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**HYDRO POWER AND ENERGY  
PLANNING PROJECT (HPEP)**

# **CROSS BORDER TRADING HARMONIZATION**

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Jake Delphia, USAID HPEP



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# **DEBT SERVICE AGREEMENT FOR NEW HPPS**

- Developers inject 30-40% of their capital into new HPPs
- But the bulk of the investment (60-70%) comes from lending institutions
- Many risks are assumed in project financing, but market assess is not one of them
- 20 years debt service term is needed to lower cost of plant production, especially with the high transmission tariff in Georgia



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# ENERGY SUPPLY AGREEMENT

- ESA is a bi-lateral purchase and sales agreement between entities on two side of the international border
- EMRA approved the standard conditions for an EFET style ESA for trading in Turkey
- USAID HIPP developed a draft ESA based on the EFET approved ESA from Turkey



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# INTERCONNECTION CAPACITY ALLOCATION

- Interconnection capacity allocation provides the access to the foreign market
- Without HPPs having long-term access the foreign electricity market, there is too high a risk that access will not be available, when needed, in the future
- Existing interconnection capacity allocation specified within market rules are for guaranteed 10 years capacity allocation



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# **IMPORT CERTIFICATION OF WHOLESALE LICENSE**

- EMRA provides Import certification if the wholesale buyer has an ESA and there is capacity allocation
- Current legislation allows for 1 year term with the possibility of annual renewals
- EMRA stated that it is ready to discuss the possibility of longer certification if there is a long term ESA and long term capacity allocation



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# **HARMONIZING CONTRACT FRAMEWORK**

20 years



Term of IFI Loans

Electricity Supply Agreement

Interconnection Capacity Allocation

Wholesale License Import Certification



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## Contact:

Michael Jake Delphia, Chief of Party, USAID HPEP  
[jdelfhia@deloitte.com](mailto:jdelfhia@deloitte.com)

Mary Ioseliani, Legal Advisor, USAID HPEP  
[jdelfhia@deloitte.com](mailto:jdelfhia@deloitte.com)

Sukru Bogut, Senior Energy Advisor, USAID  
[sbogut@usaid.gov](mailto:sbogut@usaid.gov)