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Plans for new calculation of electricity network tariffs for Georgian consumers

The new methods of calculation were presented at a conference at the new premises of the Energy and Water Supply Regulatory Commission (GNERC)

Within the EU twinning project GNERC hosted a conference, where the meeting participants discussed the main principles of the new tariff methodology, which complies with the best international practice. The proposed new tariff calculation has two purposes. The first one is to bring the Georgian system in line with EU legislation. "Our country is all set to become a full member of the Energy Community. By reforming its tariff methodology GNERC will make further step ahead to this goal" GNERC Chair Irina Milorava underlines the importance of this evolution.

The second purpose is to create a good climate for investments. The power grid in Georgia needs investments to ensure that electricity can be delivered to consumers. If the distribution companies cannot survive and if investments cannot take place, the grid can become unstable. In the end, this means: no electric power. "We are proposing a system of fair tariffs. This means that investments must be possible and network companies must be able to survive. But it also means that the network companies do not have too high profits, because that would be unfair to Georgian electricity consumers," explains Eszter Süle, representative of the Austrian energy regulator E-Control, who is assisting the GNERC in this development through an EU-funded Twinning project.

The calculation method now proposed is a result of the thoughts of the project partners and the Georgian market players, who were consulted during a dedicated roundtable in December. Pointing towards the sustainability of the results, Gocha Shonia, project leader on the Georgian side, is confident that "adoption of the new tariff methodology will improve the tariff systems, attract investment and introduce various incentives for the investors".

The Twinning project is entitled *Strengthening Capacities of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in Updating Incentive Based Electricity Tariff Methodology*. It is funded by the European Union with € 1.1 million; its project duration of 21 months will end in June 2014. The project partners are the GNERC, E-Control (Austria), BNetzA (Germany) and PUC (Latvia), and the Austrian energy exchange EXAA.



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