

Initial Project Summary

Project Location: Stepantsminda, Kazbegi Municipality, Georgia

Name of Applicant: Dariali Energy

Name of Project: Dariali Hydropower Project

Project Description: The proposed Project involves the construction and operation of a 108 MW hydropower project on the Tergi River near the village of Stepantsminda, close to the Georgia-Russia border. The Project will impound the Tergi River with a 6 m high concrete dam and will include a .25 hectare intake pond. Water will be diverted around approximately 5 km of the river from the intake structure through an underground power house and back to the river through the tailrace channel. The Project will be required to maintain a minimum flow of at least 2.54 m³/s. The power will initially be evacuated via a 110 kV transmission line which connects the Georgian and Russian energy systems until a new 220 or 500 kV capacity line that is being considered by the Georgian State Electricity system is completed.

Environmental and Social Categorization and Rationale: The Project has been reviewed against OPIC's policy related to dam projects and determined to be categorically eligible for further consideration. The Project has been screened as Category A because potential impacts are diverse and potentially irreversible. The main environmental and social concerns are related to diversion of river flow and subsequent flow reduction in the 5 km of the Tergi River and the Project's impact on the nearby Kazbegi National Park.

Environmental and Social Standards: As this Project will be co-financed with the EBRD, OPIC will apply EBRD policies in order to facilitate U.S. participation in the transaction. EBRD Performance Requirements (May 2008) 1 (Environmental and Social Appraisal and Management), 2 (Labor and Working Conditions), 3 (Pollution Prevention and Abatement), 4 (Community Health, Safety and Security), 5 (Land Acquisition, Involuntary Resettlement and Economic Displacement), 6 (Biodiversity Conservation and Sustainable Management of Living Resources), 8 (Cultural Heritage), and 10 (Information Disclosure and Stakeholder Engagement) are applicable to the Project. Based on information currently available, no indigenous people have been identified at the Project location, so, PR 7 is not triggered at this time.

Location of Local Access to Project Information: Project documents are available at the following locations:

- The office of "Dariali Energy" JSC – 4 Besiki str. Tbilisi. Georgia, office 206, Public Relations Specialist Eka Kikadze (tel.:995 5 (51) 50 33 00. E-mail: info@darialienergy.ge;
- The local office of „Dariali Energy“ JSC- Georgia, Kazbegi municipality, construction camp of Dariali HPP located near Larsi customs checkpoint;
- Dariali Energy“ JSC web-site: www.darialienergy.ge;
- Administrative building of Kazbegi Municipality – the village of Stepantsminda, Kazbegi st.№1.
- EBRD website: www.ebrd.com/english/pages/project/eia/45542.shtml