



**GEORGIAN OIL & GAS  
CORPORATION**

*South-East and East European Gas Platform  
(SEEGAS)  
2nd Stakeholder Meeting*



**Gas Market Development in Georgia**

*10 March 2021*

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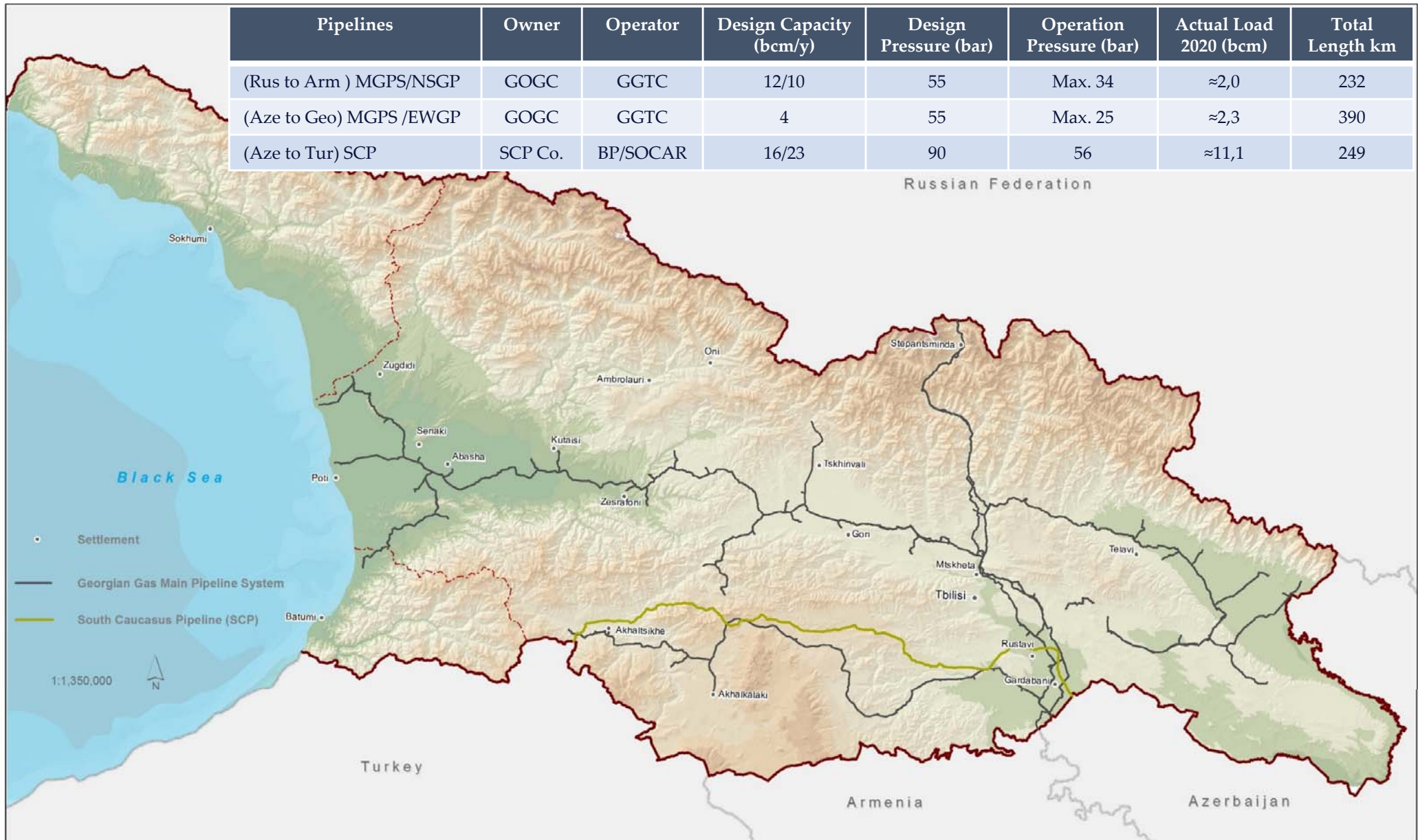
# Introduction – Georgian Oil and Gas Corporation

Georgian Oil and Gas Corporation JSC – 100% shares state owned

- Core Activities:
  - Gas Import and Trade (SCP, SOCAR, Gazprom)
  - Electricity Generation (TPP Gardabani1&2)
  - Transportation Pipelines rent (WREP, Gas Main)
  - National Oil Company (NOC)
  
- Main projects & developments:
  - TPP G3, UGS, LNG, Eurobonds
  - Gas Market reform (unbundling)
  - Gas Exchange (GOGC, GGTC, EnC, EBRD)



# Georgian Gas Main Infrastructure

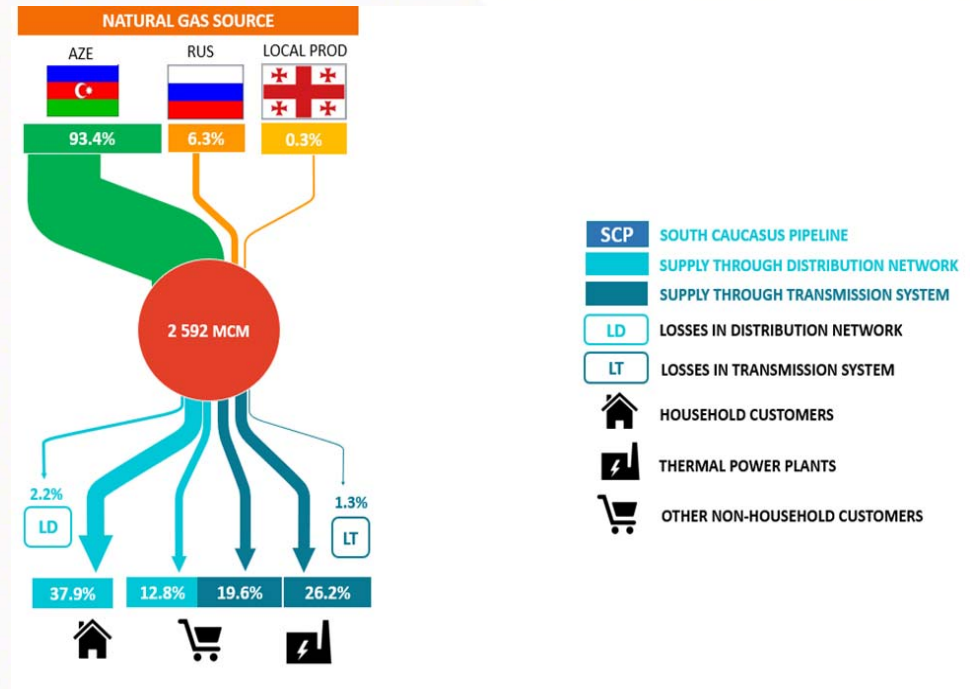
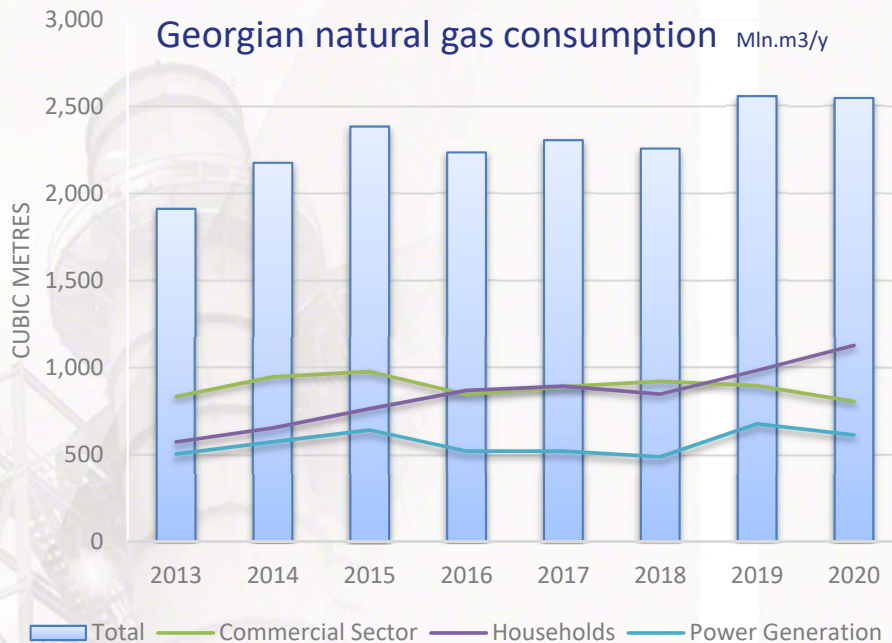


- Georgia is located in the South Caucasus at the crossroad with relevant gas transit infrastructure both east west (SCP) and North South (NSGP) directions and in case of right conditions the development of a gas hub can be targeted.





# Georgian Gas Market



- Energy sector policy is determined by **the Ministry of Economy and Sustainable Development (MoESD)**;
- Regulation function is carried out by **the Georgian National Energy and Water Regulatory Commission (GNERC)**;
- **GOGC**, the owner of main gas pipeline system, **Operator - Georgian Gas Transportation Company (GGTC)**
- **SOCAR** affiliated companies take the major share in **distribution** activity outside the Capital while the distribution company **Tbilisi Energy Ltd** covers the most parts of Tbilisi.
- Georgian gas market can be divided as regulated and non-regulated sectors, with **no organized market** yet;
- Gas market is highly concentrated at both, wholesale and retail levels. **Market concentration indices** in Georgia significantly **exceed the competitive market parameters** in the international practice;



# Georgia and Energy Community - Ongoing Gas Market Reform

Georgia's aspirations toward EU and liberalized market with great support of Energy Community



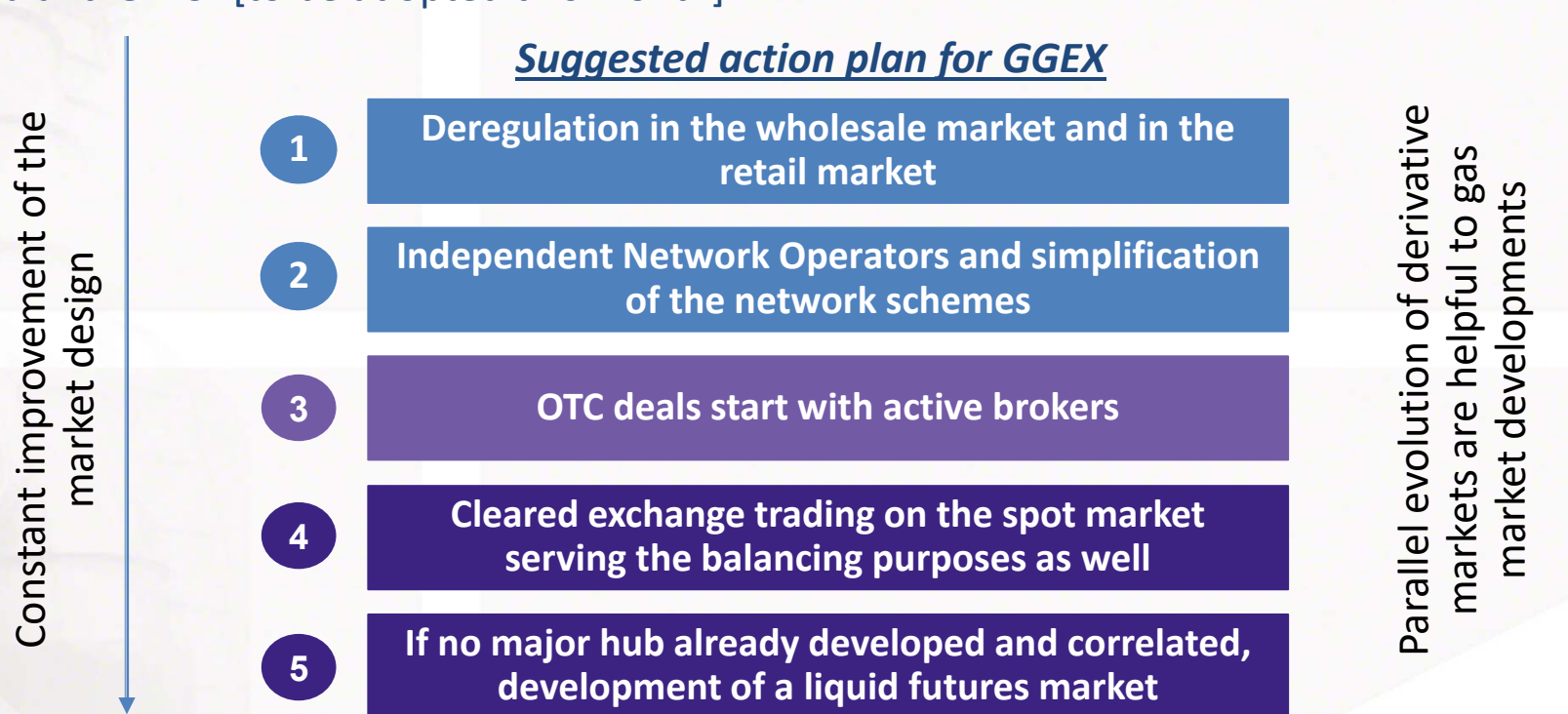
- By joining the **Energy Community** (2017) and signing an **EU Association Agreement** (2014), Georgia has committed to make a decisive shift towards European standards in the energy sector.
- A fundamental change in Georgia occurred in December 2019 with **the adoption of a new law of Georgia on Energy and Water Supply**, which transposed the third energy package and security of supply provisions
- Throughout the year 2020, a dedicated group of experts was created and in cooperation with **EnCS** structured a **Gas market Concept Design**, targeting development of organized competitive market, with the development of **a gas exchange and OTC auction platform**.
- Compliance with the **unbundling** and independence requirements for TSO/DSOs to be on place for 31 December 2021. Public supplier and supplier of last resort should have been designated by then as well;
- **2021 – year of gas reforms** – most of the secondary legislation to be ready and adopted.





# Establishing the Georgian Gas Exchange and OTC auction platform

- **Formation of the Georgian Gas Exchange (GGEX)** - A Georgian Gas Exchange (GGEX) would be created as an organized exchange market for natural gas in Georgia. Under the draft concept GOGC and GGTC will establish a **daughter company**. Structuring an auction platform for the **OTC market** - could be carried out by the GGEX.
- **Establishing the Balancing Mechanism** - The development of the spot market for balancing purposes, will take place in parallel to the development of the OTC market. Daily balancing and GGEX, will start providing the essential services for gas trading no later than December 2022 as already specified in the new balancing network code of Georgia and GMCD[to be adopted this month].



# Involvement in SEEGAS project and Next steps

For Georgia, and particularly for GOGC, SEEGAS Initiative considered as umbrella project supporting us towards the establishment of a well-functioning gas market and exploring chances to integrate to European market .

Points/examples requiring support and experience sharing in connection with the exchange:

- exchange platform software
- an auction platform for the OTC market segment.
- introduction of clearing services

## Next Steps with EnCS cooperation and exploring SEEGAS project opportunities:

Adoption of the Gas Market  
Concept Design by the  
government in March

Signing of the MOU with the involvement of  
Georgian Stakeholders, EnCS and EBRD and  
establishment of common working format  
with concrete tasks (March/April)

In Parallel, consultations with Turkey,  
Ukraine on the exchange and OTC market  
development, development of proper  
market rules in March-June





THANK YOU



*Welcome to Tbilisi*

*For more info:*

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