

# SOCAR GEORGIA GAS

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# ABOUT US

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SOCAR Georgia Gas is a subsidiary company of SOCAR Energy Georgia, founded by State Oil Company of Azerbaijan Republic.

SOCAR Georgia Gas was established in August 2007 with purpose of implementation of gasification program in the territory of Georgia.

Current scope of work includes import, sales, distribution of natural gas and operation of low and medium pressure gas network.

# BEFORE

- Due to the political and financial crisis in Georgia in 1990's, only about 80,000 households in the country were provided gasification. (only 13% out of total Number of households with gas in Soviet Georgia).
- At the end of the 1990's and in the beginning of 2000's, gas losses in gas distribution network were enormous due to the technical problems and losses in the commercial sector, particularly in the winter period. There were other problems such as low collection rate for used gas, corruption, theft, etc.
- In that difficult time period for the country, before SOCAR Georgia Gas started its operations, 33 gas distribution companies provided their service to the Georgian population and commercial sector.

# PRIVATIZATION OF STATE-OWNED OLD NETWORK

29 companies

- In 2008, SGG privatized 29 gas companies in Georgia.

Losses - 32%

- Average losses on operating companies amounted to 32%.

Collections – 60%

- Collection of payments for consumed gas did not exceed 60%.

Old network - 1800 km

- 1800 km of depreciated mostly low pressure pipelines built in 1960-1970

No accounting systems

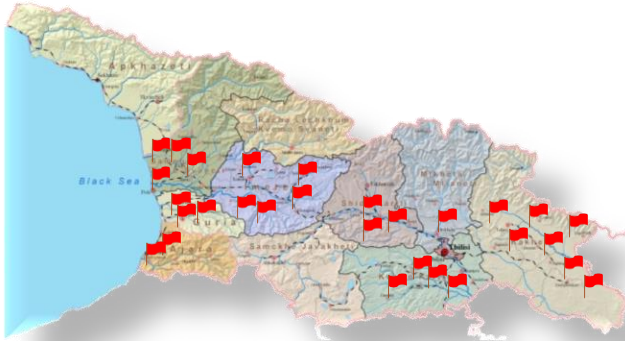
- Absence of unified billing and accounting systems

78 customers per employee

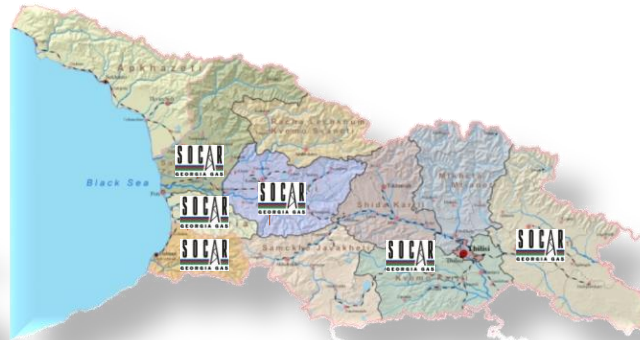
- Number of employees in the companies was around 1000, while number of subscribers - approximately 78000

# OPTIMIZATION OF ORGANIZATIONAL STRUCTURE

Y2008  
29 regional companies



Years 2008-2014  
6 regional companies



Y2014  
1 company

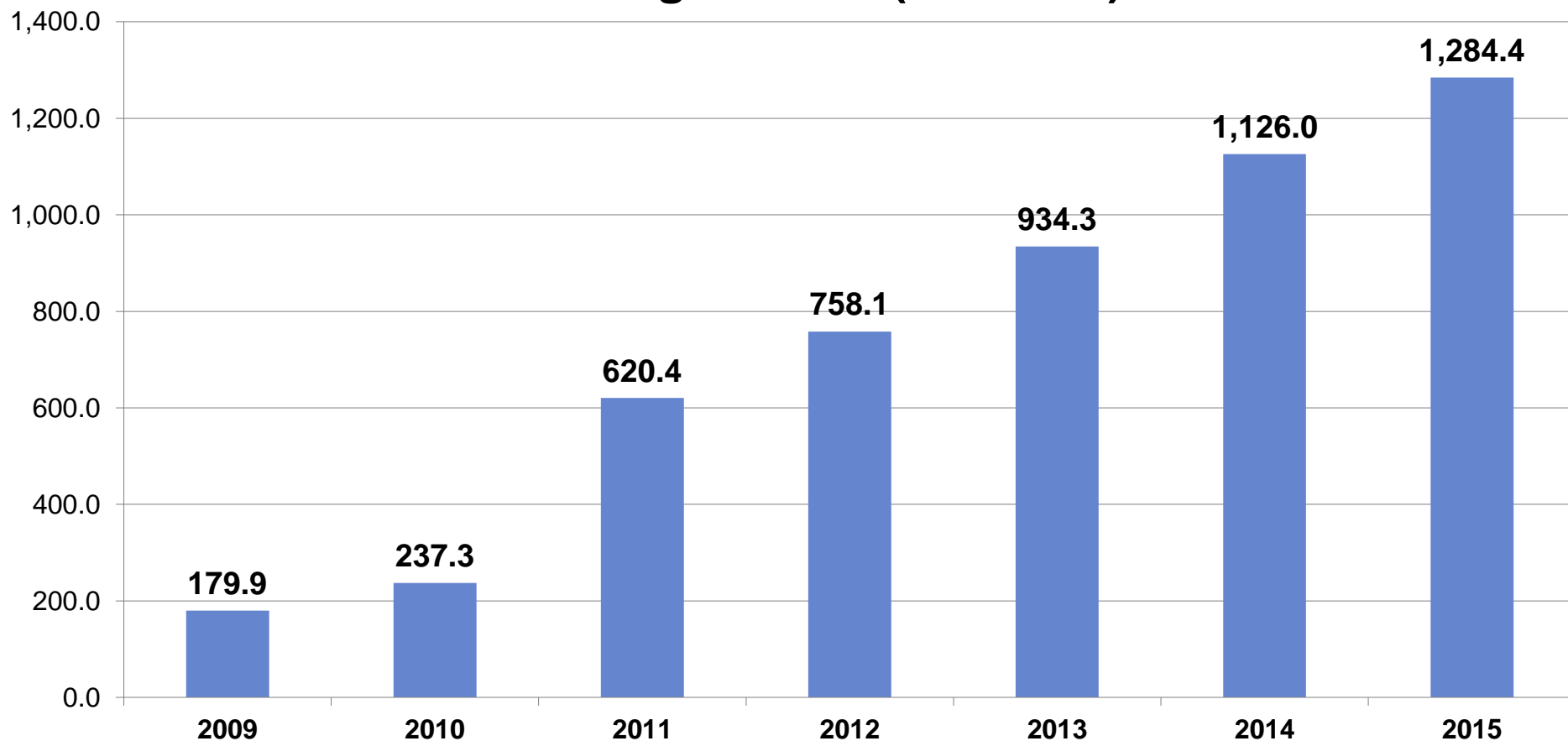


• In 2008, 29 regional companies were merged into 6 regional companies. Further, in 2014, they were re-organized as regional offices of one central office

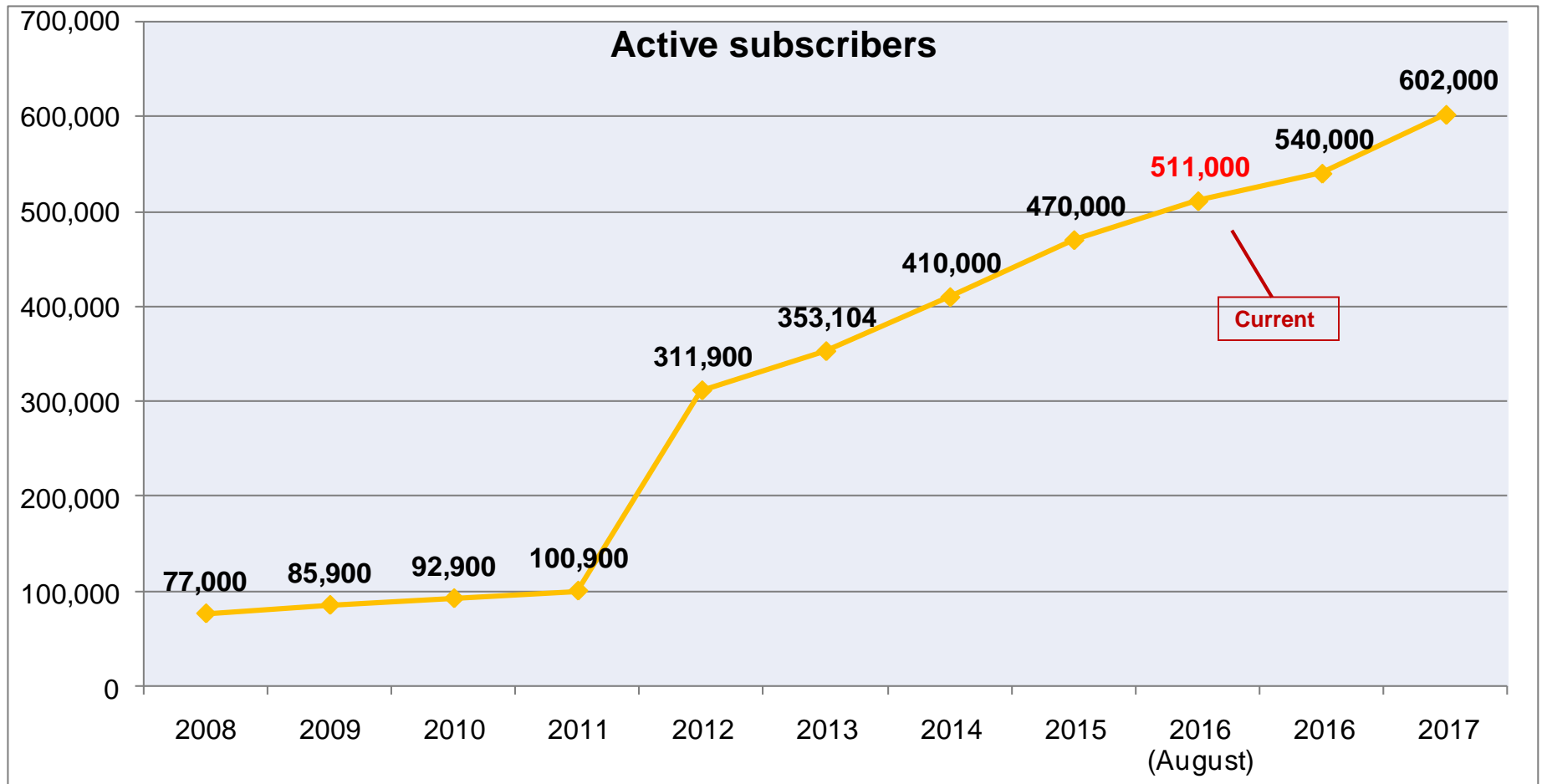
- Unification of regional work processes
- Unification of tariffs
- Optimization and consolidation of financial resources
- More efficient administration

# NATURAL GAS SALES GROWTH

## Natural gas sales (bln. cbm)

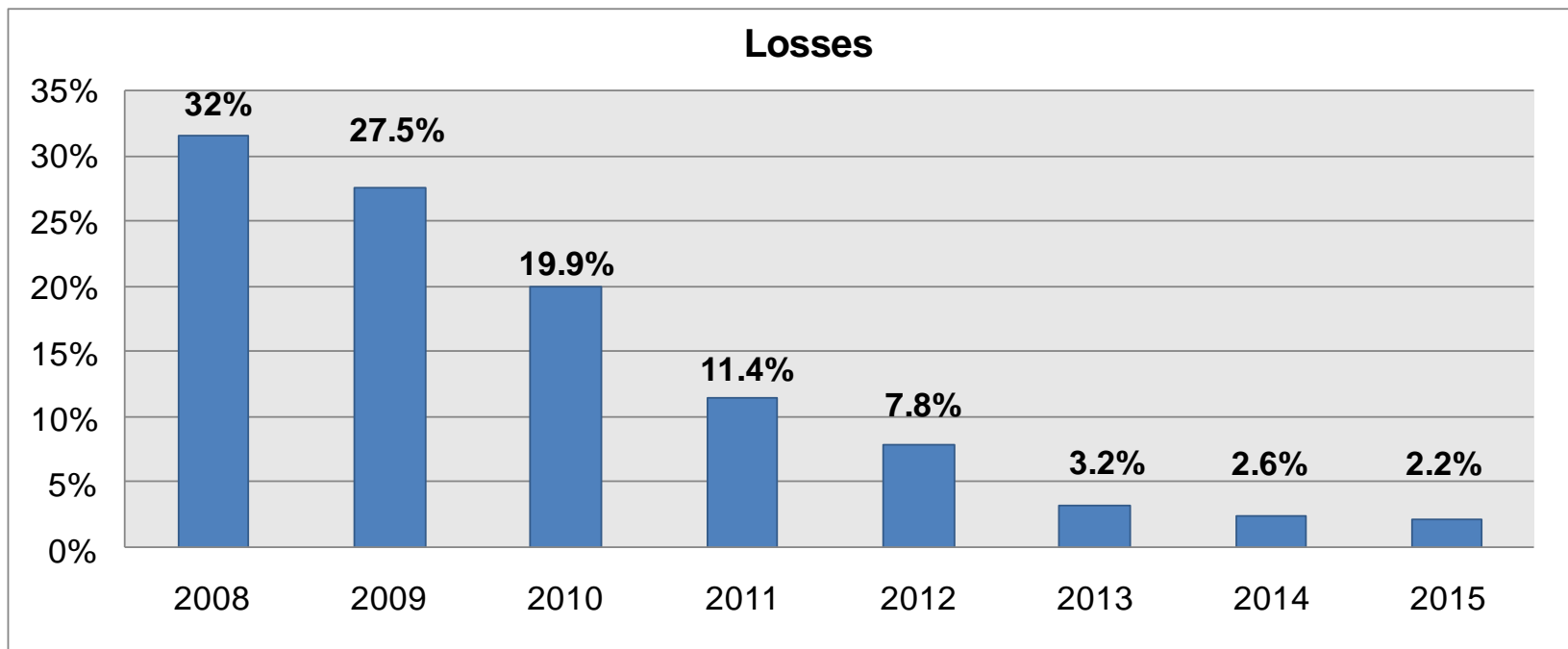


# INCREASE OF ACTIVE SUBSCRIBERS



# REDUCTION OF LOSSES

During 2008-2014 gas losses decreased from 32% to 2,6%.





# REHABILITATION OF THE NETWORK



**700 km of amortized pipelines were rehabilitated.**



**On old networks, more than 8000 units of outdated taps and valves, over 1300 regulators and gas reduction points were replaced.**



**More than 75 000 old gas meters were removed from the buildings and replaced with the new German meters ELSTER with thermal correction.**

# NEW TECHNICAL STANDARDS

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## Standards for design and construction of pipeline networks

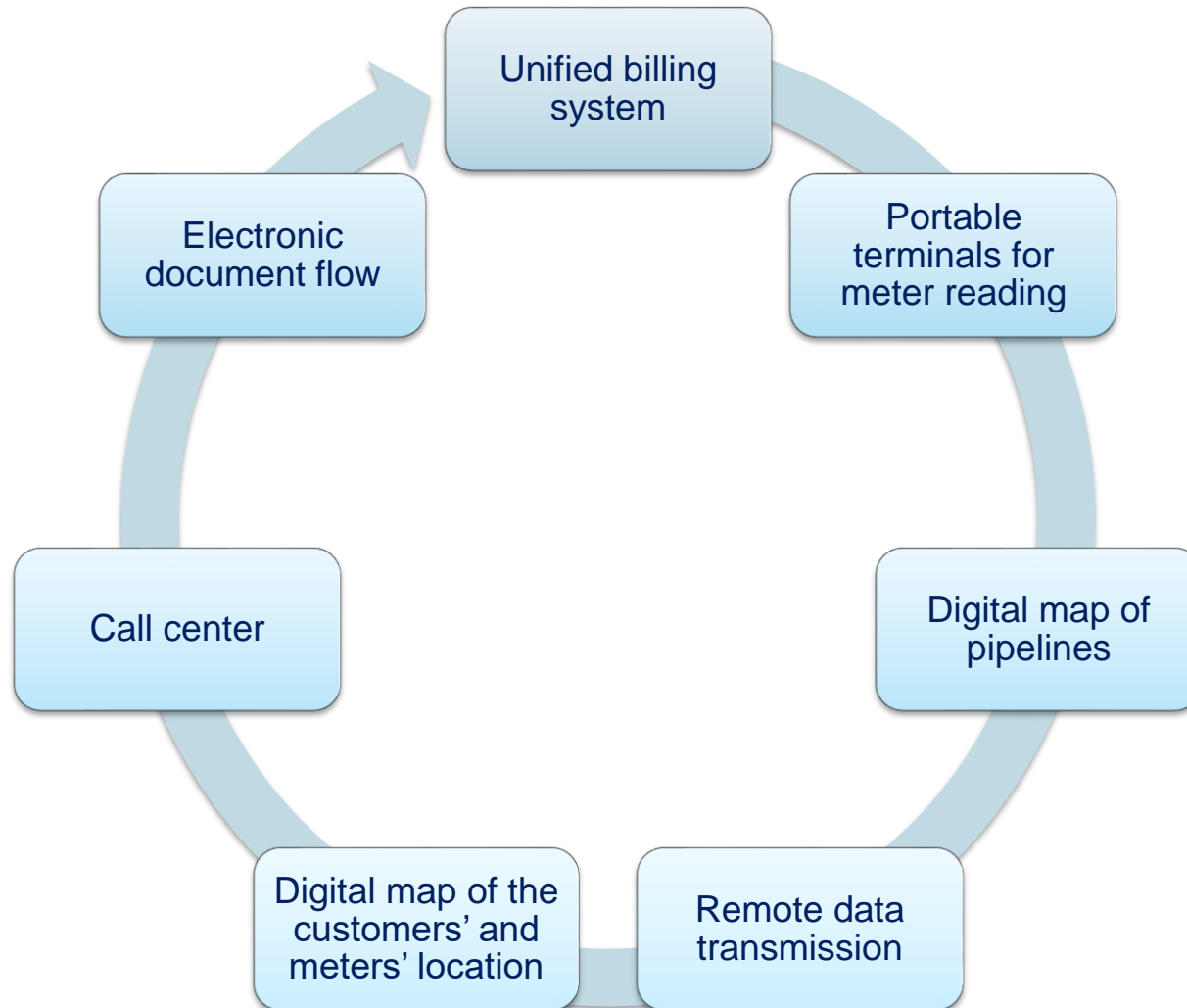
Standards regulate the specification of plastic and steel gas pipeline construction, as well as the method of calculating the forecasted natural gas consumption.



## Metering points standards

Standards will unify designs to facilitate and accelerate the development of design documentation.

# IT SOLUTIONS

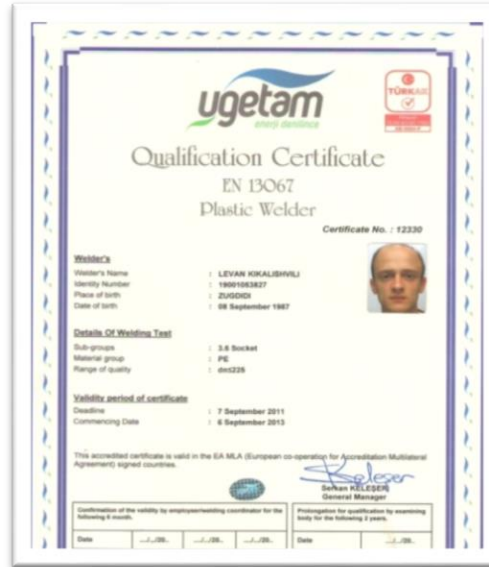


# INTERNATIONAL CERTIFICATION



## Emissions reductions

Since 2012, the company became a member of the project "Clean Development Mechanism" of the Kyoto Protocol, reducing the level of leaks in aboveground gas network infrastructure.



## Staff Training

More than 400 specialists were trained and educated according to modern techniques. More than 200 staff members are planned to be certified in the period until 2017.



## Quality Management

In 2016, SGG underwent the re-certification process and received ISO 9001:2015 certificate – first company in Georgia that has achieved this.

# **In years 2008-2016 as the result of reorganization, carefully planned out activities, innovations policy, and other steps, company has achieved following:**

- Collections rate for the used product - 100% (before - 60%)
- Record low level of gas losses - 2.17% (before - 32%)
- Six-fold increase of gas sales – 1.3 bln. m3/year
- 210 000 new subscribers provided gasification throughout whole territory of Georgia (total - 515,000)
- 450 new villages and small towns have been provided gasification – twice more than similar number from previous decade.
- In total 5364 of new network lines have been constructed – more than in all existence of Soviet Georgia.
- Invested in Georgia's economy– 195.5 mln. USD
- 135 mln. USD of taxes have been paid towards Georgia's budget.

Most profitable natural gas distribution company in Georgia

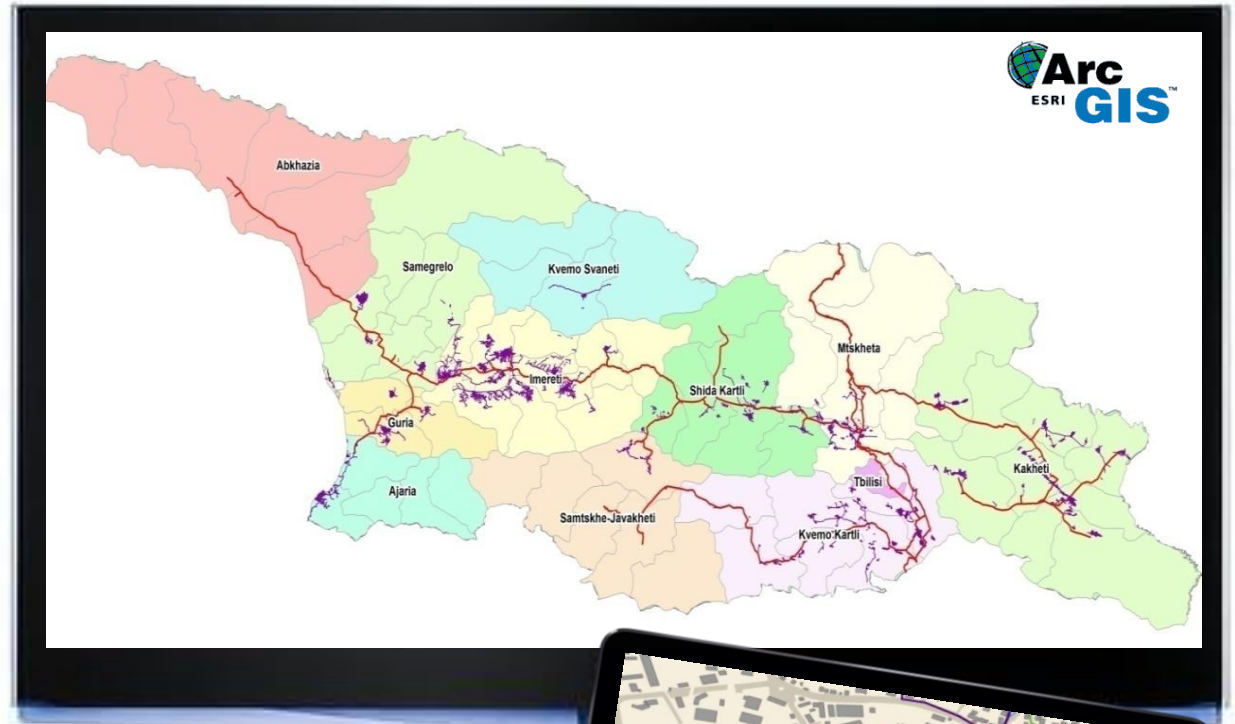
# ADVANCED TECHNOLOGIES

With the purpose of achieving complex automated operations of the company, in 2016-2018 as an addition to the existing information systems software, SOCAR Georgia Gas will launch following projects:

- **Geographic Information Systems (GIS)** – electronic network map, with the possibility of billing and project reporting, construction and maintenance of pipelines, network modeling, and also managing company's assets.
- **Customer Relation Management (CRM)** – complex information systems, that covers all business processes related to client relations and communication channels with subscribers.
- **Dispatching Center** – unified center for managing and control of uninterrupted, reliable, and secure gas supply, and also for accident control
- **“Smart Meters”** – metering equipment for distant collection of information on gas usage by subscribers, that provides possibility to optimize company's resources and decrease the human factor in operations.

# GEOGRAPHIC INFORMATION SYSTEM - GIS

- ESRI Technology
- Gas Distribution Data Model
- Unified Geodatabase
- Maps and Reports
- Web access to all employees
- Mobile applications



# CUSTOMER RELATIONSHIP MANAGEMENT FRONT OFFICE

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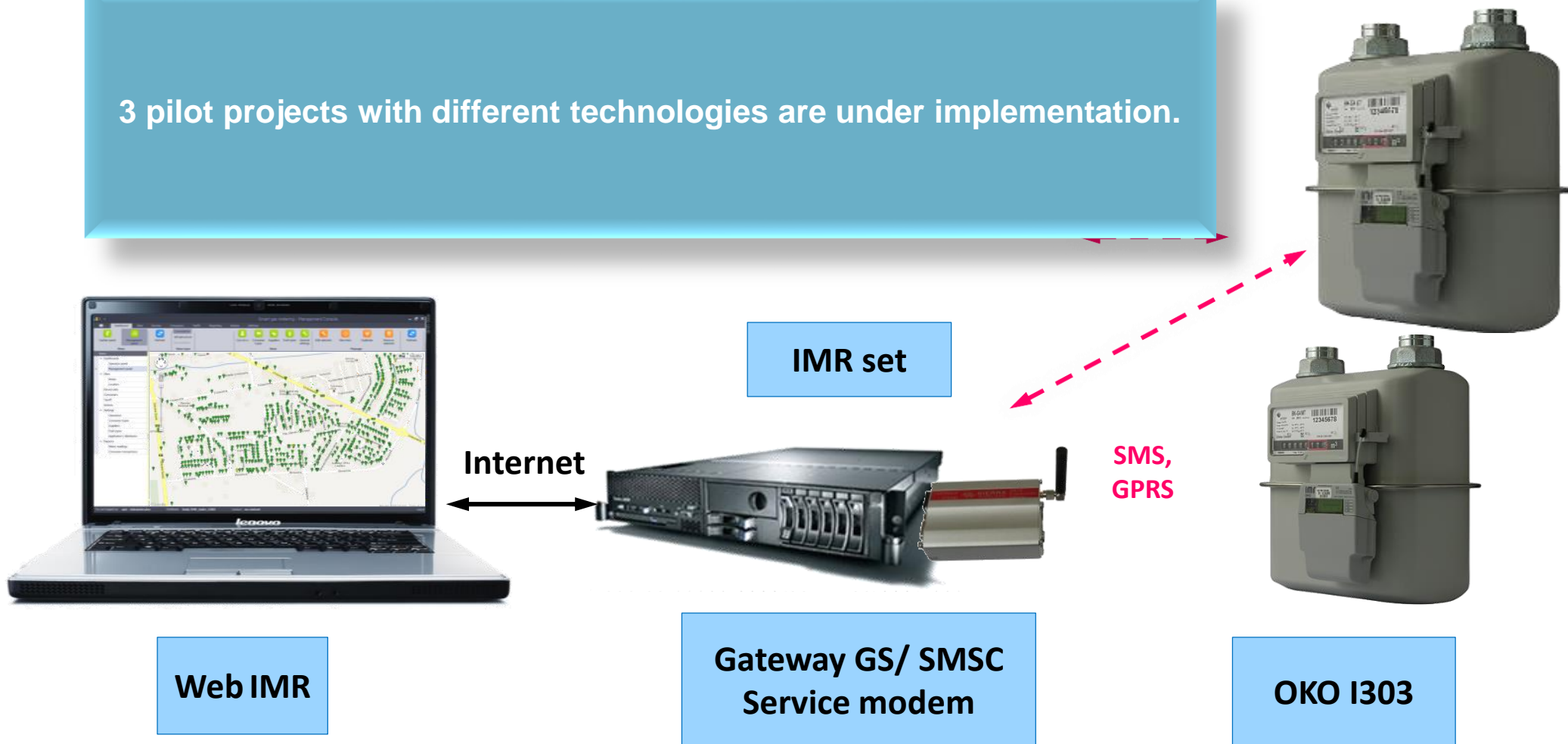


- Convenient location - Easy access.
- Single-window system (one-stop-shop).
- Standard appealing design – image making component



# SMART METERING PROJECTS

3 pilot projects with different technologies are under implementation.



# FUTURE

With the development of modern technologies, utility companies are advancing to the new levels of service. Global tendency is directed to the most effective usage of energy resources, where alternate sources such as wind and sun are *utilized*.

“SOCAR Georgia Gas”, within its capabilities, is working towards optimal direction for its activities. Company has delivered strategic plan for next 5 years, where all aspects of company’s activities are taken into account, and prerequisites for building of a business model, that in nearest future will become the cornerstone for the most effective tool to operate the distribution network of the company. Also process of analyzing of possibility to create the **“Smart Cities”** concept has started. This approach envisions to establish one unified network for the control of city’s energy supply, and maximizing the process of saving the resources.

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**THANK YOU!**

