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“Just Transition”

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Basis for Reforms

- Strategic Roadmap for Development of Heavy Industry and Machinery Manufacturing and also for Development of Public Utility Services in the Republic of Azerbaijan approved by the Presidential Decree dated 6th December, 2016;
- The Presidential Decree “On simplification of the procedure for supplying electricity to existing or future construction facilities of entrepreneurs” dated 4th April, 2017;
- The Presidential Order “On accelerating reforms in the energy sector of the Republic of Azerbaijan” dated 29th May, 2019.

The draft laws agreed between stakeholders and sent to the Cabinet

**Law on
Electricity**

**Law on Generation
of electrical energy
from RES**

**Law on Effective use of
energy resources and
energy efficiency**

The draft laws in the progress or planned

**Law on Regulator
in Energy and Public
Utility Services**

**Law on
Energy**

**Law on Gas
providing**

**Law on
Heating
energy**

Legal fundamentals for drafting of new laws

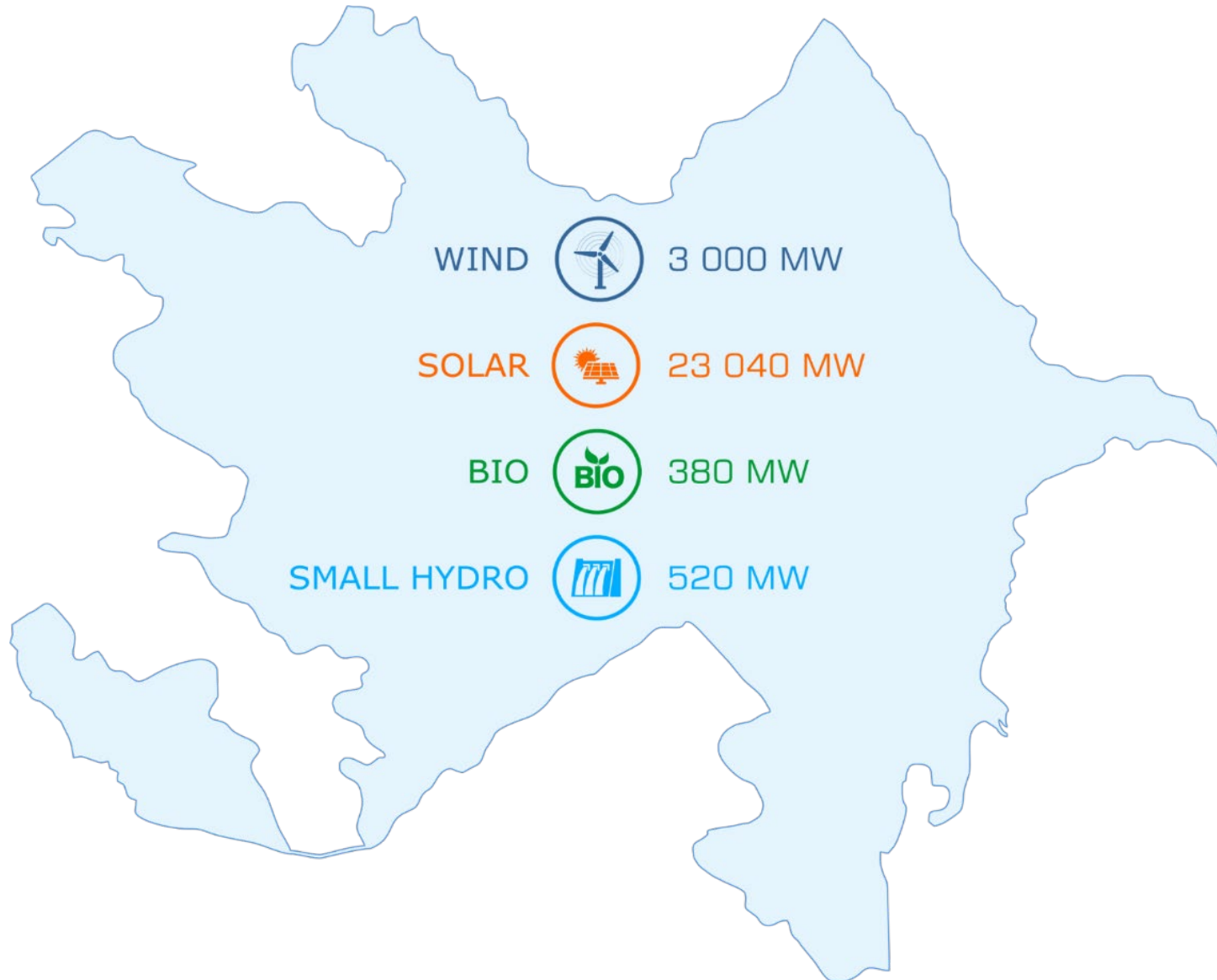
- The draft law was prepared in line with the Strategic Roadmap for the Development of Public Utility Services in the Republic of Azerbaijan, also the relevant Presidential Decrees in line with the EU's 3rd Energy Package and the best practice;
- The draft law defines separation of production, transmission, distribution and supply, establishment of market operator; considers creating wholesale and retail electricity market including bilateral agreements market, and also centralized, balancing and ancillary services markets;
- The drafting of heating law and including heating energy production from RES is just planned within the Draft Presidential Decree on implementation of the Draft Law on Electricity.

“Just transition” expectations

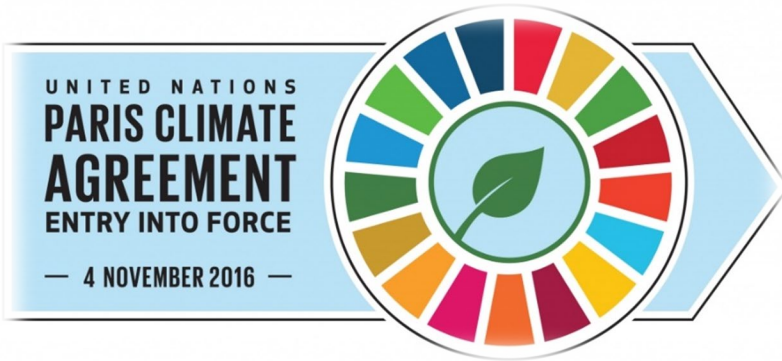
- We do not expect an overwhelming unemployment circumstance because the transition to green energy is going to be conducted simultaneously with the transition to new competitive market model. It is an overall trend to create new job places within unbundling process;
- The new RES law was drafted under the European Commission’s grant for new approaches to RES, increasing share of RES in power generation, private investment promotion, including creation of special RES zones and provision of guaranties;
- The main goal of the draft is to increase RES share in the electricity generation of the country;
- After coordination process with stakeholders and the Cabinet of Ministers the draft RES law was submit to the Presidential Administration.

- The legal system needs that each law to be implemented via secondary legislation acts like Presidential Decrees, Cabinet of Ministers Decisions on approving by-laws (rules and procedures), MoE normative legal acts;
- We also have new challenge – to allow the Regulator to pass by-laws so called legal acts of normative character;
- For a big bulk of secondary legislation we need technical advices.

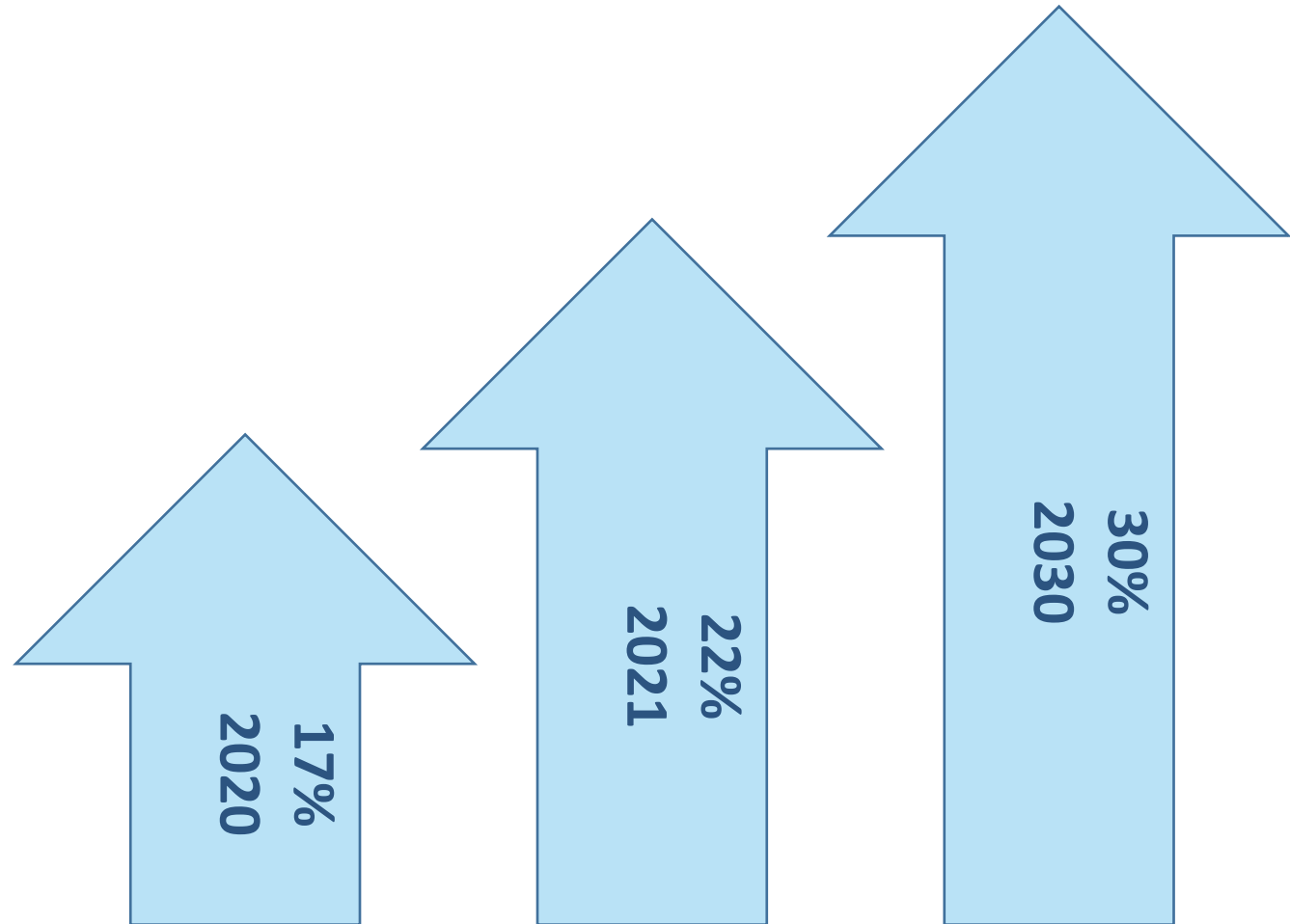
RES Potential



Targets for the Near Future



Reduction of greenhouse gas emissions – 35% by 2030



Implementation strategy

- Development of regulatory and legal framework incl. New Roadmaps to be implemented;
- Development of support mechanisms;
- Preparation for implementation of auctions on the renewable energy zones;
- Institutional development of dedicated RES Agency;
- Determination of financial sources;
- Cooperation with partners (potential investors);



Support Mechanisms

- Guaranteed tariffs;
- Active consumer support mechanism;
- Issuance of concessional loans;
- Supporting scientific research;
- Other support mechanisms provided by the legislation.

Support for the Implementation of Renewable Energy Auctions in Azerbaijan

- As part of EBRD's engagement in Azerbaijan, a Letter of Intent was signed between the Bank and the MoE on the 8th September 2017 on the Project in Azerbaijan;
- The Project is implemented with support of EBRD within the existing cooperation framework with the MoE, AERA and RES Agency and consists of a comprehensive technical assistance to create an enabling environment for private sector RE investments in Azerbaijan, as well as to provide the necessary support to the relevant institutions for the successful implementation of RE auctions;
- Several important measures were already taken by the MoE, a number of documents required for the successful implementation of RE auctions, including Auction Rules, RFQ document, PPA Principles and Connection Agreement were drafted by foreign and local experts involved in the Project.

THANK YOU FOR YOUR KIND ATTENTION!

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