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## Economic Commission for Europe

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### Group of Experts on Renewable Energy

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**Exchange of experiences on how to increase the uptake of renewable energy. Case studies for a dedicated energy efficiency and renewable energy agency in Georgia**

## Case studies for a dedicated energy efficiency and renewable energy agency in Georgia

### Note by the secretariat

#### *Summary*

The study, "Establishing a National Energy Efficiency and Renewable Energy Agency in Georgia: Comparative Analysis and Strategic Recommendations Based on ECE Member States' Experiences," addresses an initiative of the Ministry of Economy and Sustainable Development of Georgia (MoESD) to establish a dedicated energy agency. This initiative, highlighted during the Renewable Energy in Transport Workshop in Tbilisi on 21 November 2023, underscores the importance of sustainable energy solutions in Georgia's development strategy. The comprehensive study by the Economic Commission for Europe (ECE) aims to provide insights and recommendations to enhance Georgia's capacity to utilize renewable energy, improve energy efficiency, and meet national and international energy objectives.

Since the Ministry has been a policy maker and has limited scope of being an implementation entity, it is facing challenges in effectively managing and implementing comprehensive energy efficiency and renewable energy policies. Creating a dedicated agency may be the most effective solution to address this problem. Based on the EU-Georgia Association Agreement, implementation responsibilities are missing within the existing resources. Establishing an energy agency could be the most efficient way to introduce and manage these functions.

The study includes an overview of renewable energy and energy efficiency agencies across ECE countries, with an in-depth assessment of agencies in Albania, Azerbaijan, Croatia, Italy, Republic of Moldova, and Ukraine. These assessments reveal these agencies' successful structures, scopes, and functions. The workshop organized on 19-20 June 2024, in Tbilisi supported the establishment of a State Agency on Energy Efficiency and Renewable Energy in Georgia.

## I. Overview

1. The imperative for sustainable energy practices has gained prominence globally in recent years, driven by concerns over climate change, energy security, and economic development. Many countries have established dedicated agencies to promote and facilitate progress in energy efficiency and renewable energy. These agencies serve as focal points for policy development, program implementation, and stakeholder coordination, crucial in driving the transition to a more sustainable future.
2. Georgia's Ministry of Economy and Sustainable Development has initiated efforts to establish an Energy Efficiency and Renewable Energy Agency. The timing of the request following the Workshop on Renewable Energy in Transport in Tbilisi on 21 November 2023, underscores the importance of sustainable energy solutions in Georgia's development agenda.
3. Since the Ministry has been a policy maker and has limited scope of being an implementation entity, it is facing challenges in effectively managing and implementing comprehensive energy efficiency and renewable energy policies. Creating a dedicated agency may be the most effective solution to address this problem. Based on the EU-Georgia Association Agreement, implementation responsibilities are missing within the existing resources. Establishing an energy agency is the most efficient way to introduce and manage these new functions.
4. ECE has been engaged in a comprehensive study to provide comparative insights and recommendations for establishing such an agency in Georgia. This study represents an important step towards enhancing Georgia's capacity to harness its renewable energy potential, improve energy efficiency, and contribute to achieving national and international energy goals.
5. The primary objective of this study is to collect and compile operational data and information on dedicated renewable energy and energy efficiency agencies in the ECE member States where such agencies have been established and are operational and have characteristics that may represent a helpful example for an agency to be created in Georgia.
6. Aligning the establishment and operations of the future Energy Efficiency and Renewable Energy Agency in Georgia with key EU directives related to energy efficiency (Energy Efficiency Directive (EED), Energy Performance of Buildings Directive (EPBD) and Ecodesign and Energy Labelling Regulations) and Renewable Energy Directive (RED)) is essential for promoting sustainable energy practices and achieving national energy and climate goals.
7. The study includes an overview of renewable energy and energy efficiency agencies across ECE member States, with an in-depth assessment of agencies in Albania, Azerbaijan, Croatia, Italy, Republic of Moldova, and Ukraine. This assessment reveals insights into successful energy agencies' structure, scope, and functioning. Based on these insights, the study also provides key recommendations for establishing an energy agency in Georgia.

## II. Division of responsibilities between the energy agency and the Ministry of Economy and Sustainable Development

8. The proposed division of responsibilities between the Energy Efficiency and Renewable Energy Agency, which is planned to be established, and the Ministry is described below.
9. Policy Formulation. The Ministry will develop and formulate national energy policies, strategies, and legislative frameworks. This includes setting goals, standards, and directives for energy efficiency and renewable energy.
10. Regulatory Oversight. The Ministry will oversee the regulatory framework, ensuring national and international energy standards compliance. It will also approve major regulatory changes and amendments.

11. **Strategic Planning.** The Ministry will conduct high-level strategic planning to align the energy sector with national economic and sustainable development goals. This includes long-term energy strategies and integration with broader economic plans.
12. **Intergovernmental Coordination.** The Ministry will coordinate with other government bodies, international organizations, and stakeholders to ensure cohesive and integrated energy policies.
13. **Funding and Resources Allocation.** The Ministry will manage allocating state funds and resources for energy projects, including energy efficiency and renewable energy development.
14. **Technical Expertise and Advisory Services.** The Agency will house technical experts who will provide advisory services to the government, industries, and the public on energy systems, technologies, and policies. It is essential that the Agency never interferes with market activities or competes with private-sector businesses working in the energy sector.
15. **Policy Implementation.** The Agency will be responsible for implementing the energy policies and strategies set by MoESD. This includes executing programs, and initiatives related to energy efficiency and renewable energy.
16. **Data Collection and Monitoring.** The Agency will systematically collect, analyze, and disseminate energy data. This involves maintaining databases on energy consumption, efficiency metrics, and renewable energy adoption to inform policy and strategic decisions.
17. **Programme Management.** The Agency will oversee the planning, development, and execution of energy programmes. This includes managing energy programmes, pilot projects, and large-scale implementation of renewable energy and energy efficiency measures.
18. **Capacity Building and Public Awareness.** The Agency will lead efforts to educate and inform the public about energy saving practices and the benefits of renewable energy. They will conduct training programmes, workshops, and public awareness campaigns.
19. **Investment Facilitation.** The Agency will work to create a favourable environment for attracting investments in energy efficiency (EE) and renewable energy (RE) sectors. This includes supporting domestic and international investors with information, regulatory guidance, and facilitation of investment processes.
20. **Research and Development (R&D).** The Agency will promote investment initiatives in R&D to drive innovation in clean energy technologies. This includes conducting research, developing new technologies, and collaborating with academic and research institutions.
21. **International Cooperation.** The Agency will engage in international collaboration, working with global partners to adopt best practices, secure funding, and participate in international energy projects and initiatives.

### III. In-depth analysis of selected energy agencies in ECE member countries

22. **Albania** - The Energy Efficiency Agency (AEE) operates under the Ministry of Infrastructure and Energy, established by Decision No. 852 on 7 December 2016. AEE, with 20 employees, promotes and enhances energy efficiency across all sectors in Albania. Key responsibilities include developing and monitoring energy efficiency policies and the National Energy Efficiency Action Plan (NEEAP). AEE has certified over 39,000 buildings and initiated numerous energy efficiency projects. Collaboration with international partners like the European Bank for Reconstruction and Development (EBRD) and the German KfW bolster AEE's initiatives and impact.
23. **Azerbaijan** - The Azerbaijan Renewable Energy Agency (AREA), established by Presidential Decree No. 1159 on 22 September 2020, under the Ministry of Energy, aims to increase renewable energy in Azerbaijan's electricity generation to 30% by 2030. The Agency focuses on organizing, regulating, and promoting renewable energy, enhancing investment attractiveness, and ensuring efficient energy use. It manages an electronic data system for renewable energy monitoring and collaborates internationally to adopt advanced practices.

The Agency is crucial for policy implementation, investment promotion, and driving progress in Azerbaijan's renewable energy sector.

24. **Croatia** - The Energy Institute Hrvoje Požar (EIHP), founded thirty years ago, is a premier institution in energy research, providing professional support and advisory services to public authorities and stakeholders domestically and internationally. Owned by Croatia, EIHP operates independently of the state budget, relying on contracts. With 84 employees, including 19 PhDs, EIHP excels in energy planning, renewable energy, market analysis, and efficiency improvements. Notable projects include the Integrated National Energy and Climate Plan for Croatia, aimed at reducing emissions and boosting renewable energy by 2030. EIHP's high-quality services and global engagement underscore its pivotal role in the energy sector.

25. **Italy** - The Italian Energy Agency, Gestore Servizi Energetici (GSE) S.p.A., promotes renewable energy sources and energy efficiency in Italy. GSE manages twenty-eight incentive mechanisms under the Ministry of Economy and Finance, allocating about 15 billion Euros annually, roughly 1% of Italy's GDP. The agency purchases and resells electricity from renewable sources, certifies its origin and conducts plant inspections to ensure fair resource distribution. GSE's strategic guidelines are set by the Ministry of Environment and Energy Safety and the Italian Regulatory Authority for Energy, Networks and Environment (ARERA), focusing on advancing Italy's energy goals. GSE employs 691 staff, emphasizing transparency, integrity, community responsibility, and environmental sustainability.

26. **Republic of Moldova** - The National Center for Sustainable Energy (NCSE) in Moldova, under the Ministry of Energy, coordinates the implementation of state policies in energy efficiency and renewable energy. It manages financial resources to support projects promoting energy security, environmental sustainability, and climate change mitigation. NCSE operates under Government Decision No. 1060, adhering to national laws and international treaties. Its structure includes a Board and a Finance and Risk Committee, which oversee strategic objectives, policies, and financial decisions. The Committee evaluates risks, approves project financing, and ensures compliance and integrity through the Internal Audit Service and the Program and Project Implementation Directorate.

27. **Ukraine** - The State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) is a central executive body guided by the Cabinet of Ministers of Ukraine through the Vice Prime Minister for the Restoration of Ukraine. SAEE implements state policy in efficient fuel and energy use, energy saving, and promoting alternative fuels, which is crucial for enhancing Ukraine's energy security and sustainable development. It is responsible for increasing energy efficiency across all national sectors, developing state target programs, and fostering public-private partnerships. SAEE also promotes energy efficiency in buildings, manages energy labelling systems, and participates in international cooperation to align with EU standards.

28. An in-depth analysis of selected energy agencies (AEE, AREA, EIHP, GSE, NCSE, and SAEE) in ECE member States offers valuable insights for establishing the Georgian energy agency. Understanding their structure, expertise, and successful implementation strategies will guide Georgia in creating an effective agency focused on energy efficiency and renewable energy. This comparative study highlights best practices and lessons learned, ensuring that the new Agency can effectively contribute to Georgia's energy security, sustainability, and economic development.

## IV. Conclusions and recommendations

29. Establishing a State Energy Efficiency and Renewable Energy Agency in Georgia is a strategic move that can significantly enhance the country's energy security, sustainability, and economic development. It is crucial to emphasize that the Agency will play a critical role in the implementation phase of energy initiatives, addressing activities that the Ministry of Economy and Sustainable Development of Georgia cannot efficiently handle due to resource constraints. Moreover, establishing the Agency will bolster human resources, a limitation

within Ministry of Economy and Sustainable Development of Georgia, ensuring dedicated focus and expertise in energy efficiency and renewable energy projects.

30. The new Agency could effectively implement and regulate energy policies, ensuring compliance with national and international standards. It is anticipated to develop long-term energy plans and strategies for a sustainable future. The Agency is expected to offer advisory services to the government, employing technical experts for informed decision-making. Systematic data collection and dissemination would enable better planning and monitoring of energy usage and efficiency. It could lead initiatives to promote energy efficiency, reduce consumption, lower costs, and minimize environmental impact. The Agency would provide training, education, technical assistance, and building capacity across the energy sector. Public awareness campaigns would inform citizens and businesses about energy-saving practices and renewable energy benefits.

31. Collaborating with international bodies would enhance the Agency's effectiveness and integrate best practices. It is essential that the Agency never interferes with market activities or competes with private and public companies working in the energy sector. Instead, the Agency should complement and support these entities, fostering a collaborative environment that enhances overall sector efficiency and innovation.

32. The planned Energy Agency could significantly advance Georgia's energy efficiency and renewable energy targets by implementing these recommendations. This effort would contribute to achieving Sustainable Development Goal 7, ensuring access to affordable, reliable, sustainable, and modern energy. The Energy Agency would create a more resilient and sustainable energy future for the nation through strategic planning, policy implementation, and international cooperation.

#### *Recommendations*

33. **Policy Implementation:** A national energy agency can effectively implement and regulate energy policies, ensuring compliance with national and international energy standards and directives. Establishing an Energy Agency in Georgia would greatly benefit from the strong support of the Ministry of Economy and Sustainable Development of Georgia. Such governmental backing is crucial for implementing policies and promoting energy efficiency and renewable energy sources, aligning its objectives with national sustainable development goals.

34. **Strategic Planning:** The Agency can develop long-term energy plans and strategies to guide the country toward a more sustainable and resilient energy future. Strategic planning involves creating comprehensive blueprints incorporating current energy trends, technological advancements, and environmental considerations, ensuring that Georgia's energy sector is prepared to meet future demands sustainably. Today, such planning and research activities are partially carried out by the Georgian State Electrosystem (GSE) and close coordination should be maintained with GSE to avoid duplications.

35. **Technical Expertise and Advisory Services:** By housing technical experts, the Agency can provide valuable advisory services to the government, industries, and the public, ensuring informed decision-making. This includes support in economic, technical, and legal issues, development of funding instruments, and consultancy programs. It is essential that the Agency never interferes with market activities or competes with private sector businesses, such as SMEs, NGOs, and others working in the energy sector. Instead, the Agency should complement and support these entities, fostering a collaborative environment that enhances overall sector efficiency and innovation.

36. **Data Collection and Monitoring:** A robust data collection and monitoring system is crucial for Georgia. Such system enables better planning, monitoring, and reporting of energy usage and efficiency, facilitating informed decision-making and optimizing energy consumption. The agency should coordinate this activity with general stakeholders to make sure that correct data are made available without duplications.

37. **Research and Development (R&D):** Promoting investment initiatives in R&D to drive innovation in clean energy technologies, boosting economic competitiveness and job creation. An exemplary model of institutes to be supported is the Energy Institute Hrhoje

Požar (EIHP) in Croatia, which has utilized grants from various funding programmes to implement numerous R&D projects, enhancing its research capabilities and outputs.

38. **Promotion of Energy Efficiency:** The Agency can spearhead initiatives to promote energy efficiency, helping to reduce overall energy consumption, lower costs, and minimize environmental impact. By following best practices from other countries, the Agency can enhance energy security and resilience.

39. **Support for Renewable Energy:** A national energy agency can promote the adoption of renewable energy sources, reducing reliance on fossil fuels and mitigating climate change. This approach aligns with the practices of many energy agencies in the ECE region.

40. **Attracting Investment:** A national energy agency can create a favourable environment for attracting domestic and international investments in the EE and RE sectors, fostering economic growth. The Government of Georgia could leverage this advantage by creating a favourable investment environment similar to the approach of the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE).

41. **Capacity Building, Public Awareness, and Education:** The Agency can provide training, education, and technical assistance to stakeholders across the energy sector, building human and institutional capacity. Public awareness campaigns and educational programmes can inform citizens and businesses about energy-saving practices and the benefits of renewable energy.

42. **Enhancing energy security, sustainability, and economic development:** Establishing a National Energy Efficiency and Renewable Energy Agency in Georgia is crucial for a future resilient energy system. The Agency would implement and regulate energy policies, aligning with national goals. It would develop long-term strategies, provide technical advisory services, support data collection, and drive innovation through R&D. By promoting energy efficiency and renewable energy, attracting investments, and fostering international cooperation, the Agency would address activities beyond the Ministry of Economy and Sustainable Development's capacity, ensuring a resilient energy future for Georgia.

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