

Namakhvani Hydropower plant project

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Proposed Namakhvani hydropower plant will be one of the largest in Georgia at 424 megawatts. It will flood parts of three municipalities in western Georgia, Tskaltubo, Tsageri and Tkibuli, including villages, their cultural heritage and unique biodiversity. The microzone is known for producing Georgia's precious and expensive Tvishi wine. The total cost of the project is up to USD 830 million.

Background

Since 2009, the Georgian government has awarded different hydropower companies versions of the project that later have been rejected. In 2015 a positive ecological conclusion was issued for „Namakhvani HPP Cascade” that united 2 hydroplants Tvishi (100 MGW) and Namakhvani 333 MWV. The construction permit for the cascade was granted, however the construction never started. Since 2017 Clean Energy Group AS's Georgian subsidiary, Clean Energy Group Georgia LLC (now renamed to Enka Renewables) was awarded the right to develop, build, own and operate the Namakhvani Hydropower project.

Clean Energy Group AS is a 10% shareholder in the project company, which will be further developed and constructed by the 90% shareholder, [ENKA Insaat ve Sanayi A.S., a Turkish industrial conglomerate](#). ENKA is known for construction engineering, but with little experience in hydropower plant construction, while Clean Energy Group entered the Georgian

market in Shuakhevi HPP project in 2010 and is responsible for the ‘failed dam’ as tunnels collapsed soon after becoming operational, [Shuakhevi¹](#).

In April 2019 Clean Energy Georgia signed a new contract with the government of Georgia, that defines numerous issues concerning the dam construction and power purchase agreement and some other obligations.

The current project design includes the construction of two hydro power plants with reservoirs, Kvemo Namakhvani with 105 and Zemo Namakhvani with 57-meter high dams. More than 1000 hectares of arable land and forests will be flooded.

National Environmental Consent

In January 2019², company submitted a screening report to Georgia’s Ministry of Environmental Protection and Agriculture that said “the environmental impact risks related to the changes made to the project are insignificant and these risks are fully covered by the EIA report of the original project”.

The new project design however was different from the one that initially was granted an environmental permit in 2015. As such, the ministry requested ENKA receive a new environmental consent, as per Georgia’s Environmental Assessment Code from January 2018.

In November 2019³ Enka Renewables submitted an environmental and social impact assessment for the 324 MWV Kvemo Namakhvani hydro plant to the Ministry of Environment and Agriculture, and in February 2020 it received a [conditional environmental decision⁴](#) that requested major studies, including:

- an impact report on the Black Sea coast near Poti
- detailed engineering and geological surveys of the diversion and headrace tunnels
- biodiversity studies, including impacts to sturgeon;
- and disposal areas and waste management plans.

These plans were to be submitted to the ministry before starting construction. The construction permit was granted for preliminary works, however, the company starts construction activities with violations.⁵

The government had already granted the project 576 hectares of state-owned lands and forests during same month in November 2019 before issuing the environmental decision⁶ and construction permit⁷, for both Hydro power plants.

¹ The controversial Shuakhevi hydropower plant’s construction where the main tunnels collapsed two months after it became operational. After three years of repairs, Shuakhevi resumed operation in 2020. However, even after the dam was repaired, a crack appeared in the recently repaired reservoir., and Locals believe that subsequent water leakages in the surrounding villages were also caused by the project.

² <https://mepa.gov.ge/Ge/PublicInformation/8374>

³ <https://mepa.gov.ge/Ge/PublicInformation/19341>

⁴ <https://mepa.gov.ge/Ge/Files/ViewFile/28460>

⁵ The Tskaltubo Magistrate Court on April 28 found Enka Renewables, the company behind the construction of the controversial Namakhvani Hydropower Plant project on Western Georgia’s Rioni River, guilty of failing to comply with the terms set by environmental assessment and ecological expertise and issued a fine of GEL 5,000 (USD 1,450). The plaintiff, the Department of Environmental Supervision of the Ministry of Environmental Protection alleged that Enka Renewables commenced preparatory works for the construction process with disregard for the conclusions of ecological expertise and the environmental decision, issued on the basis of the Environmental Protection Minister’s order of February 28, 2020.

⁶ <https://mepa.gov.ge/Ge/Files/ViewFile/28460>

⁷ <https://drive.google.com/drive/folders/1o94Bb6oabiLP61DoSgKoGpFGTP7oBQuX>

In April 2020 Enka Renewables received a conditional construction permit for the preparation works, which it began in September 2020. A final project design must be submitted by the end of April 2021.

Environmental and social impact

The project is planned on the Rioni river upstream to Kutaisi the city of Georgia. Downstream it would also impact the Emerald Network sites, the Ajameti Managed Reserve and Kolkheti National Park. It would threaten only spawning habitat of the number of the critically endangered sturgeon species. Placing a hydropower station upstream could have a significant effect on Emerald Sites located downstream due to the changes to the streamflow and the transportation of sediment or pollution by disturbing the migration routes of fish species. Creation of a new protected area and Emerald Site in Rioni River, dedicated to the protection of sturgeon species, which is Georgia's obligation under the Bern convention, will be impossible.

According to [WWF](#) Caucasus "Construction and operation of additional HPPs cascades on the Rioni would further jeopardise the already shrunk sturgeon spawning grounds consequently having an impact on sturgeon conservation." In addition, "the geo-ecological balance in the region is seismically overly sensitive, increasing the risk of possible catastrophic developments."

[The Institute of Earth Sciences and the National Seismic Monitoring Centre of Georgia](#) echoes these concerns. In a letter to the prime minister, the institute said that the project's environmental assessment does not include proper studies and measurements, and the documentation shows that the project will not be built to withstand strong earthquakes.

The Ministry of Environmental Protection and Agriculture then issued consent based on these poor geological and seismological studies, and it was calculated for the earthquake that is about 170 weaker than the earthquake that happened in same the Lechkhumi segment of the Racha-Ghagra Zone in [in 1991, when its earthquake magnitude reached⁷](#).

In addition, the environmental consent from 2020 claims that there are no cultural heritage sites in the impacted area. However the ESIA from 2015 identifies at least 19 cultural heritage sites of national importance, including church, towers and ruins, as well as 23 archeological sites dating from before common era, of which at least 13 will be flooded. Yet even this [ESIA](#) did not study the impact of the hydropower plant on existing cultural heritage.

Public involvement and participation in the decision-making process

The local communities organised several protests in 2018 to draw attention to the project's negative impacts on agricultural production and tourism potential, which is a major source of income for local people. With the high seismicity of the area, not only locals but residents of Kutaisi, Georgia's second largest city, have protested against the project: a petition called #SaveRioniRiver collected more than 10 000 signatures from Georgians⁸ in 2020.

Despite these concerns, the only [public hearing](#) to revise the ESIA took place in 2019 in Tskaltubo, where people reported numerous irregularities like restrictions on access to meeting and the possibility to speak and receive answers from project promoters. Based on these violations to national legislation and the Aarhus Convention on Access to information, public participation and access to justice, civil society requested that the Ministry of

⁸ <https://manifest.ge/main/item/3107>

Environmental Protection and Agriculture of Georgia:

“abolish the public discussions which were held in gross violation of the requirements of applicable law;”
“ensure that public discussions are re-conducted in the public space accessible to the affected population” and
to “ensure the proper engagement of affected populations and other stakeholders in the decision-making
process in accordance with the requirements of the Environmental Assessment Code and the Aarhus
Convention.”

It also called on the government to respect the European Parliament's resolution on the EU-Georgia Association Agreement implementation that “Takes note of the plan of the Georgian Government to further develop hydropower; calls, in this context, on the Georgian authorities to adopt and comply with EU standards in all of the projects and, in particular, to apply an open and transparent Environmental Impact Assessment procedure involving all the relevant stakeholders in the main stages of the decision-making process;

Contract confidentiality

Despite numerous requests from civil society and local communities, the contract between the Georgian government and ENKA Renewables was disclosed only in early 2021, when the protest movement already had gathered strength. The disclosure of the agreement fully switched the focus of locals and the wider public from environmental and social concerns to its development impacts and threats to the country.

If the contract conditions are met, Georgia may face significant macroeconomic and fiscal risks. [The World Bank](#) estimates that in case of Namakhvani, fiscal costs to the state budget would be at least GEL 631 million by 2040.

The contract bypassed a 2018 law on public private partnerships, with the government guaranteeing the project sponsor free of charge or at a symbolic price all the necessary land and natural resources, including forests, water and permission to use not only the Rioni but also the Tskheniskali river. Therefore, the contract violates not only the national legislation, also confronts the requirements of European Energy Community (Georgia is contracting party of European Energy Treaty since 2017).

Georgia also committed to construct project associated facilities necessary for operation, including a substation and a 220 kv high-voltage transmission line. The government also takes responsibility to expand the transmission capacity of a 500 kv transmission line with Turkey, while guaranteeing ENKA Renewables reserve capacity for transit. Georgia already had to [borrow EUR 90 million](#) from the EBRD this project.

The contract guarantees two kinds of income for the company: guaranteed purchase of electricity at USD 6.2 cents per Kw.h (escalating at 3 per cent annually). The government refunds of value added tax, both for electricity as well as for imported construction materials, and as well full compensation for any event that will result in the termination of the project, including the company's bankruptcy.

Despite governmental assurances that the project would bring employment to the region, the contract stipulates that the company will employ only those workers with specific qualifications. The project does not foresee organising any training centers, confirming their intention to import the workforce from outside the region.

The contract also makes the local government liable for repairs to the local roads used by the company, even in the case of landslides.

Human rights violations in Rioni

Since October 2020, people from Lechkhumi have held a permanent protest against the construction of the Namakhvani project. On 28 February 2021, a protest was held in Kutaisi where thousands of citizens demonstrated against the construction of the plant. On 14 March more than 22 000 people gathered again in Kutaisi in protest.

Despite numerous calls to [ensure constructive dialogue with local communities](#), the peaceful protests have been raided or dispersed by police four times since October 2020. After an 3 April crackdown, the Georgian government deployed a large number of police and special forces with a water cannon vehicle to establish posts near the protest area that would not allow people to move around the valley freely. The [media was also unable to work](#) normally within the valley.

These activities were an attempt to escalate the situation further. Georgia's public defender called "The Ministry of Internal Affairs to refrain from artificially escalating the situation, to ensure the resumption of movement in the direction of the village of Namakhvani, not to use signal suppression or other equipment that will prevent the population from being informed about the ongoing events, to negotiate with protesters in order to avoid risks of confrontation and not to use force against them." She also called "The Government of Georgia to suspend the ongoing construction/preparatory work until a consensus is reached."

[On April 11th, police dismantled the tents of the Rioni Valley Guards](#), located on the land of one of the protesters in the village of Namakhvani, the Rioni valley. Starting from the morning, these actions of the police were accompanied by the mobilization of a particularly large police force and the absolute restriction of movement in the direction of Namakhvani, including the movement of protesters towards the camp area.

In a strongly-worded joint statement of April 12, [thirteen Georgian CSOs](#) expressed their solidarity with Gumati-based protesters against the Namakhvani Hydropower Plant, "whose constitutionally-guaranteed rights to assembly and manifestation are gravely violated by the state [authorities]".