MINISTRY OF ENERGY OF GEORGIA

NATIONAL ENERGY PLAN IN GEORGIA
Area – 69,700 sq.km

Population - 4.49 million persons

Capital - Tbilisi (population 1.2 million persons)

Official Language: Georgian
HYDROPOWER POTENTIAL

- Immense untapped hydro resources
- One of the top countries in water resources per capita
- 300 out of 26,000 rivers are significant in terms of energy production
- Only 20% of total hydro potential is utilized
- HPP Greenfield potential of 40 TWh
77 HPP on-going Projects

- Total installed capacity of **3825 MW** and annual generation up to **16 TWH**
- Projected investment **USD 4 bln.**
- Construction works to be finished in 2014-2025

**Major companies operating in Georgia**

- Anadolu (Turkey)
- Peri (Georgia)
- Ağaoğlu (Turkey)
- Trans Electrica Ltd. (India)
- Clean Energy Group (Norway)
- KGM (Turkey)
- Rusmetal (Georgia); and etc
- Tata Group (India)
FOREIGN DIRECT INVESTMENT 2008-2013

(Million US Dollars)

- 2008: 1,564
- 2009: 658
- 2010: 814
- 2011: 1,117
- 2012: 912
- 2013: 942

www.geostat.ge
In 2013 year, Foreign Direct Investment inflows in the Energy Sector was 244.7 million USD.
ELECTRICITY CONSUMPTION OF GEORGIA

(2007-2013)

<table>
<thead>
<tr>
<th>Year</th>
<th>GWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>7.82</td>
</tr>
<tr>
<td>2008</td>
<td>8.07</td>
</tr>
<tr>
<td>2009</td>
<td>7.64</td>
</tr>
<tr>
<td>2010</td>
<td>8.44</td>
</tr>
<tr>
<td>2011</td>
<td>9.26</td>
</tr>
<tr>
<td>2012</td>
<td>9.38</td>
</tr>
<tr>
<td>2013</td>
<td>9.69</td>
</tr>
</tbody>
</table>
INVESTMENT ADVANTAGES

✓ Renewable projects based on Build-Own-Operate (BOO)
✓ All new HP plants are totally deregulated - No tariff set for the newly built HPPs - investor is free to choose the market and negotiate the price
✓ There is no fee for the connection to the transmission grid
✓ Free third-party access to the grid
✓ No license required to export and no tariff set
✓ Government approved new rule of expression of interest for construction technical and economic feasibility study, construction, ownership and operation of hydropower plants in Georgia
✓ Government offers 10 year PPA for 20% of total generation for domestic supplies
✓ Developer benefits from carbon credits (CER) trading
✓ New HPPs have priority access to the capacity on the new interconnection to Turkey (Long term contract with TSO)
✓ Generation and Export activities exempted from VAT
DEVELOPMENT OF TRANSMISSION INFRASTRUCTURE

• Georgia plans to connect power plants with total installed capacity of 5000 MW to the grid by 2022.

• Capacity will cover increasing demand of 3%-5% for electricity and increase export opportunities for the country.

• It is important to further develop transmission infrastructure in order to secure transmission of electricity in reliable and efficient manner, which will require 400 million Euro investments.
GRID MAP OF GEORGIA FOR 2022
STRATEGY OF THE COUNTRY

➢ To ensure energy security of the country through diversification of energy sources and transit routs

➢ To develop east-west and north-south energy transportation infrastructure in order to increase transit capacity of the country

➢ To improve energy security through construction of new hydro and wind power plants and development of other renewable sources

➢ To attract foreign investments in the power generation sector

➢ To strengthen co-operation with the international organizations in order to accelerate integration of the country into European and Euro-Atlantic organizations
# 2014 INDEX OF ECONOMIC FREEDOM

## Long-Term Score Change (since 1996)

<table>
<thead>
<tr>
<th>RULE OF LAW</th>
<th>GOVERNMENT SIZE</th>
<th>REGULATORY EFFICIENCY</th>
<th>OPEN MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Rights</td>
<td>Fiscal Freedom</td>
<td>Business Freedom</td>
<td>Trade Freedom</td>
</tr>
<tr>
<td>Freedom from Corruption</td>
<td>Government Spending</td>
<td>Labor Freedom</td>
<td>Investment Freedom</td>
</tr>
<tr>
<td>+10.0</td>
<td>-4.7</td>
<td>+32.8</td>
<td>+19.6</td>
</tr>
<tr>
<td>+32.8</td>
<td>+8.3</td>
<td>Monetary Freedom</td>
<td>Financial Freedom</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+30.0</td>
</tr>
</tbody>
</table>

## Economic Freedom Score

- **Least free**: 0
- **Most free**: 100
- **Current Score**: 72.6

## Freedom Trend

- Graph showing a steady increase in economic freedom from 2010 to 2014.
2014 INDEX OF ECONOMIC FREEDOM

Country Comparisons

- Country: 72.6
- World Average: 60.3
- Regional Average: 67.1
- Free Economies: 84.1

№1 Reformer in the World over the past 5 years – World Bank

World Rank: 22
Mostly Free (+0.4)

Regional Rank: 12
43 European Countries
IAEA COMPLETED PROJECTS IN THE MINISTRY OF ENERGY

- Initial information obtained from participation in the IAEA regional TC project RER/0/025 – familiarization of IAEA tools for energy planning scenarios;

- Georgia is an INPRO observer state since 2008 – regular participation in INPRO dialog forums and INPRO steering committee meetings;

- Georgia applied for TC national on assessment of infrastructure for nuclear energy application – GEO/0/003 – establishment of team of Georgian experts for energy planning by using IAEA tools (MESSAGE, MAED, FINPLAN);