO), power plants that have entered into guaranteed power purchase agreements with ESCO during periods when it is not mandatory to sell to ESCO, and power plants benefiting from the support scheme, but only for electricity generated outside the support period. No trade has been recorded on the intraday market since its opening.

Georgia's transitional electricity market design, while making progress with the launch of the day-ahead and intraday markets, remains non-compliant with key aspects of the Energy

Community acquis. The restrictive participation in organised markets, the use of monthly settlement periods instead of real-time settlement, and the absence of balance responsibility for all market participants violate the principles of non-discrimination, efficient pricing, and system stability as required by Directive (EU) 2019/944 and Regulation (EU) 2019/943.

According to the Electricity Market Concept Design, the balancing and ancillary services market shall become operational from 1 July 2025. At this stage, balancing electricity price and quantity are calculated monthly, meaning hourly trades made through the exchange or bilateral agreements are aggregated into a total traded quantity for the month. Market participants do not carry balance responsibility until the balancing and ancillary services market is operational on 1 July 2025.

Electricity production has been partially deregulated. On 1 May 2024, a subsequent step in this process was implemented, deregulating hydropower plants with capacities of 75 MW and less. The next phase, scheduled for 1 May 2026, will extend deregulation to hydropower plants with capacities below 90 MW.

National Energy and Water Supply Regulatory Commission (GN-ERC) has transposed the REMIT Regulation. However, certain aspects of the national registry require full alignment with REMIT obligations.

RETAIL MARKET

28%

Legal framework governing retail market is yet to be aligned with requirements of Directive (EU) 2019/944. According to the schedule established by the Electricity Market Concept Design, the deadline for deregulation of all final customers connected to the 35-110 kV voltage levels and final customers connected to 6-10 kV voltage levels, who consume at least 1 million kWh of electricity per month, is until 1 July 2025. All other customers, except small enterprises and households, are envisaged to be deregulated by 1 July 2026.

The supply of electricity to household consumers and small enterprises is carried out by a universal service supplier, while for other categories of consumers, it is provided by public service suppliers. In both cases, supply tariff thresholds are set by the regulator. In 2024, the first independent supplier started its activities in the retail electricity market. All customers are eligible to freely choose a supplier.

The concept of vulnerable customers is foreseen in the primary legislation. One of the acts adopted in 2021 includes provisions to define vulnerable electricity customers in case the tariff for universal supplier increases. The protection of certain consumer groups is based on social vulnerability, as well as criteria in other governmental resolutions and secondary legal acts. Yet, a permanent definition of vulnerable customers still remains to be developed.

There are single points of contact that provide customers with all the necessary information about their rights and dispute resolution mechanisms. Final customers have access to an out-of-court procedure for the settlement of disputes through an independent mechanism such as ombudsman and regulatory authority. The participation of electricity undertakings in out-of-court dispute settlement mechanisms for household customers is mandatory.

UNBUNDLING 66%

Despite a general legal framework for unbundling and certification of the transmission system operator being in place since 2019, the transmission system operator, GSE, has not yet been certified. However, significant progress was made in 2024 towards fulfilling the main preconditions for certification. In collaboration with the Energy Community Secretariat, draft legislative amendments were developed and submitted to Parliament, aiming to establish the legal framework required for the proper unbundling of the TSO. Non-compliance with provisions on unbundling and certification is subject to an ongoing infringement case.

GSE regularly prepares and publishes TYNDPs.

On the distribution side, DSOs are legally and functionally unbundled, with compliance officers overseeing their operations and reporting to the national regulatory authority.

ACCESS TO THE SYSTEM 67%

The tasks of DSOs are outlined in the Law on Energy and Water Supply, as well as in the by-laws approved by GNERC, which

are still to be aligned with the requirements of Directive (EU) 2019/944.

Third-party access is defined by the Law on Energy and Water Supply, as well as the applicable network codes. It is based on published transmission and distribution network tariffs which are set by GNERC through transparent procedures.

Rights related to network access and congestion management are also established under the Law on Energy and Water Supply and the network codes. A new transmission network code was prepared by the TSO, but its adoption was delayed due to the postponement of the balancing and ancillary services market opening.

The connection codes are implemented through the amendments to the transmission grid code approved by GNERC in 2019.

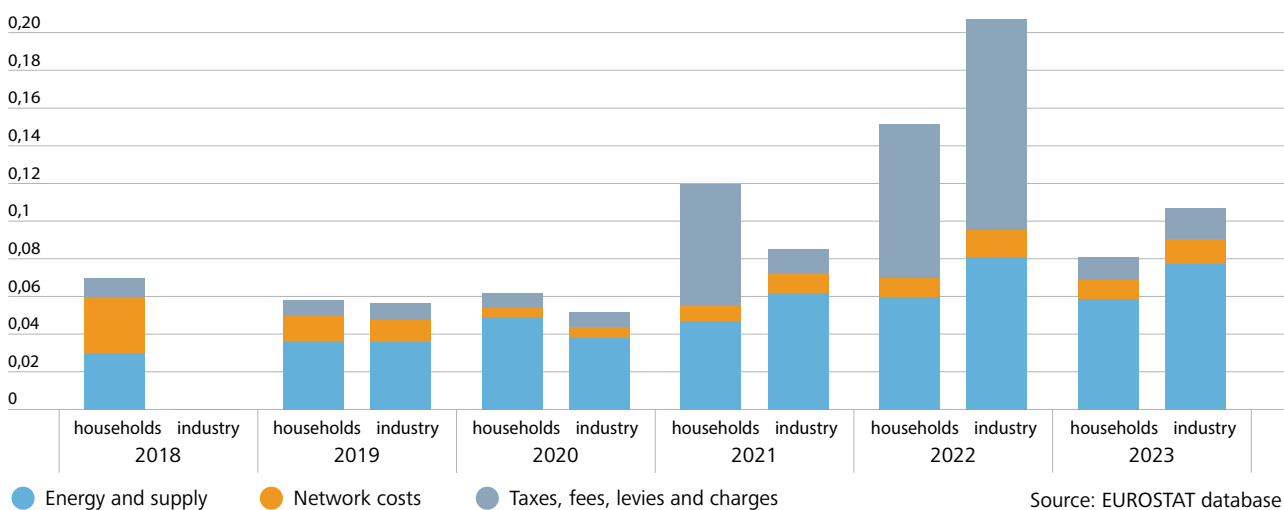
Transparency Regulation was transposed, and a limited set of data is published on the ENTSO-E Transparency Platform. By an agreement signed with ENTSO-E in October 2023, the TSO committed to ensure that the information published on the Transparency Platform is reliable and of the required quality. Following the signing of the agreement, the transmission system operator continued to publish data and implemented IT solutions aimed at improving its reliability.

REGIONAL INTEGRATION n.a.

Since Georgia is not interconnected with other Contracting Parties or EU Member States, it qualifies for a derogation from cross-border cooperation obligations, including the requirement to transpose related parts of the EIP.

Regulation (EU) 2022/869, as adopted in the Energy Community, is currently not applicable to Georgia. However, since its transposition, which is due on 31 December 2024, may support the potential PMI (Project of Mutual Interest) project at the EU level, which Georgia promotes (Black Sea Cable Project), Georgia works on its transposition.

Average annual prices of electricity for end users per component [EUR/kWh]





WHOLESALE MARKET

26%

Wholesale trade operates exclusively through bilateral contracts. While the Natural Gas Market Concept Design (GMCD) outlines provisions for an organised market with daily balancing, its implementation is yet to take place as intended. Currently, the gas exchange functions have been transferred to the Georgian Energy Exchange, which is developing an in-house trading platform in collaboration with the gas transmission system operator (TSO), GGTC. SOCAR-affiliated companies continue to hold dominant positions in this highly concentrated wholesale market.

Georgia has transposed the balancing network code, but has not yet implemented it. GNERC postponed its implementation once more, by a year, until 1 January 2026. This is non-compliant as the postponement can only last two years until December 2022.

RETAIL MARKET

28%

Gas supply prices for households are regulated by GNERC and remain subsidised by the state-owned company GOGC. Thermal power plants are supplied at preferential rates, as established by the memorandum of understanding between the Government of Georgia and SOCAR. However, in 2024, gas was provided to most thermal power plants at rates closer to commercial prices as re-defined by the memorandum of understanding between the Government of Georgia and SOCAR and respective contracts.

Prices are deregulated for the commercial sector, including industry and small enterprises. The supply companies must publish gas quantities and prices on their official websites for deregulated consumers.

GNERC approved natural gas retail market rules in 2021; however, their implementation has been postponed to a deadline of 1 January 2026.

Although several governmental resolutions address the protection of a certain group of customers, a more precise definition of vulnerable customers remains to be established.

UNBUNDLING

8%

The TSO, GGTC, has not yet been certified. In collaboration with the Energy Community Secretariat, draft legislative amendments have been developed and submitted to Parliament, aiming to establish the legal framework required for the proper unbundling of the TSO. The case is open against Georgia for its lack of compliance.

The unbundling plans of distribution system operators need to be approved by GNERC. Georgia does not comply with the rules on distribution unbundling.

ACCESS TO THE SYSTEM

21%

The natural gas network rules adopted in 2018 ensure transparent and non-discriminatory third-party access. Georgia is exempt from performing capacity allocation on the interconnection points, interoperability, and data exchange rules.

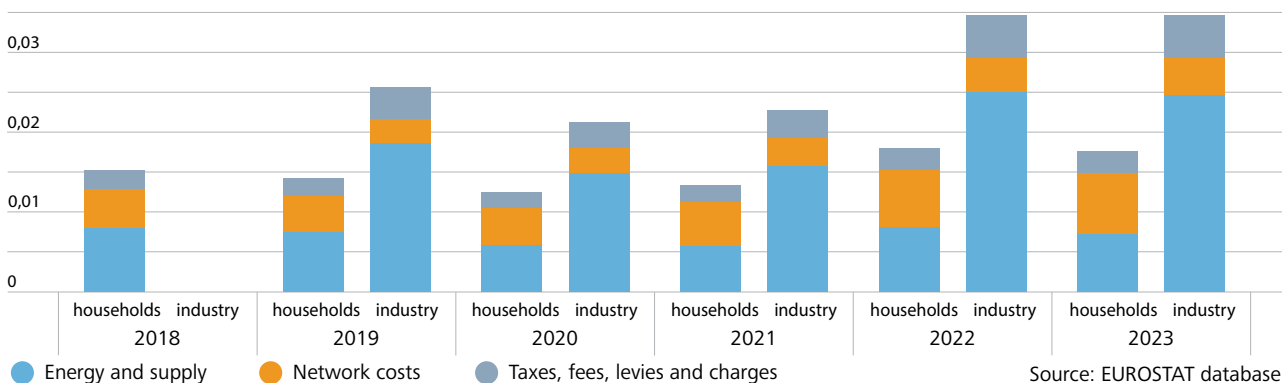
Natural gas retail market rules are in place, although the deadline for their implementation is also expected to be postponed for another year until the same deadline of the 1 January 2026. The related public administrative procedure is currently ongoing. An entry/exit tariff methodology is not yet in place. Consequently, the tariff network code is not implemented.

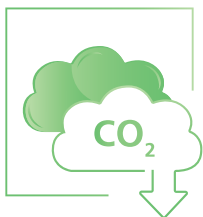
REGIONAL INTEGRATION

35%

As Georgia is only connected with third countries, it is exempt from the application of the Energy Community gas acquis at interconnection points. The revised Regulation (EU) 2022/869, as adopted in the Energy Community, is currently not applicable to Georgia. The NECP contains some plans/measures to diversify gas supply sources and progress towards integration with European countries.

Average annual prices of gas for end users per component [EUR/kWh]





Georgia

Decarbonising the energy sector



GOVERNANCE/CLIMATE IMPLEMENTATION

50%

NATIONAL ENERGY AND CLIMATE PLANS

72%

The Parliament of Georgia adopted its National Energy and Climate Plan (NECP) as part of the National Energy Policy on 27 June 2024 and notified this fact to the Secretariat.

GREENHOUSE GAS 2030 TARGET

80%

Georgia has not defined the 2030 climate target in its national legislation, but it is included in the NECP.

The target is in line with the 2030 target set by the Energy Community.

NATIONAL SYSTEMS FOR CLIMATE REPORTING

32%

There is no legal basis for a national greenhouse gas inventory system and Georgia still needs to implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at a national level.

Georgia has reported on national systems for policies and measures and projections and has a partially transposed legal framework for a national system for policies and measures.

NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

24%

Reporting obligations have not been transposed into legislation. Georgia has nominated lead reporters for the Governance Regulation reporting activities and initiated a reporting process on policies and measures (PaMs) and adaptation strategies, without submitting an official report. In the context of the Reportnet system,¹ a report was submitted on carbon pricing revenues.

LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

41%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Georgia submitted its long-term strategy to the UNFCCC Secretariat in July 2023 with a 2050 climate neutrality objective.

¹ Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.



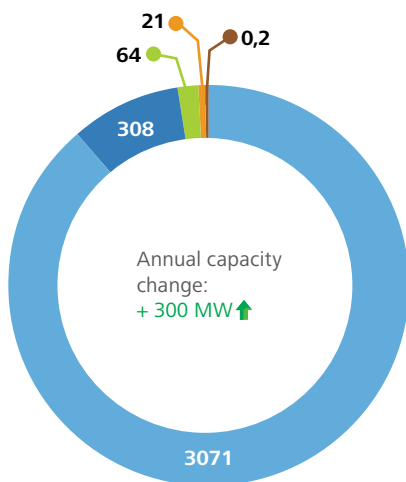
2030 RENEWABLE ENERGY TARGETS 73%

The overall target of achieving a 27,4% share of renewable energy in the gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The 2030 RES target is subdivided into sectorial targets for electricity (85%), transport (10,45%), and heating and cooling (7%). Following Article 26 of the Renewable Energy Directive (REDII), Georgia has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in the heating and cooling sector of 7% does not align with Article 23 of REDII.

QUALITY OF SUPPORT SCHEME 45%

In December 2022, Georgia passed legislation enabling a market-based support scheme in the form of contracts for difference. The first auction was carried out in 2023. Nevertheless, to make the scheme fully operational, it is crucial to adopt amendments to the Renewable Energy Law to create a comprehensive regulatory framework. Moreover, intraday and day-ahead electricity markets need to be established. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2023 (MW)



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

Total capacities of renewable energy (MW): **3464**

Source: Ministry of Economy and Sustainable Development

SELF-CONSUMPTION AND ENERGY COMMUNITIES 50%

Currently, Georgia has implemented a self-consumption scheme in the form of net metering for micro-power plants with up to 500 kW capacity. Amendments to the Renewable Energy Law are necessary to facilitate the establishment of renewable energy communities in accordance with REDII requirements.

GUARANTEES OF ORIGIN 45%

In February 2023, Georgia became the first Contracting Party to launch an electronic registry for guarantees of origin (GOs) under the umbrella of the regional project implemented by the Energy Community Secretariat. Presently, GOs are exclusively issued for renewable electricity. To establish a fully operational GOs system, it is essential to implement disclosure rules and formulate a methodology for calculating the residual energy mix. Additionally, amendments to the Renewable Energy Law must be adopted to expand GO to other energy carriers, as outlined in REDII.

SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS 25%

The Renewable Energy Law provides a legal basis for implementation of sustainability criteria for biofuels and bioliqids, but not biomass fuels. It is therefore not fully aligned with the respective provisions of REDII. To fully align national legal framework with the REDII, sustainability standards for biomass fuels need to be incorporated into the Law. Furthermore, as prescribed by the Law, the Government must adopt the secondary legislation for biofuels, bioliqids and biomass fuels, to enable implementation.

RENEWABLE ENERGY IN HEATING AND COOLING 25%

Georgia has made no significant progress in integrating renewable energy into the heating and cooling sector. To meet the objective of increasing the share of renewable energy by 1,1 percentage points as set in Article 23 of REDII, it is essential to create an appropriate legal basis within the Renewable Energy Law. This should be followed by defining measures to facilitate the integration of renewable energy, including the application of heat pumps in individual heating systems.

ENERGY EFFICIENCY IMPLEMENTATION

60%



2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

68%

The 2030 energy efficiency targets in the adopted NECP are aligned with the 2030 targets set by the Energy Community. This includes specific targets related to the implementation of Article 5 and Article 7 of the 2012 Energy Efficiency Directive (EED).

The adoption of amendments to the Energy Efficiency Law and the Law on the Energy Performance of Buildings in June 2024 ensured transposing the key energy efficiency elements of the Clean Energy Package into national legislation. The drafting of by-laws necessary for implementation is currently underway.

ENERGY EFFICIENCY IN BUILDINGS

78%

Recent amendments of the Law on the Energy Performance of Buildings transpose the Energy Performance of Buildings Directive 2018/844/EC. The minimum energy performance requirements for buildings or building units and building elements, and the national calculation methodology were adopted. Georgia adopted rules on certificate registration, inspection reports registry and independent experts in May 2023, and rules on energy performance calculating tools in July 2023.

The remaining by-laws (transposing also new requirements of Energy Performance of Buildings Directive, certification rules and inspection of heating and air-conditioning systems) need to be adopted.

The long-term renovation strategy for stimulating investment in the renovation of buildings has progressed and is now in the final stages of drafting, with expected adoption by the end of 2024.

ENERGY EFFICIENCY SCHEME AND FINANCING

51%

The energy efficiency obligation target is being developed in accordance with the 2030 framework and with new alternative measures in order to be fully operational, based on the 2024 Energy Efficiency Law amendments. In 2023, Georgia adopted a package of by-laws and model contracts for energy performance contracting as a new model of financing energy efficiency improvement measures.

ENERGY EFFICIENT PRODUCTS – LABELLING

70%

The Law on Energy Labelling adopted in 2019 transposed the Framework Labelling Regulation (EU) 2017/1369. In April 2023, three new technical regulations were adopted, regulating energy labelling of domestic ovens and range hoods, space heaters, water heaters and storage tanks. The additional ten implementing product regulations required by the Law were adopted in October 2024. To enhance the implementation, it is crucial to further strengthen capacities of market surveillance authorities in Georgia and increase public awareness on the energy labelling scheme.

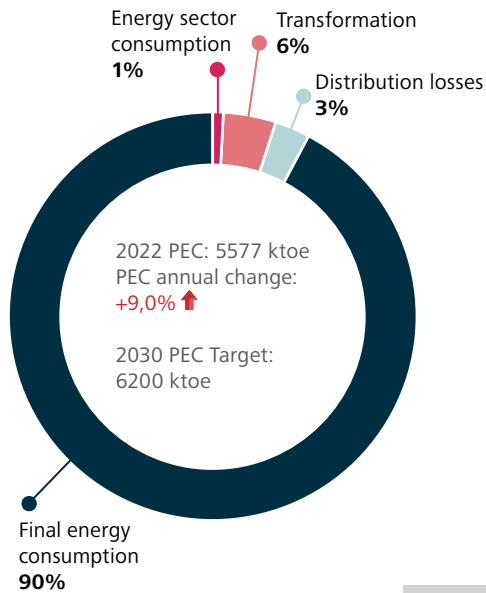
EFFICIENCY IN HEATING AND COOLING

35%

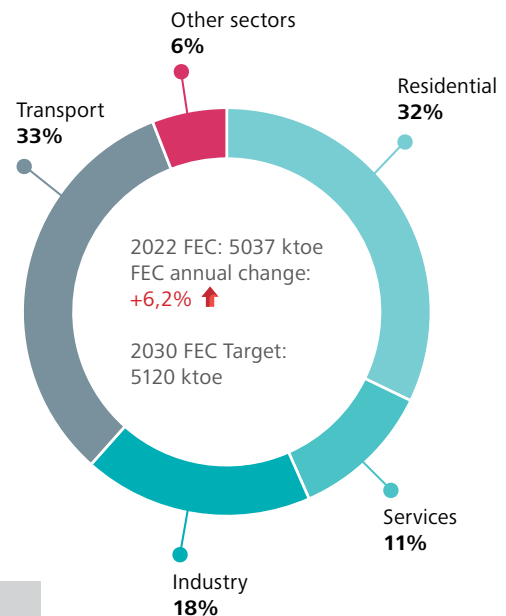
Georgia has made no further progress in either transposing or implementing the EED requirements related to heating and cooling. Although the legal basis for a comprehensive assessment of the potential for efficient heating and cooling has been established in national legislation, the actual assessment process has yet to begin. Additionally, the secondary legislation concerning the inspection of heating and air conditioning systems is still under development. Meanwhile, the support programme for the production and purchase of energy-efficient biomass stoves continued throughout 2024.

2022 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2022 value and trends:
0,35 ktoe/mil EUR, -1,8% ↓

Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

5%



FOUNDATIONS, INSTITUTIONS, PERMITS

14%

Georgia has made progress in drafting legislation implementing the basics of the ETS Directive and MRVA system, including the approval mechanism for permits, but the process of finalising the legislation is not yet complete. The scope of activities and the list of greenhouse gases covered by the MRVA system will be transposed in the secondary legislation. The competent authorities that will be involved in the permitting process for stationary installations and aircraft operators have already identified the potential entities that will be subject to MRVA requirements and have already started preparing internal procedures and processes.

MONITORING AND REPORTING

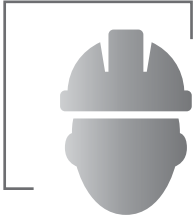
0%

Georgia has not transposed Monitoring and Reporting Regulation into national law. The draft law "Amendments to the Law on Environmental Protection" envisages adoption of governmental decree "On Monitoring and Reporting of Greenhouse Gases".

VERIFICATION AND ACCREDITATION

0%

Georgia has not transposed Accreditation and Verification Regulation into national law. The draft law "Amendments to the Law on Environmental Protection" envisages adoption of governmental decree "On Approval of the Rules for Verification of Greenhouse Gases Data" which will transpose requirements for verification process.



Georgia

Ensuring energy security



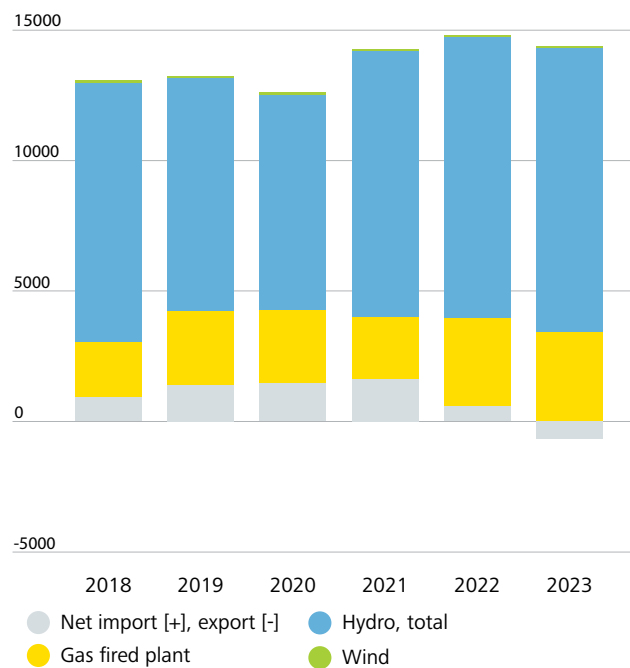
ELECTRICITY SECURITY OF SUPPLY

94%

Regulation (EU) 2019/941 was largely transposed through the security of supply rules adopted in December 2020. The Ministry of Economy and Sustainable Development has been appointed as the competent authority. Georgia prepared and published its first Risk-Preparedness Plan in June 2024. Georgia regularly submits Security of Supply Statements to the Secretariat, the last one delivered in 2024. Georgia is exempted from transposing Regulation (EU) 2017/2196. Currently, five thermal power plants (TPPs) carry public service obligations (PSOs) as guaranteed sources capacity, which is essentially a capacity mechanism and has been applicable since at least 2010.

As of 2020 the Georgian Law on Information Security promotes the efficient and effective maintenance of information security, defines rights and responsibilities for public and private sectors in the field of information security maintenance, and identifies the mechanisms for exercising state control over the implementation of information security policy. It also divides different entities and institutions, including energy companies, into three categories of critical information infrastructures with different cybersecurity importance.

Fuel mix and primary supply of electricity (in GWh)



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



GAS SECURITY OF SUPPLY

73%

Georgia has largely transposed Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply by the adoption of Resolution N373 of the Government of Georgia dated 28 October 2024. Georgia submitted the Security of Supply Statement for natural gas, the Natural Gas Risk Assess-

ment and the Preventive Action Plan but needs to submit the Emergency Plan, required by Regulation (EU) 2017/1938 due for submission in May 2024. Georgia is exempt from meeting storage obligations under this regulation due to its absence and isolated location.



OIL SECURITY OF SUPPLY

10%

In Georgia, a new draft Law on the Obligation to Maintain Minimum Stocks of Crude Oil and/or Petroleum Products was recently finalised and reviewed by the Secretariat, which provided suggestions and comments. Under this law, the economic operator will maintain emergency stocks while the agency will oversee compliance. The draft law has undergone significant revisions compared to the previous version. Notably, the timeline for fulfilling obligations has been extended due to delays, and the Government is authorised to set the required amount of emergency stocks by 2030, which is far beyond the Ministerial Council Decision of full implementation by 1 January 2023.

The draft law is currently part of the Ministry of Economy and Sustainable Development's short-term legislative agenda.

However, the monthly oil stocks questionnaire remains partially reported. Tables 5b and 5c are not reported. The same goes for the COIR questionnaire. No additional progress was made during the reporting period.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



Georgia

Improving the environment

ENVIRONMENTAL ASSESSMENTS

53%

Georgia has strived to advance its environmental assessment governance by adopting the Guidelines on Strategic Environmental Assessment for the Spatial Planning Sector (2024) and the Guidelines on Environmental Impact Assessment of Hydro-power Projects (2023). The transitional provisions in the Environmental Assessment Code for unauthorised projects remain a significant concern, as it allows certain projects to bypass the EIA requirements set in Article 8a of the EIA Directive. The Ministry of Environmental Protection and Agriculture (MEPA) has tasked Centre for Environmental Information and Education to ensure public participation in decision-making processes and to organise public hearings for SEA and EIA procedures, as mandated by the Code. The capacities of the competent authority for conducting streamlined joint assessments have not changed. MEPA, through the National Environment Agency (NEA), is preparing a technical assessment aimed at integrating environmental permit procedures into a single window system to identify key challenges in the permitting process and to propose a comprehensive solution for full integration and digitalisation.

The National Energy Policy (NEP) and the National Energy and Climate Plan (NECP) were subjected to a joint SEA process. However, the Government adopted the documents before a SEA process was fully completed and verified by MEPA. This premature approval raises concerns about whether the potential environmental impacts were adequately evaluated before finalising these strategic policies.

LARGE COMBUSTION PLANTS

64%

Georgia complied with its reporting obligations under the Large Combustion Plants Directive in March 2024. The average emissions of the four gas-fired installations falling within the scope of the Large Combustion Plants Directive were mainly compliant to the emission limit values of the Directive, with a minor non-compliance in the case of TPP Mtkvary. The average emissions of TPP Gardabani 2, subject to the stricter standards of the Industrial Emissions Directive, failed to meet the relevant emission limit values. In accordance with the new Law on Industrial Emissions, the Government shall adopt a decree with specific rules for large combustion plants by 1 September 2025.

SULPHUR IN FUELS

67%

The Government Order on the Establishment of Sulphur Content Limit Values transposes the provisions of the Sulphur in Fuels Directive, including those on marine fuels. The pending amendments for establishing a sampling system and appropriate analytical methods, which are crucial for implementing the legislation, are subject to governmental approval. To ensure efficient enforcement, amendments to the Code of Administrative Offences are being developed. This would introduce sanctions for exceeding sulphur content in heavy fuel oil, gas oil and marine fuel.

NATURE PROTECTION

40%

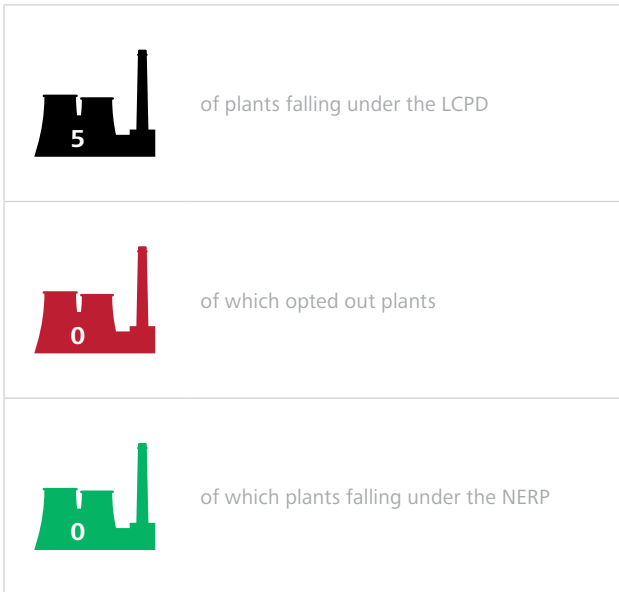
The draft law on biodiversity was submitted to the Parliament of Georgia in December 2023 for further legislative procedures but has yet to be adopted, which continues to jeopardise biodiversity protection efforts. The draft incorporates an appropriate assessment mechanism and further aligns the national legislation with the Birds Directive. The revision and update of species lists and categories, led by MEPA and based on recent scientific studies, is also facing delays. Furthermore, the list of species' conservation statuses remains unapproved, as the legal procedures required for its adoption are still ongoing. The Government of Georgia has reviewed and approved an initiative by MEPA to expand Tusheti's protected landscape. Furthermore, the draft law on the creation and management of Guria National Park has been submitted to the Parliament of Georgia, and studies are underway to establish new protected areas in the Samegrelo and Zemo Svaneti regions, as well as to expand the existing protected area in the Racha region.

ENVIRONMENTAL LIABILITY

90%

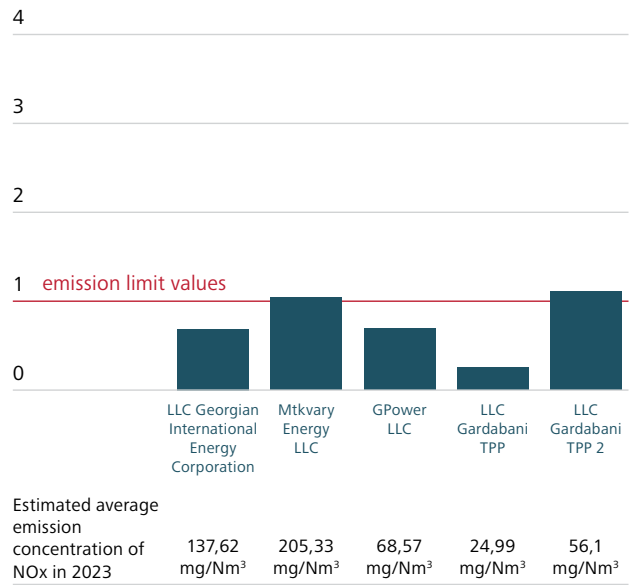
Georgia has transposed the provisions of the directive. Financial security instruments for the risks of environmental damage are established in the form of insurances and bank guarantees, with the provisions entering into force on 1 September 2026. The amount of financial security shall be determined based on the assessment of the risks of environmental damage, consisting of a risk assessment, a processing of the risks and an identification of expenses and a cost estimation for the worst-case scenario.

Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

2023 emissions of NO_x versus applicable emission limit values (ELV)





Georgia

Performance of authorities



REGULATORY AUTHORITY

84%

The legal framework governing independent functioning of the GNERC is fully aligned with the Energy Community legislation.

In 2024, GNERC finalised the regulatory basis for opening of the wholesale electricity market. This includes decision on transitional measures in the market rules, application for registration on the electricity exchange, technical thresholds for electricity price, volumes and bids. GNERC initiated amendments to standard terms and conditions of the agreement on sale and purchase of balancing electricity and guaranteed capacity as part of transitional market model. GNERC also approved the rules for issuing the certificates of origin for RES produced electrici-

ty, energy market monitoring and reporting rules. Unbundling of electricity transmission system operator is pending due to missing legislative basis.

GNERC suspended net-metering scheme for micro power plants owners who exceeded permitted capacity. GNERC reacted to customers' complaints by carrying out a technical inspection of distribution grids. Regulation of household prices below costs continues. With the launch of day-ahead and intraday market segments, GNERC activated monitoring of potential market abuse under REMIT, but no cases have been reported so far.



COMPETITION AUTHORITY

15%

According to the Accession Protocol and in line with the Treaty, the competition acquis only applies insofar as trade between Contracting Parties is affected. However, GNERC responsible

for the enforcement of the competition acquis in the electricity and natural gas sectors has never investigated nor decided on any anti-competitive conduct in the energy sectors.



STATE AID AUTHORITY

10%

The current Law on Competition is not fully aligned with the State aid acquis. In particular, it does not require authorities to notify aid before it is granted and does not grant the power to render negative decisions and order recovery. Although the State aid acquis only applies insofar as trade between Contract-

ing Parties may be affected, Georgia does not comply with its obligations under Treaty in terms of effective enforcement of the State aid acquis since neither the Competition Agency nor GNERC consider themselves to be competent.



STATISTICAL AUTHORITY

83%

The National Statistics Institute, GEOSTAT, is responsible for compiling energy statistics. The full set of annual energy statistics for 2022, along with the SHARES questionnaire and preliminary mini questionnaires for the supply side of the 2023 energy balances, was submitted to EUROSTAT in accordance with the acquis. This did not include the annual biomass data. While disaggregated household energy consumption data was reported in compliance with regulations, the transport sector data was incomplete, and the breakdown data of energy consumption in industry and services was missing. GEOSTAT examines the possibility of providing breakdown data on energy consumption in the industry, starting with the 2023 data. The first quality report and the required metadata for the submitted energy statistics were provided to EUROSTAT in 2022, as stipulated by the acquis.

Georgia has consistently submitted all monthly data collections under Annex C of Regulation (EC) 1099/2008 on time, except

for the crude oil import registry, which must be submitted even when there are no crude oil imports.

Since 2018, in full compliance with the acquis, Georgia has reported natural gas and electricity prices charged to end-users, broken down by consumption band, taxation level, and price components. Quality reports on electricity and natural gas prices are also submitted and published.

GEOSTAT should enhance the comprehensiveness and timeliness of its data, addressing gaps in disaggregated energy consumption (transport, industry, services) and annual biomass statistics. Improving data quality across all energy sectors will boost reliability. Technical assistance could strengthen GEOSTAT's capacity for data collection, processing, and analysis, supporting timely, high-quality submissions, EU compliance, and informed energy policy decisions.



Methodology

Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 41 key implementation indicators across the areas of work assessed by this Implementation report. To underscore the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report for the first time groups the 41 indicators in five clusters:

1. Markets and integration,
2. Ensuring energy security,
3. Decarbonising the energy sector,
4. Improving the environment, and
5. Performance of authorities.

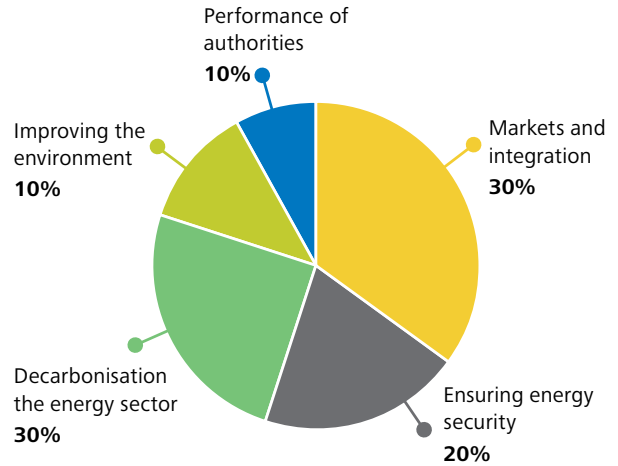
Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

1. A total of 41 implementation indicators aggregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 5-13);

2. Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (19 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Weighting per cluster



3. Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 9.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

In 2024, the weighting per cluster was slightly adjusted to reflect the expanded scope of decarbonisation activities. This adjustment includes the addition of a new indicator, the 'emission trading scheme.' The weighting for the cluster related to the performance of the authorities was also slightly increased compared to 2023 assessment.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	1,00
1 Markets and integration	0,30
1.1 Electricity	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	0,20
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	0,30
3.1 Governance and climate	0,30
National Energy and Climate Plans (NECPs)	0,20
Greenhouse gas 2030 target	0,20
National systems for climate reporting	0,20
National greenhouse gas emissions policies and measures and adaptation planning and strategies	0,20
Long-term strategy and climate neutrality	0,20
3.2 Renewable Energy	0,30
2030 renewable energy targets	0,20
Quality of support schemes	0,20
Self-consumption and energy communities	0,15
Guarantees of origin	0,15
Sustainability criteria for biofuels, bioliquids and biomass fuels	0,15
Renewable energy in the heating and cooling sector	0,15
3.3 Energy Efficiency	0,30
2030 energy efficiency targets and policy measures	0,20
Energy efficiency in buildings	0,20
Energy efficiency scheme and financing	0,20
Energy efficient products - labelling	0,20
Efficiency in heating and cooling	0,20
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	0,10
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	0,10
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)	0,30
Sulphur in fuels	0,15
Large combustions plants and industrial emissions*	0,30
Nature protection	0,15
Environmental liability	0,10
5 Performance of authorities	0,10
Regulatory authority	0,60
Competition authority	0,10
State aid authority	0,10
Statistical authority	0,20

* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation