

WORKING GROUP 4 - MINUTES

Event: Minutes of the FIC Working Group Meeting “Green Economy and Energy”

Date: Friday, March 17, 2023

Duration: 15.00-17.00

Moderated / Chaired by: Golib Kholjigitov, Head of FICS

Present from FIC: Golib K., Avazbek M., Gamlet K., Nargiza M., Gulnoza U.

Present from stakeholder and investors: MIIT, GE, EDF, Masdar, Siemens, TBC, World Bank, ADB, Veolia, EDF, SUEZ, White and Case, Aksa Energy, Synergy Consulting, Calik Holding, Macro Advisory, Zeppelin.

Venue: MIIT Office, 1st floor, Tashkent

Next meeting: TBD

Representative of MIIT – Mr. Tengiz Asanov gave opening remarks.

DISCUSSION TOPICS:

1. Shohruh, MIIT – presented current projects pipeline and future plans for development of renewable energy in Uzbekistan. Up to now more than 12 renewable projects started with total generation capacity more than 12 GWT (8 GWT solar power, 4 GWT wind power). Most of them are in final stage of construction, some finalizing financial closure. Main investors are ACWA power, Masdar, Volitalia. Only Masdar will commission 3 solar power projects this year.

2. Pierre-Paul Antheunissens, EDF – highlighted that hydro power is one the most efficient green energy sources, EDF is working on 2 hydro projects in Tashkent region. Neighboring countries like Tajikistan and Kyrgyzstan have very big potential in hydropower. National and regional hydro projects have to be included to the list of new energy programs. At the same time EDF is working on feasibility of panels on rooftops in Tashkent. Suggested Government of Uzbekistan to pay more attention and stimulate energy efficiency nationwide.

Proposal: To include national and regional hydro projects in new energy programs, as well as energy efficiency.

3. Chahine Boutouila, Veolia – highlighted that draft investment and SEZ laws were reviewed, Veolia proposes to set up priority sectors for investments and priority projects in the draft laws. We need reforms on utility tariffs.

Proposal: To prioritize sectors in the draft investments and FEZ laws.

4. Gidem Akin, ADB – proposed to reform energy sector by developing energy market, introducing climate budgeting and affordable tariffs. At the same time, in order to meet goals of Paris agreement Uzbekistan has to accelerate efforts regarding carbon pricing and carbon market. Reforms has to be faster path than we have now. **Companies’ financial sustainability is an issue due to a big amount of new PPPA in green energy.** Green bonds have to be considered, ADB is ready to support green bonds in Uzbekistan and development its infrastructure. SOEs need to be reformed, their portion in production is still large.

Proposal: To introduce climate budgeting, affordable tariffs, carbon pricing and carbon market. develop green financial instruments.

5. Aleksey Borev, Zepellin – Caterpillar is sector leader in production of electric trucks and mining machinery. Thanks to introduction of AI fully autonomous trucks and machines are already introduced by CAT in several markets.

6. Aleksey Borev, Pavel Ignatiev, GE – highlighted that GE is actively participating in modernization of energy sector in Uzbekistan. Hydro energy has big potential in Central Asia. GE is ready to become technical partner of Uzbekistan in development of Hydro energy. More than 350 GWT hydro power worldwide produced by GE equipment.

7. Maxim Zolotarev, Siemens – highlighted that decarbonization is very important for Siemens worldwide, and constantly improving its carbon footprint. Siemens is ready to share its experience if needed.

8. Irina Voytehovich, World Bank – we are ready to encourage solar panels production in Uzbekistan. We started to finance new project in energy efficiency and clean energy in buildings. Demand side management is also important. Reduction of consumption through promotion of energy efficiency and introduction market principles in tariffs formation.

Proposal: To introduce solar panel production; to introduce wide energy efficiency in energy consumption; to introduce market principles in tariffs formation.

9. Bakhromjon Abdukadirov, Synergy consulting – We are advisers for green energy projects in Uzbekistan. In order to attract more investments, pipeline of projects has to be announced broadly. For medium and small-scale projects Government of Uzbekistan has to support local investors in energy sector. MIIT, MOEF support foreign investors, but not domestic. In order to reach transform energy sector nationwide Uzbekistan needs to bring local investors to the market.

Proposal: To support local investors in infrastructure projects.

10. Nika Kurdiani, TBC – highlighted importance of green financing, and readiness of TBC to further support Uzbekistan in green lending.

11. Artur Abinov, Macro Advisory – what are the plans for nuclear power plant project in Uzbekistan. The project is still under consideration due to the technical aspects of the project.

12. Gokmen Topuz, Calik energy – highlighted that Calik energy is willing to participate in green energy projects in Uzbekistan but so far couldn't succeed in bidding process.

RESOLUTION / ACTION PLAN

| Topics | Resolution /Proposal | Responsible | Timeline / Status |
|-------------------------------------|---|--|-------------------|
| 1. Energy program | - <u>To include national and regional hydro projects in new energy programs, as well as energy efficiency.</u> | Minenergy MIIT IFIs | 2023-2024 |
| 2. Priority sectors | - <u>To prioritize sectors in the draft law on investments and FEZ.</u> | MIIT Minfin IFIs | 2023-2024 |
| 3. Carbon control | - <u>To introduce climate budgeting, affordable tariffs, carbon pricing and carbon market. develop green financial instruments.</u> | Minnatresources Minenergy Mineconomfin IFIs | TBD |
| 4. Renewables and energy efficiency | - <u>To introduce solar panel production; to introduce wide energy efficiency in energy consumption; to introduce market principles in tariffs formation.</u> | Minenergy Mineconomfin IFIs | TBD |