



PROGRAMME FUNDED BY THE EU



Country: Georgia

Ministry of Energy

Division of Energy Efficiency and Alternative Energy Resources

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ITS Combined Event on lessons learned on Energy Performance Contracts (EPC), EU experience and applicability in the Partner Countries RWP.09

Stockholm, Sweden, 9-11 February 2016

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General information about ESCO market in the country



- Ministry of Energy of Georgia - Energy Efficiency Policy Developer
Responsible for the implementation of the National Energy Efficiency Action Plan;

- Georgia's first NEEAP launched in June, 2015 -*Technical Assistance of EBRD*
 - ✓ NEEAP will be based in EED in terms of format and measures.
 - ✓ Template being finalised;
 - ✓ EE measures being calculated.

Currently, NEEAP does not consider targets for ESCO, although it can be considered in the second and third NEEAPs.



General information about ESCO market in the country



- Energy Efficiency in building and Industry - Ministry of Economy and Sustainable Development

Main Stakeholder of NEEAP project development

- Georgia has no experience of ESCO/EPC
- ESCO market development can be initiated by both Ministries.

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Barriers and challenges for EE in buildings, development of an ESCO market and implementing EPC projects



Example of Building Sector: *among the most energy intensive sectors in Georgia with a high potential for savings if energy efficiency measures were to be more widely deployed;*

The barrier analysis for Georgia shows following barriers:

➤ **Regulatory and institutional barriers** - *A lack of a legal framework poses one of the key barriers hindering energy efficiency renovation;*

For residential buildings, there is a barrier to finance for whole building renovation as condominium associations are not legally registered unions in Georgian law, and as such cannot implement corporate actions.

Barriers and challenges for EE in buildings, development of ESCO market and implementing EPC projects



- **Financial barriers** - *Long payback times because of the low price of energy and high cost of finance, (materials and capital);*
- **Poor awareness about energy efficiency, ESCO and EPC;**
- **Accurate inventory of all public buildings does not exist yet;**

➤ An additional barrier is that in many cases, only part of the building is heated currently (Residential sector). If buildings will be more energy efficient then it is likely that some of the theoretical energy savings will be lost to provide a higher level of heating and thus increase comfort push;

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Opportunities for ESCO market and EPC developments



Georgia has prepared Nationally Appropriate Mitigation Action in the Georgian building sector with special implication on ESCO and EPC; - *TA of International Climate Initiative (ICI) of the German government under the Mitigation Momentum project*

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The aim of NAMA is to help the GoG to build experience and supply chains in energy efficient refurbishment of buildings and demonstrate an energy performance contracting concept that can then be applied to the residential sector.



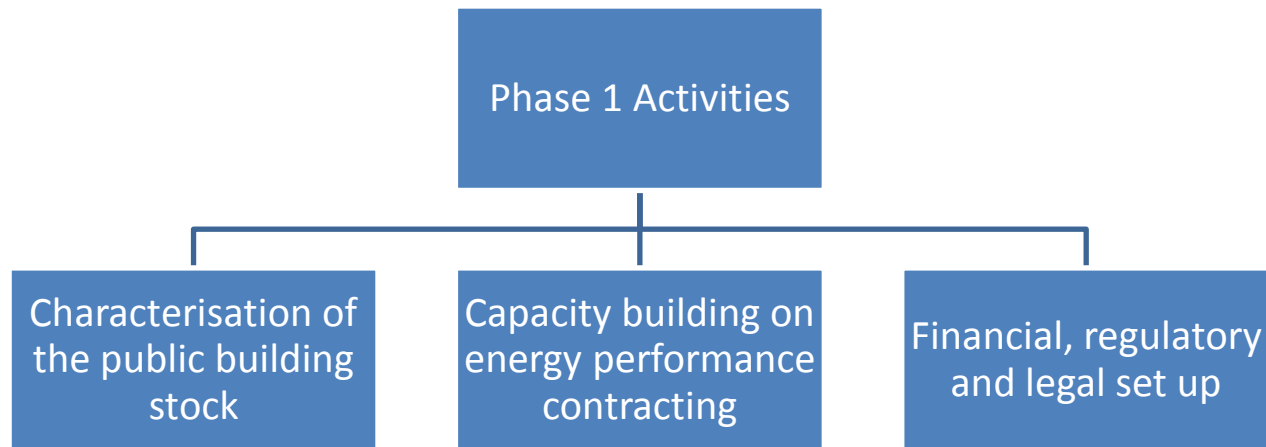
NAMA – Building Sector



Two phases are considered under the NAMA.

The first phase of NAMA- readiness programme aims to build capacity in the Georgian government and municipalities to plan and implement energy efficient renovation programmes.

Components of readiness programme:



NAMA – Building Sector



Components of readiness programme:

➤ Characterisation of the public building stock:

- ✓ *Set up of data collection process;*
- ✓ *Carrying out of energy audits and creating catalogue of requirements to make building priority candidate for renovation;*

➤ Capacity building on energy performance contracting:

- ✓ *preparation of ToR and evaluating tenders for energy efficient renovation of buildings for different building types and finalising contracts;*
- ✓ *writing ToR for energy performance contracting and evaluating responses to the such terms of reference and finalising agreements;*

NAMA – Building Sector



Components of readiness programme:

- ✓ Preparation of long-term programmes for energy efficient renovation of different type/functions of buildings;
- ✓ Capacity building for financing and managing energy performance contracting for both municipalities and central government representatives;
- ✓ Capacity building in monitoring, reporting and verification of renovation programmes and energy performance contracting;

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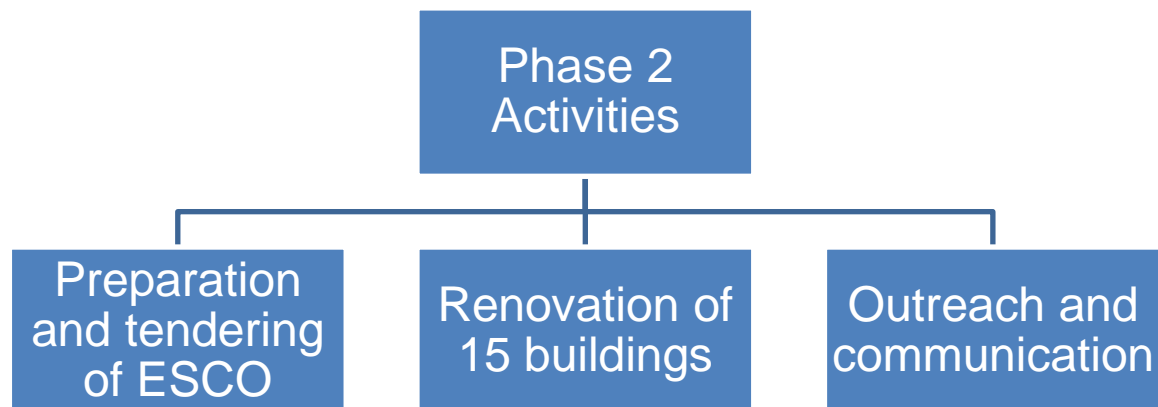
Components of readiness programme:

➤ *Financial, regulatory and legal set up:*

- ✓ *Set up of legal environment to support commercial ESCO market;*
- ✓ *Set up regulations for ESCO;*
- ✓ *Reformulating public procurement rules to include EE services and EE technology;*
- ✓ *Establish strategy for securing and distributing available funding (private, public and international);*
- ✓ *Establish financial authority for the funding and identify the implementing agency;*
- ✓ *Development of the financial mechanism to make loans available for government and general public sector;*

NAMA – Building Sector

Phase 2



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NAMA – Building Sector Phase 2



Preparation and tendering of ESCO:

- Identification the pilot CoM cities;
- Preparation of Tor and tender for ESCO;
- Contract ESCO;

Renovation of buildings (about 50 000 m²):

- Renovation of the building;
- Overseeing renovation contract;
- Monitoring financial performance of ESCO;

Outreach and communication:

- Design of information campaign;
- Development of promotion material;
- Awareness raising;

Opportunities for ESCO market and EPC developments



Tbilisi City Hall project - Energy Efficient street lighting implementation project is at initial stage

- ✓ Second round of expression of interested will be announced....
- ✓ Two financial mechanisms are considered:
 - Loan or
 - ESCO (according to initial calculations 60% of saving will be resulted after replacing the inefficient bulbs)

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Legislation framework on ESCO and EPC



- Provisions on energy performance contracting (EPC) and ESCO in the national legislation – No available
- Guideline for EPC and model EPC contracts – Not available
- Since signing the AA with EU, Georgia is transposing the EU Directive on Public Procurement.
- Roadmap and Action Plan for the Implementation of the Public Procurement Chapter of the EU-Georgia Association Agreement has been developed by the state procurement agency.
- Roadmap is a perspective on the planned gradual introduction of the EU public procurement directives into Georgian legislation and improve the capacities of the stakeholders in the system over a eight-year period from 2015 to 2022;

Next step



- In case of financing Building NAMA proposal, project Implementation will provide capacity building in energy performance contracting/ESCOs;
- Financial regulatory legal set up for ESCO/EPC;
- ECSCO/EPC could be subject of future NEEAP targets.

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Thank you for attention

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