



ANNEX C1bis: Twinning Light Fiche

Project title: Assisting Georgian National Energy and Water Supply Regulatory Commission (GNERC) in Creating Enabling Environment for Digitalisation and Developing Digitalisation Strategy

Beneficiary administration: Georgian National Energy and Water Supply Regulatory Commission

Twining Reference: GE 18 ENI EY 07 21 TWL

Publication notice reference:

EU funded project

TWINNING TOOL

List of abbreviations:

AA	Association Agreement
BA	Beneficiary Administration
BC	Beneficiary Country
Eap	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	Energy Community
ENP	European Neighbourhood Policy
EU	European Union
EUD	Delegation of the European Union
GNERC	Georgian National Energy and Water Supply Regulatory Commission
LA	Legal Approximation
MOJ	Ministry of Justice
MS	Member State
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Cooperation in Europe
PAO	Programme Administration Office
PL	Project Leader
PSC	Project Steering Committee
SC	Steering Committee
STE	Short Term Experts
TAIEX	Technical Assistance and Information Exchange

1. Basic Information

1.1 Programme: Support for the Implementation of the EU-Georgia Association Agreement, ENI/2018/041-415

For UK applicants: Please be aware that following the entry into force of the EU-UK Withdrawal Agreement¹ on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union and to goods originating from an eligible country, as defined under Regulation (EU) No 236/2014² and Annex IV of the ACP-EU Partnership Agreement³, are to be understood as including natural or legal persons residing or established in, and to goods originating from, the United Kingdom⁴. Those persons and goods are therefore eligible under this call.

1.2 Twinning Sector: Energy (EY)

¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

² Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

³ Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/40, 3.7.2014)

⁴ Including the Overseas Countries and Territories having special relations with the United Kingdom, as laid down in Part Four and Annex II of the TFEU.

1.3 EU funded budget: 250 000 €

1.4 Sustainable Development Goals (SDGs): 16. Peace, Justice and Strong Institutions

2. Objectives

2.1 Overall Objective(s):

The overall objective is to assist Georgia to create enabling energy regulatory environment for digitalization in line with the terms and conditions set out in the Association Agreement and the Energy Community Treaty.

2.2 Specific objective:

The Specific objective of this Twinning Project is to develop regulatory framework for promoting efficient, safe, modern and secure processing of data and develop digitalization strategy and its action plan.

2.3 The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

This Twinning project is fully in line with the provisions of the Association Agreement (AA). According to the AA, especially the Chapter 11 and annex XXV of it, Georgia undertakes the commitment to integrate its market and gradually approximate the EU Energy *acquis* to the national legislation. Regulation is a key element of this approximation process and therefore, the AA commits EU and Georgia to work towards strengthening the independence of the national energy regulatory authority and its capacity to develop the relevant regulatory framework to ensure the operation of competitive, transparent and efficient energy markets.

According to the AA, Georgia has to increase market integration and gradually approximate key regulatory elements towards the EU *acquis*. By signing Protocol concerning the Accession of Georgia to the Treaty Establishing the Energy Community in 14th of October 2016, Georgia took commitment to approximate third energy package *acquis* to national legislation, and as a consequence develop secondary regulatory framework for implementing main principles of the *acquis*.

The new Association Agenda 2021-2027 is currently under elaboration and will also reflect issues associated with improved digitalization and energy-related environment provisions.

At the national level the State Policy Document – “Main directions of the state policy in energy sector of Georgia” approved by the parliament in 2015, envisages gradual approximation of Georgian legislative and regulatory framework with the EU energy *acquis*.

The planned Twinning Project aims at supporting the implementation of the above-mentioned goals through creating enabling environment for efficient market monitoring through appropriate digitalisation.

3. Description

3.1 Background and justification:

Georgian National Energy and Water Supply Regulatory Commission (GNERC) is the legal entity established under the Law of Georgia on Electricity and Natural Gas. Its status is also defined under the Law of Georgia on National Regulatory Authorities. The President of Georgia submits the candidatures of the Commission members with the approval of Government of Georgia to the Parliament of Georgia, which elects them with the majority vote. A member of the Commission is elected for a six-year term, renewable only once.

The goals of the Commission are set out by current legislation of Georgia as well as by the Union *acquis*. The main goals of GNERC are to create and develop competitive markets, set fair tariffs, create transparent tariff setting system and approve tariff setting methodologies, ensure security and reliability of supply, monitor energy markets and promote competition, define quality of service and supply standards, settle disputes, etc.

Although energy strategy of Georgia is not yet in place, the State Policy in Energy Sector of Georgia states important directions in the sector.

By signing the Association Agreement (AA) between the European Union and the European Atomic Energy Community and their Member States, on the one hand and Georgia, on the other, Georgia has taken the obligation to gradually approximate its legislation to the EU legislation and international legal instruments in predetermined timeframe. Georgia undertook obligation to implement the Third Energy Package (TEP) by signing protocol of accession to the European Energy Community. Significant steps have been made with regards to approximation process. The two main laws – “Law of Georgia on Energy and Water Supply” and the Law of Georgia on Promotion of Production of Energy from Renewable Energy Sources have been adopted, that empower and oblige GNERC to undertake and approve a set of normative acts in compliance with the third energy package.

Association Agreement, Protocol on the Accession of Georgia to the Energy Community Treaty and newly adopted legislation envisage new requirements of market opening and regulator is given a function to monitor energy markets. The Regulator is equipped with the ability to supervise and regulate energy markets in accordance with the REMIT Regulation. The implementation of such instrument is necessary to ensure appropriate functioning of the new legislation governing Georgian energy systems. Therefore, in line with the mentioned reforms Market Monitoring Department was created in January 2021 at GNERC. Its main responsibilities are maintenance of the databases on the electricity and natural gas trading, monitoring and supervision of the energy markets in order to ensure competitive, free, transparent and fair trade principles, that will be carried out through information gathered at GNERC from regulated companies and other sources. In these regard, dedicated electronic portal for reporting purposes is under development and will be used not only for reporting, but also it will offer other types of services and it will be a means of communication with the regulated undertakings. The function of the mentioned department will furthermore include constant update and development of the electronic portal, systematic study of the reports of the regulated undertakings and information submitted by other sources.

In the process of performing the abovementioned functions, a vast amount of data will be stored at GNERC. Therefore, it is crucial that there is a respective digitalization strategy in place in order to ensure that the information is kept electronically. The digitalization strategy will regulate communication with regulated companies in long-term perspective.

Hereby, recent developments related to spread of COVID 19 pandemics have clearly denoted importance of digitalisation.

Specific attention will be paid to ensure that legal approximation process is supported under this Twinning project. The actions will be organized according to the national framework on policy development and to the better regulation approach supported also at the EU level⁵. A better regulation approach requires that policies and legislation are prepared on the basis of the best available evidence (impact assessments) and according to an inclusive approach involving both internal and external stakeholders.

Furthermore, building on the lessons learnt and the Better Regulation agenda promoted at the EU level⁶, this Twinning project will contribute to the overall public administration reform in Georgia by ensuring

⁵ http://ec.europa.eu/info/strategy/better-regulation-why-and-how_en

⁶ http://ec.europa.eu/info/files/better-regulation-better-results-eu-agenda-0_en

the introduction of an inclusive and evidence-based approach to policy-making and legal drafting in the respective sector. It will also pay specific attention to accountability and reporting lines between concerned institutions. GNERC will ensure participation of the representatives of stakeholders in the actions to be undertaken throughout the project implementation period.

3.2 Ongoing reforms:

By joining the Treaty Establishing the Energy Community, Georgia started to reform the energy sector in various directions. A new Law on Energy and Water Supply was approved by the Parliament of Georgia transposing principle of directives 72/2009 and 73/2009.

Parallel to the work done on developing primary legislation, there is ongoing reform in the regulatory framework of the energy market of Georgia. In 2020 Government of Georgia issued an ordinance on establishing Electricity Market Concept Design of Georgia that defines main principles of electricity market functioning.

Based on the abovementioned commitments a set of new legislation has been approved by Georgian National Energy and Water Supply Regulatory Commission in order to bring national legislation in conformity with the obligations of the country.

General Policy and legislative process

The National Policy Planning System Reform Strategy, adopted by the Government of Georgia in August 2015 recognizes the current weak link between the policy planning process and legislation drafting, the absence of practice of legislative impact assessment and the weak institutional capacity of ministries in legal drafting. The OECD/SIGMA 2018 assessment in the policy development and coordination area highlights a number of weaknesses in the quality of policy planning (costing, monitoring, coordination and public consultation), which are currently being addressed through the PAR roadmap and action plan. The document specifically notes the reoccurring problem with implementation of laws, which can be attributed to the low quality of laws due to weaknesses in the law-making process. There is a pressure to complete numerous legal reforms in the shortest possible time. Improvement of the legislative drafting process and quality of legislation is now a priority area of action for the Administration of Government under the Prime Minister (steering the policy-making process) and all line ministries. This primarily involves the Administration of Government, Ministry of Justice (MoJ), and Ministry of Economy and Sustainable Development. In order to meet the targets and obligations in law making process the Government introduced changes in Law on Normative acts (amended on June 13, 2018) and Regulation of the Government (amended on August 24, 2018). These amendments put more emphasis on concordance with Union acquis and Regulatory Impact Assessment (RIA.)

In line with the 2018 OECD/SIGMA recommendations, a new Government decree was adopted end 2019, which, together with its supporting Handbook on Public Policy Making, now lays the regulatory and procedural foundation for good evidence-based policy development. It has quickly become the primary guidance document for the ministries. Nevertheless, its implementation requires comprehensive training and support, to ensure better integration between policy and budget planning, and building the right capacities, structures and processes in the relevant ministries. Some key issues in the area are inter- and intra-institutions coordination, capacities in data analysis, policy budgeting, and gender responsive budgeting. The introduction of a mandatory Regulatory Impact Assessment for specific legislation since January 2020 is also an important milestone, but it requires extensive training for proper implementation.

For increasing coordination and strengthening effectiveness of the legal approximation process in the country, on January 30, 2020 Government of Georgia adopted the Legal Approximation Guidelines⁷

⁷ <https://matsne.gov.ge/document/view/4786582?publication=0>

that will provide additional guidance to all the line ministries involved in the legal approximation process under the AA. The Guidelines prepared by the Ministry of Justice provide key principles and techniques of approximation that will assist and orient legal drafters throughout the approximation process. The Guidelines should be used consistently, not only by MoJ, but also by all line ministries, and institutions tasked with the approximation exercise. Such proceedings will help to ensure the achievement of a steady and sustainable approximation path.

3.3 Linked activities:

In the recent years, a number of projects financed by different donors have been contributing to development and strengthening of the Georgian energy system and its efficiency. Below is a summary of the main interventions:

EU4ENERGY – Period of implementation: 2016-2024. This is a European Union (EU) initiative that works with the six Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). The objective is to support the elaboration and implementation of energy policies that reduce their energy dependence and intensity, bolster their resilience and open up new opportunities for efficient low-carbon economies that further advance citizens' well-being. The project assists GNERC in drafting secondary legislation compliant with the EU legislation.

Technical Assistance of Ministry of Foreign Affairs of Denmark – Period of implementation: 2014-2019. Ministry of Foreign Affairs of Denmark carried out a project related to the Energy Efficiency. The project encompassed issues related specifically to data collection, monitoring, accounting and integration of renewable energies into the existing national electricity network.

Strengthening capacities of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in regulatory Cost Audit and Market Monitoring - EU funded Twinning project. Period of implementation: January 2016 – September 2017. The project aimed to strengthen the capabilities of GNERC through the development of tools and mechanisms based on the best EU practice regarding regulatory cost audit and market monitoring within the electricity sector.

Advisory Support to the Georgian National Energy & Water Supply Regulatory Commission (GNERC) – funded by the European Bank for Reconstruction and Development (EBRD), Period of implementation: April 2016 – April 2017. The project included calculation of losses in electricity and natural gas networks, quality of service regulation in electricity and natural gas sectors, licensing in gas sector, investment appraisal, unbundling of activities in gas sector and implementation of uniform system of accounting in electricity sector.

TAIEX Expert mission on EU legislation in the area of supplier switching and retail market development in the natural gas sector. Period of implementation – September 2015 (ref. 60219). The aim of the mission was to strengthen the capacity of the Georgian National Energy and Water Supply Regulatory Commission in regulating the natural gas sector in line with the EU legislation.

Strengthening capacities of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in updating incentive based electricity tariff methodology – EU funded Twinning Project. Period of implementation: September 2012 - June 2014. The project supported strengthening the capacities of GNERC and developing the new electricity tariff methodology. The main objectives of the project were to significantly increase the knowledge and skills of GNERC's management and its staff in the electricity sector regulation with specific reference to incentive-based electricity tariffs,

benchmarking, data monitoring and management and quality of service regulation in line with the Union acquis and best practices.

Development of Incentive Based Regulation for Service Quality and Regulatory Strategy to Support Roll out Smart Metering - EU funded Twinning project. Period of implementation: January 2019 – January 2021. The project aimed to strengthen the capabilities of GNERC through the development of incentive-based regulation for service quality and regulatory strategy to support roll-out of Smart Metering.

Development of Network Tariff Setting Methodologies, Energy Efficiency and Renewable Energy Regulatory Strategy and Creating Regulatory Framework for Enabling Demand Side Involvement - EU funded Twinning project. Period of implementation: February 2021 – ongoing. The project aims to develop the institutional framework for adoption and implementation of new regulations in a newly established electricity and natural gas markets of Georgia, in line with the AA and the protocol of Accession of Georgia to the Energy Community Treaty. The activities focus on strengthening the capabilities of GNERC as the independent national regulatory authority by developing relevant tools and mechanisms.

Related Programmes and Projects

The reform of Public Administration (PAR) is of utmost importance for the country and the process is supported through the donor community. The EU total contribution to the “Support to the Public Administration Reform in Georgia” 2016-2019 is EUR 30 000 000, out of which EUR 20 000 000 is budget support share and EUR 10 000 000 for complementary support. The objective of the programme is to improve the efficiency, accountability and transparency of the public administration of Georgia, in line with the key Principles of Public Administration that have been developed by OECD/SIGMA in close cooperation with the European Commission. It has a particular focus on the improvement of the policy planning and coordination capacities and processes in the central public administration. The professionalisation of the civil service (including the reform of the civil service training system) is also supported through the programme.

Support to the Public Administration in Georgia - EU funded. Period of implementation: 2019 – 2021. The objective of the project is to improve the efficiency, accessibility, accountability and transparency of the Georgian Public Administration in accordance with European principles of Public administration and best practices. More specifically, the project is mainly focused on improving the results-based approach in policy planning, development, coordination, monitoring and evaluation, increasing the awareness of the civil servants and streamlining the implementation of the civil service reform in public institutions. The project further improves the intra- and inter-ministerial business processes related to policy-making and service delivery thereby enhancing the efficiency of the administration and the quality of service delivery, strengthening policy development and implementation of the anti-corruption and transparency in national policies, thus increasing the accessibility, accountability and transparency of the executive branch and combating corruption, and raising public awareness and increasing visibility of the Government’s public administration reform agenda.

Facility for the implementation of the Association Agreement in Georgia II - EU funded. Period of implementation: 2019 – 2021. The project provides policy advice and capacity building support to the Georgian Government in coordinating the implementation of the Association Agreement, strengthening the institutional capacities of the line ministries and other public institutions to carry out the required reforms, including on policy development and legal approximation processes.

3.4 List of applicable *Union acquis*/standards/norms:

Georgia has the obligation to approximate its legislation with the energy acquis of Energy Community, specifically Protocol of Accession of Georgia with the Energy Community Treaty envisages approximation of national legislation with following EU legal acts:

- Directive 2009/72/EC⁸ of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC;
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC
- Directive 28/2009/EC on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC
- Directive 27/2009/EC on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC
- Regulation (EU) 838/2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging
- Commission Regulation 2016/1388 on establishing a Network Code on Demand Connection
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 and network codes developed based on the regulation.
- Directive 2004/67/EC concerning measures to safeguard security of natural gas supply
- Regulation (EC) No 714/2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003
- Directive 2005/89/EC concerning measures to safeguard security of the electricity supply and infrastructure investment
- Directive 85/337/EEC on the assessment of the effects of certain and private projects on the environment, as amended by Directive 1999/32/EC relating to a reduction in the sulphur content of certain liquid fuels
- Directive 2001/180/EC on the limitation of emissions of certain pollutants into the air from large combustion plants
- Chapter III, Annex V and Article 72(3)-(4) of Directive 2010/7S/EU on industrial emissions (integrated pollution prevention and control) – for new plants
- Chapter III, Annex V and Article 72(3)-(4) of Directive 2010/7S/EU on industrial emissions (integrated pollution prevention and control) - for existing plants
- Directive 79/409/EC, Article 4(2), on the conservation of wild birds
- Directive 2012/27/EU on energy efficiency, amending Directives 2009/12S/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products
- Directive 2010/31/EU on the energy performance of buildings
- Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products
- Directive 2008/92/EC concerning a Community procedure to improve transparency of gas and electricity prices charged to industrial end-users (recast)
- Regulation (EC) No 1099/2008 on energy statistics

3.5 Components and results per component

⁸ With the Energy Community's decision from October 6, 2011, the Third Package (Directives 2009/72/EC, 2009/73/EC and associated regulations) is to be implemented in the Energy Community's legal framework⁸.

Component 1:

Mandatory result 1 (Component 1): Business processes at GNERC created and upgraded towards digital transformation

This component aims at creating and upgrading business processes at GNERC towards digital transformation. Digitalization is essential in the context of ongoing Georgian energy market reform both at wholesale and retail level. For efficient, transparent and competitive energy markets, it is crucial to enable market participants and consumers with digitalized tools and mechanisms for active engagement. In this regard, it is important to increase and strengthen capacity of GNERC staff in modern digitalization tools and processes in order to put in practice international experience taking into consideration the country's needs. At the same time, development of GNERC's digitalization Strategy and its action plans will enable the Commission to meet future challenges of market restructuring to on one hand, optimize internal business process, and on the other hand, empower customers and market participants to apply actively new regulatory measures.

Sub-Result 1.1: Capacity of GNERC staff strengthened with the aim to ensuring gradual digital transformation of business processes at GNERC

In order to raise capacity and awareness of GNERC staff with regards to the digital transformation and optimization of business processes, this sub-result aims at conducting respective seminars, trainings, workshops and other kinds of awareness raising meetings. The above-mentioned will allow GNERC staff to have sufficient knowledge and skills about developing digital and upgrading applicable communication channels and tools for improving data confidentiality, acquisition, accessibility and robustness from regulated undertakings, relationships with consumers and public.

Sub-Result 1.2: Draft Digitalisation Strategy and its action plan of Georgian National Energy and Water Supply Regulatory Commission developed

Under this sub-result, development of a digitalization strategy and its action plan for GNERC for at least 5 years is envisaged. It is expected that international practice of energy regulators in terms of digitalization practices of internal business process will be reviewed and analysed as well as compared with the current business practices at GNERC. Furthermore, business cases in the energy sector that are dependent on the digitalization of the sector should be identified, as well as barriers to their development. At the same time, based on the identified gaps and barriers, digitalization strategy along with its detailed action plan should be developed in collaboration with GNERC's respective staff.

3.6 Expected activities:

The below activities are the minimum indicative requirements to achieve the above results. The MS will take these into account when developing its own methodology and complement them with its own and other relevant best practice experience and examples so that the above results can be sustainably achieved.

Mandatory result 1 (Component 1): Business processes at GNERC created and updated towards digital transformation

Sub-Result 1.1: Capacity of GNERC staff strengthened with the aim to ensuring gradual digital transformation of business processes at GNERC

Activities:

- *Analysis of the existing organisational and institutional structure and processes and preparation of recommendations for improvements regarding data flows, responsibilities and tasks;*
- *Assessment of the training needs and prepare training programme;*
- *Training of GNERC staff;*
- *Development and implementation procedures on flows, processing, protection of data.*

Sub-Result 1.2: Draft Digitalisation Strategy and its action plan of Georgian National Energy and Water Supply Regulatory Commission developed

Activities:

- *Review of EU best practice on digitalization in the energy sector*
- *Review of EU best practice on benefits and barriers to digitalization*
- *Analysis of communication channels of GNERC with energy market participants*
- *Analysis of benefits and barriers to digitalization for GNERC and Georgian energy market participants*
- *Development of Recommendations*
- *Development of action plan and allocation of tasks between stakeholders*
- *Development of a Digitalization Strategy for GNERC.*

3.7 Means/input from the EU Member State Partner Administration(s)*:

Member State is kindly requested to develop activities in the submitted proposal, which are needed in order to achieve the results stipulated in the fiche.

The project will be implemented in the form of a Twinning Light contract envisaged to provide exchange of experience and know-how with a MS Institution with good practice in the stated project activities. The project team will consist of a project leader, one Component Leader and a pool of experts for ad hoc assignments. All experts shall meet the formal conditions as set out in the Twinning Manual. The interested MS Partner Institution shall include in its proposal the CVs of the designated Project Leader, a Component Leader and the proposed Short-term Experts as well as the specific tasks to which they will be assigned to.

The MS Project Leader and the BC Project leader will ensure that any difficulties that could hamper the implementation of the activities are identified at an early stage and effectively resolved. Both should also ensure close cooperation with the Delegation of the European Union to Georgia and coordination with other ongoing and linked projects.

Before the trainings and workshops, a plan that meets the needs of the participants and aligns with the overall objectives of the project should be discussed and agreed with the BC counterparts.

The MS PL will be expected to devote a minimum of 3 days per month to the project in his/her home administration. In addition, MS PL will coordinate from the MS side the work of the Project steering Committee (PSC). MS PL may participate in the project also as short-term expert (STE). In this case, the MS Project Leader should satisfy requirements stipulated in the fiche for both the Project Leader and the relevant STE profile.

At least two visibility events will be organized in the course of the implementation of the project: kick-off meeting at the start of the implementation and the final meeting at the end of the implementation of the project activities. All visibility actions, proposed in the project should be in accordance with the visibility guidelines of the European Commission and Twinning Manual.

The required MS experts must either be civil/public servants of the relevant MS administration or be permanent staff of authorised mandated bodies. All experts must comply with the requirements set in the Twinning Manual 2017.

** Contracting authorities are invited to carefully consider the fact that no form of sub-contracting to the private sector is allowed, with the only exception of the hiring of translation and interpretation services, where necessary.*

3.7.1 Profile and tasks of the Project Leader

Profile:

- A high ranking Member State official or assimilated agent with a sufficient rank to ensure an operational dialogue at political level;
- University degree in Management or equivalent professional experience of 8 years;
- At least 3 years of experience in the field of Energy Regulation;
- A good knowledge of energy systems and legislation;
- Overall understanding of the relevant issues in the sector and area related to energy (gas, electricity);
- Good leadership skills;
- Experience with working in the countries of the Neighbourhood will be considered an advantage;
- Excellent working level of English language.

Tasks:

- Overall direction, supervision, guidance and monitoring of the project;
- Mobilisation of the necessary expertise for efficient implementation of the project;
- Responsible for the project progress reports and the final report;
- Timely achievement of the project results;
- Co-chairing of project steering committees;
- Provision of legal and technical advice and analysis whenever needed.

3.7.2 Profile and tasks of Component Leader

Profile:

- University degree in the field covered by the project or equivalent professional experience of 8 years;
- Minimum 3 years of relevant professional experience related to energy sector regulation and/or digitalisation;
- Proven experience in preparation of regulatory, strategy documents, recommendations etc.
- Proven experience in conducting and managing capacity building and professional development activities such as trainings, consultations etc.
- Good writing and presentation skills;
- An excellent command of written and spoken English;
- Strong analytical and managerial capability;
- PC computer literacy;
- Experience of working in the countries of the Neighbourhood East region would be an asset;
- Experience in other international projects related to energy sector / electricity sub sector /management/ digitalisation would be an advantage.

Tasks:

- Coordination, guidance and monitoring of all activities in the component;
- Conducting analysis of the area relevant to the component;
- Preparing and conducting training programs and workshops;
- Timely proposals for any corrective measures;
- Liaising with MS and BC PLs and daily contacts with BC counterpart.

3.7.3 Profile and tasks of other short-term experts:

Specialist civil servants/staff of approved mandated bodies will be made available by the Twinning Partner (MS) to support the implementation of the activities and agreed with the beneficiary administration. Specific and technical matters relevant to this Twinning project will be taken over by a

pool of STEs. The detailed expert input shall be established when drawing up the Twinning work plan and mobilised accordingly.

Profile:

- University level education in Economics, Finances, IT or equivalent professional experience of 8 years;
- Minimum of 3 years of experience in the field of energy and/or digitalisation;
- Good command of written and spoken English;
- Excellent knowledge of energy, energy regulation systems, gas and electricity, as well as digitalisation issues in the sector;
- Demonstrated good report writing and communication skills;
- Experience with drafting legislation, taking into account the role of energy regulator, familiar with various approaches in implementation of the EU legislation;
- Expertise in Energy market digitalisation and knowledge of EU best practice in this field;
- Good training and facilitation skills;
- Excellent coaching and mentoring skills;
- Experience in preparing regulatory and fiscal impact assessments would be an asset.

Tasks:

- Closely work with beneficiary partners in timely implementation of all project activities related to their field of expertise;
- Provide specialised assistance and support to beneficiary staff in the areas identified;
- Prepare for mission(s) according to instructions from the component and project leader, familiarising themselves with relevant documentation, and preparation of supporting materials (e.g. if delivering training);
- Contribute to drafting of project documents and deliverables, preparation and performance of trainings, study tours, workshops, seminars, etc.;
- Liaise with BC counterparts;
- Timely proposals for any corrective measures if needed.

4. Budget

Maximum Budget available for the Twinning Grant EUR 250 000.

5. Implementation Arrangements

- 5.1 The European Union Delegation in Tbilisi, Georgia, will be responsible for the tendering, contracting, payments and financial reporting, and will work in close co-operation with the Beneficiary. The person in charge of this project at the Delegation of the European Union to Georgia is:

Mr. Andrej BARTOSIEWICZ

Project Manager,

Delegation of the European Union to Georgia

64b Chavchavadze Avenue

0179 Tbilisi, Georgia

Tel.: +995-32-236 43 64

E-mail: Andrej.BARTOSIEWICZ@eeas.europa.eu

5.2 Institutional framework

The main beneficiary Institution of the Twinning project is the Georgian National Energy and Water Supply Regulatory Commission (GNERC). The Commission is an independent entity and acts in accordance with defined authorities under the Law of Georgia on "Independent National Regulatory Authorities" and the Law of Georgia on "Energy and Water Supply". The Commission consists of five members.

GNERC has 14 Departments in its structure (see annex 1). GNERC's Organizational Structure is specified in its Charter (GNERC Resolution No. 79, December 28, 2020). In practice, all Departments will benefit from the Twinning Project:

The main functions of the **Market monitoring Department** are maintenance of the databases on the electricity and natural gas trading, monitoring and supervision of the energy markets in order to ensure competitive, free, transparent and fair trade principles.

The main functions of the **Regulation Improvement and Methodological Support Department** are survey and analysis of the challenges and best international practices in the electricity, natural gas and water supply sectors for the purpose of service and competition development, including for creating fair conditions and balanced environment. Develop methodologies for the calculation of electric energy, natural gas, and water tariffs, monitor Quality of Service of Distribution licensees.

The main functions of the **Electricity Department** are to develop standard-technical documentation for electric sector; to establish control over the licensing conditions; to develop Network Rules; to develop database for electricity trade; to inspect meters used in wholesale accounting; and to examine new investment projects in electricity sector and prepare appropriate conclusions.

The main functions of the **Natural Gas Department** are to conduct technical expertise of license seeker documentation in natural gas sector; to create database about licensees and participants of natural gas sector in the form determined by the Chair of the Commission; to prepare relevant conclusions on the basis of analysing technical reports submitted by natural gas sector licensees; to estimate investment projects presented by natural gas licensees and prepare relevant conclusions within its competence; and to monitor and analyse natural gas market within the competence of the Commission.

The main functions of the **Tariffs and Economic Analysis Department** are to analyse tariff applications presented to it; to examine and monitor the economic status of licensees, importers, suppliers, and commercial operators in electricity, natural gas and water supply sectors; and to develop and modify tariff setting methodologies, calculate and set tariffs.

The main functions of the **IT Department** are to ensure provision of the IT services to the whole Commission, including development of appropriate software and ensuring its proper functioning.

All stakeholder representatives, including agencies, ministries, distribution and transmission licensees, will be involved in the project implementation according to their mandate and responsibilities.

5.3 Counterparts in the Beneficiary administration:

The PL and RTA counterparts will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.

5.3.1 Contact person:

Ms. Nino Bukhnikashvili
Chief Specialist, International Relations' Department
Georgian National Energy and Water Supply Regulatory Commission
A.Mitskevichi Str.19, 0194
E-mail: n.bukhnikashvili@gnerc.org

5.3.2 PL counterpart

Mr. Giorgi Pangani
Commissioner
Georgian National Energy and Water Supply Regulatory Commission - GNERC
A.Mitskevichi Str.19, 0194
E-mail: g.pangani@gnerc.org

6. **Duration of the project**

Duration of the execution period: 11 months. [The execution period will end 3 months after the implementation period of the Action (work plan) which will take 8 months].

7. **Sustainability**

The Project objectives are based on the real development needs of GNERC. They are not additional to the tasks ahead of GNERC, but integral part of their own plans. The sustainability of the Project will be achieved through a suitable implementation of the project activities and availability of personnel trained by the project in the digitalisation subjects. It will be promoted by introduction of the project results into GNERC resolutions and decisions. Furthermore, needs of the local and international investors in clear and long-term electricity regulations as well as needs of the Government of Georgia and its population in a well-regulated and stable and reasonably priced electricity sector supply are expected to contribute to maintaining high level services on a constant basis in GNERC.

The twinning project will support preparation of analytical prerequisites i.e. preparation of concept notes, estimation of implementation costs and will support GNERC in conducting inter-institutional and public consultations.

The workshops, seminars, on-the-job coaching and mentoring should take into account an opportunity for train-the-trainer approach, since it may entail a multiplier effect and ensure the sustainability of methodologies developed. It is necessary to apply a training approach characterized by focusing on cases in the local context. Direct peer-to-peer and expert-to-expert working relations should be established as well. Constant monitoring of developments shall be ensured through provision of short evaluation sheets (or questionnaires) surveying how Georgian participants appreciate the content, method, applicability and transferability of the delivered topics.

Any internal procedure developed with the support of the project will be consistent with the formal decrees on the organisational structure and job requirements for the organisation and any by-laws that exist for all government bodies regarding job descriptions and written procedures. In addition, any written procedural manual or guidelines developed with the support of the project will be simple enough to be regularly updated and changed by the staff of the respective organisations without external support.

8. **Crosscutting issues** (*equal opportunity, environment, climate etc...*)

The principle of equal opportunity will be integrated into all stages of the project implementation. The Project does not have direct environmental consequences, although environmental awareness raising and environmentally friendly decision making in all branches of the energy sector is a task of continuously growing importance. Development of smart-metering will optimize energy consumption and energy efficiency. It is a part of demand side management and will contribute to the optimization of energy consumption and subsequently will have positive impact on the environment.

9. **Conditionality and sequencing**

There is no precondition set for this Twinning project. The project has been initiated and drafted by the beneficiary institution, which, by endorsing the Twinning Fiche, commits itself to provide the contributions stated in the fiche.

They, among others, include: (1) Strong commitment and support of GNERC management to the Project implementation, (2) Strong involvement/ commitment of GNERC staff at all levels, assigning indispensable personnel to activities connected with the Project, (3) Ensuring co-ordination between departments and institutions connected with the Project, access to indispensable information and documents, as well as sufficient development of computerization within GNERC, (4) Adequate conditions for the STEs to perform their work while on mission to the BC, (5) providing suitable venues

and equipment for training sessions and meetings that will be held under the Project, (6) designating a GNERC counterpart for each MS expert.

Significant changes in the GNERC staff could be of a significant risk for successful implementation of the Project and the sustainability of the results to be achieved. This primarily refers to professional staff having participated in the project design and those having knowledge of the English language.

In order to successfully implement the Twinning project, it is regarded as important that the GoG and GNERC management take measures to ensure appropriate staffing – both in volume and quality – and their motivation for participation in the Twinning project, achieving the mandatory results jointly with the EU Partners and staying on in GNERC so that it can effectively carry out its regulatory function.

To achieve the expected results it is important that GNERC staff further enhances their technical English language skills. It would also be highly recommended to ensure translation of all essential documents developed within the project into the Georgian language.

10. Indicators for performance measurement

- Level of digitalization of data stored at GNERC;
- Number of GNERC Staff trained with regards to digitalization within the project;
- Availability of the report on best EU practice in digitalization;
- Availability of the draft digitalization strategy of GNERC;
- Availability of the draft digitalization action plan of GNERC for at least 5 years.

11. Facilities available

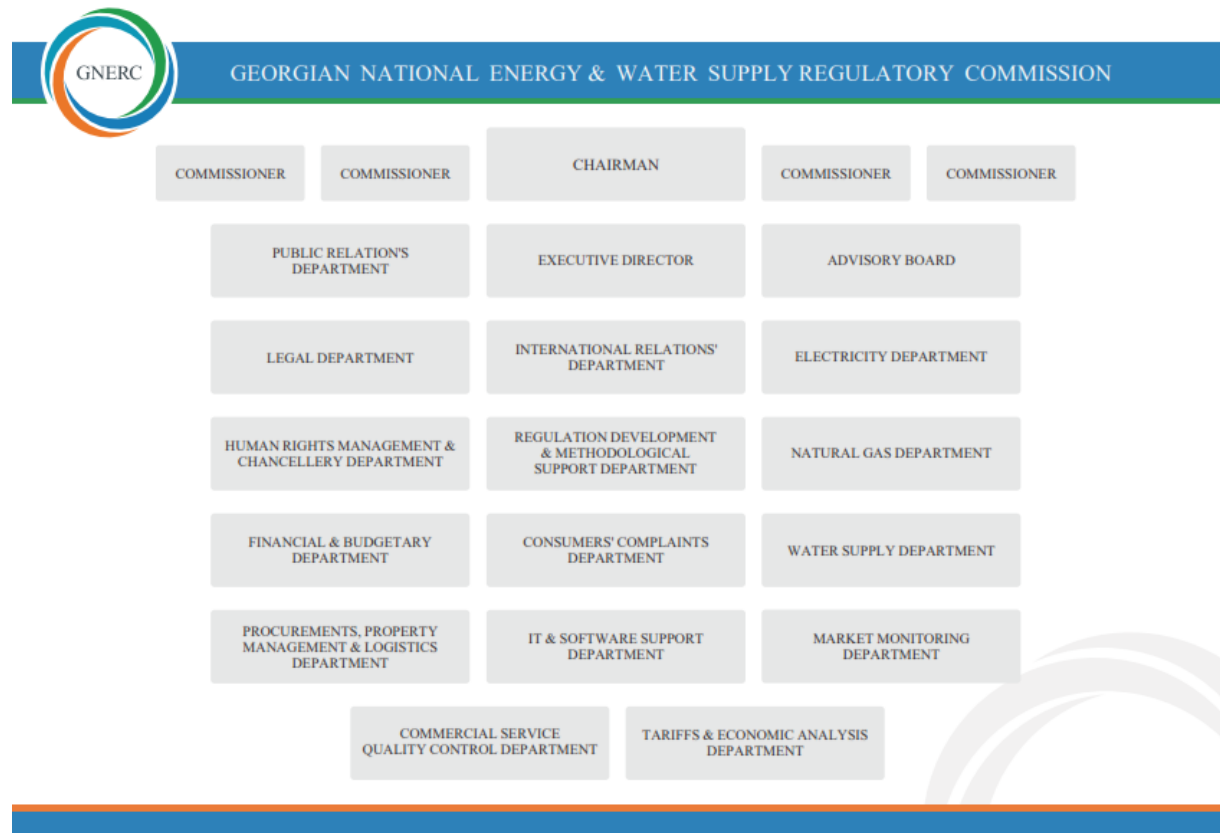
The BC commits itself to deliver the following facilities:

- Supply of office room including access to computer, telephone, internet, printer, photocopier.
- Adequate conditions for the STEs to perform their work while on mission to the BC.
- Provide suitable venues for the training sessions and meetings that will be held under the Project.
- Security-related issues will be assured according to the standards and practices applicable for all Georgian public institutions.

ANNEXES TO PROJECT FICHE

- 1. Annex 1 – Organizational Structure**
- 2. Annex 2 – Logical Framework Matrix**

Annex 1. Organisational Structure



Annex 2: Simplified Logical Framework

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	The overall objective is to assist Georgia to create enabling energy regulatory environment for digitalization in line with the terms and conditions set out in the Association Agreement and the Energy Community Treaty				Government commitment on the fulfilment of AA/DCFTA requirements continued

<p style="text-align: center;">Specific (Project) Objective(s)</p>	<p>The Specific objective is to develop regulatory framework for promoting efficient, safe, modern and secure processing of data and develop digitalization strategy and its action plan</p>	<p>Level of digitalisation of data stored at GNERC</p> <p>Baseline: 2021 – limited compliance</p> <p>Target: Fully Compliant by the end of the project</p> <p>Status of digitalization strategy and its action plan</p> <p>Baseline: 2021- Not available</p> <p>Target: digitalization strategy and its action plan adopted by the end of the year</p>	<p>AA implementation report</p> <p>GRENC report</p> <p>Project documentation</p> <p>Project interim and final reports</p>	<p>Lack of sufficient support/commitment from relevant authorities</p> <p>Lack of the available GNERC staff working on respective issues</p> <p>Lack of interest from the relevant parties</p>	<p>Strong support and proactive cooperation of Twinning partner(s) ensured</p> <p>Cooperation between the Respective Working Groups established, GNERC and the MS experts</p> <p>Availability of relevant information documents</p>
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<p>Mandatory results/outputs by components</p>	<p>Mandatory result / Component 1 – Creating and upgrading business processes at GNERC towards digital transformation</p>	<p>Availability of business processes at GNERC towards digital transformation</p> <p>Baseline: 2021- Business processes at GNERC towards digital transformation outdated</p> <p>Target: Business processes at GNERC towards digital transformation created and upgraded by the end of the project</p>			
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<p>Sub-results per component (optional and indicative)</p>	<p>Sub-result 1.1. - Capacity of GNERC staff strengthened with the aim to ensuring gradual digital transformation of business processes at GNERC</p>	<p>Number of GNERC staff trained with regards to digitalisation within the project</p> <p>Baseline: 2021- 0 Target: 50 staff members of GNERC trained by the end of the project</p> <p>Availability of the report on best EU practice in digitalization</p> <p>Baseline: 2021– Not available Target: Report on Best EU practice in digitalization developed and available by the end of the project</p>	<p>Project Documentation (Training Materials, list of participants, project reports, recommendations),</p> <p>Minutes of the meetings held with the stakeholders</p> <p>Project deliverables</p>	<p>Lack of sufficient human and technical resources</p>	<p>Strong collaboration and involvement of stakeholders at all levels</p>
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	<p>1.2 Sub-result - Draft Digitalisation Strategy and its action plan of Georgian National Energy and Water Supply Regulatory Commission developed</p>	<p>Availability of the draft digitalisation strategy of GNERC</p> <p>Baseline: 2021 - Not available Target: Draft Digitalisation strategy of GNERC available by the end of the Project</p> <p>Availability of the draft digitalisation action plan of GNERC</p> <p>Baseline: 2021 - Not available Target: Draft of Digitalisation Action Plan developed and available by the end of the project</p>	<p>Project Documentation (Training Materials, list of participants, project reports, recommendations),</p> <p>Minutes of the meetings held with the stakeholders</p> <p>Project deliverables</p> <p>Digitalisation strategy and action plan of GNERC for 5 years</p>	<p>Lack of sufficient human and technical resources</p>	<p>Strong collaboration and involvement of stakeholders at all levels</p>
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