Service Quality Regulation in Georgia

Kiev

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Legal Framework

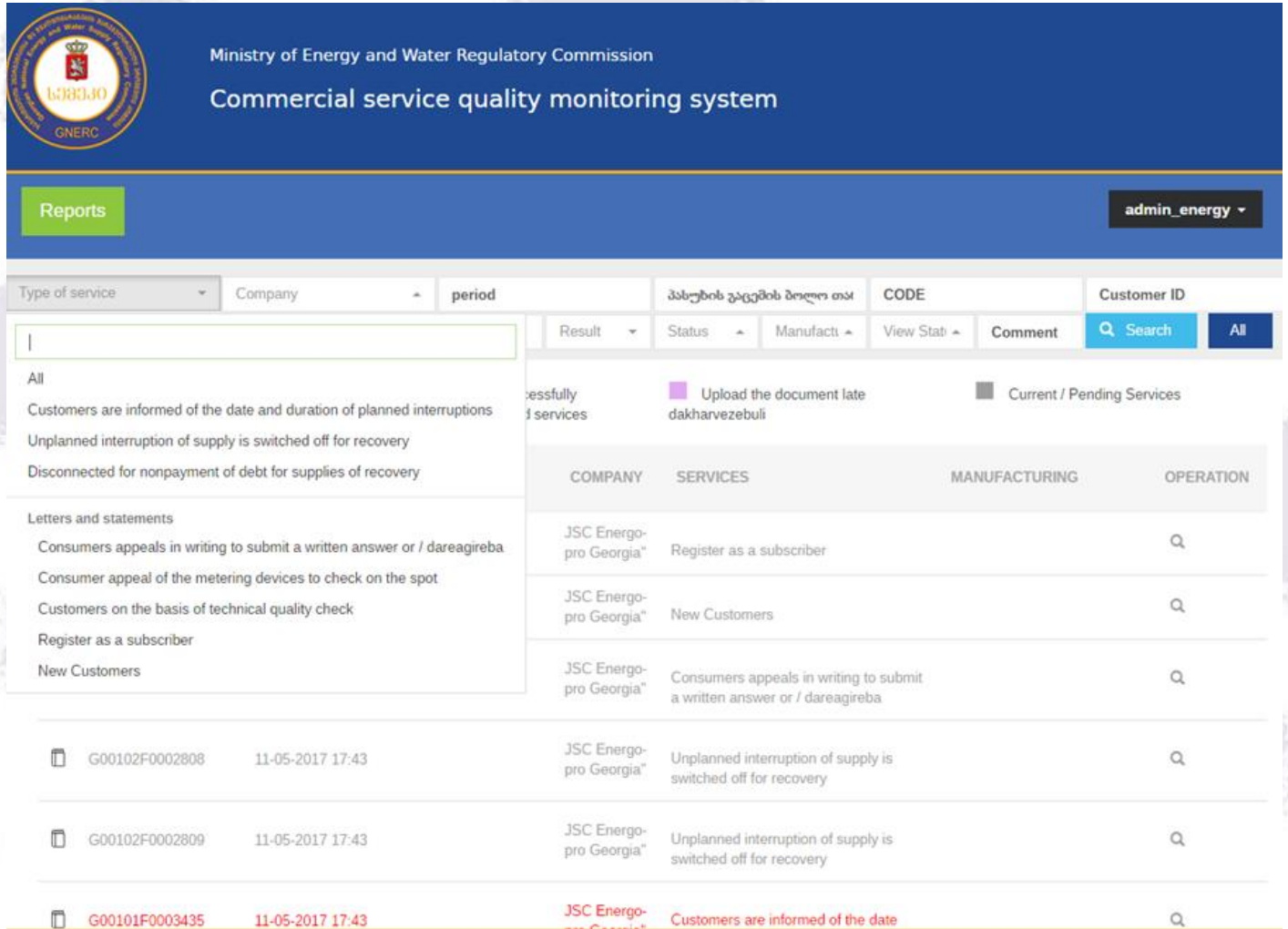
- In 2009 GNERC adopted the Resolution №9 on Approving Instructions for Monitoring of Indicators of Electricity Reliability by Electricity Distribution Licensees

- In 2016 GNERC adopted the Resolution №13 on Commercial Service Quality Rules which replaced the Resolution №6 on "Commercial Service Quality Rules Provided by Electricity Distribution Licensees" and also covered natural gas and water supply sectors.

- Resolution №10 on Grid Code which has been amended and added distribution network code. It defines parameters of electricity quality and sets limits for those parameters both for transmission and distribution networks

Commercial Service Quality Online Monitoring System

- Commercial Service Quality Online Monitoring System enables companies to report information on the fulfillment of the service provided by the "Commercial Service Quality Rules"



Commercial Quality (1)

General Standard

1	Time for informing customers about the date and duration of a planned interruption	To meet the standard 90% of the interruptions must be timely informed
2	Time for informing customers about an unplanned interruption	To meet the standard 80% of the disconnected customers shall be reconnected on the timely basis
3	Call Centre's average holding time	To meet the standard 80% of the incoming calls must be responded

Commercial Quality (2)

Guaranteed Standard

#	Type of Service	Standard	Amount of Compensation
1	customer reconnection due to non-payment	Maximum 5 days Minimum 1 days	Residential customer – 5 GEL; Non- residential customer – 10 GEL
2	Written response to written customer inquiries	Maximum 10 days	Residential customer – 5 GEL; Non- residential customer – 10 GEL
3	Checking meter equipment upon request of a customer	Maximum 10 days	Residential customer – 5 GEL; Non- residential customer – 10 GEL
4	Registration as a customer and guarantee him with a supply of electricity	Maximum 5 days	Residential customer – 5 GEL; Non- residential customer – 10 GEL
5	Checking voltage quality upon request of a customer	Maximum 5 days	Residential customer – 5 GEL; Non- residential customer – 10 GEL

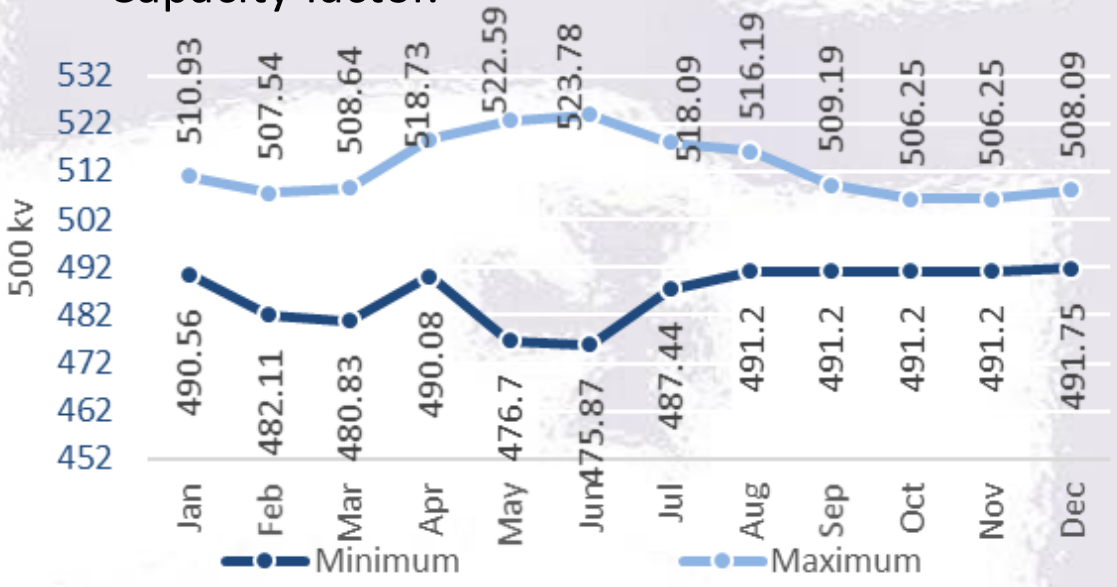
Reliability of Supply

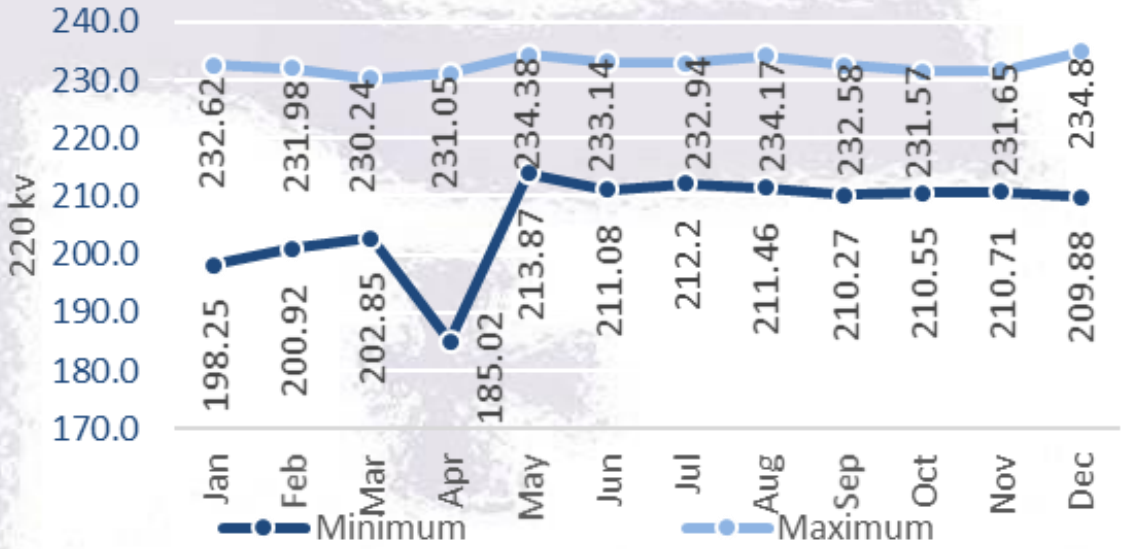
- Instruction envisaged following indices of determining electricity reliability of supply:
  - System Average Interruption Duration per customer - SAIDI min/customer.
  - System Average Interruption Frequency per customer – SAIFI outage/customer.
- 2016 Electricity Distribution Companies were obliged to maintain annual indicators of reliability of electricity supply and improve them in case of low indicators. In case of worsening, the Commission is authorized to use appropriate sanctions

Company/Year		2014		2015		2016	
		SAIDI	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI
Telasi		487.5	6.85	323.83	5.897	314.2	5.44
Energo-Pro Georgia	City	422	3.5	331	2.72	305	3.4
	Borough	937	8.1	750	7.05 →	669 →	7.55
	Village	3,061	26.2	2,476	22.96 →	2,203 →	24.9
Kaketi Energy Distribution	City	394	3.8	220.6 →	3.2 →	236.4	2.18
	Village	1,705	11.7	1,271.9	9.63	1,618.6	8

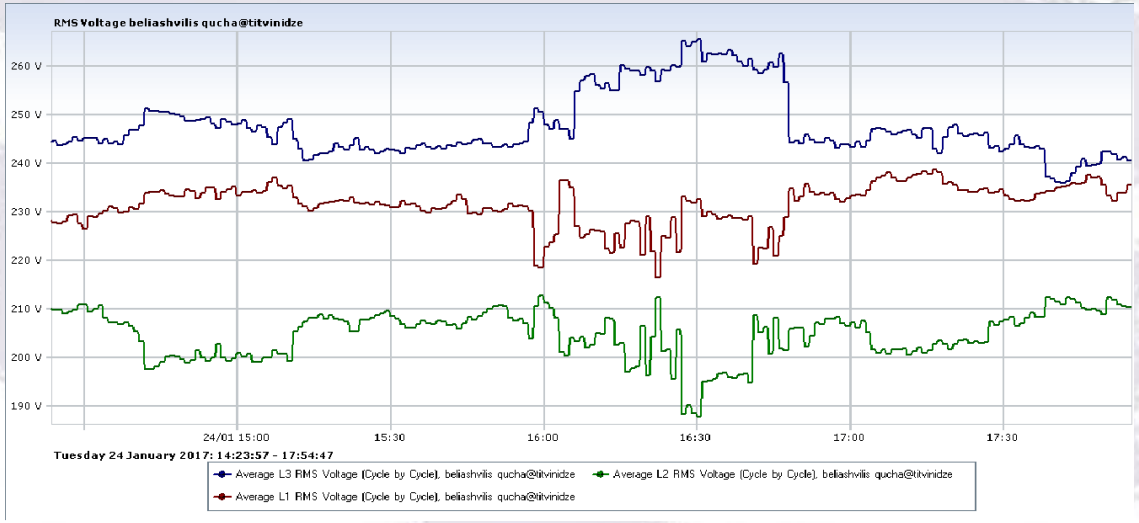
Voltage Quality (1)

- Following frequency parameters are defined in the transmission network:
  - Frequency limits (in parallel mode and in isolated mode);
  - Voltage limits (normal and emergency situations);
  - Harmonic distortion;
  - Voltage fluctuation and flicker;
  - Voltage asymmetry;
  - Capacity factor.





Voltage Quality (2)



Future Plans and Challenges

- Price-cap regulation without any quality standards or incentive/penalty schemes for quality may provide unintended and misleading incentives to reduce quality levels

- Quality incentives can ensure that cost cuts required by price-cap regimes are not achieved at the expense of quality.

- The increased attention to quality incentive regulation is rooted not only in the risk of deteriorating quality deriving from the pressure to reduce costs under price-cap, but also in the increasing demand for higher quality services on the part of consumers

Future Plans and Challenges

- Develop incentive based regulation for QoS that is simple to understand
- Incorporate QoS standards in incentive based tariff methodology
- Active coordination with distribution licenses/customers in the process
- Improve monitoring procedures for data monitoring
- Improve voltage quality monitoring system and review incentive based regulation
- Incorporate information on reliability of supply in investment projects by distribution licenses

Thank you

Nikoloz Sumbadze

Chief Specialist at
Electricity Department,
GNERC
n.sumbadze@gnerc.org