

May 6, 2014

Comments Received from the Netherlands--Endorsement of the Investment Plan for Armenia

Dear Patricia,

Thank you for sharing the SREP investment plan of the Government of Armenia. We will be happy to congratulate the Government of Armenia with this interesting plan and its anticipated transformative impact.

At this stage, we have two specific questions/comments on the investment plan:

1. We have been interested to see that the analysis of renewable energy options prioritizes thermal application of geothermal energy ("direct use") as most suitable for SREP. Why does the investment plan not include an element of such direct use of geothermal energy, either as stand-alone SREP project or as specific component in the proposed Geothermal Power Exploration and Development project (could feasibility of direct use be anticipated as possible outcome of the resource assessment for the Karkar site)?
2. We have also been interested to see that the investment plan presents two options for use of the SREP funds (either a grant to government or a guarantee to private sector investors/developers). How will this decision be made? Our domestic experience has been that a guarantee-type mechanism has been very effective for private sector development of thermal applications of geothermal energy (with a medium temperature resource). If the government of Armenia would consider to include the option of direct use mentioned above, would that have implications for how to best apply the SREP funds?

Best regards,

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