GEFF Green Economy Financing Facility

European Bank for Reconstruction and Development

Where finance and green technologies meet

GEFF in Armenia Newsletter N7, Q3 2020

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EU helps apartment buildings in Yerevan switch to renewable energy

Thanks to the EU-funded project EU for Yerevan Solar Community, 90 apartment buildings in Yerevan, Armenia, will switch to renewable energy. The project aims at reducing energy consumption and greenhouse gas emissions in Yerevan with renewable energy sources and energy efficiency measures.

The energy modernisation measures include the installation of solar-powered systems with a total capacity of 630 kW on the roof of 90 buildings as well as the installation of nearly 400 outdoor LED lights and 5,500 indoor LED lights with motion sensors for entrances and stairwell lighting. The implemented measures will cut residents' electricity bills by 50%.

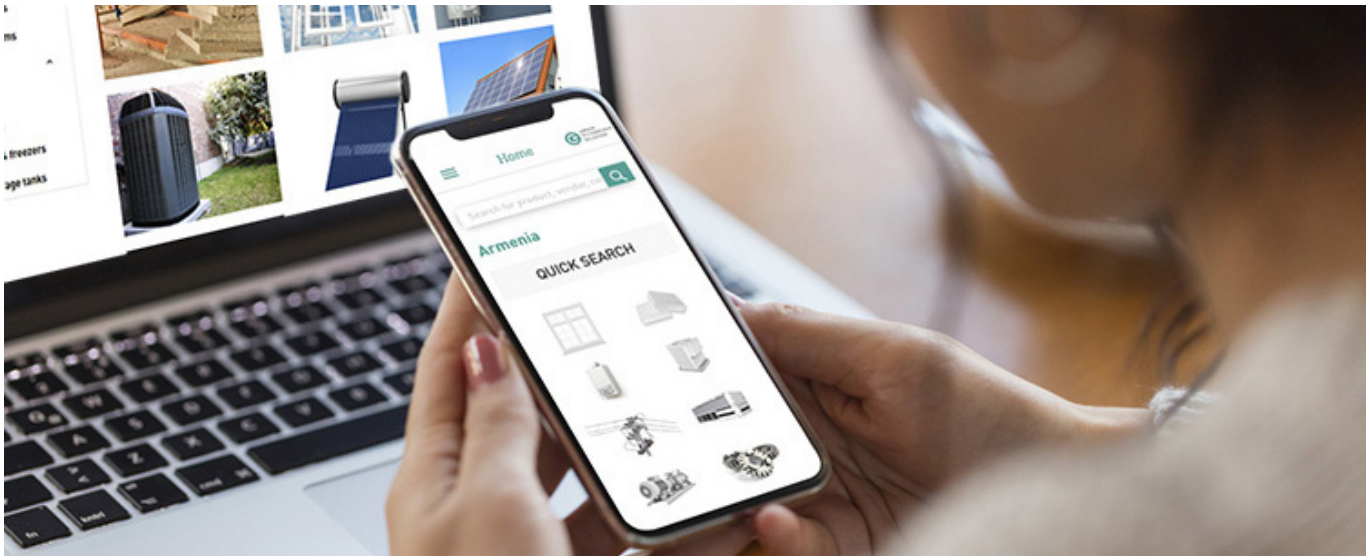
Projects such as these are a good opportunity for vendors to offer their products and for PFI's to finance or initiate similar projects. Partnerships could be formed coupling financing with technology and could include offers to clients that go beyond the project mentioned.

For more information click here.

Key results as of September 2020

- GEFF in Armenia has financed 194 projects for a total of €16.55 million through four partner financial institutions (PFIs), thus reducing primary energy consumption by 75,851 MWh/year and saving 18,426 tonnes of CO_2 annually.
- Renewable energy projects with an installed capacity of 26.9 MW make it possible to avoid up to 17,000 tonnes of CO_2 annually.
- 1,801 EE and RE technologies offered by 165 vendors from 21 cites around Armenia are made accessible through the Green Technology Selector at https://ts.ebrdgeff.com/armenia.

Green Technology Selector and Tech Selector app



The EBRD has launched a new mobile app, the Tech Selector. Due to the fact that an increasing number of people are using their mobile devices for commerce purposes, this app which will change how the bank meets the climate finance needs of its clients – even beyond the coronavirus pandemic.

The innovative app is based on the Green Technology Selector (GTS), the first e-commerce tool launched by the EBRD in 2018.

Today, the Green Technology Selector features more than 1,800 green technologies available from more than 165 local vendors and is growing steadily to offer more to businesses and homeowners. The selection ranges from energy efficient heat pumps and solar panels that produce renewable energy to water efficient drip irrigation systems and no-till seeding machines that support sustainable land management.

The Tech Selector and the Green Technology Selector are the easiest ways to obtain financing under the GEFF programme. Anyone looking to invest in green technologies can generate the necessary certificate and apply for a GEFF loan through a local partner financial institution. GEFF in Armenia has fully utilised the potential of the Green Technology Selector, as more than 80% of investments in Armenia were concluded using the GTS.

Manufacturers from around the globe can submit their products to be considered for the Green Technology Selector and local vendors can register their products and locations. If the technologies offered meet performance requirements, the EBRD makes them available for clients to search for on both the app and the platform.

The EBRD developed the Tech Selector app and the Green Technology Selector platform under the GEFF programme with the support of donor funding from the Austrian Federal Ministry of Finance.

Download the app from App Store and Google Play

Success Story

Millkat LTD – Acquisition of new production machines

Investor	Millkat LLC
Location	Yerevan, Armenia
Investment	Dairy production equipment
Investment size	US$ 140,000
Financial results	8-year payback
Natural gas savings	378 MWh per year
Electricity savings	118 MWh per year
Resource savings	1,895 m3 of water per year
CO_2 savings	127 tonnes per year
Impact	Increased operational efficiency and higher output
Donor	GCF, CIF

Tufenkian Hospitality LLC -
Installation of photovoltaic panels

Investor	Tufenkian Hospitality LLC
Location	Gegharkunik region, Armenia
Investment	Installation of photovoltaic panels
Investment size	US$ 410,000
Financial results	5-year payback
Energy savings	874 MWh per year
CO_2 savings	257 tonnes per year
Impact	Increased cost-efficiency
Donor	GCF, CIF

Read more Success Stories.

Importance and development of solar energy in Armenia

Armenia has significant solar energy potential. Taking into account the favourable climatic conditions and the 2,500 hours of sunshine per year on average, different feasibility studies have assessed the photovoltaic potential of the country as having a total installed capacity of 830 – 1,200 MW. Both solar thermal and solar photovoltaic power are rapidly developing. In addition to ensuring energy savings, solar water heating systems (SWHS) have also become cost-effective.

Feed-in tariffs (FiT) for solar-based electricity were implemented for the first time in 2017. The tariff is set annually by the Public Services Regulatory Commission of Armenia (PSRC) and guarantees the purchase of electricity produced for 15 years. The calculation methods for FiT are mainly based on the fluctuation of consumer prices and exchange rates. In 2019, the tariff was slightly increased to AMD 24.233 /kWh.

Already in 2016, a law was introduced promoting net metering for smaller PV installations with a capacity of up to 150 kW. The introduction of the net metering system made it possible for owners of small-scale solar PV stations to transfer excess energy generated to the grid for the purpose of offsetting the amount energy consumed with the energy supplied. This is a significant advantage for owners, which allows for the more efficient use of energy produced and can be beneficial if more energy is produced than actually consumed.

In addition, in 2017, the net metering limit for legal entities was notably increased to 500 kW, which created very favourable conditions for SMEs and encouraged them to invest in solar energy. Currently, the EBRD is helping the government to further develop a new regulatory framework for small-scale PV power generation.

As of July 2020, 49 solar PV plants (feed-in tariff based), one of which is partially financed by GEFF, are licensed with a planned installed capacity of 254 MW. These investments are either under construction and completed or in planning and therefore not yet financed. Many financing needs and the demand for PV equipment can be expected in the upcoming years.

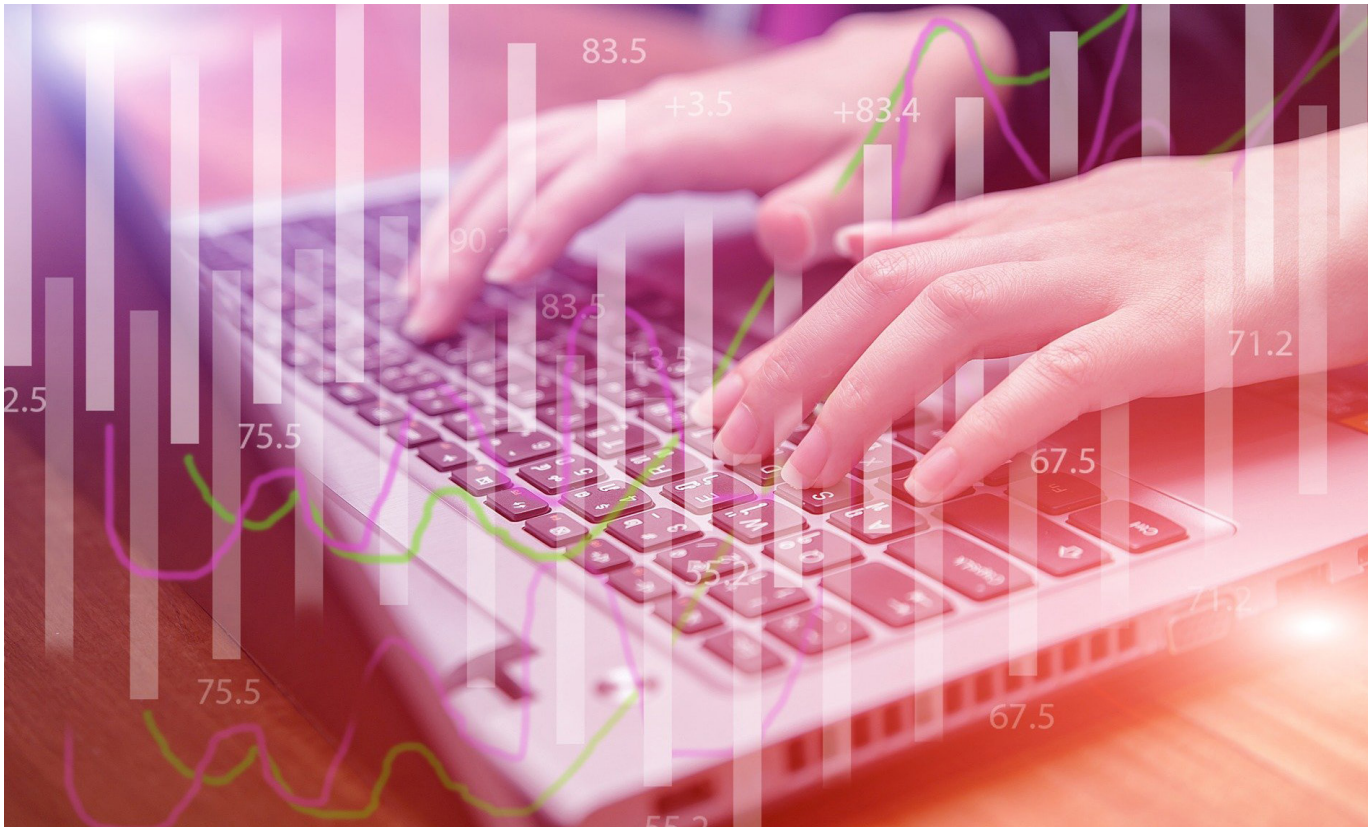
At the same time, more than 3,000 net metering-based solar PV stations with a capacity of more than 57 MW have already been installed. Half of this installed capacity is financed by GEFF. This development shows no signs of stopping and the current demand for such options (currently 374 PV stations with a capacity of 7 MW are in progress) will lead to further financing needs as well as increased demand for PV equipment.

Summarising the abovementioned, it is clear that the current and future development of solar energy will have long lasting effects on the country and that demand will remain increasingly high, as shown by the current trend.

COVID-19 and Green Finance

Despite the serious epidemiological situation, almost every business has reopened. Private companies must follow the strict safety regulations imposed by the government to protect their employees and customers. Businesses continue to implement investments and thus require financing. Financial institutions continue operating, although for safety reasons, the number of staff physically present at the branches and in the head offices has been reduced to the absolute minimum. There were no interruptions in the provision of banking services, as front office employees have been actively supported remotely by home-based working staff.

Despite the fact that banks have been actively offering loan restructuring and have temporarily suspended their lending activities to the economic sectors which are expected to be affected most by the pandemic, GEFF's partner financial institutions continue to finance green investments with the support from the Consultants. In particular, remote support included webinars about innovative financing schemes (e.g. vendor financing schemes, ESCO financing) and promising energy efficient investments. At the same time, taking into account the significant role of vendors in the implementation of solar PV projects, the Consultant's solar PV-related webinars are of great importance and are in demand.



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