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**Hydropower Investment
Promotion Project (HIPP)**

GEMM 2015 Renewable Energy Road Map

July 2013



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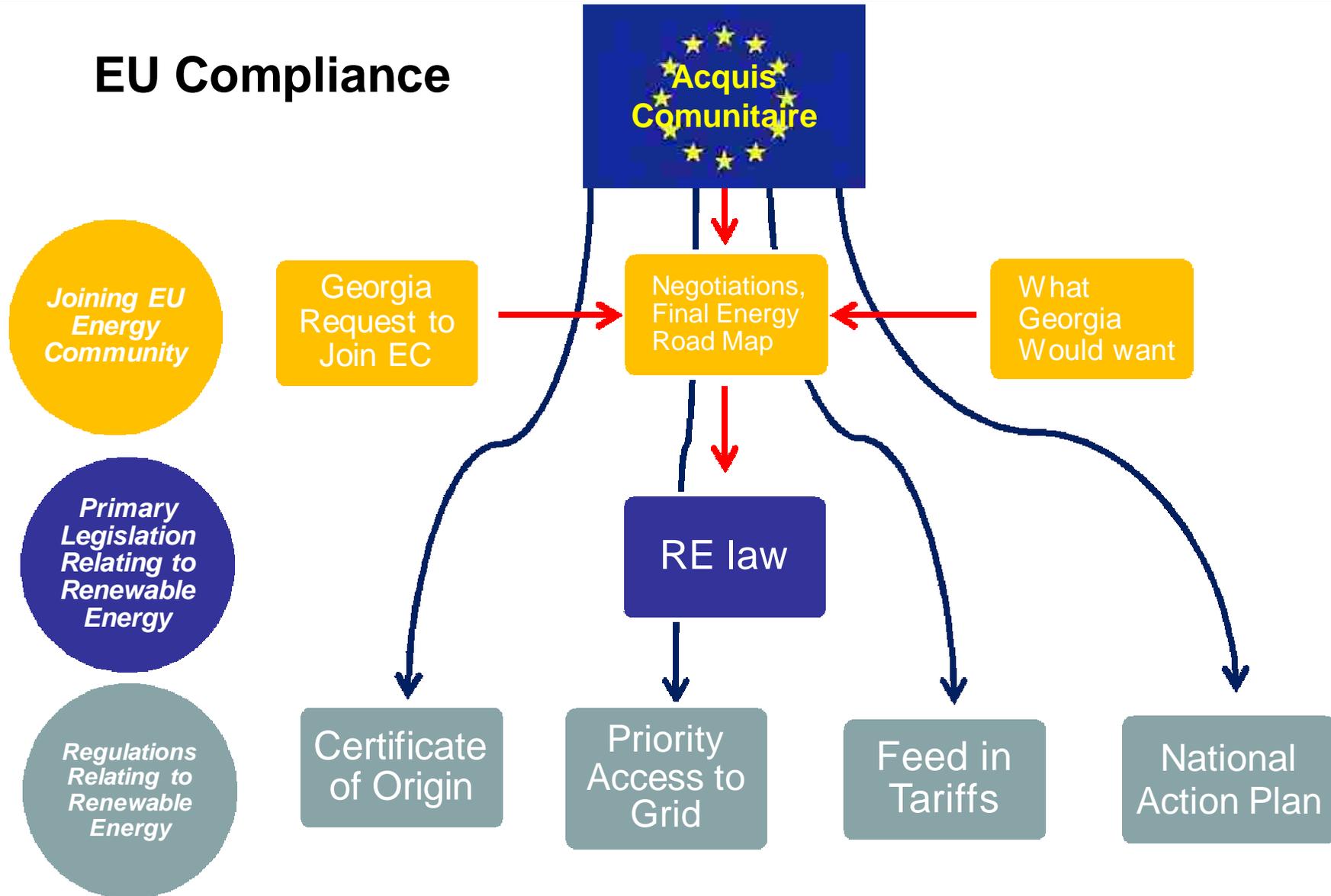
Hydropower Investment Promotion Project (HIPP)

Key Issues

- **EU Compliance**
- **Criteria for Good Investment Climate for Renewables**
- **Market Opportunity**
- **Renewable Resource Potential in Georgia**
- **EU Key Issues, Directives – the “Acquis”**
- **Legal and Regulatory Steps to Comply with the Acquis**
- **Renewable Energy Road Map for Georgia**



EU Compliance





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Criteria for Good Investment Climate – World Bank*

- Existence of a Renewable Energy Policy
- Existence of a Renewable Energy Law
- Existence of Renewable Energy Target, e.g. 20% RPS
- RE Purchase Obligation, utility has to buy the power
- Tradable Instruments for RE (REC's, green tags, carbon credits)
- Preferential (higher) Tariffs for RE
- Grants / Capital Subsidies / Incentives, Tax credit for construction
- Incentives for Generation / Production Tax Credits
- Income Tax Holiday / Exemptions
- Customs Duty Exemption for importing equipment
- Absence of Local Content Requirements, i.e. no need to use local labor or supplies
- Other Exemptions (VAT, excise tax exemption)

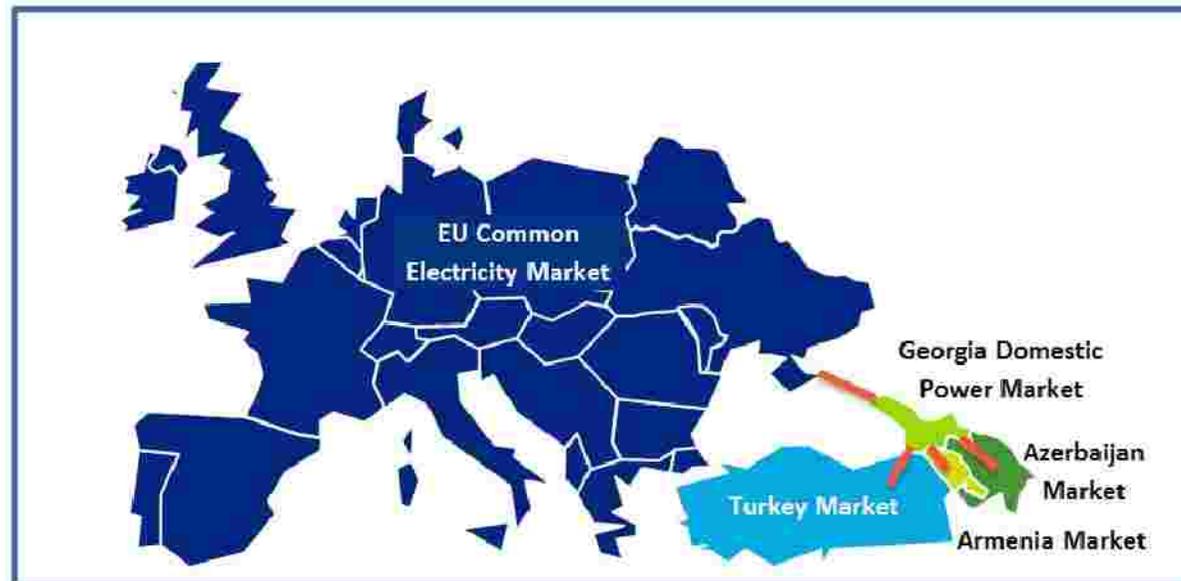
* From “The Investment Climate for Climate Investment: A Comparative Clean Energy Framework for South Asia in a Global Context” World Bank, 2012



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Market Opportunity



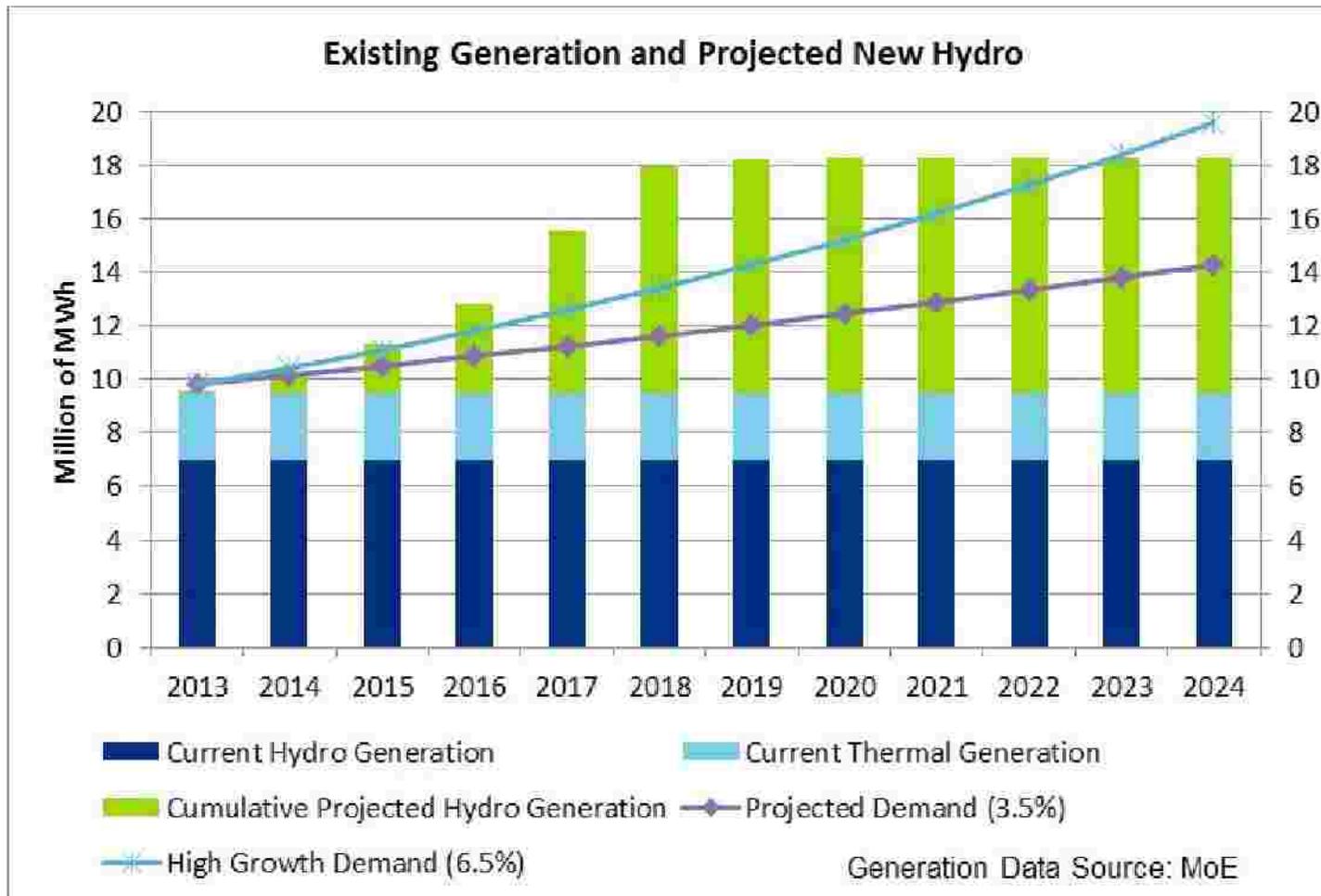
20% reduction in EU greenhouse gas emissions from 1990 levels

Raising the share of EU energy consumption produced from renewable resources to 20%;

20% improvement in the EU's energy efficiency

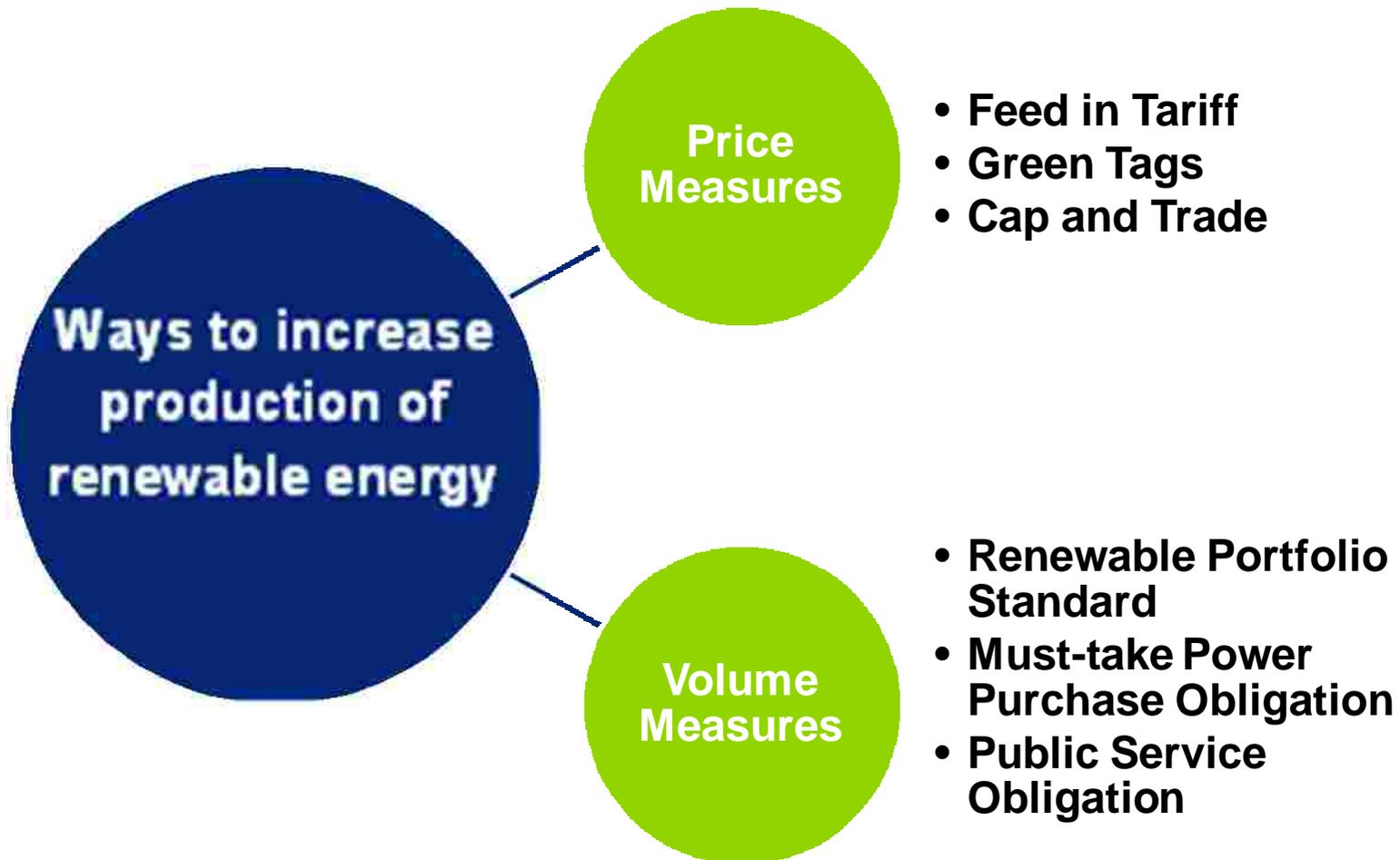


Renewable Resource Potential:





Measures to Increase Renewable Energy





EU Key Directives Regarding Renewable Energy

Directive 2009/28; Promotion of the use of energy from renewable sources.	EU as a whole to achieve 20% renewable energy by 2020.	National Renewable Energy Action Plan.	Origin of electricity produced from renewable energy sources is guaranteed.	Access to the grid and priority or guaranteed transmission	Biannual reporting on progress on renewable sources
Directive 2009/29; Greenhouse gas emissions allowance trading scheme	Affirms the 20% target of using renewable energy				Tradable renewable energy needs definitive “certificates of origin.”



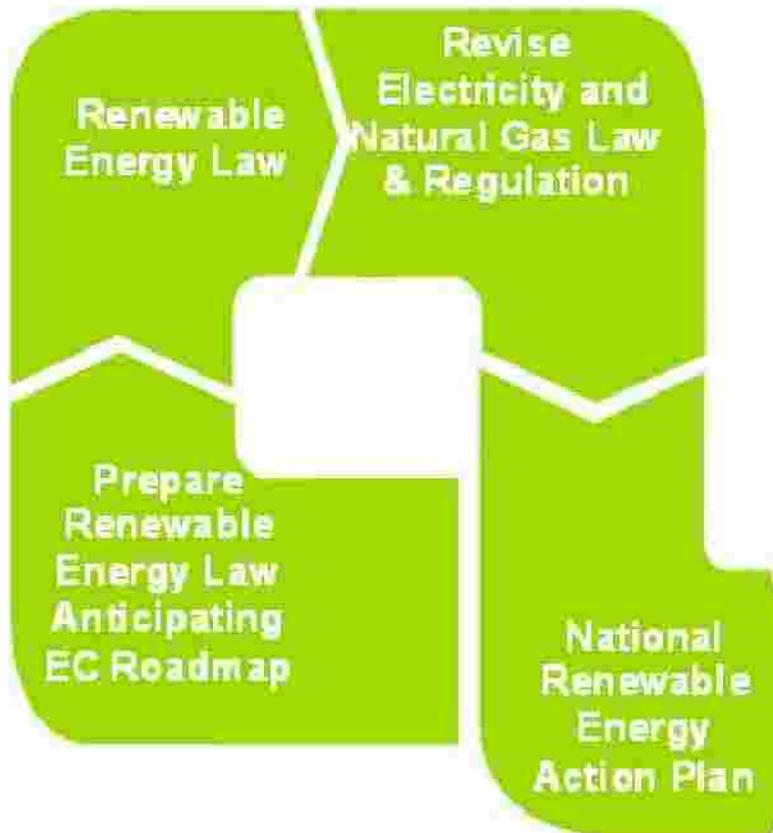
Legal and Regulatory Steps to Comply with Acquis

RE Issue	Primary Legislation	Secondary Legislation
Targets Amounts or percentage supply from RE	? Will be an obligation under the RE Law	
National Action Plan for developing for RE	? Will be an obligation under the RE Law	? Action Plan itself
Municipal Action Plans for promotion of Renewable Energy		? Public Service Obligationsevel
Public Service Obligations, that energy purchasers get a minimum amount of supply from RE		? Would be a GoG resolution or from GNERC
Supporting schemes, such as allocating state-owned land to projects, Feed-in Tariff		? Should be Action Plan
Expression of Interest / MOU procedures		? GoG Resolution
Guarantee of Origin		? Would be a GNERC resolution
Responsible authorities / administrative procedures, i.e., roles of GoG ministries		? Action Plan, GoG resolution
Priority access to grid	? Obligation under RE Law	? Covered in Market Rules, needs to be amended; a GNERC responsibility
Reporting	? Obligation under RE Law	? M ay be done by Analytics Department in MoE



Renewable Energy Road Map for Georgia

Near Term Tasks



Longer Term Tasks





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