

Energy Efficiency Legislature: One Step for Georgia toward the Standards of the EU

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Energy efficiency is the one of the most urgent issue facing Georgia today. Proper energy use by the business sector can reduce production costs, and reduce exposure to rising energy prices and energy shortages. Helene Ryding, team leader of EnergoCredit, the credit department of the European Bank of Reconstruction and Development, claimed that energy efficiency in business improves productivity and product quality, as well as environmental performance. Also, it will improve compliance with legislation and ISO 14001 targets.

However, legislation that implements the energy efficiency plan suggested by USAID Georgia has not been adopted.

The representatives of building companies claim that they would welcome a chapter in Georgian law about energy efficiency in the construction industry. Gia Klimiashvili, the founder of a building company in Georgia, said their company builds houses with double glassed windows, and heating boilers that save energy, even though it costs much more for the company.

According to Murad Kharashvili, local project engineer of EnergoCredit, companies in other industries, such as the food industry, production of glass and ceramics, iron and steel, chemicals, petroleum refining, pulp and paper, cement production and wood processing, should also pay attention to energy efficiency.

Helene Ryding remembered that, while visiting a food producing company, they found out the company didn't know how much energy it used for producing each kind of product. The price that companies pay for energy reflects on the price of the product they sell, and rising prices is a large problem in Georgia.

Irakli Khmaladze, the head of the legislature department at the Georgian Ministry of Energy claimed that the ministry is not currently working on legislation that addresses issues of energy efficiency.

"We don't work on this issue. Well, maybe someone is working but I have no information about this," claimed Khmaladze.

Georgia, like Ukraine and Turkey, has the status of observers to ECT. The EU countries have directives (EU Laws) for its member states. These directives consider "tax incentives for companies and households, utility incentives and obligations for its consumers, grants to householders, subsidies renewable energy. Companies selling its products in EU must meet energy standards laid down as directives."

In Ukraine and Turkey, there is legislature that promotes energy efficiency. In Turkey, an energy audit is obligatory for big companies, and companies that save the energy are supported in Ukraine as well.

Kharashvili explained that, economical benefits aside, energy efficiency has environmental benefits too. It reduces GHG emissions, and an ecologically clean environment is important for future generations.

"It also reduces the demand for researching additional non-renewable energy resources, such as coal, oil, natural gas and nuclear," said Kharaisvili.

According to the Kyoto Protocol, developed countries pay for energy-saving and renewable energy installations in non-developed countries. They also encourage non-developed countries to reduce CO2 emissions.

Loreta Martikyan is the representative of the European Bank for Reconstruction and Development. She claimed that EBRD has a 35 million US dollar (USD) credit line, and it lends the money to local Georgian banks. The Energy Efficiency Programme is a team of consultants who help banks assess projects. The loans so far include 3.5 million USD for hydro plants, and four more building projects being reviewed. At present two local Georgian banks, TBC Bank and Cartu Bank, have already borrowed the money from EBRD to lend to their customers.

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