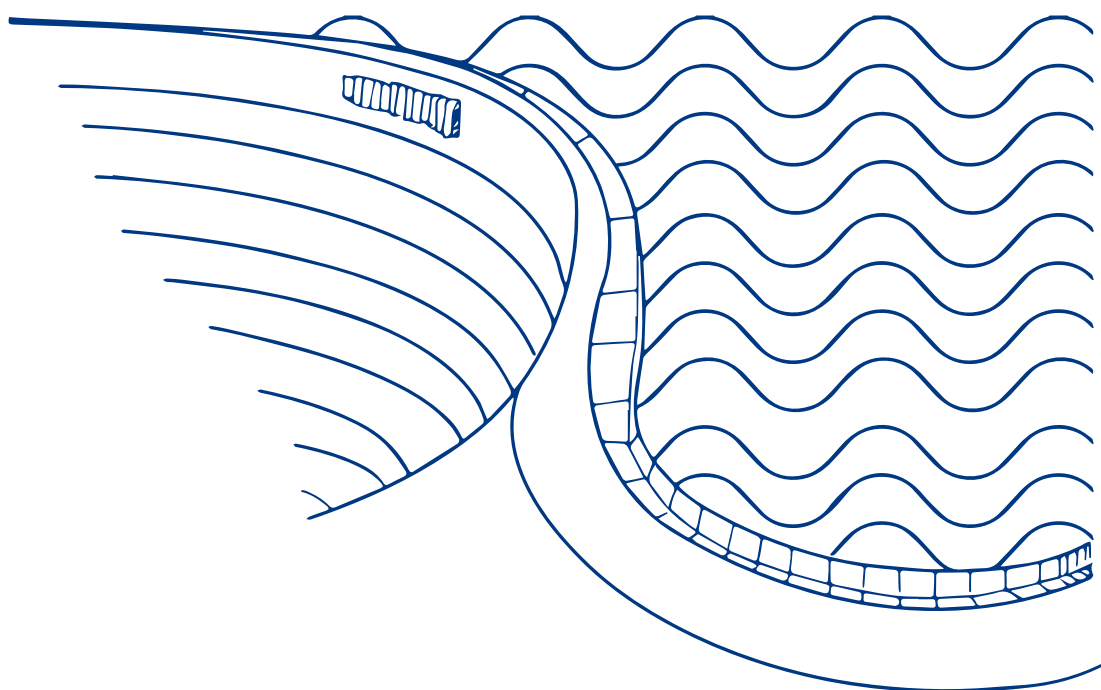


Georgia

Annual Implementation Report

1 November 2020





Georgia

Summary Implementation

Summary Indicators	Transposition Assessment	Implementation Status	Descriptions
 Electricity		 52%	Implementation in the electricity sector of Georgia is moderately advanced.
 Gas		 13%	Implementation in the gas sector of Georgia is yet to begin.
 Oil		 20%	Implementation in the oil sector of Georgia is yet to begin.
 Renewable Energy		 33%	Implementation in the renewable energy sector of Georgia is still at an early stage.
 Energy Efficiency		 44%	Implementation in the energy efficiency sector of Georgia is moderately advanced.
 Environment		 53%	Implementation in the environment sector of Georgia is moderately advanced.
 Climate		 43%	Implementation in the climate sector of Georgia is moderately advanced.
 Infrastructure		 3%	Implementation in the infrastructure sector of Georgia is yet to begin.
 Statistics		 95%	Implementation in the statistics sector of Georgia is almost completed.
 Cybersecurity		 29%	Implementation in the cybersecurity sector of Georgia is still at an early stage.



Georgia

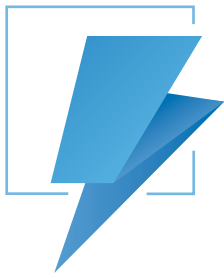
State of Energy Sector Reforms

The adoption of the Law on Energy and Water Supply compliant with the Third Energy Package at the end of 2019 paved the way for the liberalization of the electricity and gas markets in the country. The Law provides the legal basis for unbundling of the transmission and the distribution systems in both sectors, as well as for market opening at both wholesale and retail level. Georgia started to adopt secondary legislation in line with the set timetable. Adoption of an electricity market model concept in April 2020 and the electricity market rules, which will enter into force on 1 July 2021, provide a framework for the gradual opening of the wholesale and retail markets. Day-ahead and balancing markets, which are to be launched on 1 July 2021, are in the testing phase. The gas market concept is still under

discussion. Georgia continues not to have emergency oil stocks and no progress during the reporting period has taken place.

As regards climate and environment, Georgia, unlike other Contracting Parties, is not subject to a binding renewable energy target for 2020. A renewable energy law was adopted together with the Law on Energy at the end of 2019. An energy efficiency law is currently pending in Parliament. In the area of environment, Georgia has not yet transposed the Energy Community rules related to emissions into the air, despite operating four large combustion plants. Work on the National Energy and Climate Plan is under way and draft chapters of the plan have been submitted to the Secretariat for informal review.

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



Electricity Implementation

Electricity Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			Unbundling of transmission and distribution system operators is ongoing. According to the new Law on Energy and Water Supply, it has to be finalized by the end of 2020.
Access to the system			Connection fees and network tariffs are published. The Connection Network Codes and the Transparency Regulation are transposed and their implementation has started.
Wholesale market			The wholesale market is based on bilateral contracts. Excessive public service obligations still apply to all thermal power plants and a large portion of hydro power capacity. According to the Electricity Market Concept Design of April 2020, day-ahead, balancing and ancillary services markets are to be launched by 1 July 2021. The Georgian Energy Exchange has been established and the organized markets are in the testing phase. REMIT is not transposed.
Retail market			All consumers are still supplied at regulated prices, except for customers consuming more than 5 mil. kWh per month and connected to 35-100 kV or 6-10 kV. The Electricity Market Concept Design defines gradual retail market opening, starting with large and medium voltage customers on 1 July 2021.
Regional integration	n/a	n/a	Georgia is not interconnected with other Contracting Parties nor EU Member States. Thus, no regional integration at the Energy Community level is taking place at present.

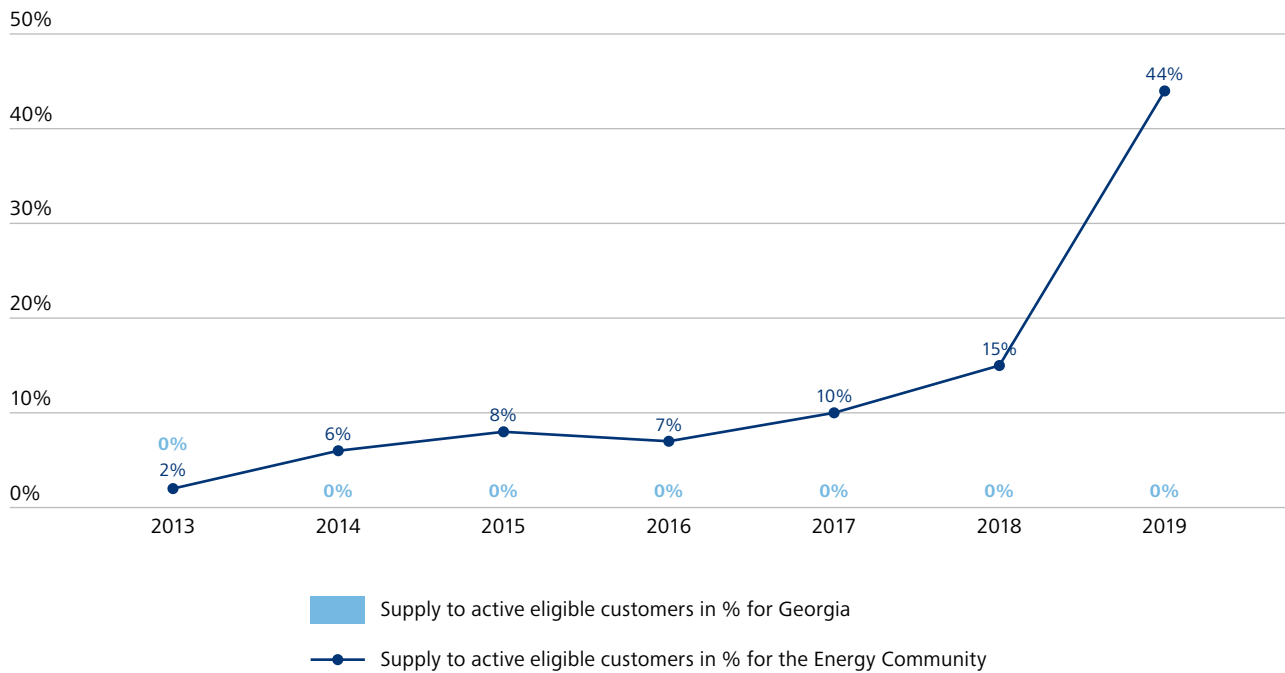
Georgia has made significant progress during the last reporting period. A landmark development in the reform of Georgia's electricity market was the adoption of the Law of Georgia on Energy and Water Supply on 20 December 2019. The Law transposes obligations on unbundling, third party access, wholesale trade, retail trade and regional cooperation and defines concrete timelines for their implementation.

The Law includes the obligation to finalize transmission system unbundling until the end of 2020. The national regulatory authority, GNERC, has submitted an ownership unbundling plan to the Government of Georgia, where it is currently discussed. According to the Law, the unbundling of distribution system operators also has to be finalized until the end of 2020. The distribution system operators submitted their unbundling plans to the regulator GNERC in October 2020.

Non-discriminatory, published, transparent and cost reflective connection tariffs are ensured by the network rules, setting the standard fees for connection based on the voltage of the connection and requested capacity. Transmission and distribution tariffs are adopted and published by GNERC.

The Connection Network Codes incorporated in the Energy Community so far were transposed and will enter into force in July 2021. General principles on congestion management including the use of congestion revenues have not been implemented yet. The Transparency Regulation was transposed and publication of data started on the ENTSO-E Transparency Platform.

Retail Market Opening



Source: Georgian National Energy and Water Supply Regulatory Commission (GNERC)

Gradual liberalisation of the wholesale and retail markets is defined by the Government's Electricity Market Concept Design adopted in April 2020 and the electricity market rules, which will enter into force on 1 July 2021. According to the Electricity Market Concept Design, day-ahead, balancing and ancillary services markets will be operational from 1 July 2021 and the intraday market from 1 July 2022. The operation of the day-ahead and balancing markets are currently being tested by the Georgian Energy Exchange and the transmission system operator. On the retail side, all customers connected to the 35 - 110 kV voltage level and consuming not less than 0,4 mil. kWh per month will be obliged to choose their supplier by 1 July 2021. All medium voltage customers as well as customers connected to 6 - 10 kV, consuming not less than 1 mil. kWh, will have to choose their supplier by 1 July 2022. All remaining customers except households and small enterprises will have to choose their suppliers until 1 July 2026.

The newly adopted electricity market rules contain day-ahead, intraday and balancing market rules, including imbalance settlements. According to the Law, GNERC will conduct market monitoring in line with the terms and conditions defined by the market monitoring rules, which are to enter into force on 1 January 2021. REMIT is yet to be transposed.

GNERC has adopted retail electricity market rules, which comprise specific provisions to support the supplier switching process, regulate the retail electricity market and allow for the enforcement of competition rules. Furthermore, GNERC adopted several resolutions determining rules on dispute resolution, market monitoring, quality of service, etc. The Law on Energy and Water Supply also includes provisions on vulnerable customer protection that enable public authorities to develop and implement mechanisms for the protection of vulnerable customers. GNERC carried out a smart metering system cost-benefit analysis which proved positive for the electricity market. At present, GNERC is working on a regulatory strategy for the implementation of smart metering systems.

As Georgia has no physical interconnection with the EU or Energy Community electricity markets, a derogation from cross-border cooperation is granted to the country until this happens. At this stage, there is no coordinated capacity allocation of cross-border capacities with neighbouring countries, except bilateral cross-border capacity allocation on the interconnection with Turkey.



Georgia Gas

Gas Implementation

Gas Indicators	Transposition Assessment*	Implementation Status	Descriptions
Unbundling			The Law on Energy and Water Supply of December 2019 envisages the ownership unbundling and independent system operator models for the unbundling of the transmission system operator. No unbundling plan exists yet.
Access to the system			A system of transparent and non-discriminatory third party access is in place, however, an entry/exit transmission tariff methodology is not yet applied. No capacity allocation is performed.
Wholesale market			Wholesale gas prices are deregulated and based on long-term contractual arrangements. There is no virtual trading point and all contracts are concluded bilaterally. The market remains highly concentrated and illiquid.
Retail market			The customers' eligibility right is formally granted. End-user gas retail prices remain regulated for households and thermal generation and deregulated for the commercial sector. Customer protection by-laws are yet to be adopted.
Interconnectivity			Georgia has well-developed cross-border connections with all neighbouring gas systems, yet exempted from the Network Codes.

The transposition of the Third Energy Package and provisions on security of supply means major progress (also) for the gas sector of Georgia. Georgia must accelerate work on adoption of the relevant secondary acts, and implement the law in practice. For the regulation of interconnection points, Georgia benefits from exemptions until 2026 which benefit also the South Caucasus Pipeline and the North South Gas Pipeline.

Georgia's energy regulator, GNERC, adopted certification rules for the transmission system operator in March 2020. However, the Law stipulates that the unbundling of the gas transmission system operator should be performed only by 31 December 2021, which is not in line with Georgia's obligations. The country's transmission system operator, the Georgian Gas Transportation Company (GGTC) has to start preparations for the unbundling process in order to meet the deadline.

The rules for unbundling of distribution system operators were adopted by GNERC in July 2020. They establish the mandatory

criteria for unbundling of the distribution system operator and set out requirements and rules for the development, introduction, adoption and publication of a compliance programme by the distribution system operator as well as activities of the compliance officer.

Georgia is exempted from performing capacity allocation on the interconnection points. However, third party access to the network is not hampered by that exemption. Georgia met its deadline for transposition of the balancing Network Code in September 2020. The introduction of an entry/exit tariff methodology is envisaged as from 2023. Under the current natural gas Network Code, the gas transportation licensee is obliged to sign interconnection agreements with adjacent transmission system operators. REMIT has not been transposed.

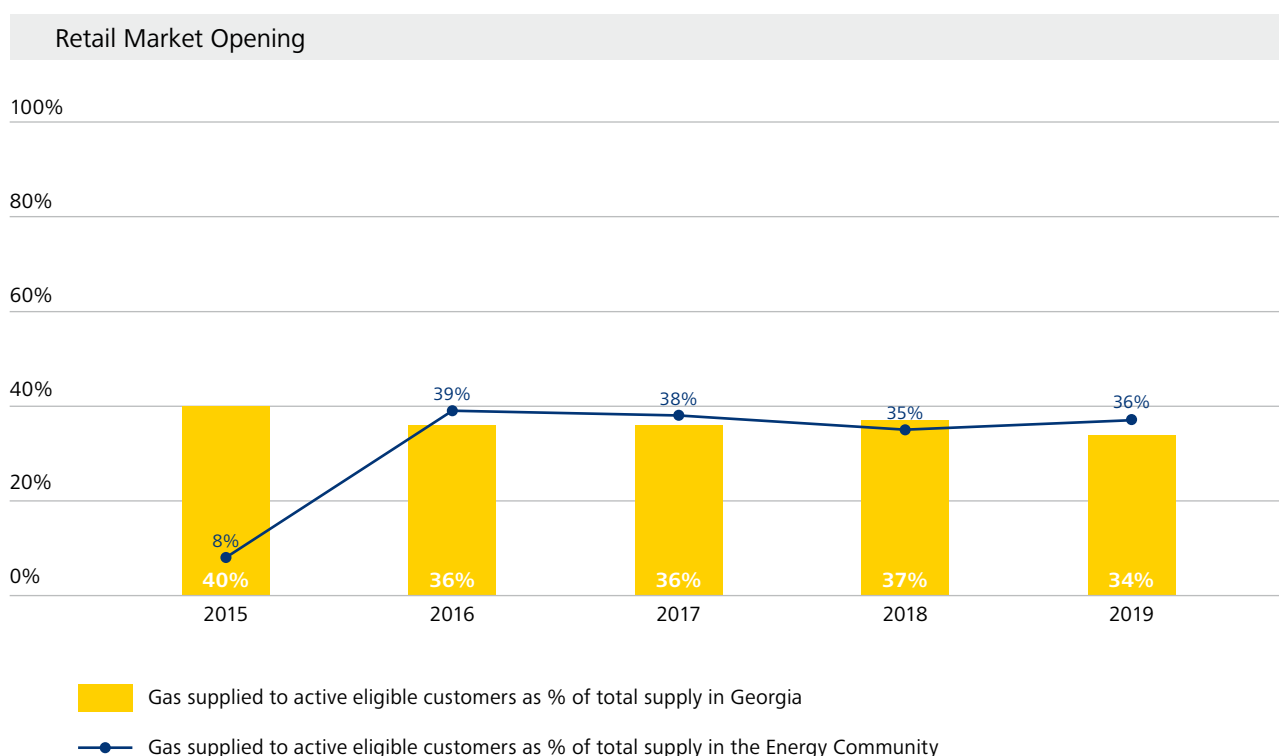
Georgia is a net importer of gas and intergovernmental agreements and long-term contracts continue to frame gas supplies to Georgia while keeping the Georgian wholesale and retail gas

markets illiquid and foreclosed. The development of a well-functioning gas hub could diversify Georgia's gas market and provide opportunities for increased trading and a more strategic role for Georgia in the region. The gas market is open according to the Law. Wholesale prices are deregulated for the commercial sector including industry and small enterprises. There is no virtual trading point in Georgia. The gas market concept design is being discussed with the Secretariat.

The Law allows the imposition of public service obligations on gas undertakings to provide regulated public supply to households, small enterprises and thermal power plants. The regulator was tasked to review its necessity every two years. Moreover,

the Law envisages a supplier of last resort. A category of vulnerable customers representing household customers in need of special treatment due to their status or health condition is also subject to social programmes and additional protection by the Government.

Georgia transposed the security of supply acquis in the Law. The natural gas emergency plan elements are being elaborated together with the Secretariat and relevant Georgian stakeholders. Nevertheless, Georgia has not submitted its first Security of Supply Statement to the Secretariat, despite the deadline having passed two years ago.



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

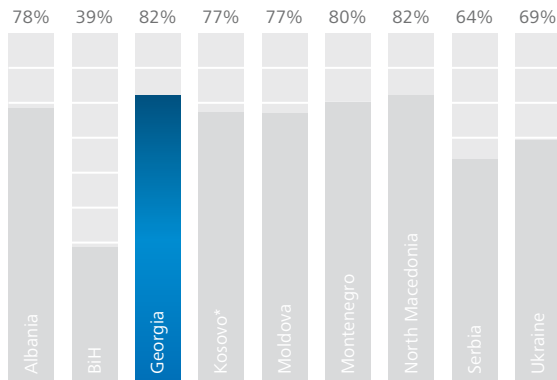


Georgia

National Authorities



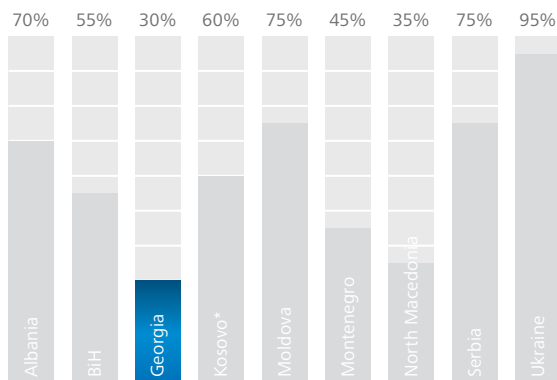
Regulatory Authority



The Georgian National Energy and Water Supply Regulatory Commission (GNERC) continued to demonstrate its technical expertise and strong regulatory independence also as expected under the 2019 Energy Law. Transposition of the electricity Network Codes and the Network Code on gas balancing into national rules ahead of the deadline stipulated by national legislation are a proof of the regulator's commitment to align the regulatory framework with requirements of the acquis. However, the transposition of the REMIT Regulation, rules for designation of a Nominated Energy Market Operator and adoption of criteria based on which derogations from the electricity Network Codes can be granted are still pending.



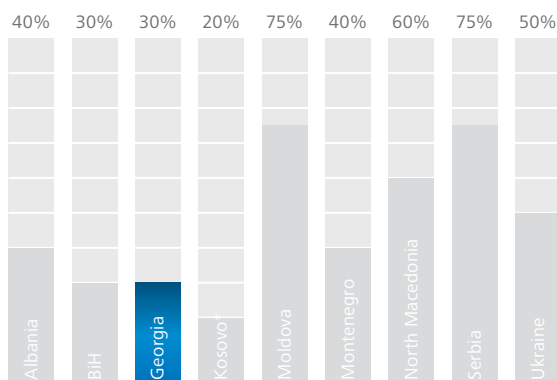
Competition Authority



While the Competition Agency is responsible for the enforcement of competition law in general, the regulatory authority GNERC, is responsible for its enforcement in the electricity and natural gas sectors. GNERC does not have the same effective enforcement tools as the Competition Agency; however, amendments to the Law on Competition addressing these concerns are currently under discussion. GNERC has never pursued a case based on infringements of competition law.



State Aid Authority



The enforcement of the State aid acquis is limited due to a narrow definition of State aid, which only covers decisions with regard to an undertaking, but not any other acts with regard to certain energy resources as well as support schemes, and does not give GNERC the power to render negative decisions. Amendments to the Competition Law addressing this are currently under discussion, including changes to the State aid rules.



Georgia Oil

Oil Implementation

Oil Indicators	Transposition Assessment	Implementation Status	Descriptions
Stockholding obligation			Georgia does not have emergency oil stocks. The current draft of the Oil Stockholding Act is being consulted with economic operators. The adoption process is expected to start by the end of this year.
Emergency procedures			Currently, there are no procedures in place to release emergency oil stocks. Under the draft Law, the Minister in charge of oil has the authority to release by decree the stocks in case of a supply disruption.
Fuel specifications of petrol, diesel and gas oil for non-road mobile machinery (NRMM)			From 2017, the allowed sulphur content in petrol has been reduced to maximum 10 ppm. As to the sulphur content in diesel fuel, it lags behind the Directive's standards. Instead, it was set at 50 ppm in 2019. However, it will be decreased to 10 ppm from 1 January 2021. There are no specifications relating to gas oil used for NRMM.
Monitoring compliance and reporting including the lay down the rules on penalties			A national fuel quality monitoring system that includes sampling and analyses of fuels is not established. Detailed penalty measures are specified in the Administrative Offences Code of Georgia.

Georgia still does not have emergency oil stocks and showed no progress during the reporting period. The current draft Oil Stockholding Act is being consulted with economic operators (importers and owners of tanks). Several issues (e.g. the lack of storage facilities, the impact of the oil stocks obligations on small importers, market competition and retail prices) remain to be resolved prior to the adoption of the legislation, expected to commence by the end of this year.

The quality of fuel is regulated by the 2014 Decree of the Government on the qualitative norms of motor petrol and the 2005 Decree on diesel fuel composition norms, analysis methods and their introduction. The Decrees should be amended in order to reflect the current EU standards for petrol, diesel and gas oil for non-road mobile machinery (NRMM).



Georgia Renewable Energy

Renewable Energy Implementation

Renewable Energy Indicators	Transposition Assessment	Implementation Status	Descriptions
National Renewable Energy Action Plan		<div style="width: 25%;"><div style="width: 25%;"></div></div> 25%	Due to its late accession to the Energy Community, Georgia adopted the NREAP only at the end of 2019. The document contains a set of measures to promote renewable energy. However, there is no obligatory 2020 target.
Quality of support schemes		<div style="width: 38%;"><div style="width: 38%;"></div></div> 38%	For years, hydropower was promoted through guaranteed power purchase agreements (PPAs). In July 2020, the Government of Georgia adopted a secondary act introducing a feed-in premium (FiP) for hydropower plants with installed capacity higher than 5 MW. A support scheme for other renewables technologies is not yet in place.
Grid integration		<div style="width: 56%;"><div style="width: 56%;"></div></div> 56%	The newly adopted Law on Promoting the Production and Use of Energy from Renewable Sources envisages guaranteed and priority access to renewable energy producers, which is still to be implemented through regulations. Current hydro producers supported with feed-in tariffs under a PPA are exempted from balancing responsibility, which is not in line with the State Aid Guidelines.
Administrative procedures and guarantees of origin		<div style="width: 49%;"><div style="width: 49%;"></div></div> 49%	Licensing and permitting procedures need to be simplified and streamlined. There is no single administrative body established. An electronic system for issuing, transfer and cancellation of guarantees of origin is not yet in place.
Renewable energy in transport		<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	Provisions related to the sustainability of biofuels are still not transposed and the legal framework remains completely non-compliant with Directive 2009/28/EC.

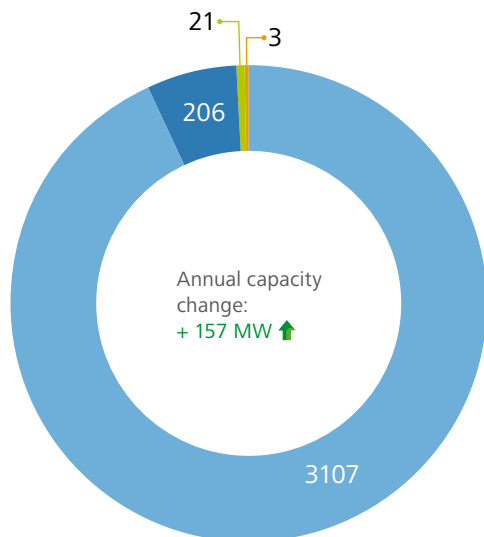
In December 2019, Georgia adopted the Law on Promoting the Production and Use of Energy from Renewable Sources aiming to transpose the renewables acquis. The Law sets the basis for adoption of 2030 targets, introduction of a market-based support scheme for renewable energy as well as implementation of other articles from Directive 2009/28/EC. The Law prescribes adoption of several acts, some of which were adopted in 2020, including a Rule for accounting the energy received from thermal pumps, Rule on developing minimum requirements for the template for national renewable energy action plans and Rule for normalization of accounting for electricity generated from hydro energy and wind energy.

In July 2020, the Georgian Government adopted an act setting a feed-in premium (FiP) at up to 1,5 USc/kWh for hydropower plants with installed capacity higher than 5 MW. According to the act, producers are obliged to sell electricity at the market and they are entitled to receive a FiP if the market price is less than 5,5 USc/kWh. In such a case, the amount of the FiP is the difference between 5,5 USc/kWh and the market price but no more than 1,5 USc/kWh. An EU4Energy Governance project is developing a template for a contractual agreement for this mechanism.

The net-metering system for self-consumption is implemented in Georgia since 2016. In summer 2020, the installation limit was increased from 100 kW to 500 kW. The scheme is technology neutral, but most of the existing plants are solar PV.

Georgia should proceed with adoption of secondary legislation and implementation in line with the 2019 Law and Energy Community law.

Total Capacities of Renewable Energy 2019 (MW)



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

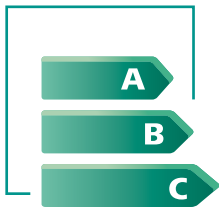
The Georgian renewable power portfolio is mostly based on hydropower. Although without a binding target for 2020, the country is putting efforts to diversify production and promote the use of renewable energy. At the moment, Georgia is working on the preparation of a first solar PV auction, however without the necessary legal framework in place yet.

Besides more than 3.000 MW of large hydropower plants and more than 200 MW of small hydropower, Georgia has in operation one wind park (Gori, 20,7 MW) and 2,5 MW of mostly solar rooftop installations.

Total capacities of renewable energy (MW):

3336

Source: Ministry of Economy and Sustainable Development



Georgia

Energy Efficiency

Energy Efficiency Implementation

Energy Efficiency Indicators	Transposition Assessment	Implementation Status	Descriptions
Energy efficiency targets and policy measures			The general 2020 target was set in the NEEAP, adopted in December 2019. The specific targets required by the Energy Efficiency Directive were set in the Energy Efficiency Law, adopted in May 2020. Georgia submitted its first Annual Progress Report to the Secretariat in September 2020.
Energy efficiency in buildings			The Law on Energy Performance of Buildings was adopted by the Georgian Parliament on 21 May 2020. Secondary legislation remains to be adopted, but six by-laws (methodology for energy performance calculation, certification rules, Regulation on inspection of heating and air-conditioning systems, Regulation on minimum energy performance requirements for buildings, report on heating and cooling systems, alternative measures of regularity compliance inspection) have been prepared for adoption by the Government
Energy efficiency financing			The Energy Efficiency Law promotes the use of energy service companies but does not include a framework to support public financing (i.e. an energy efficiency fund). Nevertheless, a large number of international technical assistance and financing programmes support energy efficiency measures, especially in the building sector.
Energy efficient products - labelling			The Law on Energy Labelling was adopted in December 2019. The adoption of the fifteen product regulations required by the Law is pending.
Efficiency in heating and cooling			Georgia has no district heating or cooling systems. An assessment of high-efficiency cogeneration and efficient district heating and cooling potential is still to be conducted.

During this reporting period, Georgia made giant strides in the transposition of the energy efficiency acquis. It transposed the Directives on energy labelling, energy efficiency and the energy performance of buildings, as well as the National Energy Efficiency Action Plan (NEEAP). The institutional framework received a boost following the decision of the Ministry of Economy and Sustainable Development to allocate more staff to the energy efficiency field.

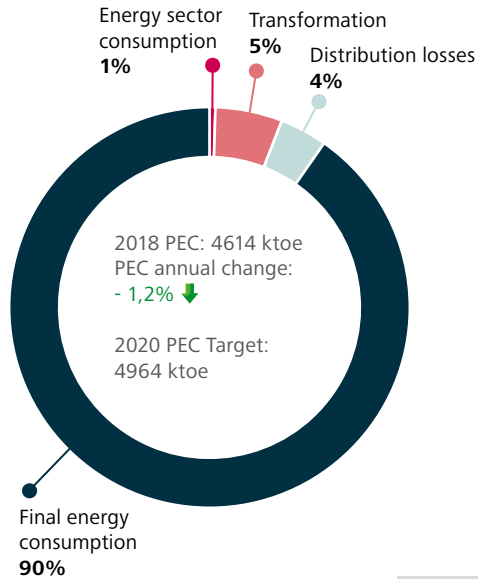
Georgia's focus now needs to turn to the adoption of a very

large number of by-laws in order to implement the three Laws adopted during the latest reporting period. Until then, Georgia will remain non-compliant in many areas of the energy efficiency acquis.

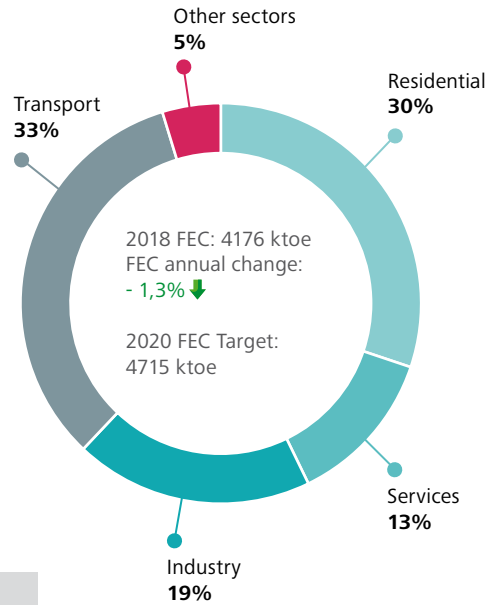
Currently, there is no national fund for energy efficiency, but large EU and IFI grants and lending programmes for energy efficiency in buildings are being implemented. Adequate engagement of the private sector requires the further development of the ESCO market.

2018 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2018 value and trends:
0,37 ktoe/mil EUR, - 5,3% ↓

Source: EUROSTAT and World Bank 2020 data and the Contracting Party's Annual Report under Directive 2012/27/EU

Energy Efficient Products – Overview of Implementation of Labelling Regulation

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

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

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

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



Georgia Environment

Environment Indicators	Transposition Assessment	Implementation Status	Descriptions
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)			The Environmental Assessment Code and related secondary legislation transpose the directives on environmental assessments into national law. The competent authorities should ensure the implementation of the Directive with the support of the recently published Policy Guidelines on the development of small hydropower projects.
Sulphur in fuels		n/a	The rules on land-based fuels are in force since 2017 and are compliant with the Directive's provisions. Rules on sampling and analysis and on marine fuels are not yet adopted. Georgia's Accession Protocol to the Energy Community Treaty requires that the provisions of the Directive are fully implemented by 1 September 2021.
Large combustions plants and industrial emissions			Georgia has not yet transposed the provisions of either Directives related to the abatement of emissions from large combustion plants. Provisions on the limits and the reporting of emissions into air from stationary sources exist but are not yet compliant.
Nature protection			The deadline in the Accession Protocol of Georgia to transpose Article 4(2) of the Wild Birds Directive expired on 1 September 2019. Georgia should focus its efforts on the adoption of the draft Law on Biodiversity and the continuation of designating special protective areas.

Georgia's Environmental Assessment Code is in force since January 2018. It complies with the provisions of the Directives on environmental impact assessments and strategic environmental assessments. Secondary legislation related to the implementation of the Environmental Assessment Code were also adopted. The Ministry of Environmental Protection and Agriculture acts as competent authority for both types of environmental assessments, including transboundary ones. Draft amendments to the Environmental Assessment Code, aimed at improving procedural issues, were prepared during the latest reporting period. However, their adoption was postponed due to the Covid-19 situation. During the reporting period, a total of 41 network energy-related environmental impact assessments were carried out, out of which 19 received development consent, including two small hydropower projects.

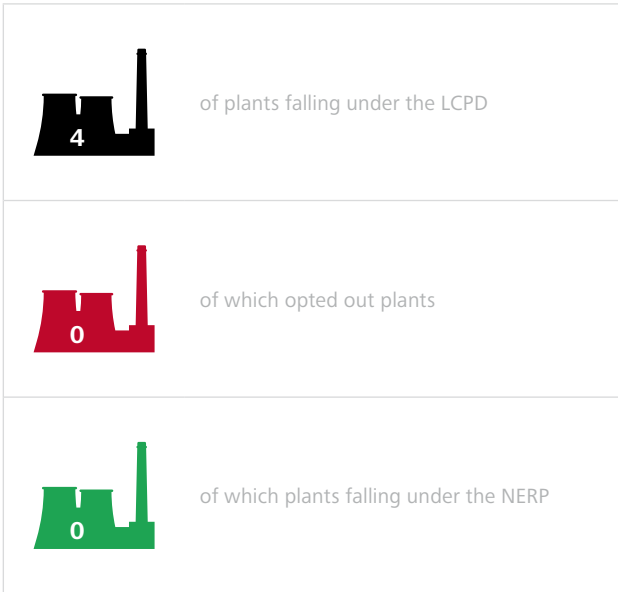
The requirements and thresholds of the Sulphur in Fuels Directive for heavy fuel oil and gas oil have been transposed by the Government Order on the establishment of sulphur content limit values into national law. Amendments on sampling and analysis and marine fuels are planned for the first half of 2021.

With regard to large combustion plants, Georgia has four gas-fired installations falling under the scope of the Directive, the

emissions of which are in line with the Directive. Georgia complied with its reporting obligations under the Large Combustion Plants Directive in April 2020 by submitting its emissions data to the European Environment Agency for the reporting year 2019. The adoption of the draft Law on Industrial Emissions and a by-law on special provisions for combustion plants was postponed to 2021 due to the Covid-19 situation. The drafts were developed in line with the provisions of the Industrial Emissions Directive.

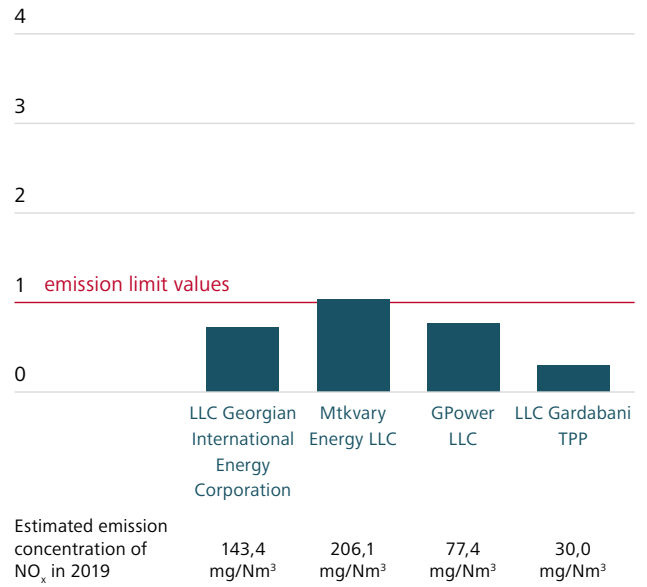
With regard to nature protection, the draft Law on Biodiversity is in its final development stage, with the provisions related to the protection and preservation of wild birds being one of the most essential elements of the draft. The draft law initiates a new approach of "protected and strictly protected species", meaning that two different lists of species will be adopted, based on the Birds and the Habitats Directives. The submission of the draft law to the Government is planned by the end of 2020. Furthermore, Special Protection Areas for Birds (SPAs) are established. At this stage, there are a total of 24 SPA sites in Georgia. The database of SPA sites, together with an interactive map, is publicly available and actively used in environmental impact assessments.

Installations under the Large Combustion Plants Directive

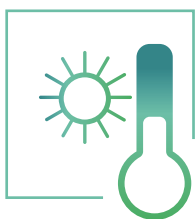


Source: compiled by the Energy Community Secretariat

2019 emissions of NO_x versus applicable emission limit values (ELV)



Source: calculated by the Energy Community Secretariat



Georgia Climate

Climate Indicators	Transposition Assessment	Implementation Status	Descriptions
National greenhouse gas emissions monitoring and reporting systems			The legislative framework and software tool for GHG data management, the Climate Action Plan and Long-Term Strategy are under development, while compliance with provisions of Regulation (EU) 525/2013 should be ensured.
National Energy and Climate Plans (NECPs)			Draft chapters of the NECP have been submitted to the Secretariat in August 2020. Work on the analytical part of the plan, in particular on the policy scenarios, is still ongoing.

Georgia's NDC under the Paris Agreement set an unconditional 15% target below the business as usual (BAU) scenario by 2030 and conditional 25% reduction below BAU by 2030. Georgia is currently working on its NDC revision. Preparations of the fourth National Communication are ongoing while the document should be submitted this year.

For the preparation of the national GHG inventory, Georgia leverages on external assistance and outsourced technical expertise. There is still a need for a unified common framework for different sectors including generally applicable reporting formats. The legal framework as a basis for a binding Measurement, Reporting and Verification (MRV) system is lacking in Georgia. The legislative framework and software tool for the GHG emissions data management is under development. The processes related to the development of Georgia's Low

Emissions Development Strategy has started in the second half of 2020. Since 2019 the country is in the process of creating a national system for policies, measures and projections and updating its legislation to be in line with EU standards through the support of the EU4Climate project.

Georgia has no dedicated climate change legislation. According to the Georgian Law on Energy and Water Supply, the NECP should be an "Annex of the Energy Policy". It is treated as an overarching strategic document in contrast to the three-year action plans required under the new Law on Energy Efficiency and the Law on the Promotion of the Generation and Use of Energy from Renewable Sources. Georgia has set up a core team for NECP development and sent draft chapters of the NECP to the Secretariat for informal comments in August 2020.



Georgia Infrastructure

Infrastructure Implementation

Infrastructure Indicators	Transposition Assessment	Implementation Status	Descriptions
National competent authority			The national competent authority has not been appointed yet.
Manual of procedures			The manual of procedures has not been drafted.
National regulatory authority involvement			The Georgian National Energy and Water Supply Regulatory Commission has approved investment evaluation rules and is currently working on defining a cost-benefit analysis methodology for evaluation of investment projects in the transmission system, both in electricity and gas.

Georgia should adopt a legal act to transpose Regulation (EU) 347/2013 into its national legislation. In the reporting period, there was no progress in this regard.

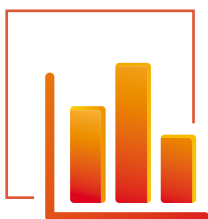
Given that the deadline has already expired, Georgia should proceed with the Regulation's transposition as soon as possible.

Swift implementation of the Regulation is to follow. This is likely to facilitate the realization of the proposed PMI projects (SCP Georgian Offtake Expansion for EU LNG Swap, Trans-Anatolian pipeline expansion and further expansion of the South Caucasus pipeline).

Proposed 2020 PECI/PMI projects: **3**

Gas: **3**

PECI: **3**



Statistics Implementation

Statistics Indicators	Transposition Assessment	Implementation Status	Descriptions
Annual statistics			The five annual questionnaires for 2018 were transmitted to EUROSTAT. The questionnaire on final energy consumption of households for 2018 was compiled and transmitted.
Monthly statistics			Monthly data are collected and disseminated timely in accordance with Annex C of the Regulation, except for oil stocks. Short-term monthly datasets are not available in defined timeframes.
Price statistics			Price statistics for electricity and natural gas for 2019 were compiled and transmitted in accordance with the acquis.

Although Georgia was the last Contracting Party to begin implementation of the acquis on energy statistics, it has achieved a very high level of compliance.

Statistics are produced by the national statistics institute, GEOSTAT. The energy balances produced by GEOSTAT are in compliance with Annex B of Regulation (EC) 1099/2008 and the five questionnaires for the period from 2013 onwards have been transmitted to and published by EUROSTAT. In addition, disaggregated data on final energy consumption of households are reported to EUROSTAT in the defined questionnaire format. Preliminary questionnaires with data for 2019 were prepared and transmitted on time.

As for the monthly statistics, Georgia collects and disseminates monthly data for solid fuel, natural gas, oil and electricity and transmits them to EUROSTAT. The timeliness of these collections has improved and with adding monthly oil questionnaires in September 2020 Georgia has been transmitting all monthly

data collections from Annex C of Regulation (EC) 1099/2009. Short-term monthly data collections for oil and gas pursuant to Annex D of Regulation (EC) 1099/2008 are provided, although with a time lag of two months instead of one.

GEOSTAT introduced quality assurance procedures and prepares quality reports for different domains. The metadata for the available quality report for transmitted energy data was not transmitted to EUROSTAT as required under the Regulation.

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

Georgia is widely compliant with the obligations from the acquis on statistics. The only shortcomings are related to the timeliness of short-term collections, mainly due to the lack of resources.



Georgia Cybersecurity

Cybersecurity Implementation

Cybersecurity indicators	Transposition Assessment	Implementation Status	Descriptions
Institutions and legislation			An updated cybersecurity strategy is not yet adopted and the current legal framework does not transpose compliant cybersecurity requirements in energy. The identification and designation of critical energy infrastructures and services is not completed. The computer emergency response team covering the energy sector is in restructuring.
Requirements for operators and energy regulatory authority			Energy-specific risk analysis is missing. There are general obligations to develop individual information security rules by stakeholders and obligations for reporting incidents. Rules and obligations for energy stakeholders are missing. Cybersecurity competences and powers of the energy regulator are not enforced.

In Georgia, cybersecurity competences are shared between the defence sector and the economic sector. The economic branch is less developed with certain aspects of compliance and security measures completely missing.

The Cybersecurity Strategy 2012 - 2015 set the basis on combatting terrorism and cybercrime, promoted cyber threat analysis, institutional coordination, public awareness, international cooperation and protection of critical information systems, and requested establishment of computer security incident response teams (CSIRTs). The follow-up Strategy 2017 - 2018 goes a step further by calling for compliant legislation, risk assessment rules and public-private partnership. It does not specifically address energy. The adoption of the draft cybersecurity strategy for 2020 - 2022 was postponed due to ongoing restructuring of the administration responsible for data security.

The Digital Governance Agency (DGA) operates as the national cybersecurity authority under the Ministry of Justice, according to the Law on Information Security amended in June 2020. The Law defines security of critical information systems both in the public and private domains of the economy, including information security audits, security management and services, and the concept of CERT operation. Energy is not specifically referenced in the Law, and international cybersecurity cooperation measures are missing.

Security of critical information infrastructure is the main objective of both the strategy and the Law. However, the criteria for identification and designation of critical energy infrastructure and essential services are not defined. The implementation is guided by the DGA, with the assistance of the energy regulator GNERC. DGA has not yet completed the assessment of information submitted by companies in a recent survey of the critical infrastructure. The computer emergency response team operating within the Agency (CERT-GOV-GE) must be notified on security incidents. Pursuant to the 2020 amendments of the Law on Information Security, the CERT's activities are going to be carried out by the Computer Management Agency governed by the DGA.

Cybersecurity risk assessment is barely addressed in the Strategy and not covered by the Law on Information Security. The Law provides general requirements for information security audits and obligations for performing tests. DGA is tasked to set and monitor the overall policy and assess the internal information security rules, which each operator of critical information system has to submit. Specific criteria for risk assessment in energy are not defined.

The energy regulatory authority GNERC supports activities related to security and identification of critical infrastructure and services in the energy sector. However, it has no specific cybersecurity tasks or powers defined by law.