

Georgian National Energy and Water Supply Regulatory Commission

Resolution #33 December 4, 2008, Kutaisi On the Electricity Tariffs

The tariffs established on different issues of electricity sector approved by the Georgian National Energy and Water Supply Regulatory Commission is reflected in several resolutions, which cause the confusion during the calculation of electricity sector tariffs due to several amendments and additions introduced to them.

Reflection of all the above-mentioned tariffs into a single normative act will promote the activities of the electricity sector licensees as well as provision of information to the consumers of different voltages to maximum extent.

According to all mentioned above and based on the Law of Georgia on “Electricity and Natural Gas” (Subparagraph “b” of Paragraph 5 of Article 4, Paragraph 1 of Article 5, Paragraph 1 of Article 11, Paragraph 2 of Article 42, Article 43 and Paragraph 1 of Article 491), we resolve:

Chapter I. Electricity Generation (Capacity) Tariffs

Article 1. Tariffs of Hydro Power Plants

1. Marginal Tariffs of Electricity generated by Hydro Power Plants:
 - a) Vartsikhe – 2005 LLC– 1.25 Tetri/kWh;
 - b) Georgian Water and Power (Jinvali HPP) LLC – 2.177/kWh;
 - c) Energo-Pro Georgia Generation (Lajanuri HPP) JSC- 1.679 Tetri/ kWh;
 - d) Energo-Pro Georgia Generation (Cascade of Gumati) JSC – 2.209 Tetri/ kWh;
 - e) Energo-Pro Georgia Generation (Dzevzulhesi) JSC – 1.986 Tetri/ kWh;
 - f) Energo-Pro Georgia Generation” (Rioni HPP) JSC – 4.060 Tetri/ kWh;
 - g) Energo-Pro Georgia Generation JSC (Shaori HPP) - 2.747 Tetri/kWh;
 - h) Rescinded; *(shall be enacted as of January 1, 2018 and be in force until January 1, 2021).*
 - i) Rescinded; *(shall be enacted as of January 1, 2018 and be in force until January 1, 2021)*
 - j) Rescinded; *(shall be enacted as of January 1, 2018 and be in force until January 1, 2021).*
 - j¹) Rescinded; *(shall be enacted as of January 1, 2018 and be in force until January 1, 2021).*
 - k) Rescinded; *(shall be enacted upon its publication and be applied to the relations arising after January 1, 2018).*
 - l) Rescinded;

m) Rescinded; *(shall be enacted upon its publication and be applied to the relations arising after January 1, 2018).*

2. Long term marginal (upper margin) selling tariffs of the electricity generated by the hydro power plants:

a) Khrami HPP 1 JSC:

a.a. Rescinded;

a.b Rescinded;

a.c. from December 1, 2019 till December 31, 2021 – 10.837 Tetri/kWh;

a.d. from January 1, 2022 till December 31, 2025 – 9,147 Tetri/kWh.

b) Khrami HPP 2 JSC:

b.a. Rescinded;

b.b Rescinded;

b.c. from December 1, 2019 till December 31, 2021 – 12.304 Tetri/kWh;

b.d. from January 1, 2022 till December 31, 2024 – 3,767 Tetri/kWh.

b.e from January 1, 2025 till December 31, 2025 – 3,500 Tetri/kWh.

c) Rescinded.

Article 2. Tariffs of Thermal Power Plants

1. Costs of guaranteed capacity:

a) Mtkvari Energy (Tbilsresi Unit #9) LLC from January 1 2020 till December 31 2020 – 77 330 GEL/day;

b) International Energy Corporation of Georgia (TbilSresi Units N3 and N4) LLC 52 603 GEL/day, including:

a.a) for unit N3 –25 159 GEL/day;

a.b) for unit N4 – 27444 GEL/day;

c). G Power LLC from January 1, 2020 till December 31, 2020 -404 214 GEL/Day.

d) Gardabani TPP LLC – from January 1 2020 till December 31, 2020 – 404 214 GEL/Day.

2. The amount of the Electricity generation tariff of the guaranteed capacity source for each billing calendar month shall be set according to the following formula:

$$T_{var} = \frac{(P + T_{trans} + T_{dis}) * V}{E * (1 - CRF)} \quad (8')$$

Where:

T_{var} - Guaranteed capacity source electricity generation tariff (tetri/kWh);

P - Purchase price of the natural gas needed for guaranteed capacity source

electricity generation, agreed with the Commission (tetri/m³);

T_{trans} - Natural gas transportation tariff (tetri/m³) set by the normative Act of the Commission for the distribution licensee, who possesses the distribution network to which the guaranteed capacity source is connected (if applicable);

V - Actual volume of the natural gas (m³), purchased for electricity generation by the guaranteed capacity source in the billing calendar month;

E - Actual amount of electricity delivered to the bus bar (sold) by the guaranteed capacity source (kWh) in the billing calendar month;

CRF - Coefficient of the regulation fee to be paid by the electricity generation licensee, established by the normative Act of the Commission.

3. Rescinded;

4. The information on tariffs envisaged under paragraph 2 of this Article shall be published on the website of the Commission (www.gnerc.org) and the terms and the conditions regarding the information to be published is prescribed under paragraphs 3, 4, and 5 of the Article 14¹ of the Tariff Setting Methodology for Guaranteed Capacity Fee, Electricity Generation Tariff of Guaranteed Capacity Source and Electricity Market Operator Service Tariff approved by the Resolution N14 of July 30, 2014;

5. Electricity Market Operator shall reimburse the cost of guaranteed capacity to the guaranteed capacity sources within the timeframes defined under paragraph 3 of this Article taking into consideration guaranteed capacity provision periods, but not exceeding:

a) 276 days – for Mtkvari Energy (Tbilsresi Unit N9) LLC;

b) 301 days – for Georgian International Energy Corporation (TbilSresi Unit#3) LLC;

c) 301 days – Georgian International Energy Corporation” (TbilSresi Unit #4) LLC;

d) 336 days – for G Power LLC;

e) 290 days – Gardabani TPP LLC.

Article 3. Electricity Generation Licensee Tariffs of the Plants Considered as Regulatory Plants of Unified Electricity System of Georgia

Selling fixed tariff of the electricity generated by the power plants considered as regulatory plants:

a) Enguri HPP LLC – 1.358 Tetri/kWh;

b) Vardnili HPP Cascade LLC – 2.206 Tetri/kWh.

Chapter II. Tariffs of the Electricity Transmission, Dispatch and Electricity System Commercial Operator Services

Article 4. Electricity Transmission and Dispatch Tariffs

1. Fixed Tariffs of the electricity transmission:
 - a) Georgian State Electricity System JSC – 1.013 Tetri/kWh”;
 - b) SakRusEnergo JSC - 0.278 Tetri/kWh;
 - c) Energotrans LLC – 0.380 Tetri/kWh;
2. Fixed Tariffs of the electricity Dispatch - Georgian State Electricity System JSC:
 - a) From January 1, 2018 until May 1, 2018 – 0.092 Tetri/kWh;
 - b) From May 1, 2018 until January 1, 2021 – 0.412 Tetri/kWh.
3. Rescinded.

Article 5. Service Tariffs of the Electricity System Commercial Operator

1. Fixed Tariff of the Electricity System Commercial Operator – Service tariff of the Electricity System Commercial Operator LLC – 0.019 Tetri/ kWh.
2. Service cost of the Electricity System Commercial Operator LLC shall be compensated in compliance with “The Electricity (Capacity) Market Rules”.

Article 6. Rescinded

Chapter III. Electricity Wheeling and Distribution Tariffs

Article 7. Wheeling Tariffs

1. Rescinded;
2. Rescinded;
3. Electricity wheeling tariffs for the electricity distribution licensee who uses network under its possession shall be defined in an amount of distribution tariffs defined under this Resolution.

Article 8. Distribution tariffs of electricity of Telasi JSC

- a) 220/380 V – 6.472 Tetri/kWh
- b) 3, 3-6-10 kV– 2.712 Tetri/kWh;

c) 35-110 kV – 2.058 Tetri/kWh;”

Article 9. Rescinded. *(shall be enacted as of January 1, 2018 and be in force until January 1, 2021)*

Article 9¹: Electricity distribution tariffs for Energo-Pro Georgia JSC:

- a) 220/380 V – 7.332 Tetri/kWh
- b) 3,3-6-10 kV– 3.237 Tetri/kWh;
- c) 35-110 kV – 2.058 Tetri/kWh”

Chapter IV. Electricity Consumption Tariffs (Upper Margin)

Article 10: Marginal electricity tariffs for the consumers of Telasi JSC

1. Marginal Electricity purchase tariffs for Telasi JSC consumers by voltages:

a) 220-380V (non-household) -18.067 Tetri/kWh

b) 3,3-6-10 kV – 14.307 Tetri/kWh;

c) 35-110 kV- 13.653 Tetri/kWh.

d) 35-110 kV- 13.653 Tetri/kWh.

2. For the purpose of creating additional guarantees for the social security of the population and encouraging of rational consumption of the electricity, consumption based marginal purchase tariffs (during 30 calendar days) of electricity for Tbilisi household customers (the population), who are Telasi JSC users at 220/380 V:

a) including 101 kWh – 12.325 Tetri/kWh

b) from 101 kWh till 301 kWh (including) – 15.725 Tetri/kWh

c) from 301 kWh and higher – 19.525 Tetri/kWh

Article 11. Rescinded.

Article 11¹: Marginal Electricity purchase tariffs for consumers of Energo-Pro Georgia JSC:

1. Marginal Electricity purchase tariffs for consumers of Energo-Pro Georgia JSC by voltages:

a) 220/380 V(non-household consumer) – 17.867 Tetri/kWh;

b) 3,3-6-10 kV– 13.772 Tetri/kWh;

c) 35-110 kV – 12.593 Tetri/kWh”.

d) 35-110 kV – 12.593 Tetri/kWh”.

2. For the purpose of creating additional guarantees for the social security of the population and encouraging of rational consumption of the electricity, consumption-based marginal purchase tariffs (during 30 calendar days) of electricity for regional residential customers (the population), who are consumers of Energo-Pro Georgia JSC at 220/380 V:

- a) including 101 kWh – 12.065 Tetri/kWh
- b) from 101 kWh to 301 kWh – 15.435 Tetri/kWh;
- c) from 301 kWh and above – 19.265 Tetri/kWh.

Article 12. The Tariffs Determined on the basis of the Amount of Consumed Electricity

The tariffs determined on the basis of consumed electricity do not represent through rates; each customer pays the electricity fee on total quantity of electricity consumed during 30 calendar days, with the tariff established on corresponding quantity of consumed electricity.

Article 13. The Tariffs of Electricity Consumed without Individual Meters by the Household Consumers (Population) that Have the Meters of Common Use

In compliance with the conditions established by the Commission, when billing with the meters of common use, in case of unavailability of individual meters, household customers (the population) pay the price of consumed electricity with the first step (including 101 kWh) Tariff.

Chapter V. Transitional and Final Provisions

Article 14. Wholesale Marginal (Upper Margin) Tariffs of Electricity (Capacity) to be Purchased by the Distribution Licensees and Direct Consumers

The wholesale marginal (upper margin) tariffs of the electricity (capacity) to be purchased by the distribution licensees and direct customers shall be composed based on the direct contract in compliance with “The Electricity (Capacity) Market Rules”.

Article 15. Billing of Value Added Tax (VAT) to the Tariffs of Electricity Given in the Resolution

- 1. All the tariffs determined in this Resolution are calculated without VAT.
- 2. The VAT is billed in accordance with the active legislation of Georgia.

Article 16. Calculation and Accounting of the Revenues Received from the Transit

The distribution licensees shall maintain records of revenues received from the electricity transit separately and quarterly provide “The Georgian National Energy and Water Regulatory Commission” with the sufficient information.

Article 17. The Tariffs' Validity Period

1. The mechanisms of correction of the tariffs determined by the Paragraphs 2 and 3 of “Georgian National Energy and Water Supply Regulatory Commission” Resolution N26 (“On predetermined fixed tariffs to provide for the stable investment climate in the energy sector of Georgia for the long-term period”), dated September 24, 2008 shall apply to the tariffs established by the Article 8 of this Resolution and they shall be valid till September 1, 2015.
2. For the purpose to ensure guaranteed service under the agreement –“ On returning to the state utilized funds allocated from the credit of the Japanese Agency of International Cooperation for the purpose of rehabilitation of Khrami HPP 2 JSC between the Ministry of Finance of Georgia and Khrami HPP 2 JSC, on December 10, 2008, long term marginal tariff (upper margin) for generation of the electricity by Khrami HPP 2 JSC shall be adjusted each year the exchange rate variation of GEL against Japanese Yen shall be above 7% per annum, as compared with the average exchange rate of 2016 (2,1834 Gel =100 Japanese Yen). Thereby, only that part of the tariff is subject to adjustment which is envisaged for servicing of the above indicated credit;
3. For the purpose to ensure guaranteed return of investments made in the course of acquisition of Khrami HPP 1 JSC and Khrami HPP 2 JSC, adjustment of the long term marginal tariff (upper margin) for electricity generation by Khrami HPP 1 and Khrami HPP 2 shall be performed in case exchange rate variation of GEL against USD is above 7% as compared with the average exchange rate from November 1, 2013 to October 31, 2016 (2.0863=1 USD). Adjustment of tariffs indicated in paragraph 2 of the Article 1 of this Resolution due to variation of GEL-USD exchange rate, shall be done four times: On November 1, 2013, on November 1, 2016, on November 2019 and on November 1, 2022.
4. Adjustment shall be made matching full scale of variations, in case any of factors indicated in clause 2 and 3 of Article 17 of this resolution occur. Resolution N 5, April 7, 2011 of the National Regulatory Commission of Energy and Water Resources, web page, 08.04.2011.

Article 18. Standard Acts to be Declared Invalid After the Entry into Force of this Resolution

1. Connected with enabling this Resolution, the following shall be declared void:

- a) Georgian National Energy Regulatory Commission (GNERC) Resolution #18 “On Electricity Transit” (Georgian Newsletter III, 16.05.2006, #66, Article 848), dated May 15, 2006;
- b) Georgian National Energy Regulatory Commission (GNERC) Resolution #11 “On the Tariffs of Electricity Transit”(Georgian Newsletter III, 10.10.2004, #112, Article 997), dated July 6, 2007;
- c) Georgian National Energy Regulatory Commission (GNERC) Resolution #15 “On Determining Tariffs for the Individual Consumers of Electricity”(Georgian Newsletter III, 15.08.2003, #88, Article 759), dated August 26, 2003;
- d) Georgian National Energy Regulatory Commission (GNERC) Resolution #34 “On Service Tariff of the Electricity System Commercial Operator LLC (Georgian Newsletter III, 04.10.2006, #136, Article 1895), dated October 4, 2006;
- e) Georgian National Energy Regulatory Commission (GNERC) Resolution #19 “On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, based on the Import/Export Contract of July 14, 2008, signed between the Electricity System Commercial Operator LLC and Multiplex Energy Trading LLC (Georgian Newsletter III, 03.09.2008, #129, Article 1301), dated August 29, 2008;
- f) Georgian National Energy Regulatory Commission (GNERC) Resolution #30 “On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, based on the Contract of September 9, 2008, signed between the Telasi JSC and Multiplex Energy Trading LLC(Georgian Newsletter III, 04.11.2008, #159, Article 1602), dated October 30, 2008;
- g) Georgian National Energy and Water Supply Regulatory Commission (GNERC) Resolution #21 “On Determining Marginal Tariff (Upper Margin) of the Electricity Imported into Georgia, based on the Import/Export Contract of June 20, 2007, signed by the Electricity System Commercial Operator LLC and Energo-Pro Georgia JSC with TGR ENERGY ELECTRICITY WHOLESALE TRADE CO” (Georgian Newsletter III, 12.11.2007, #159, Article 1759), dated November 7, 2007;

Article 19. Enactment of the Resolution

The Resolution enters into force on 15th day of its publication.

Chairman G. Chalagashvili