

May 6, 2014

Comments Received from the United Kingdom --Endorsement of the Investment Plan for Armenia

Dear Patricia,

Thank you for sending the SREP Armenia Investment Plan for our review. Our comments at this stage are as follows:

- We appreciate the process that the Government of Armenia and World Bank have gone through to identify which technologies and sectors should be chosen. However, we have some concerns particularly regarding the substantial objections noted by the independent reviewer regarding the focus on geothermal power. This does not appear to be satisfactorily resolved, and would like to see additional evidence and/or review before the sub-committee is asked to endorse the plan.
- Further to the above, in a context where 100% of the population is grid-connected – not typical for SREP countries - we also wonder whether there might be some important energy efficiency opportunities, noting also that Armenia is in the EBRD's E5P programme.
- We also noted that the geothermal heating scored well in the analysis, but was not prioritised and we would appreciate any further information on this given the large potential for scale, which presumably exceeds available support through existing programmes?
- We believe that the IP could be strengthened with a stronger monitoring and evaluation plan that would help to learn lessons that could increase the chances that SREP finance will be catalytic to more renewable energy investment, seizing the capacity gap opportunity (particularly for PV, with technical potential estimated to be 6,500MW).
- In general, given the strategic questions pending after the independent review, it is our view that the decision on the Investment Plan should be taken at the next Sub-Committee meeting in June for endorsement, rather than by mail in the interim.

Best wishes,
Steven

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