



# Tariff (Price) Council of the Republic of Azerbaijan



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## Current situation and expected development of renewable energy sources

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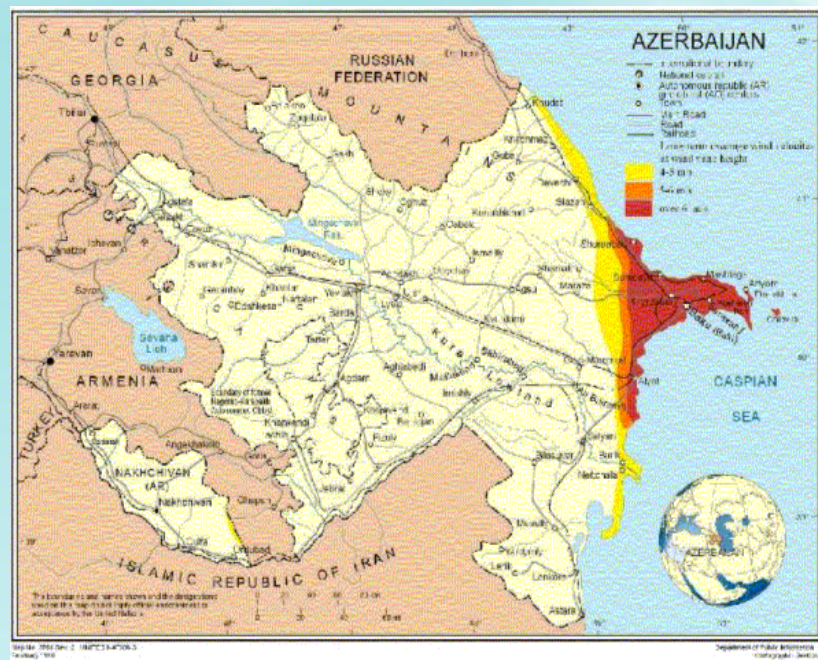
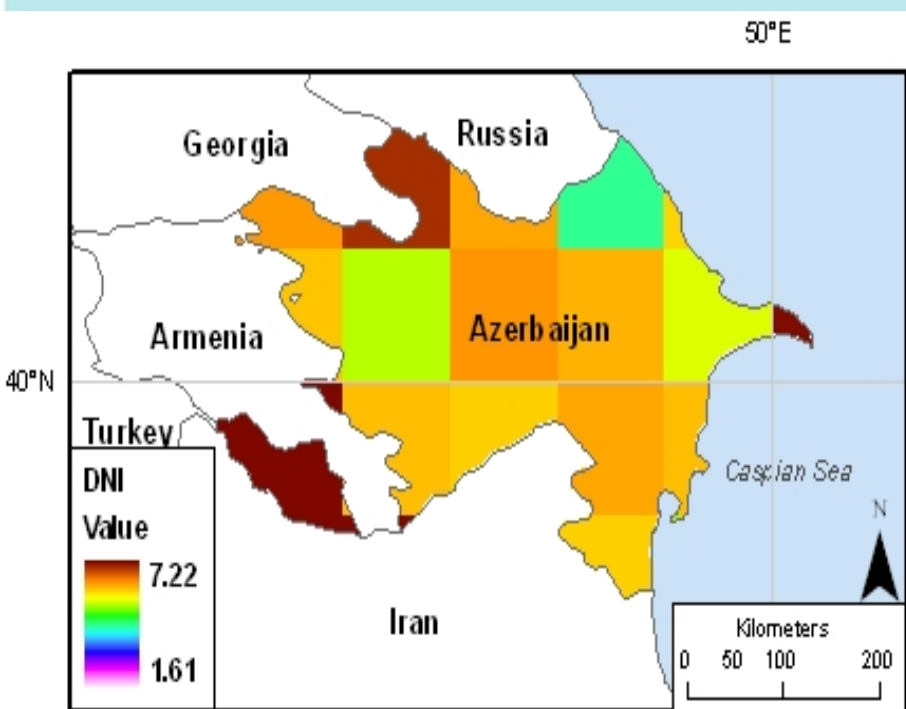
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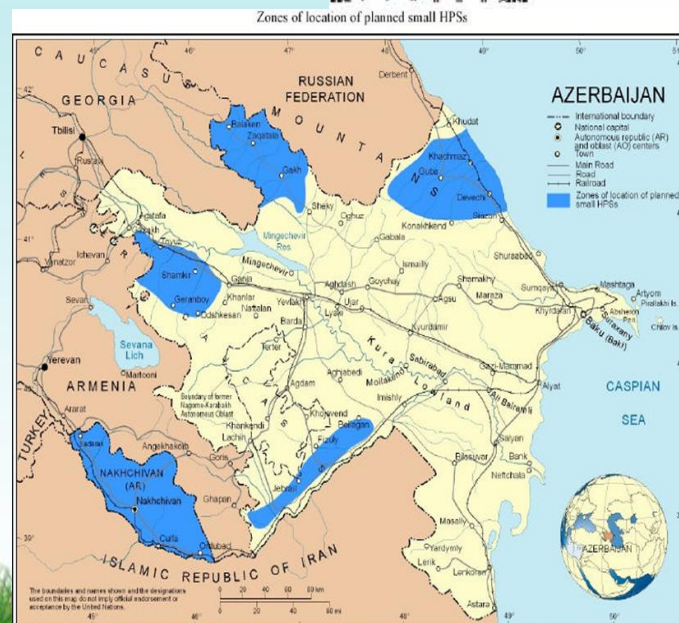
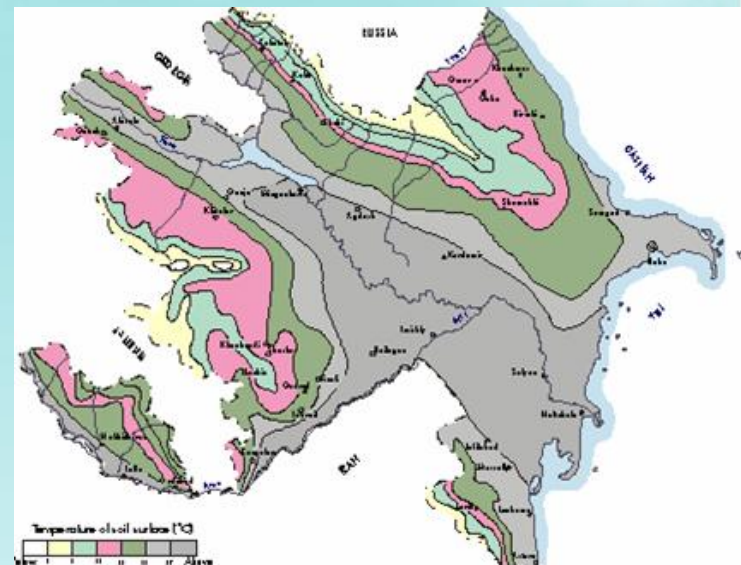
# The potential of alternative energy in Azerbaijan

- Wind energy – 1500 MW
- Solar energy – 2400-3200 hours



# The potential of alternative energy in Azerbaijan

- Geothermal energy – 700-1000 MW
- Biomass – 1800 MW
- Hydro energy of the small rivers – 500 MW
- Tidal energy





# Legislative framework for tariff regulation

- \* Regulations of the Tariff (Price) Council of the Republic of Azerbaijan (Approved by the Decree of the President of AR, No. 341 of December 26, 2005)
- \* Rules ensuring control over formation and application of state regulated prices (tariffs) (Approved by the Resolution of the Cabinet of Ministers of AR, No. 247 of December 30, 2005)
- \* List of goods (works, services), prices (tariffs) of which are regulated by State (Approved by the Resolution of the Cabinet of Ministers, No. 178 of September 28, 2005)



# THE COUNCIL REQUIRES THE FOLLOWING INFORMATION TO ENSURE STATE REGULATION

- Report justifying the need for a tariff revision;
- Calculation of the production cost of entity's goods and services;
- Report on the costs for two preceding and current year;
- Forecasted cost price (disclosure of the costs for production) and profit
- Disclosure of debit and credit debts;
- Auditor's conclusion in regard to activity of economic entities
- Comparative table of current and forecasted prices
- Level of the relevant prices in several regional countries.



# STAGE OF TARIFF APPROVAL

- According to the Resolution of the Cabinet of Ministers of AR, No. 247 of December 30, 2005, the entities should submit reporting materials to the Tariff Council before the 1st of March each year;
- When necessary to revise tariffs, the prepared draft is considered (analyzed) within 1 month period
  - in the period of 5 (five) days after submission of the documents, the Tariff Council informs entity about the shortcomings of the presented report;
  - in the period of 5 (five) days the entity submits the required materials.
- Members of the Council are provided with a written statement on the draft to be discussed;
- According to an agreed schedule of meetings, the Council adopts Resolutions;
  - Adopted Resolution is distributed via the media and website [www.tariff.gov.az](http://www.tariff.gov.az)



# CURRENT TARIFFS

For residential, commercial and industrial consumers –  
7,55 \$cents/kWh

For industrial consumers (chemical and aluminium sectors, steel production on the basis of iron ore) when consuming not less than 5 mln kWh, a day-time tariff is 5,3 \$cents/kWh, night tariff -2,5 \$cents/kWh. Transmission tariff -0,25 \$cents/kWh.

Prices for electricity	(\$cents/kWh)
Average price for electricity	7,59
Wind energy	5,7
Hydro power energy	3,2
VAT	18%



- Since 2004, the “State Program on use of alternative and renewable energy sources in the Republic of Azerbaijan” has been approved. The Ministry of Industry and Energy is responsible for implementation.
- On July 19, 2009 “Agency on renewable and alternative energy sources” was created under the Ministry of Industry and Energy, and the Ministry was appointed as the Program coordinator.
- On November 10, 2009, the Agency provision has been approved and it was authorized to license RES.
- On May 20, 2010, the Rules of RES licensing were approved by the Cabinet of Ministers.



# RES licensing

- The decision defines the rules on issuing special permits for activity (design, construction and operation) in regard to RES.
- The rules do not apply to individuals and legal entities engaged in acquisition of electricity (wind, solar and biomass) of less than 10 MW capacity, except for sales for commercial purposes
- Application with the following information is required to obtain a license:
  - ✓ For legal entities – company name, type of ownership, legal address, TIN (taxpayer identification number), type of activity.
  - ✓ For individuals – name, surname, identity card, address, TIN (taxpayer identification number), type of activity.
  - ✓ Information about the facility required for design, construction and operation.

# Wind power stations constructed by private investors in 2011-2012

Private companies	Capacity	Facility type
Caspian Technology Company LLC	48 MW	16×3 MW
Aztorq Ltd and Caspian Management Systems LLC	50 MW	20×2,5 MW
“TRANS-T.S.” LLC	3,6 MW	-

# State investments in RES

- \* JSC «Azerenerji» plans to install 10 small hydro power plants on mountain rivers with a minimum capacity of 0,216 MW and a maximum capacity of 3,3 MW.

Total capacity of these HPPs is 16,2 MW.

Agency for RES is building 20 metering stations, each 80 meters high, to read the wind speed, solar radiation, humidity, etc.

# Hybrid project review

Project is located on the territory of the municipality of Gobustan.

Total installed capacity - 5,6 MW.

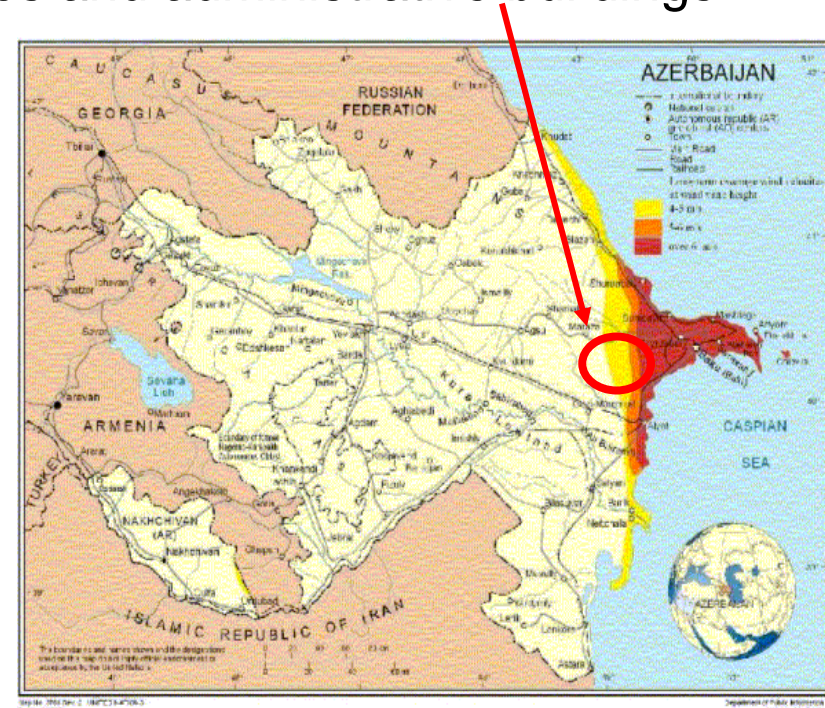
Consists of 4 parts.

- Wind power plant – 2,7 MW
- Solar power plant – 1,8 MW
- Bio-gas station – 1,1 MW
- The use of heat pumps

**The State has allocated 18,8 mln USD for implementation of this project**

As part of the Testing Ground, it is planned that metering stations to read the wind speed, solar radiation, humidity, etc. will be built.

The Project is designed to provide electricity to 1600 end customers, including households, production sites and administrative buildings.





# Project objective

- To provide RES and alternative energy only to a settlement.
  - Independent Dispatch Center and the use of smart-grid system.
  - To test new technologies and new types of RES equipment.
  - To introduce the methodology and use of RES technology to students, schoolchildren and general population.
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- The testing ground covers the territory of 30 hectares (74.13 acres).



Respublikada mövcud xammalın istifadəsile avadanlıqların, konstruksiyaların, nəzarət - ölçü cihazlarının istehsalı üçün lərinin aparılması, sınaq stendlərinin qurulması, tədris məqsədilə ələbələrini alternativ enerji sahəsində ixtisas seçiminə kömək etmək, o zəldə, texniki kitabxanada dünyada bu sahədə aparılan tədqiqat qurğular, avadanlıqlar, nanotexnologiyalar haqqında məlumat verməkdədir. Alga energetikası növü üzrə tədqiqat işləri üçün hovuzun, süni şalələnin, hidrometeoroloji qurğunun quraşdırılması nəzərdə tutulur.

A close-up photograph of a person's hand holding a small, translucent green globe. The globe features a dark green map of the world's continents. The hand is positioned with the palm facing upwards, supporting the globe. The background is a soft, out-of-focus white.

**Thank you for your  
attention!**