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# **Determining a Uniform Tariff for Several DSO's**

## **Why unified tariff is interesting for Georgia**

**Lia Gvazava**

Director of Regulatory Audit Department  
Georgian National Energy and Water Supply Regulatory Commission

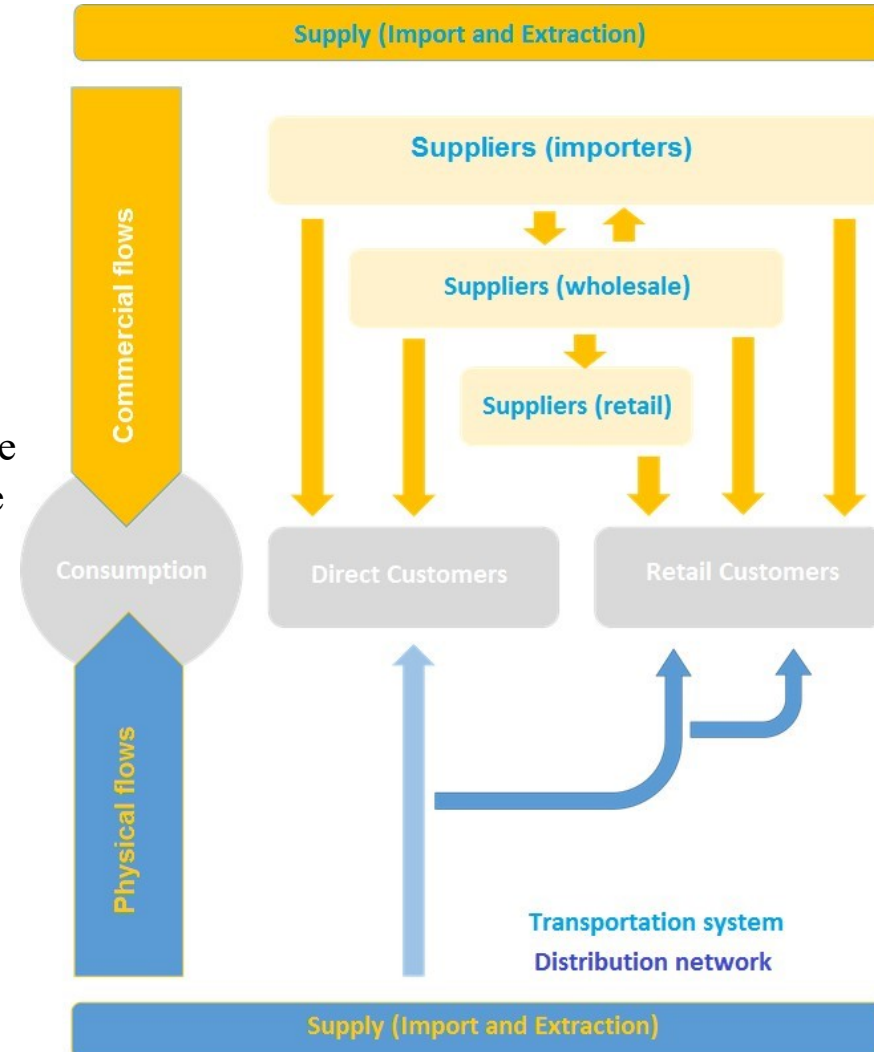


**ERRA EMER & GF COM Joint Meeting**

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# The Structure of Natural Gas Market in Georgia

- The physical delivery of natural gas to final consumers is ensured by the natural gas transportation licensees and distribution licensees.
- Based on the latest data from 2024, 19 licensees were operating in the natural gas sector, comprising one in transportation and 18 in distribution
- Among them are three large licensees (“Tbilisi Energy” LLC, “Socar Georgia Gas” LLC, “SakOrgGas” JSC). These three major distribution licensees accounted for 90% of the total distributed gas
- Based on the tariff methodology, all distribution licensees have different tariffs, which are based on their own costs.
- Customers on different sides of the street often have different tariffs, which is confusing to them and often causes dissatisfaction among customers.



# Distribution license areas by regions of Georgia

- **Kakheti:**

1. Telavgas 2. Saqorggas 3. Chiragdani

- **Mtskheta-mtianeti**

1. Sokar Georgia gas

- **Shida-kartli**

1. Sokar Georgia Gas

- **Kvemo kartli**

1. Tbilisi Energy 2. Energo-kavshiri 3. Kamari-M 4. Didi Digomi 5. Varketilairi  
6. Sokar Georgia Gas 7. Saqorggas 8. Gama 9. Gogochuri 10. DVS 11. Mamed

- **Samtskhe-javakheti**

1. Sokar Georgia gas 2. SG Gas 3. Intergas

- **Ajara**

1. sokar Georgia gas

- **Guria**

1. Socar Gorgia gas

- **Imereti**

1. Sokar Georgia Gas 2. Energia+ 3. Sachkheregas

- **Racha-lechkhumi and kvemo svaneti**

1. Sokar Georgia gas

- **Samegrelo-zemo svaneti**

1. Sokar Georgia gas 2. Gasko+



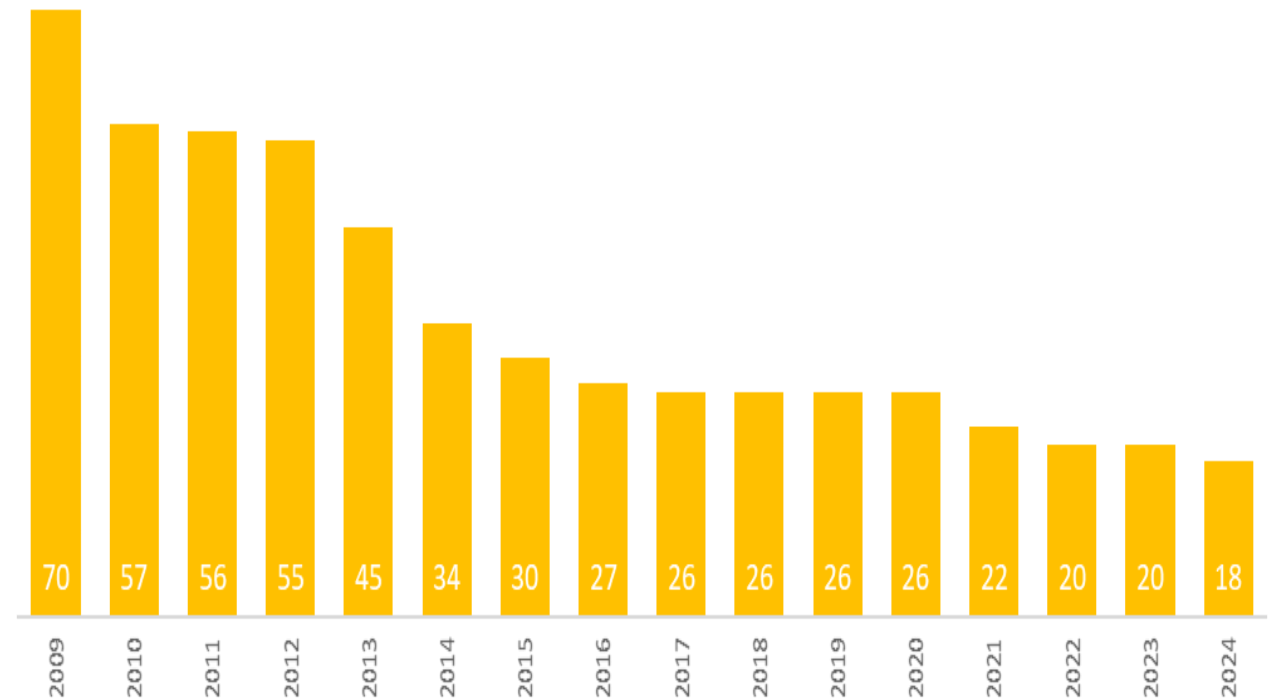
# Tariff regulatory framework and number of DSO's



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- Natural gas transportation and distribution activities, as natural monopoly activities, are fully subject to the Commission's tariff regulation.
- As for natural gas supply, according to Order N69 of September 25, 2007, of the Minister of Energy of Georgia on Deregulation and Partial Deregulation of Natural Gas Supply Activities, The supply tariffs for non-household consumers are deregulated, and natural gas is supplied without the Commission determining the tariff.
- This supply occurs under the conditions and at prices publicly offered by the supplying enterprise
- The supply tariffs for household consumers are regulated by GNERC and the tariffs are set for the 2022-2026 tariff regulation period.

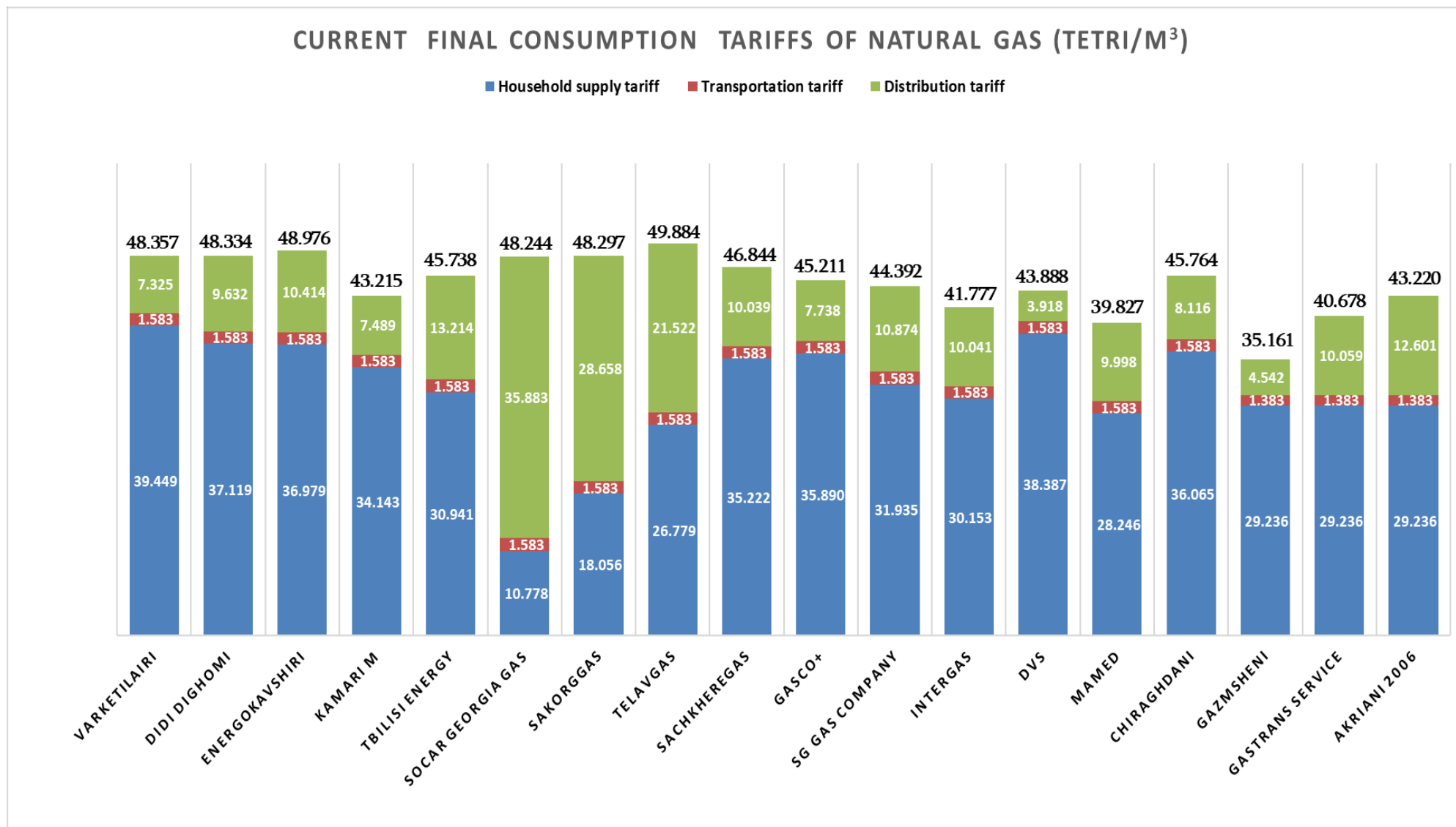
Dynamics of the Number of Natural Gas Distribution Licensees



# The Structure of Natural Gas Consumption Tariff



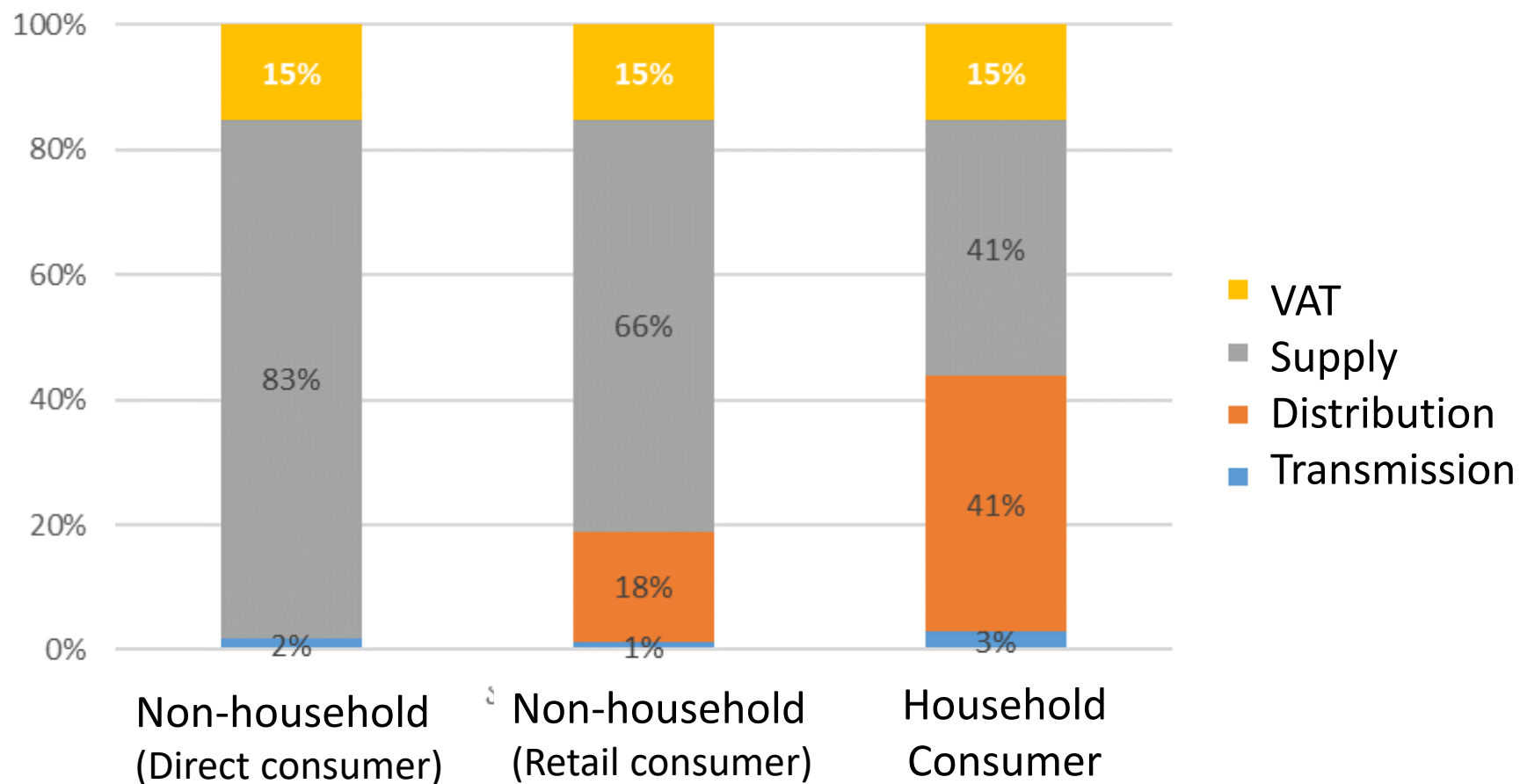
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# Share of Distribution Tariff in Natural Gas Consumption Tariff



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# What is the best international experience on uniform tariffs?



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- Given the above circumstances, we are interested in international best practices regarding uniform tariffs for DSO's
- **which will cover the following topics:**
  - ✓ regulatory frameworks
  - ✓ revenue administration practices
  - ✓ cost allocation methodologies
  - ✓ Tariff adjustment mechanisms
  - ✓ stakeholder engagement strategies





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# THANK YOU FOR YOUR ATTENTION!

L.gvazava@gnerc.org

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