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Introduction to the project
„Transition of Georgian regions and communities towards a sustainable energy future"

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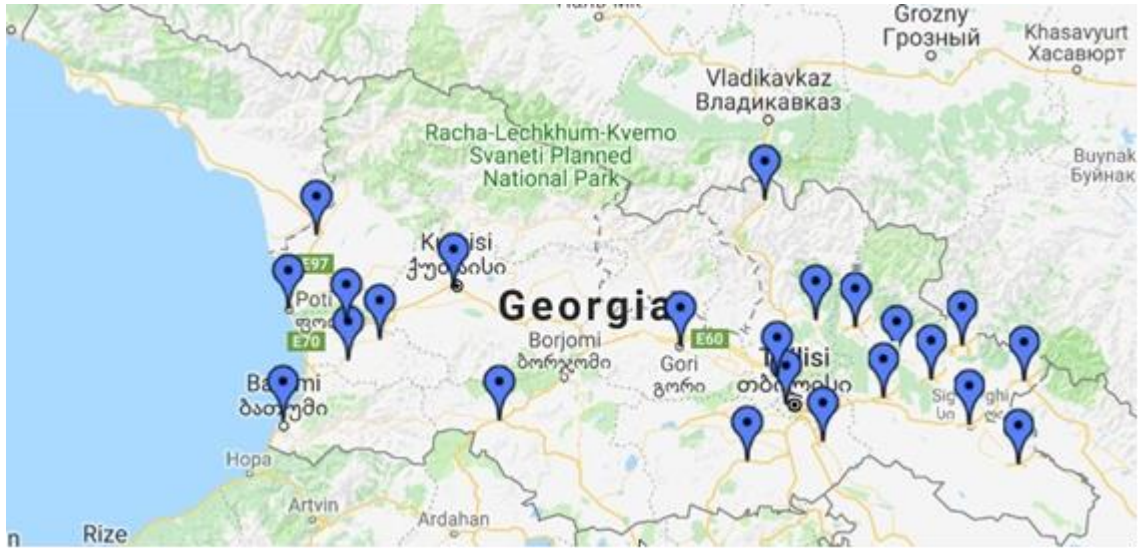
Covenant of Mayors for Climate and Energy



Georgian municipalities originally targeted by the project

Municipality	Population	Local economy
Chokhatauri	1,800	Administrative, industrial and cultural center; mainly agricultural community in mountain area.
Gori	54,700	Administrative, industrial and cultural center; mainly agricultural community (orchardry).
Kutaisi	147,000	Administrative, industrial and cultural centre of the region; third biggest city in Georgia.
Poti	47,900	Harbor and maritime industry center located on Black Sea shore.
Zugdidi	43,000	Regional center of administration, education, sport and culture

- 23 Georgian municipalities participating in Covenant of Mayors (leader of the region)
- Criteria of selection for the project, at first, support for the forerunners – the municipalities, which already introduced RES and/or EE in their plans and want to continue
- Finally **5 municipalities selected for Fact Finding Mission** – trial of catching a representative profile for Georgia, concerning population, energy use profile and potential for RES introduction.

Fact Finding Mission -2019

- 5 municipalities with the support of UNIDO, MFA and EECG teams, were visited by IEO experts in May 2019
- All municipalities reported problems with **high energy bills for public buildings** (city halls, schools, kindergartens, sport facilities)
- In general **the expenditures for electricity were a huge part of community budget**, even though rather low (compared to EU) energy prices in Georgia
- Moreover, IDP's settlements were addressed as a challenge…

Taking that into account, the solar technologies were identified as first choice and recommended for use in Georgia

Summary of Fact Finding mission - Photovoltaic projects identified

City	Number of projects	Projects' sizes Min – Max [kW]	Projects' CAPEX Min – Max [EURO]	Beneficiary
Chockhatauri	11	3.96 – 331.2	5,540 – 463,680	City Hall (1) School (3) Kindergarten (2) Art Palace (1) Museum (1) Music school (1) Public building (1) Gas station (1)
Gori	4	27 – 47.7	37,800 – 66,780	City Hall (1) Kindergarten (1)IDP House (1) Multifamily house (1)
Kutaisi	4	94.5 – 356.4	132,300 – 498,960	Kindergarten (1) School (1) Residential building x 9 (1) Residential building x 3 (1)
Poti	5	27 – 699.3	37,800 – 979,020	Multifamily house x 37 (1) Kindergarten (2) Multifamily house x2 (1) Individual house x35 (1)
Zugdidi	5	3.96 – 99.9	5,540 – 139,860	City Hall (1) School (1) IDP House x2 (1) Social house (1) Public house (1)

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Project on Strategies for transition of Georgian regions and communities towards sustainable energy future (STGSEF)

Outcomes of Fact Finding Mission

A report prepared for UNIDO
SAP ID: 180218

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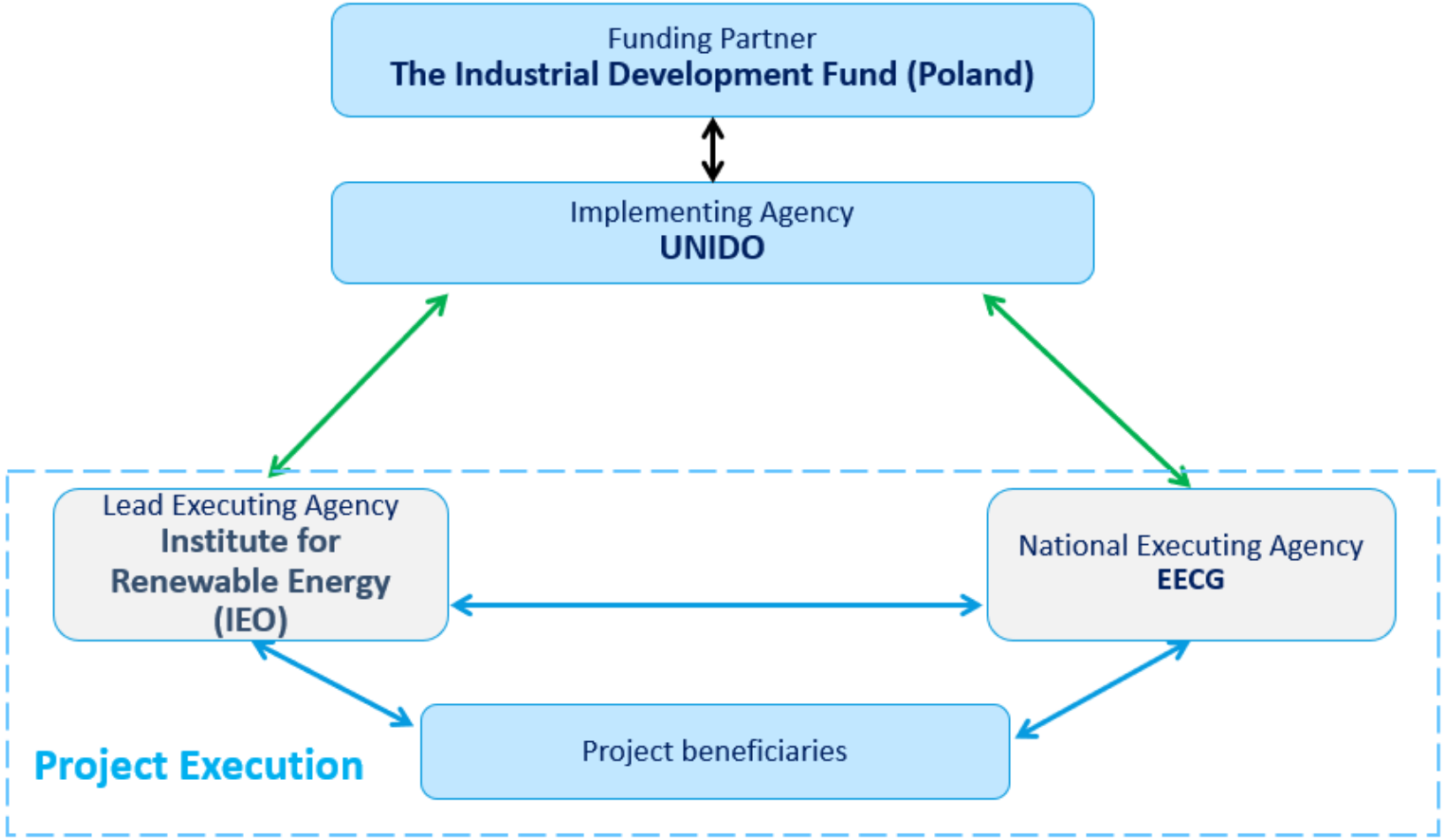
Most important stakeholders met and identified

- Officials of the Georgian Ministry of Economy and Sustainable Development (MoESD) as national authority responsible for the country's policy-making on sustainable energy development, renewable energy technologies and energy markets;
- Officials of the Municipal Development Fund (MDF) of Georgia and of the Ministry of Regional Development and Infrastructure of Georgia (MRDI), under which the MDF operates.
- Officials of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) as the authority responsible for electricity tariff setting and regulating the market, also in relation to net-metering
- Officials of the city administrations and persons responsible for energy investment and management of Chokhatauri, Gori, Kutaisi, Poti and Zugdidi and their communities
- Local consultants, equipment and service providers and other stakeholders of the Georgian solar PV supply and value chain
- Local and international financing institutions

The project – Institutional Arrangements



Project objectives

Main objective: develop and accelerate actions for Georgian communities' **energy transition through increased penetration of renewable energy,** including technical assistance to build **a pipeline of solar energy investment projects** across 4-5 cities in Georgia

Specific goals:

- to provide technical expertise to cities to deliver a **scalable investment concept in PV through 10-12 feasibility studies** (including financial analysis and organisational set-up)
- to **build capacity** of selected public authority staff members to develop aggregated project pipelines
- to **facilitate access to finance** (private and public)

Scope of the project – work streams

1. Gathering & update of information on-line surveys
2. Organisation of conference (Tbilisi, 5th of Sept 2022)
3. Study tour to the cities (6th-9th of Sept), confirmation of information collected in surveys & checking the technical conditions for investment
4. Access to financial actors and checking their requirements
5. Development of RES feasibility studies for selected sites (10-12) including financial analysis, sensitivity and risk analysis
6. Collection of initial offers from PV market and financial players
7. Presentation of final version of feasibility studies & training materials (projects presentations for investors)
8. Assistance in obtaining financing

New European context of the project ’2022

- **REPowerEU** (18.5.2022) – Community reaction to Russia’s military aggression against Ukraine
  - REPowerEU is about rapidly reducing EU dependence on Russian fossil fuels by fast forwarding the clean transition and joining forces to achieve a more resilient energy system and a true Energy Union.
  - Plan for **RES electricity** (45% RES target ’2030) should generate investment of **86 bn EUR** and save **21 bcm** of imported gas). This package includes key solar initiative – the **Solar strategy**

- **EU Solar strategy** (18.5.2022)
  - To accelerate PV rooftop installations and add 19 TWh of electricity after the first year of its implementation; by 2025 it will result in 58 TWh (more than double the „Fit for 55”)
  - shorter and simpler permitting procedures European Solar PV Industry Alliance, including PV Important Projects of Common European Interest (IPCEI)

- **Unprecedented electricity prices escalation in Europe** (10x over 12 months)

Conclusions and the sunny way froward

- First of all, our acknowledgements to the local authorities and technical officers of municipalities we met during out trip and contacted afterwards, some of them are present now in this room. Also, to the representatives of Georgian government and GNERC, who provided significant support.
- It was a long time since we met last time, but what happened in the meantime (COVID pandemia, war in Ukraine) evidenced that we were right in 2019. Georgia needs more distributed generation to improve its security of supply and reduce costs for citizens.
- The following presentations will demonstrate, that costs of energy increased and the costs of PV technology significantly decreased, thus it is confirmed that our choice from 2019 was right.

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Thank you

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