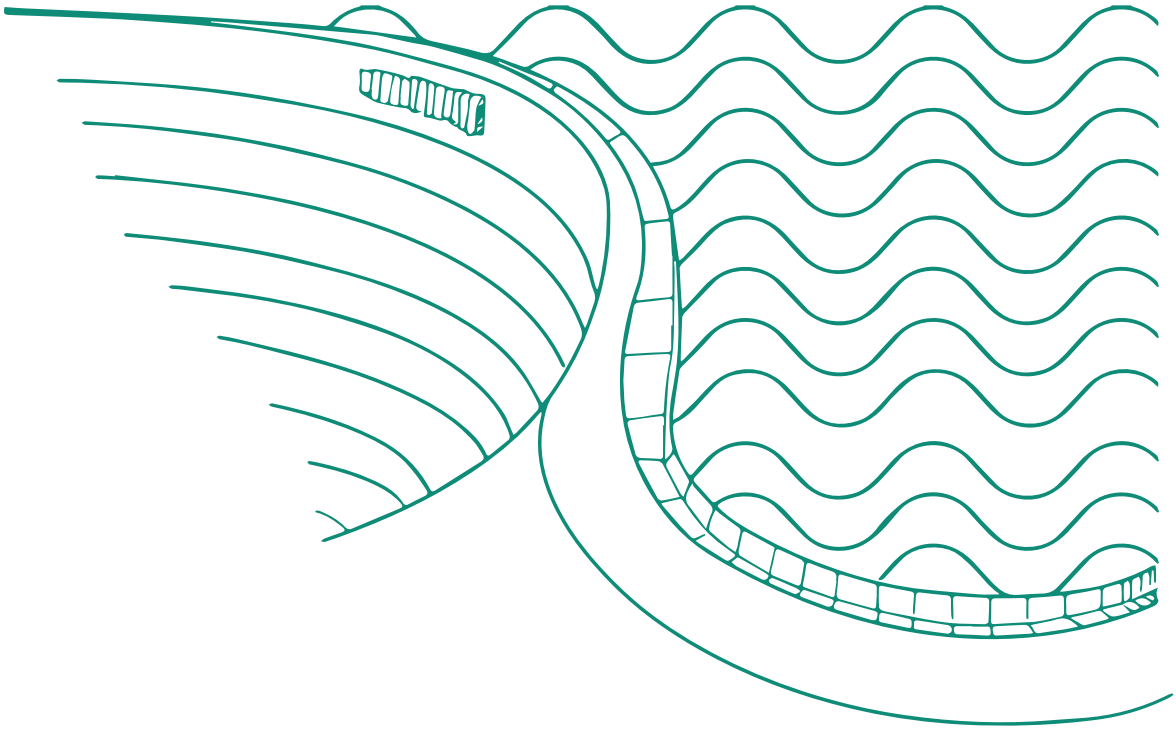
GEORGIA

Annual Implementation Report



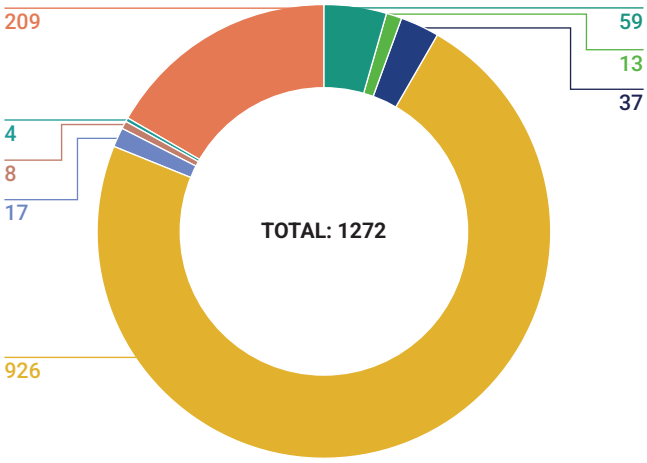
1 November 2025

Energy Community Secretariat

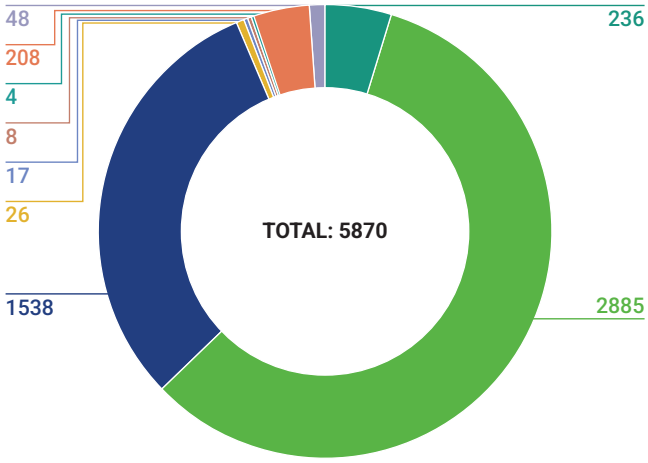
Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
Markets and integration	31%	Georgia should urgently complete EIP transposition. Implementation should prioritise TSO unbundling completion, balancing market opening and retail market liberalisation. Georgia should fully unbundle the gas TSO and DSOs, adopt the tariff network code and entry/exit system, implement balancing rules and apply its gas market concept design and retail market rules.
Decarbonising the energy sector	51%	Georgia should finalise climate legislation transposing the adapted Governance Regulation, complete MRVA transposition and implementation. It should urgently amend the Renewable Energy Law and adopt the remaining by-laws, finalise its long-term building renovation strategy and initiate a comprehensive assessment of efficient heating and cooling potential.
Ensuring energy security	77%	Georgia should adopt the Preventive Action Plan and Emergency Plan, drafted in accordance with Regulation (EU) 2017/1938 and subsequently amended in accordance with the Secretariat's Opinions.
Improving the environment	63%	EIA and SEA procedures must be applied systematically at a stage when all options remain open and outcomes can meaningfully influence decision-making. Given the setback in adoption of the draft law on biodiversity, it is crucial to expedite subsequent actions and initiate adoption.
Performance of authorities	75%	GNERC should be mandated to perform all EIP regulatory tasks. Georgia is encouraged to review the institutional setup for competition acquis enforcement and to urgently reform the State aid framework and GCCA powers. Further, it should ensure that GEOSTAT fully aligns with Eurostat requirements.

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



2022 Gross available energy per product (in ktoe)



Source: Eurostat database

Solid fossil fuels · Natural gas · Oil and petroleum products · Hydro · Solar thermal · Solar photovoltaic · Primary solid biofuels · Charcoal · Wind · Pure biodiesels · Electricity · Biogases · Geothermal · Industrial waste · Non-renewable waste · Renewable municipal waste · Non-renew. mun. waste

OVERALL NUMBER OF CASES 4

Procedures under Article 91 EnCT

- ECS-1/23 **electricity and gas**
- ECS-7/24 **electricity**
- ECS-15/24 **oil**
- ECS-25/24 **renewable energy**

Markets and integration
Georgia

ELECTRICITY 41%

Wholesale market 26%

Georgia has not yet transposed the Electricity Integration Package (EIP), the deadline for which was 31 December 2023. Accordingly, the Secretariat has initiated an infringement procedure for non-transposition. Draft amendments to Georgia's Law on Energy and Water Supply required for the transposition of Directive (EU) 2019/944 and Regulation (EU) 2019/943 have been developed with support from the EU4Energy Governance Project. The Ministry of Economy and Sustainable Development is currently finalising a comprehensive legislative package, expected to be submitted to Parliament during the autumn 2025 session. Other acts under the EIP—except for Regulation (EU) 2019/941, which has already been transposed—do not yet apply to Georgia due to the absence of interconnection with other Energy Community Contracting Parties or EU Member States.

At present, Georgia's wholesale electricity market operates under two complementary legal instruments: the Electricity (Capacity) Market Rules approved by the Minister of Energy in 2006, which govern bilateral contracts and the "balancing market" operated by ESCO, and the Electricity Market Rules approved by the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in 2020, which regulate the day-ahead and intraday markets. The Electricity Market Concept Design, approved by the Government in 2020, defines the guiding principles for market organisation and transition to the target model.

The day-ahead and intraday markets were officially launched in 2024. Participation in these markets remains voluntary, while access is restricted to a defined group of entities. Eligible buyers include direct consumers, universal service suppliers, suppliers of electricity as a public service, competitive suppliers, suppliers of last resort, the transmission system operator (TSO) and distribution system operators (DSOs). On the selling side, participation is open to deregulated power plants, those with partial public service obligations (for the share of generation not covered by public service obligations), power plants under guaranteed power purchase agreements with ESCO outside mandatory delivery periods, and power plants benefiting from support schemes, but only for electricity generated beyond the support period. On the day-ahead market, traded volumes remain low, although they increased in 2025 compared to the previous year.

To date, the only trading activity recorded on the intraday market occurred on 6 May 2025. Outside the organised markets, electricity continues to be traded on a bilateral basis.

Under the target model, the electricity market model concept requires TSOs and DSOs to procure electricity to cover losses exclusively through the electricity exchange. However, its transitional provisions only entitle them to do so optionally. The Electricity (Capacity) Market Rules allow TSOs and DSOs to purchase balancing energy for losses from ESCO under standard conditions.

In addition, the Retail Electricity Market Rules adopted by GNERC oblige DSOs to reimburse suppliers for electricity fed into the grid by prosumers at the average weighted purchase price defined in the universal supplier's tariff, with settlements carried out monthly and, in the case of universal and public service suppliers, through an additional annual settlement. This mechanism is based on the premise that prosumers' surplus electricity reduces network losses, and reflects the current design of the transitional wholesale market setup. However, this assumption lacks a sound technical and economic justification. Such arrangements result in non-market-based financial transfers, distort cost-reflectivity and are contrary to Article 31(5) of Directive (EU) 2019/944, leaving Georgia only partially compliant with the acquis on the transparent and market-based procurement of losses.

By GNERC Decision, technical price limits apply to organised markets, setting the minimum at 0 and the maximum at 1,000 GEL/MWh. These limits, although established to ensure initial market stability, constitute a form of price cap, which should be reviewed as liquidity and competition increase to ensure compliance with Article 10 of Regulation (EU) 2019/943 on free price formation.

Georgia's transitional market design, while marking progress through the launch of the day-ahead and intraday markets, remains non-compliant with key provisions of the Energy Community acquis. Restricted participation, continued use of price caps, monthly settlement instead of near-real-time balancing, and the absence of balance responsibility for all market participants contravene the principles of efficient, transparent, and non-discriminatory market operation required by Directive (EU) 2019/944 and Regulation (EU) 2019/943. According to the amended Electricity Market Concept Design, the balancing and ancillary services market are planned to become operational by 1 July 2027. Until then, balancing electricity prices and quantities are calculated monthly, and market participants do not bear balance responsibility.

Electricity generation is being gradually deregulated. Following the liberalisation of HPPs up to 75 MW in 2024, the next phase, scheduled for 1 May 2026, will extend deregulation to HPPs with capacities below 90 MW.

GNERC has transposed the REMIT Regulation. However, certain aspects of the national register require full alignment with REMIT obligations.

Retail market

30%

The legal framework governing the retail electricity market has not yet been aligned with the requirements of Directive (EU) 2019/944. Under the Electricity Market Concept Design, deregulation of final customers connected to 35–110 kV voltage levels, as well as those connected to 6–10 kV voltage levels with monthly consumption exceeding 1 million kWh, is foreseen by 1 July 2026. All other non-household customers, except small enterprises and households, are to be deregulated by 1 July 2027. The current framework, therefore, remains transitional and partially compliant with Article 4 of Directive on market opening and customer eligibility.

Electricity supply to households and small enterprises is provided under regulated conditions through universal and public service suppliers, while public service suppliers are designated for other retail customers. A supplier of last resort is also available. In all cases, supply tariffs remain subject to regulatory approval by GNERC. This continued regulation of retail prices is contrary to the requirements of Article 5 of Directive (EU) 2019/944.

Universal service and supplier-of-last-resort functions are in place and generally in line with Article 27 of Directive, although practical implementation remains limited by the lack of competitive supply offers and the continuing dominance of regulated tariffs. Consumer protection measures are set out in the Law on Energy and Water Supply and secondary acts, which provide for a definition of vulnerable customers. However, the existing provisions provide only temporary protection linked to tariff increases and lack a comprehensive and permanent definition of vulnerability as required by Article 28. As such, Georgia remains partially compliant with the acquis on consumer protection.

Single points of contact have been established to inform customers of their rights and available dispute resolution mechanisms. Final customers have access to out-of-court dispute settlement procedures through independent mechanisms, including the regulatory authority and ombudsman, in line with Article 26 of Directive. Participation of electricity undertakings in such procedures is mandatory. These arrangements are largely compliant with the acquis on consumer information and redress.

ENERGY POVERTY

Energy poverty is not defined in national legislation. However, vulnerable customers are defined by the Law on Energy and Water Supply. The National Energy and Climate Plan (NECP) sets a national energy poverty reduction target: to reduce the share of the population living in energy poverty from 43% in 2017 to 15% by 2030. Households in need of social assistance are identified using a rating system, which forms the basis for a national database and registry of socially vulnerable households.

Policies and measures to protect vulnerable energy households are in place. While all households pay prices below market level for electricity and gas, targeted subsidies are granted to socially vulnerable households through the social registry. Additional subsidies are provided to socially vulnerable families, residents of high-mountainous areas, large families and people living in conflict zones. Furthermore, rules are in place to protect vulnerable consumers from disconnection during critical periods. With regard to energy efficiency, programmes exist, but large-scale initiatives specifically targeting energy-poor households remain limited. Support for small-scale renewable energy and prosumers is under development, with some incentives and net-metering/self-consumption rules already in place.

The national statistical office collects indicators relevant to energy poverty, but there is no nationwide energy poverty dataset and Georgia does not participate in the relevant Eurostat surveys (SILC and HBS).

Unbundling

73%

The legal framework for unbundling and certification of the TSO has been in place since 2019 through the Law on Energy and Water Supply. However, the TSO, Georgian State Electrosystem (GSE), has not yet been certified. Legislative amendments prepared in cooperation with the Energy Community Secretariat were adopted by Parliament in December 2024, establishing specific measures required for full compliance with the ownership unbundling model under Articles 43 of Directive (EU) 2019/944. While progress has been achieved in separating control over state-owned energy companies, several measures remain pending to enable certification in accordance with the acquis. Non-compliance with the unbundling and certification provisions remains subject to an ongoing infringement case.

GSE continues to prepare and publish its Ten-Year Network Development Plans (TYNDPs) in accordance with Article 51 of Directive (EU) 2019/944.

At the distribution level, DSOs are legally and functionally unbundled, with compliance officers appointed to ensure adherence to neutrality obligations and report to GNERC. A provisional exemption from full unbundling requirements related to sharing certain common services has been granted to one DSO under the transitional framework, which is set to expire by the end of 2025. DSOs prepare five-year network development plans on an annual basis.

Access to the system

67%

Third-party access to the transmission and distribution networks is granted on a regulated basis and ensured through published tariffs approved by GNERC under transparent and non-discriminatory procedures, in line with Article 6 of Electricity Directive (EU) 2019/944.

Provisions on network access and congestion management are established under the Law on Energy and Water Supply and the applicable network codes. A new transmission network code has been drafted by the TSO, but its adoption has been delayed due to postponement of the balancing and ancillary services market opening. The connection network codes were implemented through amendments to the transmission grid code adopted by GNERC in 2019.

The tasks and responsibilities of distribution system operators are defined in the Law on Energy and Water Supply and further detailed in secondary legislation adopted by GNERC. However, this secondary legislation still needs to be fully aligned with the provisions of Articles 31–33 of Directive (EU) 2019/944.

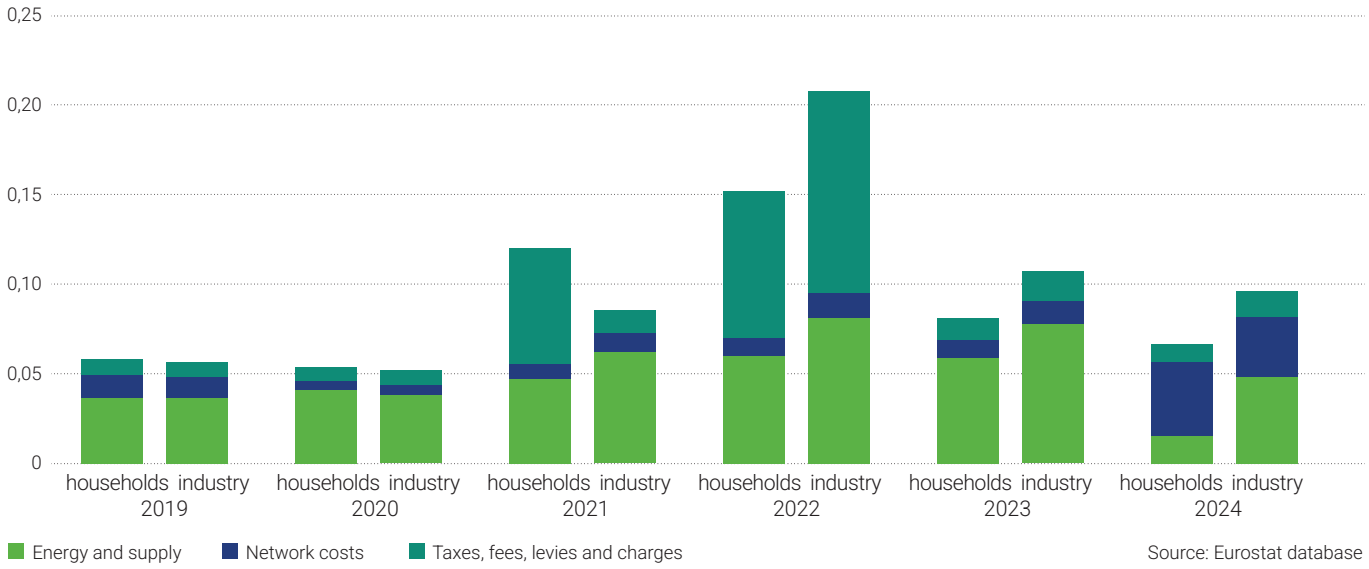
The Transparency Regulation has been transposed, and GSE publishes a limited dataset on the ENTSO-E Transparency Platform. Following an agreement signed with ENTSO-E in October 2023, the TSO committed to ensuring the accuracy and completeness of published data. While IT improvements have been implemented to enhance data reliability, the delayed launch of the balancing and ancillary services market continues to limit full implementation of transparency obligations. Georgia is therefore partially compliant with the acquis on network access and transparency.

Regional integration

n.a.

As Georgia is not physically interconnected with other Energy Community Contracting Parties or EU Member States, it benefits from a derogation from cross-border cooperation obligations, including those related to market coupling and regional coordination under the EIP. Georgia has been working on the transposition of the revised TEN-E Regulation (EU) 2022/869, the draft version is yet to be submitted to the Secretariat for review. The revised TEN-E Regulation, as adopted within the Energy Community framework, is currently not applicable to Georgia, as it lacks a direct electricity interconnection with other Contracting Parties. Nevertheless, its transposition may be necessary to support the potential Project of Mutual Interest (PMI) at the EU level that Georgia is currently promoting, namely, the Black Sea Cable Project.

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



Source: Eurostat database

GAS

20%

Wholesale market

26%

Wholesale trade operates exclusively through bilateral contracts. While the Natural Gas Market Concept Design (GMCD) outlines provisions for an organised market with daily balancing, its implementation is yet to occur as intended. Currently, gas exchange functions are exercised by the Georgian Energy Exchange (GENEX). The gas TSO, GGTC, is developing an in-house gas trading platform which, once completed, is expected to be transferred to GENEX for use in organised gas trading.

SOCAR-affiliated companies continue to hold dominant positions in this highly concentrated wholesale market. Georgia has transposed the balancing network code, but has not yet implemented it. GNERC postponed implementation until 1 January 2026, a deadline that is expected to be further extended. This is non-compliant, as such a postponement is permitted for only two years, until December 2022.

Retail market

28%

Gas supply prices for households are regulated by GNERC and remain subsidised by the state-owned company GOGC. Thermal power plants are supplied at preferential rates, as established by the memorandum of understanding between the Government of Georgia and SOCAR. However, since 2024, gas has been provided to most thermal power plants at rates closer to commercial prices as re-defined by the memorandum and respective contracts. Prices are deregulated for the commercial sector, including industry and small enterprises. Supply companies must publish gas quantities and prices on their official websites for deregulated consumers.

GNERC approved natural gas retail market rules in 2021; however, their implementation was postponed in 2024 until 1 January 2026, with a further extension expected.

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

Unbundling

8%

The TSO, GGTC, has not yet been certified. Legislative amendments, prepared in collaboration with the Energy Community Secretariat, were adopted by Parliament in December 2024, setting out a concrete set of measures required for proper unbundling. Despite progress in separating control over state-owned energy companies, some measures are still pending to establish the necessary basis for TSO certification. The case against Georgia for non-compliance remains open. The unbundling plans of distribution system operators need to be approved by GNERC. Georgia does not yet comply with the rules on distribution unbundling.

Access to the system

21%

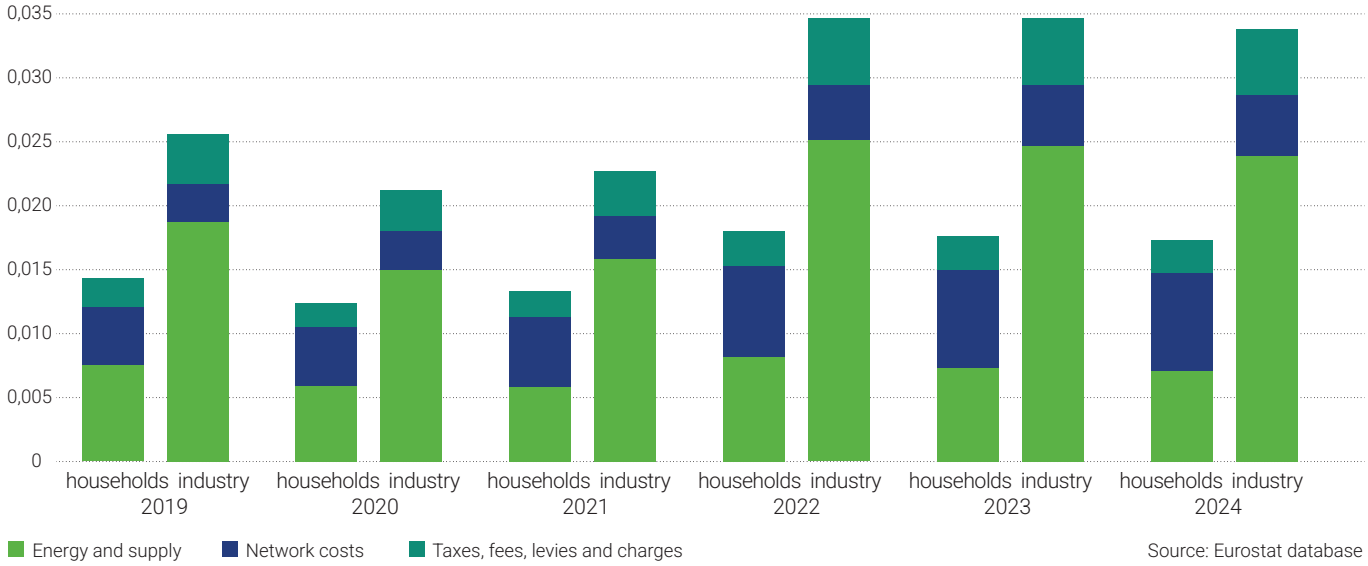
The natural gas network rules adopted in 2018 ensure transparent and non-discriminatory third-party access. Georgia is exempt from performing capacity allocation on the interconnection points, interoperability, and data exchange rules. An entry/exit tariff methodology is not yet in place. Consequently, the tariff network code is not implemented.

Regional integration

n.a.

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

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



Source: Eurostat database

Decarbonising the energy sector
Georgia

ENERGY AND CLIMATE GOVERNANCE

55%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

57%

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

Within the framework of biennial integrated progress reports, the authorities of Georgia submitted information for 16 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

Georgia has not defined the 2030 climate target in its national legislation, although it is included in the NECP adopted in 2024, The target is in line with the 2030 target set by the Energy Community (20,50 $MtCO_2eq$). The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.

2030 GHG Target*
-47,0%

National Systems for Greenhouse Gas Emissions and Climate Reporting

35%

There is no legal basis for a national greenhouse gas (GHG) inventory system and Georgia still needs to implement a national system for estimating GHG emissions. However, Georgia is working on a draft climate law. Georgia has a partially transposed legal framework for a national system for policies and measures as part of a general legal institutional framework that is not climate specific.

Georgia has made progress in climate reporting, submitting information in a timely manner on the national system of policies and measures and projections, GHG inventories and approximate GHG inventories, as well as on revenues from carbon pricing mechanisms, as required by the adapted Governance Regulation. Reports on policies and measures (PaMs) and adaptation actions were also submitted. However, information on national emission projections still needs to be submitted via the Reportnet system.

Long-term Strategy (LTS) and Climate Neutrality

47%

The legal basis for a long-term strategy has not been adopted. Accordingly, ongoing work on the draft climate law should consider inclusion of the long-term strategy. However, Georgia submitted its long-term strategy (Long-term Low Emission Developments Strategy-Lt LEDS) to the UNFCCC Secretariat in July 2023, including a 2050 climate neutrality objective. Thus, the long-term strategy is aligned with the Energy Community's 2050 climate-neutrality objective, and Georgia is currently the only Contracting Party that has adopted a long-term strategy targeting climate neutrality by 2050.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community

RENEWABLE ENERGY IMPLEMENTATION 47%

2030 Renewable energy targets 73%

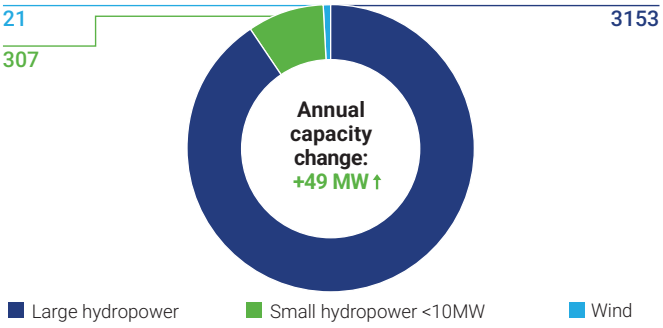
The overall renewable energy target of 27,4% of gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The 2030 renewable energy target is subdivided into sectoral targets for electricity (85%), transport (10,45%), and heating and cooling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

2030 RES Target
27,4%

Quality of support scheme 45%

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

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 3481

Source: Ministry of Economy and Sustainable Development

Self-consumption and energy communities 50%

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

Guarantees of origin 55%

In February 2023, Georgia became the first Contracting Party to launch an electronic registry for guarantees of origin (GOs) under the umbrella of the regional project implemented by the Energy Community Secretariat. Presently, GOs are only issued for renewable electricity. Amendments to the Renewable Energy Law must be adopted to extend GOs to other energy carriers, as outlined in REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels 25%

The Renewable Energy Law establishes the legal foundation for the introduction of sustainability and GHG emission savings criteria applicable to biofuels, bioliquids and biomass fuels. For these provisions to become operational, the adoption of secondary legislation fully transposing the corresponding REDII requirements remains necessary.

Renewable energy in heating and cooling

25%

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

ENERGY EFFICIENCY IMPLEMENTATION

66%

2030 Energy efficiency targets and policy measures

81%

Georgia's 2030 energy efficiency targets, as outlined in the adopted NECP, are aligned with the Energy Community's 2030 framework, including specific commitments under Articles 5 and 7 of Directive 2012/27/EU (EED).

Key legislative progress was made in June 2024, with the adoption of amendments to the Energy Efficiency Law and the Law on the Energy Performance of Buildings, effectively transposing core elements of the Energy Community's Clean Energy Package into national law. The drafting of implementing by-laws is ongoing, with some adopted during 2025, such as the rules and procedures for conducting energy audits and inspection of systems, training programmes and certification of experts.

To support monitoring and verification of energy savings, the law defines obligated reporting parties and mandates the use of the national Monitoring and Verification Platform (MVP), developed under the EU4Energy programme. A series of training sessions has been conducted to build capacity among stakeholders and ensure effective use of the platform.

2030 EE PEC Target
5,45 Mtoe

2030 EE FEC Target
5,00 Mtoe

Energy efficiency in buildings

80%

Buildings remained Georgia's largest energy-consuming sector, accounting for 44% of final energy use in 2023, with the residential segment alone responsible for 33%.

The 2024 Law on the Energy Performance of Buildings transposed Directive (EU) 2018/844. Together with the adopted by-laws, it established minimum energy performance requirements for buildings, building units and elements. It also introduced the national calculation methodology and, through additional by-laws, regulated the development and use of energy performance calculation software, the accreditation of independent experts, and the registry of certificates and inspection reports.

Remaining by-laws, which also transpose new requirements of the Energy Performance of Buildings Directive, have been drafted but await formal adoption.

The register of public buildings is posted on the Ministry's website. According to the law, the annual renovation target for central-government buildings will increase from 1% to 3%, effective from 31 December 2025.

A long-term renovation strategy aimed at mobilising investment in building upgrades is being drafted, with its adoption not envisaged until the end of 2026.

Energy efficiency scheme and financing

64%

Georgia is still working on development of its energy efficiency obligation scheme in line with the 2030 framework and complementary alternative measures, based on amendments to the Energy Efficiency Law adopted in 2024.

In 2023, a package of by-laws and model contracts for energy performance contracting was adopted, introducing a new financing model for energy efficiency improvements. To support energy-efficient public procurement, rules and procedures were established, and the State Procurement Agency published updated guidelines on green and energy-efficient procurement practices.

International funding and financing for energy efficiency continues to play a key role, with initiatives targeting energy efficiency

upgrades in schools, hospitals and other public buildings and businesses. While the NECP sets a target to reduce energy poverty by 2030, Georgia currently lacks dedicated financial support schemes for energy efficiency measures targeting energy-poor households.

Energy efficiency products - labeling

72%

Georgia's 2019 Law on Energy Labelling transposed Regulation (EU) 2017/1369. Fourteen implementing regulations covering various product groups were adopted by the end of 2024, with entry into force scheduled for late 2025.

To enhance implementation, GIZ technical assistance supports the strengthening capacity of the Georgian Market Surveillance Agency to enforce energy labelling and ecodesign rules. It is crucial to further strengthen capacities of the market surveillance authority in Georgia and increase public awareness of the energy labelling scheme.

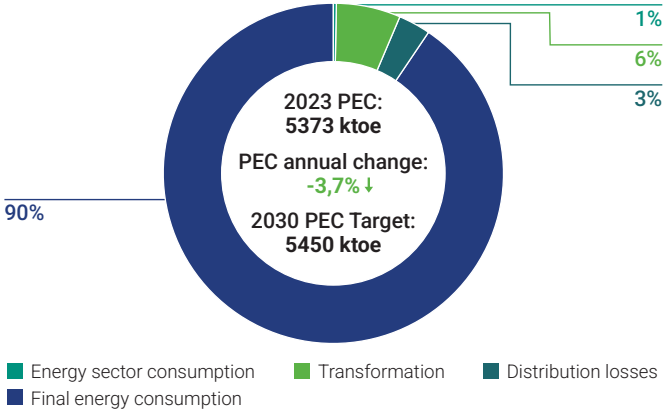
Efficiency in heating and cooling

35%

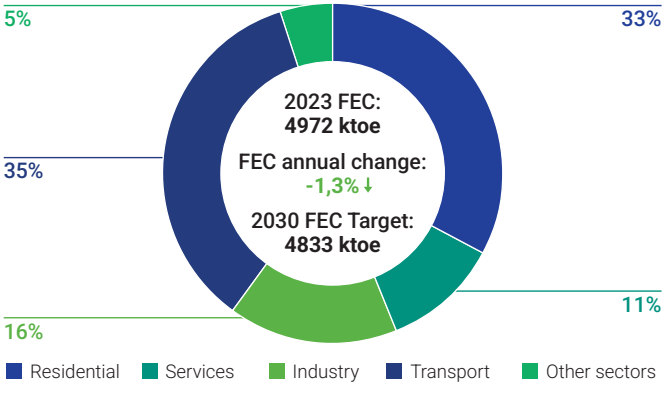
Georgia has made no further progress in either transposing or implementing the EED requirements related to heating and cooling. Although national legislation has, for several years, foreseen the preparation of a comprehensive assessment of the potential for efficient heating and cooling, the process has not yet been initiated. In addition, secondary legislation concerning the inspection of heating and air-conditioning systems is still under development. The support programme for the production and purchase of energy-efficient biomass stoves continued throughout 2025, but it remains the only policy measure implemented in the heating and cooling sector to date. It is crucial to move forward with the comprehensive assessment, as its absence leaves the sector without a strategic policy framework.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,31 ktoe/mil EUR, - 10,3% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision

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

5%

Foundations, institutions, permits

14%

Georgia has made progress in drafting legislation implementing the basics of the Emissions Trading System (ETS) Directive and a monitoring, reporting, verification and accreditation (MRVA) system, including an approval mechanism for permits, but the pro-

cess of finalising the legislation is not yet complete. The scope of activities and the list of GHG covered by the MRVA system will be transposed into secondary legislation. The competent authorities that will be involved in the permitting process for stationary installations and aircraft operators have already identified the potential entities subject to MRVA requirements and have started preparing internal procedures and processes.

Monitoring and reporting

0%

The draft law titled "Amendments to the Law on Environmental Protection" envisages the adoption of a governmental decree titled "On Monitoring and Reporting of Greenhouse Gases" and the first draft of this legislation has been developed. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary legislation, will require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate enforcement measures to ensure the fulfillment of obligations by the regulated entities.

Verification and accreditation

0%

Georgia has not transposed the Accreditation and Verification Regulation into national law. The draft law amending the Law on Environmental Protection envisages adoption of a governmental decree titled "On Approval of the Rules for Verification of Greenhouse Gases Data", which will transpose requirements for the verification process. The first draft of this legislation has been developed. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.

Ensuring energy security
Georgia

ELECTRICITY SECURITY OF SUPPLY

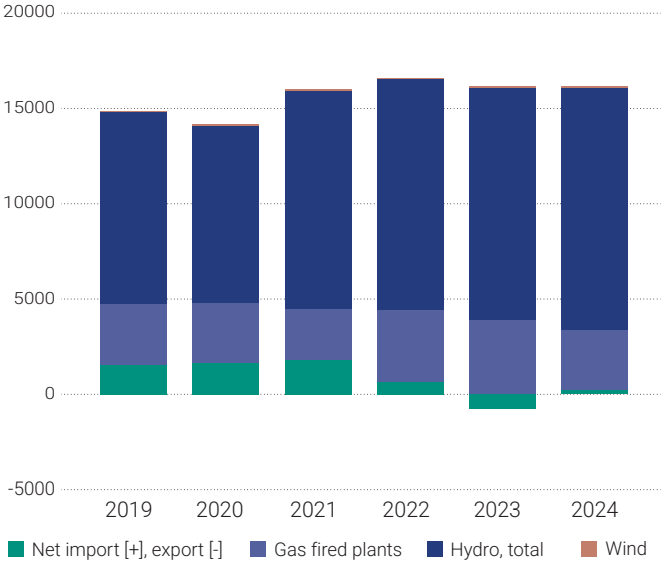
91%

Regulation (EU) 2019/941 was largely transposed through the Security of Supply Rules, adopted in December 2020. The Ministry of Economy and Sustainable Development has been designated as the competent authority. In June 2024, Georgia prepared and published its first risk-preparedness plan. Georgia is exempted from the transposition of Regulation (EU) 2017/2196.

Georgia regularly submits Security of Supply Statements to the Secretariat, with the most recent submission delivered at the end of 2024.

The 2020 Law of Georgia on Information Security promotes effective information security management, defines the roles of the public and private sectors and outlines state oversight mechanisms. It also classifies entities, including energy companies, into three categories of critical information infrastructure based on their cybersecurity importance. The Georgian National Cybersecurity Strategy (2021–2024) identifies the energy sector as critical infrastructure, highlighting the need to secure its systems against cyber threats as a component of national security.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Infrastructure and Energy, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY

96%

Georgia has largely transposed Regulation (EU) 2017/1938 by adopting Government Resolution N373 of 28 October 2024, titled "On Approval of the Procedure for Declaring Crisis Levels in the Natural Gas Sector", including Ministry of Economy and Sustainable Development Decree N 1-1/402, titled "On Approval of the Rules of Security of Natural Gas Supply".

Georgia submitted the Security of Supply Statement for Natural Gas, the Natural Gas Risk Assessment, the Preventive Action Plan and the Emergency Plan required by Regulation (EU) 2017/1938. The plans were subsequently amended in line with the Secretariat's Opinions. However, they still need to be formally adopted at the national level to become effective mechanisms for addressing risks and responding to crises when necessary.

Georgia is exempt from meeting storage obligations under the aforementioned Regulation due to its absence of gas storage and isolated location.

OIL SECURITY OF SUPPLY

10%

In Georgia, the Secretariat has reviewed a new draft Law on the Obligation to Maintain Minimum Stocks of Crude Oil and/or Petroleum Products, providing comments and recommendations. The revised draft introduces a system whereby economic operators are responsible for maintaining emergency stocks, while a designated agency oversees compliance.

The draft law reflects significant revisions compared to the earlier version, most notably an extension of the implementation timeline. The Government is now authorised to determine the required level of emergency stocks by 2030—well beyond the deadline of 1 January 2023 set by the Ministerial Council Decision.

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

However, reporting of the monthly oil stocks questionnaire remains incomplete. Tables 5b and 5c have not been reported, and the same applies to the Crude Oil Import and Supply (COIR) questionnaire. No additional progress was made during the reporting period.

In 2024, the Secretariat sent the Ministerial Council a Reasoned Request regarding Georgia's failure to transpose the Oil Stocks Directive.

Improving the environment
Georgia

Environmental assessments

63%

Georgia has further strengthened its environmental impact assessment (EIA) framework through the adoption of amendments to the Law on the Environmental Assessment Code, introducing a clear procedure for modifying operational conditions of activities covered by an environmental decision, including changes to production technology, operational conditions, capacity and project site expansion. Planned changes to projects listed in Annexes I and II of EIA Directive are subject to a screening assessment under criteria in the Code, aligned with Annex III of EIA Directive, to determine whether a full EIA is required. The procedure provides for a simplified regime, shorter administrative timeframes and exemptions from the scoping process. In addition, the amendments revise administrative timeframes, with standard environmental decisions to be issued within 85–90 days, while an expedited, fast-track procedure allows for decisions within 51–55 days. Institutional reforms transferred licensing and permitting functions from the Ministry of Environmental Protection and Agriculture to the National Environmental Agency, which established new units to ensure coordinated assessments under a single-window approach. While appropriate and water impact assessments are now streamlined with the EIA, the process is not yet fully integrated into a one-stop shop for development consent. No exemptions under Articles 2(4) or 2(5) of EIA Directive were granted during the reporting period and no procedures for Projects of Energy Community Interest were initiated or communicated to the Secretariat. During the reporting period, Georgia issued 131 screening decisions and 47 environmental decisions, with 35 EIA procedures ongoing. The reported projects include modifications to carbohydrate storage and transmission lines, as well as HPP and wind energy facilities. All HPP projects, with a combined installed capacity of approximately 400 MW, were subject to the EIA procedure, along with nearly 800 MW of wind power projects, ensuring that new energy developments were assessed for environmental impacts.

PERMIT STATUS:

Streamlined approval process in place

As part of recent legislative changes, Georgia has clarified the scope of documents subject to strategic environmental assessment (SEA), explicitly requiring that spatial planning plans at the national, autonomous republic and multi-municipal or municipal levels, as well as urban planning documents such as master plans and development plans, undergo SEA. No further steps have been taken to fully align the NECP with the SEA report, as the plan was adopted in late 2024, before the SEA was completed. The lack of follow-up measures continues to raise concerns that the environmental implications of the NECP, including impacts relating to HPP projects, may not have been fully evaluated or reflected in the finalised plan.

Large combustion plants

59%

Georgia complied with its reporting obligations under the Large Combustion Plants Directive for the 2024 reporting year. The average emissions of the four gas-fired installations falling under the scope of the Directive were mainly compliant with the emission limit values of the Directive, with minor non-compliance observed at TPP Mtkvary persisting in the 2024 reporting year. The average emissions of TPP Gardabani 2 (subject to the stricter standards of the Industrial Emissions Directive) exceeded the relevant emission limit values by around 10%.

The new Law on Industrial Emissions, adopted by Parliament in June 2023, will enter into force in September 2026. In accordance with the new law, work is currently underway on the development of by-laws, including the preparation of a draft decree with specific rules for large combustion plants. The adoption of this decree, originally foreseen for September 2025, has experienced some delays but is currently being finalised.

Installations under the Large Combustion Plants Directive

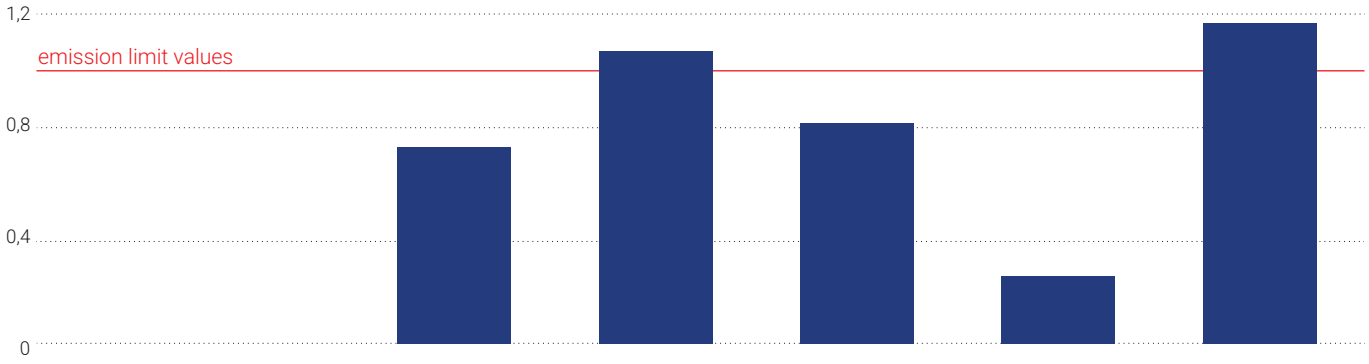
5 of plants falling under the LCPD

0 of which opted out plants

0 of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions of NO_x versus applicable emisson limit values (ELV)*



	LLC Georgian International Energy Corporation	Mtkvary Energy LLC	GPower LLC	LLC Gardabani TPP	LLC Gardabani TPP
Estimated average emissions concentaration of NO_x in 2024	137,86 mg/Nm^3	205,57 mg/Nm^3	77,32 mg/Nm^3	23,69 mg/Nm^3	56,34 mg/Nm^3

*Note: SO_2 and dust emissions N/A

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

60%

Georgia transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, by the Government Order on the Establishment of Sulphur Content Limit Values. Amendments establishing a sampling system and appropriate analytical methods, which are important for implementation of the legislation, were not adopted during the reporting period. Currently, the draft is being finalised with the involvement of stakeholder state agencies and will be submitted to the Government of Georgia for approval.

Nature protection

53%

The draft Law on Biodiversity, prepared in 2023, has not yet been adopted, continuing to hinder comprehensive biodiversity protection in Georgia. The draft incorporates an appropriate assessment mechanism and aims to further align national legislation with the Habitats Directive and the Wild Birds Directive. Georgia reported that the revision of the National Biodiversity Strategy and Action Plan (NBSAP) is ongoing. The updated NBSAP includes specific targets for the management and protection of wild bird habitats and is expected to be officially approved in 2026. During the reporting period, Georgia designated the new "Guria" National Park. Studies are ongoing to establish new protected areas in the Samegrelo and Zemo Svaneti regions. Management plans have been reported for several protected areas, including Kolkheti National Park, Lagodekhi Strict Nature Reserve, Chachuna Managed Reserve and Vashlovani National Park.

Environmental liability

90%

Georgia has transposed the provisions of the Environmental Liability Directive, and the Government has adopted four resolutions based on this law. The provisions on financial security instruments for environmental damage risks will enter into force on 1 September 2026, and a resolution on financial security is currently being drafted, with adoption expected in 2026. During the reporting period, a new sanction was introduced to the Law on Environmental Liability. In parallel with this, an amendment was made to the Criminal Code of Georgia, under which a person subject to an administrative penalty under the Law on Environmental Liability who causes significant environmental damage shall also be liable to a criminal sanction in the form of a fine or imprisonment for one to three years. For repeat offenders, the sanction shall be a fine or imprisonment for three to five years. Furthermore, the annex defining the scope of the Law on Environmental Liability was amended to harmonise activities subject to that law and the Law on Industrial Emissions. This provision will enter into force on 1 September 2026.

During the reporting period, three cases of significant soil damage, two cases of biodiversity damage and one case of water damage were identified under the Law on Environmental Liability.

Performance of authorities
Georgia

REGULATORY AUTHORITY

84%

Legal setup and independence

The designation and independence of the Georgian National Energy and Water Supply Regulation Commission (GNERC) are governed by the Law on Energy and Water Supply, adopted in 2019 and last amended in 2025. GNERC is a legal entity under public law, vested with independent regulatory authority over defined sectors, operating independently of state bodies. GNERC submits its annual report to the president, Parliament and Government, though no approval is required. This legal framework aligns with the Energy Community acquis.

GNERC has five board members, appointed by Parliament through a transparent and competitive process, with staggered terms. Members serve for a six-year term, renewable once. Outgoing members are subject to a one-year cooling-off period. The chairman is elected by GNERC members for a three-year term. Early dismissal of board members is strictly limited to specific grounds and requires a decision by Parliament. In October 2025, the Parliament of Georgia appointed one board member to a second term.

GNERC is empowered to make autonomous decisions that cannot be overruled by other government institutions. No major issues with GNERC decision-making were observed during the reporting period. GNERC is financially independent and adopts an annual budget funded primarily by regulatory fees. By 15 September annually, undertakings submit load or turnover forecasts, which GNERC uses to set fees sufficient to cover its budget. Fees are paid into GNERC's dedicated bank account for its exclusive use. Unused funds carry over to the following year and any in-year deficits are covered by fee adjustments in the next budget cycle. No financing issues were observed during the reporting period.

GNERC has the right to apply penalties under Georgian law, through written warnings or financial penalties. For TSOs or vertically integrated undertakings, non-compliance with unbundling or independence obligations can result in fines up to 10% of the previous year's turnover. For other regulated undertakings, GNERC may impose fixed fines of EUR 1500–25.000 per violation.

GNERC's staff structure, functions and competences are established by the regulatory legislative acts governing internal organisational matters. Staff remuneration levels are generally lower than industry standards. No staffing changes are currently planned to address new regulatory tasks arising from expanded powers following the upcoming transposition of the Electricity Integration Package (EIP).

In the energy sector, GNERC regulates electricity, natural gas, water supply and wastewater services. Its electricity sector responsibilities also include tasks related to guarantees of origin. GNERC has authority with respect to REMIT. The Energy Community's EIP has limited application to Georgia due to the absence of interconnections with EU Member States or Energy Community Contracting Parties. The package has still not been transposed in Georgia.

Activities in the reporting period

During the reporting period, GNERC advanced the market design by amending the retail market rules to introduce net billing and phase out net metering. Regarding pricing and tariffs, it continued to set the regulated end-user price under the public service obligation (PSO) and the commodity price for electricity producers under the PSO. While PSO principles are partly aligned with the Electricity Directive (e.g. time-limited), the overall scope of retail price intervention exceeds what the Directive permits and is therefore not compliant. GNERC also approved tariffs for the TSO, distribution system operator (DSO), supplier of last resort and universal service supplier. Regarding networks and quality, GNERC penalised DSOs for deterioration in system average interruption duration index (SAIDI)/system average interruption frequency index (SAIFI) indicators and approved DSO investment agreements. Separately from market design, GNERC launched a registry of derogations under the connection network codes. On licensing and compliance, it issued a generation licence to the Mtkvari HPP and approved the annual compliance officer reports of JSC Telasi and JSC Energo-Pro Georgia, confirming due fulfilment of statutory requirements. GNERC also adopted rules on sanctioning, amended energy market monitoring, reporting and guarantees of origin rules, approved a regulation on installing central heating systems in multi-apartment buildings, and enhanced transparency by launching a data portal and publishing electricity market reports. No REMIT cases were initiated during the reporting period.

COMPETITION AUTHORITY

35%

Legislative framework

Georgia's Law on Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A range of secondary legislation and guidelines exists, most recently including provisions on block exemptions and on interim measures.

Institutional framework

The Law on Competition establishes the Georgian Competition and Consumer Agency (GCCA) as an independent authority responsible for the protection of competition. However, the law specifies that the competent enforcement authority in the energy sector is the national regulatory authority (GNERC). Currently seven GNERC employees work on the enforcement of competition rules.

GNERC has the investigative powers to conduct unannounced inspections at companies (but not at private premises), as well as to issue requests for information and conduct interviews to gather evidence. In addition, it has the power to order cessation of illegal practices and impose remedies and fines. The institutional setup and/or capacities of the enforcement authority should be reviewed to ensure effective implementation of the competition acquis in line with its obligations under the Treaty.

In September 2024, GCCA and GNERC signed a memorandum of cooperation.

Implementation

While GNERC has investigative powers at its disposal, it did not use them to enforce competition rules in the energy sector.

STATE AID AUTHORITY

17%

Legislative framework

Georgia's system for State aid control is governed by the Law on Competition, which establishes a general prohibition of State aid and sets out grounds for compatibility. However, these provisions are not in line with the Energy Community acquis and do not ensure full implementation of Article 18 and Annex III of the Treaty. Furthermore, secondary acts are limited to de minimis aid. Amendments to the law are under consultation. Alignment of the legal framework with Energy Community requirements should be a priority for the upcoming period.

Institutional framework

The Georgian Competition and Consumer Agency (GCCA) is the national authority responsible for enforcement of the State aid prohibition. The powers of the GCCA with regard to State aid are very limited: it cannot decide on the illegality or incompatibility of State aid measures or on the recovery of unlawful aid. A reform of the setup and powers of the enforcement authority is urgently required to ensure full implementation of the State aid prohibition enshrined in the Treaty.

Implementation

The GCCA did not engage in any enforcement activities during the reporting period.

STATISTICAL AUTHORITY

95%

The National Statistics Institute (GEOSTAT) is responsible for compiling energy statistics. Annual questionnaires, including SHARES, biomass and breakdowns of household and industry consumption, are submitted to Eurostat on time and without significant issues. Transport consumption data were also reported, though some key elements, such as road data, remain incomplete. Services-sector consumption data remain unreported. A quality report on energy statistics, together with the required metadata, has also been submitted. Preliminary 2024 data were transmitted on time through the mini questionnaires.

Monthly reporting is fully compliant, with all Annex C collections under Regulation (EC) 1099/2008 submitted on time.

Since 2018, GEOSTAT has reported natural gas and electricity prices for households and industry in full compliance with the acquis, including disaggregation by consumption band, taxation level and price components. Quality reports on price statistics are also submitted and published.

Overall, Georgia has made significant progress compared to 2024, with nearly all questionnaires now submitted on time and without significant issues. The remaining gaps primarily concern incomplete disaggregated data for transport, as well as the absence of disaggregated data on energy consumption in the services sector. These shortcomings are expected to be addressed in upcoming reporting cycles. Continuing efforts to close these gaps, alongside further improvements in data quality, coverage and consistency, will help consolidate GEOSTAT's strong performance and ensure full alignment with Eurostat requirements.

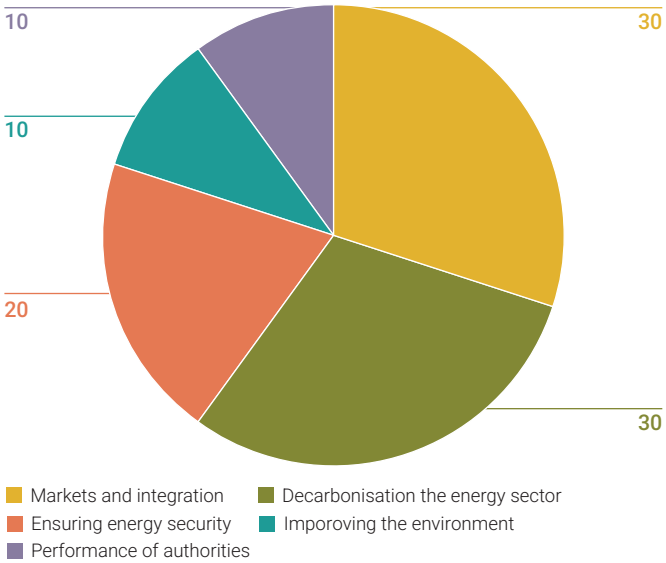
Methodology

Background

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

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

The final dataset entailed more than 2.000 individual values that were used to produce 40 key implementation indicators across the areas of work assessed by this Implementation report. To underscores the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report groups the 40 indicators in five clusters.



In 2025 the weighting of the five clusters remains unchanged, allowing for clearer identification of improvements and trends over time.

Implementation assessment

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

A total of **40 implementation indicators** agregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 6-14);

Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (18 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 8.

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

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

To sharpen the reporting and evaluation focus, one decarbonisation indicator (governance and climate) was removed from the 2025 assessment.

DISCLAIMER

The present assessment is not designed to be a comprehensive study of the legislative and institutional framework or law-enforcement in the Contracting Parties, but rather serve as a succint overview. In no way it should be relied upon for the purposes of adoption of any investment/business decisions or policy-making.

Implementation indicator structure and weighting

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

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