

**TECHINFORMI**

**LAW OF THE REPUBLIC OF GEORGIA**  
**ABOUT ENERGETICS**

*47 , Kostava str., 380079 Tbilisi, Georgia*  
*Fax: (8832)987618, Tel.: 988374*  
*E-mail: dor@tech.org.ge*

## **LAW OF THE REPUBLIC OF GEORGIA ABOUT ENERGETICS**

The Law determines the place of the power industry (energetics) as one of the leading components of fuel and energy complex in the national the national economy of the Republic of Georgia, legal economic, social and organizational bases of its function; regulates relationships between producers and consumers of electric and thermal energy and foreign economic relation; determines rights and obligations of the state administrative organs in this branch, ensures the normal function and the rational development of the branch under the conditions of full state independence of Georgia and under the conditions of market –oriented economy.

### **Article 1. The energetics and its place in the economic complex of Georgia**

1. Energetics as a component of fuel and energy complex is s base branch of the economy, that has a priority development and is based on the principles of market relations.
2. The energetics includes complexes of industrial enterprises, constructions and buildings, that produce, transmit and distribute electric and thermal energy, research, project, constructing – amounting, filling and teaching organizations with their production and un-productive infrastructure.
3. The purpose of the energetics is to ensure the population and economic complex with electric and thermal energy on the basis of their rational production and consumption, priority use of local resources and economically and technically justified relations with the neighbour countries.
4. The material and technical supplies and delivery of fuel for the branch is realized within local production and also within contractual obligations through mutually advantageous economic relations; in extraordinary conditions it is regulated by the Cabinet of the Ministers of the Republic of Georgia.

### **Article 2. Forms of ownership**

1. State-owned objects of the energetics are subjected to a privatization in accordance with the acting legislation.  
Privatization of energetic objects must not give rise to use them for other purposes and for non-substantiated change of their technical and economic conditions. Under such conditions the state administrative organ is competent to propose a re-nationalization of the object.
2. In respect of the objects of energetics, that is owned by the other branches of republican economy complex, the state administrative organ executes the functions of technical supervision and dispatcher controls
3. The permission for use of natural resources of the republic with energetic purposes is issued in agreement with the legislation of the Republic.

### **Article 3. Legal, organizational, social and economic bases of function of the energetics**

1. The function of objects of the power industry is realized on the basis of this Law, other laws of the republic and other statutory acts.
2. The energetics is managed by the state organ on the basis of this law and the regulations, confirmed by the Cabinet of the Ministers of the Republic.
3. The state organ that manages the energetics represents the interest of the branch within the Republic of Georgia and abroad provides normal function of the branch with the provision of environment protection and rational use of the nature. It renders juridical and methodological service in elaboration of statutory acts, that are necessary for the function and development of power objects, training of national personnel, coordinates relations with the other branches of the economic complex.
4. The enterprises and organizations of the energetics are juridical persons and execute their economic activities independently on the principles of full cost accounting and self-financing. In the same time branch's instruction, statutory acts and contractual obligations regulate their activity.
5. Decisions of the state administrative organ within its competence are obligatory for the organizations of the branch.
6. The fulfillment of the branch's statutory acts and rules is obligatory for all objects of the branch, independently of their form of ownership.

### **Article 4. Development of energetics**

1. The branch develops on the basis of the state program, that may be corrected by the Cabinet of the Ministers with the provision of conditions of the economical development. The program stakes account of energy-saving, economic, ecological, social, demographic and other complex factors. The execution of the program will ensure the development of the branch by priority rate, the improvement of the republican economy and the standard of life of the people under the conditions of the state independence and market relations.
2. The program of the development of the energetics confirmed by the Parliament of the Republic of Georgia. In accordance with the confirmed program and the established order a necessity of construction of production and unproductive objects is substantiated on the basis of research and project-explorative documentation, is considered by local authorities with a participation of the representatives. The concerted project is submitted for the approval to the Cabinet of the Ministers of the Republic of Georgia.
3. The widening of extraction of the own thermal and energy resources and priority development of the renewable energy sources is a basis of the effective development of the energy system of Georgia and of its international integration.
4. The allocation of land plot for the arrangement of energy objects depending on their form of ownership and by the consent of sides is realized in agreement with the legislation of the republic.
5. The Cabinet of the Ministry of the Republic gives a permission for the use of

thermal and energy fossil and other resources, that are necessary for the construction and future function of new power objects and also draws up other acts.

6. Local authorities within their competence solve all questions related to the drafting and construction of new energy objects.
7. The construction of small energetics objects independently of the form of ownership is related in accordance with the state energetic program.
8. The cabinet of the Ministers of the Republic promotes the measures, that are effective from the energetic point of view, develops the small energetics and takes other measures, that relate to the increase of the effectiveness of production and development of local renewable power sources through the attraction of private capital.
9. A halting of construction or the function of working energetic objects is executed by the decision of the Cabinet of the Ministers and in extraordinary conditions - by the Parliament of Georgia. A liquidation of such objects in accordance with the acting legislation is executed by the resolution of the Parliament. The basis of such decision is the complex experts' conclusion with thorough substantiation of the specific results of expected economic, ecological or other aspects, and also the construction of the object without permission or with gross violations of the established order. The question of juridical and material responsibility is considered in accordance with the acting legislation.
10. The state program of the development of the energetics is fulfilled on the expense of the budget of the Republic of Georgia, income of the branch, bank credits and through the attraction of private capital and foreign investments.

#### **Article 5. Relationships of producers and consumers of electric and thermal energy**

1. The basic legal document, that regulates relationships of producers and consumers of electric and thermal energy, is a contract. The contract determines quantitative and qualitative characteristics of energy, in agreement with the rule, established by the Cabinet of the Ministers, provides economical and legal responsibility of both sides for violation of the contractual obligations.
2. During the solution of questions, related to the transportation of electric and thermal energy producers and consumers of electric and thermal energy obey to the established rules and acting system of the state standards.
3. The controversial questions, related to the non-fulfillment of the contracts between the organizations-producers and consumers of electric and thermal energy are considered in accordance with the rules, fixed by this legislation.
4. The state promotes private employers to use the state energetic network with the purpose of increasing of energetics objects' effectiveness.

#### **Article 6. Responsibility for violation of energetics law**

The responsibility for violation of the demands of the law about energetics is determined by the legislation of the Republic of Georgia.

## Article 7. Foreign economic relations

1. The departments and organizations of the power industry have a right of direct access to foreign markets. They enjoy a right to export and import produce, appliances and materials, execute research, prospecting and project works, construction, mounting, operation and repair, sale of technical documentation and licenses in accordance with the fixed order, education and improvement of qualification of the personnel abroad, creation of joint ventures.

Export and import of energy is executed within the limits, fixed by the Cabinet of the Ministers of the Republic, with the provision of interests of energy producers and consumers.

2. The currency earnings, obtained as a result of foreign economic activity of the branch, is distributed in accordance with the order, fixed by the Cabinet of the Ministers of the Republic.
3. If the statements of international agreements or treaties, in which the Republic Georgia participates, differ from the ones of this law, the rules of international agreements or treaties are used.

The Chairman of the Parliament of Georgia,  
The head of the State

E.Shevardnadze

The Speaker of the Parliament  
of Georgia

V.Gogvadze

Tbilisi  
1994 September, 22  
No. 559-1s

Point 1 of Article 4 and Point 2 of Article 5 are annuled by Amendments and Addenda to the Law of the Republic of Georgia About Energetics (of 06.27.97. N616)