



Energy Efficiency Policy in Georgia: Challenges & Opportunities

Margalita Arabidze

Head of Energy Efficiency and Renewable Energy Policy and
Sustainable Development Department

The State Energy Policy and Integrated National Energy and Climate Plan



- National Energy Policy is based on the law of Georgia on energy and water supply (Article 7(1)). Policy is developed for 10 - year period.
- The National Energy and Climate Plan (NECP) is the annex of National Energy Policy and includes the measures and target indicators which must Georgia achieve in 2030 and in perspective in 2050;
- The NECP includes five key dimensions:
 - Decarbonisation (GHG reduction and Renewable energy development),
 - Energy Efficiency;
 - Internal Energy Market;
 - Energy Security;
 - Research, Innovation and Competitiveness.

Integrated National Energy and Climate Plan



- The process of developing the plan started in 2019 by the Ministry of Economy and Sustainable Development in close cooperation with the Ministry of Environment and Agriculture;
- Working groups were formed with representatives of various agencies (ministries, agencies, companies, organizations) and relevant departments of the Ministry;
- Workshops were held with various stakeholders, including energy sector companies: GNERC, GITA, Ministry of Education and Science, Ministry of Finance, Ministry of Regional Development and Infrastructure;
- Municipalities were involved in the plan development process;
- The plan is based on in-depth analyzes of long-term energy and environmental scenarios developed in the program TIMEs model.



Targets for renewable energies (RE), energy efficiency (EE) and reduction of greenhouse gas emissions (GHG) are agreed with the European Union and the Energy Community (EnC)

- 35% - reduction of greenhouse gases in 2030 compared to 1990 according to the nationally defined contribution;
- 27.4% - share of renewable energy in final energy consumption by 2030.

The State Energy Policy and Integrated National Energy and Climate Plan



- The final versions of the documents have been developed;
- A scoping statement was prepared and submitted by the Ministry to the National Environment Agency and the National Center for Disease Control and Public Health. A discussion of the scoping statement with interested parties was also held in December;
- In February 2023, the National Environmental Agency and the National Center for Disease Control and Public Health issued a scoping report;
- A strategic environmental assessment report has already been developed based on the scoping report.
- The process of uploading the documents to the government is underway for their further approval.

Law of Georgia on Promotion of Production and Utilization of Energy from Renewable Sources



On December 20, 2019, the Law of Georgia "On Promotion of Production and Use of Energy from Renewable Sources" (also known as - Law on Renewable Energy) was adopted, which provides for the requirements of Directive 2009/28/EC.

The final draft of amendments to the Law on the Promotion of Energy Consumption and Production from Renewable Sources and Related Secondary Legislation has been developed.

The main objectives of the law are:

- Establishing the legal framework for promoting the use of all types of renewable energy sources;
- Setting the goal of increasing the share of renewable energy in the country's total energy consumption (including the transport sector).

Law of Georgia on Promotion of Production and Utilization of Energy from Renewable Sources



PROGRESS:

- 8 by-laws have already been adopted;
- In 2023-2024, additional by-laws on guarantees of origin, biofuel/biogas, etc. will be developed.
- Also, an educational and certification program was prepared, which concerns the professional training of installers of renewable energy devices.
- At this stage, the final comments from the interested parties are reflected in the document.
- An initial version of the final version of the RIA has been developed.
- Amendments to the law will be submitted to the Parliament by the end of the 2023 year.

Proposed Legislation Outlined in the Association Agreement



The Association Agreement outlines provisions for the incorporation and execution of energy efficiency directives within the legal framework:

- *Energy Efficiency Directive (2012/27/EU);*
- *Energy Performance of Buildings Directive (2010/31/EU);*
- *Regulation (EU) 2017/1369 setting a framework for energy labelling and repealing Directive 2010/30/EU*

Subsequently, the following laws were passed and put into effect during 2019-2020:

- *Law of Georgia on energy efficiency (28/05/2020);*
- *Law of Georgia on Energy Efficiency of Buildings (28/05/2020);*
- *Law of Georgia on Energy Labelling (26/12/2019)*



Amendments to the Law on Energy Efficiency have been prepared in accordance with the revised Energy Efficiency Directive (2018/2002/EU)

The Georgian Parliament will approve the draft law in 2023;

- ✓ *15 bylaws were approved;*
- ✓ *The remaining 4 bylaws have been drafted and will be approved in the near future.*

The Law on Energy Efficiency applies to:



- **Public Sector:**
 - 1% energy-efficient renovation of buildings (this obligation increases to 3% from 2024)
 - Public procurement (monetary thresholds, building certification, energy labeling)
 - Promotion of ESCO market (introduction of energy performance contract practice)
- **First Category Enterprises:**
 - Mandatory energy audits / implementation of ISO 50001 Energy management systems
 - Voluntary energy audits for SMEs
- **Energy Sector (generation, transmission, distribution):**
 - Energy distributors (must ensure efficient energy consumption by end users through various measures)
 - Facilitating the gradual introduction of smart meters

The following measures will be implemented to ensure compliance with the legal provisions:



- Developing **training programs** for:
 - a) energy service providers;
 - b) energy auditors in industry sector;
 - c) energy performance certificate assessors (EPC);
 - d) energy managers and installers of the equipment that affect the energy consumption of the building.
- With the assistance of EU4Energy, the Ministry has created the Monitoring and Verification Platform (MVP) aimed at monitoring energy efficiency measures implemented under various projects. Data concerning implemented energy efficiency measures will be inputted within the Platform.



Energy efficient public procurement – the procurement of a product, service or building having high energy efficiency by a public institution, taking into account cost-effectiveness, economic expediency, a wide range of sustainability, technical compliance and proper competition;

In 2022, 2 bylaws were approved:

- ✓ **Rules and guidelines for implementation of energy efficiency in the field of state procurement;**
 - ✓ **National monetary thresholds for implementing energy-efficient state procurement.**
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- According to the mentioned acts, energy efficiency will be taken into account during state purchases;
 - Bylaws will come into effect from 2025.



In May 2020, the Law of Georgia "On Energy Efficiency of Buildings" was approved;

The purpose of this Law: to promote the rational use of energy resources and to improve the energy efficiency of buildings, taking into account the external climate and local conditions of buildings, the demand for indoor climate conditions and cost-effectiveness.



- Amendments to the Law on Energy Efficiency of Buildings will be implemented during 2023, according to the updated EPBD.
- Technical amendments to the Law on Energy Efficiency of Buildings were recently submitted to the Government of Georgia.
- ✓ In 2021-2023, four bylaws were adopted.
- ✓ 7 bylaws have already been drafted, which will be approved during the current year.
- ✓ Minimum Energy Performance Requirements (MEPR) for Buildings, Building Units or Building Elements came into force on July 1, 2023.



Law of Georgia on Energy Efficiency of Buildings stipulates that:

- The objects of regular inspection shall be the available parts of heating and air conditioning systems with a useful efficiency of more than 70 kW. Their inspection shall be regulated by the normative act.
- The inspection shall include the assessment of the efficiency and capacity of heating and air conditioning with respect to the heating and cooling requirements of a building.
- The inspection of heating and air conditioning systems in a building shall be the responsibility of the owner of a building and shall be carried out on the basis of a contract concluded with an independent expert.
- After each inspection of heating/air conditioning systems in the building, an inspection report of the heating/air conditioning systems shall be drawn up.
- The inspection report shall include the results of inspection and recommendations for cost-effective improvements in the energy performance of the inspected systems.



Law of Georgia on Energy Efficiency of Buildings outlines:

- The certification of energy performance of a building or a part of a building shall be mandatory:
 - for a new building or a part of a building;
 - for an existing building that is for sale or rent/lease;
 - for a part of an existing building which is for sale or rent/lease;
- The energy performance certificate of a building or a part of a building shall include at least:
 - the assessment of the energy efficiency of a building and the values of minimum energy performance requirements so that the owner of the building and the tenant/lessee can assess the energy performance of the building;
 - the recommendations on the cost-optimal improvement of the energy performance of a building or a part of a building, when such improvement is not rational towards the requirements established for energy performance.



- ✓ 14 technical regulations of energy labeling have been developed.

- 3 technical regulations on labeling of various household appliances were approved;
- 6 technical registrations have been developed and consultations with interested parties are ongoing;
- 5 regulations have already been developed and need to be amended in accordance with the adapted regulations of the Energy Community.

- **Green Growth Strategy and Action Plan**
- ✓ Based on the Decree of the Government of Georgia of 2023 N627, the Green Growth Strategy and Action Plan Interdepartmental Council and Working Group were established.



Challenges:

- **Raising Awareness:** Fostering awareness about energy efficiency among diverse stakeholder groups, including the general public, large corporations, SMEs, and more.
- **Market Preparedness:** Preparing the local market for new obligations, such as energy audits, EPCs, H&C inspections, and similar requirements.
- **Expertise Development:** Encouraging the emergence of qualified energy experts capable of conducting the aforementioned activities.
- **Low Electricity Price:** Lack of motivation for implementing the energy efficiency measures.
- **Regional Characteristics:** Ensuring energy security with promoting the energy efficiency measures to achieve energy savings.

Opportunities:

- **Investment Attraction:** Creating opportunities to secure investments for building renovations.
- **Stakeholder Capacity Building:** Enhancing the capacity and knowledge of stakeholders involved in energy efficiency initiatives.
- **GHG emission reduction:** contributing to reducing the negative affect on climate.



Thank you for your attention!

marabidze@moesd.gov.ge