Georgian National Energy and Water Supply Regulatory Commission

Activity Report of 2025

Tbilisi

2026

Contents

Chairman's Statement

Dear reader,

2025 proved to be marked by diverse and transformative developments for the Georgian National Energy and Water Supply Regulatory Commission (hereinafter "the Commission"). During this year, the Commission once again analyzed the tasks, requirements, expectations, advantages and challenges before it, and, based on the results of this analysis, defined a three-year development strategy. The achievement of the objectives set out in this strategy will contribute to raising awareness of the Commission's activities, improving service quality, strengthening international cooperation, forming cost-reflective, transparent and stable tariff rates, further sector development, and the effective functioning of competitive and transparent markets, as well as ensuring information security. All of the above will have a positive impact on each regulated enterprise and consumer, as the Commission's primary objective is to protect consumer rights, while also taking into account the interests of regulated entities.

During the reporting year, the Commission, for the first time, set tariffs for amelioration services and developed procedural rules aimed at ensuring the operational efficiency and flexibility of the water usage process. Regulatory cost audits were conducted for dozens of regulated enterprises, and the results were subsequently reflected in tariff calculations in detail. The sectoral departments of the Commission's staff responded promptly to consumer complaints. Investments actually implemented by regulated enterprises were verified, including through on-site inspections. Access to utility services was improved through cooperation with the Public Service Hall.

In 2025, a number of informational and awareness-raising meetings were held with students and school children. The growing interest among students in considering employment in the energy and water supply sectors when choosing their future profession should be assessed as a clearly positive trend, as the development of the sector is inconceivable without new personnel equipped with knowledge, innovative visions and approaches.

Finally, I would like to express my gratitude to each employee of the Commission's staff for fulfilling their responsibilities with a high level of accountability and professional standards.

Davit Narmania
Chairman

Electricity

- Electricity generation (busbar delivery) decreased by 3% compared to the previous year and by 4% compared to 2023;
- Electricity generation (busbar delivery) in Georgia, based on data for 2016-2025, increased at an average annual rate of 2.7%;
- Domestic electricity consumption increased by 3.2% compared to the previous year and by 8.7% compared to 2023;
- Electricity consumption in Georgia, based on data for 2016-2025, grew at an average annual rate of 3.4%;
- Electricity consumed by direct consumers increased by 9.1% compared to the previous year and by 23.4% compared to 2023;
- Electricity supplied to Abkhazia decreased by 2.6% compared to the previous year and by 8% compared to 2023;
- Electricity generated by thermal power plants (busbar delivery) decreased by 1.6% compared to the previous year and by 19.8% compared to 2023;
- In the reporting year, electricity imports increased by 26.9% compared to the previous year and by 97.2% compared to 2023;
- Electricity exports decreased by 51.2% compared to the previous year and were almost three times lower compared to 2023;
- In the reporting year, 870 million kWh of electricity was transited, representing a decrease of 19% compared to 2024 and fourfold compared to 2023;
- The retail electricity market is highly concentrated (HHI2025 = 5,060), where EP Georgia Supply JSC holds a 56.5% market share, Tbilisi Electricity Supply Company LLC holds 43.3%, and Free Supplier LLC holds 0.2%;
- The market shares of the three largest electricity producers were distributed as follows: Enguri HPP LLC - 24.9%, Energo-Pro Georgia Generation LLC - 12%, and Gardabani Thermal Power Plant LLC - 8.4%. The Herfindahl–Hirschman Index for electricity generation amounted to HHI2025 = 1,011;
- In the reporting year, 4 hydropower plants and 6 solar power plants were commissioned, with a total installed capacity of 87 MW. Among them, the largest has an installed capacity of 53 MW, while the remaining plants are of small capacity.

Natural Gas

- According to Georgia's energy balance for 2025, the share of natural gas in total energy consumption amounted to 42.4%, indicating its dominant role in the country's energy system;
- In 2025, 99.6% of the country's demand for natural gas was met through imported resources, with the Republic of Azerbaijan remaining the main supplier;
- In 2025, natural gas consumption in the country increased slightly and reached 3,063 million m³; consumption for household purposes amounted to 1,598 million m³, while consumption for non-household purposes totaled 1,465 million m³, including 600 million m³ consumed by thermal power plants;
- As of 2025, 25 traders/suppliers were active in the natural gas market, of which 11 companies operated at the wholesale level, with the three largest suppliers accounting for 95% of the total

volume; at the retail level, 24 suppliers were active, with the three largest participants holding a combined market share of 87%;

- Natural gas placement on the Georgian market (through imports and domestic production) was carried out by only three suppliers: Georgian Oil and Gas Corporation JSC, Bago LLC and SOCAR Georgia Gas LLC. In this segment, the Herfindahl-Hirschman Index (HHI) among traders/suppliers amounted to 6,673, indicating a highly concentrated market;
- In 2025, the gasification of new settlements continued, resulting in the total number of retail consumers reaching 1,668,471 by the end of the reporting year. In 2025, the sector added 64,683 new consumers;
- Data for 2025 confirms that natural gas consumption depends on climate conditions (HDD), while differences between cities reflect temperature variations;
- As of December 31, 2025, 16 natural gas distribution licensees were operating in Georgia. Among them, the three largest licensees -Tbilisi Energy LLC, SOCAR Georgia Gas LLC and SakOrgGas JSC - distributed 91% of the total volume of gas;
- The Commission approved investment plans to be implemented during 2026 - 2030, with a total value of 307 million GEL;
- In 2025, amendments were made to natural gas distribution licenses: the licenses of four companies - SOCAR Georgia Gas LLC, SakOrgGas JSC, SG Gas Company LLC and Inter Gas LLC - were modified, resulting in the addition of 53 settlements to their licensed service areas. During the same period, the licenses of Varketilairi LLC and Chiragdani LLC were revoked.

Water Supply and Amelioration

- As of December 31, 2025, 8 water supply licensees were operating in Georgia;
- Water supply licensee companies ensure the provision of drinking water to 74% of Georgia's population;
- The number of consumers of licensed companies increased by 5.23% compared to the previous year, amounting to 67,668 additional subscribers;
- During 2025, the volume of consumed drinking water amounted to 261 million m^3;
- Across the country, average drinking water consumption (in the metered sector) amounts to 192 litres per person per day and 430 litres per subscriber on average;
- As a result of the inspection of the activities of Batumi Water LLC for compliance with the requirements established by Georgian legislation, including the Commission's regulatory acts, violations of the Law of Georgia on Energy and Water Supply, the Commission's normative acts, its decisions, and license conditions were identified. A fine of 20,000 Gel was imposed on Batumi Water LLC ;
- Violations identified in the water supply systems of the city of Rustavi, owned by Georgian Water and Power LLC, were deemed to constitute breaches of license conditions and the Commission's approved normative acts, and Georgian Water and Power LLC was fined 50,000 GEL;
- The Commission approved tariffs for services provided by the primary water user for the period from April 1, 2026 to December 31, 2028.

1. Development of the Regulatory Framework

1.1. Harmonisation of the Regulatory Framework with the Energy Community Acquis

In 2014, Georgia signed the Association Agreement with the European Union, under which, inter alia, an obligation was established to harmonise Georgian legislation with EU legislation in the energy sector. In 2016, the Protocol Concerning the Accession of Georgia to the Treaty Establishing the Energy Community was signed, setting out the specific conditions and timelines for implementing the Energy Community acquis in Georgia. Under this Protocol, Georgia undertook the obligation to transpose the Energy Community acquis into its national legal framework.

On 20 December 2019, the Parliament of Georgia adopted the Law of Georgia on Energy and Water Supply, thereby initiating a reform of unprecedented scale in the energy sector. Within the framework of this reform, the role and functions of the Commission were significantly expanded. Following the adoption of the law, during 2020–2024, the Commission adopted numerous secondary normative acts regulating the energy sector, based on best European practices and the experience accumulated within the Commission over decades.

During the reporting year, the Commission implemented a number of measures aimed at further improving the regulatory framework and aligning it more closely with best international practices, enhancing the effectiveness of consumer protection mechanisms, and ensuring compliance by regulated undertakings with the requirements established by legislation.

1.2. Unbundling of Activities

As of the reporting year, the electricity and natural gas transmission system operators in Georgia are not certified. The submission of certification applications to the Commission by the electricity transmission system operator, Georgian State Electrosystem JSC (GSE) and the natural gas transmission system operator, Georgian Gas Transportation Company JSC (GGTC), is directly dependent on the implementation of the measures set out in the unbundling plans approved by the Government of Georgia.

In accordance with the Law of Georgia on Energy and Water Supply, a distribution system operator (DSO) that forms part of a vertically integrated undertaking must be independent, at least in terms of its legal form, organisational structure and decision-making, from other activities not related to distribution. The law obliges the compliance officer of the DSO to submit an annual report to the Commission on the implementation of the compliance programme. The requirements and relevant procedures concerning the legal, functional (management), and accounting unbundling, as well as the independence of the distribution system operator, are defined by Commission Resolution №39 of July 16, 2020.

During the reporting year, the Commission was reviewing the unbundling plans of natural gas distribution system operators. As regards the electricity sector, the Commission approved, during the reporting year, the annual reports submitted by the compliance officers of Energo Pro Georgia JSC and Telasi JSC, thereby confirming that both enterprises duly complied with the unbundling requirements. This contributes to the protection of consumer rights, the establishment of fair competition in the electricity sector, and the strengthening of trust in the activities of distribution system operators.

1.3. Amendments to the Commission's Normative Legal Acts

1.3.1. Electricity Retail Market Rules

During the reporting year, various amendments were introduced to the "Electricity Retail Market Rules", approved by Commission Resolution №47 of 13 August 2020 (hereinafter – the Retail Market Rules), in order to comprehensively regulate certain issues related to the relations between suppliers and consumers in the retail market and to enhance the protection of consumer rights:

Issues related to the transition from the existing scheme of remuneration for surplus electricity fed into the network by micro power plants to net billing were regulated (see Chapter 3.6.1 of the report), including clarification of the terms of the supply contract, the content of public offers and information to be provided via call centres, as well as the information presented in electricity bills;

Budgetary organisations temporarily using immovable property were exempted from the obligation to pay a deposit on this basis;

The settlement procedure between a supplier and a consumer owning a micro power plant was clarified in the event of early termination of the contract;

The supplier of last resort was assigned the obligation to purchase surplus electricity generated by micro power plants and fed into the network.

1.3.2. Dispute Resolution Rules

In accordance with the Law of Georgia on Water User Organisations, the Commission shall examine disputes between a primary water user and a water user organisation/another water user after the methodology for setting tariffs for services provided by the primary water user has been approved and the relevant service tariffs have been established.

The tariff for services provided by the primary water user was established on December 29, 2025. Accordingly, the Dispute Resolution Rules approved by Commission Resolution №24 of June 4, 2020 (hereinafter – the Dispute Resolution Rules) were extended to the irrigation sector.

In line with the unified and transparent rules approved by the Commission, the review of disputes will contribute to the stability of the irrigation sector and the safeguarding of legal safity.

1.3.3. Electricity Distribution Network Rules

During the reporting year, Article 18^1 was added to the Electricity Distribution Network Rules approved by Commission Resolution №19 of June 29, 2021 (hereinafter – the Distribution Network Rules), granting the system operator the right, with the Commission's consent, to cancel an application for connection of a new consumer to the network if the connection is clearly unfeasible due to the technical impossibility of carrying out the required construction works.[1] This mechanism ensures the prevention of formally active but objectively unimplementable applications, relieves the company from fictitious obligations, and optimises the use of its resources. In addition, Article 22^2 was introduced into the Distribution Network Rules, obliging owners of self-generation facilities with an installed capacity of 50 kW and above to confirm the installed capacity every three years.

[1] See Commission Resolution №29 of September 17, 2025.

In the event of failure to submit the relevant confirmation, the act shall be prepared by the system operator at the expense of the owner. This amendment ensures accurate accounting of the actual capacity of micro power plants and improves network planning, which, in turn, facilitates the connection of additional micro power plants to the network. During the reporting year, the fee for connecting a new facility to the electricity distribution network was also reviewed and amended.[2]

1.3.4. Natural Gas Supply and Consumption Rules

The Natural Gas Supply and Consumption Rules, approved by Commission Resolution №12 of July 9, 2009 (hereinafter – the Natural Gas Supply and Consumption Rules), require distribution licensees and suppliers operating in the natural gas sector to maintain updated consumer data, including: name, surname, address, personal identification number, telephone number, information on the person responsible for payment, as well as a database of consumers and consumption. This database is created/updated upon the connection of a new consumer to the network, the conclusion of a supply contract, and the registration of a subscriber. Upon submission of an application,[3] natural gas suppliers were granted the authority to verify consumer-related information with the LEPL Public Service Development Agency, which will enhance the effectiveness of communication between suppliers and consumers and, consequently, improve the quality of service.

Since 2025, several multi-apartment residential buildings have been benefiting from the preferential billing method approved in 2024, as a result of which their natural gas charges have decreased by more than 50%. Under this method, regardless of who is registered as the owner of the central heating system (a natural person, a legal entity or an association), natural gas consumed for household purposes is charged at the household tariff.

In addition to financial savings, central heating systems reduce risks associated with technical malfunctions of individual boilers, ensure a high efficiency coefficient, decrease the emission of harmful gases, and facilitate the efficient use of renewable energy sources for heating purposes.

1.3.5. Drinking Water Supply and Consumption Rules

During the reporting year, amendments were introduced to the "Drinking Water Supply and Consumption Rules" approved by Commission Resolution №32 of November 26, 2008 (hereinafter – the Drinking Water Supply and Consumption Rules).

In order to bring consumers, who are actually connected to the system but remain unregistered, into the legal framework the Commission established a special transitional mechanism during the reporting year. In particular, water supply licensees were obliged to identify such facilities and register them as subscribers.[4] At the same time, in order to avoid imposing an immediate financial and social burden on consumers, an obligation was introduced to distribute the cost of connection and previously received services over a period of at least 24 months. This rule will remain in force until September 1, 2026. Based on this regulation, Georgian Water and Power LLC has already identified more than 10,000 consumers, which will significantly reduce the company's commercial

[2] See Commission Resolution №52 of December 26, 2025.
[3] See Commission Resolution №27 of August 7, 2025.
[4] See Commission Resolution №33 of November 27, 2025.

losses.

During the reporting year, it was also clarified what constitutes the provision of services covering the full technological cycle in the case of multi-apartment residential buildings. In particular, the water supply licensee is responsible for constructing the water supply system up to the manhole located outside the building, issuing the technical conditions necessary for the installation of the internal network, carrying out technical supervision of these works, ensuring the installation of metering nodes, and initiating water supply. The installation of the internal network within the building is carried out by the applicant/developer in accordance with the technical conditions issued by the licensee. Regardless of ownership, the network installed within the building is considered part of the water supply system, and the water supply licensee is responsible for supplying drinking water to each consumer. The amendment also restricted the practice of installing pressure booster pumps by consumers, as this is essentially the responsibility of the water supply licensee. Such installation is permitted only in cases where the required technical parameters clearly exceed the design capacity of the existing system and cannot be met without substantial system upgrades. The amendment is based on practical experience and aims to clearly define the rights and responsibilities of the parties.

Specific provisions were also introduced for cases where the licensee has completed the work, but the internal network is not yet ready. In such cases, the water supply licensee completes the connection by initiating water supply at the manhole installed at the building, preparing the relevant act and sealing the system. Upon receiving confirmation that the internal water supply network within the building is ready, the licensee shall, within 20 working days, ensure the installation of individual meters.

The amendment also clarified that a facility (residential apartment, enterprise or other) located outside the licensed area may be connected to the water supply system under special conditions, based on the technical conditions issued by the water supply licensee. In such cases, the fee established by the Commission for new connections does not apply, and the metering node must be installed within the licensed area. This amendment, on the one hand, ensures access to the services of the water supply licensee for objects located outside the licensed area, and on the other hand, clearly establishes that the licensee is not obliged to develop the network beyond the boundaries of the licensed area and that its responsibility extends only up to the metering node.

In 2025, the minimum functional requirements for multifunctional electronic meters were also clarified, and the function of remote disconnection and reconnection of water supply was removed from the mandatory requirements.[5] At the same time, the obligation to install smart meters was postponed: in self-governing cities other than Tbilisi, Rustavi and Batumi — until July 1, 2027, and in other municipalities — until July 1, 2028.

1.3.6. Irrigation Water Supply Rules

During the reporting year, an amendment was introduced to the Irrigation Water Supply Rules approved by Commission Resolution №39 of August 30, 2023, according to which, instead of

[5] See Commission Resolution №11 of June 25, 2025.

requiring service centres in all municipalities, Georgian Amelioration LLC (hereinafter – the amelioration company) was obliged to maintain at least one service centre in each region where it operates. This amendment serves as a clear example of cost reduction through improved service conditions, as it also envisages the possibility of submitting applications to Georgian Amelioration LLC through the Public Service Hall. Under the same amendment, the amelioration company was required to reflect, within its annual water supply regimes, information on operation and maintenance works carried out on the irrigation system, and to provide consumers with prior, individual SMS notifications regarding periods of irrigation system shutdown. As a result of this regulation, the company, for the first time, defined shutdown periods for each irrigation system and incorporated them into the water supply regimes.

The rules were also supplemented with provisions governing the metering of water volumes supplied to water user organisations and the tariffs for wholesale supply, as well as transitional arrangements related to the new tariff to be introduced from April 1, 2026, in order to ensure continuity of service and accurate billing. For the purpose of ensuring proper planning of irrigation water delivery regimes and the rational allocation of water resources, the procedure for agreeing on water use schedules was further clarified. This includes the possibility of concluding such schedules remotely and for multi-year periods, which significantly simplifies procedures, enhances efficiency, reduces the risk of information loss or miscommunication, and saves the resources of both consumers and suppliers.

The rules also established a planned period for agreeing water use schedules (from February 1 to March 31) and introduced a fee for the individual review of late applications, which will enter into force from 2027. This mechanism will encourage consumers to agree on water use schedules in advance and contribute to more predictable planning of water supply regimes prior to the start of the active irrigation period.

2. Pricing and Tariff Regulation

2.1. Legal and Methodological Framework

The basis for tariff calculation for enterprises subject to tariff regulation by the Commission (hereinafter – the enterprise) is the Law, other legislative acts of Georgia, and tariff methodologies approved by the Commission. In the amelioration sector, the Law of Georgia on Water User Organisations also applies.

The Commission conducts an audit of costs (operational and capital) incurred by regulated enterprises on the basis of the Law and the Regulatory Cost Audit Rules approved by Commission Resolution №27 of June 27, 2023 (hereinafter – the Regulatory Cost Audit Rules).

Regulatory cost audits may be either planned or unplanned. Planned audits are conducted directly for tariff-setting purposes, in the year of tariff and fee calculation, and relate to the operational and capital costs of the enterprise for the base or test year. Unplanned audits are conducted for the purpose of examining a specific issue or cost, at any time, and may cover the regulatory audit of costs for any period. The results of the regulatory audit are reflected in the tariff calculations of the respective enterprise.

The plan for regulatory cost audits to be carried out in the subsequent calendar year, approved by the Commission's decision, as well as the final reports of regulatory audits, are published on the Commission's website and are accessible to any interested party.

During the reporting year, amendments were introduced to the Regulatory Cost Audit Rules, defining the procedure for the submission, assessment and allocation of forecast costs by enterprises.[6] The amendment also addressed the provision on the reasonable level of justified costs and established a procedure for grouping the staffing structure of regulated enterprises for the purpose of determining the reasonable allocation of the thirteenth salary fund among employees. During the reporting year, the list of justified costs was expanded to include remuneration for overtime work, the thirteenth salary payment and employee health insurance costs.[7]

2.1.1. Electricity Sector

In determining electricity tariffs, the Commission applies the internationally recognized regulatory approaches of incentive-based (revenue-cap) regulation and cost-plus regulation. These approaches ensure the stable operation of the enterprise, promote efficiency improvements, provide for the recovery of justified costs, and allow for the earning of a reasonable profit.

Within the framework of public service obligations, which are imposed on enterprises by the Government of Georgia for the provision of specific energy activities, the Commission is authorised, on the basis of the methodologies it has approved, to set electricity supply tariffs for final consumers served by public service suppliers.

During the reporting year, in addition to minor clarifications and legal refinements, amendments to tariff methodologies were introduced, affecting methodologies for calculating tariffs for universal service supply, public service supply, electricity transmission, distribution, and the

[6] See Commission Resolution №12 of June 25, 2025.

[7] See Commission Resolution №30 of November 6, 2026.

market operator of balancing and ancillary services. Amendments also applied to the methodologies for calculating fees for wholesale public service supply and for the operators of the day-ahead and intraday electricity markets. In particular, new interest rates for long-term loans and deposits were established for the 2026 tariff regulation period, and the weighted average cost of capital (WACC), along with its components, was determined for the regulatory periods of 2026–2030.[8]

In accordance with the requirements of the methodology for calculating the guaranteed capacity fee and the electricity generation tariffs for guaranteed capacity sources, as approved by the Commission, and based on the relevant Commission decisions, the natural gas purchase agreements for guaranteed capacity sources (thermal power plants) were approved for the 2025 period. Under these agreements, the price of natural gas supplied for production purposes was set at USD 210 per 1,000 m³, excluding VAT. Settlements are carried out in the national currency (GEL), based on the USD/GEL exchange rate established by the National Bank of Georgia as of the last day of the relevant reporting month.

2.1.2. Natural Gas Sector

In the calculation of natural gas consumption tariffs, the incentive regulation principles commonly applied in international practice are used. These ensure the stable functioning of enterprises, stimulate efficiency improvements, provide for the recovery of justified costs, and enable a fair and reasonable return on invested capital.

Based on this tariff methodology, tariffs are set for a period of five years. Accordingly, the methodology also allows for the inclusion of forecast data in tariffs, including capital costs (annual depreciation and return on regulated assets), for each tariff year. These relate to investments that must be agreed by a decision of the Commission in accordance with established procedures (investment plans) and implemented within the relevant tariff year. The tariff methodology also provides for the adjustment of tariffs for the subsequent tariff regulation period based on the investments actually carried out.

2.1.3. Water Supply Sector

The tariff methodology for the calculation of water supply tariffs is based on internationally recognised incentive (revenue cap) regulatory approaches and principles. It aims to protect consumers from monopoly pricing, safeguard investors' interests, and ensure stable operation, recovery of reasonable costs incurred, and the opportunity to earn a fair return.

Based on this tariff methodology, tariffs are set for a period of three years. Accordingly, the methodology allows for the inclusion of forecast data in tariffs, including capital costs (annual depreciation and return on regulated assets) for each tariff year. These relate to investments which, in accordance with established procedures (investment plans), must be approved by a decision of the Commission and implemented within the relevant tariff year. The methodology also provides for the

[8] See Commission Resolution №34 of November 27, 2026.

adjustment of tariffs for the subsequent tariff regulation period based on the investments actually carried out.

During the reporting year, amendments were introduced to the Water Supply Tariff Calculation Methodology. The purpose of the amendment was to develop a unified tariff adjustment mechanism to be applied both during the regulatory period for tariff adjustments and after the completion of the regulatory period when setting tariffs. The amendment also ensures the establishment of a unified approach to tariff adjustments across the electricity, natural gas, and water supply sectors.[9]

2.1.4. Amelioration Sector

In the amelioration sector, tariff regulation applies to irrigation water supply activities subject to regulation under the Law of Georgia on Water User Organisations. The Tariff Methodology for Calculating the Tariff for Services Provided by the Primary Water User, approved by Commission Resolution №40 of September 14, 2023 (hereinafter – the Tariff Methodology), is based on internationally recognised incentive (revenue cap) regulatory approaches and principles, which ensure the promotion of efficiency in the operation of enterprises. The objective of tariff regulation is to protect consumers from monopoly pricing, promote the rational use of existing water resources, and at the same time ensure the stable and reliable operation of the primary water user.

2.2. Tariff Regulation in the Electricity Sector

2.2.1. Setting and Adjustment of Tariffs in the Electricity Sector

In accordance with the tariff methodologies and regulations approved by the Commission, tariffs are set for a regulatory period individually for each energy undertaking:

1. For electricity distribution and transmission system operators – for a five-year period;
2. For hydropower plants subject to public service obligations – for a three-year period;
3. For thermal power plants – the guaranteed capacity fee is set annually, for a period of one year;
4. For thermal power plants – electricity generation tariffs for guaranteed capacity sources are determined monthly, based on actual data;
5. For suppliers subject to public service obligations – for a period of one year.

The year 2025 constituted a tariff-setting year for a number of electricity undertakings, for which the Commission established the relevant tariffs and fees. This process covered eight electricity generation licensees subject to public service obligations (4 thermal power plants and 4 hydropower plants), two public service electricity suppliers, two distribution system operators, the electricity transmission system operator (TSO), as well as Georgian Energy Exchange JSC.

The guaranteed capacity fees established for G-Power LLC, Georgian International Energy Corporation LLC, and Mtkvari Energy LLC remained in force until July 1, 2025. During the reporting

[9] See Commission Resolution №35 of November 27, 2025.

year, new fees were established for the period from July 1, 2025 to January 1, 2026.[10] Guaranteed capacity fees for these enterprises, as well as for Gardabani Thermal Power Plant LLC, were approved for the period from January 1, 2026 to January 1, 2027,[11] while electricity generation tariffs for guaranteed capacity sources are published monthly on the Commission's website in accordance with established procedures.

Based on amendments to the law, during the reporting year, the electricity generation tariffs for Enguri HPP LLC and Vardnili HPP Cascade LLC were adjusted, with the effective period set from May 1, 2025 to January 1, 2027.[12] In addition, maximum (ceiling) electricity generation tariffs for Khrami I HPP JSC and Khrami II HPP JSC were approved for the period from January 1, 2026 to January 1, 2027.[13]

According to amendments to the Electricity Market Model Concept[14] approved by the Government of Georgia, the full implementation of the target electricity market model has been scheduled for July 1, 2027.[15] Accordingly, based on the request of Georgian Energy Exchange JSC, the service fees (temporary tariffs) for the operators of the day-ahead and intraday electricity markets were set at zero for the following periods: from July 1, 2025 to September 1, 2025; from September 1, 2025 to January 1, 2026; and from January 1, 2026 to January 1, 2027.[16]

Taking into account the postponement of the implementation of the target electricity market model until July 1, 2027, electricity supply tariffs (for universal service, public service, and supplier of last resort) were set through December 31, 2025, at the same level as the tariff rates applicable in the first half of 2025.[17]

Within the authority provided under Article 30(1)(c) of the Law, a temporary tariff for Georgian State Electrosystem JSC was established for the period from January 1, 2026 to January 1, 2027 at the level of the existing tariff.[18]

Distribution tariffs for Telasi JSC were approved for the period from January 1, 2026 to January 1, 2031 (tariff regulation period),[19] while temporary electricity distribution tariffs for Energo-Pro Georgia JSC were approved for the period from January 1, 2026 to April 1, 2026.[20]

Temporary electricity supply tariffs were also established for the period from January 1, 2026 to April 1, 2026.[21]

Final consumption tariffs for the above-mentioned suppliers consist of the sum of the supply, distribution, and transmission tariffs set by the Commission for these undertakings. Information on the

[10] See Commission Resolutions №№14–16 of June 27, 2025.
[11] See Commission Resolutions №№36–39 of December 5, 2025.
[12] See Commission Resolutions №6 and №7 of April 24, 2025.
[13] See Commission Resolutions №№40–41 of December 5, 2025.
[14] See Government of Georgia Resolution №246 of April 16, 2020.
[15] See Government of Georgia Resolution №233 of June 26, 2025.
[16] See Commission Resolutions №17 of June 27, 2025, №28 of August 27, 2025, and №42 of December 5, 2025.
[17] See Commission Resolutions №№18–23 of June 27, 2025.
[18] See Commission Resolution №46 of December 22, 2025.
[19] See Commission Resolution №47 of December 22, 2025.
[20] See Commission Resolution №58 of December 29, 2025.
[21] See Commission Resolutions №№59–64 of December 29, 2025.

distribution, supply, and final consumption tariffs established in 2025 and their respective components is presented in Annex №7.

2.2.2. Comparative Analysis of Tariffs

For the purpose of assessing the burden of consumer tariffs in Georgia, Table 1 and Figure 2.1 present household electricity tariffs applicable in different countries [22]:

Country	Household Tariff (tetri/kWh)
Azerbaijan	18.25
Georgia	19.88
Türkiye	20.37
Bosnia and Herzegovina	30.05
Montenegro	32.30
Hungary	33.03
Armenia	33.29
Albania	35.82
Serbia	35.91
North Macedonia	36.61
Norway	37.24
Bulgaria	40.13
Malta	44.59
Croatia	48.29
Iceland	53.99
Romania	55.64
Slovenia	55.98
Finland	58.32
Slovakia	58.62
Moldova	64.25
Sweden	66.09
Estonia	66.86
Lithuania	67.84
Netherlands	69.92
Greece	73.96
Latvia	78.53
Luxembourg	78.76
Portugal	79.83
France	80.38
Poland	82.29
Spain	88.14

[22] Tariffs are presented as of 2025.

Austria	91.70
Cyprus	92.96
Denmark	93.54
Czechia	95.25
Liechtenstein	96.75
Ireland	98.19
Belgium	110.75
Italy	115.73
Germany	123.96

Table 1. Household Electricity Tariffs in the Region and Various European Countries (tetri/kWh; including taxes)

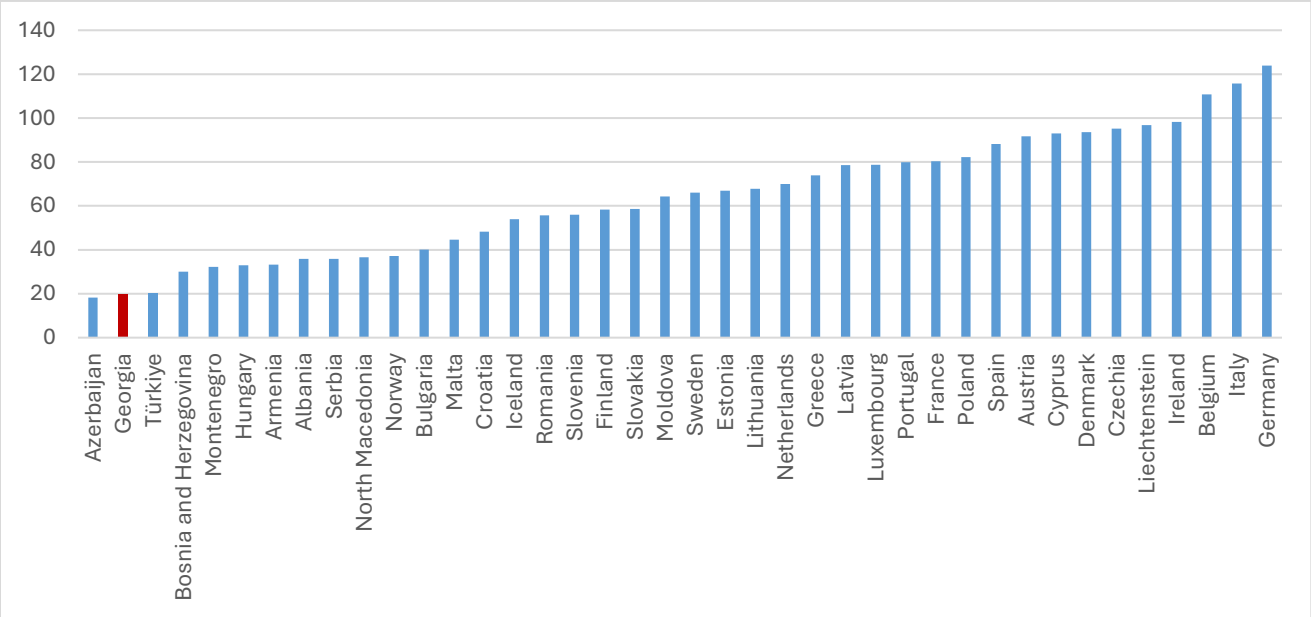

Figure 2.1. Household Electricity Tariffs in the Region and Various European Countries (tetri/kWh; including taxes)

2.2.3. Regulatory Cost Audit

According to the 2025 regulatory cost audit plan[23] for enterprises subject to tariff regulation in the electricity sector, regulatory cost audits were planned for five thermal power plants, two hydropower plants, the transmission system operator (TSO), two distribution system operators (DSOs), two electricity suppliers, and the energy market operator, namely:

[23] See Commission Decision №48/2 of December 19, 2024.

Regulated Enterprise	Purpose of Regulatory Cost Audit	Indicative Audit Period
Gardabani Thermal Power Plant 2 LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	03.01.2025 – 01.07.2025
Georgian Energy Exchange JSC	Determination of the respective service fee	03.01.2025 – 01.07.2025
Mtkvari Energy LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	04.07.2025 – 31.12.2025
Georgian International Energy Corporation LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	04.07.2025 – 31.12.2025
G-Power LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	04.07.2025 – 31.12.2025
Gardabani Thermal Power Plant LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	04.07.2025 – 31.12.2025
Gardabani Thermal Power Plant 2 LLC	Determination of the guaranteed capacity fee within the framework of public service obligations	04.07.2025 – 31.12.2025
Tbilisi Electricity Supply Company LLC	Determination of tariffs for universal service, public service supply and supply of last resort	04.07.2025 – 31.12.2025
EP Georgia Supply JSC	Determination of tariffs for universal service, public service supply and supply of last resort	04.07.2025 – 31.12.2025
Telasi JSC	Determination of electricity distribution tariffs	04.07.2025 – 31.12.2025
Energo-Pro Georgia JSC	Determination of electricity distribution tariffs	04.07.2025 – 31.12.2025
Georgian State Electrosystem JSC	Determination of electricity transmission tariffs	04.07.2025 – 31.12.2025

Khrami HPP 1 JSC	Determination of electricity generation tariffs	04.07.2025 – 31.12.2025
Khrami HPP 2 JSC	Determination of electricity generation tariffs	04.07.2025 – 31.12.2025

Table 2. Purpose and Period of Conducting Regulatory Cost Audits of Regulated Enterprises

At the initial stage of the regulatory audit, preliminary regulatory cost audit reports were submitted to the enterprises, and they were given the opportunity to provide relevant comments, explanations and observations to the Commission. The final regulatory cost audit reports were then sent to the respective regulated enterprises, submitted to the Commission, and reviewed at public hearings in accordance with the procedures established by legislation.

Since, in relation to Gardabani Thermal Power Plant 2 LLC, the period for the provision of public service, namely the provision of guaranteed capacity, was set from July 1, 2027,[24] no public administrative proceedings were conducted for the determination of the guaranteed capacity fee for the tariff periods starting from July 1, 2025 and January 1, 2026. Consequently, no regulatory cost audit was carried out for this enterprise.

During the reporting year, unplanned regulatory cost audits of Georgian State Electrosystem JSC, Telasi JSC and Energo-Pro Georgia JSC were conducted in order to examine the allocation of the thirteenth salary payment among employees and the corresponding salary rates/salary fund according to the current staffing structure of these enterprises.

During the reporting year, unified financial reporting forms[25] were approved across the electricity, natural gas, water supply and, for the first time, the amelioration sectors. These forms are fully aligned with the Uniform System of Accounts (USOA)[26] and the reporting rules[27] approved by the Commission in the electricity sector. In addition, new forms[28] of tariff applications to be submitted by the electricity transmission system operator and distribution system operators for the purpose of tariff calculation were approved.

2.2.4. Analysis of the Implementation of Investment Projects

In accordance with the principles defined by the tariff methodologies approved by the Commission, the tariffs set for enterprises shall take into account both implemented investments and those to be carried out by electricity transmission and distribution system operators, in line with the investment plans agreed by the Commission. In this context, for the purposes of tariff calculation, particular attention is paid by the Commission, during the regulatory cost audit, to the analysis and monitoring of both completed and ongoing investment projects.

[24] See Government of Georgia Resolution №234 of June 26, 2025.
[25] See Commission Decision №12/2 of April 3, 2025.
[26] See Commission Resolution №43 of December 27, 2016.
[27] See Commission Resolution №7 of March 30, 2021.
[28] See Commission Decisions №22/2 and №22/3 of June 11, 2025.

Based on the tariff methodologies, when calculating tariffs, the Commission reflects in the regulatory asset base of the enterprise the investments planned for the tariff calculation year and the tariff year, in accordance with the investment plan submitted by the system operators, which must be agreed with the Commission prior to tariff approval. The enterprise is obliged to substantiate the necessity of the planned investments, as well as the expected effects and benefits resulting from their implementation. In cases where the enterprise fails to achieve the planned target indicators (including those related to service standards) as a result of the implemented investments, the Commission is authorised to impose sanctions. Conversely, if the enterprise achieves performance exceeding the planned targets, incentive mechanisms may be applied by the Commission.

Electricity transmission and distribution system operators are required to provide the Commission with detailed reporting on the actual implementation of each investment project agreed by the Commission. In addition, for selected construction (installation) and rehabilitation investment projects identified by the Commission, operators must submit expert conclusions on the works actually carried out within a reasonable timeframe. Based on the review and analysis of this information, compliance of the technical and economic indicators with the pre-approved investment plans will be assessed, and, where necessary, the relevant electricity tariffs set for the licensee enterprise will be adjusted accordingly.

Investments implemented by electricity generation licensees are ultimately intended to enhance the reliability, safety and quality of electricity supply of public service generation facilities and the electricity network.

In 2025, the total amount of planned investments by electricity generation, transmission and distribution licensees subject to tariff regulation in the electricity sector amounted to 652,908 thousand GEL, while the actual investments carried out amounted to 547,199 thousand GEL. These figures, by type of activity and source of financing, are presented in Figures 2.3 and 2.4.

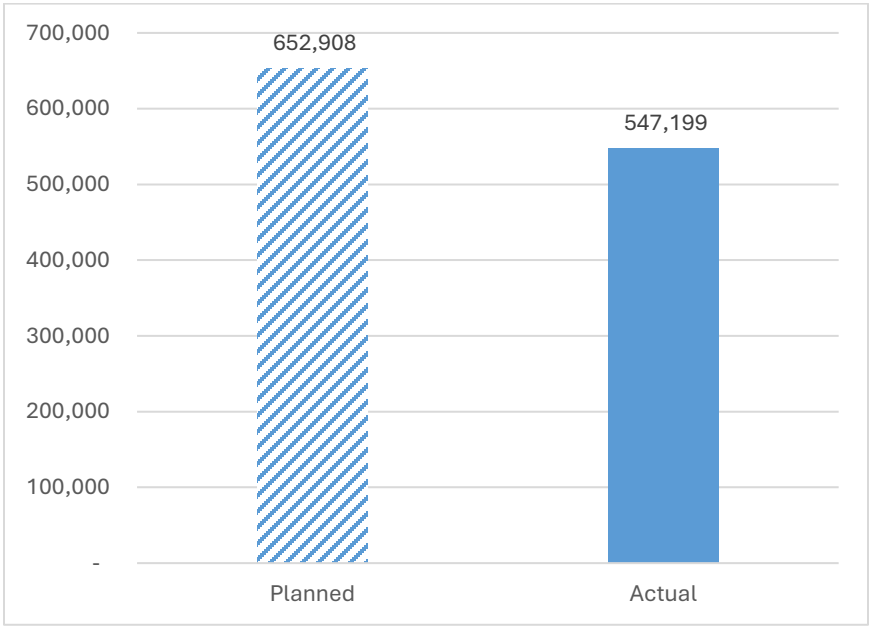

Figure 2.2. Planned and Actual Investments in the Electricity Sector for 2025 (thousand GEL)

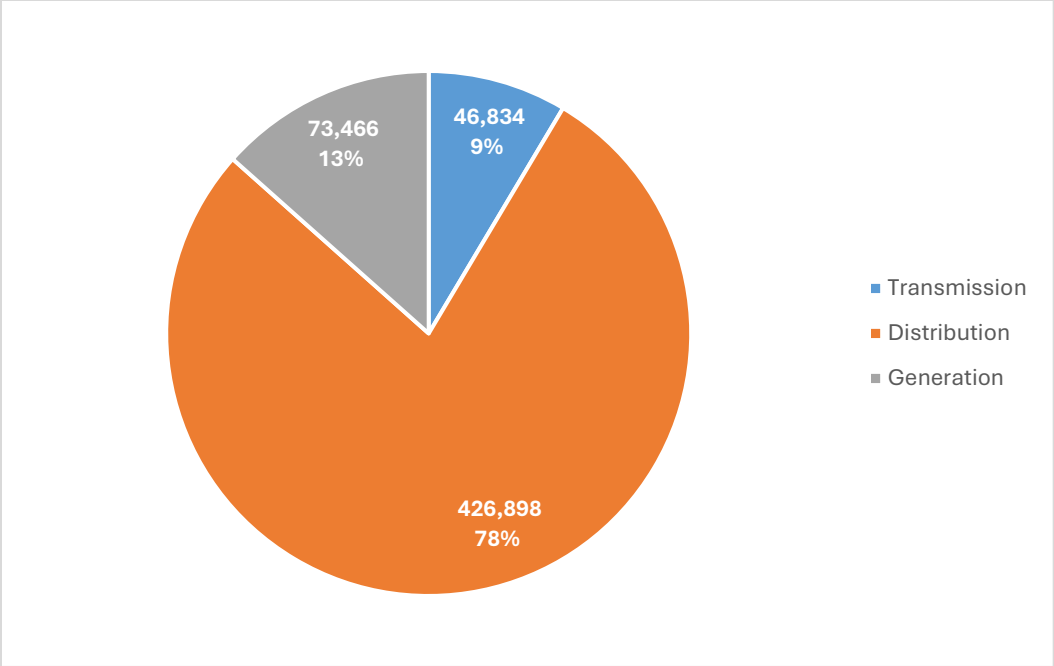

Figure 2.3. Investments Implemented in the Electricity Sector in 2025 by Type of Activity (thousand GEL)

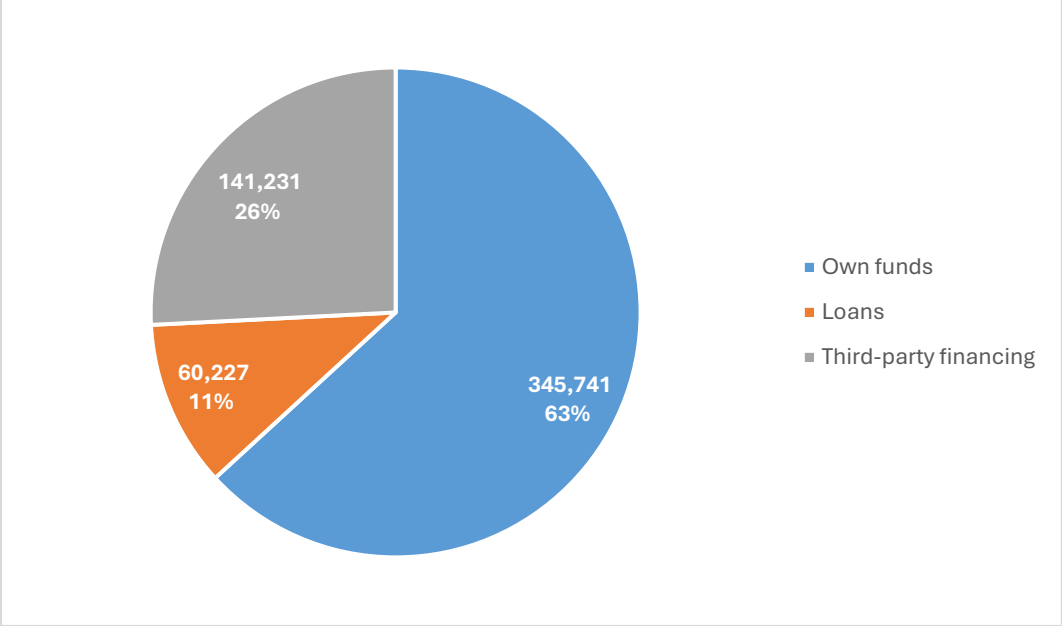

Figure 2.4. Source of Financing of Investments Implemented in the Electricity Sector in 2025 (thousand GEL)

Electricity transmission and distribution system operators aim to enhance the efficiency and reliability of electricity supply within their licensed areas, as well as to increase network capacity for further development, for which they undertake investments on an annual basis. In 2025, the total volume of investment expenditures implemented by the transmission system operator Georgian State Electrosystem JSC amounted to 46,834 thousand GEL. Of this, 39,972 thousand GEL was financed from own funds, while 6,862 thousand GEL was invested in fixed assets created and modernised through third-party financing within the framework of connection to the transmission network. The planned

investment volume of Georgian State Electrosystem JSC for 2025 was set at 231,211 thousand GEL, representing 35% of the total planned investments in the electricity sector (652,908 thousand GEL), while, according to Figure 2.3, the actual share amounted to 9%. The main reason for delays in the implementation of investment projects is the request by the company awarded the tender, during the construction process of transmission lines and substations, to revise project costs, as well as disagreements between the contracting authority and the implementing parties.

Significant investments from own funds were directed towards the rehabilitation and reconstruction of substations and transmission lines, as well as planned capital repairs, amounting in total to 18,239 thousand GEL. An electrotechnical mobile laboratory worth 516 thousand GEL was procured. A total of 1,942 thousand GEL was spent on the acquisition and modernisation of other fixed assets, while 1,101 thousand GEL was allocated to the capital repair of main and auxiliary buildings, vehicles and heavy equipment. The company also made investments in improving technological control and protection systems, amounting to 2,099 thousand GEL. In addition, investments were made in software systems, including data storage and processing systems, the Automated System for Commercial Metering of Electricity and Capacity (ASCME), unified databases, expansion of emergency automation systems, as well as access control and video surveillance systems, totalling 11,282 thousand GEL.

In 2025, investments implemented in the network by Telasi JSC amounted to 161,613 thousand GEL. Of this, 90,111 thousand GEL was allocated to technical re-equipment, reconstruction and capital repair projects (including 35–110 kV, 6–10 kV and 0.4 kV substations, 110–35 kV overhead lines, and 0.4–10 kV cable networks; replacement of power transformers; installation and commissioning of smart meters, etc.). 58,904 thousand GEL was spent on new customer connections and network expansion projects, under which 6,090 new connections were completed in 2025. In addition, various tools and equipment, office technology, software and specialised machinery were procured, amounting in total to 12,598 thousand GEL.

Energo-Pro Georgia JSC carried out investments in similar areas, with a total amount of 265,285 thousand GEL in 2025. Within these investments, SCADA systems were installed at 17 substations; power transformers of various capacities were installed and rehabilitated at 35/110 kV substations; retrofit works were carried out on 103 units at the 6–10 kV level; substation buildings were rehabilitated; and various rehabilitation and installation works were performed on transmission lines. Rehabilitation activities also covered 10/6 kV and 0.4 kV networks. As part of low-voltage (220–380 V) network rehabilitation and metering projects, poles, aerial bundled cables (ABC) and meters were installed, while damaged meters and metal cabinets were replaced. At higher voltage levels (6–10–35–110 kV), damaged alpha-type meters were replaced.

Investments implemented in 2025 by the electricity distribution system operators — Energo-Pro Georgia JSC and Telasi JSC — are presented in Figure 2.5.

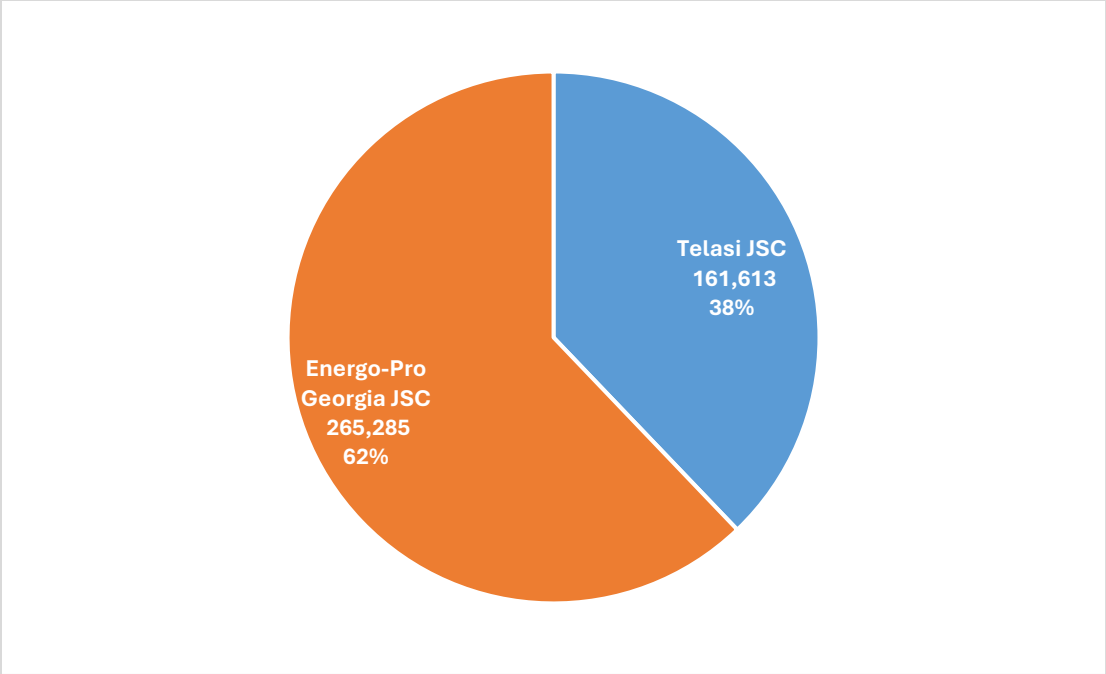

Figure 2.5. Investments Implemented in the Electricity Sector in 2025 by Distribution Sector Licensees (thousand GEL)

2.3. Tariff Regulation in the Natural Gas Sector

2.3.1. Tariffs in Force in the Sector

Natural gas transmission and distribution activities, as natural monopoly activities, are fully subject to tariff regulation by the Commission. As regards natural gas supply, tariffs for non-household consumers are deregulated, and natural gas is supplied without tariff-setting by the Commission, based on publicly offered terms and prices determined by the supplier.[29] Information on the final consumer tariffs currently in force in the natural gas sector is provided in Annex №8.

During the reporting period, the natural gas transmission tariffs approved for Georgian Gas Transportation Company LLC by Commission Resolution №58 of December 12, 2022 were in force, with the validity period from January 1, 2023 through December 31, 2027.

During the reporting year, the natural gas transmission tariff[30] was adjusted for the period from January 1, 2026 through December 31, 2027.

In accordance with Article 4 of the Tariff Methodology for Natural Gas Tariff Calculation[31], the tariff regulation period is defined as five calendar years. Accordingly, in 2022, long-term tariffs for natural gas supply, distribution, transmission and consumption were established by relevant Commission resolutions for the regulated undertakings in the natural gas sector for the 2023–2027 tariff regulation period.

[29] See Order №69 of September 25, 2007 of the Minister of Energy of Georgia on Deregulation and Partial Deregulation of Natural Gas Supply Activities.
[30] See Commission Resolution №48 of December 22, 2025.
[31] See Commission Resolution №33 of December 25, 2014.

During the regulatory period, based on tariff applications submitted to the Commission by Socar Georgia Gas LLC, SakOrgGas JSC and Energokavshiri JSC, requesting adjustments to natural gas supply, distribution and consumption tariffs in accordance with the tariff adjustment principles defined in the tariff methodology, and taking into account the above-mentioned adjustment of the natural gas transmission tariff, the supply, distribution and consumption tariffs for these enterprises were adjusted.[32]

Taking into account the changes in natural gas transmission and supply tariffs, consumption tariffs were approved for licensees operating in the sector — Tbilisi Energy LLC, Sachkheregas JSC, Kamari M LLC, Didi Dighomi LLC, DVS LLC, Gasco+ LLC, SG Gas Company LLC, Mamed LLC, Inter Gas LLC and TelavGas LLC — with validity from January 1, 2026 to January 1, 2028.[33]

Consumer tariffs in the sector remained unchanged.

2.3.2. Comparative Analysis of Tariffs

For the purpose of assessing the burden of consumer tariffs in Georgia, Table 3 and Figure 2.6 present household natural gas tariffs applicable in different countries.[34]

Country	Household Tariff (tetri/m³)
Azerbaijan	37.68
Georgia	55.59
Türkiye	74.20
Armenia	101.78
Hungary	103.46
Croatia	159.56
Bosnia and Herzegovina	172.81
Romania	193.00
Slovakia	210.53
Lithuania	245.71
Bulgaria	262.55
Slovenia	290.90
Estonia	295.80
Spain	298.49
Greece	309.74
Luxembourg	318.23
Belgium	318.68

[32] See Commission Resolutions №№65–67 of December 29, 2025.

[33] See Commission Resolution №68 of December 29, 2025.

[34] Tariffs are presented as of 2025.

Moldova	327.96
Czechia	349.28
Latvia	357.21
North Macedonia	413.62
Germany	416.46
Ireland	416.67
Austria	423.97
Liechtenstein	437.04
Italy	445.39
France	460.41
Denmark	464.57
Portugal	505.36
Netherlands	565.18
Sweden	1,194.12

Table 3. Household Natural Gas Tariffs in the Region and Various European Countries (tetri/m³; including taxes)

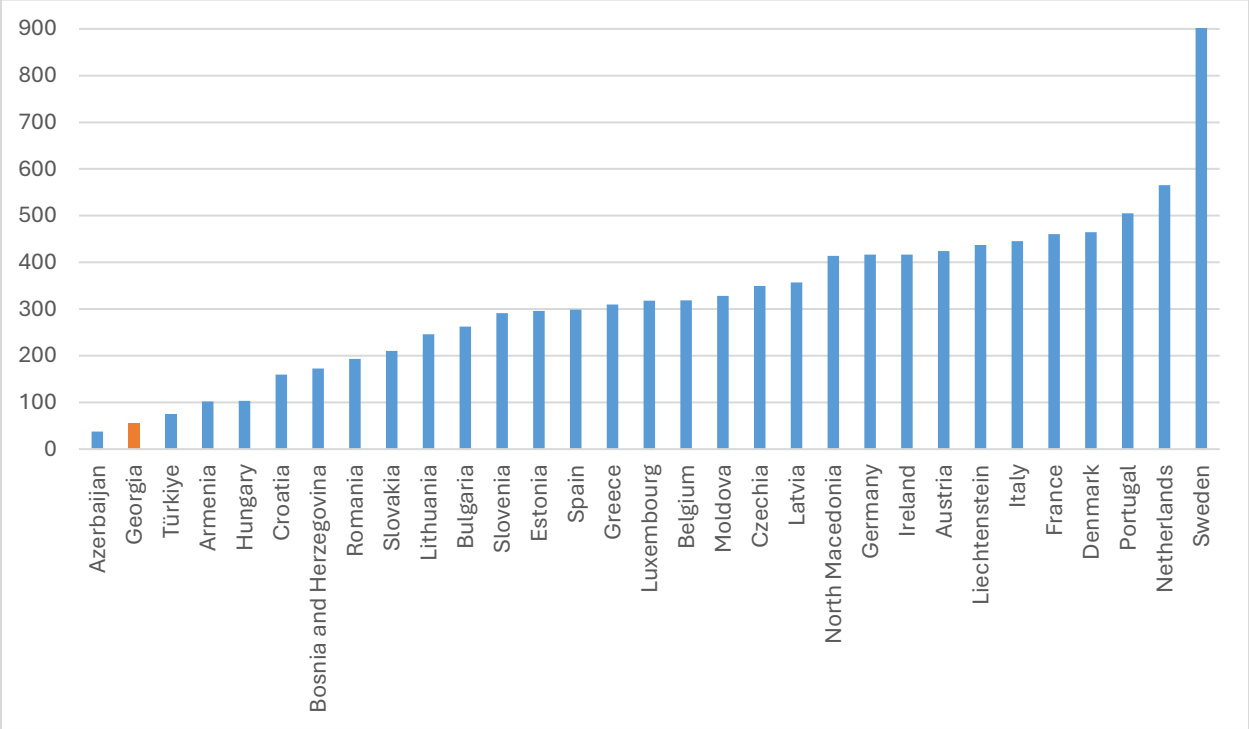

Figure 2.6. Household Natural Gas Tariffs in the Region and Various European Countries (tetri/m³; including taxes)

2.3.3. Regulatory Cost Audit

During the reporting year, an unplanned regulatory cost audit was conducted for Georgian Gas Transportation Company LLC, Tbilisi Energy LLC, Socar Georgia Gas LLC and SakOrgGas JSC, within which the allocation of the thirteenth salary payment among employees and the salary rates/salary fund corresponding to the current staffing structures were examined.

In accordance with the tariff methodology, SakOrgGas JSC, Socar Georgia Gas LLC and Energokavshiri JSC submitted tariff applications to the Commission in October 2025 for the purpose of adjusting natural gas supply, distribution, wheeling and consumption tariffs. These applications included information on the forecast costs of the enterprises.

For the purpose of adjusting natural gas supply, distribution, wheeling and consumption tariffs for the 2026–2027 tariff period, the Commission carried out an audit of the forecast costs of the above-mentioned regulated enterprises. In particular, the costs submitted by the enterprises related to the connection of new consumers for the period 2022–2025 were examined and analysed and were subject to adjustment. In accordance with the Regulatory Cost Audit Rules, preliminary reports on justified forecast costs prepared by the audit teams were sent to the enterprises for the submission of further comments and explanations (with appropriate substantiation). As SakOrgGas JSC and Socar Georgia Gas LLC did not submit the requested comments and explanations within the prescribed timeframe, the preliminary reports on justified forecast costs were deemed final. In the case of Energokavshiri JSC, following the completion of the stages and procedures stipulated in the Regulatory Cost Audit Rules, the final regulatory cost audit report was prepared and also sent to the enterprise. The final regulatory cost audit reports were submitted to the Commission and reviewed at a public hearing in accordance with the procedures established by legislation.

2.3.4. Analysis of the Implementation of Investment Projects (Natural Gas Sector)

In the natural gas sector, the six largest companies (in the transmission network — Georgian Gas Transportation Company LLC, Georgian Natural Gas Transmission Network Owner LLC, and Georgian Oil and Gas Corporation JSC, and in the distribution network — Tbilisi Energy LLC, Socar Georgia Gas LLC, and SakOrgGas JSC) planned investments totalling 83,578 thousand GEL for 2025, while the actual amount of investments implemented reached 211,310 thousand GEL.

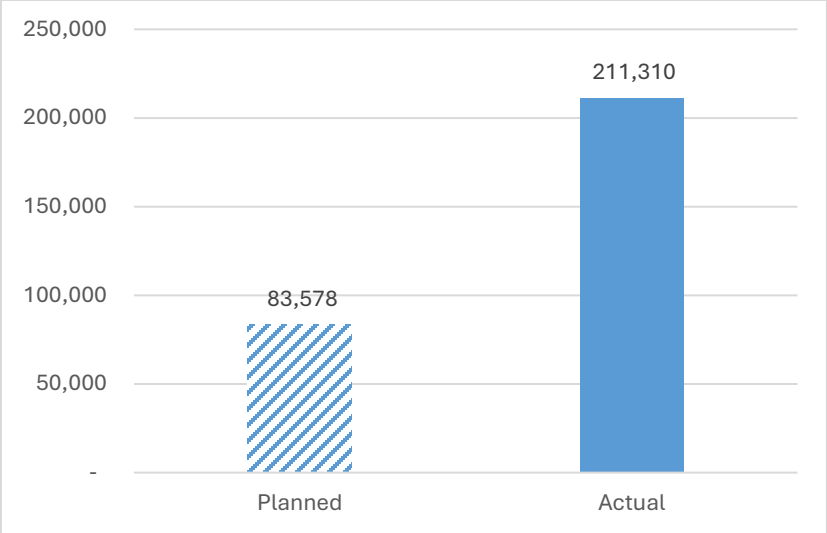

Figure 2.7. Planned and Actual Investments in the Natural Gas Sector for 2025 (thousand GEL)

In 2025, of the total investments implemented in the natural gas sector, 162,281 thousand GEL was financed from the enterprises' own funds, while 49,029 thousand GEL was financed through third-party funding. Main gas pipelines, the majority of which are owned by Georgian Natural Gas Transmission Network Owner LLC, are operated by Georgian Gas Transportation Company LLC on the basis of a lease agreement. In the direction of construction, rehabilitation and development of the natural gas main pipelines, investments in the amount of 13,193 thousand GEL were carried out by Georgian Oil and Gas Corporation JSC, Georgian Natural Gas Transmission Network Owner LLC and Georgian Gas Transportation Company LLC. At the same time, significant investments were made in the construction and rehabilitation of natural gas distribution networks, as well as for ensuring licensed activities, by Tbilisi Energy LLC, Socar Georgia Gas LLC and SakOrgGas JSC, amounting to 198,116 thousand GEL.

This information, broken down by type of activity and source of financing, is presented in Figures 2.8 and 2.9.

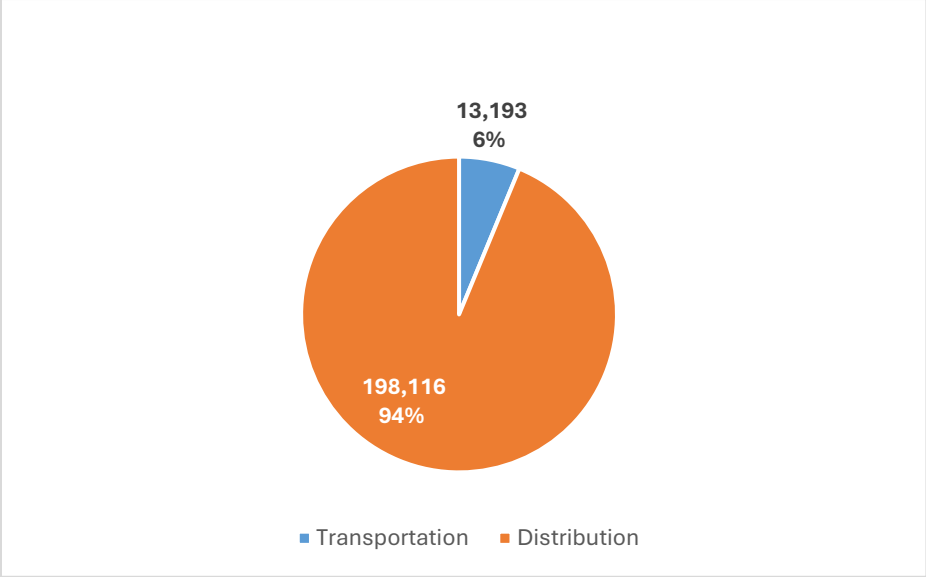

Figure 2.8. Investments Implemented in the Natural Gas Sector in 2025 by Type of Activity (thousand GEL)

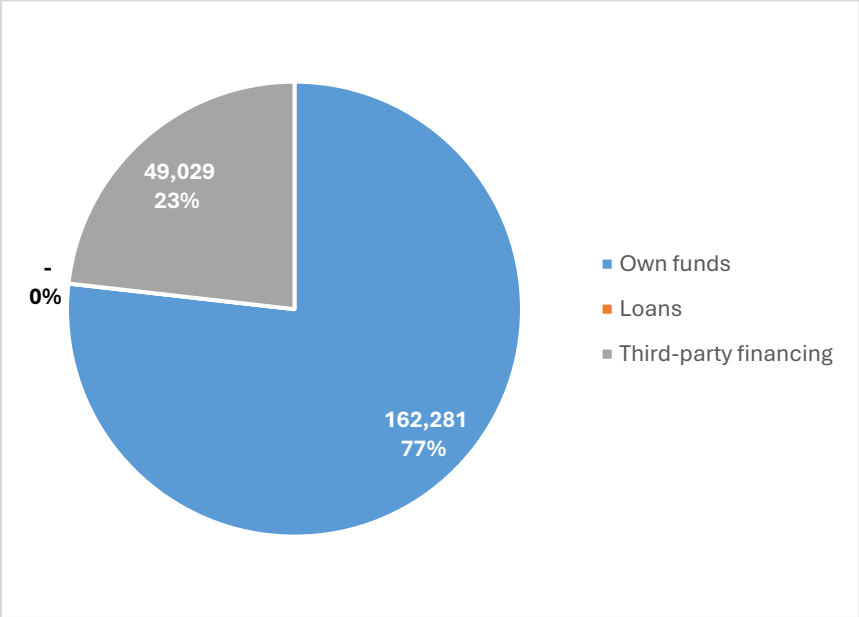

Figure 2.9. Source of Financing of Investments Implemented in the Natural Gas Sector in 2025 (thousand GEL)

For 2025, within the framework of natural gas distribution activities, planned investments amounted to 16,040 thousand GEL for Socar Georgia Gas LLC, 18,529 thousand GEL for SakOrgGas JSC, and 34,607 thousand GEL for Tbilisi Energy LLC, totalling 69,176 thousand GEL. In the same year, actual investments amounted to 198,116 thousand GEL, of which 149,087 thousand GEL was financed from own funds and 49,029 thousand GEL from third parties (consumers).

In 2025, Socar Georgia Gas LLC accounted for 46% of total actual investments in natural gas distribution activities, amounting to 90,470 thousand GEL. Of this, gas distribution networks valued at 15,698 thousand GEL were procured from own funds and put into operation during the reporting year. In addition, 37,891 thousand GEL was invested in the construction and rehabilitation of existing gas distribution networks. Works related to new consumer connections and gasification amounted to 27,337 thousand GEL, including 11,157 thousand GEL financed from own funds and 16,180 thousand GEL from third-party (consumer) financing. The company also acquired vehicles, office furniture, fixtures, and equipment, specialised tools and intangible assets.

In 2025, SakOrgGas JSC implemented investments totalling 44,619 thousand GEL from own funds. In particular, gas distribution networks valued at 10,106 thousand GEL were procured; 22,202 thousand GEL was spent on construction and rehabilitation of existing networks; and 1,071 thousand GEL on meter replacement and relocation. The company also acquired vehicles, office furniture, fixtures, and equipment, specialised tools, and carried out repairs of administrative and operational buildings. Gasification works were implemented (3,539 thousand GEL from own funds and 5,826 thousand GEL from third-party financing), and new consumers were connected.

As for Tbilisi Energy LLC, in 2025 the company implemented investment projects with a total value of 57,201 thousand GEL, including 30,177 thousand GEL financed from own funds and 27,023 thousand GEL from third-party financing. A significant share of investments related to natural gas metering equipment (meter replacement), construction of gas distribution networks, rehabilitation

and reconstruction works (including underground depreciated pipelines), and gasification activities. To ensure the stability of the capital's gas supply system, the company carried out modernisation and rehabilitation of damaged networks, gas regulating stations and units. These measures contributed to improving the safety and reliability of gas supply, pressure regulation, reduction of accidents, improvement of metering accuracy, reduction of technical and commercial losses, and enhancement of service quality. The company also acquired technical and metering equipment, pipeline inspection tools, machinery, office furniture, fixtures, and equipment, and intangible assets. Installation works for new consumer gasification were completed (7,571 thousand GEL from own funds and 27,023 thousand GEL from third-party financing), including relocation of meters from consumer-owned premises. In addition, the company continued the process, initiated in previous years, of integrating the capital's gas distribution network into a geographic information system (GIS), including georeferencing of the existing network. This process aims to ensure accurate mapping and registration of gas pipelines, which is essential for the proper planning and development of gas supply infrastructure in the context of urban expansion.

Investments implemented in 2025 by the natural gas distribution system operators — Tbilisi Energy LLC, Socar Georgia Gas LLC and SakOrgGas JSC — are presented in Figure 2.10.

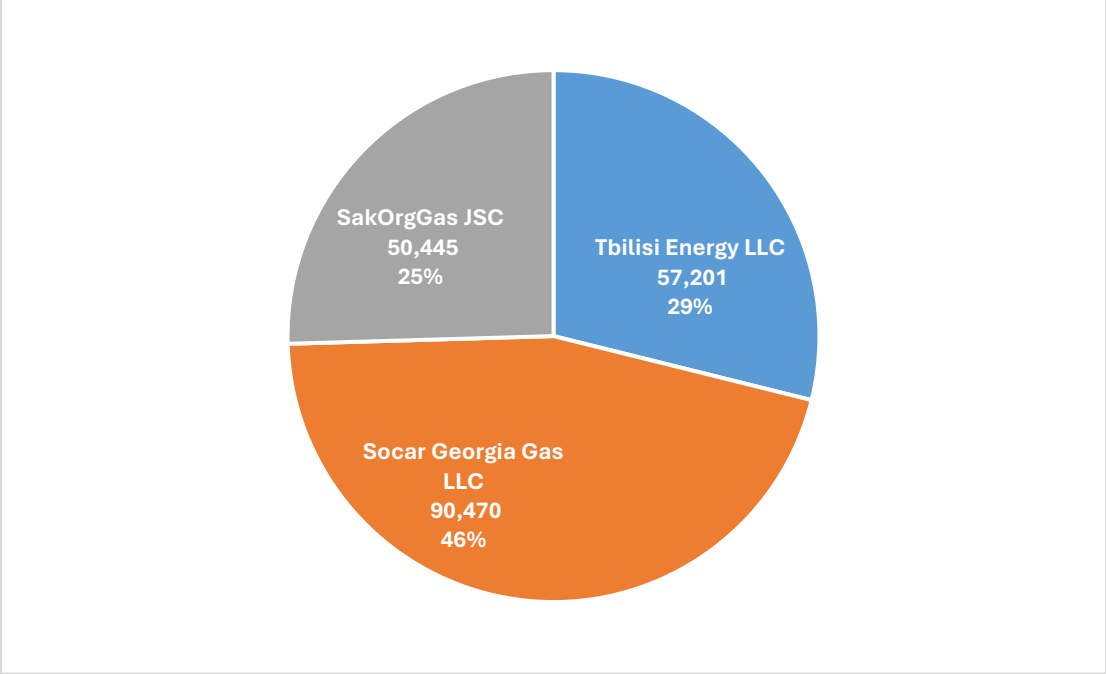

Figure 2.10. Investments Implemented in the Natural Gas Sector in 2025 by Distribution Licensees (thousand GEL)

2.4. Tariff Regulation in the Water Supply Sector

2.4.1. Tariffs in Force in the Water Supply Sector

During the reporting year, no changes were made to the tariffs established by the Commission for water supply sector licensees. The tariffs currently in force in the water supply sector are presented in Annexes №12–14.

2.4.2. Comparative Analysis of Tariffs

For the purpose of assessing the burden of consumer tariffs in Georgia, Table 4 and Figure 2.11 present household water supply tariffs applicable in different countries.

Country	GEL/m³
Georgia	0.50
Armenia	1.45
Azerbaijan	1.62
North Macedonia	2.17
Ukraine	2.52
Bosnia and Herzegovina	3.13
Türkiye	3.15
Serbia	3.32
Montenegro	3.34
Albania	3.45
Moldova	3.59
Greece	4.17
Hungary	4.44
Bulgaria	5.98
Portugal	6.47
Romania	6.91
Croatia	6.91
Lithuania	7.02
Spain	7.51
Estonia	7.98
Italy	8.06
Slovenia	8.33
Latvia	8.94
Malta	10.45
Slovakia	11.08
Poland	11.73
Cyprus	12.34
France	12.88

Sweden	14.83
Austria	16.09
Czechia	16.23
Switzerland	16.37
Luxembourg	16.53
Finland	17.27
Netherlands	18.40
United Kingdom	18.64
Belgium	20.42
Norway	20.48
Iceland	21.38
Germany	21.41
Denmark	27.69

Table 4. Household Water Supply Tariffs in the Region and Various European Countries (GEL/m³; including taxes)

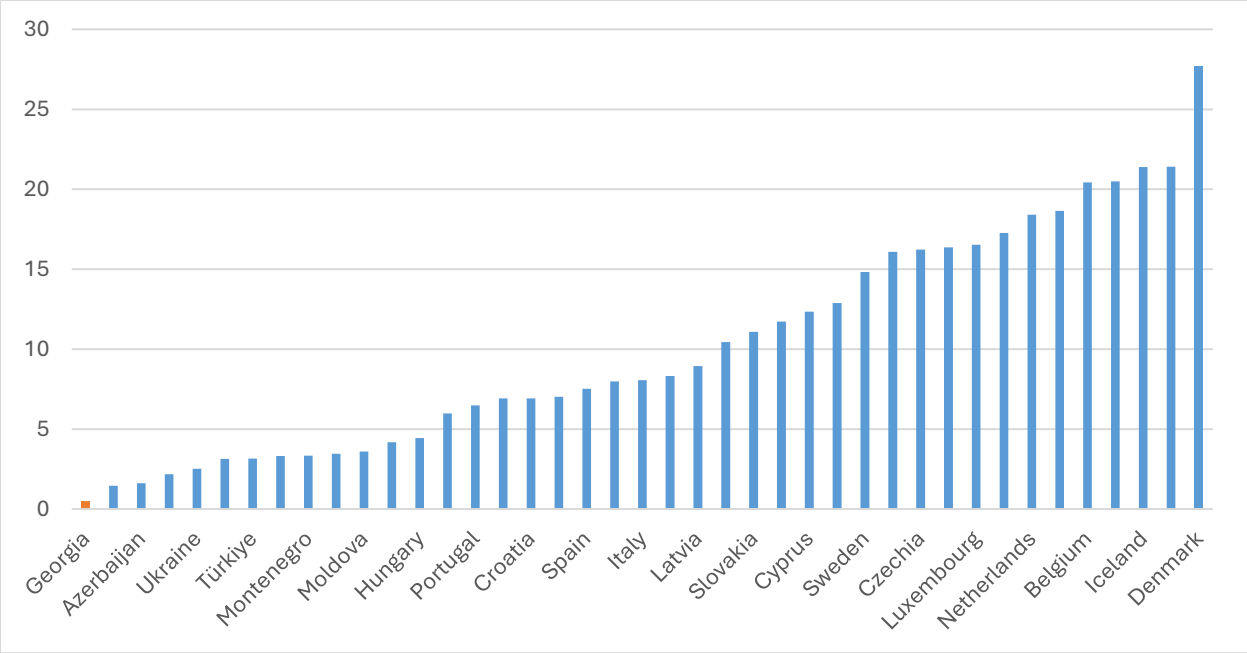

Figure 2.11. Household Water Supply Tariffs in the Region and Various European Countries (GEL/m³; including taxes)

2.4.3. Analysis of the Implementation of Investment Projects

In order to ensure continuous, 24-hour water supply services for each consumer, water supply licensee companies implement investments in the rehabilitation of existing infrastructure, construction of new networks, and individual metering of consumers. In this regard, the total amount of investments actually implemented in 2025 by the two major water supply licensees - Georgian Water and Power LLC and United Water Supply Company of Georgia LLC — amounted to 669,979 thousand GEL. This

information, broken down by licensees and sources of financing, is presented in Figures 2.12, 2.13 and 2.14.

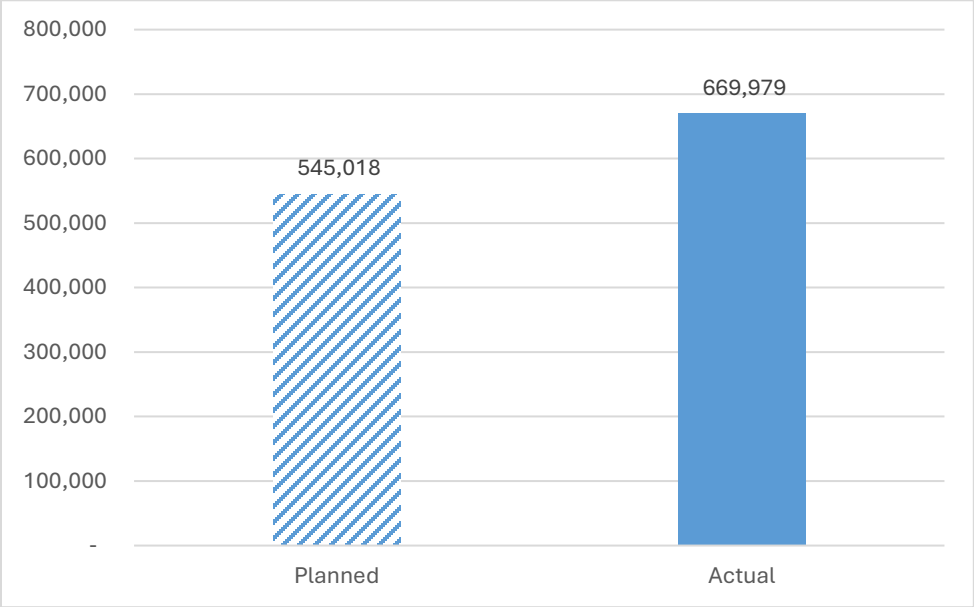

Figure 2.12. Planned and Actual Investments in the Water Supply Sector for 2025 (thousand GEL)

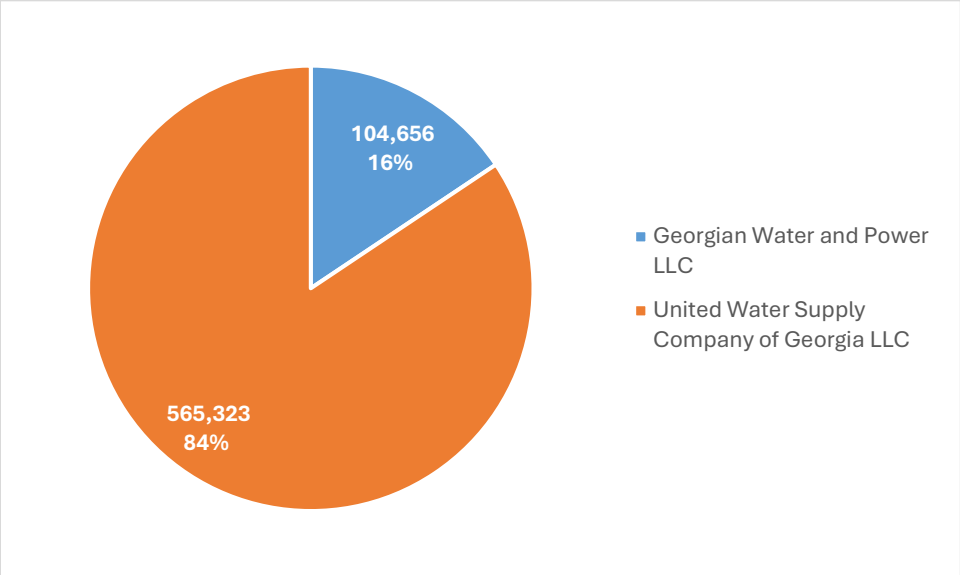

Figure 2.13. Investments Implemented in the Water Supply Sector in 2025 by Licensees (thousand GEL)

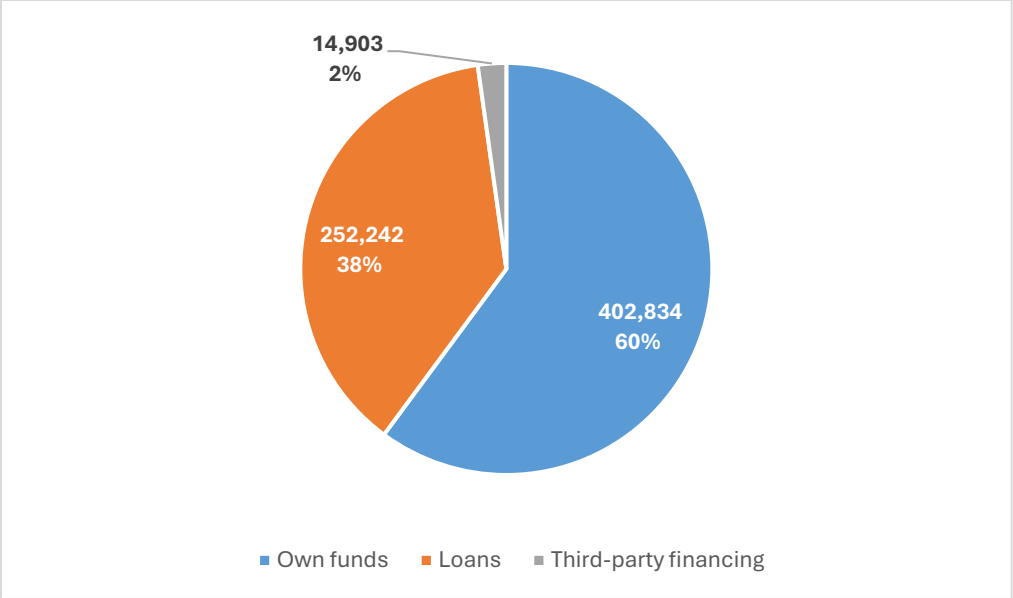

Figure 2.14. Source of Financing of Investments Implemented in the Water Supply Sector in 2025 (thousand GEL)

2.5. Tariff Regulation and Regulatory Cost Audit in the Amelioration Sector

During the reporting year, tariffs for services provided by the primary water user were approved for the period from April 1, 2026 to January 1, 2028.[35]

In accordance with the requirements of the Law of Georgia on Water User Organisations, fees were established for the wholesale supply of water to water user organisations and for the retail supply of water to other water users. At the same time, fees were determined both for metered consumption (per unit consumed – 1 m³) and for unmetered consumers, taking into account the irrigation norms for annual and perennial crops approved by Order №2-686 of August 30, 2023 of the Minister of Environmental Protection and Agriculture of Georgia.

During the reporting year, a regulatory cost audit of Georgian Amelioration LLC was carried out.[36] At the initial stage, a preliminary regulatory cost audit report was prepared and submitted to the enterprise. The enterprise provided comments within the timeframe established by the Commission, which were reviewed by the audit team, and corresponding responses were prepared.

Following the completion of the stages and procedures stipulated in the Regulatory Cost Audit Rules, the final regulatory cost audit report was prepared. It was also sent to the respective regulated enterprise, submitted to the Commission, and reviewed at a public hearing in accordance with the procedures established by legislation.

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[35] See Commission Resolution №53 of December 26, 2025. Until that time, Regulation №2 of February 1, 2011 on Melioration Service Tariffs remained in force in the sector, which had been issued by the Commission on the basis of Article 2(4) of the Law of Georgia on Declaring the Law of Georgia on Land Melioration Invalid.

[36] The 2025 plan for regulatory cost audits of enterprises subject to tariff regulation in the amelioration sector was approved by Commission Decision №48/2 of December 19, 2024.

3. Electricity Sector

3.1. Electricity Market

A significant reform is underway in Georgia's electricity sector, associated with the processes of electricity market liberalisation and harmonisation with European energy legislation. The objective of this reform is to increase the level of competition in Georgia's energy sector, attract investments, and create better electricity supply conditions for consumers.

On July 1, 2024, The Georgian Energy Exchange commenced operations in Georgia, namely the day-ahead and intraday electricity markets. Accordingly, at this stage, a transitional model of the electricity market is in force in Georgia, which preserves the existing structure of the wholesale market, while adding the energy exchange segment. Consequently, as of the end of 2025, the current structure of Georgia's electricity market is presented in Figure 3.1.

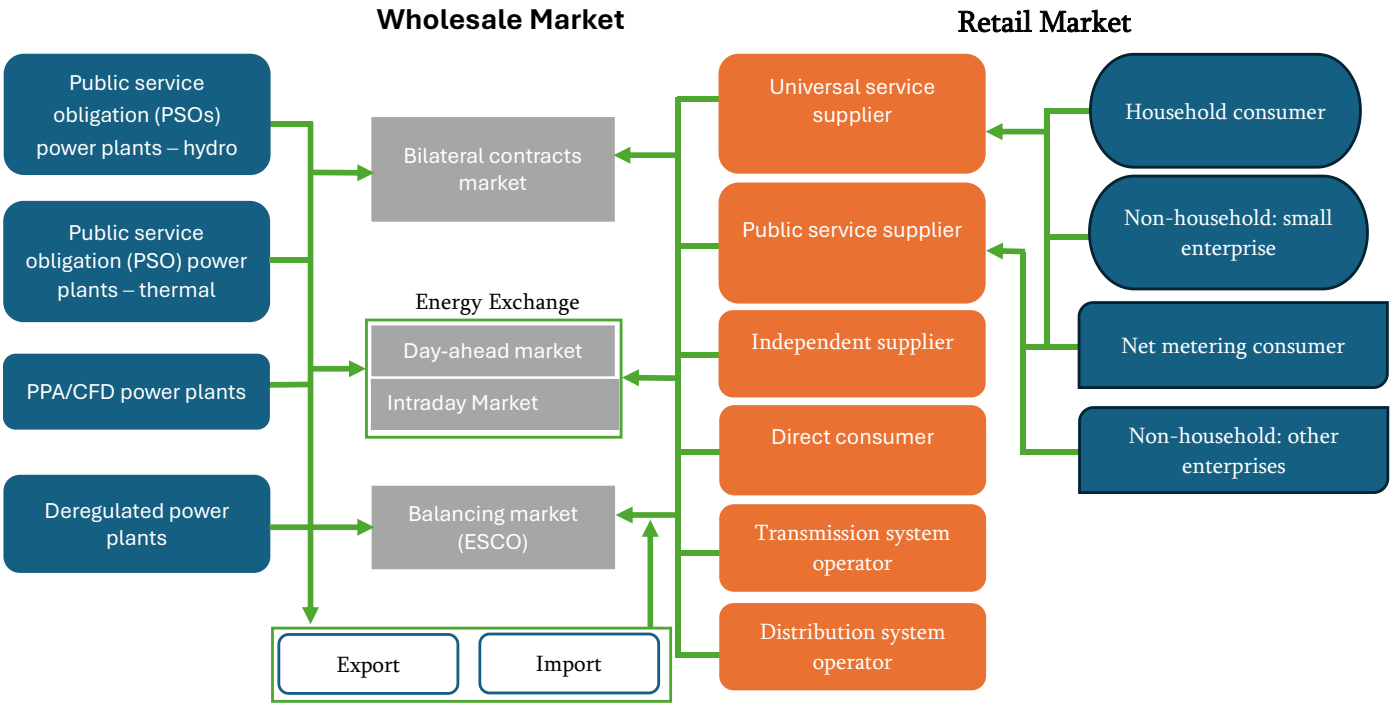


Figure 3.1. Current Structure of the Electricity Market

In the wholesale market, electricity trading is carried out on the Energy Exchange through bilateral contracts and/or on the balancing electricity market. In the electricity market, electricity generators and suppliers operate within the framework of the public service obligation imposed by the Government of Georgia and at tariffs established by the Commission.

On the Energy Exchange, the purchase and sale of electricity is voluntary, and the following wholesale market participants are entitled to participate in it:

- Direct consumers, for the purpose of ensuring their own consumption needs;
- The universal service supplier, for the purpose of purchasing electricity to be supplied;
- The supplier of electricity as a public service obligation, for the purpose of purchasing electricity to be supplied;
- Independent suppliers, for the purchase of electricity to be supplied;

- Suppliers of last resort, for the purchase of electricity to be supplied;
- Electricity transmission system operator, to purchase electricity for covering losses in the transmission network and to ensure transit of electricity (capacity);
- Distribution system operators, to purchase electricity for covering losses in the distribution network;
- Power plants, for the share of generated electricity not subject to a public service obligation;
- Power plants for which no tariff is set and no public service obligation applies;
- Power plants with a guaranteed electricity purchase agreement, during periods when mandatory sales under the agreement are not required;
- Power plants benefiting from a support scheme, during periods not covered by the support period for the relevant share of generated electricity.

As for electricity trading through bilateral contracts, it is available to all wholesale market participants based on mutual agreement on the price and volume of electricity. The balancing electricity market addresses discrepancies between electricity actually generated by producers and/or actually consumed by consumers and the volumes of electricity traded on the exchange and/or under bilateral contracts.

In the retail market, electricity supply at tariffs set by the Commission is carried out by the universal service supplier for household consumers and small enterprises, and by the public service supplier for other categories of consumers. Tbilisi Electricity Supply Company LLC (Telmico) operates within the licensed area of Telasi JSC, while EP Georgia Supply JSC operates within the licensed area of Energo-Pro Georgia JSC. In addition, under the new retail market structure, any interested party may carry out electricity supply activities at free, deregulated prices. Since March 2024, one independent supplier has been operating in Georgia's retail electricity market. Retail consumers are represented by household and non-household consumers. Since 2016, retail consumers who own micro-generation power plants operating on renewable energy sources have been added to these categories.

The target model of the electricity market provides for key stages of market transformation, which, in accordance with the Electricity Market Concept Design (hereinafter - the Concept), started in 2020 and is being implemented in phases. This entails the opening of both the supply and demand sides and their participation in both the wholesale and competitive retail markets, the transition of the trading period from one month to one hour, and the introduction of balancing responsibility.
Figure 3.2 presents the key stages of the electricity market transformation.

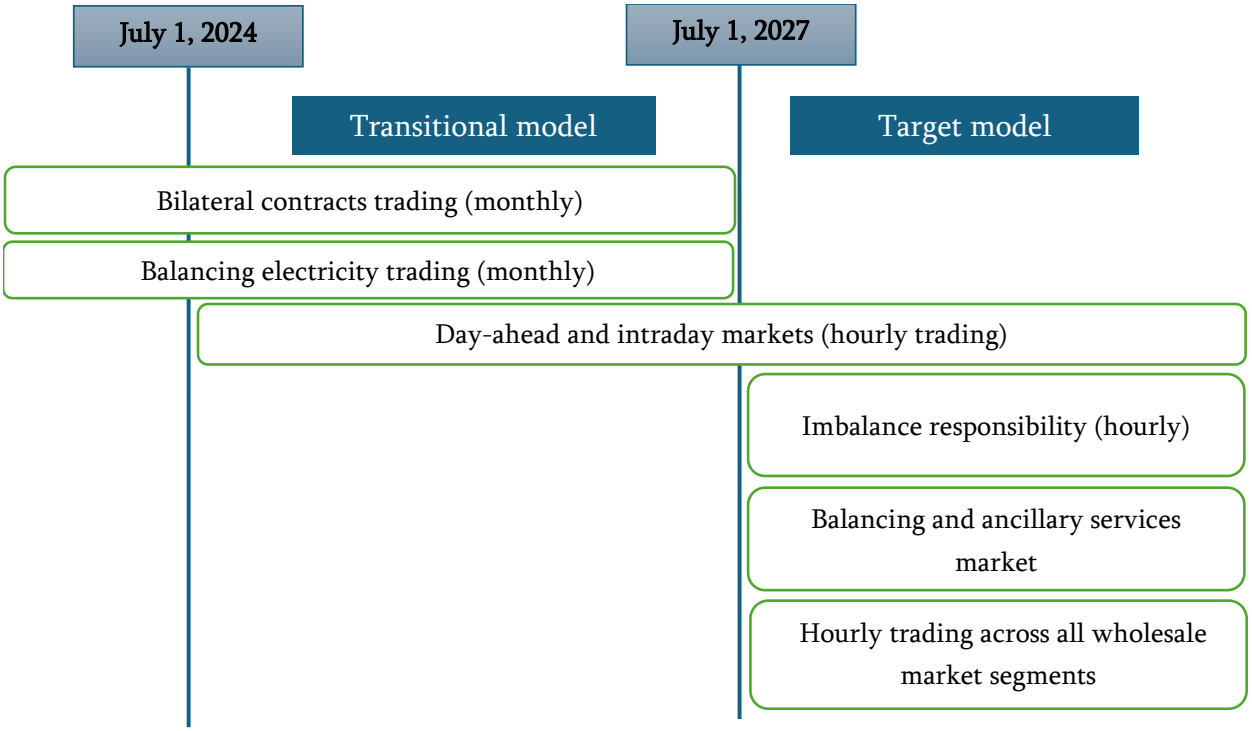


Figure 3.2. Key Stages of the Transformation of the Georgian Electricity Market

The transformation of Georgia's electricity market is a complex process that requires the implementation of both legal and structural reforms. Successful implementation of these reforms will contribute to strengthening the country's energy security, attracting investments, and creating a more competitive and transparent market for consumers. This model will support the efficiency of development and investments in the energy network, ensure effective management and optimal utilization of energy resources. Cost-reflective and transparent pricing will enable consumers to make choices under fairer and more competitive conditions, as well as to actively participate in the electricity market. The target model will encourage market participants to develop technological innovations and additional services. A transparent regulatory framework and market pricing will facilitate investments in additional generation sources and the emergence of new market participants, thereby ensuring improved reliability and security of electricity supply in Georgia.

3.2. Key characteristics of the electricity market

The main characteristics of Georgia's electricity sector in 2025 (supply and consumption indicators) are presented in Figure 3.3.

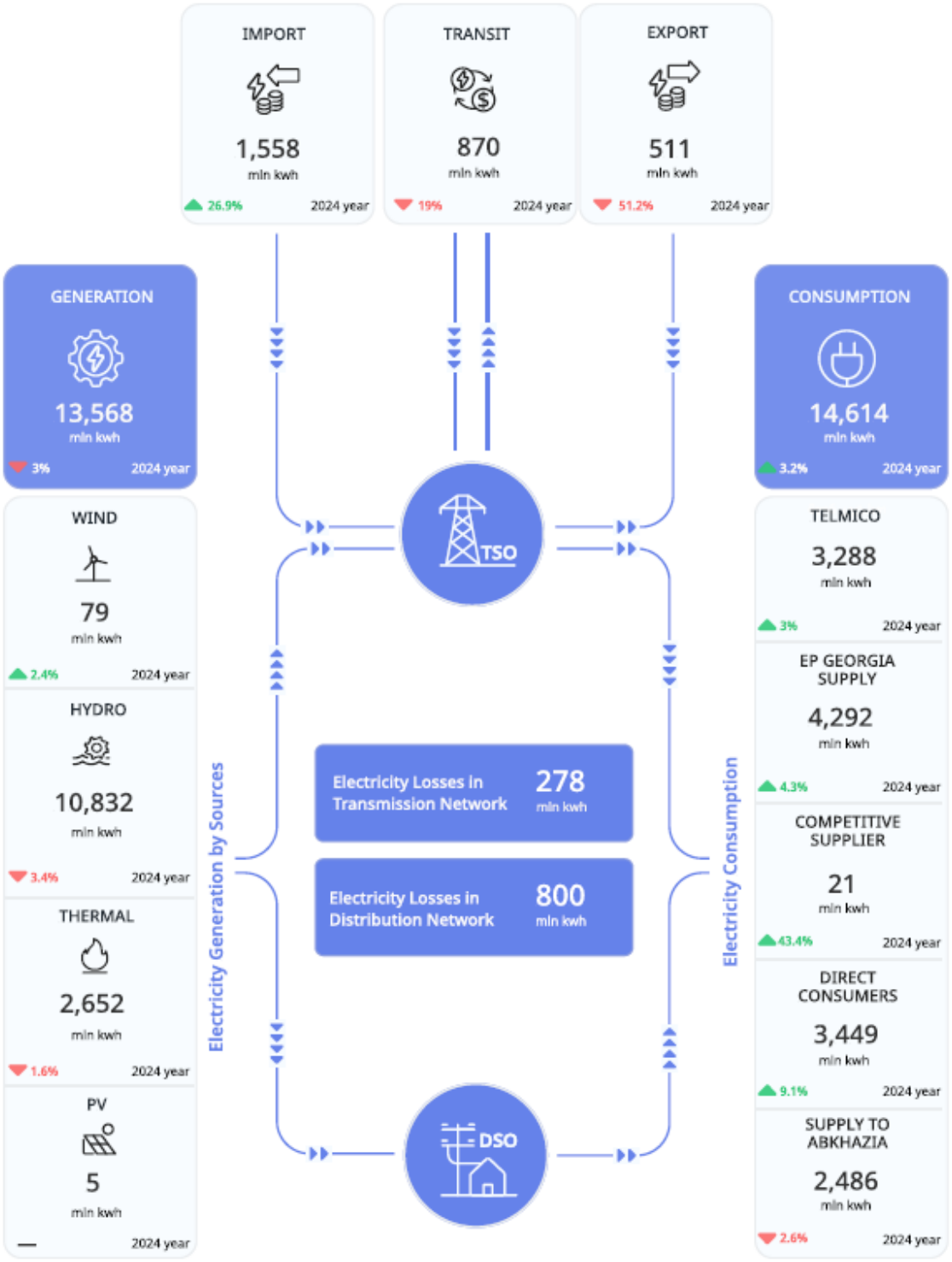


Figure 3.3. Electricity Balance

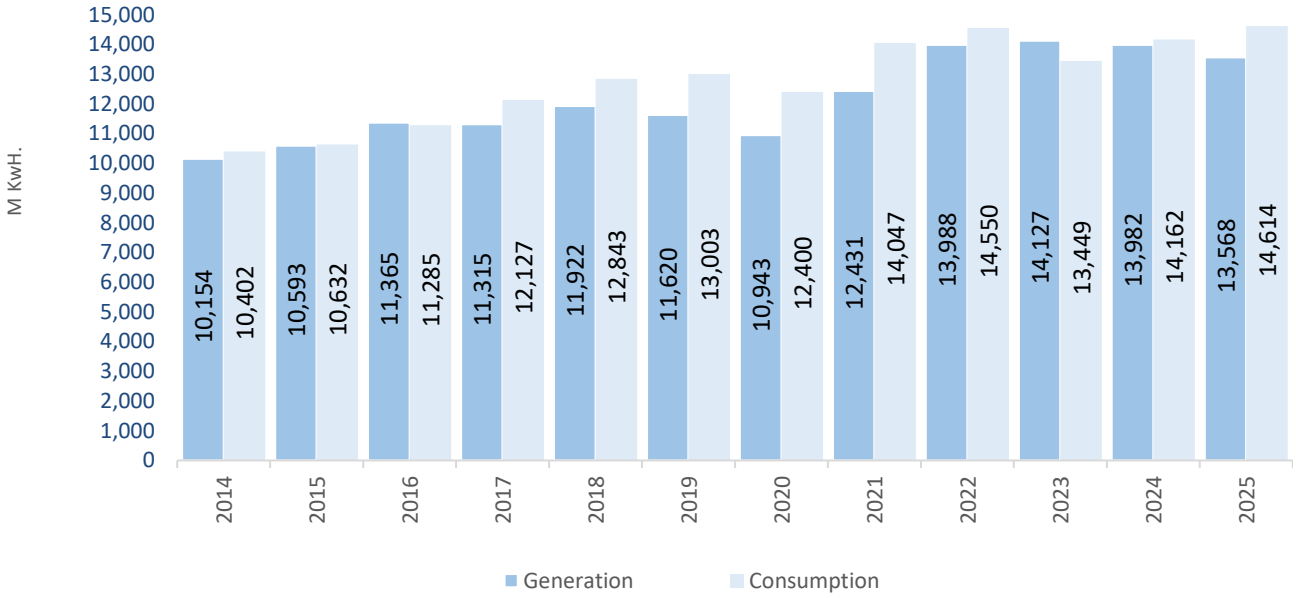


Figure 3.4. Electricity Generation (busbar delivery) and Consumption

In 2025, electricity generation (busbar delivery) decreased by 3% compared to the previous year and by 4% compared to 2023. During the reporting period, 4 hydropower plants and 6 solar power plants were commissioned, with a total installed capacity of 87 MW. Of these, the largest plant has an installed capacity of 53 MW, while the remaining plants are of small capacity. Based on data for 2016-2025, electricity generation in Georgia increased by an average of 2.7% annually.

As for electricity consumption, in 2025 it increased by 3.2% compared to the previous year and by 8.7% compared to 2023. Electricity consumption in Georgia grew by an average of 3.4% annually during 2016-2025.

In the structure of electricity generation, the share of electricity generated (busbar delivery) by thermal power plants decreased significantly by 1.6% compared to 2024 and by 19.8% compared to 2023 and accounted for 19.6% of total electricity generation. The share of electricity generated by hydropower plants in this structure amounts to 79.8%, while the share of electricity generated by wind power plants is 0.6% (see Figure 2.6). Solar power plants commissioned in the second half of 2025 generated a total of 5 million kWh; however, their share in the 2025 generation structure remains insignificant.

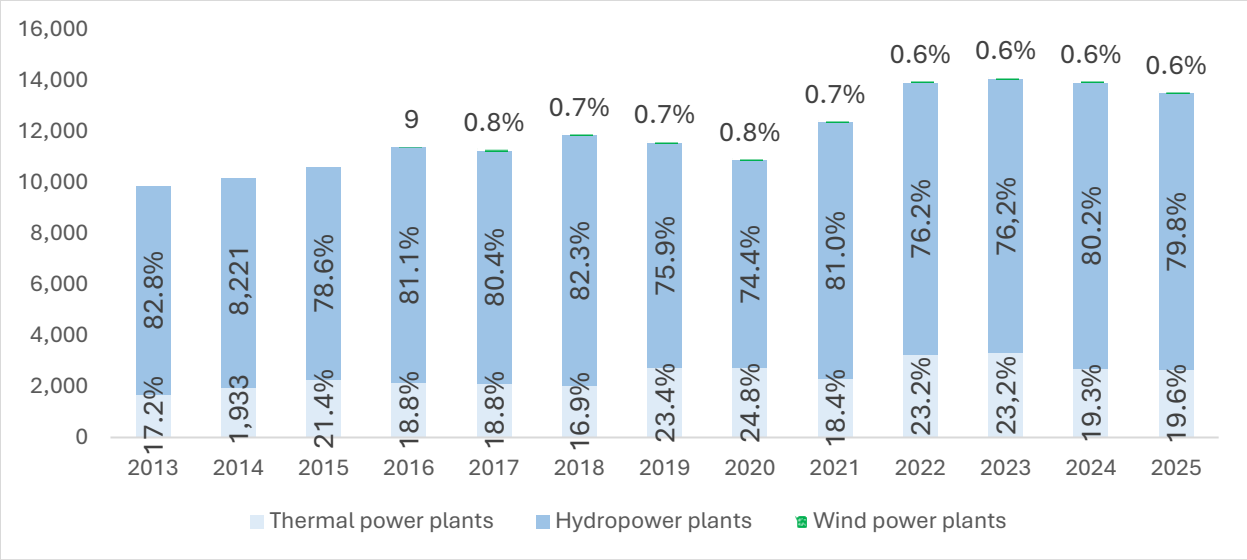


Figure 3.5. Structure of Electricity Delivered to the Busbar by Power Plants

In 2025, regulated electricity supplier companies (the universal service supplier and the public service supplier) accounted for a significant share of the structure of electricity supplied to consumers, amounting to 51.9%. It should be noted that the corresponding figure in the previous year was 52%.

The share of direct consumers increased from 22% to 23.6%, while the share of electricity supplied to Abkhazia decreased from 18% to 17%.

A free supplier commenced operations in the electricity market in March 2024, although its share currently stands at only 0.1% (see Figure 3.6).

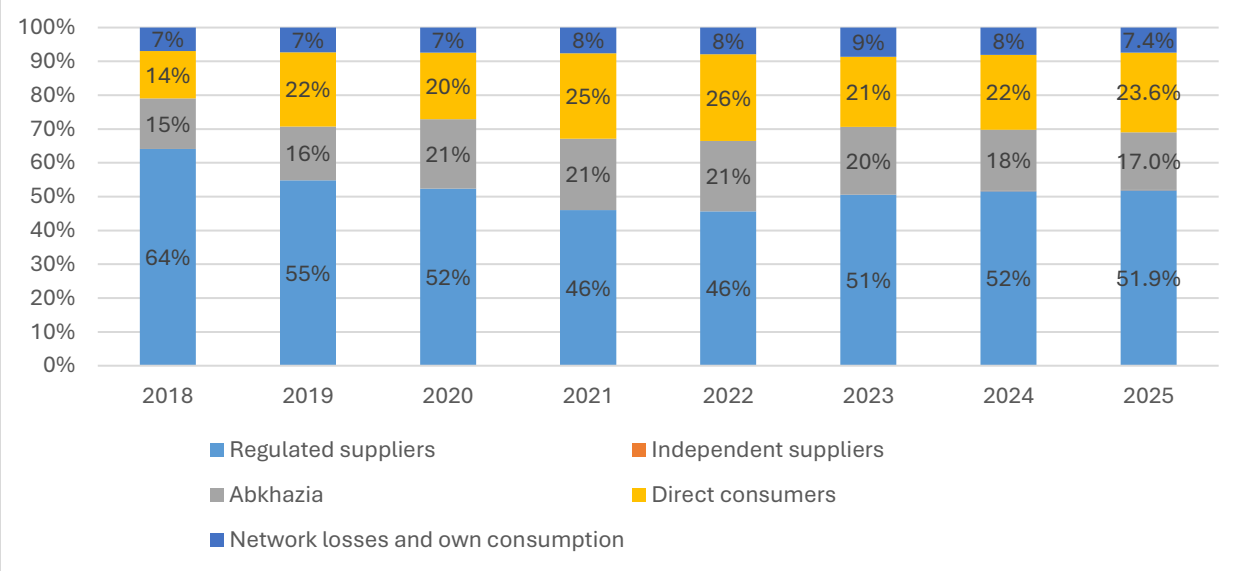


Figure 3.6 Structure of Domestic Electricity Consumption

According to Georgia's electricity consumption curve (see Figure 3.7), when no external factors affect the country, electricity consumption increases year by year. The declines observed in 2020 and 2023 were caused by external factors, specifically the COVID-19 pandemic in 2020 and in 2023, due to the war between Russia and Ukraine and the resulting decline in ferroalloy prices on the global market, electricity consumption in this sector in the country decreased.

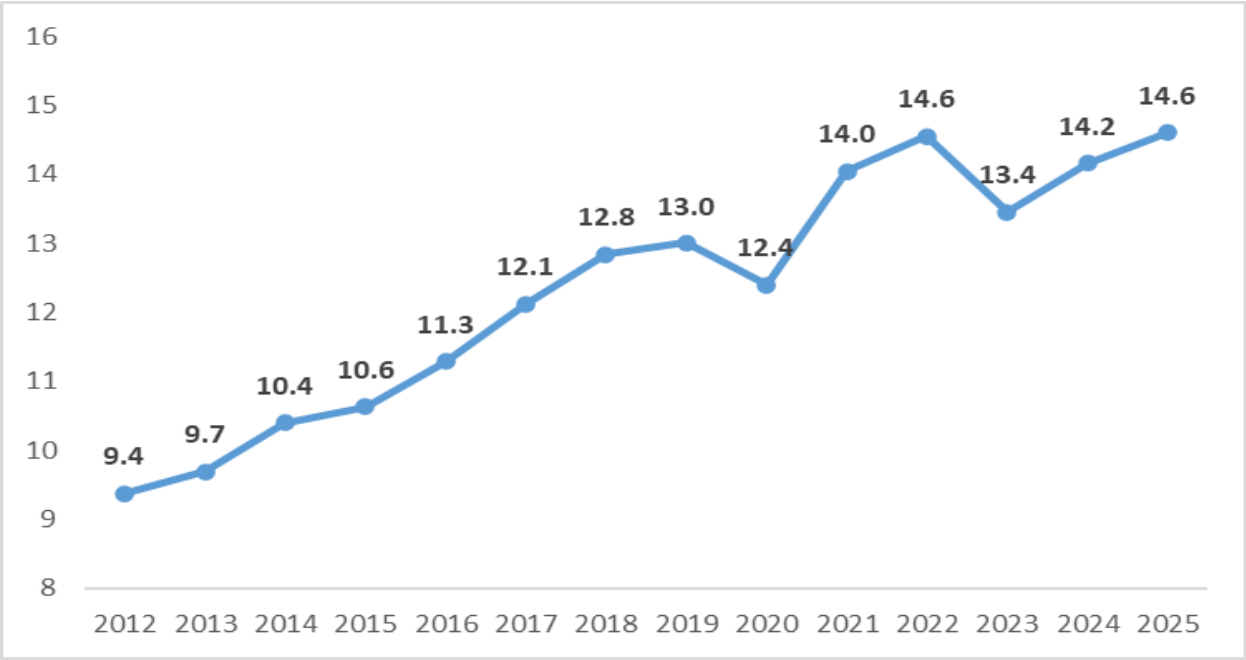


Figure 3.7 Domestic Electricity Consumption, billion kWh

In 2025, electricity imports increased by 26.9% compared to 2024, while exports decreased by 51.2% (see Figure 3.8).

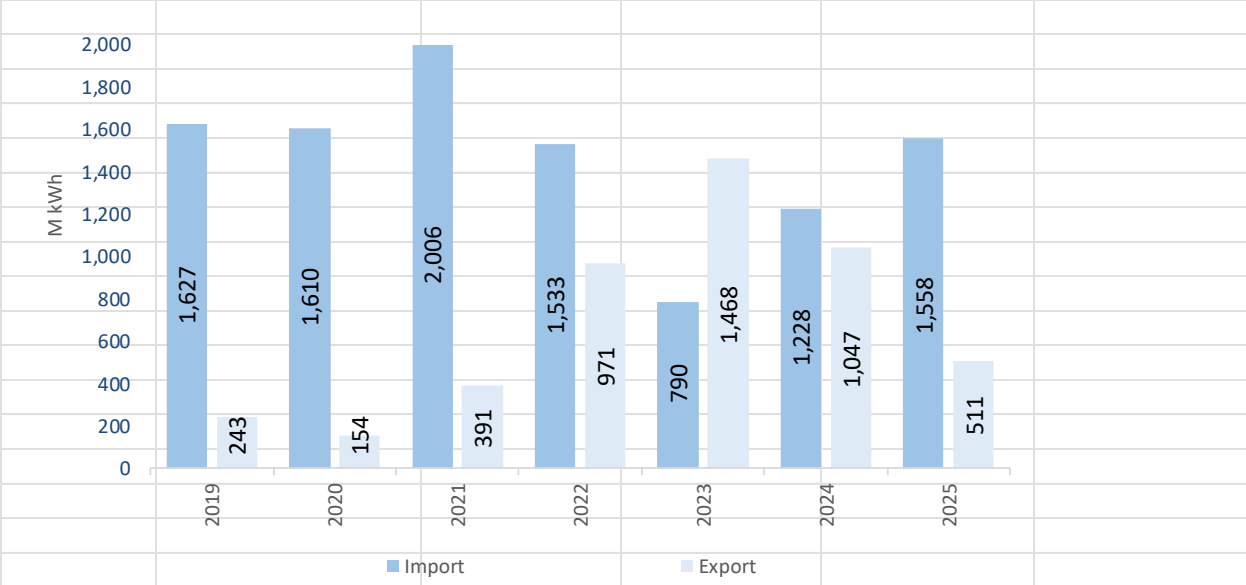


Figure 3.8. Electricity Omports and Exports

Information on electricity imports and exports by country is presented in Figures 3.9 and 3.10 It should be noted that 74.5% of electricity imported from Russia was used to ensure electricity supply to Abkhazia.

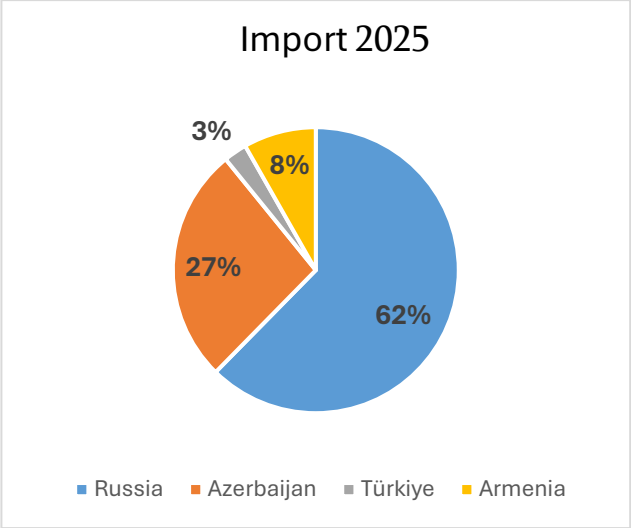


Figure 3.9. Electricity Imports by Country

Figure 3.10 Electricity Exports by Country

In 2025, electricity transit amounted to 870 million kWh, which is 19% lower compared to the previous year. Of this, 646 million kWh of transit was carried out from Azerbaijan to Türkiye, representing a 36% decrease compared to the previous year; 179 million kWh from Russia to Türkiye, which is 200% higher compared to the previous year; and 45 million kWh from Armenia to Türkiye. In 2024, no electricity transit was carried out from Armenia to Türkiye.

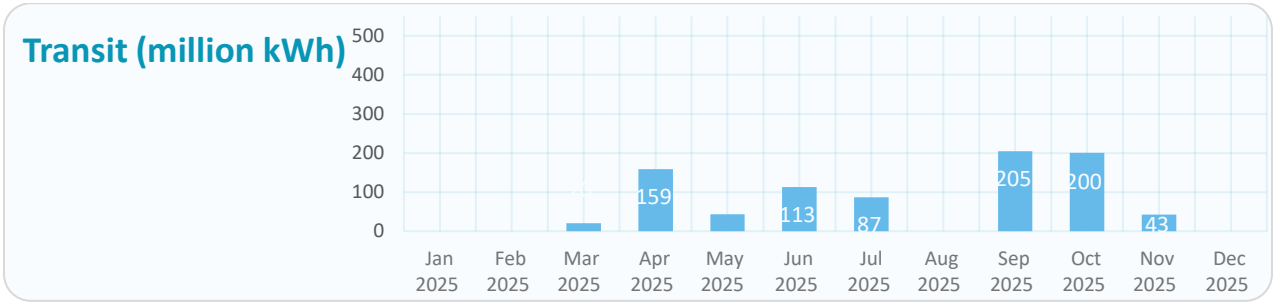


Figure 3.11 Transit (million kWh)

Based on the 2025 monthly electricity generation-consumption balance, during the winter period electricity demand could not be met by domestic generation capacity, which necessitated electricity imports. In the summer period, due to high water inflows, surplus electricity was exported to neighbouring countries (see Figure 3.12).

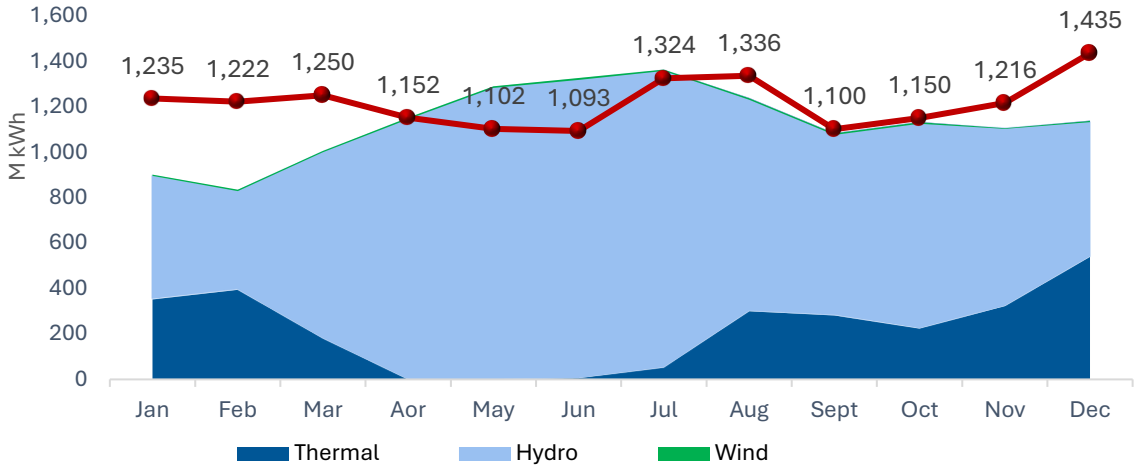


Figure 3.12 Electricity Generation (busbar delivery) and Consumption by Month

Electricity supply and consumption in Georgia are characterised by seasonality. Electricity consumption is higher in the winter period than in the summer period, while electricity supply demonstrates an opposite seasonal pattern. Accordingly, in terms of electricity load, Georgia was a winter peak country until 2024; however, as shown in Figure 3.13, the situation changed in 2024 and Georgia became a summer peak country. This trend continued in 2025. In addition, both summer and winter peak loads are increasing on a yearly basis.

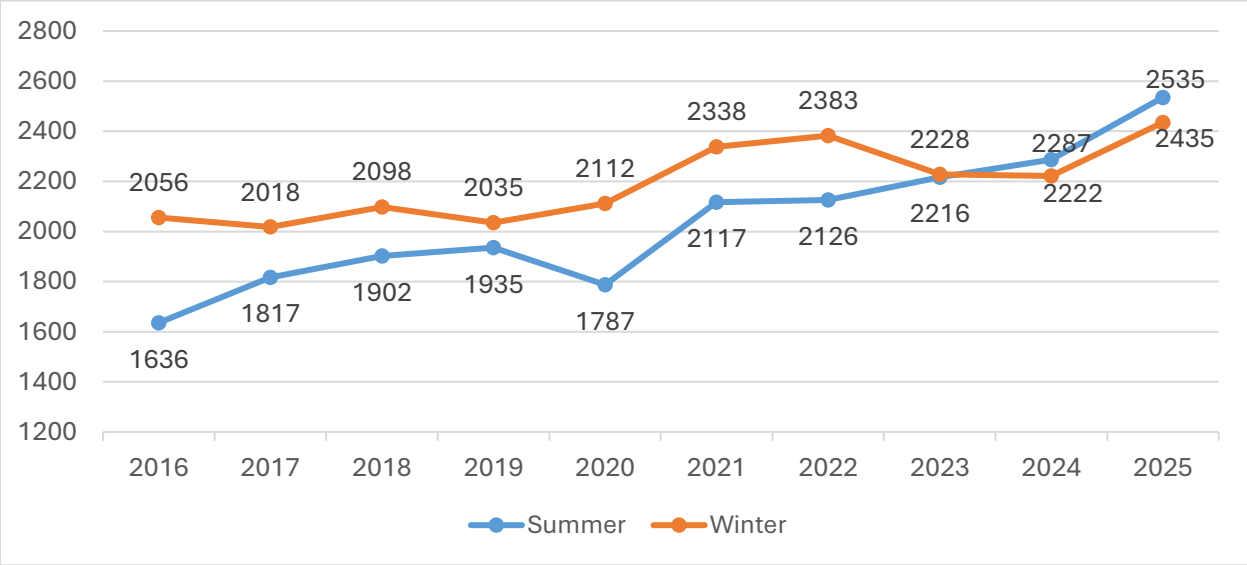


Figure 3.13. Analysis of Consumption Load in 2014–2024, MW

3.2.1. Wholesale Market

In 2025, 61 direct consumers, 11 wholesale suppliers, 84 generators, and 8 exporters participated in electricity trading on the wholesale market. The total traded volume of electricity amounted to 15,125 million kWh, including 10,542 million kWh under bilateral contracts (including Abkhazia), 4,453 million kWh on the balancing market, and 130 million kWh on the Energy Exchange.

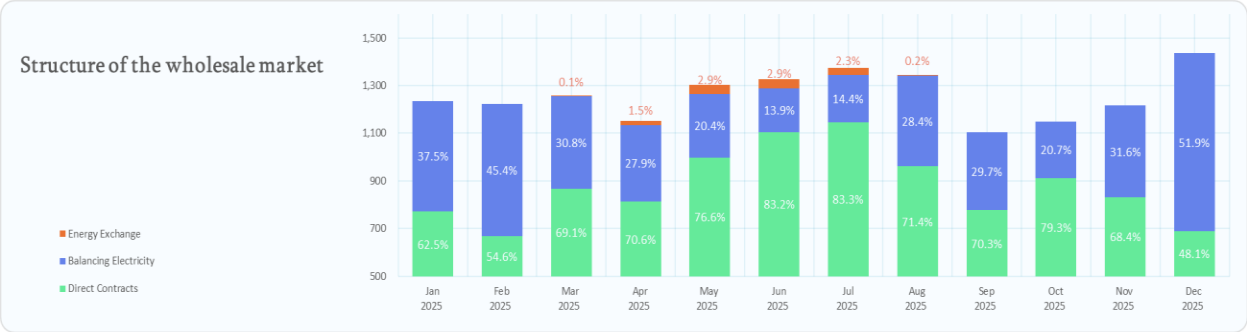


Figure 3.14 Structure of the Wholesale Market

3.2.1.1. Bilateral contracts

In 2025, 23.6% of electricity sold under bilateral contracts was used for supply to Abkhazia, 47.2% was purchased by the universal service supplier and public service suppliers, 24.7% by direct consumers, 4.4% by exporters, and 0.2% by independent suppliers.

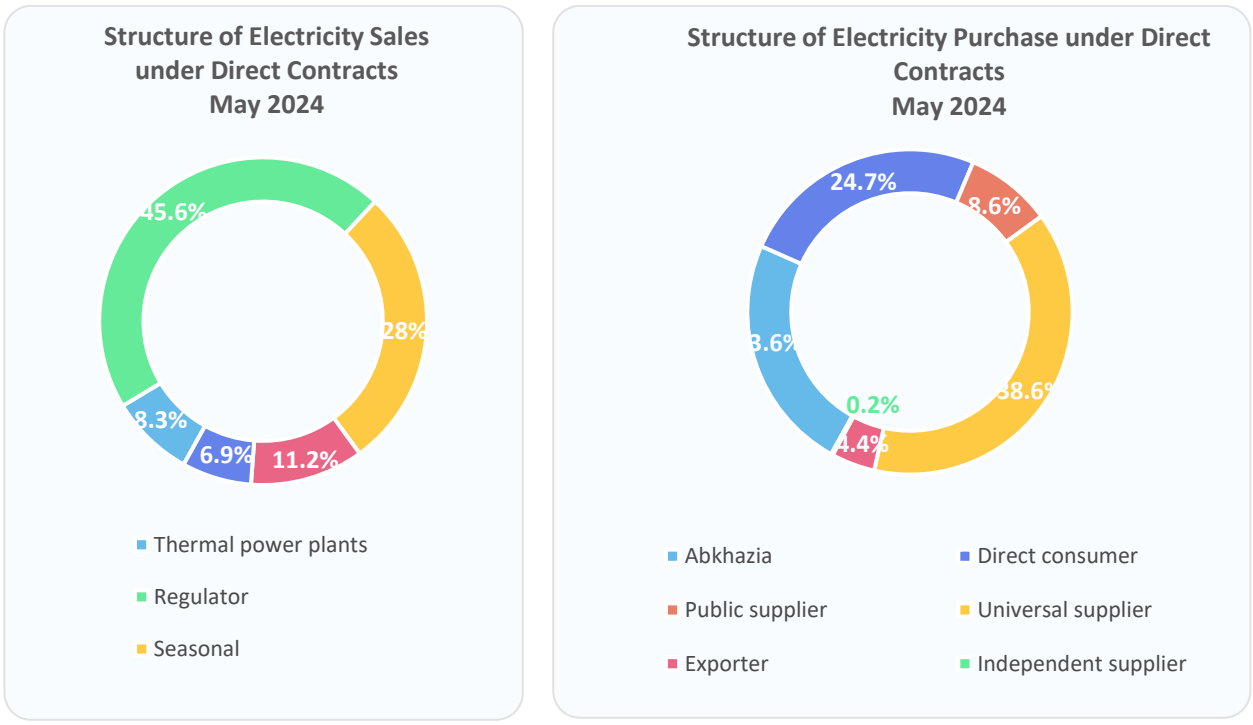


Figure 3.15 Structure of Electricity Purchases and Sales under Bilateral Contracts, 2025

In 2025, wholesale suppliers purchased a total of 1,138 million kWh of electricity, which they almost entirely resold to direct consumers. In terms of electricity sales among wholesale suppliers, the three largest wholesale suppliers accounted for 80.6% of the market. The weighted average price of electricity sales by wholesale suppliers was 14.6 tetri/kWh.

In 2025, direct consumers purchased a total of 2,607 million kWh of electricity under bilateral contracts, of which 56% was purchased from electricity generators and 44% from wholesale suppliers. The weighted average purchase price for direct consumers amounted to approximately 10.6 tetri/kWh.

In 2025, electricity generators sold 7,559 million kWh under direct contracts (excluding supply to their own enterprises at zero price, supply to Abkhazia, and exports), while the weighted average selling price amounted to approximately 8.3 tetri/kWh.

3.2.1.2. Energy Exchange

In 2025, the total volume of electricity traded on the Energy Exchange amounted to 130,135 MWh, while the weighted average price was 131.3 GEL/MWh. The majority of this electricity was purchased by distribution and transmission system operators to cover network losses. By purchasing electricity on the Energy Exchange instead of the balancing electricity market, they saved up to 2.3 million GEL in total in 2025.

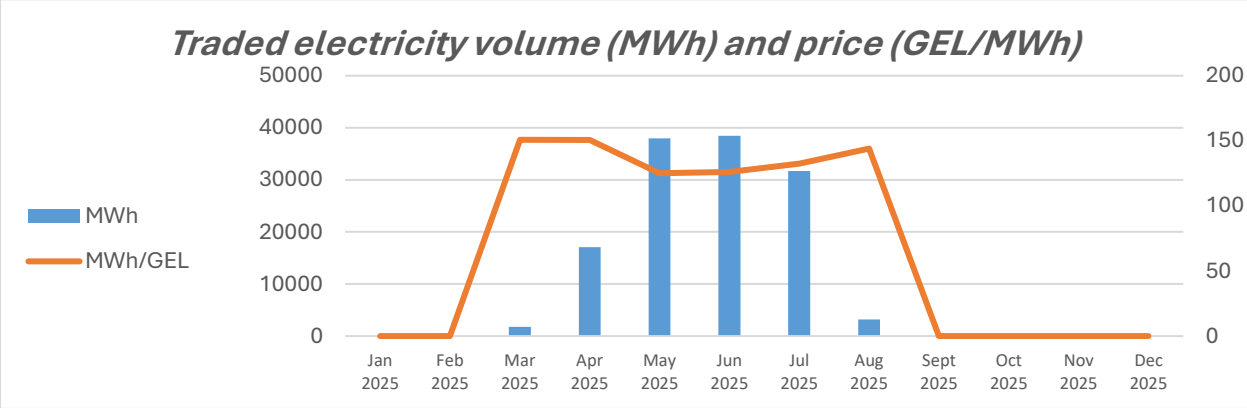


Figure 3.16 Traded Electricity Volume (MWh) and Price (GEL/MWh)

3.2.1.3. Balancing Electricity

In 2025, the volume of balancing electricity amounted to 4,453 million kWh, while the weighted average price of balancing electricity was 16.022 tetri/kWh, which is 5.2% higher compared to the corresponding indicator of the previous year (15.232 tetri/kWh).

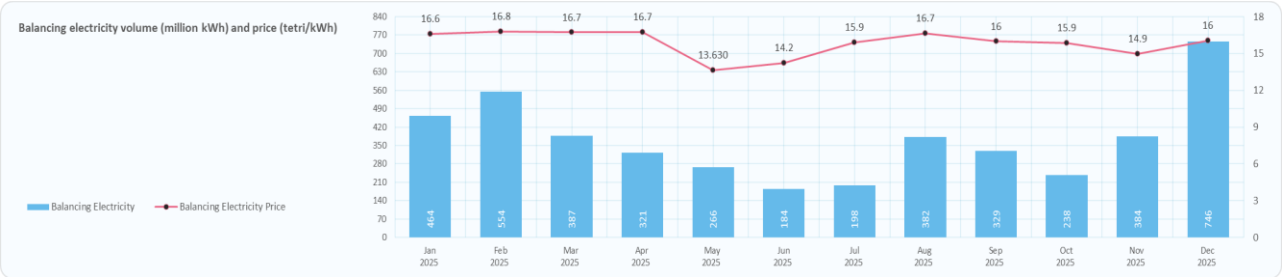


Figure 3.17 Balancing Electricity Volume (million kWh) and Price (tetri/kWh)

In 2025, the highest price of balancing electricity was recorded in February (16.790 tetri/kWh), while the lowest price was recorded in May (13.630 tetri/kWh).

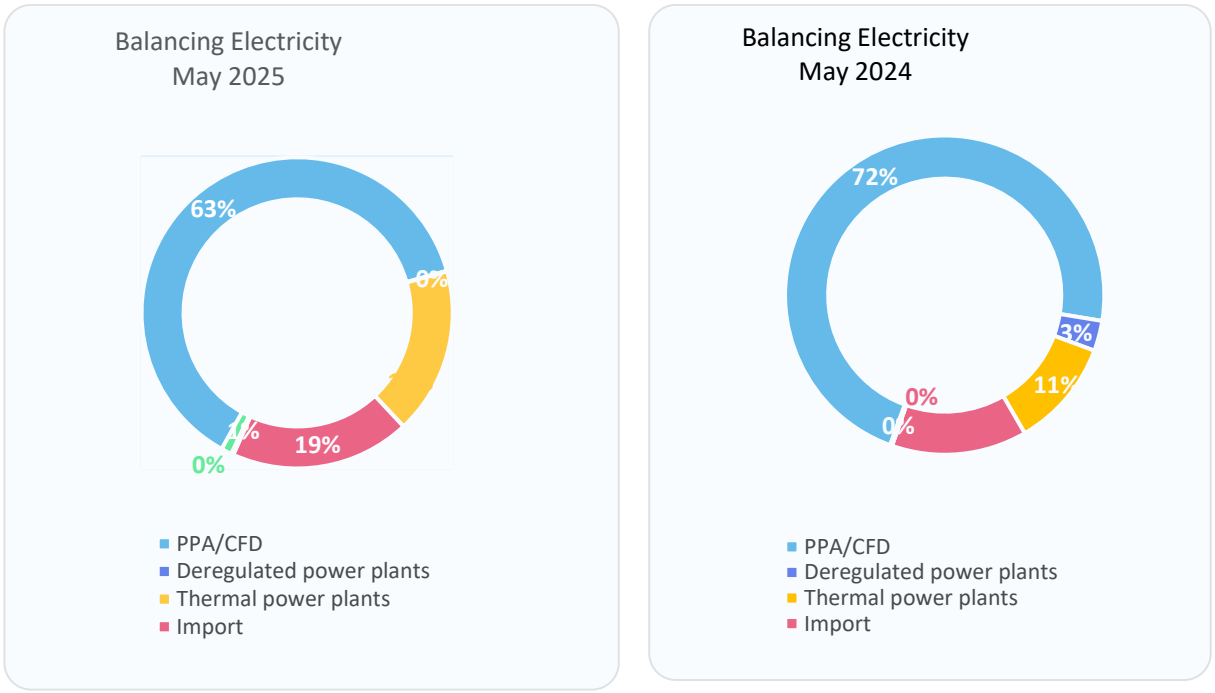


Figure 3.18 Structure of Balancing Electricity Sales, 2025–2024

In 2025, balancing electricity was purchased by: public service suppliers, amounting to 2,045 million kWh (45.9%); universal service suppliers, 563 million kWh (12.6%); transmission and distribution system operators for covering network losses, 948 million kWh (21.3%); exporters, 52 million kWh (1.2%); direct consumers, 842 million kWh (18.9%); and the independent supplier, 3 million kWh (0.1%).

In 2024, balancing electricity was purchased by: public service suppliers, amounting to 2,034 million kWh (49.1%); universal service suppliers, 718 million kWh (17.3%); transmission and distribution system operators for covering network losses, 1,107 million kWh (26.7%); exporters, 13 million kWh (0.3%); and direct consumers, 223 million kWh (5.4%).

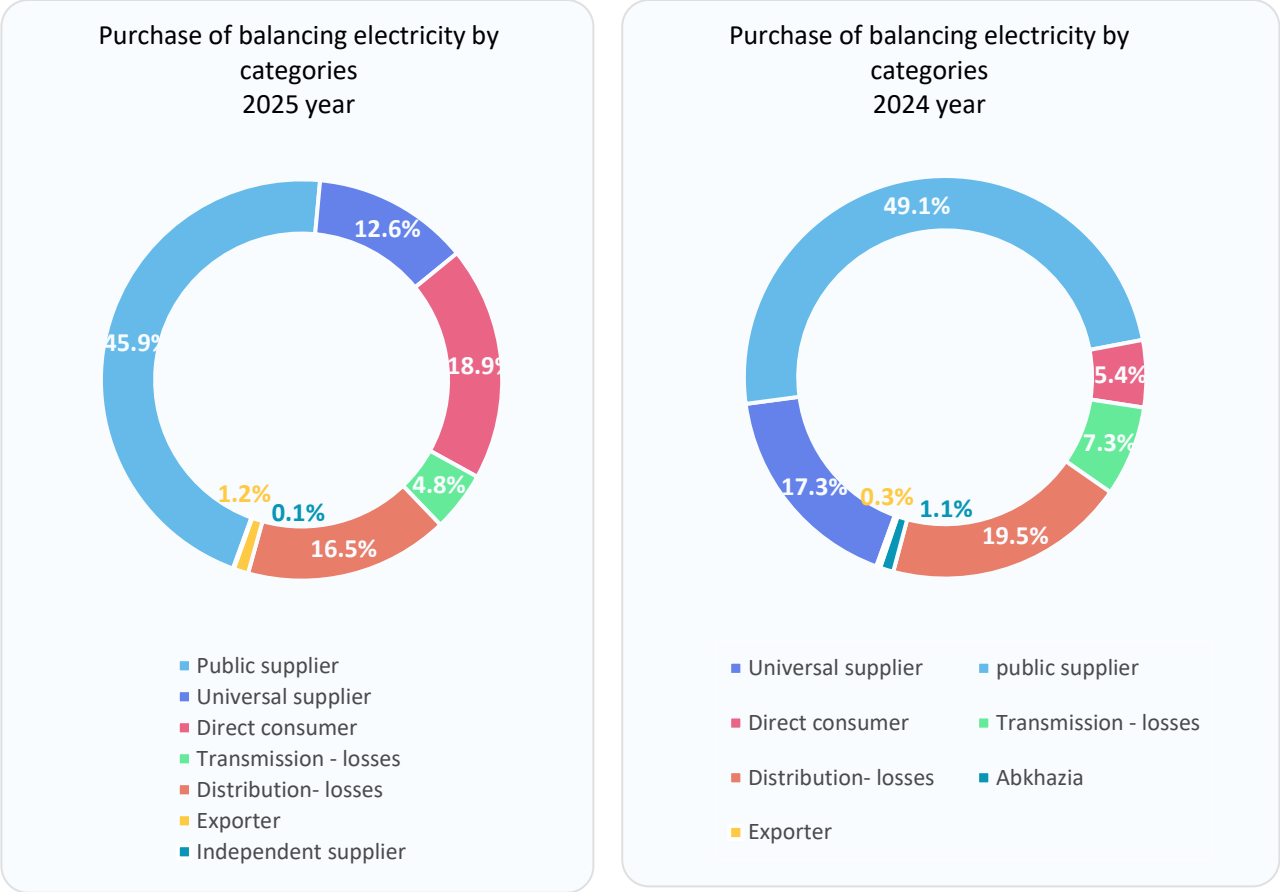


Figure 3.19 Structure of Balancing Electricity Purchases, 2025–2024

3.2.2. Retail Market

In 2025, the total electricity supplied to consumers by regulated suppliers amounted to 7,580 million kWh, which represents a 3.7% increase compared to the previous year.

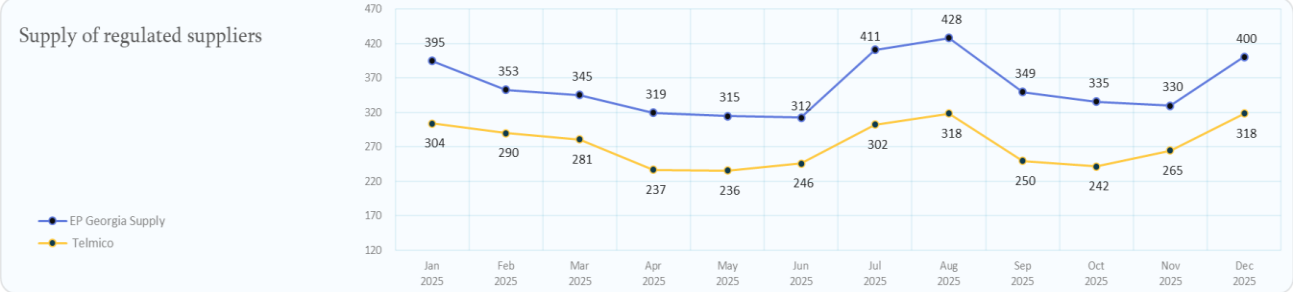


Figure 3.20 Electricity Supplied by Regulated Suppliers to Consumers (million kWh)

In 2025, 40% of household electricity consumption was recorded in Tbilisi. As for annual electricity consumption per metering point across the country, it averaged 1,576 kWh. The highest consumption is recorded in Adjara, while the lowest is observed in Racha-Lechkhumi and Kvemo Svaneti.

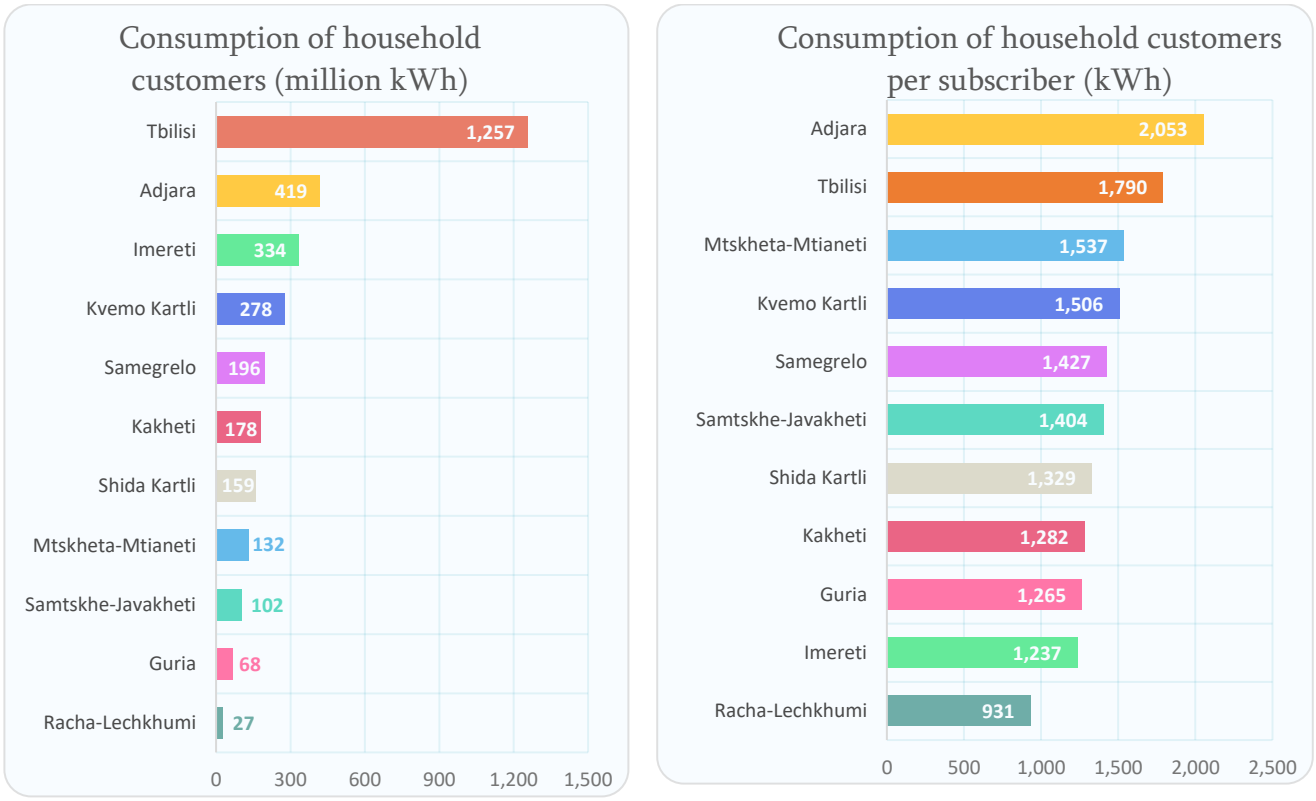


Figure 3.21 Electricity Consumption by Household Consumers by Region

In 2025, non-household consumers accounted for 45.8% of electricity consumption in Tbilisi, while the remaining regions of Georgia together accounted for 54.2%.

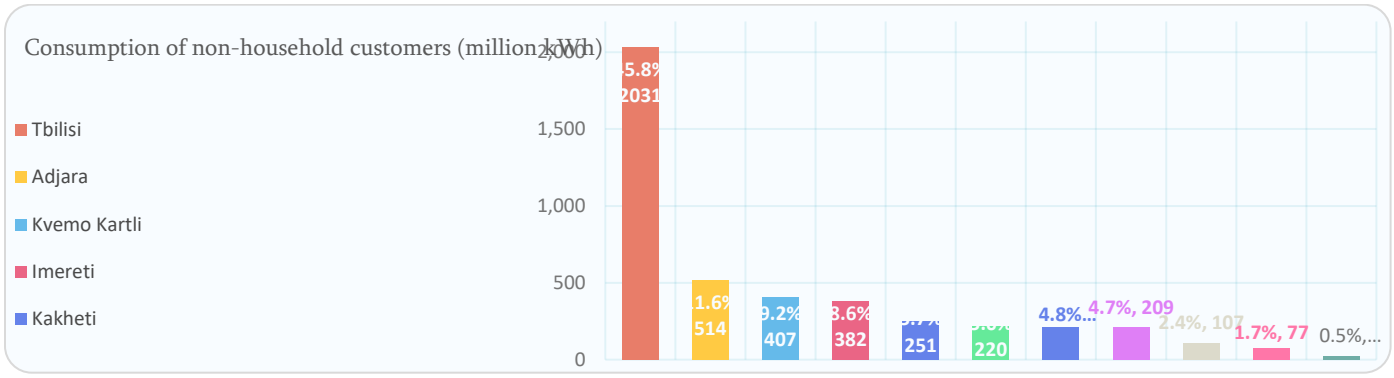


Figure 3.22 Electricity Consumption by Non-Household Consumers (million kWh)

3.2.2.1. Tbilisi Electricity Supply Company LLC

In 2025, electricity supplied to consumers by Tbilisi Electricity Supply Company LLC amounted to 3,288 million kWh, which is 3% higher compared to the corresponding period of the previous year.

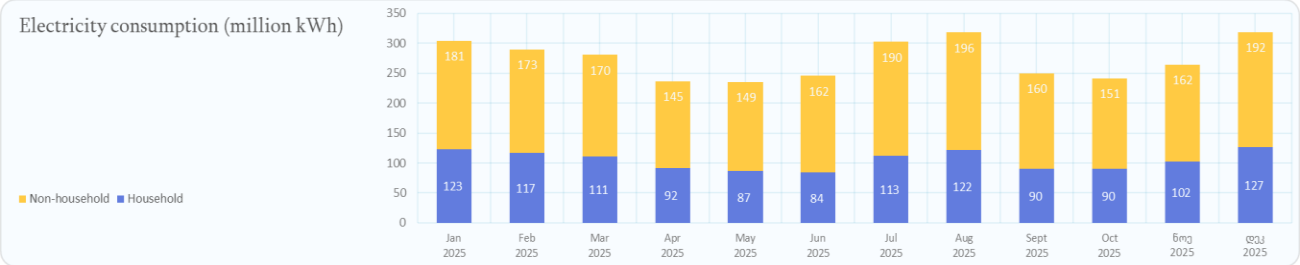


Figure 3.23 Electricity Consumption (million kWh)

In the reporting year, electricity consumption by voltage level was distributed as follows: 0.4 kV – 74.5%, 6–10 kV – 25.1%, and 35–110 kV – 0.4%.

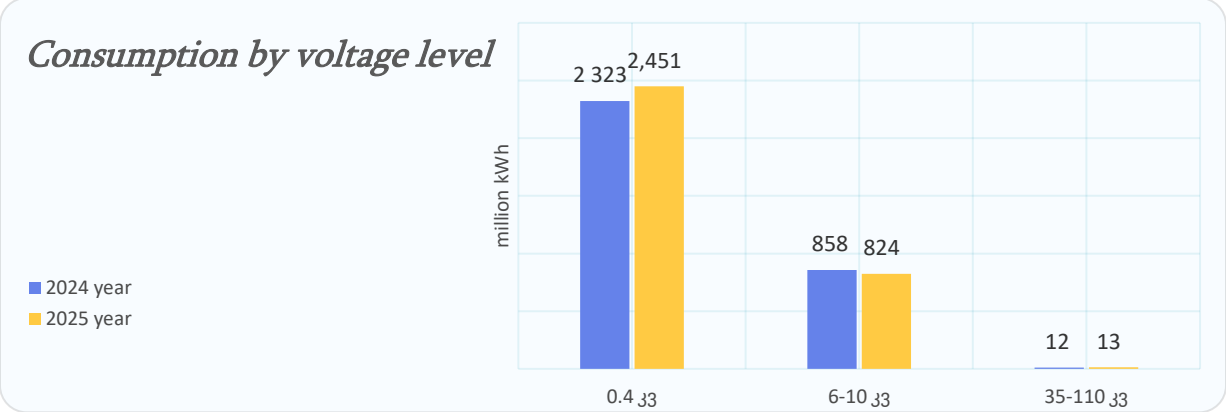


Figure 3.24 Consumption by Voltage Level (million kWh)

In 2025, electricity consumption by household consumers amounted to 1,257 million kWh, which is 6.7% higher compared to the previous year, while electricity consumption by non-household consumers amounted to 2,031 million kWh, which is 0.8% higher compared to the previous year.

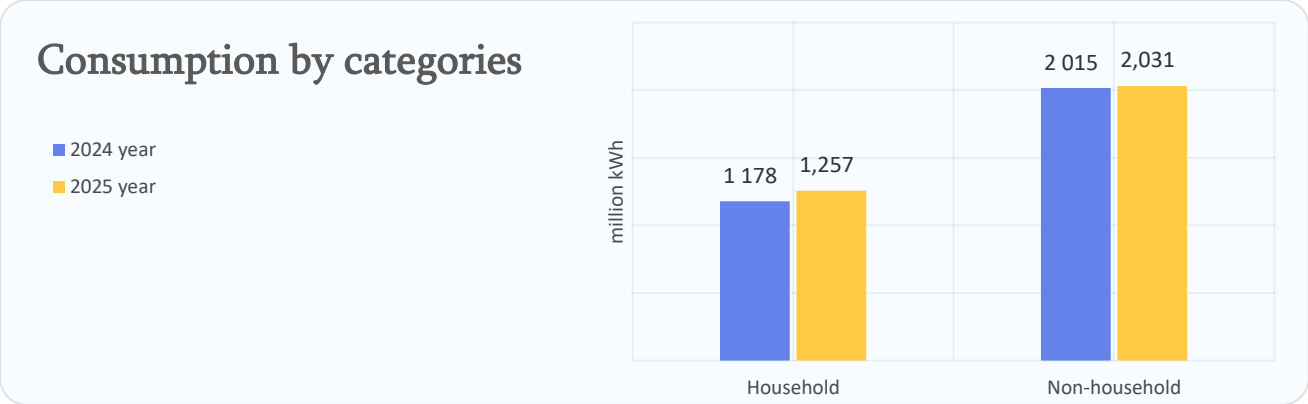


Figure 3.25 Consumption by Category (million kWh)

Of the electricity consumed by household consumers, 12% falls within the lowest step under the step tariffs for electricity, 51% falls within the second step, and 37% falls within the third step.

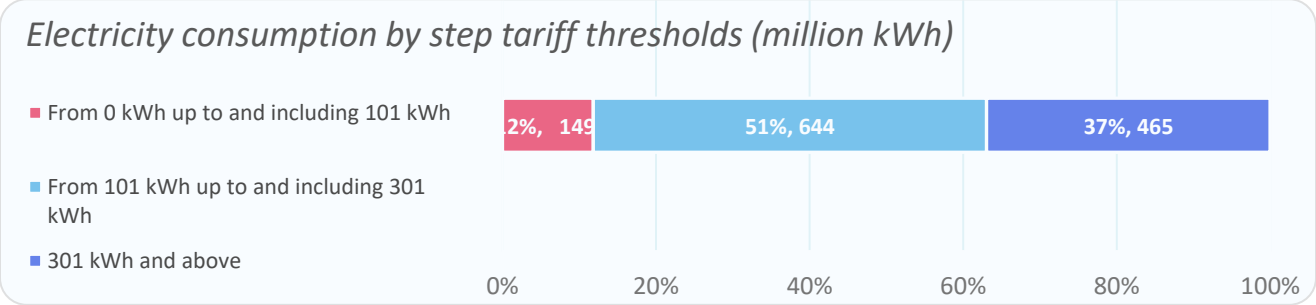


Figure 3.26. Electricity Consumption by Step Tariff Thresholds (million kWh)

3.2.2.2. EP Georgia Supply JSC

In 2025, electricity supplied to consumers by EP Georgia Supply JSC amounted to 4,292 million kWh, which is 4.3% higher compared to the previous year.

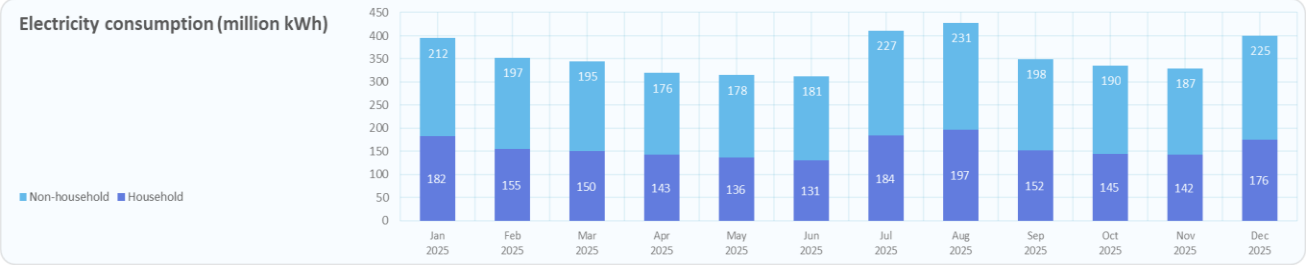


Figure 3.27. Electricity Consumption (million kWh)

In the reporting year, electricity consumption by voltage level was distributed as follows: 0.4 kV – 79.8%, 6–10 kV – 18.8%, and 35–110 kV – 1.4%.

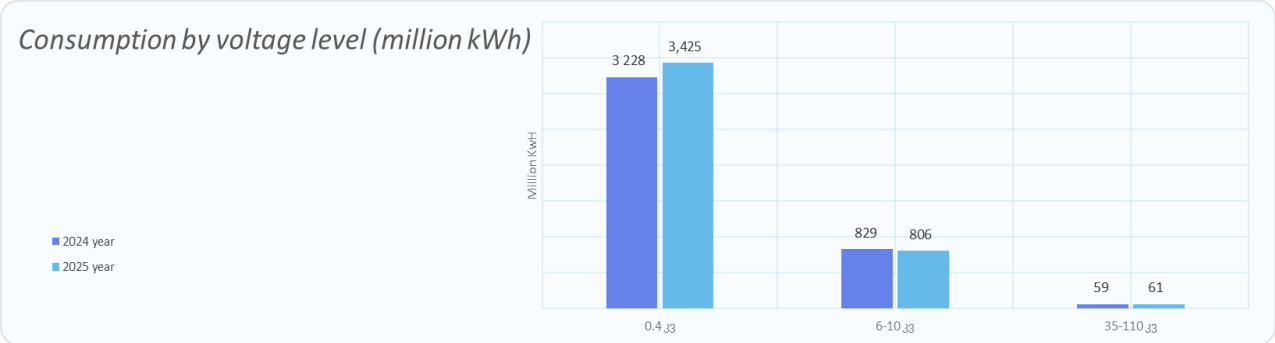


Figure 3.28. Consumption by Voltage Level (million kWh)

In 2025, electricity consumption by household consumers amounted to 1,895 million kWh, which is 6.4% higher compared to the previous year, while electricity consumption by non-household consumers amounted to 2,398 million kWh, which is 2.6% higher compared to the previous year.

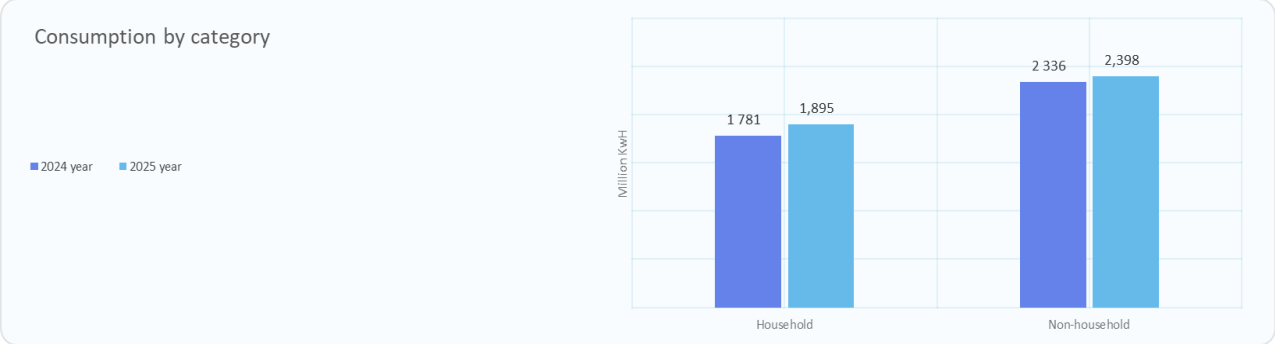


Figure 3.29. Consumption by Category (million kWh)

Of the electricity consumed by household consumers, 16% falls within the lowest step under the step tariffs for electricity, 50% falls within the second step, and 34% falls within the third step.

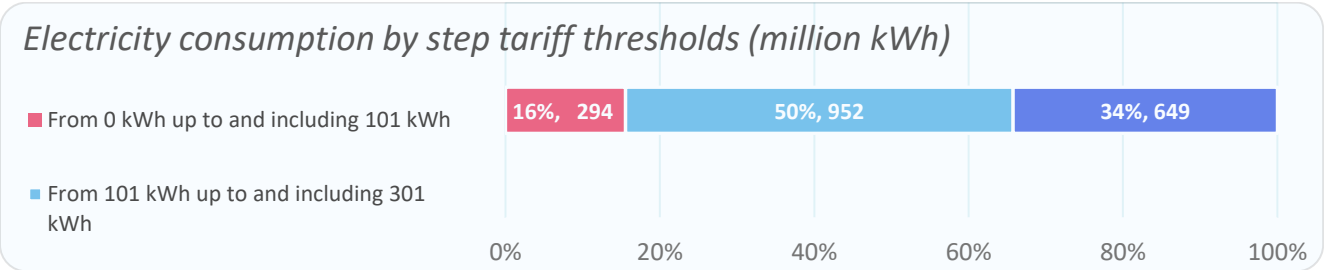


Figure 3.30. Electricity Consumption by Step Tariff Thresholds (million kWh)

3.3. Service quality, continuity of supply, and regulation of electricity quality

The monitoring of electricity supply reliability (continuity) is carried out in accordance with the Rules on Service Quality[37] approved by the Commission's Resolution №20 of 28 June 2021 (hereinafter – the Service Quality Rules). The Service Quality Rules establish, inter alia, the procedures for recording information on supply reliability by the electricity distribution system operator, submitting this information to the Commission, and analysing, verifying, and monitoring these data through the Commission's electronic log. Based on international practice, the Rules also provide for the following indices for determining supply reliability (continuity):

- System Average Interruption Duration Index (SAIDI) – minutes per consumer;
- System Average Interruption Frequency Index (SAIFI) – interruptions per consumer.

The Service Quality Rules provide companies with financial incentives to improve annual electricity supply reliability indicators for consumers. In the event of deterioration of the annual electricity supply reliability indicators, the company may be subject to appropriate penalties.

In the reporting year, the Commission reviewed electricity interruptions recorded in the journal of Telasi JSC and information requested from the company. A total of 11,963 interruptions were recorded in 2025, of which 4,004 were short interruptions (up to 5 minutes), while 7,959 were long interruptions (longer than 5 minutes). Based on the 2025 data, the internal cause planned and unplanned SAIDI indicator amounted to 11 hours and 45 minutes, which represents an improvement of 3 hours and 10 minutes compared to the same period of the previous year (14 hours and 55 minutes). The internal cause planned and unplanned SAIFI indicator amounted to 8.53, which is an improvement of 0.51 compared to the corresponding value of the previous year (9.04).

When comparing the data with the indicators of the previous year (see Tables 1 and 2), it was found that the data recorded in the 2025 electronic journal of Telasi JSC, in particular the SAIDI and SAIFI indicators, show an improvement compared to the 2024 reliability indicators, which represents a positive development.

SAIDI	2025	2024	2023	2022	2021	2020	2019	2018
Unplanned	**8:01:29**	**8:23:31**	**4:04:16**	**3:39:33**	**3:48:57**	**4:12:05**	**3:25:32**	**3:52:39**
Planned	**3:44:19**	**6:32:02**	**5:23:23**	**6:04:03**	**4:38:10**	**3:51:25**	**6:27:26**	**7:10:36**
Total	**11:45:48**	**14:55:33**	**9:27:39**	**9:43:36**	**8:27:06**	**8:03:30**	**9:52:26**	**11:03:15**

Table 1. SAIDI Indicators of Telasi JSC Due to Internal Causes

[37] See Commission Resolution №20 of June 28, 2021.

SAIFI	2025	2024	2023	2022	2021	2020	2019	2018
Unplanned	6.95	6.45	3.53	3.38	3.85	4.07	3.20	3.30
Planned	1.58	2.59	2.53	2.59	2.02	1.68	2.70	2.40
Total	8.53	9.04	6.06	5.97	5.87	5.75	5.90	5.70

Table 2. SAIFI Indicators of Telasi JSC Due to Internal Causes

The Commission examined electricity interruption records registered in the electronic journal by Energo-Pro JSC, as well as information requested from the company. According to this data, a total of 90,367 interruptions were recorded during 2025, including 7,768 short interruptions (up to 5 minutes) and 82,599 long interruptions (longer than 5 minutes). Based on the 2025 data, SAIDI due to internal causes for both planned and unplanned interruptions amounted to 61 hours and 2 minutes, which represents an improvement of 36 minutes compared to the same period of the previous year (61 hours and 38 minutes). Meanwhile, SAIFI due to internal causes for both planned and unplanned interruptions amounted to 32.15, which indicates a deterioration of 1.09 compared to the same period of the previous year (31.06).

Regarding the comparison with the previous year's indicators, data from the electronic journals were also used (see Tables 2.5 and 2.6). It was found that certain aspects of Energo-Pro JSC 2025 data have improved compared to the 2024 figures.

SAIDI	2025	2024	2023	2022	2021	2020	2019	2018
Unplanned	32:31:04	32:50:12	28:39:46	31:22:20	18:55:24	20:26:52	25:41:30	32:38:46
Planned	28:30:58	28:48:15	26:28:46	28:47:42	20:16:35	19:05:46	29:44:50	35:32:36
Total	61:02:02	61:38:27	55:08:32	60:10:02	39:11:59	39:32:38	55:26:20	68:11:22

Table 3. SAIDI Indicators of Energo-Pro JSC Due to Internal Causes

SAIFI	2025	2024	2023	2022	2021	2020	2019	2018
Unplanned	21.66	20.13	20.20	25.09	13.88	14.44	16.90	20.00
Planned	10.49	10.93	9.51	10.83	7.62	7.11	10.40	11.87
Total	32.15	31.06	29.71	35.92	21.50	21.55	27.30	31.88

Table 4. SAIFI Indicators of Energo-Pro JSC Due to Internal Causes

Additionally, planned and unplanned SAIDI and SAIFI indicators caused by internal factors were further analyzed for Telasi JSC and Energo-Pro Georgia JSC service centers, which are presented in the annex №2.

Out of 12,118 electricity interruptions recorded by distribution system operators in the electronic journal, the Commission confirmed external causes in 10,611 cases, while 1,507 interruptions were determined to have been caused by internal reasons.

The Commission continues its work on further refinement of electricity supply continuity indicators and identification of the underlying causes.

3.4. Regulation of electricity losses in transmission and distribution networks

One of the Commission's important functions is the determination of normative electricity losses in transmission and distribution networks. The analysis of actual losses of network companies during the reporting year and comparison with the indicators of the previous year provide an objective basis for assessing the efficiency of the companies' operations and trends in network planning and development.

In the reporting year, the total actual electricity losses in the transmission network amounted to 277.9 GWh, while losses excluding transit losses amounted to 261.3 GWh, representing 1.73% of the electricity received in the network (see Figure 2.27). This indicator decreased by 9.2% compared to the 2024 figure.

It should also be noted that actual losses in the transmission network decreased by 12.3% compared to normative losses, due to the relocation of electricity metering points at power plants from the busbar to transmission lines.

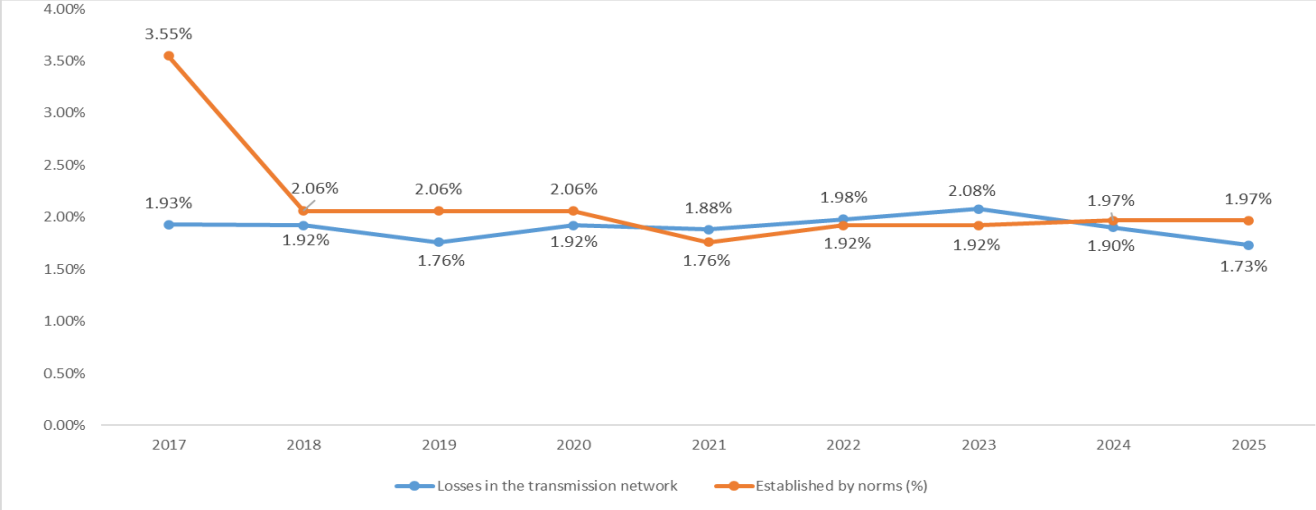


Figure 3.31. Transmission Network Losses (excluding transit losses)

In the reporting year, normative electricity losses in the transmission network of Georgian State Electrosystem JSC were calculated, and as of 1 January 2026, the normative electricity loss in the transmission network was set at 1.82% of total electricity input into the network.

As for electricity losses in the distribution network, actual losses in the network of Energo-Pro Georgia JSC amounted to 572.2 GWh, representing 9.30% of electricity received in the network (6,152.9 GWh). This is 5.4% lower than the normative losses established for the previous regulatory period (see Figure 2.28).

By the Commission's Resolution №45 of 12 December 2025, the total normative electricity losses in the network of Energo-Pro Georgia JSC were set at 10.20% as of 1 January 2026, including:

- for the 110(35) kV voltage level – 2.23 %;
- for the 10(6) kV voltage level– 4.83 %;
- for the 0.4 kV voltage level – 3.14 %.".

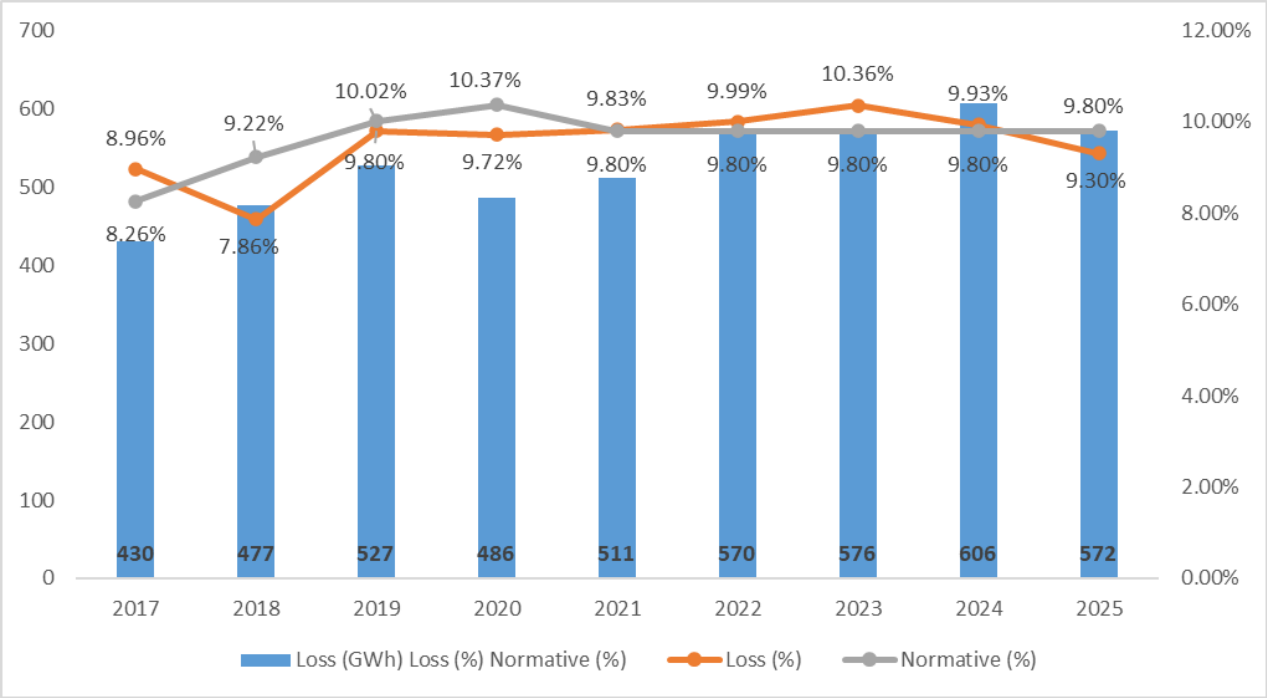


Figure 3.32. Losses in the Network of Energo-Pro Georgia JSC

For the distribution network of Telasi JSC, the level of normative losses remained unchanged at 5.96% (see Figure 3.33).

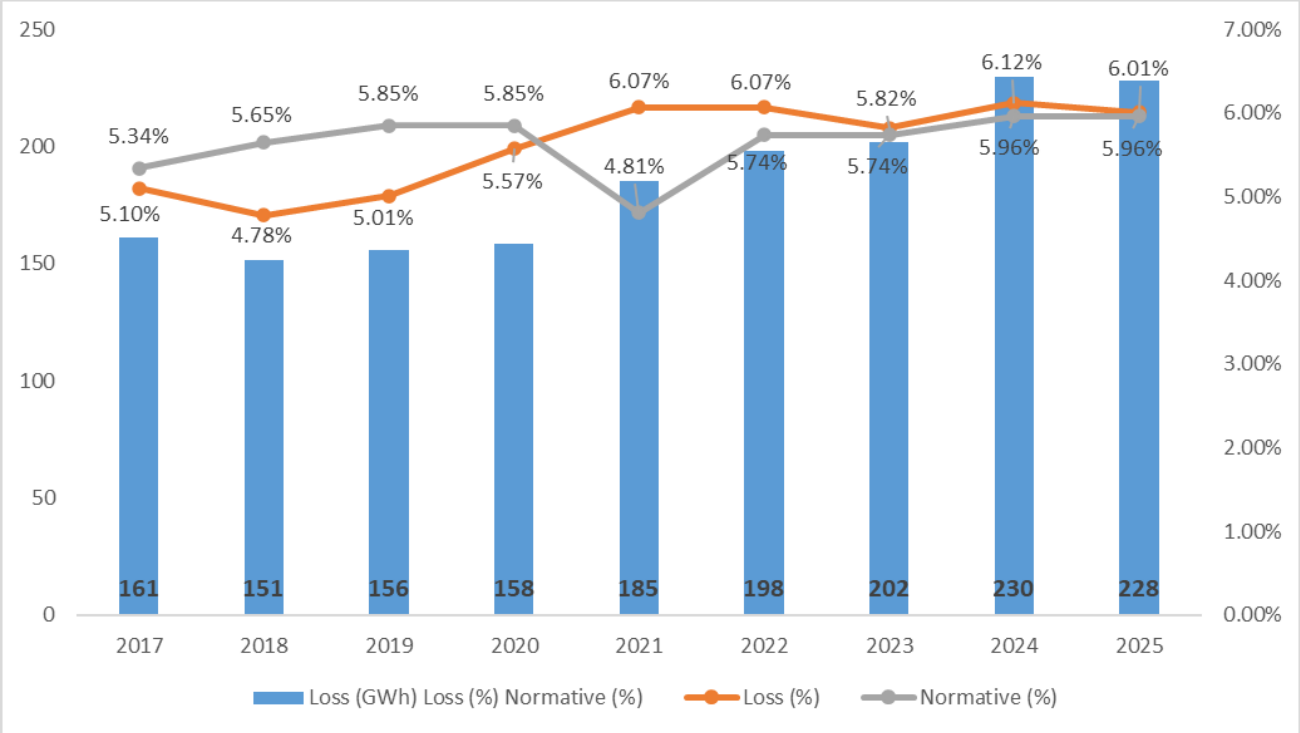


Figure 3.33. Losses in the Network of Telasi JSC

3.5. Investment monitoring

During the reporting year, the works performed by system operators in the electricity transmission and distribution networks were examined, as well as the purposefulness of planned investment projects.

Within the scope of implemented investments, works carried out in the regions of Tbilisi, Mtskheta-Mtianeti, Shida Kartli, Zemo Imereti and Racha, Samegrelo, Samtskhe-Javakheti, Adjara-Guria-Imereti, and Kakheti were assessed.

Additionally, within the framework of responding to applications submitted to the Commission, the distribution network and electricity quality parameters were inspected. In relevant cases, companies were instructed to improve electricity quality parameters in the distribution network, for which the necessary works were carried out during the reporting year, and applicants were provided with electricity meeting the required quality parameters.

Considering the results of the above-mentioned monitoring, a regulatory audit of the investments actually implemented by distribution system operators during 2021–2025 was conducted for tariff calculation purposes, and the investment plans for 2026–2030 were agreed upon.

3.6. Promotion of renewable energy and energy efficiency

3.6.1. Amendments to the settlement rules between owners/consumers of micro-generation power plants and suppliers

Since 2016, consumers have been able to connect their own generation facilities to the network and benefit from the so-called net metering programme, which aims to promote the development of self-generation and reduce the volume of electricity consumed by consumers from the distribution network. Along with various incentive mechanisms, consumers participating in the net metering scheme are exempt from network service charges. The number of participants in this programme has increased significantly. As of December 31, 2025, 2,497 micro-generation power plants were connected to the network under the net metering scheme, with an installed capacity of 320,942 kW. The installed capacity increased by 123% compared to 2024, while the number of installations increased by 48%. From 2016 to 2025, the average annual growth rate of installed capacity was 162.9%, while the number of installations grew by 89.4%. The significant difference between the growth rate of installed capacity and the growth rate of the number of micro-generation power plants in the reporting year indicates an increase in the number of installations operating at maximum allowable capacity and growing interest from large industrial and commercial enterprises in this regulatory scheme.

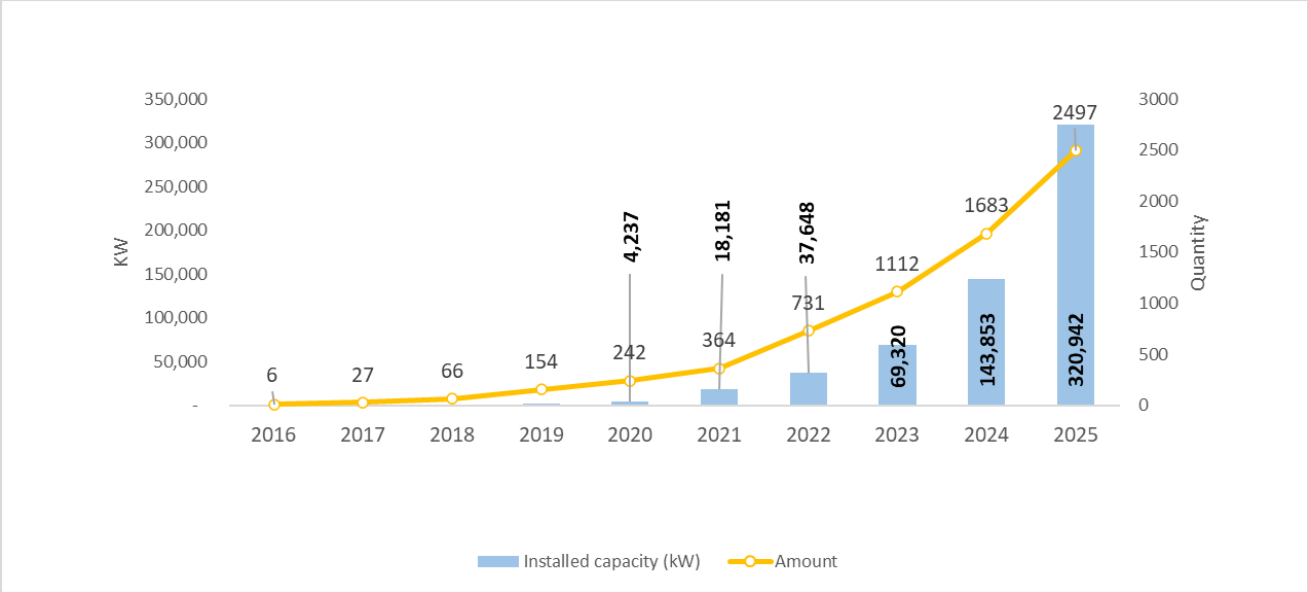


Figure 3.34. Development Dynamics of Micro-generation Power Plants of Consumers Participating in the Net Metering Scheme in Georgia, 2016–2025

On the one hand, net metering is an effective tool for promoting self-generation, while on the other hand, it leads to a disproportionate allocation of network maintenance costs and creates a risk of cross-subsidisation in favour of consumers who do not own such installations, particularly under virtual net metering conditions, where generation and consumption sites are geographically separated and energy flows increase network losses.

To ensure the resilience and stable operation of the electricity system, the Distribution Network Rules approved by the Commission define an upper limit for the total installed capacity of micro-generation power plants. This limit initially amounted to 2% of the peak load in the relevant system operator's network and was subsequently increased in stages to 20%.

As of February 28, 2025, the installed capacity of connection applications and micro-generation power plants already connected to the network of Energo-Pro Georgia JSC reached the established 20% threshold of the distribution network's peak load. As a result, the connection of new micro-generation power plants was, in practice, restricted.

In response to this challenge, amendments[38] were introduced to the Law of Georgia on Energy and Water Supply, under which, if the total installed capacity of micro-generation power plants reaches the maximum threshold established by the Commission, the Commission is authorised to allow the connection of micro-generation power plants with a capacity not exceeding 100 kW under net billing conditions. This means that, instead of offsetting generated electricity against consumed electricity, the consumer will receive payment for electricity supplied to the distribution network at a tariff determined by the Commission, while for electricity received from the network the consumer will pay both the electricity supply service fee and the system service and electricity market operation service fees. According to the amendment, all other micro-generation power plants that were connected or

[38] See the Law of Georgia of June 10, 2025 on Amendments to the Law of Georgia on Energy and Water Supply.

will be connected to the distribution network before January 1, 2027 will remain under the existing scheme (net metering), while the application of the new scheme established by the Commission (net billing) will become mandatory from January 1, 2033. The same amendment was introduced into the Distribution Network Rules. In addition, virtual net metering was restricted under the principle of a common transformer substation. It was also prohibited to connect power plants with an installed capacity exceeding 100 kW to the distribution network, or to increase the installed capacity of already connected power plants above 100 kW, when the total installed capacity of micro-generation power plants connected to the distribution network exceeds 20% of the peak load of the same distribution network.

In the reporting year, corresponding amendments were also introduced to the Electricity Retail Market Rules, as a result of which the settlement mechanism under the net billing scheme was defined as follows:

- The consumer will receive a tariff determined by the Commission for excess electricity supplied to the distribution network, while for electricity received from the network, the consumer will pay both the supply fee and the system service and market operation fees;
- The universal service supplier or the public service supplier is obliged to purchase this excess energy at the weighted average price of supplied electricity, thereby creating a guaranteed purchase mechanism for the consumer;
- During settlement, the value of electricity supplied to the network and electricity received from the network is offset against each other, while any positive balance is carried forward to cover liabilities in subsequent periods;
- The consumer is entitled, once a year in December, to request monetary reimbursement of any accumulated positive balance;
- In the case of a independent supplier, it may independently decide whether to purchase electricity and at what price; however, if the supply agreement does not provide for purchase, this obligation is automatically transferred to the universal service supplier.

As a result, as of December 31, 2025, 91 consumers participate in the net billing scheme in the distribution network of Energo-Pro Georgia JSC, with a total installed capacity of 2,557.4 kW.

In the distribution network of Telasi JSC, as of December 31, 2025, micro-generation power plants connected to the network accounted for only 10.5% of the network's peak load (79,827 MW). Considering the connection applications submitted to the company, this share amounts to 11.9%.

Until December 31, 2026, consumers of Telasi JSC will still be able to benefit from the net metering scheme, provided that the established threshold of 20% of peak load is not reached by that date.

3.6.2. Guarantees of Origin

A guarantee of origin enables final consumers to support the development of electricity generation from renewable sources. A supplier that publicly offers electricity generated from renewable sources to final consumers is obliged, within the scope of such an offer, to certify the origin of the electricity consumed using guarantees of origin. Participation in the guarantees of origin scheme is voluntary for

both electricity producers, suppliers, and final consumers.[39] On the basis of the Law of Georgia on promoting the generation and consumption of energy from renewable sources, the Commission approved the rules for issuing guarantees of origin for electricity generated from renewable sources (hereinafter, for the purposes of this subsection, the Rules) and established the conditions for issuing, transferring, cancelling, and withdrawing guarantees of origin.

According to the report prepared by the issuing body of guarantees of origin, in 2024 a total of 1,975,395 MWh of electricity was certified with guarantees of origin, which is almost twice as high as the result of the previous year (550,521 MWh). This indicates that the role of final consumers and suppliers in supporting renewable energy sources in Georgia is gradually increasing.

3.6.3. Residual energy mix

In the reporting year, the residual energy mix was calculated for the first time, representing the volume of electricity that was not certified with guarantees of origin. As a result, the sources of electricity consumed by final consumers in 2024 that were not covered by guarantees of origin were determined.

The calculation of the residual energy mix aims to ensure compliance with the requirements of the Law of Georgia on Promoting the Generation and Consumption of Energy from Renewable Sources, which prohibits the double counting of a single unit of energy from renewable sources in the issuance of guarantees of origin.

The methodology for calculating the residual energy mix and the supplier's energy mix is approved by the Commission, while the calculation of the mix is the responsibility of the transmission system operator.

Residual energy mix (MWh)	**16,771,140.01**
Share of energy source in the residual energy mix (%)	
Hydro	**73.19**
Wind	**0.74**
Natural Gas	**24.76**
Coal	**0.00**
Nuclear	**1.11**
Geothermal	**0.0000**
Solar	**0.15**
Other	**0.06**

Table 5. Residual Energy Mix of 2024

It should be noted that imported electricity is taken into account in the calculation of the residual energy mix. Accordingly, although Georgia does not have a nuclear power plant, nuclear-generated

[39] See Directive (EU) 2018/2001 of the European Parliament and of the Council of December 11, 2018 on the promotion of the use of energy from renewable sources, recital 59.

electricity appears in the mix with a share of 1.11%, attributable to imported electricity. Coal-generated electricity is not reflected in the mix.

3.6.4. Disclosure

The Law of Georgia on Energy and Water Supply imposes an obligation on suppliers to disclose to their final consumers information on the share of energy sources within their overall portfolio. For this purpose, the Commission approved the rules on suppliers' disclosure of information to final consumers, as well as the methodology for calculating the energy mix in the supplier's overall portfolio. Accordingly, since August 2025, consumers have been receiving a bill indicating the sources from which the electricity consumed in 2024 was generated.

4.Natural Gas Sector

4.1. Natural Gas Market

4.1.1. Natural Gas Balance

Natural gas holds one of the leading positions in Georgia's energy balance[40]. Its share in total energy consumption is characterized by a slight but steadily increasing trend. According to Georgia's 2024 Energy Balance, the share of natural gas in total energy consumption amounted to approximately 42.4%, indicating the dominant role of natural gas in the country's energy system. This trend is driven both by the structure of energy consumption and by the wide use of natural gas in the household and non-household sectors.

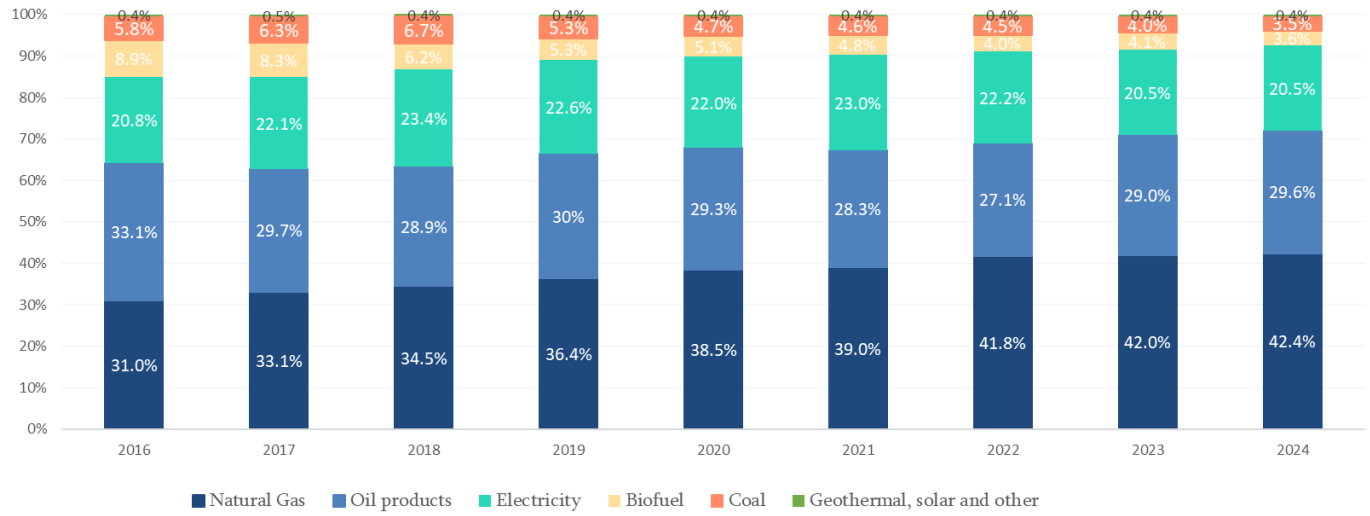


Figure 4.1. Energy Balance of Georgia

Georgia's natural gas market is significantly dependent on imports. In 2025, the share of imports accounted for 99.6%, while the remaining 0.4% was represented by local extraction.

The primary source of natural gas supply is the Republic of Azerbaijan. Natural gas imports from Azerbaijan are carried out through two entry points: via the South Caucasus Pipeline (SCP) and through the respective gas entry point located at the Georgia–Azerbaijan border, which satisfies the major part of the country's demand. In order to balance additional volumes, as well as seasonal and peak demand, natural gas is also received from the northern direction, through the Georgia–Russia state border section.

In addition to imported resources, Georgia's natural gas balance also includes local extraction, although its share in total consumption remains relatively small. At the same time, Georgia maintains its regional transit function by ensuring the transit of natural gas from the Russian Federation to the Republic of Armenia.

[40] National statistics office of Georgia, Energy Balance of Georgia 2024

The sources of natural gas supply and the movement of the major flows are presented in Figure 4.2.

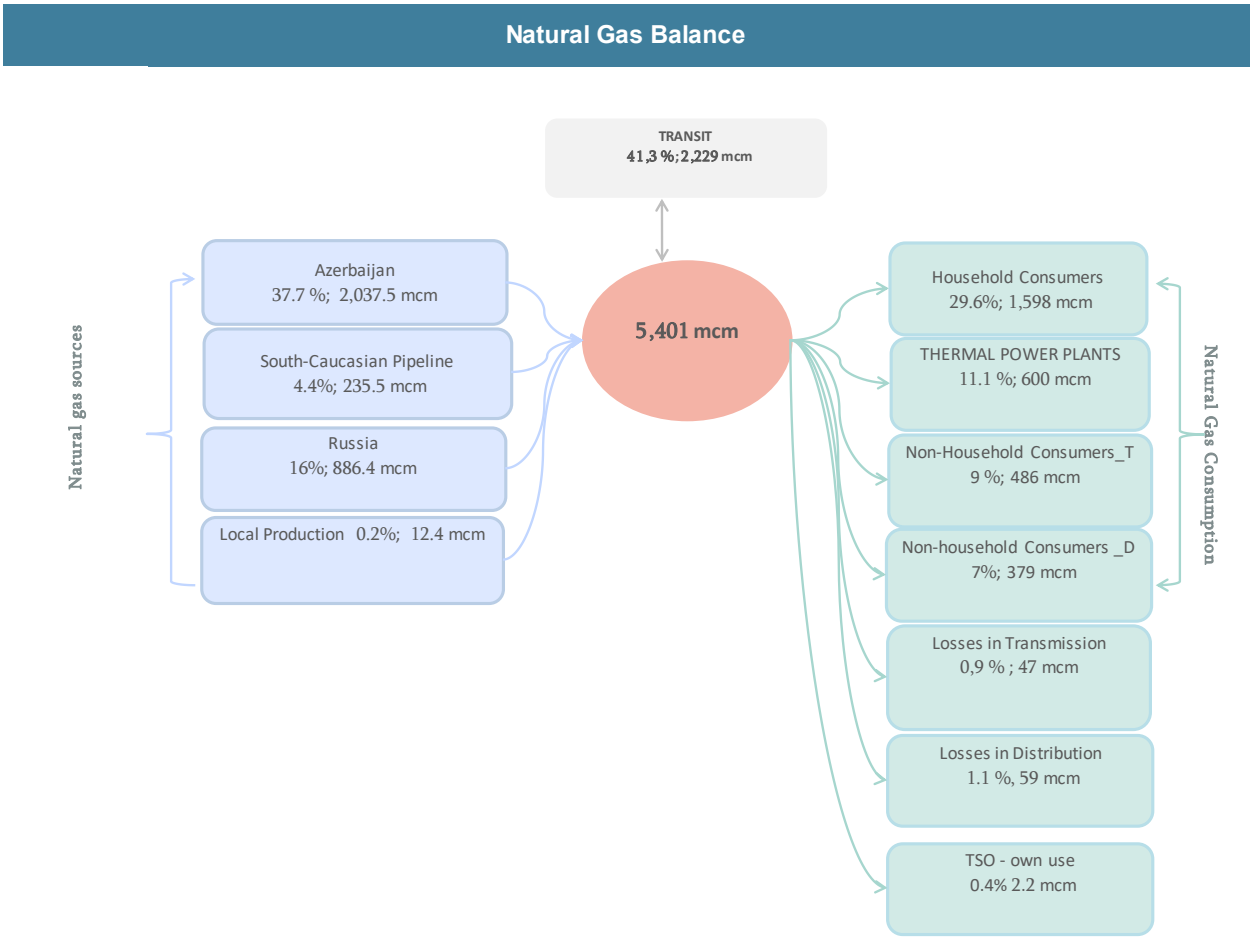


Figure 4.2. Natural Gas Balance[41]

4.1.2. Market Structure and Entities

Georgia's natural gas market comprises wholesale and retail segments. At the wholesale level, natural gas trading is carried out exclusively on the basis of bilateral contracts. Traders import natural gas or purchase locally extracted gas volumes and subsequently sell them to other traders/suppliers. In the retail market, suppliers supply natural gas directly to final consumers.

Both the wholesale and retail markets are dominated by companies affiliated with SOCAR, indicating a high level of market concentration. Consequently, one of the major challenges remains ensuring access to natural gas at competitive prices for deregulated consumers.

As of 2025, 25 traders/suppliers were operating in the natural gas market. Of these, 14 companies operated solely in the retail market, 10 companies operated in both the wholesale and retail segments, while only one company was represented exclusively in the wholesale market (see Annex №9).

[41] The data used in this chapter may be subject to revision following the submission of audited information by regulated eneterprices

The physical delivery of natural gas to final consumers is ensured by transportation and distribution licensees. The main function of the transportation system is to transport natural gas from generation or import sources to delivery points, while the distribution system ensures the supply of gas to the premises of final consumers. The structure of Georgia's natural gas market is illustrated in Figure 4.3.

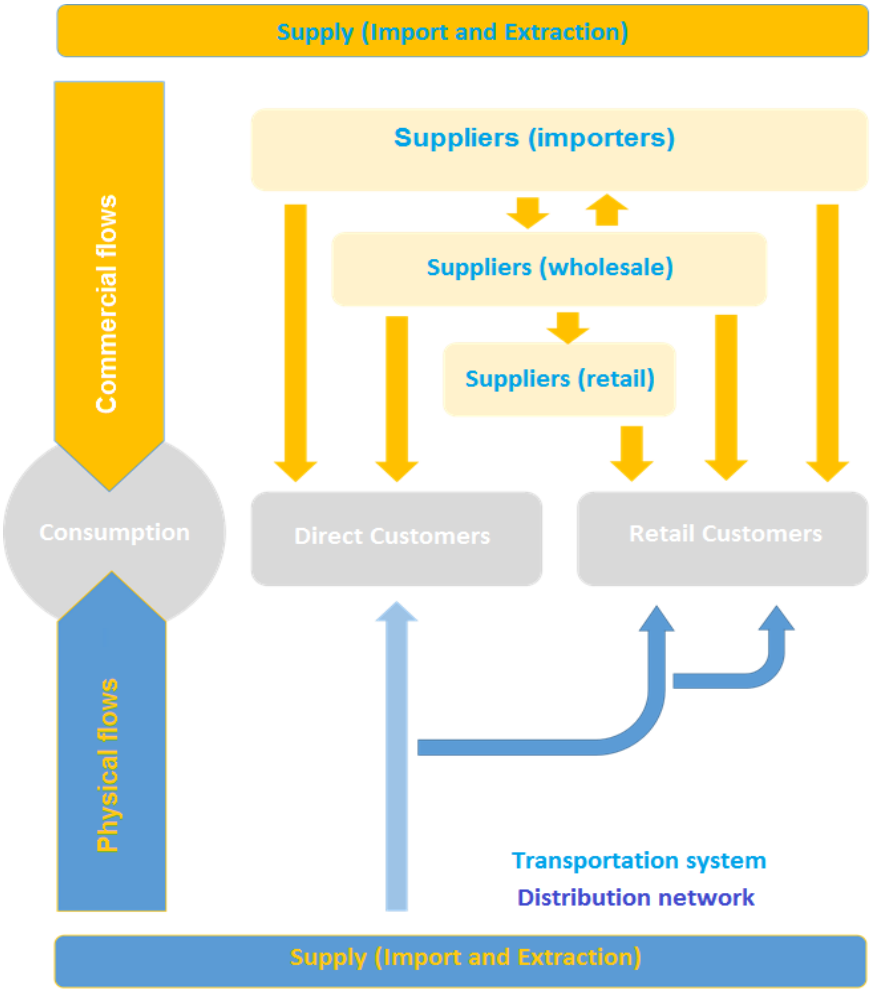


Figure 4.3. Natural Gas Market Structure

4.1.3. Key Features of the Market

In 2025, natural gas received from the Republic of Azerbaijan accounted for 71.7% of the country's total supply, while the share of imports from the Russian Federation amounted to 27.9%, with the remaining portion attributed to domestic production. Compared to the previous year, natural gas imports from Russia slightly increased in 2025, driven by the growth in domestic natural gas consumption, particularly due to high peak daily demand levels (within the range of 18–19 mln cubic meters). At the same time, the contracted capacities of the natural gas entry points from Azerbaijan were insufficient to meet domestic consumption, making additional natural gas imports necessary.

In 2025, the total supply of natural gas in the country amounted to 3,172 mcm, slightly exceeding the previous year's level. Natural gas was imported into the country by two suppliers, while locally extracted natural gas was purchased and injected into Georgia's natural gas transmission system by two suppliers, one of which also acted as importer. Accordingly, a total of three suppliers supplied natural

gas into the Georgian natural gas market (through imports and local generation): Georgian Oil and Gas Corporation JSC, Bago LLC, and SOCAR Georgia Gas LLC.

Natural Gas Entry Point		2021	2022	2023	2024	2025
Azerbaijan	Import	1,132	1,411	1,081	775	666
	Additional and optional	0	0	963	1,465	1,371
Azerbaijan - South Caucasus Gas pipeline	Import	25	0	0	0	0
	Additional and optional	1,026	1,146	413	70	235
Russia		397	520	596	788	886
Local extraction		15	14	16	15	12
total		**2,595**	**3,091**	**3,069**	**3,114**	**3,172**

Table 1. Natural Gas Injection to Georgia in 2021-2025 According to Entry Points (mcm)

In the import segment, the Herfindahl-Hirschman Index (HHI) among traders/suppliers amounted to 6,673, indicating a highly concentrated market. Compared to previous years, the index slightly deteriorated, mainly reflecting proportional shifts in supply sources

4.1.3.1. Natural Gas Wholesale Market

Wholesale trading of natural gas available on the Georgian market was carried out by 11 suppliers, with the three largest suppliers accounting for 95% of the market share. The Herfindahl-Hirschman Index (HHI) amounted to 3,516, which also indicates a highly concentrated market.

When determining the average wholesale price, the weighted average price of natural gas sold by all traders/suppliers operating in this market segment is taken into account. The distinction between the social and commercial segments is also important in the context of price determination. Through the South Caucasus Pipeline, Georgia purchases the so-called "social gas" at a preferential price, which is used to supply natural gas to households and thermal power plants. Accordingly, both wholesale and retail prices of natural gas in this segment are significantly lower compared to the commercial segment. At the wholesale level, the price of social gas may be assessed based on the natural gas price considered by the Commission when setting consumer tariffs, which, taking into account different levels of government subsidies, averages GEL 0.27/m³.

For comparison, it is also noteworthy to consider natural gas prices on European wholesale markets. Unlike Georgia, prices on European organized natural gas markets (so-called hubs) vary significantly

depending on the season, reflecting the ratio between supply and demand. Alongside the increase in interconnection capacities between European countries and the construction of new interconnectors, prices across different markets tend to converge. Figure 4.4 illustrates the price dynamics at the Dutch TTF Gas hub[42] for 2024–2025.

Figure 4.4.Natural Gas Prices at the Dutch TTF Gas hub, (Euro/MWh - Euro/1,000 m³)

4.1.3.2. Retail Natural Gas Market

Since 2015, a trend of structural changes has been observed in natural gas consumption: on the one hand, household consumption of natural gas has been increasing, while on the other hand, consumption by the gas stations has been decreasing. This trend continued in 2025 as well.

In 2025, natural gas consumption in the country amounted to 3,063 mcm, slightly exceeding the previous year's level. The increase in demand in the household sector was mainly driven by the gasification of new settlements, as well as by the increase in the capacity of appliances used by consumers. The number of consumers has also increased and, as of December 2025, reached 1,668,471. Information on the structure of natural gas consumption and consumption by each sector is illustrated in Figures 4.5.a and 4.5.b.

[42] Source: https://www.ice.com

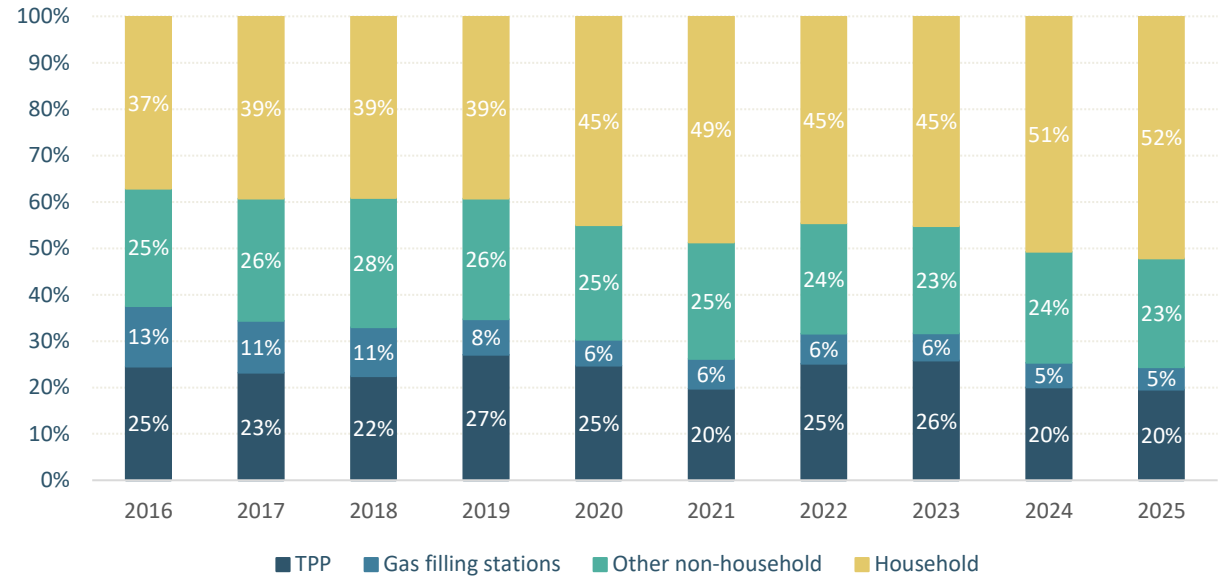


Figure 4.5.a. Natural Gas Consumption by Different Sectors

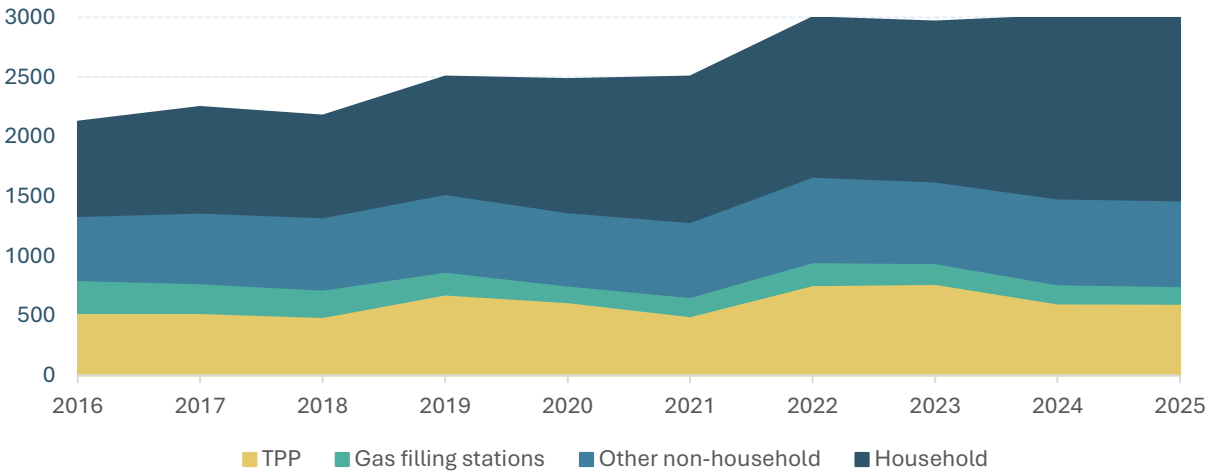


Figure 4.5.b. Natural Gas Consumption According to Different Sectors (mcm)

In 2025, compared to the previous year, natural gas consumption by gas stations decreased by 7%, mainly driven by a reduction in petroleum product prices. In other sectors of the economy, demand for natural gas has remained relatively stable over the past 10 years.

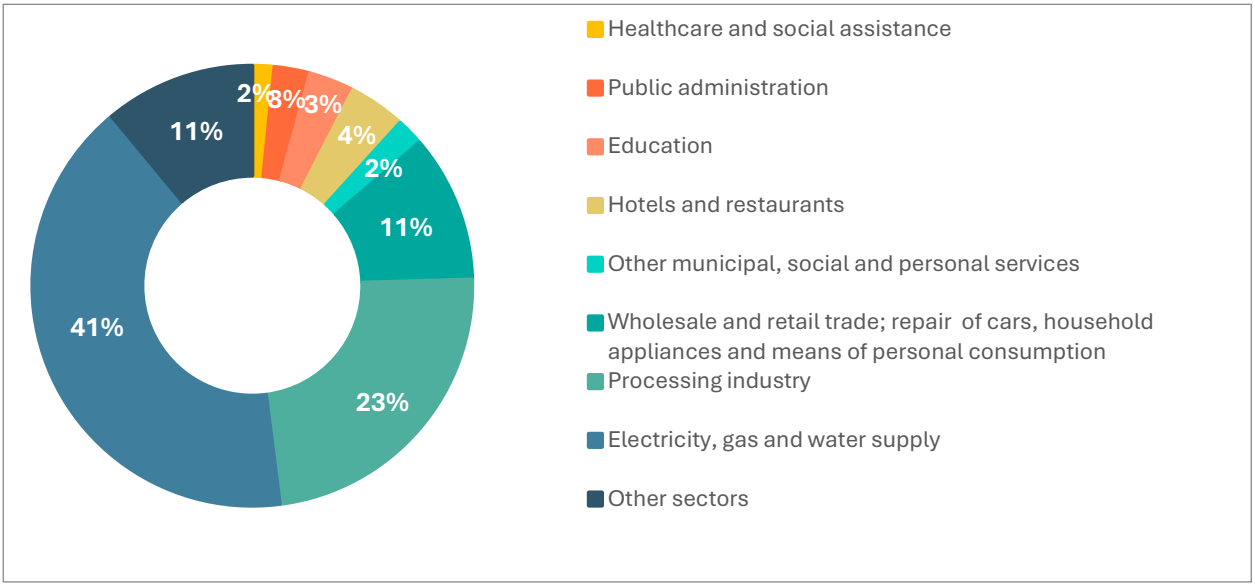


Figure 4.6. Natural Gas Consumption by Different Sectors

As shown in Figure 4.6, in 2025 the largest groups of natural gas consumers are the wholesale and retail trade sector, repair of motor vehicles, household goods and personal and household products; [43]the manufacturing industry; and the electricity, natural gas and water supply sectors, including thermal power plants. Together, these sectors account for approximately 75% of natural gas consumed in the non-household segment.

Among these three sectors, the electricity, natural gas and water supply sector is the most affected by seasonal fluctuations, due to the electricity generation needs of thermal power plants. Natural gas consumption in the trade and manufacturing sectors is characterized by relatively stable dynamics throughout the year. The monthly dynamics of natural gas consumption by sectors are presented in Figure 4.7.

[43] This category includes the procurement of natural gas by automobile gas filling stations.

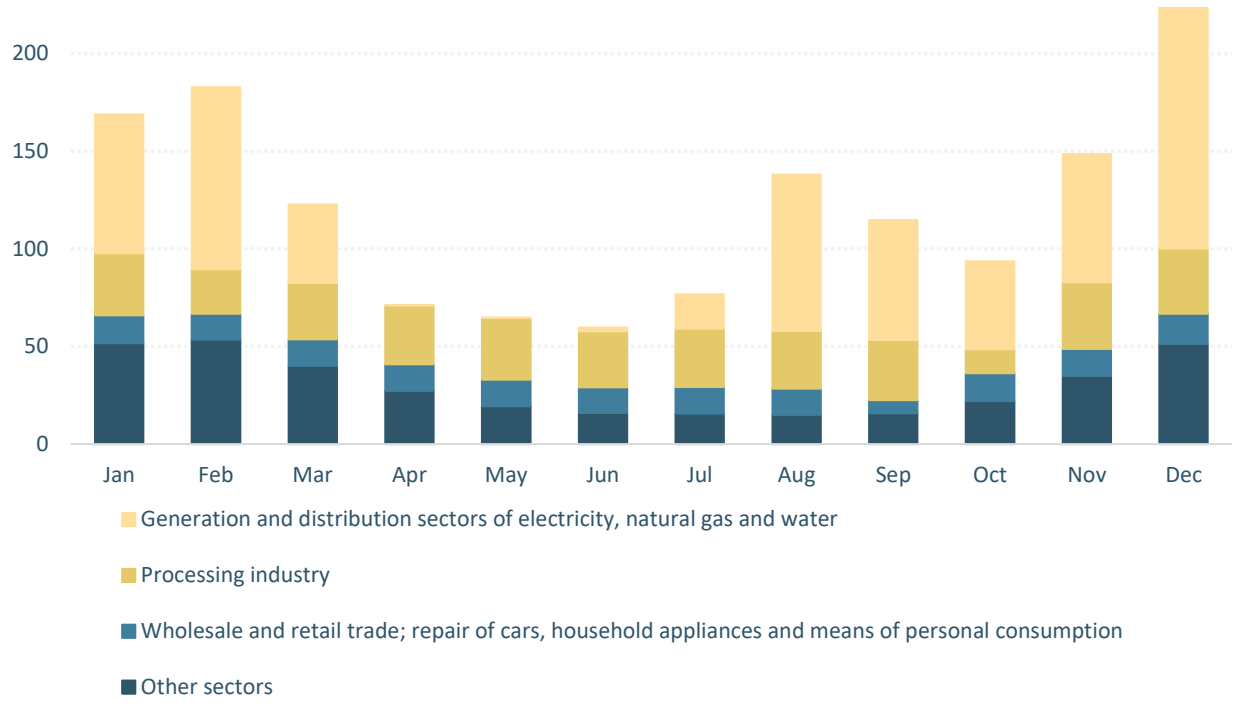


Figure 4.7. Natural Gas Consumption by Different Sectors (mcm)

Table 2 illustrates the share of different economic sectors in total non-household natural gas consumption, as well as the corresponding seasonality factor[44] of these sectors. The analysis of seasonality shows that majority of sectors are characterized by pronounced seasonal fluctuations.

In the education, health care, social assistance, and public administration sectors, the seasonal factor exceeds 80%, indicating that natural gas consumption is mainly linked to the heating season.

Sector	Seasonality Factor (%)	Share in total consumption (%)
Agriculture, hunting and forestry; fishing, fishery	72%	0.9%
Manufacturing industry	47%	23.5%
Electricity, gas and water generation and distribution	73%	41.0%
Trade; Repair of vehicles, household goods and personal items	53%	10.8%
Hotels and restaurants	65%	4.2%
Transport and Communications	52%	1.0%
State Governance	80%	2.6%
Education	89%	3.3%
Health care and social assistance	80%	1.6%

[44] The seasonality factor represents the ratio of a sector's demand during the winter period (the first and last three months of the year) to its annual demand. The further the factor deviates from 50%, the more seasonal the consumption is. If the factor approaches 100%, consumption is higher during the winter period; if it approaches 0%, consumption is higher during the summer period; and if it equals 50%, consumption is evenly distributed between the winter and summer periods.

Provision of o ther utility, social and personal services	67%	2.0%
other	63%	9.1%

Table 2. Characteristics of Natural Gas Consumption by Various Sectors of the Economy, 2025

In the transport and communications, trade, repair of vehicles, household goods and personal and household items, as well as manufacturing sectors, the seasonality factor is approximately 50%. This indicates a relatively low level of seasonality in demand, meaning that natural gas consumption in these sectors is carried out with broadly equal intensity throughout the year, and no significant differences are observed between the winter and summer periods.

Figure 4.8 illustrates the monthly dynamics of natural gas consumption by households over the 2023–2025 period, clearly indicating a pronounced seasonality in natural gas consumption within the household sector.

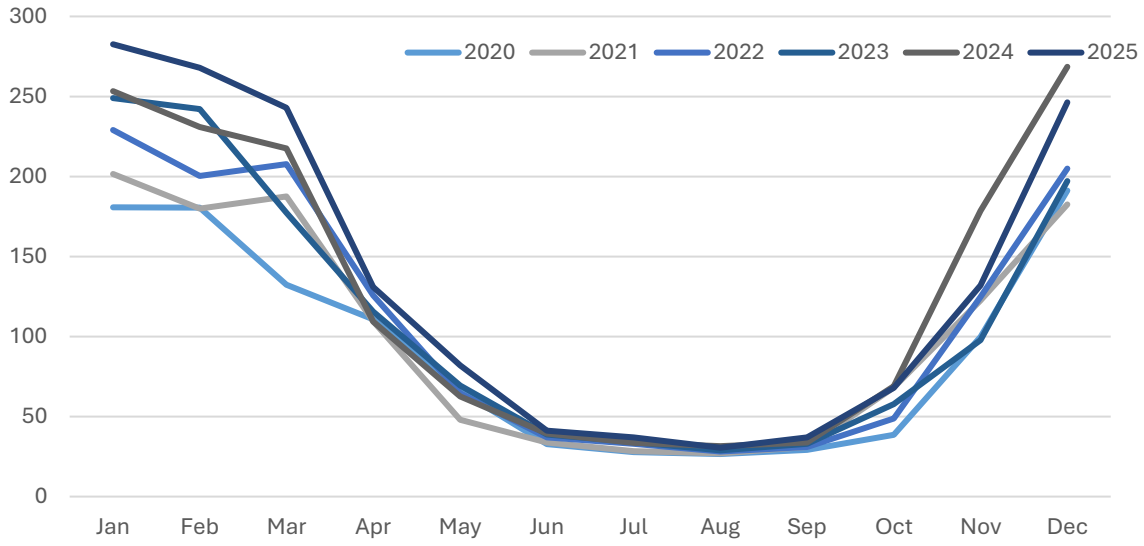


Figure 4.8. Natural Gas Consumption by Household Consumers (mcm)

4.1.4. Analysis of natural gas consumption and Heating Degree Days (HDD) indicator

Consumption of natural gas by household and non-household consumers is characterized by pronounced seasonality, primarily driven by the heating needs of buildings. The variation in consumption between the winter and summer periods is closely linked to climatic conditions, particularly to dynamics in ambient air temperature. In the case of Georgia, the heating season generally covers a six-month period from October through March, which determines the seasonal peaks in natural gas consumption.

For the purpose of assessing the aforementioned interdependence, the Heating Degree Days (HDD) indicator has been applied. HDD represents a meteorological indicator reflecting the intensity of cold weather over a specific period. The indicator is based on the relationship between outdoor air temperature and the threshold value corresponding to indoor thermal comfort conditions, and is widely used for assessing heating energy demand.

The calculation of HDD is based on the use of a reference temperature, defined as the minimum daily average air temperature below which building heating becomes necessary. Although this temperature may vary depending on building characteristics and environmental conditions, for the purposes of climatological assessment it is fixed at 18°C. In the study below, HDD was calculated in accordance with the methodology[45] established in international practice, under which HDD is determined as the difference between the reference temperature (18°C) and the daily average outdoor air temperature only for those days when the latter is equal to or below 15°C; otherwise, the HDD value is considered equal to zero. The resulting daily values are aggregated over the relevant period (monthly or annually), thereby providing a quantitative assessment of the intensity of heating energy demand.

Within the framework of the study, atmospheric air temperature data provided by the LEPL National Environmental Agency of Georgia were used for the period 2021–2025 across 10 cities in Georgia. The data include daily observations/average temperatures, on the basis of which the HDD indicator was calculated. The selected cities ensure the representation of the country's various climatic zones.

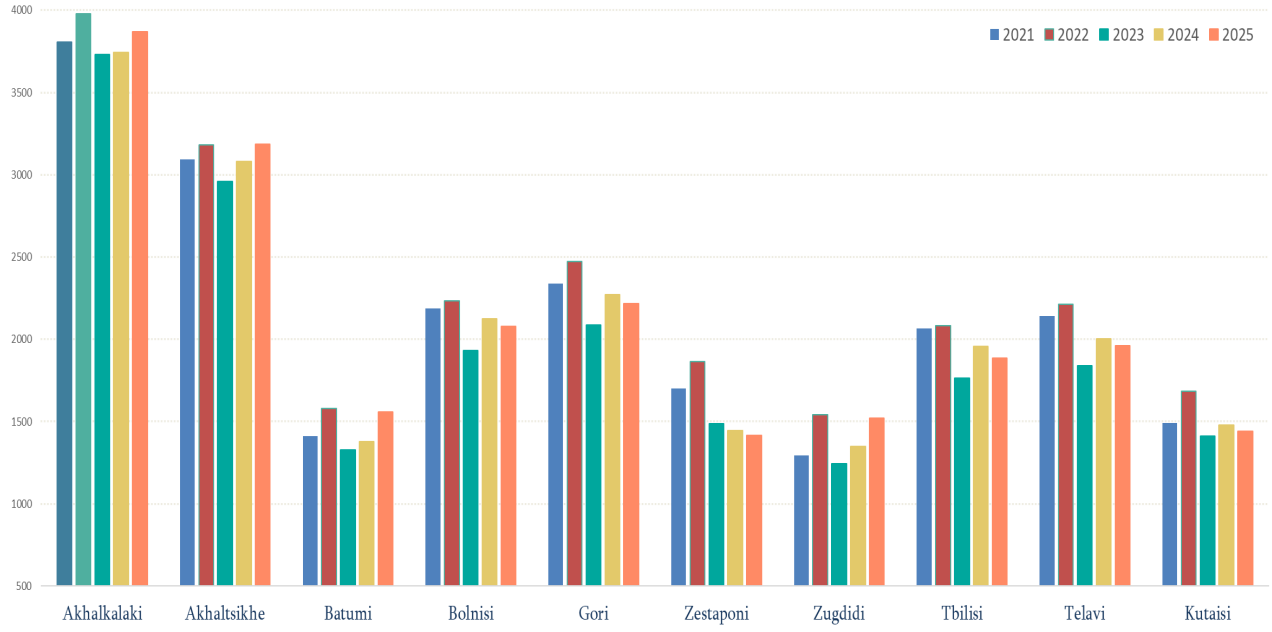


Figure 4.9. Heating Degree Days[46] Across the Cities

Figure 4.9 presents the Heating Degree Days (HDD) indicators across 10 cities, clearly reflecting the differences due to climatic conditions. In particular, climatically colder settlements (such as Akhalkalaki and Akhaltsikhe) are characterized by higher HDD values, whereas relatively warmer settlements (Zugdidi, Kutaisi and Batumi) demonstrate lower HDD values, corresponding to the intensity of heating demand.

[45] Eurostat; International Energy Agency (IEA); Organisation for Economic Co-operation and Development (OECD). (2005). Energy Statistics Manual. Paris: OECD/IEA.

[46] The source of information on air temperature is the National Environmental Agency LEPL

Taking the above into consideration, Figure 4.10 presents both the actual and HDD-adjusted volumes of natural gas consumed by household consumers during 2021–2025. The adjusted indicator enables the separation of the impact of climatic factors and provides a more objective assessment of consumption dynamics.

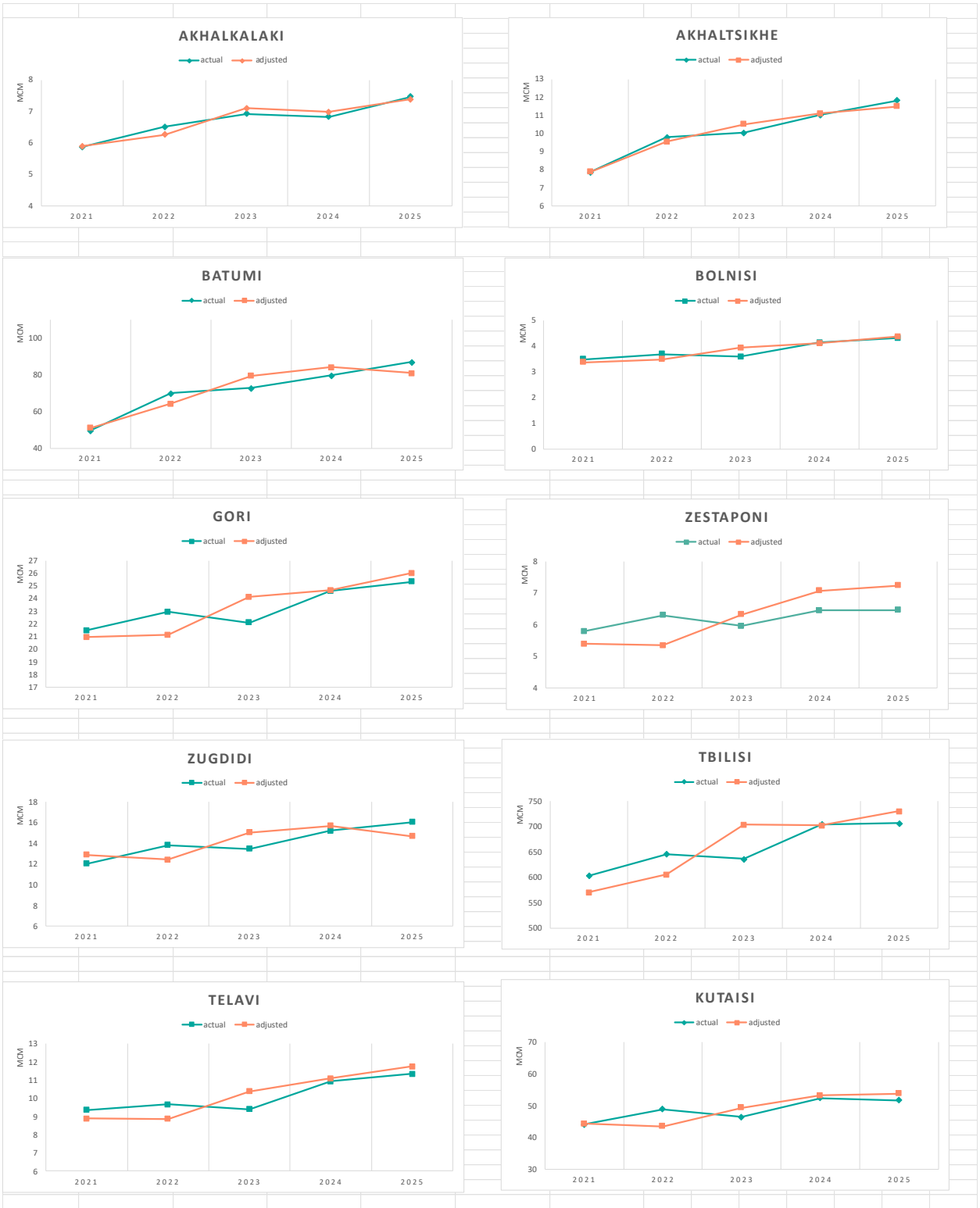


Figure 4.10. Actual and Heating Degree Day-Adjusted Volumes of Natural Gas Consumed by Household Consumers (mcm)

Figure 4.10 demonstrates that the trajectories of actual and HDD-adjusted consumption do not fully coincide, confirming the significant impact of climatic factors on natural gas consumption. In certain cities and years, adjusted consumption exceeds actual consumption, indicating that climatic conditions during the respective period were relatively warmer and that actual consumption was lower compared to the normalized level of heating demand. Accordingly, HDD adjustment increases the consumption indicator and reflects the hypothetical level that would have been observed under average climatic conditions. Accordingly, there are cases where the adjusted indicator is lower than the actual value, indicating relatively colder periods during which natural gas consumption increased under the influence of climatic factors. Under such conditions, HDD adjustment reduces the consumption volume and eliminates the weather-related increase in consumption.

It is particularly important, that in major urban centers, particularly Tbilisi, the divergence between actual and HDD-adjusted data is more pronounced. This can be explained both by climatic variability and by additional factors, including population growth, the presence of energy-intensive appliances, and the expansion of gasification coverage.

Overall, the use of HDD-adjusted indicators enables a more objective assessment of natural gas consumption trends, as it eliminates the influence of climatic variation and provides a clearer representation of structural changes in energy consumption. This approach is particularly important for long-term planning and the development of energy policy.

4.1.5. Regional distribution of natural gas consumption

In 2025, the highest consumption was recorded in Tbilisi, where the total consumption of household and non-household consumers accounted for 44% of the country's total consumption. After Tbilisi, high levels of natural gas consumption were observed in Imereti, Kvemo Kartli, and Adjara. Regional differences are mainly driven by population density and economic activity.

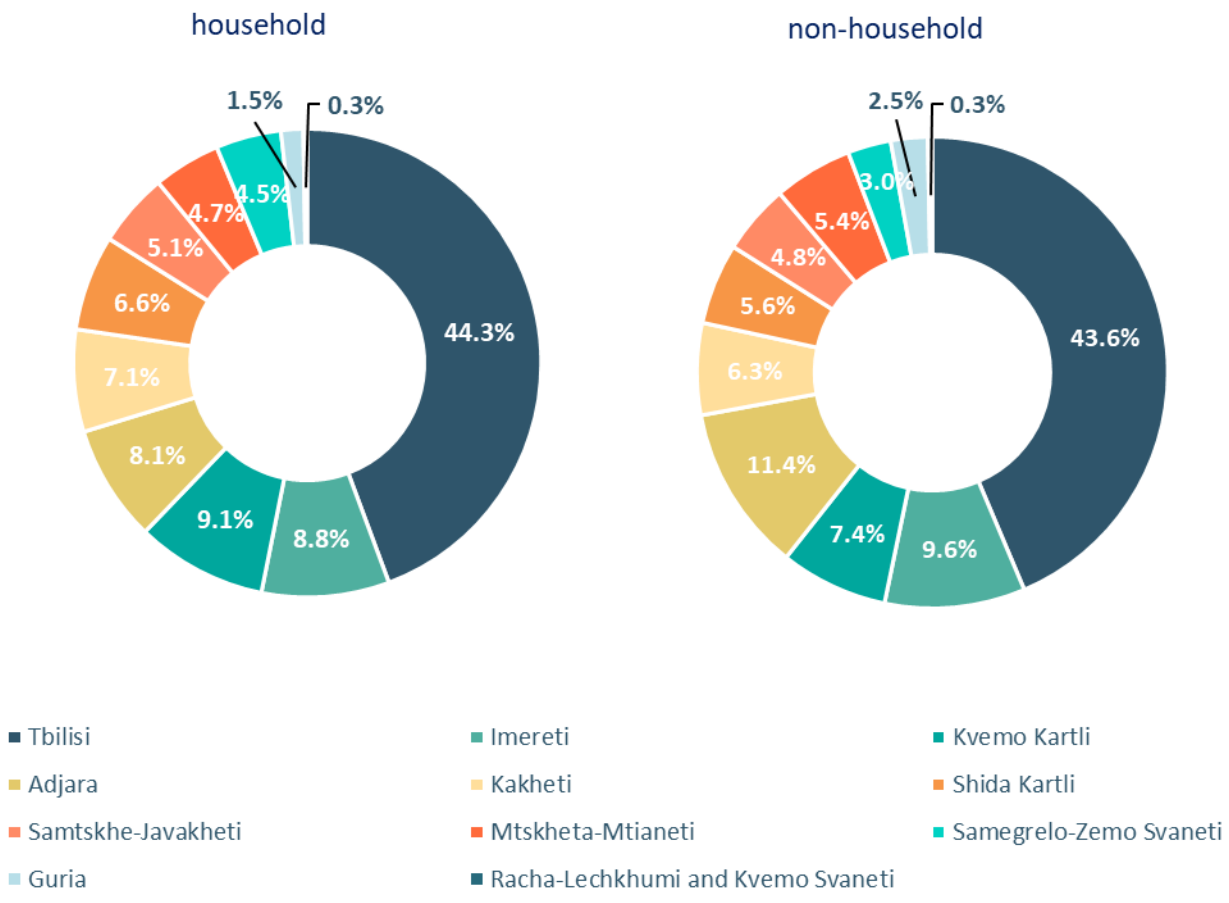


Figure 4.11. Natural Gas Consumption by Regions, 2025

In 2025, the gasification of new settlements continued, resulting in an increase of 64,683 retail consumers (household and non-household). At the end of the reporting year, the total number of retail consumers reached 1,668,471 (see Figure 4.12).

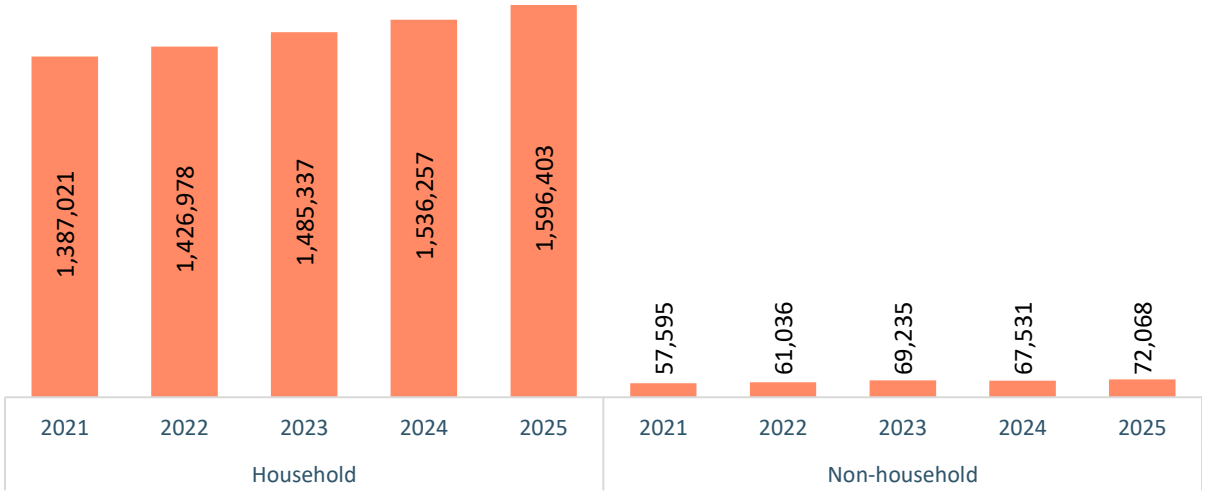


Figure 4.12. Number of Natural Gas Consumers

In the total number of consumers, inactive/seasonal consumers still account for a significant share. Figure 4.13 presents the number of active and inactive consumers by months. In order to ensure the availability of natural gas supply, distribution licensees continuously carry out network maintenance and incur corresponding expenditures; however, under the existing tariff methodology, these expenditures are not covered by inactive consumers, as the natural gas distribution tariff is set per unit of consumed natural gas and does not include a capacity-based or fixed component.

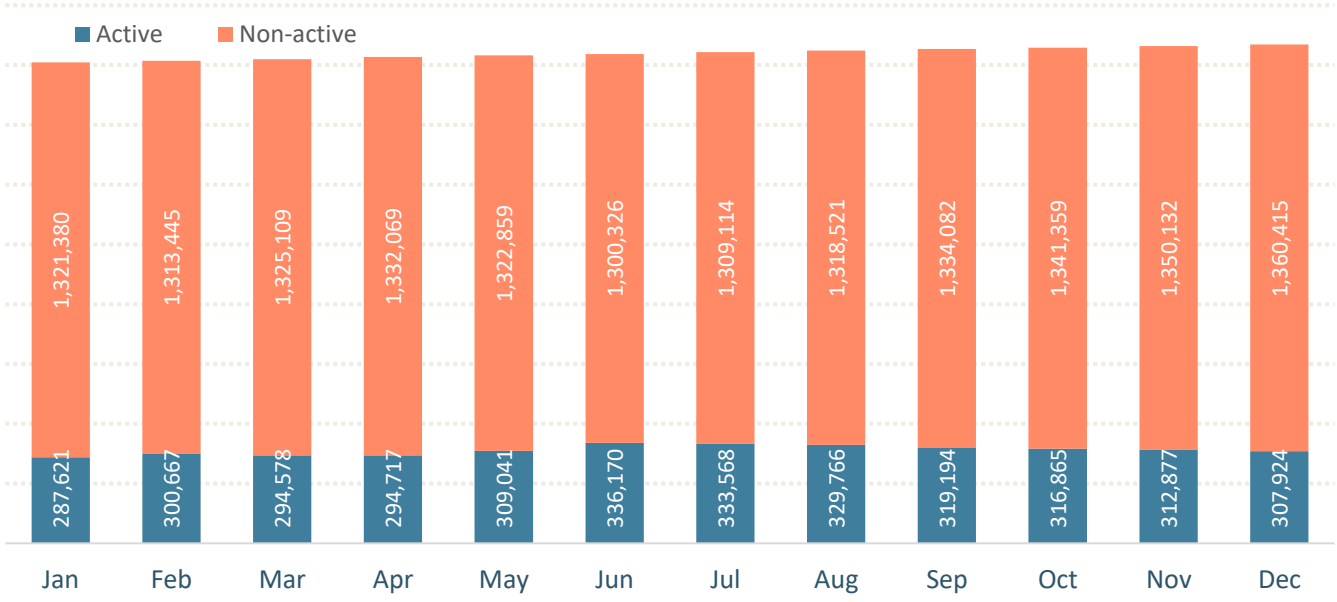


Figure 4.13. Number of Active and Inactive Natural Gas Consumers, 2025

As of the end of 2025, the number of consumers of the three large distribution licensees accounts for 92% of the total number of consumers, while more than one-third of total consumers are consumers of Tbilisi Energy LLC. Despite this, only 14% of the total distribution network length belongs to Tbilisi Energy LLC. This is explained by the fact that Tbilisi Energy operates in the city of Tbilisi, whereas Socar Georgia Gas LLC and Sakorggaz JSC, which together own 77% of the total distribution network, mainly operate in the regions (see Table 3).

Distribution Licensee	Consumer	%	Network (km)	%
Tbilisi Energy LLC	622,517	37%	5,816	14%
Socar Georgia Gas LLC	599,595	36%	22,537	56%
SakOrgGas LLC	314,872	19%	8,568	21%
The rest (17)	131,334	8%	3,463	9%

Table 3. Number of Natural Gas Consumers and Network Length by Company, 2025

The level of natural gas consumption is largely determined by its intended use. Natural gas is used by most households and enterprises for cooking, as well as for heating water and residential spaces. As a result of the gasification of new settlements and the connection of new consumers to the distribution network, an increase in consumption is particularly observed among the group of consumers who primarily use natural gas for cooking.

Figure 4.14 illustrates natural gas consumption per household consumer by region, in urban and rural breakdown. The data indicate that consumption by household consumers differs significantly between major cities and regions. In smaller towns and rural areas, average consumption per consumer is relatively lower, which is driven by the active use of alternative fuels, in particular firewood. An exception is Mtskheta-Mtianeti and Samtskhe-Javakheti, where, due to severe climatic conditions and limited availability of firewood, natural gas consumption per consumer is relatively higher. In Mtskheta-Mtianeti, the increase in consumption is additionally driven by the natural gas subsidy mechanism.

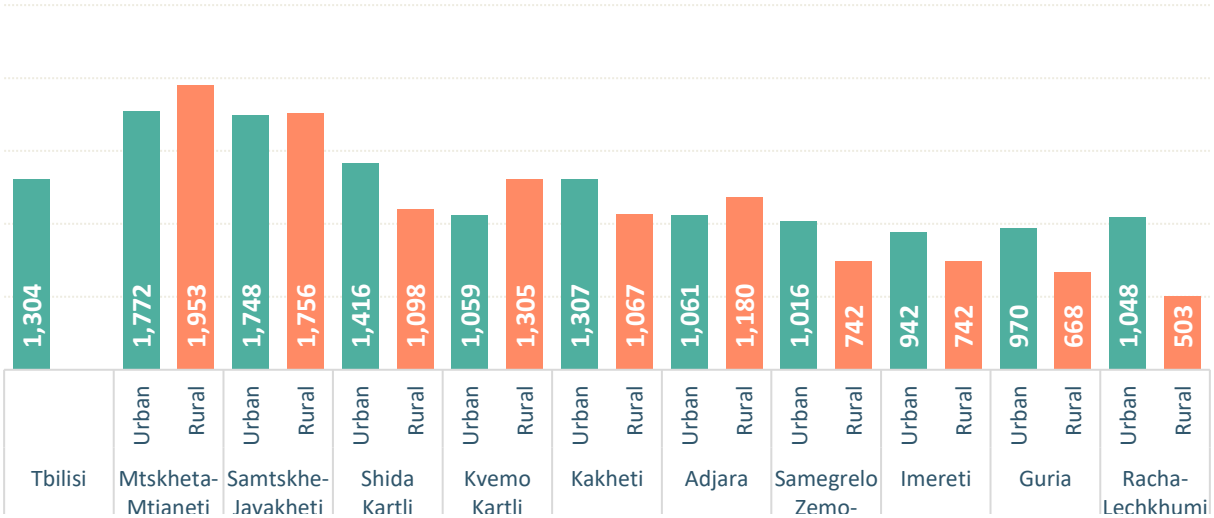


Figure 4.14. Annual Natural Gas Consumption per Household in 2025 (cubic meters)

4.1.6. Structure of Natural Gas Consumer Prices

Due to the structure of the wholesale market, natural gas prices in the retail market differ significantly across consumer categories, particularly between the segments of so-called "social" gas consumers (households and thermal power plants) and non-household consumers.

The natural gas consumer tariff for household consumers is set by the Commission. The price of natural gas for non-household consumers is not regulated and is determined on the basis of an agreement concluded between the consumer and the supplier. However, natural gas supply is carried out in accordance with the conditions established by the Commission, through a public offer based on a pre-announced price.[47]

Taking these differences into account, the average natural gas price for non-household consumers connected to the distribution network amounted to GEL 1.08 per cubic meter, while for consumers connected to the transmission system it amounted to GEL 0.69 per cubic meter.[48]

The structure of natural gas consumer price paid by final consumers, including all components thereof, is presented in Figure 4.15.

[47] This obligation does not apply to non-household consumers directly connected to the transmission system, who purchase natural gas on the basis of direct agreements concluded with suppliers.

[48] The price includes the network component (excluding VAT), and the calculation does not include the price of natural gas supplied to thermal power plants or for non-energy use, in order to avoid, given their scale, any impact on the prices applicable to other consumers.

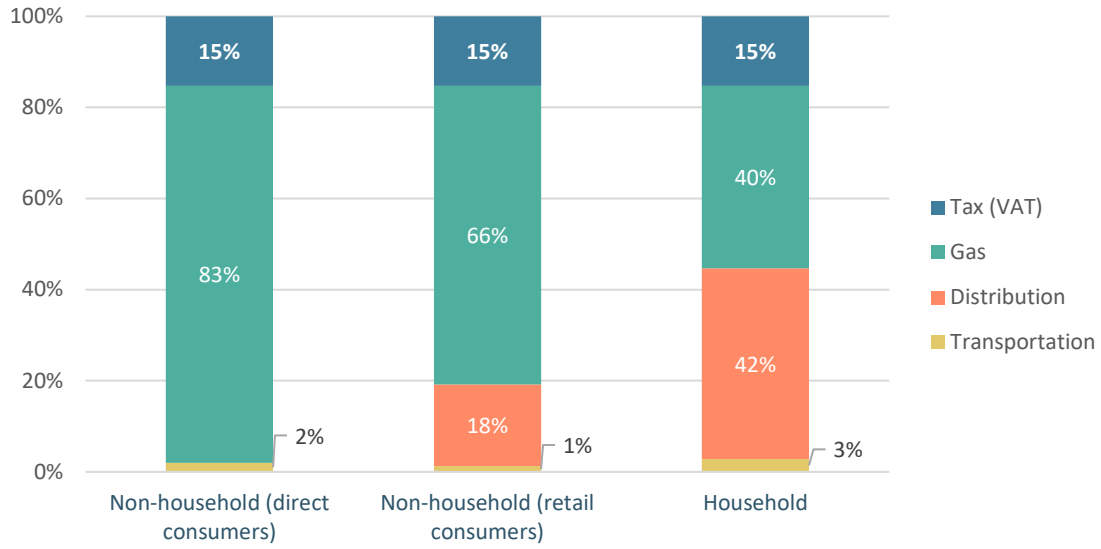
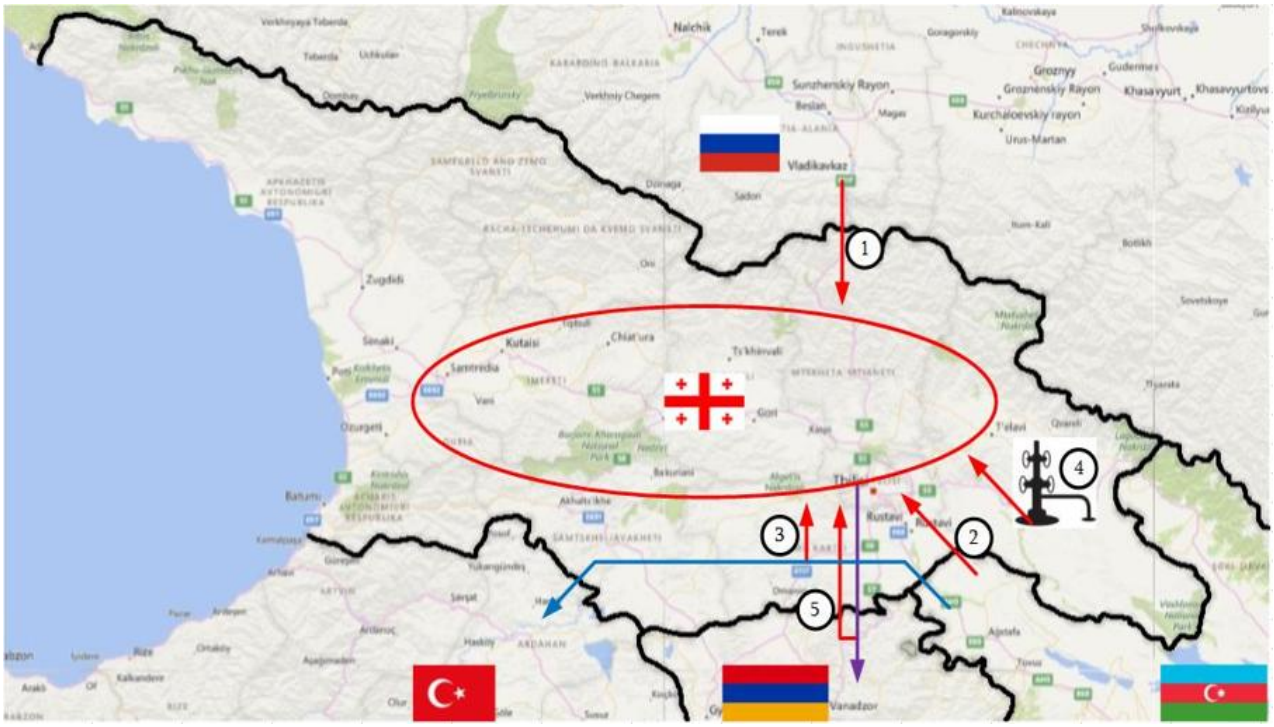


Figure 4.15. Structure of Natural Gas Consumer Prices/Tariffs

In 2025, the Commission approved the five-year distribution network development plans of Tbilisi Energy LLC, Socar Georgia Gas LLC, Sakorggaz JSC, Telavgazi LLC, SG Gas Company LLC, Didi Digomi LLC, Sachkheregaz JSC, and Energokavshiri JSC. The total value of network investments planned for 2026–2030 amounted to GEL 307 million.

4.2. Natural Gas Transportation

The natural gas transportation system consists of gas pipelines and associated facilities operating or designed to operate at a pressure exceeding 1.2 MPa, through which natural gas transportation is carried out by the natural gas transportation licensee. Based on the sole license issued by the Commission, natural gas transportation across the entire territory of Georgia is carried out by Georgian Gas Transportation Company LLC. Currently, the transportation system has five entry points, one of which is designated for receiving gas from a local extraction source. Information on each entry point is presented in Figure 4.16.



1. *The capacity of the gas pipeline coming from Russia (Mozdok-Saguramo) is 20 mcm/day. Through this pipeline, the natural gas is supplied to Armenia;*
2. *The capacity of the gas pipeline coming from Azerbaijan (Kazakh-Saguramo) is 10 mcmday;*
3. *The designed capacity of the transit gas pipeline (South Caucasus Pipeline) from Azerbaijan is 64 [49]mcm/day. However, Georgia has one connection point on the transportation system, the capacity of which is 5.5 mcm/day;*
4. *Receiving natural gas from local extraction points depends on the average daily gas production;*
5. *The total capacity of the reverse gas pipeline of the main gas pipeline to Armenia is 3.14 mcm/day.*

Figure 4.16. Natural Gas Entry Points in Georgia

For the period of 2023–2027, the normative meaning of natural gas losses approved by the Commission amounts to 29.254 million cubic meters per year.[50] In 2024–2025, losses remained at a relatively high level, reaching approximately 47 million cubic meters[51]. The dynamics of natural gas losses in the transportation system are presented in Figure 4.17.

[49] Total capacity of SCP and SCPX

[50] See Commission Resolution №11 of June 3, 2021.

[51] During 2017–2022, the average annual volume of losses in Georgia's natural gas transportation system fluctuated around approximately 30 mcm. In 2023, the absolute volume of losses increased.

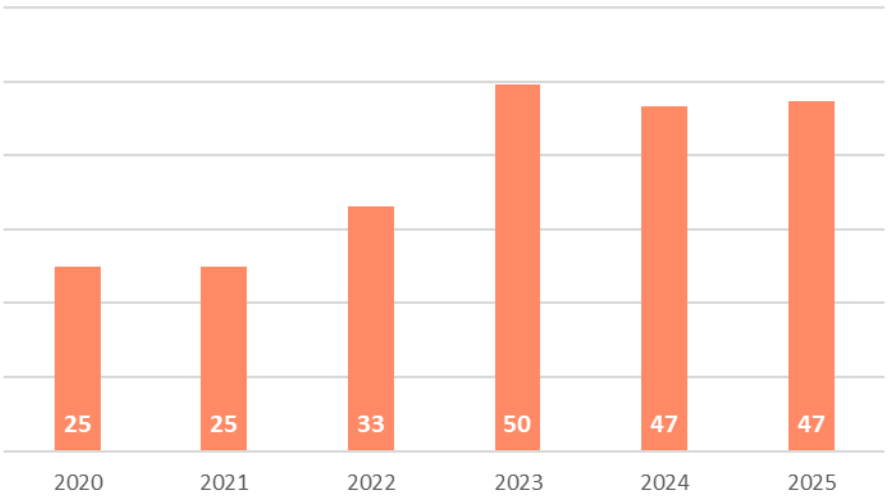


Figure 4.17. Volume of Losses in the Natural Gas Transportation System of Georgia (mcm)

4.3. Natural Gas Distribution

As of 31 December 2025, there were 16 distribution licensees operating in Georgia. Among them, three major licensees are: Tbilisi Energy LLC, Socar Georgia Gas LLC, and Sakorggaz JSC. These three distribution licensees accounted for 91% of total distributed gas (see Figure 4.18).

During the reporting period, amendments were introduced to the licenses of Socar Georgia Gas LLC, Sakorggaz JSC, SG Gas Company LLC, and Inter Gaz LLC. Specifically, the licensed service areas of these companies were expanded, adding 53 new settlements. In addition, the natural gas distribution licenses issued to Varketilairi LLC and Chiragdani LLC were revoked in 2025.

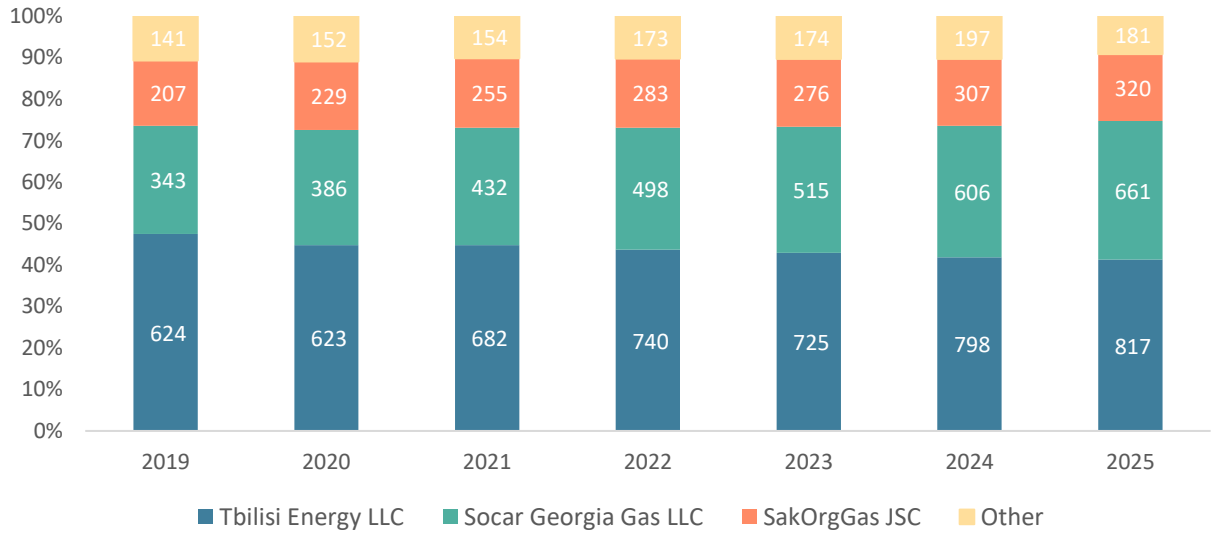


Figure 4.18. Share of Distribution Licensees in Total Distributed Natural Gas (mcm; %)

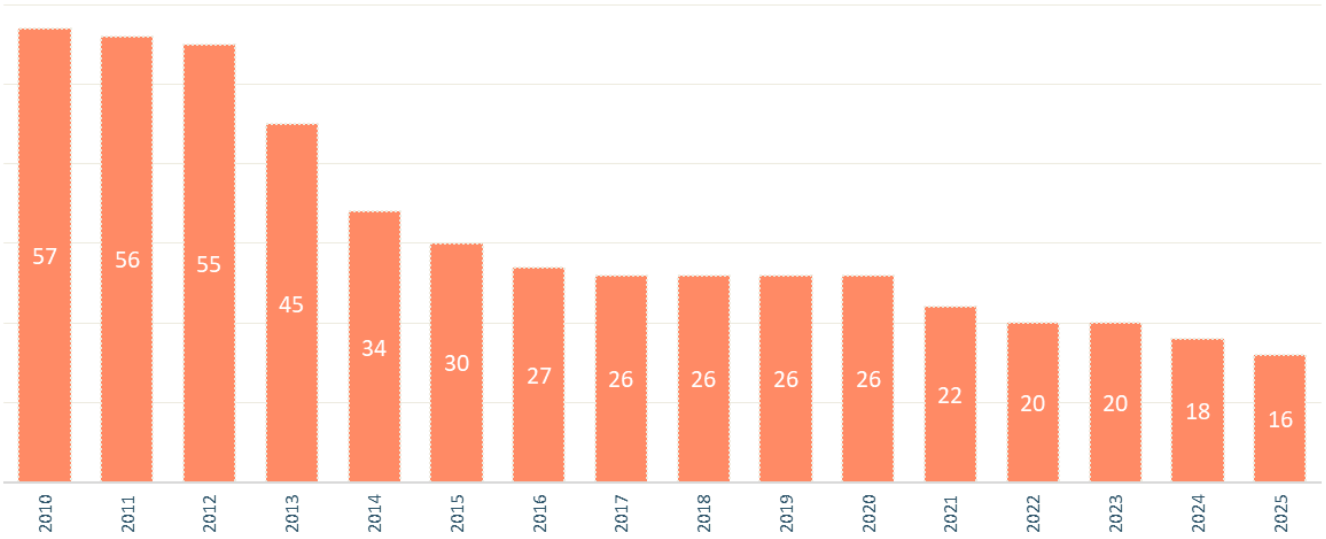


Figure 4.19. Dynamics of the Number of Natural Gas Distribution Licensees

4.4. Natural Gas Quality

The quality of natural gas is defined by the interstate standard GOST 5542-87, according to which the minimum allowable calorific value of natural gas is 7,600 kcal/m³ under standard conditions (20°C and 1 atmosphere pressure). The average calorific value of imported gas in Georgia by months is presented in Figure 4.20, which shows that the variation in the calorific value of natural gas received in Georgia's transportation system throughout the year is minimal[52].

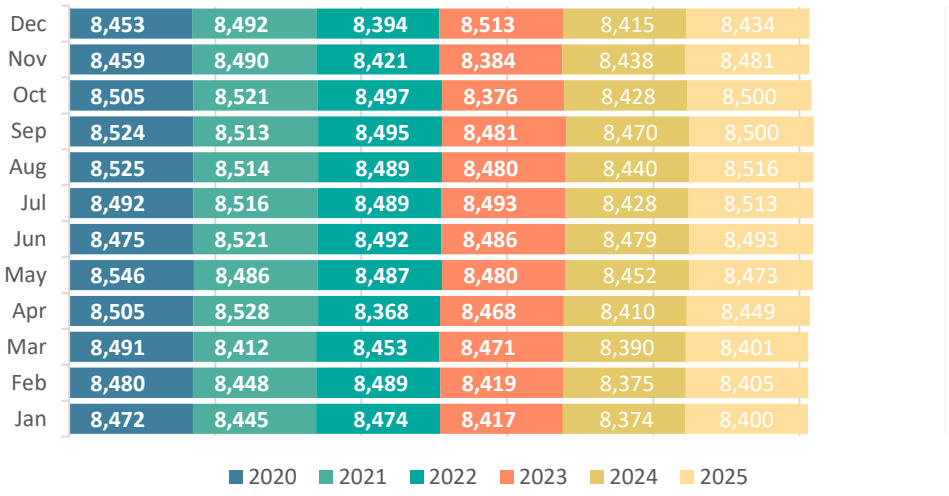


Figure 4.20. Average Heat Capacity of Natural Gas Received in Georgia by Months (kcal. m³)

[52] Georgian Gas Transportation Company LLC carries out daily sampling of natural gas at natural gas entry points and tests these samples in an accredited laboratory. The data obtained from chromatographic analysis is published on the company's official website (https://www.ggtc.ge/).

5. Water Supply Sector

5.1. Water Supply Licensees and Supply Coverage Area

As of December 31, 2025, eight water supply licensees[53] were operating in the water supply sector in Georgia. Water supply licensee companies provide drinking water services to 74% of the population (2,756,470 people), while the responsibility for supplying drinking water to the remaining 26% (948,036 people) lies with the local self-government bodies[54]. In the reporting year, the number of consumers increased by 5.23% compared to 2024, corresponding to an increase of 67,668 subscribers.

Among the licensees in the water supply sector, one is a state-owned enterprise, five are municipally owned and two are privately owned (for detailed information, see Annex №6).

5.2. Key facts and results of the water supply sector

As of the reporting year, Soguri LLC and Kobuleti Water LLC do not have any metered household consumers. Among the remaining licensees, the lowest household metering rate is observed for Georgian Water and Power LLC (approximately 51%), while the highest is recorded for Sagarejo LLC (100%). In 2025, the share of metered household consumers increased most significantly for United Water Supply Company of Georgia LLC (UWSCG), with a growth of 4% compared to the previous year. Information on the metering levels of licensees is presented in Figure 5.1.

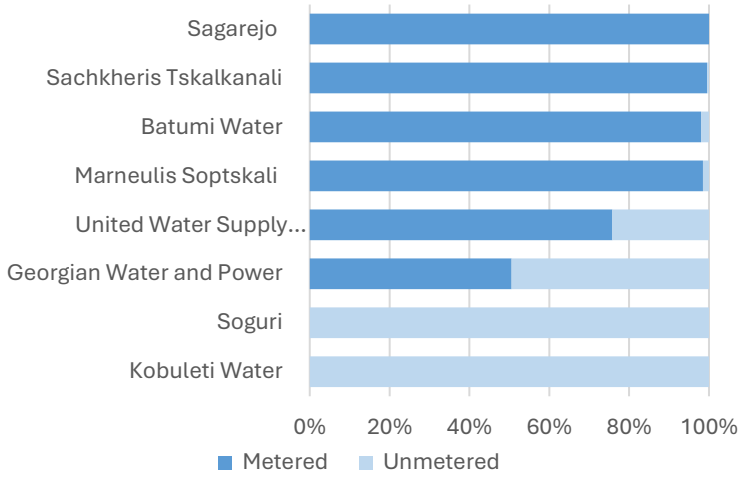


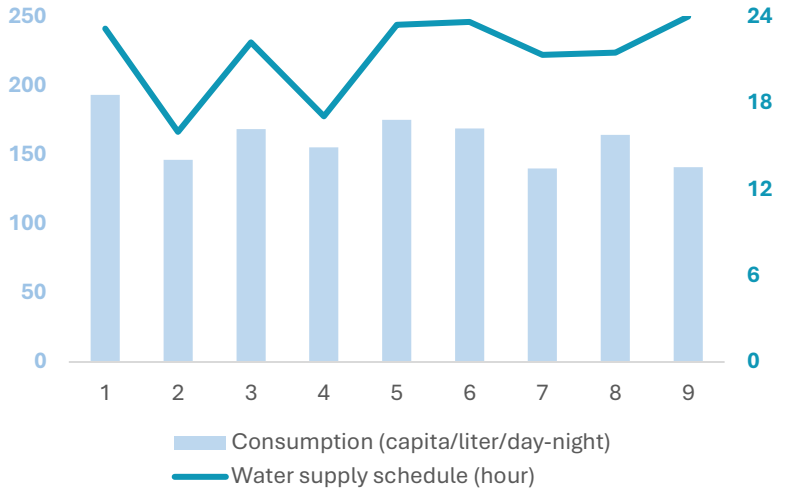
Figure 5.1. Metering Level by Licensees (%)

It is noteworthy that in certain cases, consumers who receive drinking water less frequently tend to

[53] Based on Decision № 63/1 of December 29, 2025, the water supply license issued to Soguri LLC will be revoked from July 1, 2026.

[54] According to the National Statistics Office of Georgia, as of January 1, 2025, the population of Georgia amounted to 3,704,506. The number of population supplied with drinking water by licensed water supply companies includes both metered and non-metered household consumers. The household size norm per consumer has been calculated based on the data of non-metered consumers. The population of metered consumers has been estimated in accordance with the household size norm of non-metered consumers.

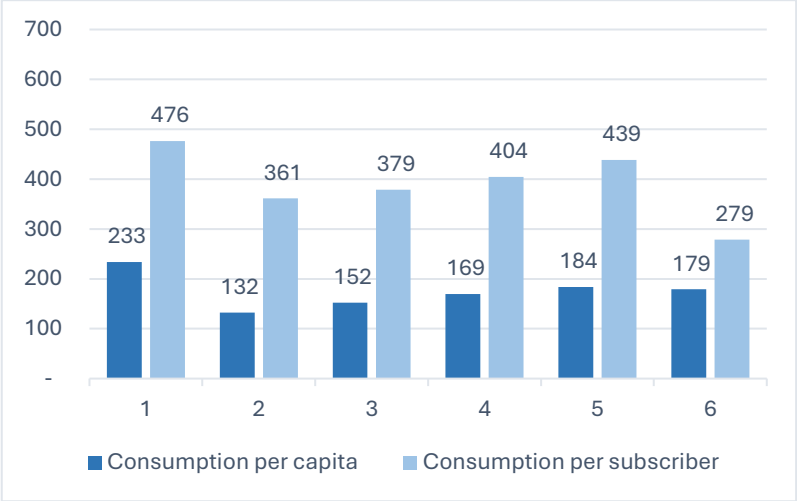
consume larger volumes of water (see Figure 5.2). For example, in the Imereti region, the average water supply schedule is 22 hours per day while the daily per capita consumption of drinking water amounts to 169 liters. In contrast, in the Racha-Lechkhumi and Kvemo Svaneti regions, where water is supplied continuously (24 hours), the corresponding figure is 141 liters. Frequent interruptions in drinking water supply and scheduled supply hours may compel consumers to take various measures -such as storing water - which leads to an increase in overall consumption.



1. Kakheti; 2. Kvemo Kartli; 3. Imereti; 4. Shida Kartli; 5. Samegrelo-Zemo Svaneti; 6. Mtskheta-Mtianeti; 7. Samtskhe-Javakheti; 8. Guria; 9. Racha-Lechkhumi and Kvemo Svaneti.

Figure 5.2. Correlation Between Water Supply Schedule and Per Capita Drinking Water Consumption by Territorial Unit (United Water Supply Company of Georgia LLC)

Among the licensees, the lowest consumption per subscriber is recorded for Sachkheris Tskalkanali LLC, while the highest is observed in the service area of Georgian Water and Power LLC. Information on the volume of drinking water consumed per metered subscriber and per capita is presented in Figure 5.3.[55]



1. Georgian Water and Power LLC; 2. Marneulis Soptskali LLC; 3. Batumi Water LLC; 4. United Water Supply Company of Georgia LLC; 5. Sagarejo LLC ; 6. Sachkheris Tskalkanali LLC.

Figure 5.3. Per Capita and Per Subscriber Consumption of Drinking Water by Licensee (liters/day)

Nationwide, the average daily consumption of drinking water in the metered sector amounts to 192 liters per person and 430 liters per subscriber.

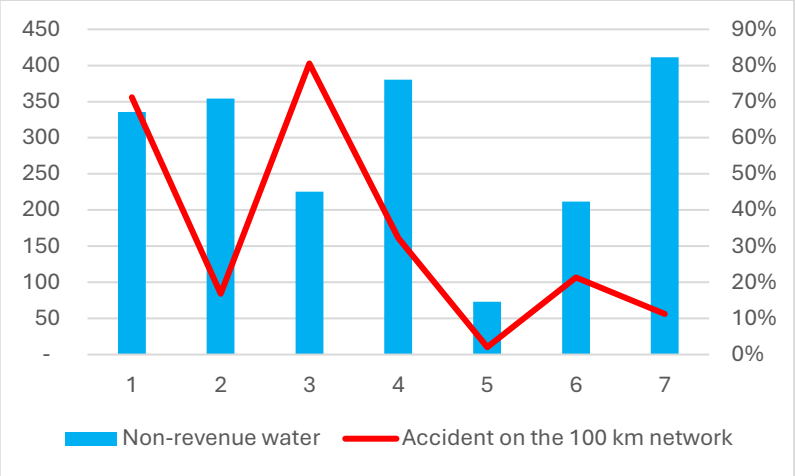
Figure 5.4 presents information on the volume of Non-Revenue Water (NRW) and the number of network failures. A correlation can be

[55] Kobuleti Water LLC and Soguri LLC do not have any household metered consumers. Accordingly, information about them is not reflected.

observed between these two indicators, which has also been confirmed through detailed analysis of the licensee companies.

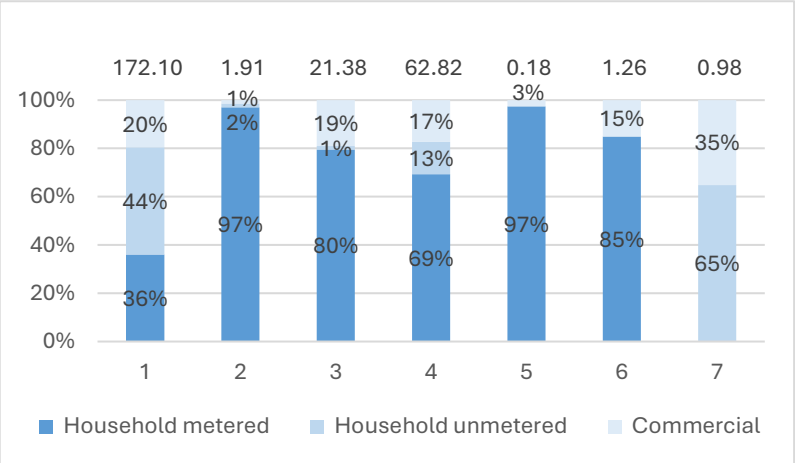
Specifically, in the case of licensees that exhibit both high levels of water loss and a high number of network failures, it is likely that a significant portion of the losses is attributable to technical causes such as undetected leakages, deteriorated infrastructure, and similar issues. Conversely, in companies where water losses are high but the number of failures is low, it is assumed that a larger share of the losses results from commercial factors such as unauthorized consumption or inefficient use due to unmetered supply.

In 2025, the total volume of drinking water consumed amounted to 261 mcm. Figure 5.5 illustrates the distribution of this volume by licensee companies, while Figure 5.6 presents the data at the national level.



1. Georgian Water and Power LLC; 2. Marneulis Soptskali LLC; 3. Batumi Water LLC; 4. United Water Supply Company of Georgia LLC; 5. Sagarejo LLC; 6. Sachkheris Tskalkanali LLC; 7. Kobuleti water LLC.

Figure 5.4. Correlation Between the Volume of Non-Revenue Water and the Number of Accidents



1.Georgian Water and Power LLC; 2. Marneulis Soptskali LLC; 3. Batumi Water LLC; 4. United Water Supply Company of Georgia LLC; 5. Sagarejo LLC; 6. Sachkheris Tskalkanali LLC; 7. Kobuleti water LLC.

Figure 5.5. Distribution of Consumed Water Volume by Licensed Companies

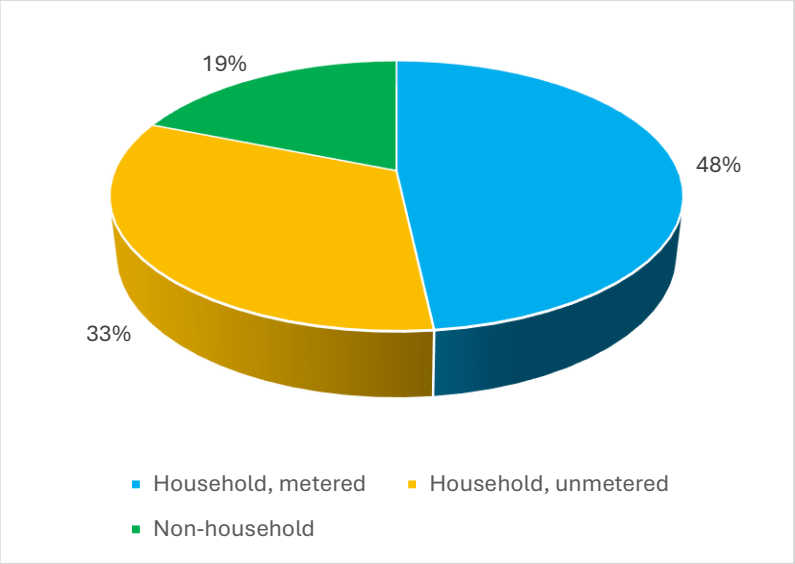


Figure 5.6. Nationwide Distribution of Consumed Water Volume

5.3. Assessment Criteria for the Activities of Water Supply Licensees

The Rule for Investment Appraisal in the Water Supply Sector[56], approved by the Commission, defines the assessment criteria (hereinafter referred to as the Criteria) for evaluating the core activities of water supply licensees, their current performance levels and target benchmarks. The Commission annually, no later than April 1, determines the lower limit (the poorest-performing indicator among water supply licensees), the current level (the current performance of each licensee) and the target benchmark (based on best international practices in developed countries). Licensees are required to take into account the Criteria set by the Commission when preparing their investment plans and through investments, ensure improvements in areas that will enhance the current level of service.

In the reporting year, the Commission approved the lower limits, current levels and target benchmarks for key performance indicators (see Table 1).[57]

[56] See Commission Resolution №36 of July 29, 2021.
[57] See the Commission Decision №11/4 of March 27, 2025.

Key indicators		Drinking Water Quality Index	Schedule	Wastewater fluid quality	Fire Hydrants Coverage Index	Accidents on drinking water pipelines	Accidents on wastewater pipelines	Infrastructure Leakage Index	Service Personnel Productivity	Distribution pipeline flexibility index
Lower Limit		76.44	10.83	0	2.37	421.79	1,753.97	94.78	29.63	1,966.22
Current Level	GWP Tbilisi	99.95	24	0	9.12	391.35	945.56	94.78	13.14	1,966.22
	GWP Mtskheta	100	24	-	8.61	191.87	132.27	11.19	4.00	272.96
	GWP Rustavi	100	24	0	2.37	379.37	1,753.97	62.90	13.44	1,766.67
	UWSCG	99.61	20.89	-	-	266.53	802.26	39.43	7.19	649.93
	BWC	99.7	24	100	29.05	421.79	20.54	50.98	29.63	1,343.95
	KWC	100	24	100	99.17	76.93	160.38	83.67	16.58	109.50
	SWC	97.36	24	-	-	212.77	100	2.67	11.16	861.51
	MVWC	76.44	10.83	-	-	62.07	-	21.26	12.50	238.64
	SVWC	100	24	-	-	15.74	-	0.92	10.08	32.67
	Soguri	100	18	-	-	-	-	12.50	1.00	51.75
Target Benchmark		100	24	100	100	25	25	1	5	500

Table 1. Key Indicators of Licensed Companies

6. Amelioration Sector

The amelioration sector is one of the most important fields of agriculture and, accordingly, plays a critical role in the development of the national economy. In accordance with the Law of Georgia on Water User Organizations, the primary water user is Georgian Amelioration LLC, a company established with 100% state ownership. Georgian Amelioration LLC owns, operates and manages irrigation infrastructure across the country and is responsible for its maintenance and the delivery of irrigation water. The main water intake in irrigation systems is sourced from rivers and reservoirs.

Pursuant to the Law of Georgia on Water User Organizations, the Commission's regulatory scope was extended to include the activities of primary water user. Specifically, the Commission was granted the authority to approve the methodology for calculating tariffs for services provided by primary water user and to determine the applicable tariffs, to approve water supply rules, as well as to review disputes arising between primary water user and Water User Organizations or other water users.

The Commission continuously monitors the compliance of the primary water user with the obligations defined by the Commission's normative acts and through monthly, quarterly and annual reports, the Commission receives important data necessary for regulating the sector.

7. Commercial Service Quality

7.1. Service Quality and Description of Standards

Electricity, natural gas and drinking water are critical infrastructure services, the uninterrupted and high-quality supply of which is essential for both the daily lives of the population and economic activity. Service quality is usually less noticeable when the system operates smoothly, however, in the event of service disruptions, including supply interruptions, delays in service provision or delayed responses to consumer requests, the effective functioning of service quality standards becomes particularly important. In this regard, the Commission has been using an electronic monitoring system for commercial service quality for eighth consecutive year, which was introduced in 2017 and ensures effective control of compliance with the requirements defined in the Service Quality Rules.

The Service Quality Rules approved by the Commission apply to the electricity, natural gas, and water supply sectors and establish unified standards that define minimum service quality requirements and performance deadlines. Commercial service quality standards represent the main tool used to assess the quality of services provided to consumers by licensees and to monitor their performance.

Service quality standards are divided into two main groups — general standards and guaranteed standards. General standards refer to the quality of the service system as a whole and aim to ensure that the service is reliable and stable. Their improvement or deterioration is ultimately reflected in the tariff. For this reason, it is very important for companies to consistently maintain a high overall level of service quality.

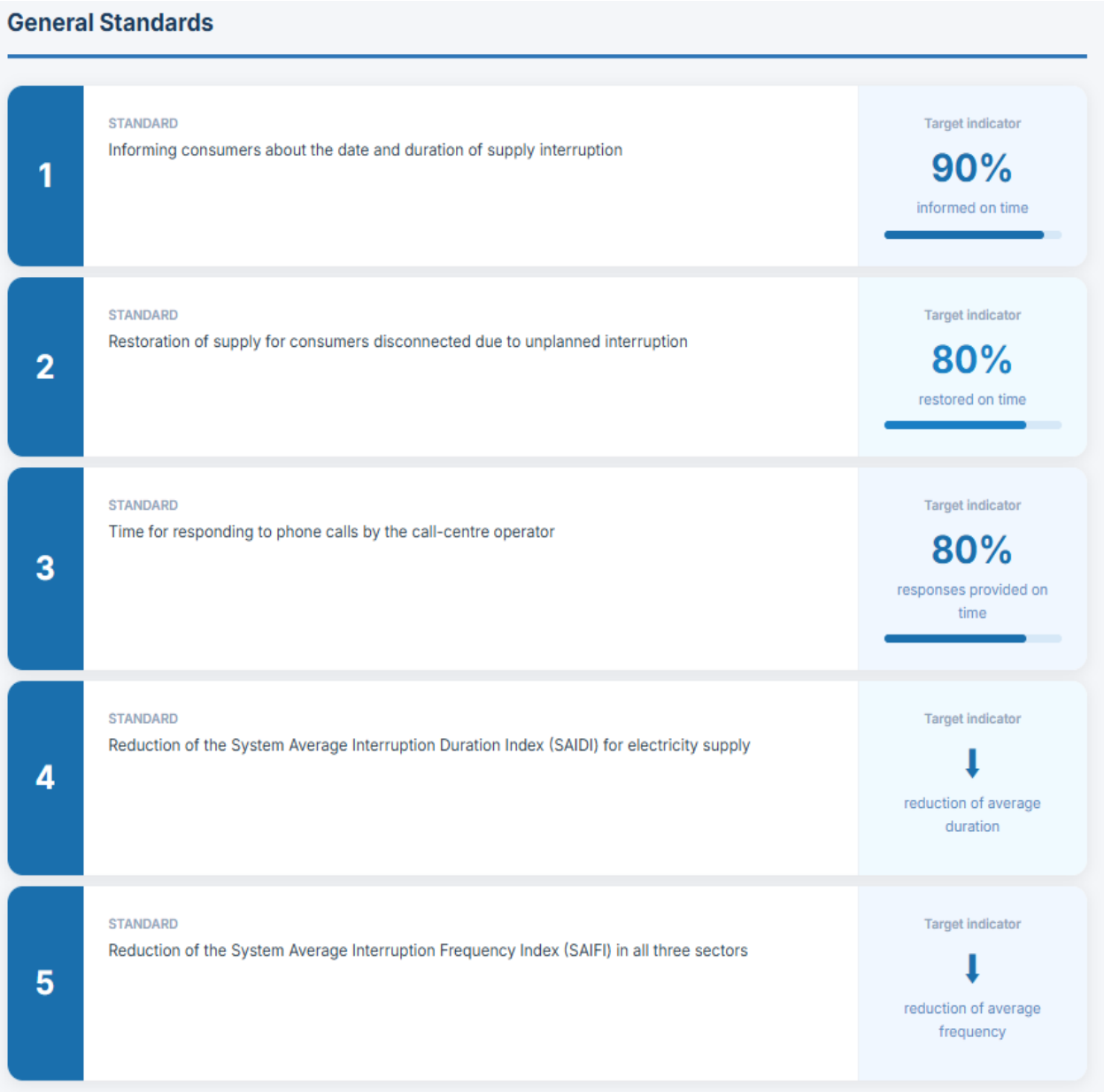


Table 1. General Standards and Target Indicators

Guaranteed standards refer to services related to a specific consumer and define the maximum timeframes for service provision.

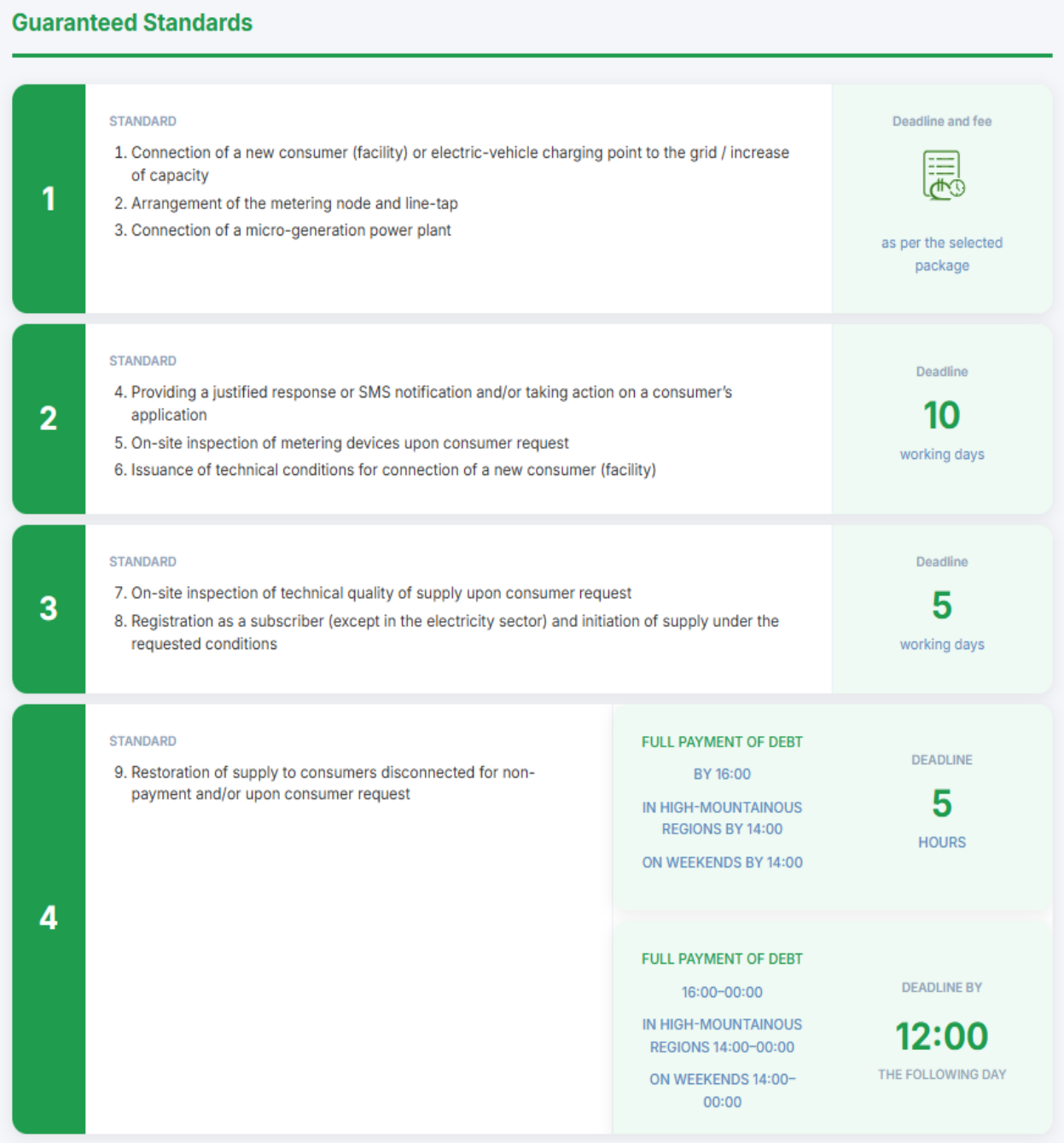


Table 2. Guaranteed Standards and Target Indicators

7.2. Statistical Information

To ensure effective control over compliance with the above-mentioned standards, information on consumer applications submitted to regulated enterprises, as well as data on planned and unplanned interruptions, new consumer connections, and restoration of supply for consumers disconnected due to non-payment, are automatically recorded in real time in the Commission's database.

The fulfillment of the general service quality standards does not depend on the provision of services to a specific consumer. The target indicators of the general standards are established for an indefinite

number of consumers over the course of a calendar year. When assessing compliance with these target indicators, cases of non-compliance caused by external factors are not taken into account.

Most services are provided with a high level of accuracy (within the range of 95–100%); particularly high performance is observed in processing and responding to consumer requests, while relatively more deviations are observed in network services.

Figure 7.1. Key Indicators for 2025

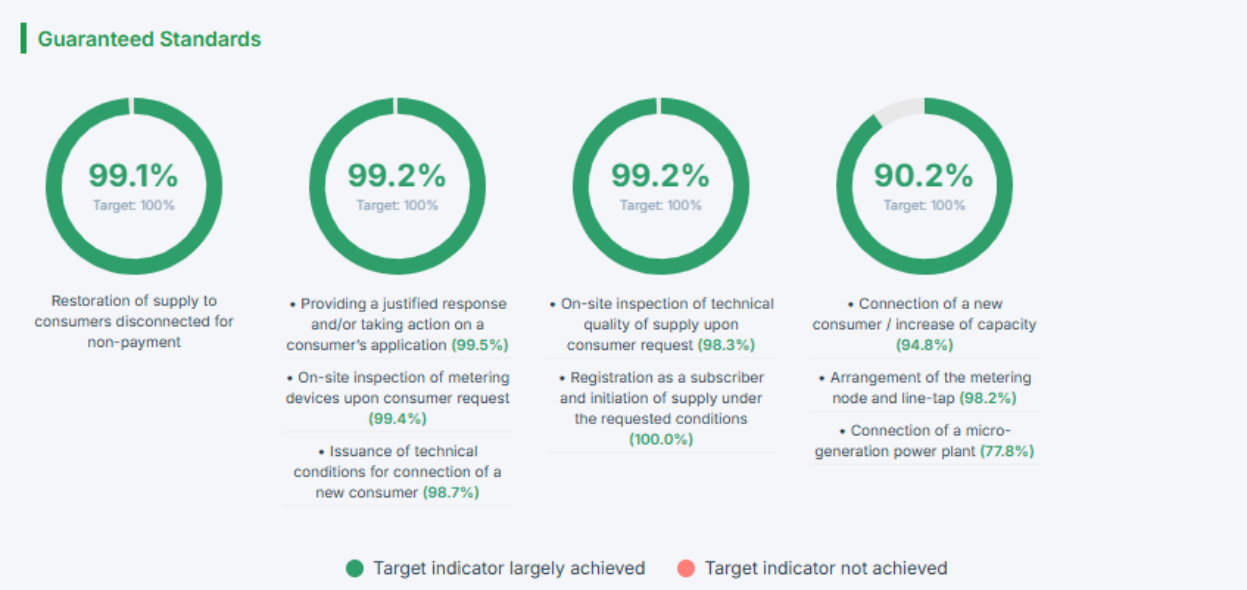


Figure 7.2. Performance Indicators of General and Guaranteed Standards

7.3. Financial mechanisms and compensations

The annual performance results for services covered under the general standard are assessed separately for each service. Based on the assessment outcomes, the Commission applies financial mechanisms to the enterprise for the purpose of either incentivizing or sanctioning it. These mechanisms are reflected in the tariff set by the Commission for the respective service, in accordance with the following principle: if the annual target indicator under the general standard improves or deteriorates, the enterprise's regulated cost base shall be increased or decreased, respectively, by 0.01% for each 1% change. An exception applies to the standard concerning the reduction of the System Average Interruption Duration Index (SAIDI). In each region, based on territorial units, if the enterprise improves or worsens the average duration of electricity supply interruptions, the Commission is authorized to increase or decrease the enterprise's regulated cost base when calculating the tariff, in accordance with the Q factor.

In the event of non-compliance with a guaranteed service standard due to internal reasons, the enterprise is obligated to compensate the consumer for the unfulfilled service.

In the case of network services:

- Upon the first missed deadline, the service fee shall be reduced by 50%;
- Upon the second missed deadline, the service fee shall be reduced to zero;
- Upon the third and each subsequent missed deadline, 50% of the service fee shall be refunded to the consumer.

In the case of other services, the compensation is one-time and amounts to:

- 5 GEL for household consumers;
- 10 GEL for non-household consumers.

Compensation under the guaranteed standard shall be credited to the consumer's subscriber account as a credit for future payments. In the case of prepaid service, compensation shall be transferred to the bank account specified by the consumer in the application. Compensation must be reflected on the subscriber account within 15 working days from the date of the guaranteed service standard violation.

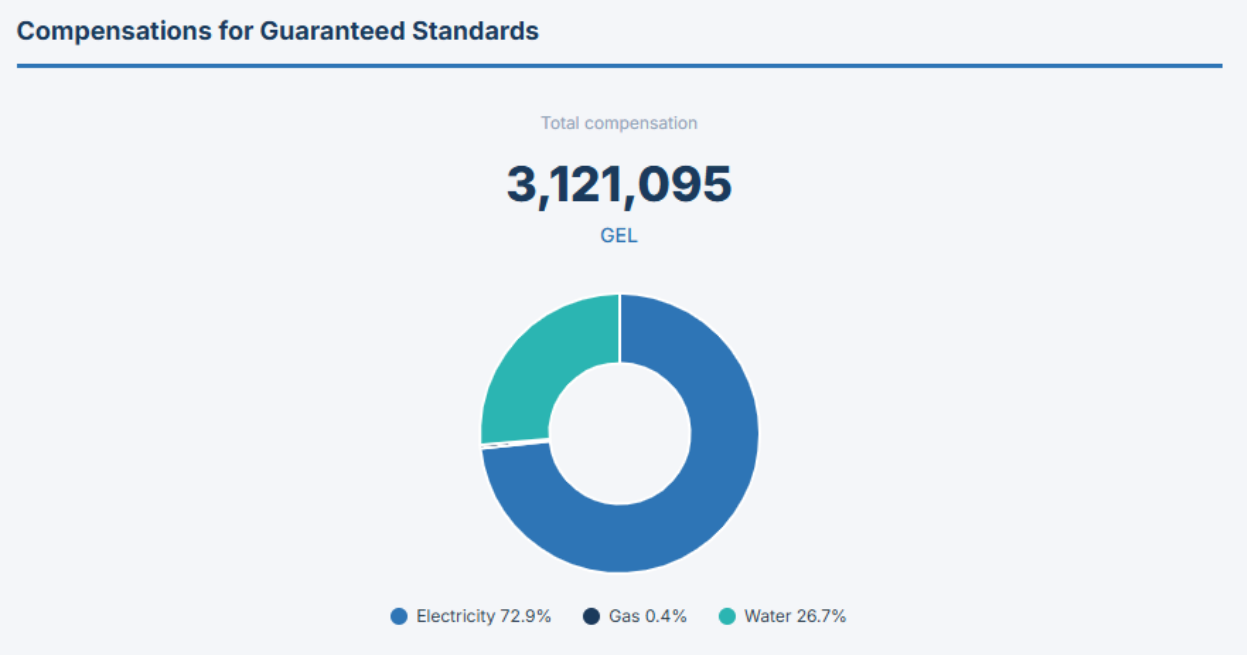


Figure 7.3. Compensations

In 2025, due to violations of guaranteed standards, distribution companies paid a total of 3,121,095 GEL in compensation to consumers. The largest share of compensation - 2,287,205 GEL (73.3%) was paid in the electricity sector. A total of 821,145 GEL, representing 26.3% of the total compensation paid, falls on the water supply sector, while the compensation paid in the natural gas sector is the lowest amounting to 12,745 GEL (0.4%).

Figure 7.4. Accrued Compensations by Standards

As for the distribution of compensations paid by standards, the largest share is attributed to violations of network service standards, amounting to 3,085,225 GEL, which constitutes 98.85% of the compensations paid. Compensations paid for network services are distributed as follows:

- 2,489,375 GEL - for violation of the standard for connecting a new consumer to the network;
- 551,425 GEL - for violation of the standard for increasing capacity/volume;
- 33,025 GEL - for violation of the standard for installing a metering node and line-tap;
- 11,400 GEL - for violation of the standard for connecting a micro power plant.

A total of 35,870 GEL has been paid for the remaining guaranteed standards, which accounts for only 1.15% of the total compensation paid. The largest share of this amount relates to the standard for restoration of supply to consumers disconnected due to non-payment - 30,010 GEL (1.0%), while a total of 5,860 GEL was paid for the remaining guaranteed standards.

Amount of Compensation Accrued to Consumers

Utility	2017	2018	2019	2020	2021	2022	2023	2024	2025
Georgian Water and Power LLC	1,821,010	1,481,535	554,775	439,890	666,425	989,330	2,251,205	3,420,815	819,375
Telasi JSC	117,830	210,155	45,240	31,690	410,160	910,943	867,825	1,087,785	1,855,305
SOCAR Georgia Gas LLC	647,375	353,410	143,640	82,653	191,003	134,755	163,038	10,163	10,130
Energo-Pro Georgia JSC	317,655	236,085	285,950	505,655	673,510	706,095	586,930	1,048,540	431,855
Tbilisi Energy LLC	56,630	52,835	436,775	133,775	7,970	3,035	8,380	3,600	2,355
SakOrgGas JSC	130,250	41,850	59,315	13,375	27,970	12,550	8,038	150	200
Rustavi Water LLC	44,730	94,140	4,555	4,190	1,020	300	263,560	-	-
United Water Supply Company of Georgia LLC	630	3,045	71,260	127,320	13,275	1,495	4,520	2,175	1,770
Batumi Water LLC	0	188,735	170	2,300	5,015	730	5	30	-
Telavgaz LLC	0	0	10,585	5,758	0	5	190	55	10
Other small utilities	650	1,315	1,630	5,650	20,325	1,605	1,635	1,635	95
Total	**3,136,760**	**2,663,105**	**1,613,895**	**1,352,255**	**2,016,673**	**2,760,843**	**4,156,205**	**5,574,948**	**3,121,095**

Table 3. Amount of Compensation Accrued to Consumers

The reduction in the total amount of compensation paid by companies to subscribers is largely attributable to improved compliance with guaranteed standards.

Note: The amount of accrued compensation presented in Table 3 may differ from the amounts recorded in the Commission's previous annual report. The previous year's data is specified in each subsequent annual report, since the amount accrued in a calendar year may be adjusted during the following year.

8. Supervision of Energy and Water Supply Activities, Monitoring of License Conditions

The Commission continuously monitors compliance by licensees and authorized enterprises with the requirements of Georgian legislation (and, in the case of licensees, also with license conditions) through various means, including the analysis of reporting forms submitted to the Commission, electronic journals, and correspondence received from applicants. The Commission also reviews submitted investment projects, assesses their reasonableness, and monitors implemented investments. In addition, it monitors compliance with deadlines for connecting new consumers to the distribution network, the costs incurred, the causes of interruptions recorded in electronic journals, and the accuracy and reliability of the data provided in reporting forms submitted by companies.

During the reporting year, the Commission reviewed the deterioration of the 2024 supply reliability indicators (System Average Interruption Duration Index and System Average Interruption Frequency Index) for Telasi JSC and Energo-Pro Georgia JSC, and both companies were fined 18,750 GEL each. In addition, during the review of written consumer applications submitted to the Commission, numerous violations by Telasi JSC were identified, including breaches of safety-related requirements and standards, non-compliance with the Commission's requirements, incorrect recording of interruptions in the electronic journal, deterioration of electricity quality parameters, and attempts to mislead the Commission. The Commission assessed these actions as violations of the requirements established by Georgian legislation and license conditions, and imposed a fine of 56,250 GEL on the company.

In the natural gas sector, Didi Digomi LLC was fined 37,500 GEL. The violations identified as a result of the investigation conducted by the Commission included imposing on consumers the obligation to obtain permits and consents required for connection works, arbitrarily determining the commencement and suspension of connection deadlines, arbitrarily extending the connection period, failure to pay compensation to consumers in cases of delays in connection, failure to record new consumer connections in the electronic journal, and recording incomplete or inaccurate information. These actions were considered violations of the law, the requirements established by the Commission's legal acts, and the license conditions.

As for the water supply sector, the assessment of the compliance of Batumi Water LLC's activities with the requirements established by Georgian legislation, including the legal acts of the Commission, revealed a number of violations, namely: incorrect tariff charges to consumers, transfer of debt to another consumer without prior written consent, violations of requirements related to statute-barred (time-barred) debt, deficiencies related to the preparation of connection acts for new consumers, and failure to take the necessary measures to ensure the collection of accrued charges. This was considered a violation of license conditions, and the Commission imposed a fine of 20,000 GEL[58] on Batumi Water LLC.

The violations identified in the water supply systems of Rustavi, owned by Georgian Water and Power LLC, were considered a violation of the license conditions and normative acts approved by the Commission, and the Commission imposed a fine of 50,000 GEL[59] on Georgian Water and Power LLC.

[58] See Commission Decision № 11/1 of March 27, 2025.

[59] See Commission Decision № 37/1 of September 11, 2025.

Also, in the reporting year, written warnings were issued to Marneulis Soptskali LLC, Georgian Water and Power LLC, Batumi Water LLC, and Sachkheris Tskalkanali LLC due to the deterioration of the current level of key performance indicators.

In 2025, within the framework of methodological activities, the Commission devoted particular attention to simplifying service processes in regulated sectors, developing electronic services and refining the existing normative framework, ensuring faster and more transparent access to services for consumers, promoting the digitalization of services, enhancing sectoral coordination and bringing the regulatory environment closer to best international practices.

9.1. Utility Services Available at the Public Service Hall

Within the framework of the joint project of the Commission and the Public Service Hall, consumers are entitled to access electricity, natural gas, water supply and amelioration services at any branch of the Public Service Hall. These services include: registering as a consumer, concluding a supply contract, verifying outstanding debts, requesting bill verification, requesting debt rescheduling, requesting on-site meter inspection, requesting on-site verification of technical quality, requesting temporary disconnection or reconnection of supply and requesting personal information from consumption history. As a result, consumers can receive utility services at 146 branches of the Public Service Hall (126 stationary branches and 20 mobile Public Service Halls).

From 2025, consumers in the amelioration sector have the opportunity to submit all types of applications (except for applications for new connections) to Georgian Amelioration LLC through the Public Service Hall.

In 2025, the number of applications submitted for utility services at the Public Service Hall increased by 3% compared to 2024 (see Figure 9.1).

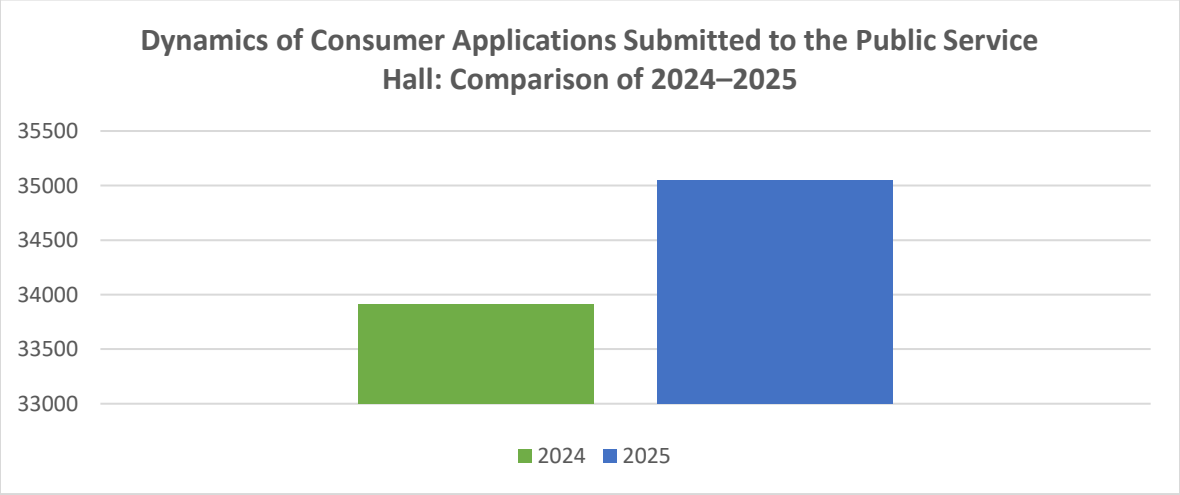


Figure 9.1. Dynamics of Consumer Applications Submitted to the Public Service Hall in 2024–2025

Within the framework of a joint project of the Commission, licensees and mobile operators (Magti, Silknet and Selfi), consumers can access electricity, natural gas, water supply and amelioration services by dialing *303# on their mobile phones. Specifically, consumers can:

- Add a telephone number to the selected subscriber account or delete an unwanted one;
- Report supply outages for prompt response;
- Request on-site inspection of supply quality;
- Request bill verification;
- Agree on the water use schedule under the conditions applied in the previous year (in the amelioration sector);
- Obtain information on:
  - ✓ Electronic invoice;
  - ✓ Current balance;
  - ✓ Deadlines for supply interruption and restoration;
  - ✓ Agreement on the water use schedule and irrigation operations (in the amelioration sector).

The number of 303# service users stabilized in 2024–2025 compared to previous years. The average monthly number of transactions reached approximately 100,000, and a total of 7,678,814 transactions have been carried out since the introduction of the service (see Figure 9.2).

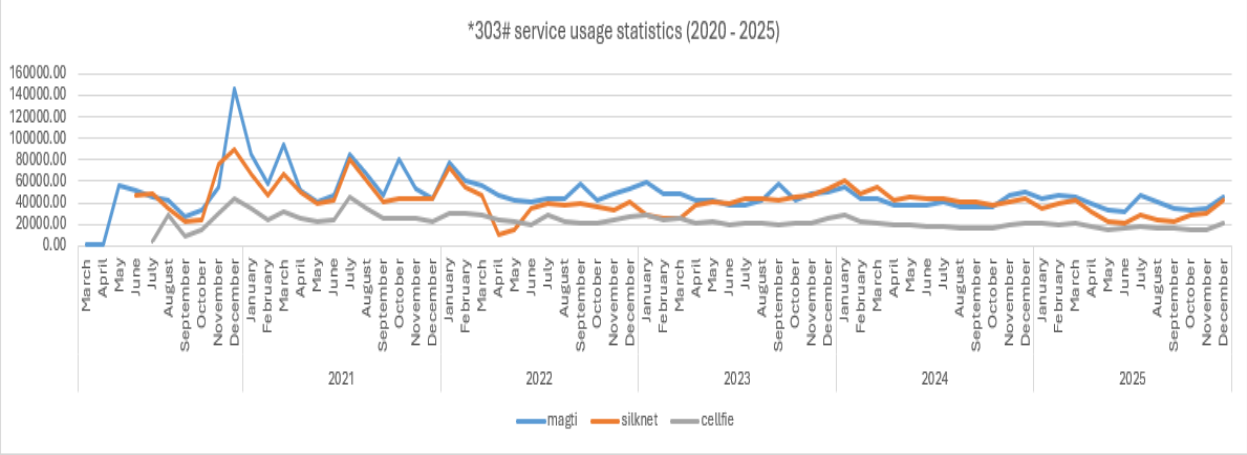


Figure 9.2. 303# Service Usage Statistics

9.2. Participation in the World Bank's "Business Ready" Study under the Utilities Services Component

The World Bank has published the 2025 report of its "Business Ready" study, which serves as an alternative to the "Doing Business" report. Georgia ranked 4th among 101 participating countries in this new pilot study.

As for the country's position in the "Utility Services" component (which covers the electricity, water supply, and telecommunications sectors), Georgia's score improved and increased by 6.12 points compared to the previous pilot study, from 73.08 to 79.2 points.

9.3. Update in the service available on www.my.gov.ge – "Consent for the Implementation of Network Works"

A new field has been added to the existing selection fields (approval and refusal options) in the "Consent for the Implementation of Network Works" service available on www.my.gov.ge. The new field enables utility companies, in addition to recording a refusal, to indicate their willingness to carry out works jointly, for example, the coordinated placement of utility and/or communication networks within the same area. This aims to minimize repeated damage to infrastructure, including road surfaces, optimize the execution of works, and reduce related negative factors (such as the duration of road restrictions and the time required for issuing permits), while ensuring full compliance with technical norms and safety standards.

10. Dispute Settlement

10.1. General Information on Disputed Issues

A total of 1,853 applications/complaints regarding disputed issues were submitted directly to the Disputes and Services Management Department of the Commission's staff. As a result of dispute resolution, the total amount written off in favour of consumers amounted to 1,435,172.44 GEL.

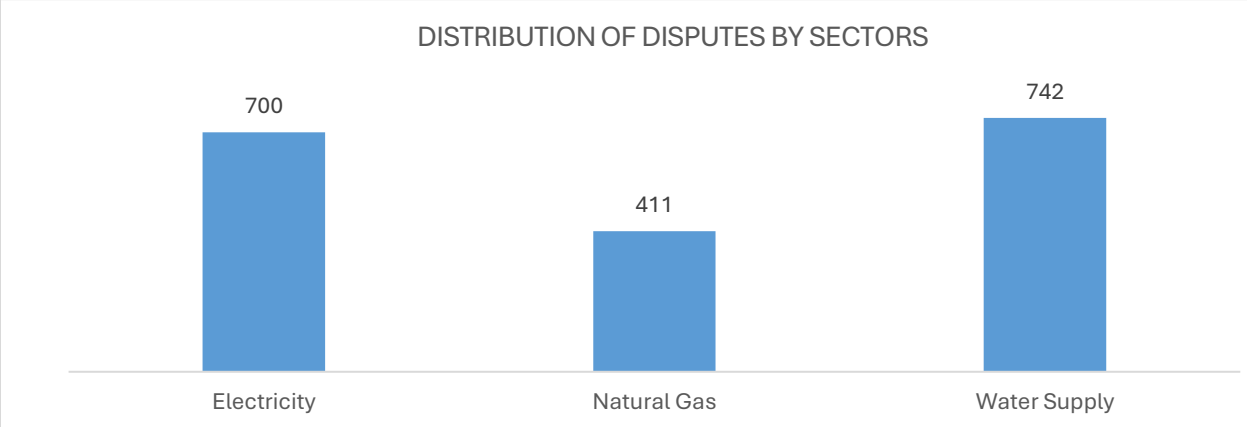


Figure 10.1. Dispute Statistics by Sectors

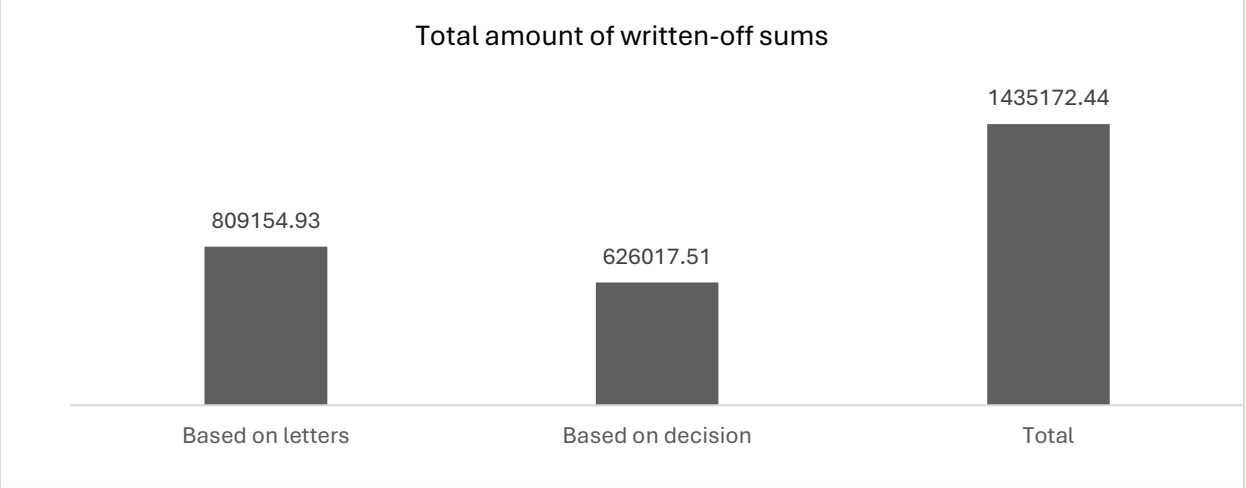


Figure 10.2. Total Amount of Written-off Sums

In 2025, 54 administrative legal acts adopted by the Commission were challenged before the courts, and 27 court cases were concluded, of which 26 were decided in favour of the Commission.

10.2. Review of Regulatory Frameworks for Resolving Issues Related to Consumer Complaints and the Extension of Deadlines for Connecting New Consumers (Capacity Increase)

According to the law, one of the main functions of the Commission is to settle disputes arising between enterprises, as well as between consumers and enterprises, within its competence. It also

considers and resolves requests submitted by enterprises regarding the extension of deadlines for connecting new consumers to the distribution network (including capacity increases), the cancellation of compensations charged due to exceeding such deadlines, and the cancellation of connection applications.

In the process of dispute settlement, the Commission's competences are defined by the Code of Administrative Violations of Georgia, the "Dispute Settlement Rules", the "Natural Gas Supply and Consumption Rules", the "Electricity Retail Market Rules", the "Electricity Distribution Network Rules", the "Drinking Water Supply and Consumption Rules", the "Service Quality Rules" and other legal acts.

The Commission settles disputed issues independently, impartially and in full compliance with legal requirements.

10.3. Disputes in the Electricity Sector

During the reporting period, disputed issues were mainly related to incorrect billing in cases of electricity meter damage, improper charging of deposit amounts, incorrect determination of observation and billing periods, outstanding debts, as well as disputes related to the connection of new facilities to the distribution network. These included refusals to connect to the network, improper rejection of connection applications, failure to complete connections, claims for compensation due to delays in meeting connection deadlines, and other related matters.

During the reporting period, a total of 700 applications/complaints related to disputed issues in the electricity sector were submitted to the Disputes and Service Management Department of the Commission's staff.

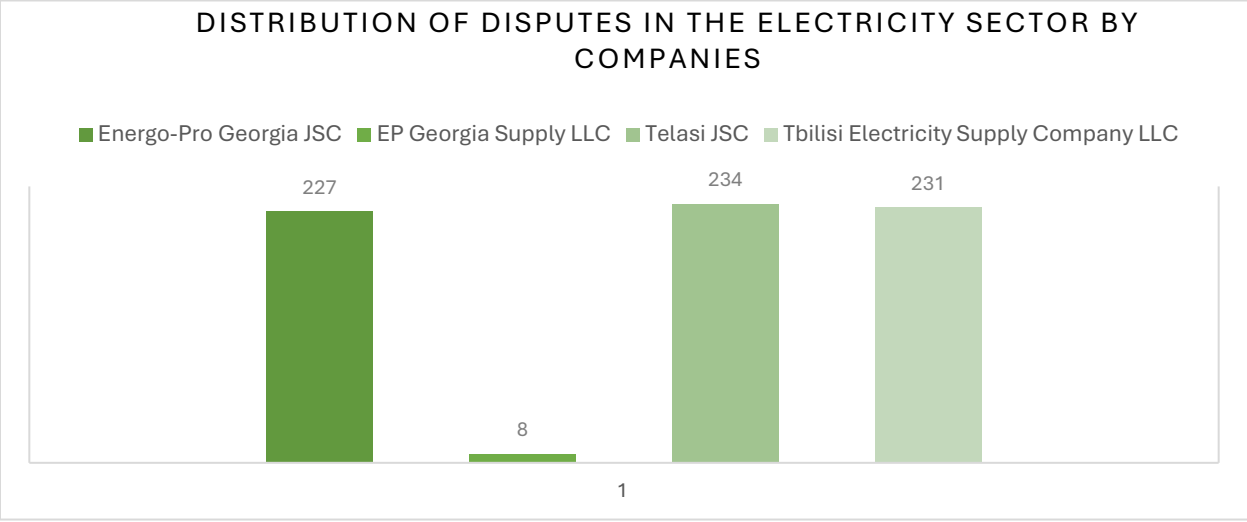
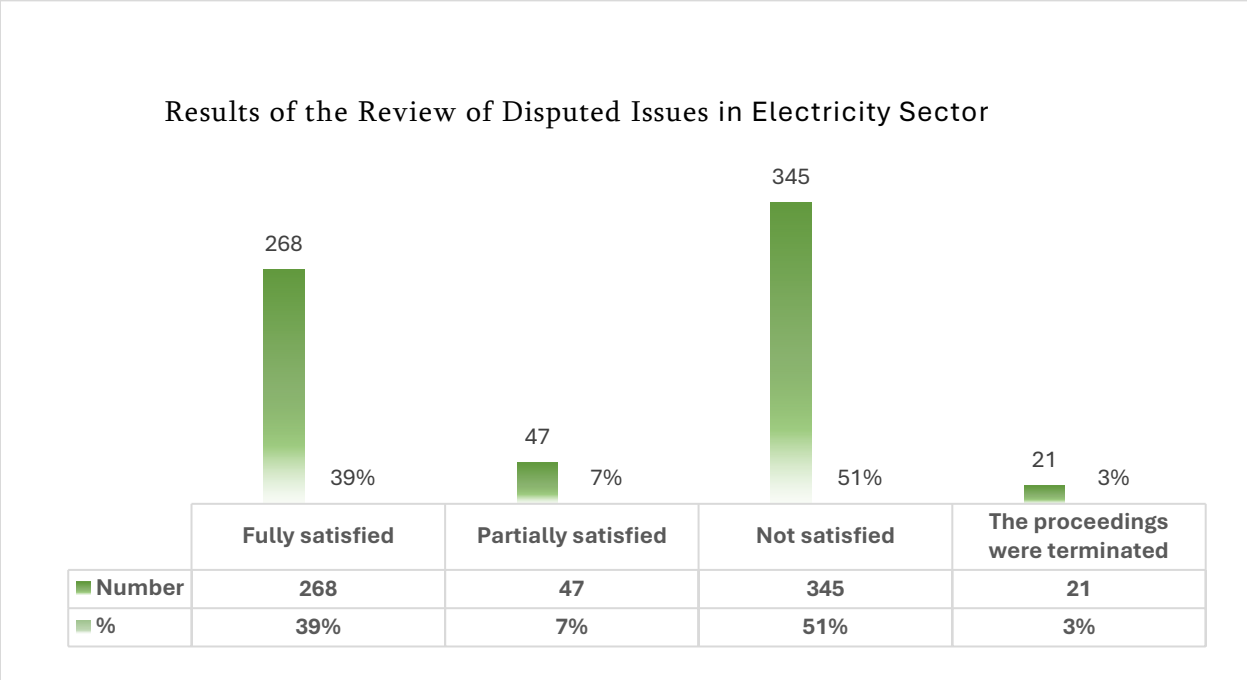


Figure 10.3. Dispute Statistics in the Electricity Sector by Companies

Out of 700 disputed issues, a total of 681 disputed cases were resolved through written administrative proceedings. Out of these, 251 disputes were fully satisfied, 47 were partially satisfied, 343 were rejected, and proceedings were terminated in respect of 21 applications/complaints.

Following the review of disputed issues submitted directly to the Disputes and Services Management Department, the Commission adopted 19 decisions. 17 applications/complaints were fully satisfied, none were partially satisfied, and 2 were rejected.

In the electricity sector, the total amount written off in favour of consumers amounted to 489,792.88 GEL.



	Fully satisfied	Partially satisfied	Not satisfied	The proceedings were terminated
Number	268	47	345	21
%	39%	7%	51%	3%

Figure 10.4. Results of the Review of Disputed Issues
(The difference in results is due to repeated complaints on the same issue)

- Regarding the extension of deadlines for connecting new facilities to the distribution network, the Commission reviewed 833 letters, of which 425 were satisfied, 97 were partially satisfied, 69 were rejected, and proceedings were terminated in respect of 242 letters;
- One letter concerning the cancellation of an application was received and satisfied;
- Seventeen letters concerning the cancellation of compensation were received, of which 16 were satisfied, none were partially satisfied or rejected, and proceedings were terminated in respect of 1 letter.

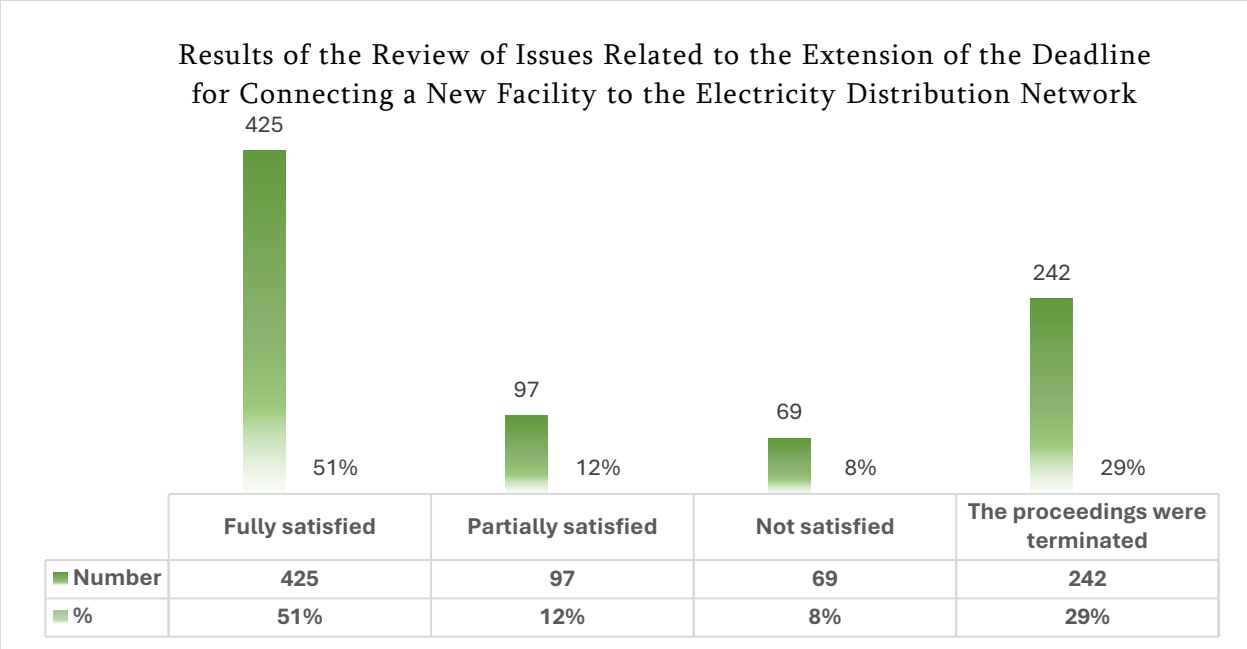


Figure 10.5. Results of the Review of Disputes Related to the Extension of Connection Deadlines in the Electricity Sector

10.4. Disputes in the Natural Gas Sector

During the reporting period, disputed issues in the natural gas sector were mainly related to cases of administrative offences committed by companies, including requests for the annulment of decisions issued by enterprises; charges imposed for the unauthorised consumption of natural gas; non-compliance with requirements established by the rules for meter removal, installation and sealing (including improper preparation of relevant acts); incorrect billing for consumed natural gas; as well as disputes related to the connection of new consumers to the distribution network. These included refusals to connect to the network, improper rejection of connection applications, failure to complete connections, claims for compensation due to delays in meeting connection deadlines, and other related matters.

During the reporting period, a total of 411 applications/complaints related to disputed issues in the natural gas sector were submitted directly to the Disputes and Service Management Department of the Commission's staff.

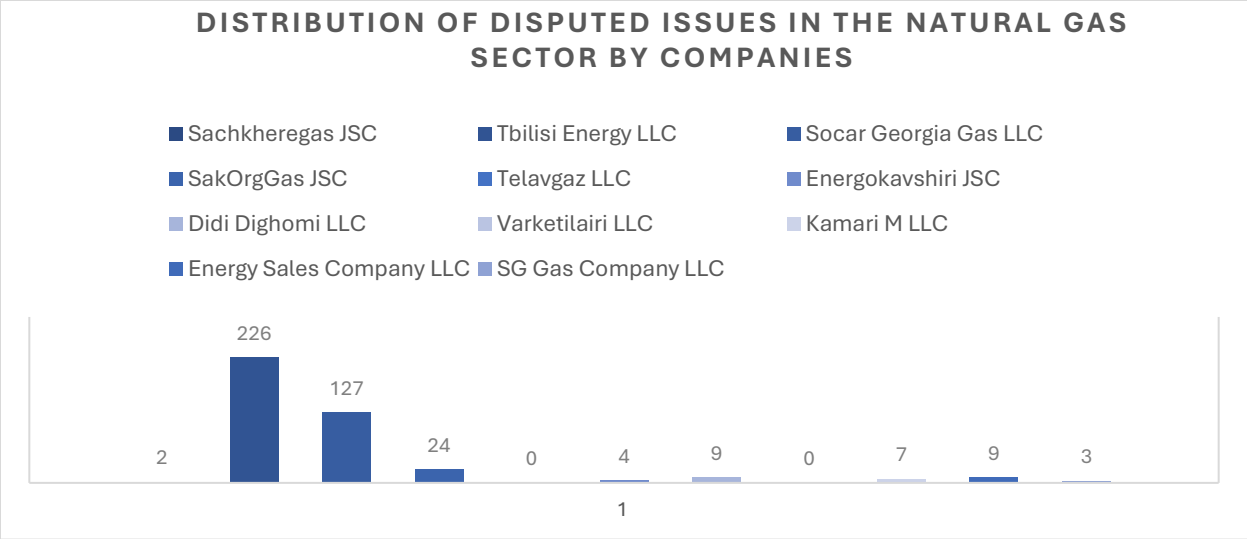
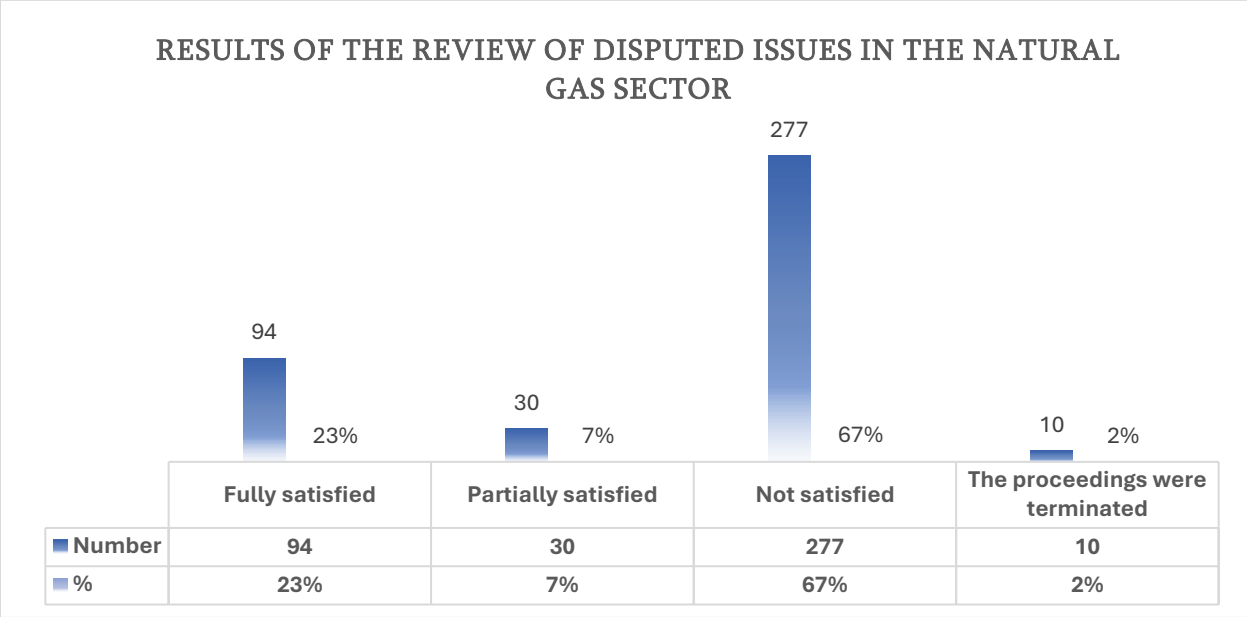


Figure 10.6. Disputes in the Natural Gas Sector by Companies

A total of 297 disputed cases were resolved through written administrative proceedings. Out of these, 42 applications/complaints were fully satisfied, 10 were partially satisfied, 235 were rejected, and proceedings were terminated in respect of 10 applications/complaints.

Following the review of disputed issues submitted to the Department, the Commission adopted 114 decisions. Out of these, 52 applications/complaints were fully satisfied, 20 were partially satisfied, and 42 were rejected.

In the natural gas sector, the total amount written off in favor of consumers amounted to 161,721.05 GEL.



	Fully satisfied	Partially satisfied	Not satisfied	The proceedings were terminated
Number	94	30	277	10
%	23%	7%	67%	2%

Figure 10.7. Results of the Review of Disputed Issues in the Natural Gas Sector

- With regard to the extension of deadlines for the connection of new consumers to the distribution network, the Commission reviewed 27 letters, of which 17 were satisfied, 2 were partially satisfied, none were rejected, and proceedings were terminated in respect of 8 letters;
- Four letters were received concerning the cancellation of applications, of which 2 were satisfied, while proceedings were terminated in respect of the remaining 2;
- No letters were received concerning the cancellation of compensation.

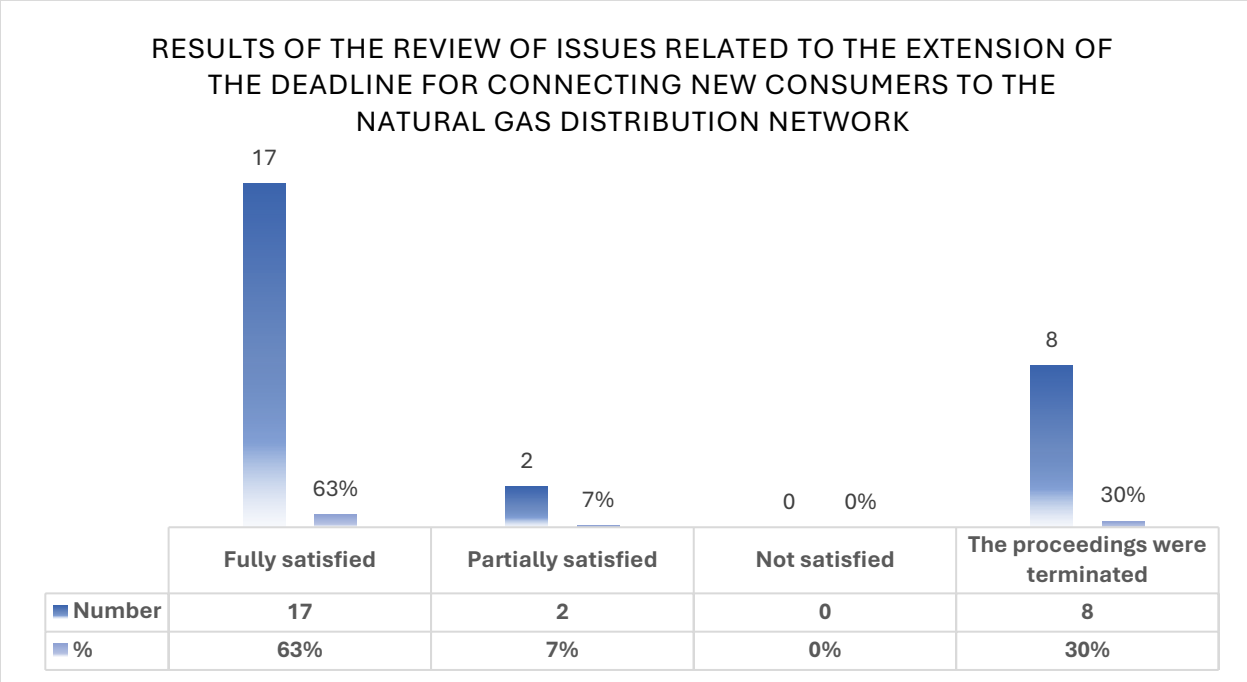


Figure 10.8. Results of the Review of Issues Related to the Extension of Connection Deadlines in the Natural Gas Sector

10.5. Disputes in the Water Supply Sector

During the reporting period, disputed issues in the water supply sector were mainly related to cases of administrative offences committed by companies, including requests for the annulment of decisions issued by enterprises; charges imposed for the unauthorised consumption of drinking water; the write-off of outstanding debts; conditional charges applied to consumers; delays in meter reading; as well as disputes related to the connection of new consumers to the water supply system. These included refusals to connect to the system, improper rejection of connection applications, failure to complete connections, claims for compensation due to delays in meeting connection deadlines, and other related matters.

During the reporting period, a total of 742 applications/complaints related to disputed issues in the water supply sector were submitted directly to the Disputes and Services Management Department of the Commission's staff

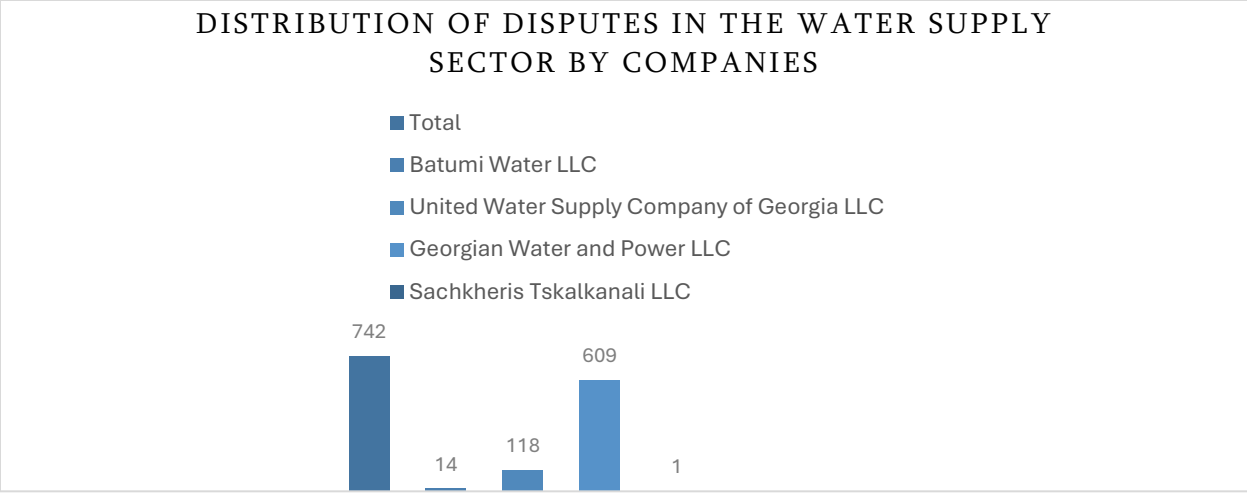
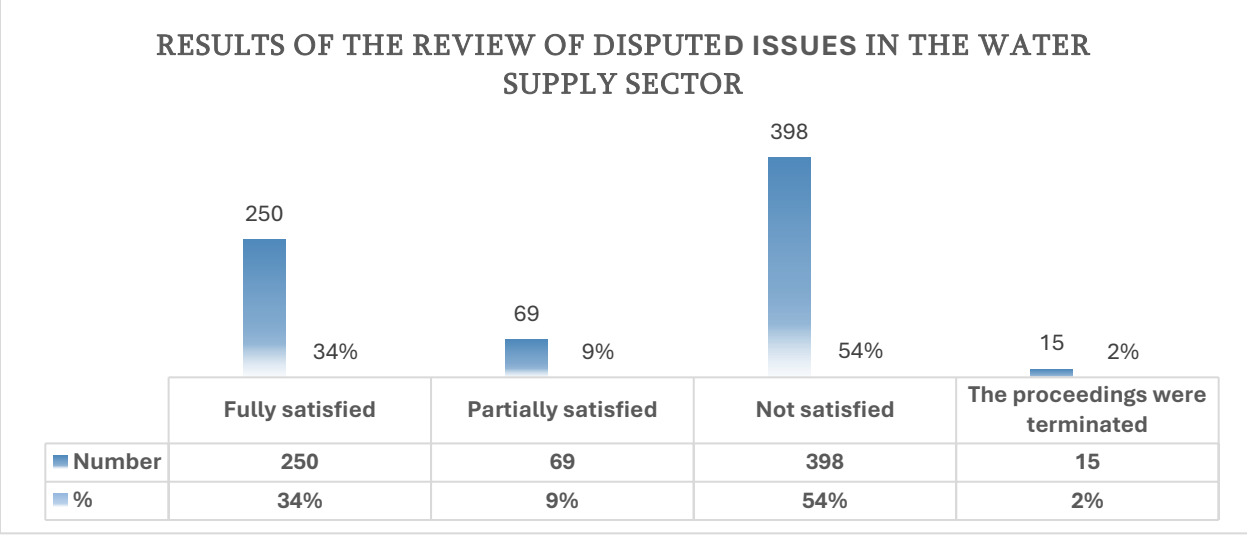


Figure 10.9. Disputes in the Water Supply Sector by Companies

A total of 648 disputed cases were resolved through written administrative proceedings. Out of these, 211 applications/complaints were fully satisfied, 51 were partially satisfied, 371 were rejected, and proceedings were terminated in respect of 15 applications/complaints.

Following the review of disputed issues submitted directly to the Disputes and Services Management Department, the Commission adopted 84 decisions. Out of these, 39 applications/complaints were fully satisfied, 18 were partially satisfied, and 27 were rejected.

In the water supply sector, the total amount written off in favor of consumers amounted to 783,658.51 GEL.



	Fully satisfied	Partially satisfied	Not satisfied	The proceedings were terminated
Number	250	69	398	15
%	34%	9%	54%	2%

Figure 10.10. Results of the Review of Disputes in the Water Supply Sector
(The difference in results is due to repeated complaints on the same issue)

- With regard to the extension of deadlines for connecting new consumers to the water supply system, the Commission reviewed 753 letters, of which 379 were fully satisfied, 99 were partially satisfied, 100 were rejected, and proceedings were terminated in respect of 175 letters;
- No letters were received concerning the cancellation of applications;

- One letter was received concerning the cancellation of compensation, which was satisfied.

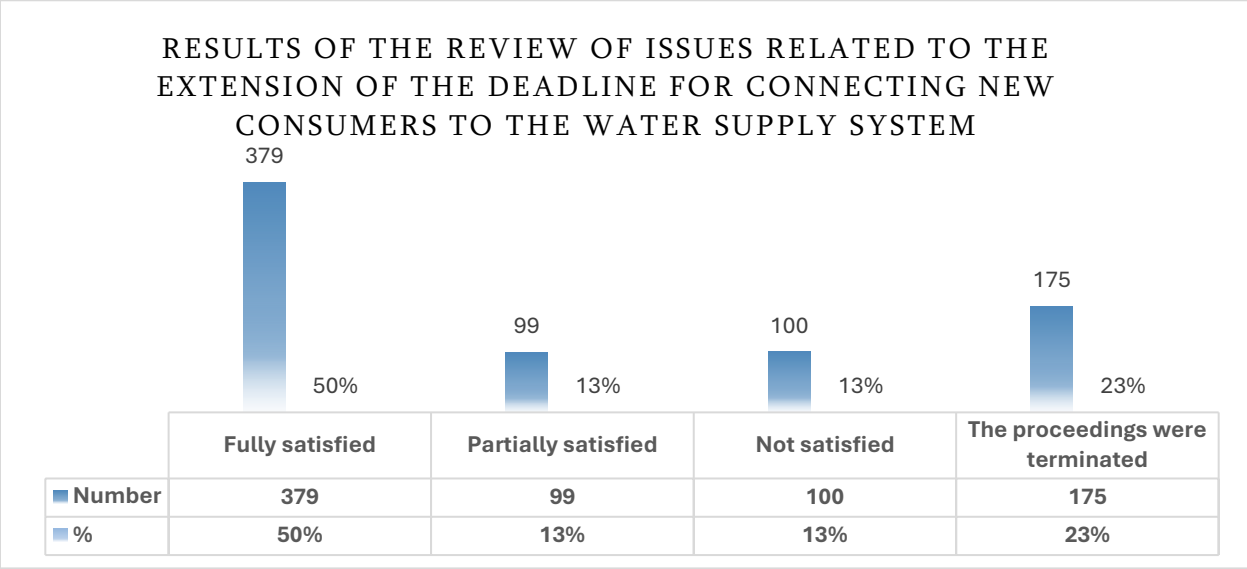


Figure 10.11. Results of the Review of Issues Related to the Extension of Connection Deadlines in the Water Supply Sector

10.6. Old Debts

During the reporting period, the Commission reviewed 76 applications related to old debts, of which 41 were fully satisfied, 4 were partially satisfied, and 31 were rejected. The total amount written off amounted to 70,933 GEL.

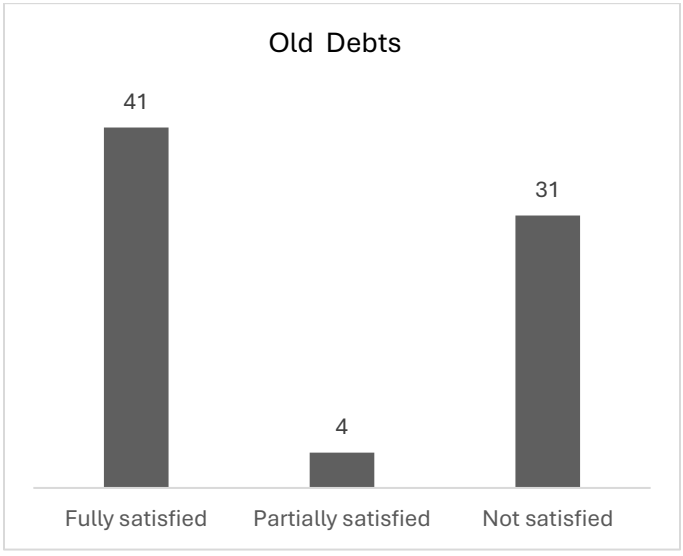


Figure 10.12. Results of the Review of Disputes Related to Old Debts

10.7. Issues Related to the Extension of Deadlines for Connecting New Consumers (Capacity Increase)

During the reporting period, 1,613 letters concerning these issues were received by the Commission. As a result of the review, by decision of the Commission, 821 letters were fully satisfied, 198 were partially satisfied, requests were rejected in 169 cases, and proceedings were terminated in respect of 425 letters.

Five letters were received concerning the cancellation of applications, of which 3 were fully satisfied and proceedings were terminated in respect of 2.

Eighteen letters were received concerning the cancellation of compensation, of which 15 were satisfied, and proceedings were terminated in respect of 1 letter.

Compensations accrued in favour of consumers due to the failure to complete connections within the legally established timeframes in each sector (including the amounts of compensation determined by decisions on the extension of connection deadlines) are reflected in the annual report of the relevant department of the Commission.

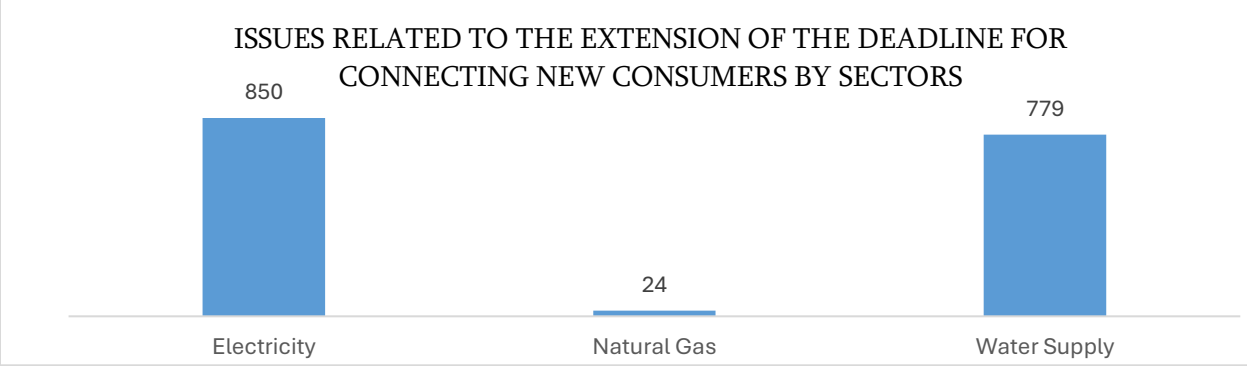
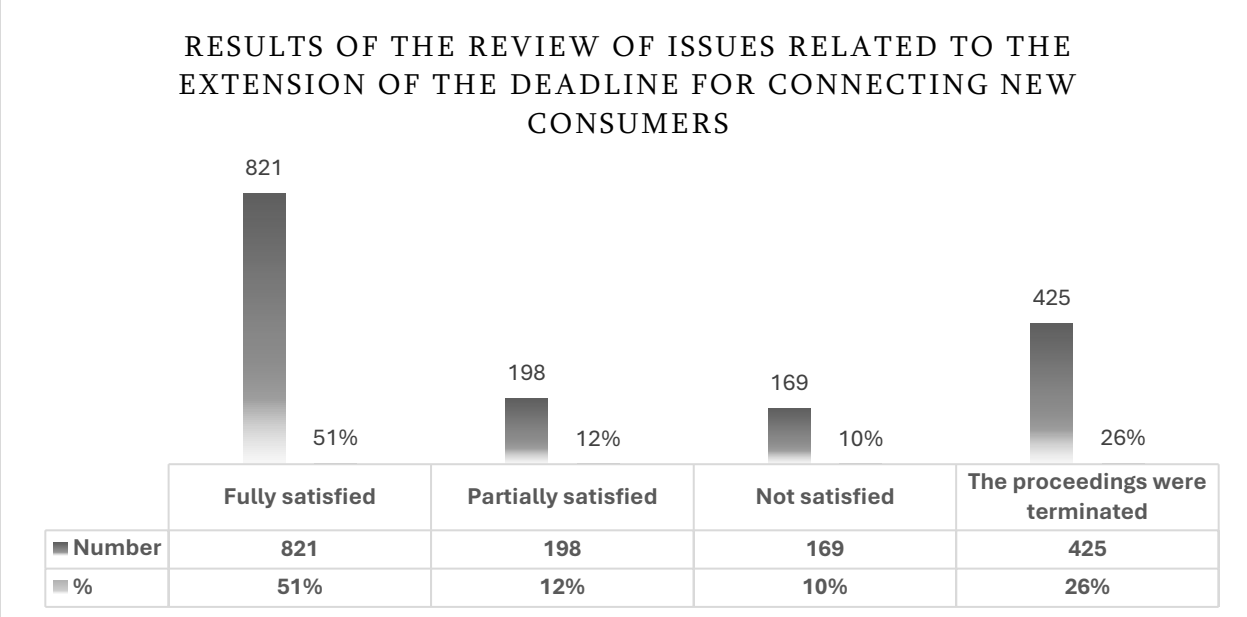


Figure 10.13. Statistics on Issues Related to the Extension of Connection Deadlines by Sector



	Fully satisfied	Partially satisfied	Not satisfied	The proceedings were terminated
Number	821	198	169	425
%	51%	12%	10%	26%

Figure 10.14. Results of the Review of Disputed Issues Related to the Extension of Connection Deadlines

Considering dispute settlement practices and new legislation, the Commission is undertaking the systematic improvement of the regulatory rules across all three sectors. This is also expected to influence both the number and the substance of disputed issues.

During the reporting period, based on the examination and analysis of correspondence submitted to the Disputes and Service Management Department, a number of letters/proposals were prepared concerning identified systemic issues. Through established working groups and, where necessary, the Department periodically conducts meetings and negotiations with enterprises in order to prevent existing violations.

The protection of consumer rights is a continuous process of reassessment and development. The introduction of effective protection mechanisms, as well as the refinement of existing ones, is aligned with the pace of society development and the need to maintain market stability. Therefore, ensuring consumer welfare and establishing effective legal mechanisms for the protection of their rights constitute one of the main areas of the Commission's activity. Accordingly, in the reporting year, another function of the Department - the assessment of consumer satisfaction and the development of recommendations - was launched. Taking into account the results of the research conducted, the introduction of appropriate standards and proposals developed for improving service quality ensures an increased level of consumer satisfaction and the continuous development of the system.

11. International Relations

11.1. Partner International Organizations

In 2025, the Commission devoted particular attention to sharing and implementing best international practices in the energy, water supply and amelioration sectors. The Commission cooperated with international organizations, regional associations and partner regulatory authorities in both multilateral and bilateral formats.

In the same year, the Commission actively cooperated with the Council of European Energy Regulators (CEER), the Energy Community, the Energy Regulators Regional Association (ERRA), the European Water Regulators Association (WAREG), the International Confederation of Energy Regulators (ICER) and the World Bank.

The Commission participated in meetings and conferences organized by the Energy Regulators Regional Association (ERRA). Representatives of the Commission took part in ERRA's 22nd Annual Conference and General Assembly held in Muscat, Oman. The Commission effectively engaged in the meetings of the Committees on Electricity Markets, Economic Regulation, Gas Markets, Energy Transition and Consumer Protection. Within the framework of ERRA's educational platform, a representative of the Commission delivered a presentation as a speaker at a specialized training held in Athens, sharing with colleagues the experience regarding the components of the tariff methodology approved by the Commission.

Throughout 2025, the Commission maintained fruitful cooperation with the Council of European Energy Regulators (CEER), both through sectoral working groups and capacity-building. Representatives of the Commission participated in the meetings of CEER's General Assembly, where the main focus was placed on the discussion of reports, the strategic vision for 2026 and ongoing activities across various international organizations in the energy sector.

During the reporting year, cooperation with the Energy Community was focused on the process of market liberalization, strengthening the regulatory framework and harmonizing the legislative framework. The Commission Chairman and Commissioners met with the Director of the Energy Community Secretariat, where the priority directions for 2026 were defined. Commission representatives attended the meetings of the Energy Community Regulatory Board (ECRB) and working groups.

In 2025, the Commission continued fruitful cooperation with the European Water Regulators Association (WAREG). Representatives of the Commission participated in the meetings of WAREG's General Assembly, which were dedicated to deepening regional cooperation and developing a new strategic vision for regulation in the water sector. The Commission was actively involved in the activities of the Association's working groups, which included data collection and analysis for sectoral studies.

During the reporting period, cooperation with the World Bank covered the establishment of water user organizations, the determination of amelioration tariffs, and issues related to climate change. Within the framework of the Energy Security through Power Interconnection and Renewable Energy (ESPIRE) Program, the parties discussed the progress of the Black Sea Submarine Cable Project and the dynamics of implementing its various phases.

In 2025, the Commission signed memoranda of cooperation with the regulatory authorities of Romania and Mongolia, as well as with the Department of the Fuel and Energy Complex Regulation under the Ministry of Energy of Kyrgyz Republic.

The Commission actively continued the process of sharing experience with partner countries and deepening bilateral relations. At the meeting with the regulatory authority of network companies of the Slovak Republic, the parties discussed the countries' energy policies, mechanisms for promoting the development of green energy, issues related to the establishment of an energy exchange and the main aspects of tariff policy. Within the framework of the memorandum of cooperation with the Public Services Regulatory Commission of the Republic of Armenia, a bilateral meeting was held, which was devoted to discussing the issues of liberalization of the electricity market, micro power plants, renewable energy and service quality control. During the visit of the delegation from Tajikistan, attention was focused on electricity network rules, regulation of the energy sector and practical experience in market liberalization.

In 2025, the Commission actively cooperated with the International Confederation of Energy Regulators (ICER) and participated in the meetings of the steering and program committees established for the organization of the 9th World Forum on Energy Regulation (WFER IX), where organizational and substantive issues related to the event planned in Tbilisi were discussed. The steering committee meeting was held in Tbilisi in 2025, during which representatives of ICER's member international associations developed the agenda of WFER IX, defined the session topics and selected speaker candidates. The 9th World Forum on Energy Regulation (WFER IX) will be held in Tbilisi on September 21–24, 2026 and will be attended by up to one thousand delegates from regulatory authorities and international organizations worldwide.

11.2. Implemented International Projects

In 2025, within the framework of the European Union's Technical Assistance and Information Exchange instrument (TAIEX) and with the support of the European Water Regulators Association (WAREG), the Commission experts participated in a workshop dedicated to improving the accuracy and reliability of data in the water sector. With the involvement of Italian experts, modern standards for data collection, validation and the definition of key performance indicators (KPI) were discussed. Particular attention was devoted to the digital transformation of monitoring processes and the introduction of automated systems.

During the reporting period, with the financial support of the European Union's EU4Energy (Phase II+) program and the technical assistance provided by the Energy Community Secretariat, a project was successfully implemented aimed at developing electric vehicle charging infrastructure and integrating it into the electricity distribution network. Within the framework of the project, comprehensive policy and regulatory recommendations were prepared to enhance the readiness of distribution networks, introduce "smart charging" mechanisms, and establish a transparent and competitive environment in the sector. This reform will significantly contribute to Georgia's implementation of European directives and to the electrification process of the transport sector.

12. Public Relations

Raising public awareness on the energy and water supply sectors and ensuring the timely delivery of information to consumers, both regarding ongoing processes within the Commission and measures undertaken to protect their rights, remains one of the Commission's priorities. The Commission continuously informs the public about adopted public decisions and activities envisaged by legislation, while maintaining close relations with the media, representatives of the non-governmental sector and various stakeholder groups.

Throughout 2025, activities carried out within the framework of the communication strategy ensured that all interested parties were acquainted with the Commission's activities. In addition, information on recent developments was constantly updated and published on the Commission's website www.gnerc.org, as well as on its official Facebook, X, YouTube and LinkedIn pages.

During the reporting year, the Commission actively continued consulting consumers through its Facebook page and call center. In 2025, a total of 1,310 consumers contacted the Commission via social media. According to call monitoring data, the call center received 18,115 calls. Analysis revealed that the main issues raised by citizens concerned various problems encountered in relations with utility companies, in particular frequent interruptions in electricity and water supply, as well as the quality of electricity voltage in the regions.

13. Management Functions

13.1. Quality Management (International Standard ISO 9001:2015)

The compliance of the Commission's activities with the international standard ISO 9001:2015 Quality Management System was confirmed by the audit results and conclusions of both national auditors and the international supervisory body (TÜV NORD), with high ratings assigned. No non-conformities or deviations were detected during the surveillance audit. Consequently, the Commission's certificate was maintained and remains in force.

13.2. Budget and Main Parameters of its Execution

In accordance with Article 26 of the Law, the Commission approves its detailed budget for the following year by the end of each year, which also includes the expenditure of the Public Defender of Consumers' Interests, which operates independently from the Commission's administration. The Commission's funding is derived from the regulatory fee established by the Commission for regulated activities, which is paid by regulated enterprises pursuant to the Law of Georgia "On Regulatory Fees".

The regulatory fee constitutes the main source of the Commission's budget, from which the Commission's expenses are covered, and which ensures the Commission's financial autonomy and the effective exercise of its powers as defined by the legislation of Georgia.

The regulatory fee coefficient payable by regulated enterprises in the electricity, natural gas, water supply, and melioration sectors is determined by Commission Resolution №63 of December 9, 2020. Until April 1, 2025, it stood at 0.003, whereas after April 1 it was set at 0.004.

Information regarding the Commission's planned and actual revenues under the 2025 budget is presented in Figure 13.1.

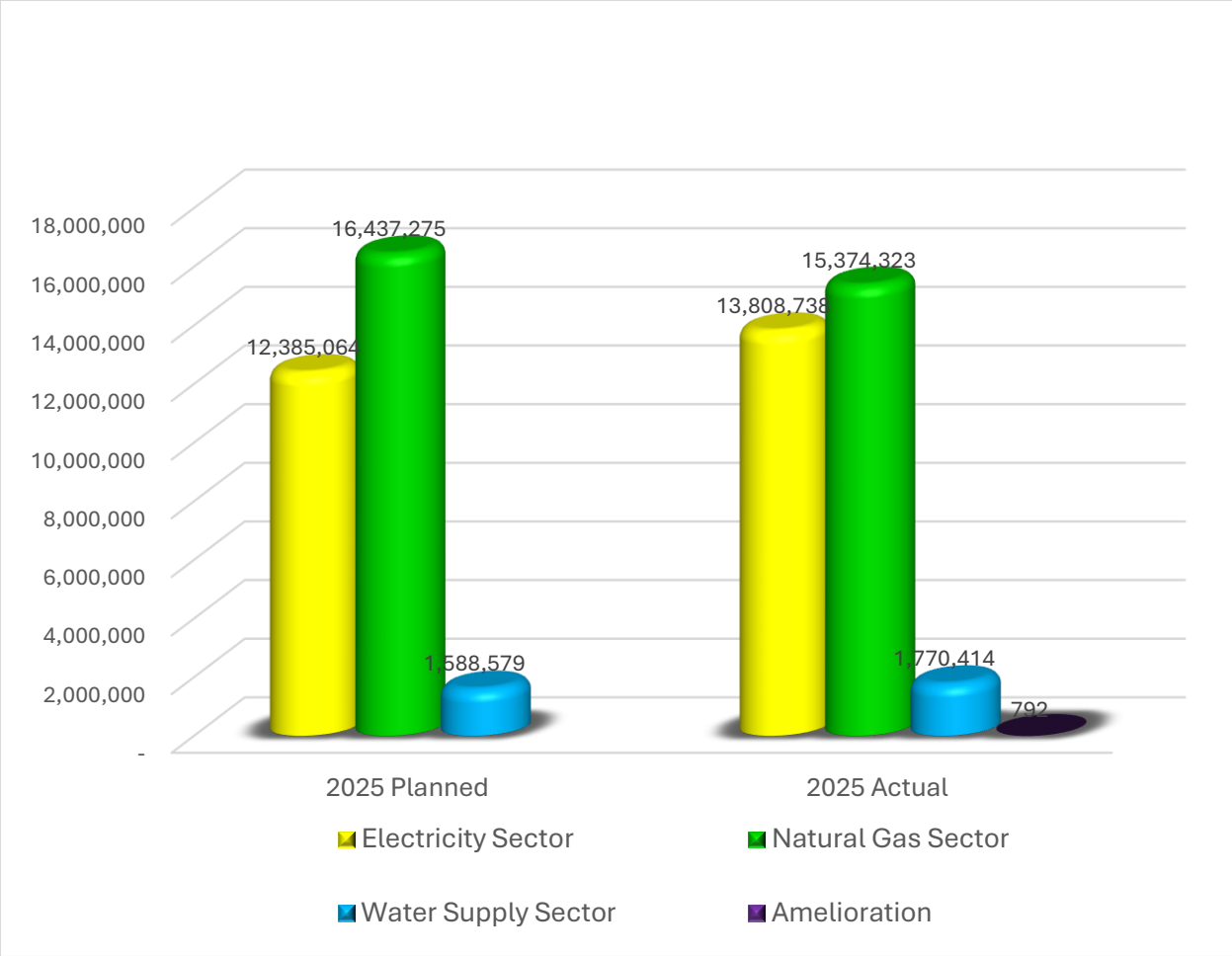


Figure 13.1. Planned and Actual Revenues of the Commission in 2025 (thousand GEL)

The Commission's expenditure is forecast in the budget taking into account the projected amount of regulatory fees to be received. The Commission's budget is prepared with a substantiated justification for each expenditure item, based on the need to ensure the uninterrupted functioning of the Commission.

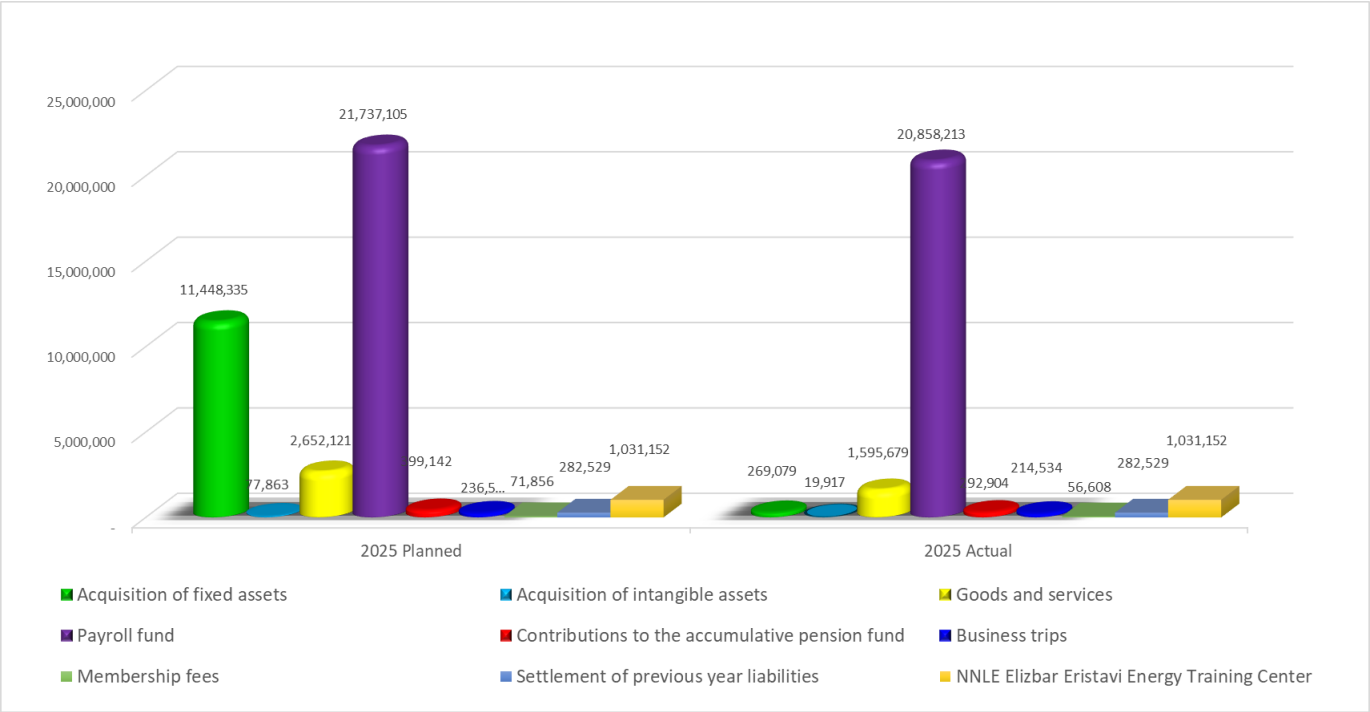


Figure 13.2 Planned and Actual Expenses of the Commission in 2025 (thousand GEL)

The approved budget of the Commission for 2025 amounts to 37,936,703 GEL.

The Independent Auditor's Report on the Commission's 2025 financial statements is attached to this Annual Report as an appendix. According to the Auditor's Report, the financial statements present fairly, in all material respects, the financial position of the Commission as of December 31, 2025, and its financial performance and cash flows for the year ended on that date, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

13.3. Procurement of Goods and Services

The Commission procures goods and services in accordance with the Law of Georgia on Public Procurement. Procurement processes throughout 2025 were conducted in line with the approved procurement plan. The annual procurement plan provided for a total amount of 2,440,368 GEL. Figure 13.3 presents information on the amounts allocated in the Commission's annual procurement plans for the period 2022–2025.

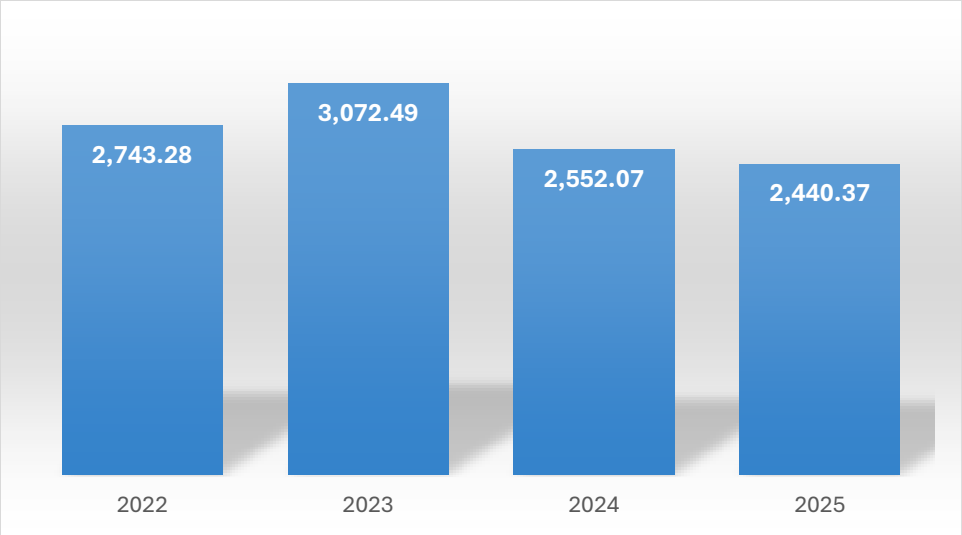


Figure 13.3. Procurement Plan of the Commission for 2022-2025

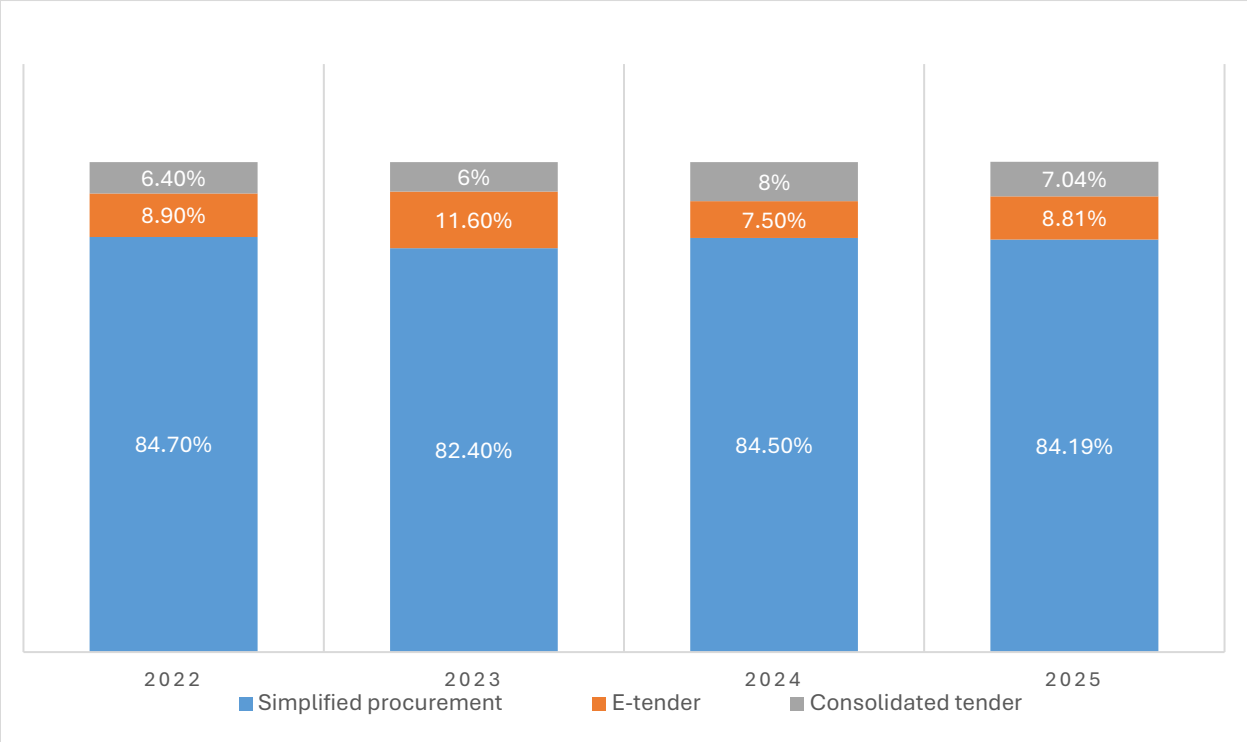


Figure 13.4. Number of Contracts by Procurement Method, 2022–2025

13.4. Administrative and Organizational Management

13.4.1. Human Resources Management

In order to enhance the efficiency of the Commission's operations and management, optimize its functions, and achieve its objectives, amendments were introduced to the Commission's statute. Based on these amendments and considering the needs of the structural units of the Office, the Commission's updated staffing structure was defined. In particular, the functional competencies, authorities, and

responsibilities of the Disputes and Services Management Department, the Market Monitoring Department, the Internal Audit Department, and the Expert-Analytical Group were redefined.

For the purpose of ensuring the equal enjoyment of rights established under the legislation of Georgia, and based on the Rules for the Evaluation of Employees of the Georgian National Energy and Water Supply Regulatory Commission[60] approved by the Commission, the mandatory programs supporting the organizational and human resource development of the Commission, as well as the career advancement and professional development of its staff, were identified based on the results of employee performance evaluations.

Throughout 2025, training activities were continuously conducted to enhance the professional qualifications of the Commission's employees. During the reporting period, the Commission's staff participated in 20 training courses organized in cooperation with the Council of European Energy Regulators (CEER), the Training Center of Justice of Georgia, the Public Audit Institute LEPL under the State Audit Office, and the Elizbar Eristavi Energy Training Center NNLE.

During the reporting period, information containing personal data was stored at the Commission in both electronic and physical forms. In both cases, the processing and storage of data were carried out in compliance with the requirements established under the legislation of Georgia. No claims, violations, or incidents related to personal data processing were identified during the reporting period.

In accordance with the Internship and Practicum Rules[61] approved by the Chairman of the Commission, internship programs were implemented at the Commission for students from Georgian Technical University, Caucasus University, Ivane Javakhishvili Tbilisi State University, and Free University. In total, five students completed internships at the Commission during the reporting period.

The Commission ensures the protection of equal rights and freedoms for women and men. In terms of both employment and professional development, employees are provided with equal opportunities and conditions. The distribution of the Commission members and employees according to various criteria is presented in Figures 13.5 and 13.6.

[60] See Commission Decision №39/4 of July 28, 2023.

[61] See Order №1128 of November 15, 2023 of the Chairman of the Commission.

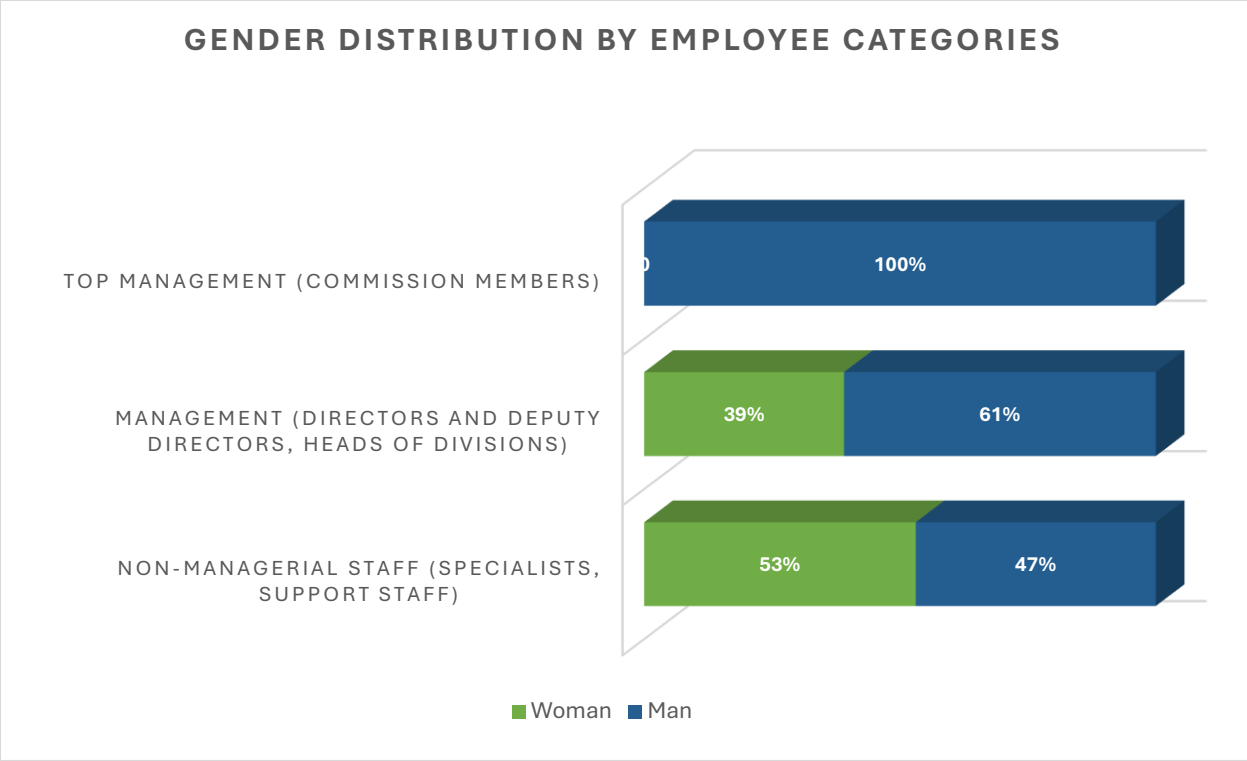


Figure 13.5. Distribution of Commission Members and Staff by Gender

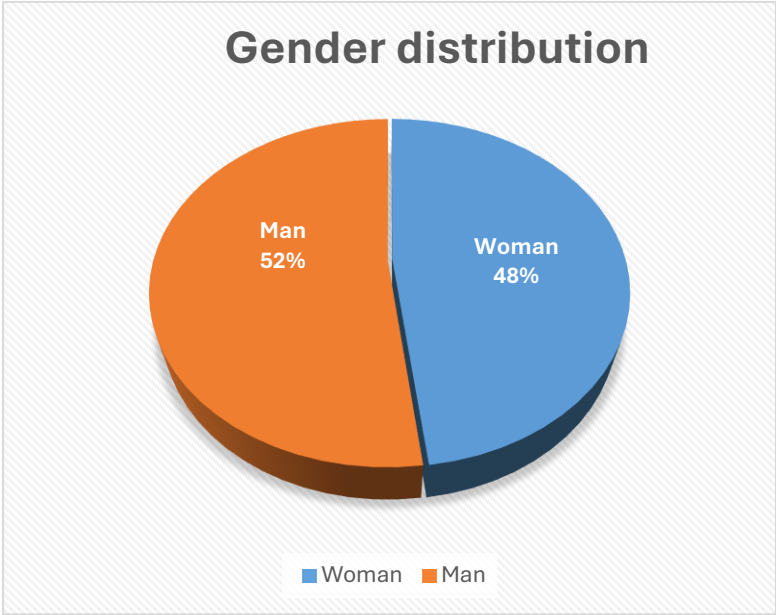


Figure 13.6. Distribution of the Commission's Employees by Gender

13.4.2. Records Management

The Commission's records management is carried out in accordance with Decree №414 of the President of Georgia of July 1, 1999, on Approval and Entry into Force of the Uniform Rules of Records

Management, and the Commission's Records Management Rules approved by Order №45 of January 24, 2020 of the Chairman of the Commission.

The Commission maintains departmental registers, including a register of incoming and outgoing correspondence. In 2025, a total of 13,674 applications/letters were received by the Commission.

The Commission's portal includes modules for the recording and management of disputes reviewed by the Commission, public hearings, as well as resolutions and decisions of the Commission. This significantly contributes to the effective functioning of a unified case management system within the Commission.

Legal, economic, licensing, and scientific-technical documents received by the Commission, as well as those generated as a result of its activities, are included in the Commission's archival fund. Responsibility for archival records management is assigned to a designated person appointed by order of the Chairman. In organizing its departmental archive, the Commission is guided by the Regulation of the Expert Commission approved by Order №27 of January 14, 2025 of the Chairman of the Commission, as well as by the Consolidated Records Retention Schedule of the Commission's Office and the Office of the Public Defender of Consumers' Interests under the Georgian National Energy and Water Supply Regulatory Commission. The Commission cooperates with the National Archives of Georgia. The Commission's departmental archive management module and its electronic archive, covering information from 1996 to 2021, have been updated. During the reporting period, scientific and technical processing of the Commission's archival documentation for 2018–2021 was carried out by specialists of the National Archives of Georgia under an agreement concluded with the institution. In addition, an appraisal examination of archival documents from 1997–2021 was conducted.

As a result of the appraisal process, inventories of permanently and long-term retained records were prepared, documents with expired retention periods were identified and disposed of, and permanent records were digitized through the Commission's departmental archive module. A software module for managing electronic versions of these documents was also developed.

The management of classified incoming and outgoing documentation within the Commission is carried out by a designated official appointed by order of the Chairman of the Commission.

In accordance with the Law of Georgia on Licenses and Permits, the Commission maintains a departmental licensing register. During the reporting period, one new entry was added, eight existing entries were amended, and two entries were removed, reflecting the issuance, amendment and revocation of licenses during the same period.

The maintenance of the licensing register is the responsibility of a person[62] designated by order of the Chairman of the Commission. The electronic licensing management system has been updated and includes information from 1998 to the present.

On the basis of the Commission's submission, the data provided for under Article 13 of the Law of Georgia on Licenses and Permits are entered into the State Licensing Register, and information on the issuance of a license is published on the website of the Legislative Herald of Georgia LEPL.

In order to improve customer service, the Commission successfully operates a Public Reception Office and a Pass Bureau.

[62] Orders №1176 of September 30, 2024, and №131 of February 20, 2025 of the Chairman of the Commission on Approval of the Rules for License Numbering and the Form of the Departmental Licensing Register

13.4.3. Public Accessibility of Information

In accordance with the Rules for Requesting Public Information in Electronic Form and for Proactive Disclosure at the Georgian National Energy and Water Supply Regulatory Commission, approved by Commission Resolution №7 of March 28, 2014, the Commission ensures the proactive disclosure of public information on its official electronic resource (the Commission's website – www.gnerc.org).

In accordance with Article 49 of the General Administrative Code of Georgia, the Commission prepared and, by Decision №54/27 of 4 December 2025, approved the report on public information. The report covered the implementation of freedom of information within the Commission in 2025, the accessibility of public information, as well as an analysis of compliance with the obligations set out in Article 40 of the same code regarding the provision of public information and adherence to the statutory time limits.

In accordance with Article 49 of the General Administrative Code of Georgia, the report was submitted to the President of Georgia, the Prime Minister of Georgia, and the Parliament of Georgia, and was published on the website of the Legislative Herald of Georgia LEPL.

In 2025, a total of 33 written requests for public information were received. Of these, 22 were fully satisfied, 10 were partially satisfied, and 1 was rejected. The partial satisfaction of requests and rejection of requests were due to the non-availability of the requested information within the Commission, its confidential nature, or the existence of relevant legal grounds.

With regard to requests for public information, the official responsible for ensuring access to public information maintained a register of requests for the provision of public information or clarifications, both received via the Commission's official email (publicinfo@gnerc.org) and through the chancellery.

A public information management module has been established, which is available on the Commission's internal electronic portal and covers information for the period 2016–2025.

13.4.4. Public Sessions and Recording of Proceedings of the Commission

The Commission complies with the requirements of Article 32 of the General Administrative Code of Georgia regarding the publicity of its sessions. In particular, Commission meetings are public and may be attended by any interested person, except in cases where a meeting or a part thereof is held in closed session. During the reporting period, the Commission did not adopt any decision to hold a closed session or a part thereof.

In accordance with the procedure established by law, the Commission's decisions are adopted either at a public session following an oral hearing or without an oral hearing. Prior to the adoption of decisions subject to oral hearing procedures (including decisions on the issuance, modification, suspension or revocation of licenses; setting, amendment, or cancellation of tariffs; as well as on individual disputes between citizens and regulated undertakings, or between such undertakings), public consultations are held. Information on the conduct of public sessions is published on the Commission's official website.

In 2025, the Commission held 63 meetings, at which it adopted 71 resolutions and 1,332 decisions, while 226 decisions were adopted without oral hearings.

Resolutions and decisions adopted by the Commission are published electronically on the Commission's official website (www.gnerc.org), while resolutions are also published in the Legislative Herald of Georgia.

At the request of an interested party, the Commission makes decisions regarding the recognition of information submitted by licensee companies as commercial secrets. During the reporting period, no decisions were adopted that contained information constituting commercial secret. The Commission's public sessions are recorded in electronic form using specialized software.

13.4.5. Internal Regulatory Acts of the Commission

In order to improve working conditions, strengthen the institutional environment, and raise awareness in the field of modern labor relations, the Commission's operational principles and procedural approaches were harmonized and adjusted in line with relevant international legal standards. As a result of this process, a number of legal regulations and normative mechanisms were introduced, aimed at refining the legal framework of labor relations and ensuring its effective implementation.

14. Energy Training Center

Since 2022, the Commission's activities have expanded to include an educational component, for the implementation of which the Elizbar Eristavi Energy Training Center (hereinafter - the Training Center) was established as a non-entrepreneurial (non-commercial) legal entity.

During 2025, the Training Center organized 14 training courses, including courses on the principles of regulatory cost audit and tariff regulation, consumer rights protection, and electricity sector regulation. Participants included representatives of regulated enterprises, students of higher education institutions, representatives of the business sector, staff of the Public Defender of Consumer Interests (Energy Ombudsman), as well as employees of the Commission's staff.

The Training Center also conducted courses for international participants. In particular, a training course on regulatory issues was delivered for employees of the Department for Regulation of the Fuel and Energy Complex under the Ministry of Energy of the Kyrgyz Republic. The course covered tariff regulation and methodologies, the structure of the electricity market, technical regulation, and the harmonization of Georgian legislation with European Union law.

In partnership with Ivane Javakhishvili Tbilisi State University, the Training Center is implementing the project "Research on the Energy Sector Security of Georgia". The project has a duration of three years and aims to analyze the institutional, infrastructural, legislative, human resource, and technological environment of the country from the perspective of energy security. The research constitutes an effort to establish a methodological basis for addressing energy security issues, which will facilitate a systematic assessment of the country's main energy capacities and risks, with the aim of supporting the development of Georgia's energy security strategy.

In 2025, the Training Center implemented the project "Sharing the Experience of the Visegrad Countries in the Regulation of Utility Services". Within the framework of the project, a research document on the regulation of utility services was prepared, training sessions and public lectures on regulatory issues were conducted, and a practical guideline was developed on the regulation of the electricity, natural gas and water supply sectors.

With the support of the United Nations Children's Emergency Fund (UNICEF), the project "Safe Future for Youth - Water and Environmental Health" was implemented. The project aimed to raise awareness among adolescents and young people on environmental issues (drinking water, indoor air pollution, heat waves), health, and the reduction of risks associated with water-related disasters; to stimulate interest in these topics among young people, particularly school pupils; to strengthen the idea of responsible management and protection of the country's water resources; and to increase youth engagement.

Within the framework of the project "The Path of Electricity from Production to its Consumption", school students from the Telavi and Kvareli municipalities participated in training sessions, public lectures and field visits to energy facilities. A thematic exhibition of student works and a summer school were also organized. The project aimed to inform school students about energy-related issues and to raise awareness of renewable energy and energy efficiency. At the final event of the project, students presented their own prepared presentations on energy topics.

In 2025, the Training Center received the Energy Globe Award for the successful implementation of the UNICEF - supported project "Raising Awareness of Youth of the Regions on Drinking Water Quality and Water Resources".

In 2025, public lectures organized by the Training Center were held at Batumi Shota Rustaveli State University and Akaki Tsereteli State University of Kutaisi. Training sessions were also conducted for students of public schools in the cities of Poti and Rustavi on the topics “Energy as a Profession of the Future” and “Strengthening the Role of Women in the Energy Sector”. The Training Center also organized field visits for participants to energy facilities.

In 2025, the Training Center held up to 20 meetings within the framework of various projects and activities. Throughout the year, a number of informational meetings were also organized to provide stakeholders with information about the Training Center, its achievements and future plans.

The Training Center continues to plan and implement activities aimed at raising awareness in the fields of energy and water supply, as well as educational initiatives for various target groups.

15. Annexes

Annex №1. List of Licensees in the Electricity Sector

№	Licensee name	License number	License series
Generation			
1	“Georgian Water and Power” LLC (Zhinvali HPP)	7	11
2	“Vardnili HPP Cascade” LLC	8	11
3	“Enguri HPP” LLC	11	11
4	“Eastern Energy Corporation” LLC (Khadori HPP)	59	11
5	“Vartsikhe-2005” LLC	62	11
6	“Georgian International Energy Corporation” LLC (Tbilsresi)	78	11
7	“G-Power” LLC	79	11
8	“Energia” LLC (Larsi HPP)	81	11
9	“Sakartvelo-Urban Energy” LLC (Paravani HPP)	82	11
10	“Gardabani Thermal Power Plant” LLC	83	11
11	“Mtkvari Energy” LLC	85	11
12	“Kartli Wind Power Plant” LLC	86	11
13	“Darial Energy” JSC	87	11
14	“EP Georgia Generation” JSC	88	11
15	“Adjara Energy-2007” LLC (Khelvachauri HPP 1, Kirnati HPP)	89	11
16	“Adjaristsqali Georgia” LLC (Shuakhevi HPP)	90	11
17	“Old Energy” JSC	91	11
18	“Svaneti Hydro” LLC (Mestiachala HPP 2)	92	11
19	“Gardabani Thermal Power Plant 2” LLC	93	11
20	“Mestiachala Energy” LLC (Mestiachala 1)	94	11
21	“Georgian Investment Group Energy” LLC (Khobi 2)	95	11
22	“Khrami HPP I” JSC	96	11
23	“Khrami HPP II” JSC	97	11
24	“Mtkvari HPP” LLC	98	11
Distribution			
1	“Telasi” JSC	58	14
2	“Energo-Pro Georgia” JSC	59	14
Transmission			
1	“Georgian State Electrosystem” JSC	8	12
Market Operation			
1	“Georgian Energy Exchange” JSC	1	17
2	“Georgian State Electrosystem” JSC	2	17

Annex №2. SAIDI and SAIFI Indicators Attributable to Internal Causes of Distribution System Operators, by Service Centers

"Telasi" JSC

Service center	SAIDI	SAIFI
Gldani	11:38:51	9.00
Didube–Isani	8:22:08	7.66
Dighomi	17:03:26	11.95
Varketili	13:38:38	8.62
Vera–Vake	11:45:22	6.58
Mtatsminda–Krtsanisi	19:12:26	9.72
Nadzaladevi	8:17:35	6.69
Saburtalo	9:37:00	8.39

"Energo-Pro Georgia" JSC

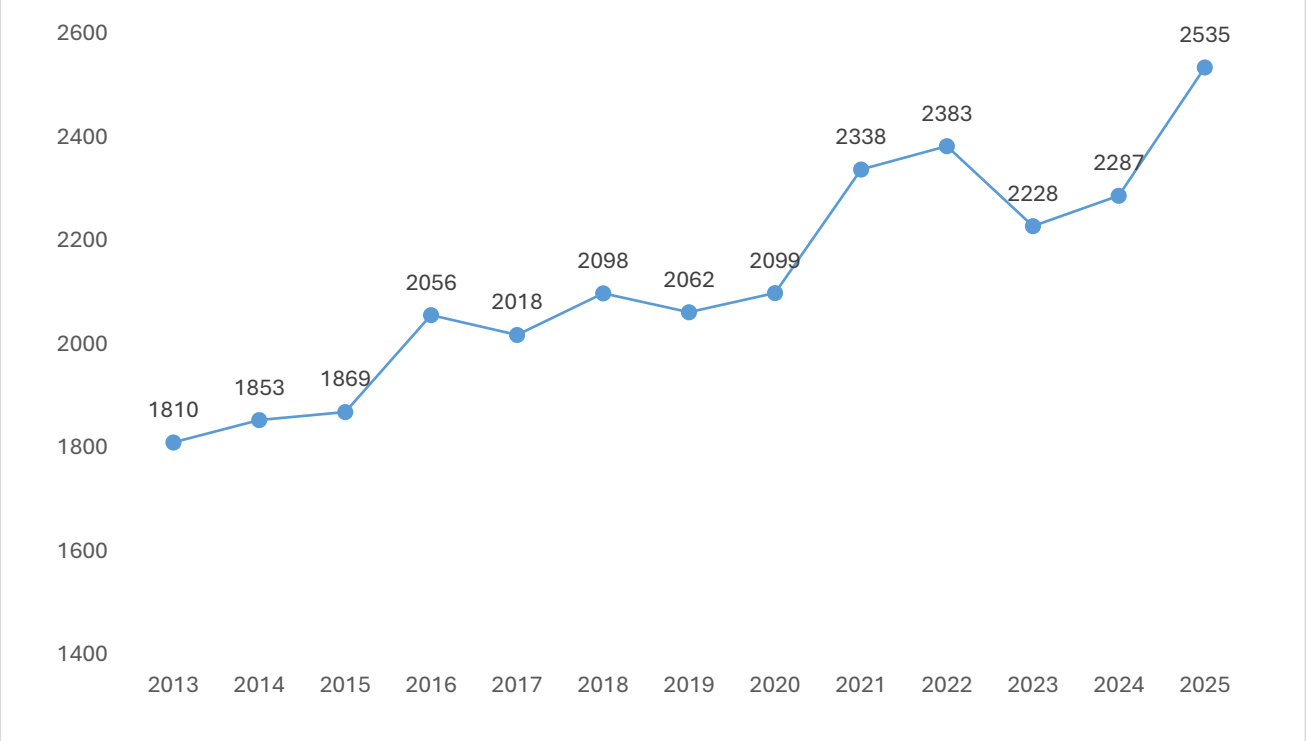
Service center	SAIDI	SAIFI
Abasha Municipality	132:54:10	90.06
Ambrolauri Municipality	106:35:43	45.53
Akhalgori Municipality	0:03:58	0.05
Akhalkalaki Municipality	55:36:09	38.40
Akhaltsikhe Municipality	56:50:37	32.09
Akhmeta Municipality	75:13:50	30.39
Baghdati Municipality	61:10:56	33.03
Bolnisi Municipality	65:48:25	38.49
Borjomi Municipality	39:04:43	19.19
Gardabani Municipality	46:28:39	25.19
Gori Municipality	53:36:24	34.53
Gurjaani Municipality	59:27:35	26.72
Dedoplistskaro Municipality	52:32:45	25.21
Dmanisi Municipality	96:27:46	40.42
Dusheti Municipality	52:12:32	34.01
Vani Municipality	67:05:20	33.04
Zestafoni Municipality	78:12:14	31.97
Zugdidi Municipality	82:42:11	37.05
Tetritskaro Municipality	56:39:16	21.00

Telavi Municipality	59:07:25	29.68
Terjola Municipality	62:25:51	23.36
Tianeti Municipality	51:25:25	23.70
Kaspi Municipality	60:58:27	35.59
Lagodekhi Municipality	85:52:25	45.96
Lanchkhuti Municipality	63:56:02	37.33
Marneuli Municipality	71:56:20	43.20
Martvili Municipality	129:46:26	43.39
Mestia Municipality	148:49:14	102.86
Mtskheta Municipality	32:47:56	22.60
Ozurgeti Municipality	58:17:27	25.49
Oni Municipality	130:50:20	63.52
Sagarejo Municipality	72:57:10	33.96
Samtredia Municipality	67:51:51	28.65
Sachkhere Municipality	82:17:36	29.45
Senaki Municipality	154:30:57	77.42
Signagi Municipality	58:55:04	32.23
Tkibuli Municipality	75:32:14	32.18
City of Batumi Municipality	30:45:30	21.41
City of Tbilisi Municipality	38:10:44	23.81
City of Rustavi Municipality	20:22:29	13.91
City of Poti Municipality	60:55:55	37.87
City of Kutaisi Municipality	26:37:13	15.27
Kareli Municipality	52:23:54	42.71
Kobuleti Municipality	60:04:57	32.11
Kazbegi Municipality	60:34:55	26.54
Kvareli Municipality	74:22:01	37.15
Shuakhevi Municipality	154:42:05	55.01
Chokhatauri Municipality	99:45:09	38.93
Chkhorotsku Municipality	118:26:25	44.21
Tsageri Municipality	113:51:23	54.44
Tsalenjikha Municipality	96:48:21	31.87
Tsalka Municipality	33:39:06	24.99
Tskaltubo Municipality	78:06:27	37.36
Chiatura Municipality	114:46:47	39.62
Kharagauli Municipality	112:12:20	47.51
Khashuri Municipality	56:49:11	33.40
Khelvachauri Municipality	78:25:23	44.87
Khobi Municipality	96:37:52	66.93
Khoni Municipality	80:39:22	48.59

Annex №3. Number of Consumers in 2022-2025

Customer category	2022	2023	2024	2025
Retail Consumers	**1,987,542**	**2,030,696**	**2,085,686**	**2,152,116**
Household	1,850,042	1,888,569	1,936,691	1,999,308
Non-Household	137,500	142,127	148,995	152,808
Direct Consumers	54	64	65	69
Total	**1,987,596**	**2,030,760**	**2,085,751**	**2,152,185**

Annex №4. System Peak Load in 2013-2025 (MW)



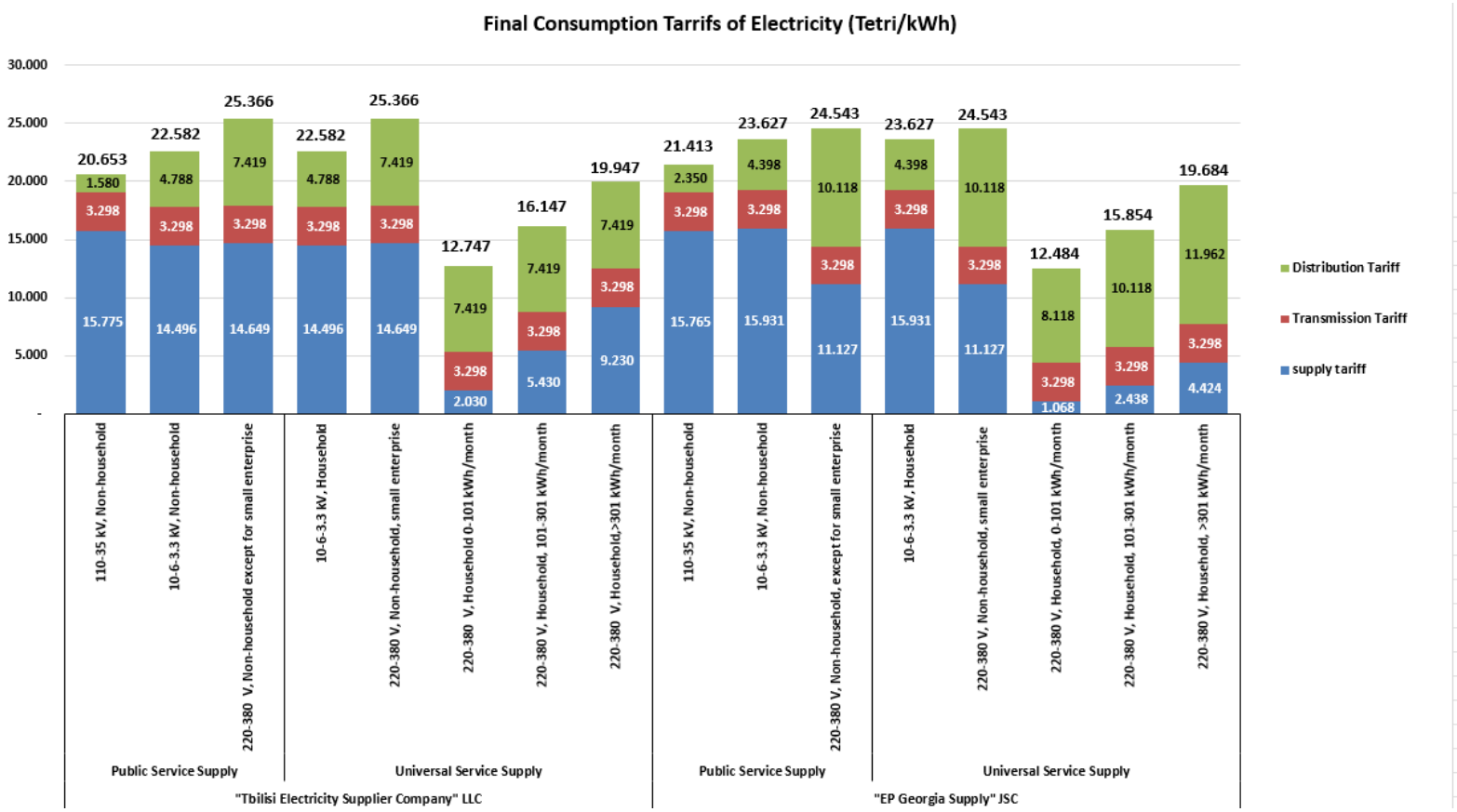
Annex №5. Electricity Losses in the Distribution Network in 2025

Losses	Distribution companies in 2025	
	"Telasi" JSC	"Energo-Pro Georgia" JSC*
Normative (%)	5.96 %	9.80 %
Actual (%)	6.01 %	9.3 %
Actual (GWh)	227.9 (GWh)	572.2 (GWh)

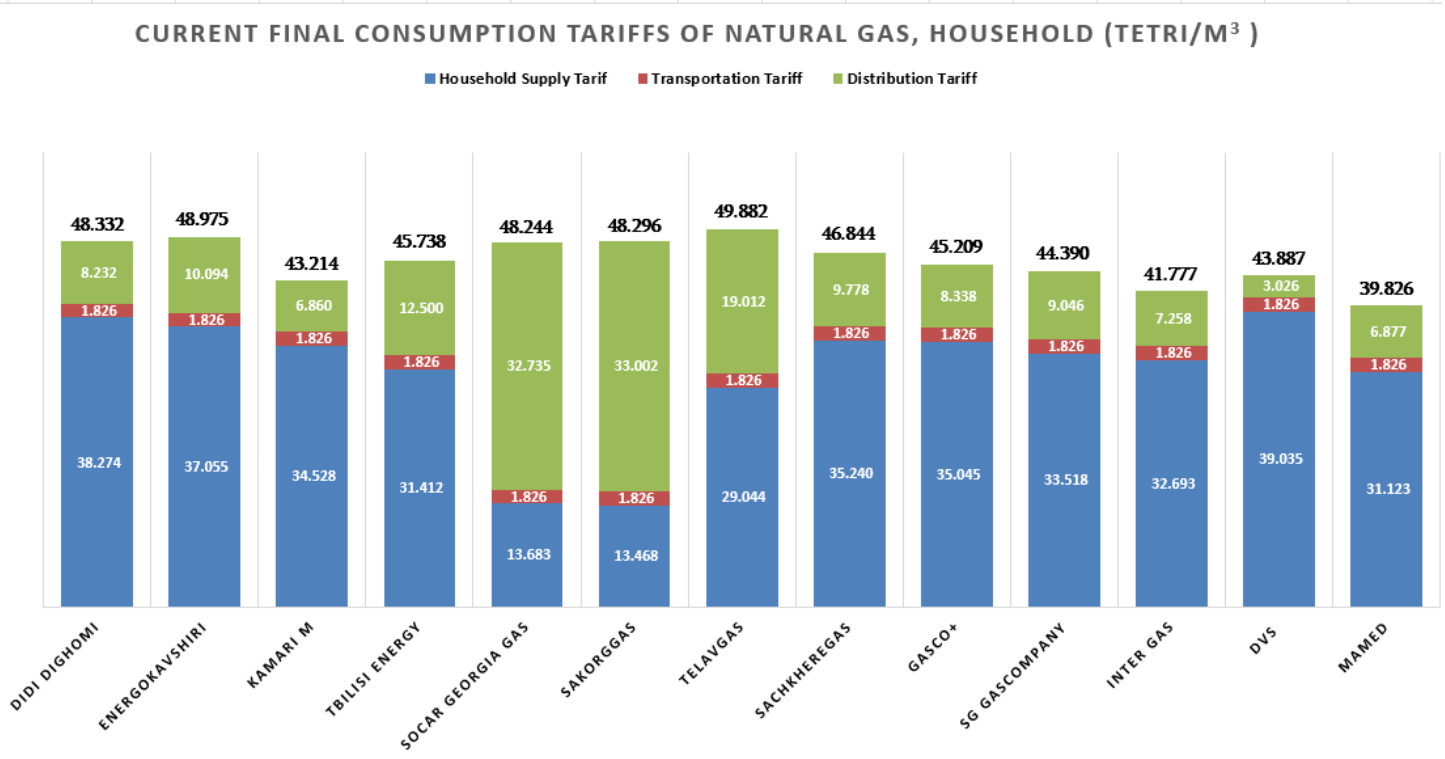
Annex №6. List of Licensees in the Water Supply Sector

№	Company name	Ownership	Number of consumers	%
1	"Georgian Water and Power" LLC (GWP)	Private	750,802	55.10
2	"United Water Supply Company of Georgia" LLC (UWSCG)	State	419,807	30.81
3	"Batumi Water" LLC (BWC)	Municipal	156,253	11.47
4	"Marneuli Village Water Company" LLC (MVWC)	Municipal	14,488	1.06
5	"Kobuleti Water" LLC (KWC)	Municipal	8,772	0.64
6	"Sachkheris Tskalkanali" LLC (SWC)	Municipal	11,305	0.83
7	"Sagarejo" LLC (SVWC)	Municipal	1,125	0.08
8	"Soguri" LLC	Private	119	0.01
Total			1,362,671	100

Annex №7. Electricity Consumer Tariffs (tetri/kWh)



Annex №8. Current Final Consumer Tariffs for Natural Gas (tetri/m³)



Annex №9. List of Suppliers at the Wholesale and Retail Natural Gas Markets (Market share)

	Supplier	Wholesale Market	Retail Market
1	Energokavshiri JSC		0.48%
2	Georgian Oil and Gas Corporation JSC	48.78%	0.27%
3	SakOrgGas JSC	3.77%	0.07%
4	Sachkheregas JSC		0.45%
5	Socar Georgia Gas Distribution JSC	0.24%	2.69%
6	Bago LLC	0.06%	0.13%
7	Gas and Petrol Company LLC	0.19%	
8	Gas Energy LLC	0.04%	0.20%
9	Gama LLC		0.15%
10	Gasco+ LLC		0.36%
11	Gogochuri and Company LLC		0.03%
12	DVS LLC		0.05%
13	Didi Dighomi LLC		0.70%
14	Energia+ LLC		0.12%
15	Energy Sales Company LLC	0.44%	3.73%
16	SG Gas Company LLC		1.36%
17	Tbilisi Energy LLC	0.04%	26.46%
18	TelavGas LLC		1.03%
19	InterGas LLC		0.68%
20	Mamed LLC		0.14%
21	Construction Company Guarantee XXI LLC		0.03%
22	Georgian International Energy Corporation LLC	0.05%	0.30%
23	Socar Gas Export-Import LLC	28.00%	20.06%
24	Socar Georgia Gas LLC	18.40%	40.25%
25	Kamari M LLC		0.26%

Annex №10. List of Licensees and Number of Consumers

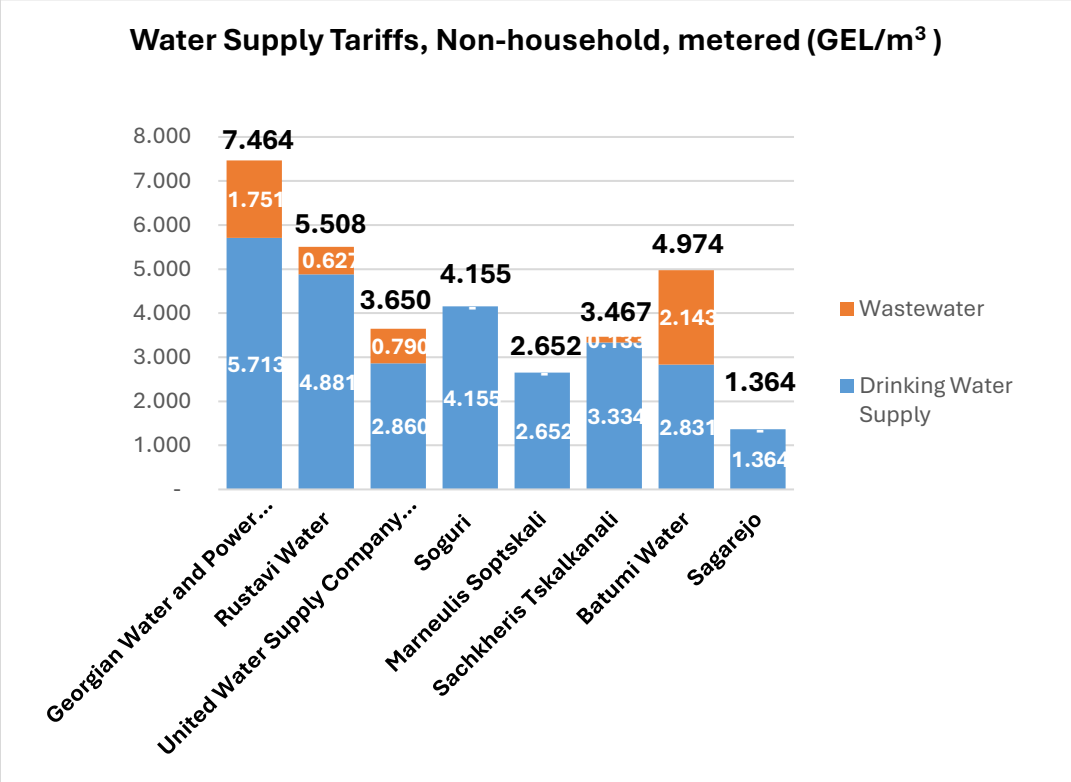
№	Name of the Company	Transportation License	Distribution License	Number of Consumers
1	Georgian Gas Transportation Company LLC	√		
2	Tbilisi Energy LLC		√	622,512
3	Socar Georgia Gas LLC		√	599,596
4	SakOrgGas LLC		√	314,872
5	Didi Dighomi LLC		√	24,324
6	TelavGas LLC		√	23,693
7	SG Gas Company LLC		√	18,798
8	Sachkheregas JSG		√	17,232
9	Inter Gas LLC		√	14,452
10	Energokavshiri JSG		√	14,005
11	Gasco+ LLC		√	11,813
12	Kamari M LLC		√	4,699
13	Mamed LLC		√	2,223
14	Gama LLC		√	65
15	DVS LLC		√	29
16	Energia + LLC		√	18
17	Gogochuri and Company LLC		√	8

Annex №11.Consumption of Natural Gas by Consumers Connected to the Natural Gas Distribution Network by Region (m3)

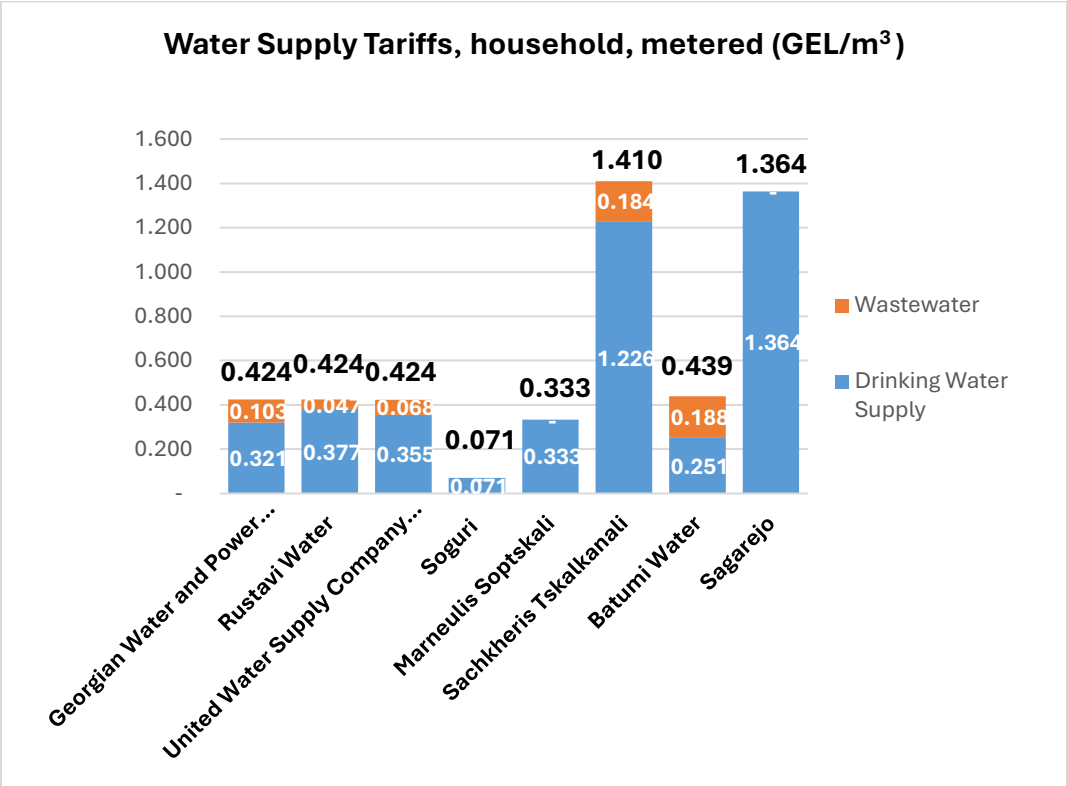
Region	Household	Non-household	Total
Tbilisi	708,407,142	165,504,377	873,911,519
Imereti	141,048,925	36,602,070	177,650,995
Kvemo Kartli	144,668,827	28,074,939	172,743,766
Adjara	128,826,963	43,351,708	172,178,671
Kakheti	112,766,371	23,911,531	136,677,902
Shida Kartli	105,264,588	21,101,538	126,366,126
Samtskhe-Javakheti	81,576,154	18,221,555	99,797,709
Mtskheta-Mtianeti	74,438,664	20,548,396	94,987,060
Samegrelo-Zemo Svaneti	72,291,776	11,301,061	83,592,837
Guria	24,595,514	9,618,140	34,213,654

Racha-Lechkhumi and Kvemo Svaneti	4,275,767	1,174,158	5,449,925
Total	**1,598,160,691**	**379,409,473**	**1,977,570,164**

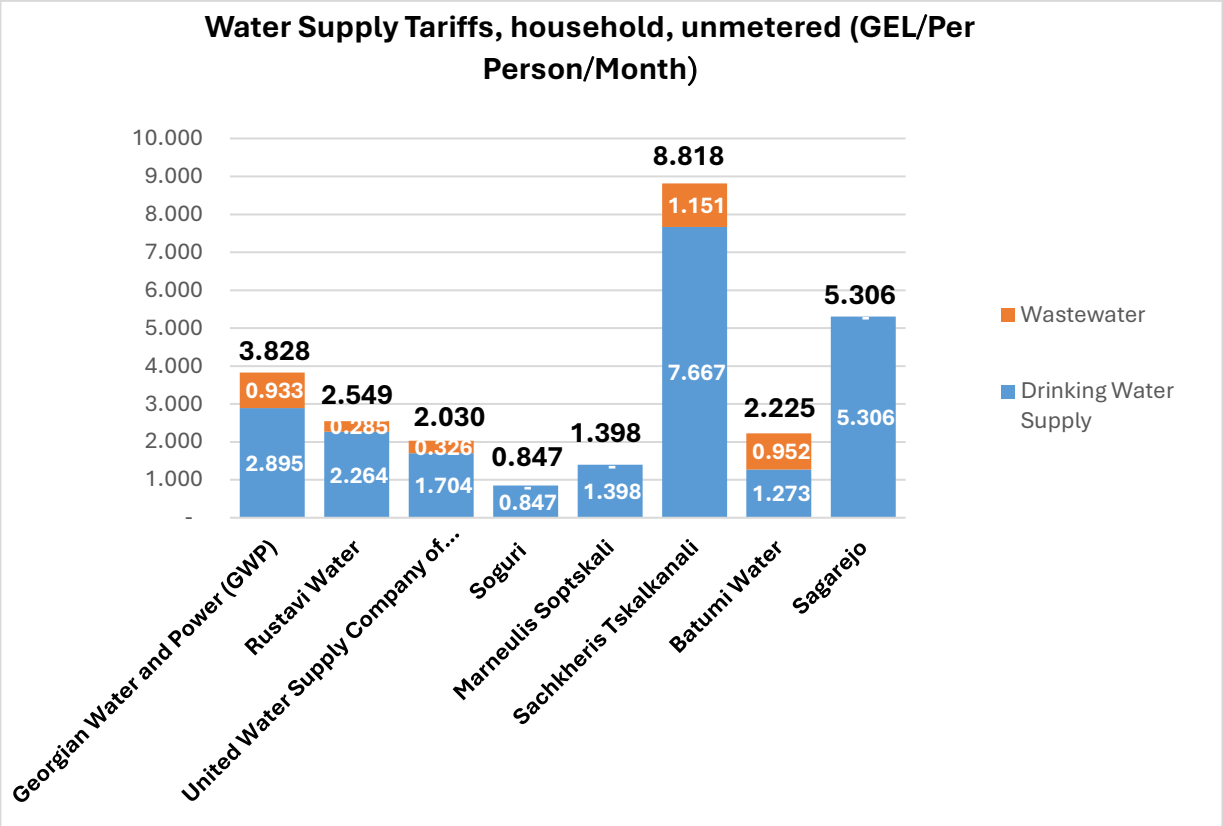
Annex №12. Water Supply Tariffs. Non-Household (GEL/m³)



Annex №13. Water Supply Tariffs. Household (GEL/m³)



Annex №14. Water Supply Tariffs. Household (Gel/Per person/month)



Annex №15. Electricity Tariffs for Universal Supply Service (Tetri/kWh)

Electricity Tariffs for Universal Supply Service (Tetri/kWh)		
Tbilisi Electricity Supply Company LLC	10-6-3.3 kV, Household	15.427
	220-380 V, Non-household, Small Enterprise	14.209
	220-380 V, Household, 0–101 kWh/month	1.590
	220-380 V, Household, 101–301 kWh/month	4.990
	220-380 V, Household, > 301 kWh/month	8.790
EP Georgia Supply LLC	10-6-3.3 kV, Household	15.931
	220-380 V, Non-household, Small Enterprise	11.127
	220-380V, Household, 0–101 kWh/month	1.068
	220-380 V, Household, 101–301 kWh/month	2.438
	220-380 V, Household, >301 kWh/month	4.424

Annex №16. Electricity Supply Tariffs as a Public Service

Electricity Supply Tariffs as Public Service *(Tetri/kWh)*		
Tbilisi Electricity Supply Company LLC	110-35 kV, Non-household	15.052
	10-6-3.3 kV, Non-household	15.427
	220-380 V, Non-household, Excluding Small Enterprises	14.209
EP Georgia Supply LLC	110-35 kV, Non-household	15.765
	10-6-3.3 kV, Non-household	15.931
	220-380 V, Non-household, Excluding Small Enterprises	11.127

Annex №17. Tariffs for the Electricity Supply of Last Resort

Tariffs for the Electricity Supply of Last Resort (Tetri/kWh)	
Tbilisi Electricity Supply Company LLC	18.661
EP Georgia Supply LLC	18.189