



# **UNDERSTANDING THE IMPACT OF REGULATORY INCENTIVES**

## **Tariff models and regulatory incentives in Azerbaijan**

**March 25-27, 2015**

**Chisinau, Moldova**



# **Laws of The Azerbaijan Republic in Energy Field**

- ✓ **The law of the Azerbaijan Republic on Energy**
- ✓ **The law of the Azerbaijan Republic on Utilization of Energy Resources**
- ✓ **The Law of the Azerbaijan Republic on Electric and Thermal Power Plants**
- ✓ **The law of the Azerbaijan Republic on Power Engineering**



# State Energy Regulation

## ✓ **MINISTRY OF ENERGY OF AZERBAIJAN REPUBLIC**

(Central executive authority implementing state policy and regulation for the energy sector)

## ✓ **STATE AGENCY ON ALTERNATIVE AND RENEWABLE ENERGY SOURCES OF AZERBAIJAN REPUBLIC (Established in 2013)**

(is involved in the formation of unified state policy in the field of renewables and efficient use of it, and ensures the implementation of the policies to the field, development of renewables, building up infrastructure, application of renewables to economy and social spheres, taking measures on renewables in connection with energy production and consumption and energy efficiency, public accounting and cadastre in the field.)

## ✓ **TARIFF (price) COUNCIL OF AZERBAIJAN REPUBLIC**

(establishes the tariff methodology, approves the tariff level proposed by regulated companies (including but not limited to energy), proposes changes to the legal framework as it relates to pricing; and settles disputes regarding price regulation and tariff application)



# **TARIFF (price) COUNCIL OF AZERBAIJAN REPUBLIC**

✓ **The authority of TARIFF (price) COUNCIL**

✓ **The members of the TARIFF (price) COUNCIL**

Ministry of Finance of the Republic of Azerbaijan

Ministry of Taxes of the Republic of Azerbaijan

Ministry of Justice of the Republic of Azerbaijan

**Ministry of Energy of the Republic of Azerbaijan**

Ministry of Transport of the Republic of Azerbaijan

Ministry of Communications and HighTechnologies of the Republic of Azerbaijan

Ministry of Agriculture of the Republic of Azerbaijan

Ministry of Health of the Republic of Azerbaijan

Ministry of Education of the Republic of Azerbaijan

Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan

State Customs Committee of the Republic of Azerbaijan

State Construction and Architecture Committee of the Republic of Azerbaijan

# Present Energy Tariffs

Decision № 03 dated January 6, 2007. "On the regulation of electricity tariffs within the Republic"

Category	Tariff (AZN*/kWh)
Wholesale	0,041
Small hydropower plants	0,025
Wind power plants	0,045
Transmission of electric energy	0,002
Retail	0,060

**\*1 AZN ≈ 1 EUR**



# Power Supply System

## ✓ “Azerenerji” OJSC

- the largest electrical power producer
- ✓ “Azerishiq” OJSC (Established 10.02.2015)
  - buying electricity in the Republic
  - shall supply consumer with energy safely and usefully
  - apply new technologies in this sphere
  - modernize material-technical base
  - provide usage of it and carry out other related works

## ✓ State Energy Agency of the Nakhchivan Autonomous Republic

- generates, transmits, distributes and supplies electricity to consumers at Nakhichevan Autonomous Republic



# Thank you for your attention

## STATE AGENCY ON ALTERNATIVE AND RENEWABLE ENERGY SOURCES OF THE REPUBLIC OF AZERBAIJAN

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