



MINISTRY OF ENERGY OF
THE REPUBLIC OF AZERBAIJAN



RENEWABLE ENERGY SECTOR IN AZERBAIJAN

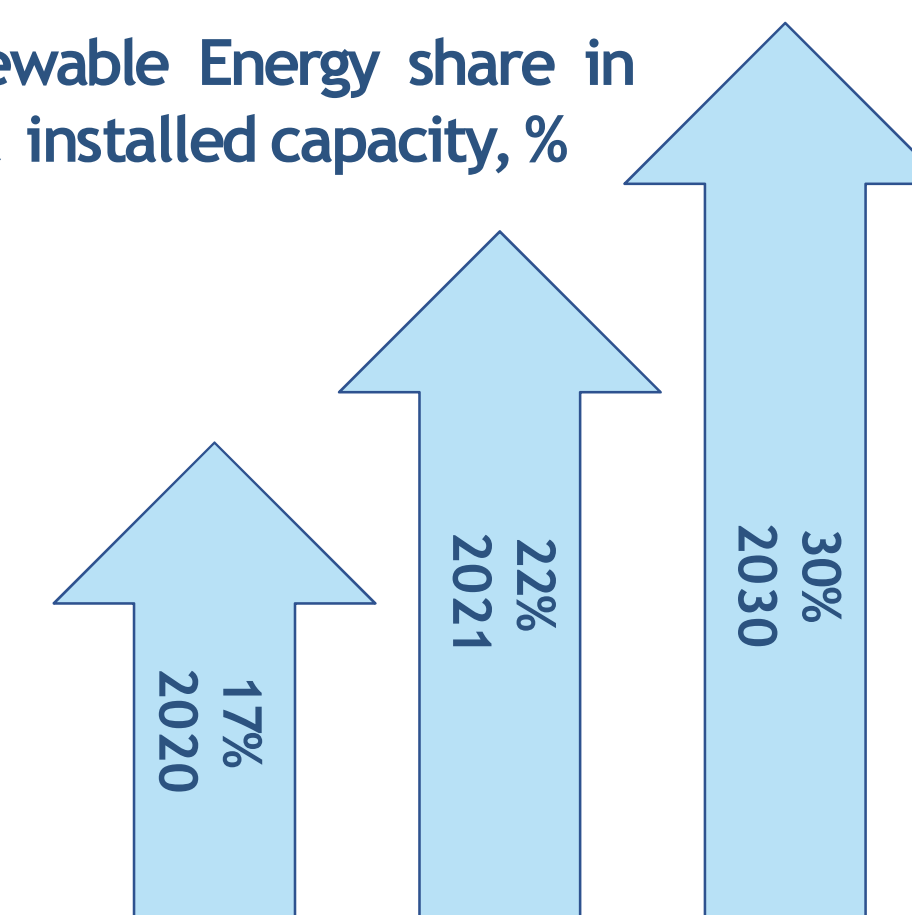
"Azerbaijan 2030: National Priorities for socio-economic development"

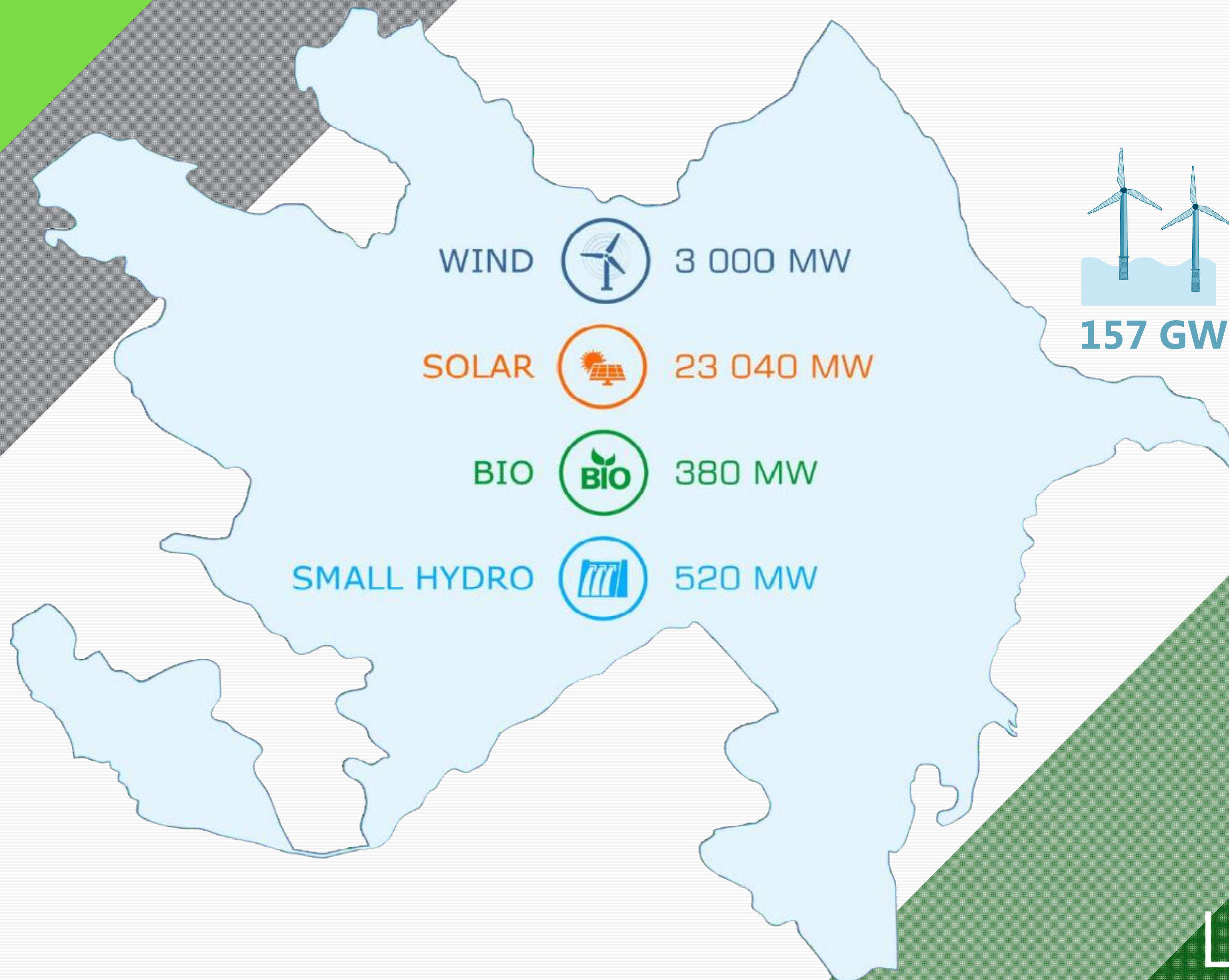
1. A steadily growing, competitive economy
2. A dynamic, inclusive society based on social justice
3. Areas of modern innovations and competitive human capital
4. The Great Return to the territories liberated from occupation
- 5. A clean environment and country of "green growth"**
 - high quality ecological environment
 - green energy zone



Reduction of greenhouse gas emissions – 35% by 2030

Renewable Energy share in total installed capacity, %





RENEWABLE ENERGY POTENTIAL

ELECTRICITY MARKET (installed capacity)

Total installed capacity

7538 MW

Thermal power plants (6238 MW)

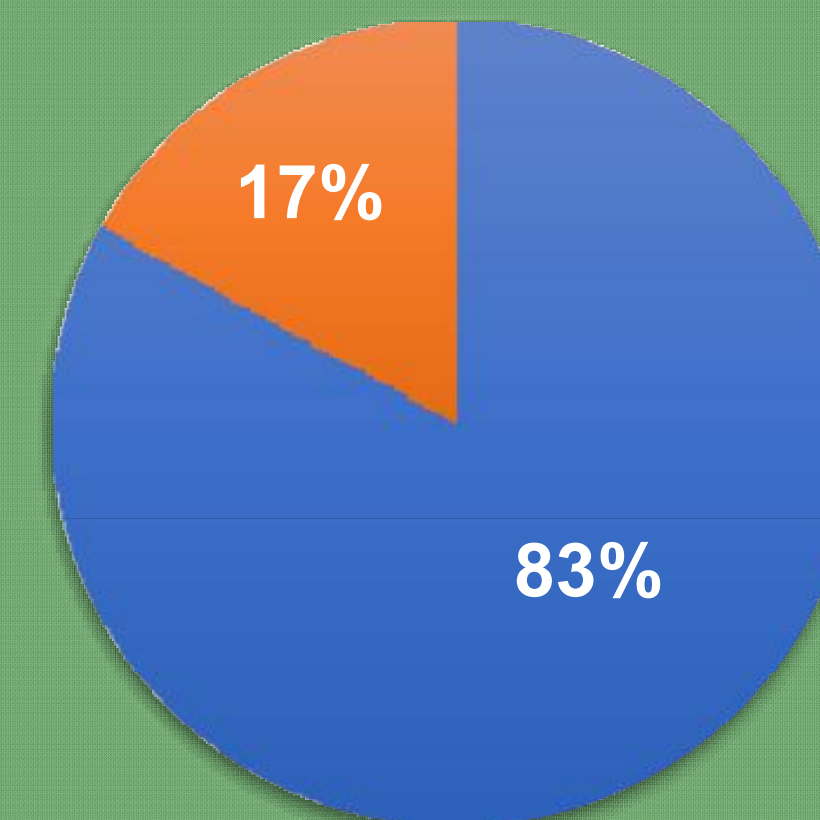
Hydropower plants (1151 MW)

Solar power plants (42 MW)

Wind power plants (63 MW)

Waste to energy plant (37 MW)

Hybrid power plant (7 MW)



■ Conventional power plants
■ Renewable power plants

Planned capacity addition with RE projects

-2023	2023-2025	2026-2030
440 MW	460 MW	600 MW

Implementation Strategy

- Development of the regulatory and legal framework
- Determination of the supporting mechanisms
- Preparation on the realization of auctions on the renewable energy zones
- Cooperation with the partners (potential investors)



Regulatory and Legal Framework

- Law of the Republic of Azerbaijan on the usage of renewable energy sources in the production of electricity
- Template power purchase agreement
- Template connection agreement
- The auctions rules
- The rules on application of the net metering and calculation scheme

Guarantees Proposed To The Investors

- Protection of the investment (existing in the legislation)
- Tax rebates within seven years (investment promotion mechanisms)
- 50% reduction of income tax for individual entrepreneurs;
- 50% reduction of profit tax for legal persons;
- no VAT and no customs duties on imports of machinery, technological equipment and installations;
- no property tax;
- no land tax.
- Guaranteed off-take (Take or pay)
- Guaranteed connection
- Priority in dispatching
- Possibility of indexation of payments to foreign currency
- Long-term land lease



Implementation of Renewable Energy Projects by the Investors

AUCTIONS

- The auctions rules
- RFQ
- RFP

BILATERAL AGREEMENT

Bilateral agreement shall be carried out in the following cases:

- during the implementation of pilot projects;
- if deemed necessary in terms of the interests and strategic importance of the state;
- if it is not possible to determine the investor at the auctions or if the auction did not take place.

SIGNING OF THE IMPLEMENTATION AGREEMENTS

"Masdar" 09.01.2020



"BP" 03.06.2021



"Acwa Power" 09.01.2020





FINAL AGREEMENTS WITHIN THE PILOT PROJECTS

Below-mentioned Agreements were signed on:

- 240 MW wind power plant between the Ministry of Energy, Azerenergy OJSC and ACWA Power of the Kingdom of Saudi Arabia – 29.12.2020
- 230 MW solar power plant between the Ministry of Energy, Azerenergy OJSC and Masdar of the United Arab Emirates – 06.04.2021

- **INVESTMENT AGREEMENT**
- **POWER PURCHASE AGREEMENT**
- **TRANSMISSION CONNECTION AGREEMENT**

SUPPORT FOR THE IMPLEMENTATION OF RENEWABLE ENERGY AUCTIONS IN AZERBAIJAN

- Site selection
- Develop all the tender documentation required for a renewable project
 - Auction rules
 - RFQ, RFP
 - Template Support Agreement
 - Template Power Purchase Agreement
 - Template agreement for connection to the grid
 - Template agreement for land lease
 - Final drafts of bid forms
- Prepare a complete and comprehensive set of technical specifications to be included in the RFP
- Provide the authorities with detailed technical, environmental, financial and legal assistance for the implementation of the tender
- Develop framework for a future competitive procurement scheme



European Bank
for Reconstruction and Development

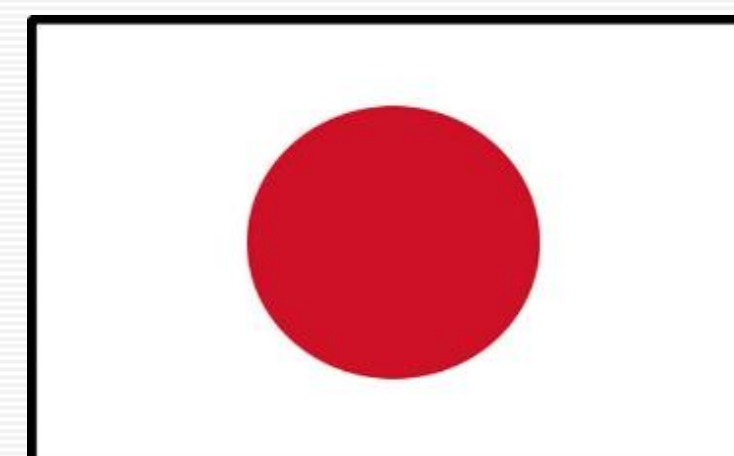


THE ESTABLISHMENT OF THE GREEN ENERGY ZONE IN THE LIBERATED AREAS - GREEN ENERGY ZONE CONCEPT & MASTER PLAN

The agreement was signed between the **Ministry of Energy**
and the Japanese company **TEPSCO** on 6 May 2021.

➤ Ensuring energy security of the region:

- utilisation of clean energy potential
- application of energy efficiency technologies and methods
- application of modern energy management approaches and tools



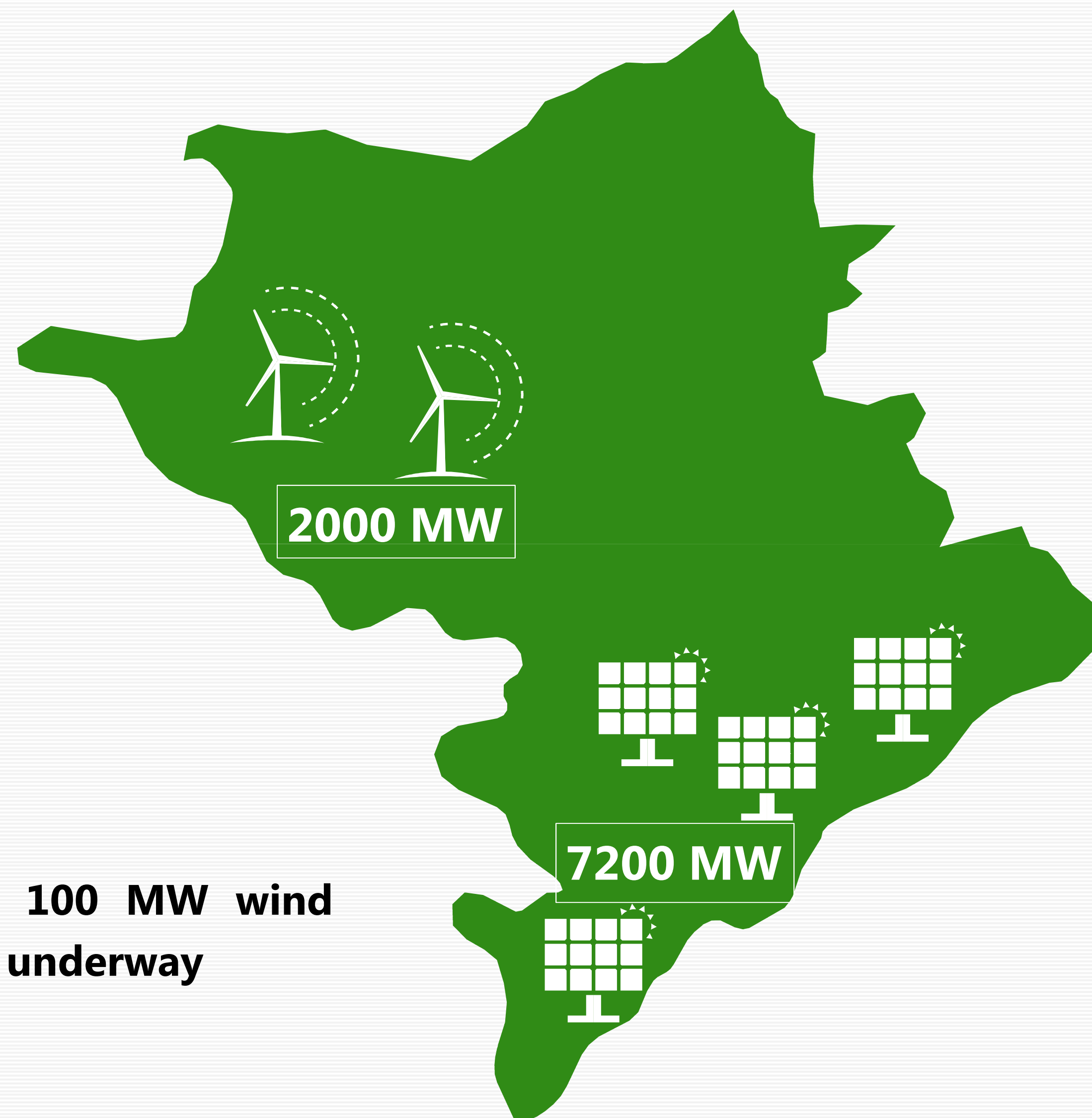
RENEWABLE ENERGY POTENTIAL

Solar

- Gubadli
- Zangilan
- Jabrayil
- Fuzuli

Wind

- Kalbajar
- Lachin



HYDROENERGY POTENTIAL

Karabakh is one of the main regions of Azerbaijan's internal water resources. About 25% of the country's internal water resources, approximately 2.56 billion cubic meters of water per year, are formed in this area.

The main rivers in the area, the Tartar and Hakari rivers and their tributaries, have a high hydropower potential.

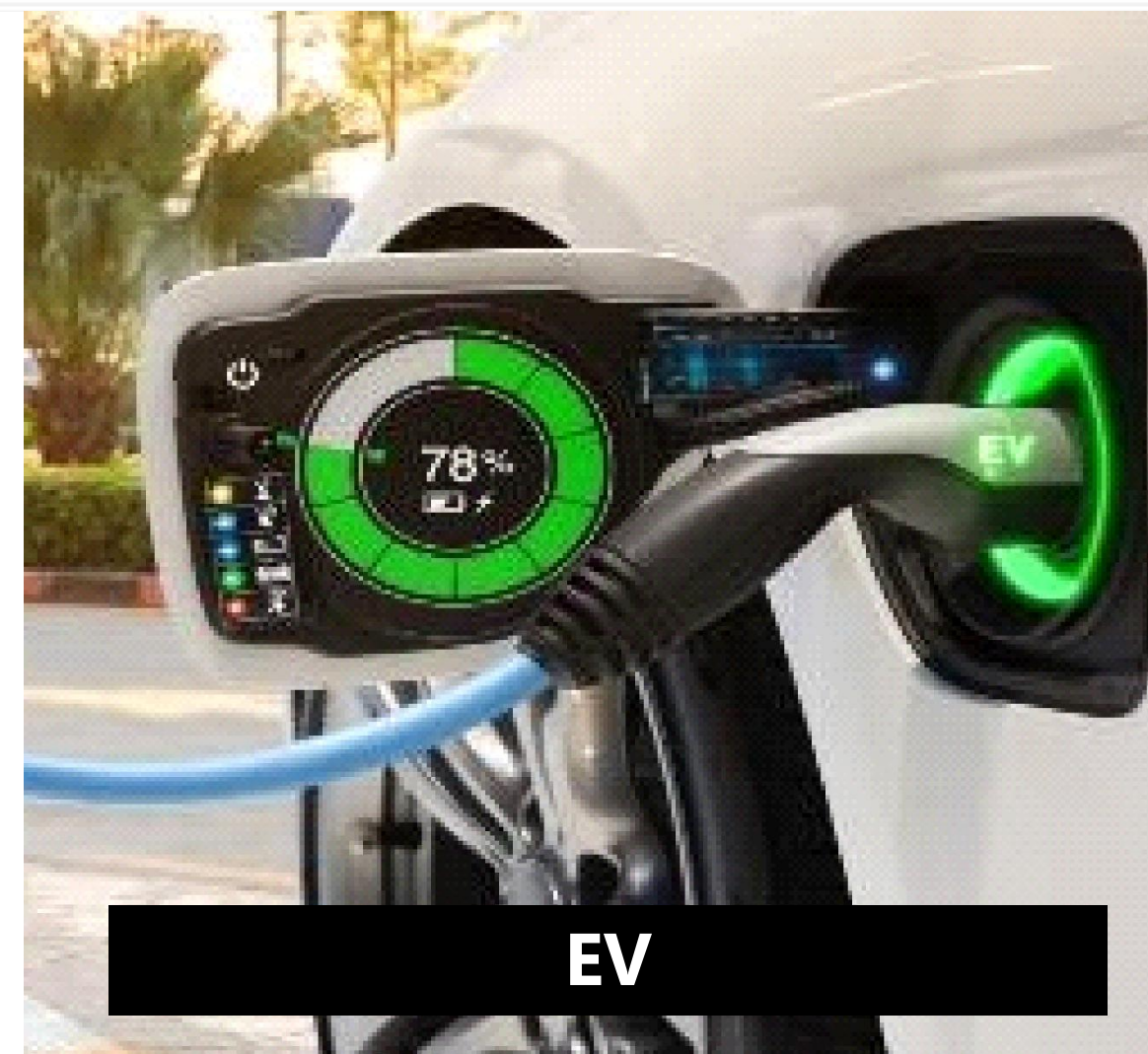
The capacity of hydropower plants to be built in the Jabrayil region, on the Araz River at the Khudafarin and Maiden Tower hydroelectric junctions will be 140 MW for the Azerbaijani side.



Application of the Green Energy Zone Concept in other areas



Energy efficiency



EV



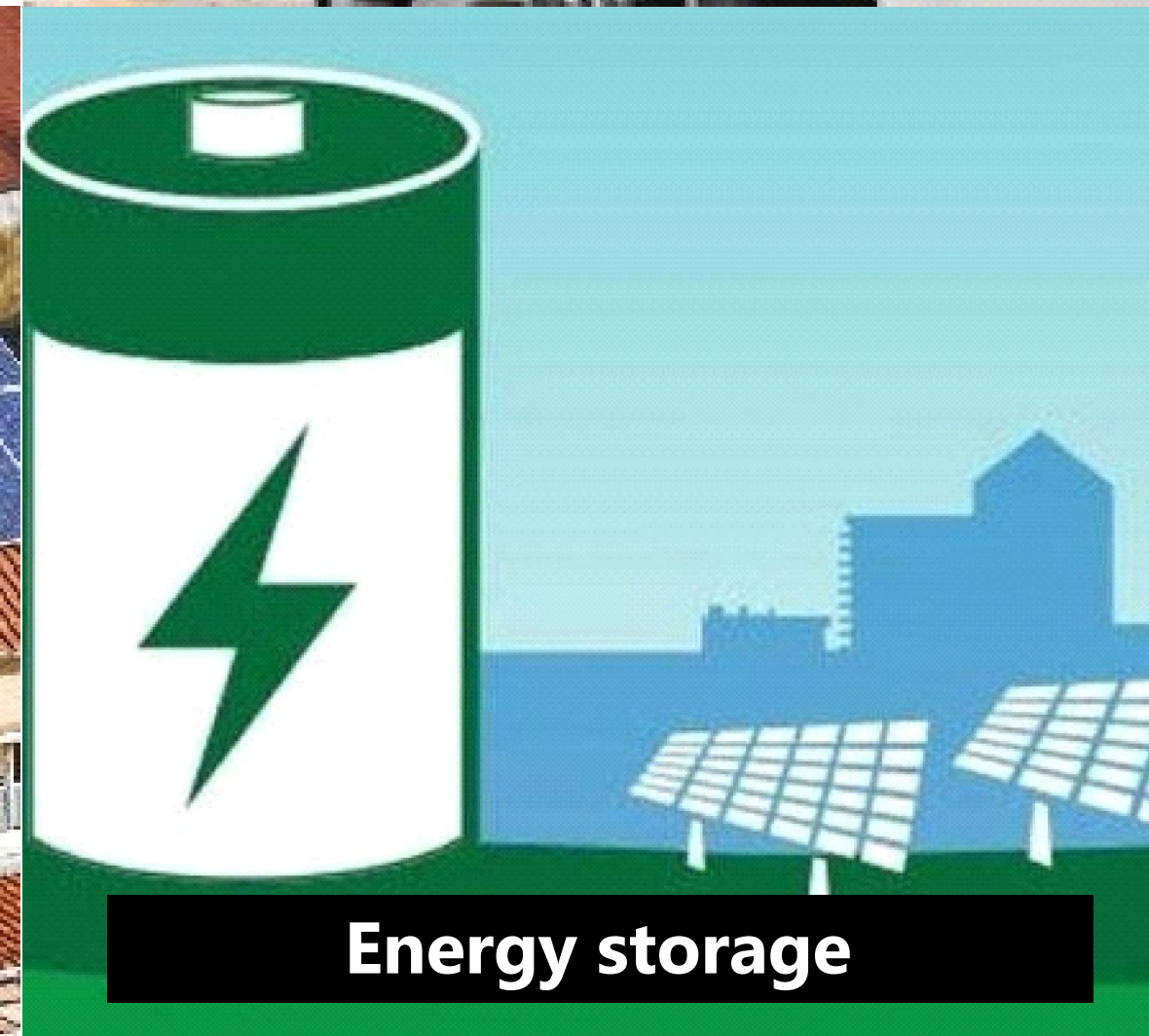
Street lightning (RES)



Green hydrogen



PV installation on the roofs



Energy storage



Waste management



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THANK YOU FOR THE ATTENTION!