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Regulatory framework for renewable energy and photovoltaics in Georgia

Content

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Harmonization with the EU

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- 2014 European Union Association Agreement
  - In 2014 Georgia signed Association Agreement with the European Union (EU). The Agreement among others has prescribed the harmonization of Georgian legislation with that of the EU.
- 2016 Energy Community
  - In 2016 Georgia has signed the Accession Protocol to the Energy Community which has defined specific terms and conditions for the implementation of Energy Community legislation in Georgia. Under the abovementioned Protocol, Georgia has undertaken an obligation to transpose Energy Community legislation into the national legislation.
- 2019 Law of Georgia on “Energy and Water Supply”
  - The Law of Georgia on “Energy and Water Supply” laid a foundation for a reform in energy sector having unprecedented scale. The law envisages transposition of Energy Directives and Regulations on the basis of the above mentioned Association agreement. Specifically new regulatory framework envisages adoption and amendment of more than 60 legal acts out of which, as of today, more that 40 is already adopted.

Regulatory Framework (In terms of RES)

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- Law on promoting the generation and consumption of energy from renewable sources
  - The law aims at creating legal basis for supporting, incentivizing and using energy from renewable energy sources, also setting mandatory national targets for the share of energy generated from renewable energy sources in the total consumption.
- Law Support scheme for production and use of energy from renewable sources
  - On May 21 2020 the Parliament of Georgia approved the Law on Energy Efficiency that aims at energy saving, increasing energy independence, promoting energy efficiency in the country, defining general framework for its implementing measures
- Law on Public-Private Partnership
  - This Law determines the legal basis for public-private partnerships, including the rules and procedures related to the development and implementation of public-private partnership projects
- Guarantees of Origin
  - The purpose of this rule is to confirm to the end user the share or quantity of electricity obtained from renewable sources in the mix of electricity supplied by the electricity supplier to the end user.

Support Mechanism for RES in Georgia

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Support scheme

Feed in Premium

- Adopted by the Government in 2020
- Eligibility –power plants bigger than 5 MW
- Premium up to – 1.5 $ cent/kwh
- Strike price - 5.5$ cent/kwh

Schemes under Public-Private Partnership law

- Adopted in 2018
- Possibility for public-private partnership
- Direct negotiation possibility for energy projects

Net-metering

- Adopted in 2016
- RES Generators up to 500 KW capacity
- Group connection possibility and virtual net metering

Public-Private Partnership (PPP) Law

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- The law establishes the legal foundations of public-private cooperation, including the rules and procedures related to the development and implementation of the public-private cooperation project:
  - Long-term - the minimum term of the public-private cooperation agreement is determined by the legal act of the Government of Georgia, but not should not be less than 5 years
  - Cost – the cost of the public-private cooperation project must be at least 5,000,000 GEL
  - Provision of public services or creation and maintenance and/or operation and maintenance of public infrastructure by a private partner
  - Distribution of risks between public and private partners
  - Full or partial financing of a public-private cooperation project by a private partner

Support Mechanism for micro RES in Georgia (Net-Metering)

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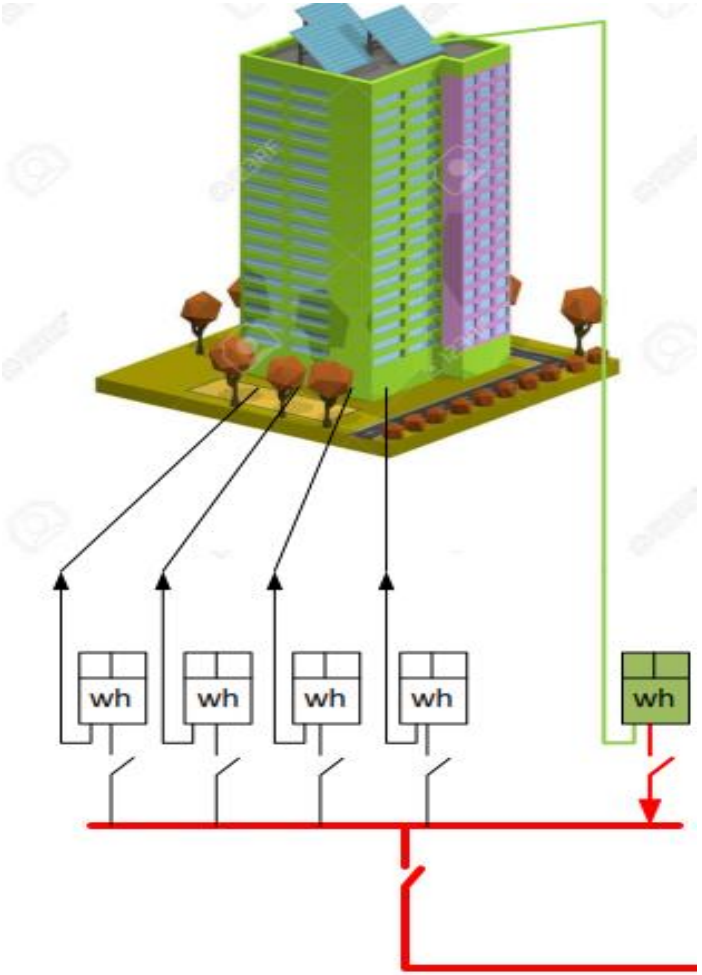
- Net metering regulation in Georgia since 2016:
  - 1st Phase – Individual connections through reverse meter
  - 2nd Phase – Allowing connection of a customer group within one feeder
  - 3rd Phase – Elements of virtual net metering. No locational restriction for a customer groups.

- Net metering regulation outline:
  - Micro generator up to 500 KW
  - Based on RES technology
  - Carry-over surplus energy in next month bill
  - Annual financial compensation on surplus energy



Support Mechanism for micro RES in Georgia (Net-Metering)

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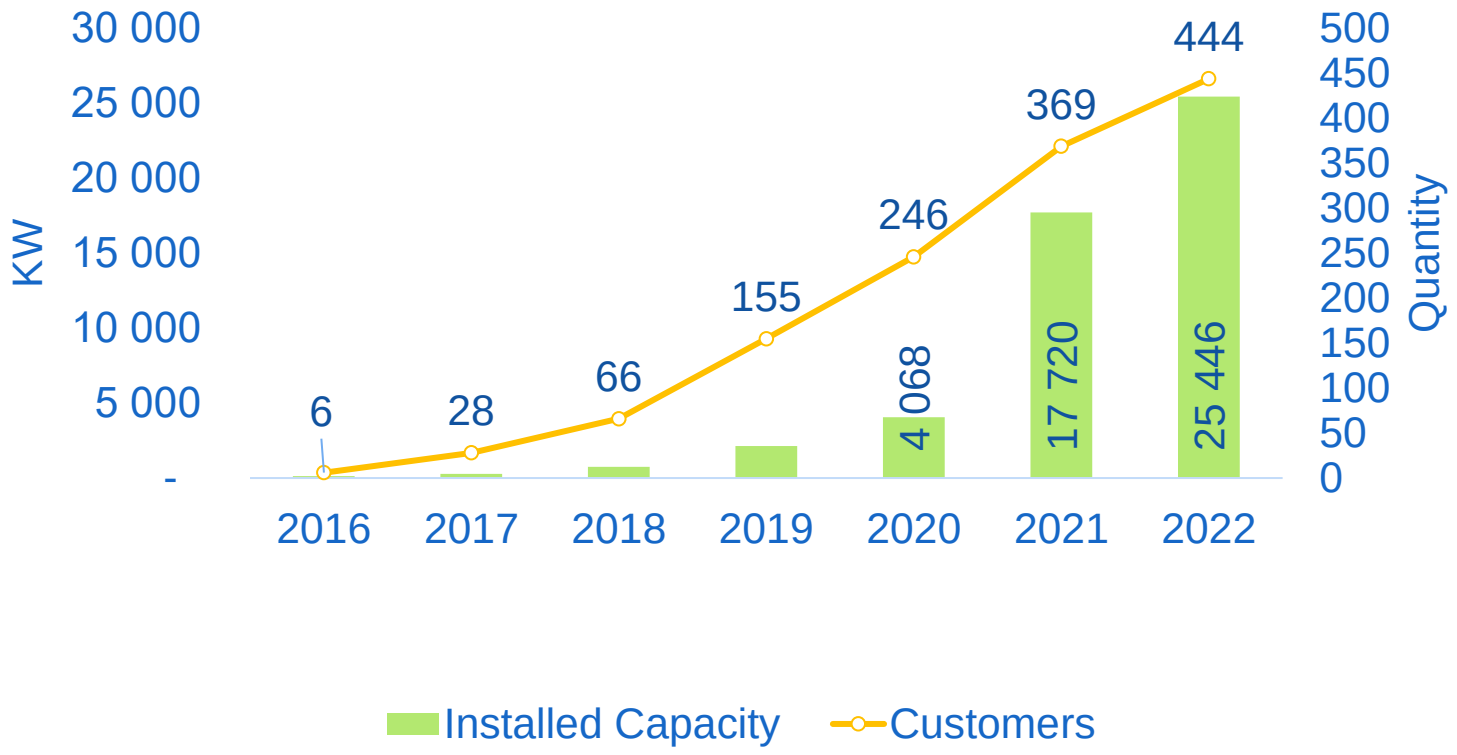

Generation Sector

- Hydro Potential – 15,000 MW with annual 50 TWh
- Wind Potential – 1,450 MW with annual 4,16 TWh
- Solar potential – 520 + 1033 MW
- Existing generation capacity – 4,570 MW
  - Hydro – 3160 MW
  - Wind – 20.7 MW
  - Solar – 25 MW
  - Thermal – 1155 MW
- Ongoing RES projects – 1641 MW, 41 Projects

Current RES Challenges

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- Social Opposition
  - Social opposition to RE technologies remains a limiting factor to the uptake of RE in Georgia. Completion of an existing projects is currently hindered partly due to local opposition by Non-Government Organizations (NGOs) and residents.
- Market Structure
  - To invest in RE, market participants need clear price signals, which, due to the ongoing market reforms, do not exist.

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