

## DSO in the context of reforms in the electricity sector in Azerbaijan

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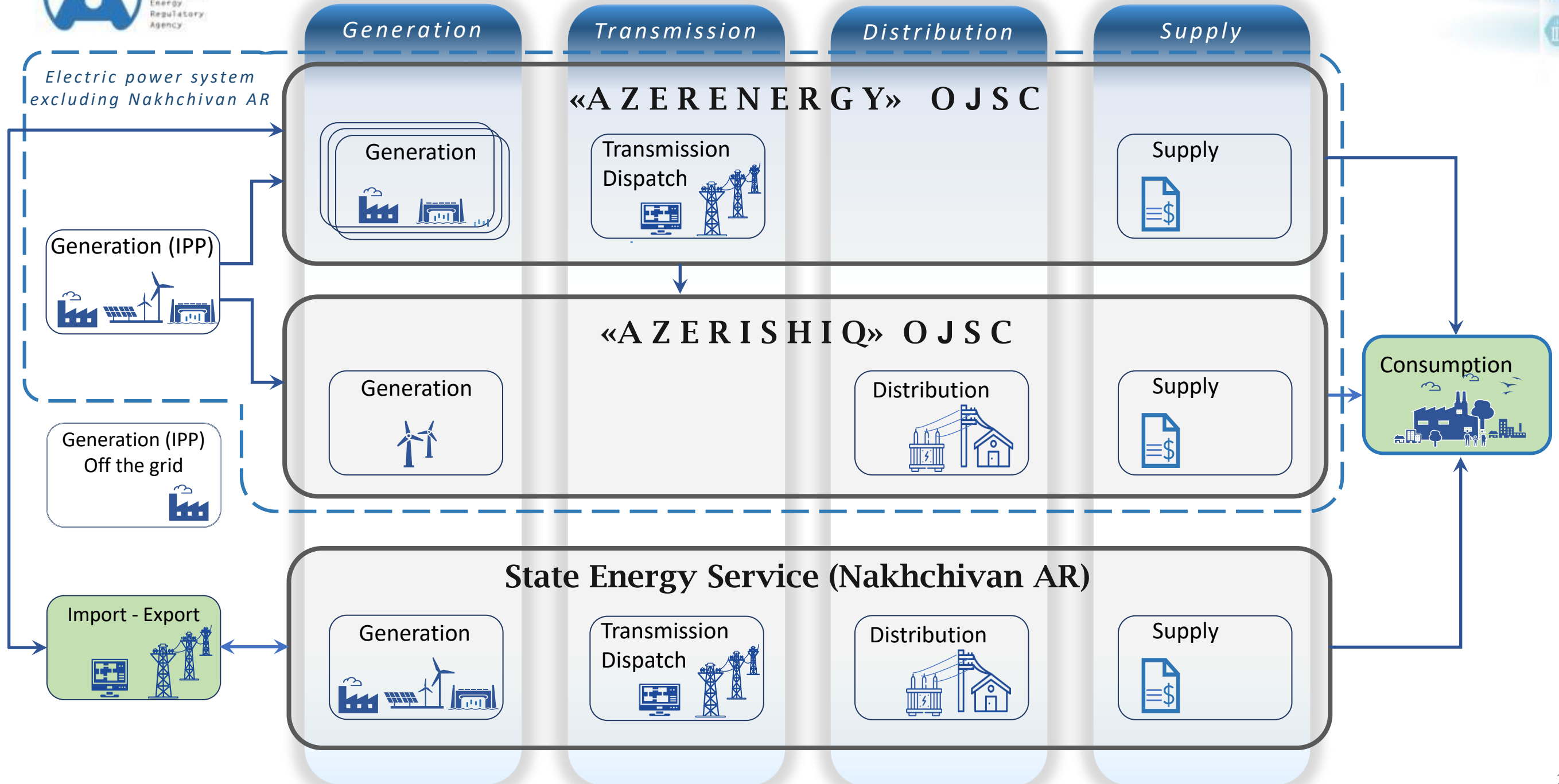
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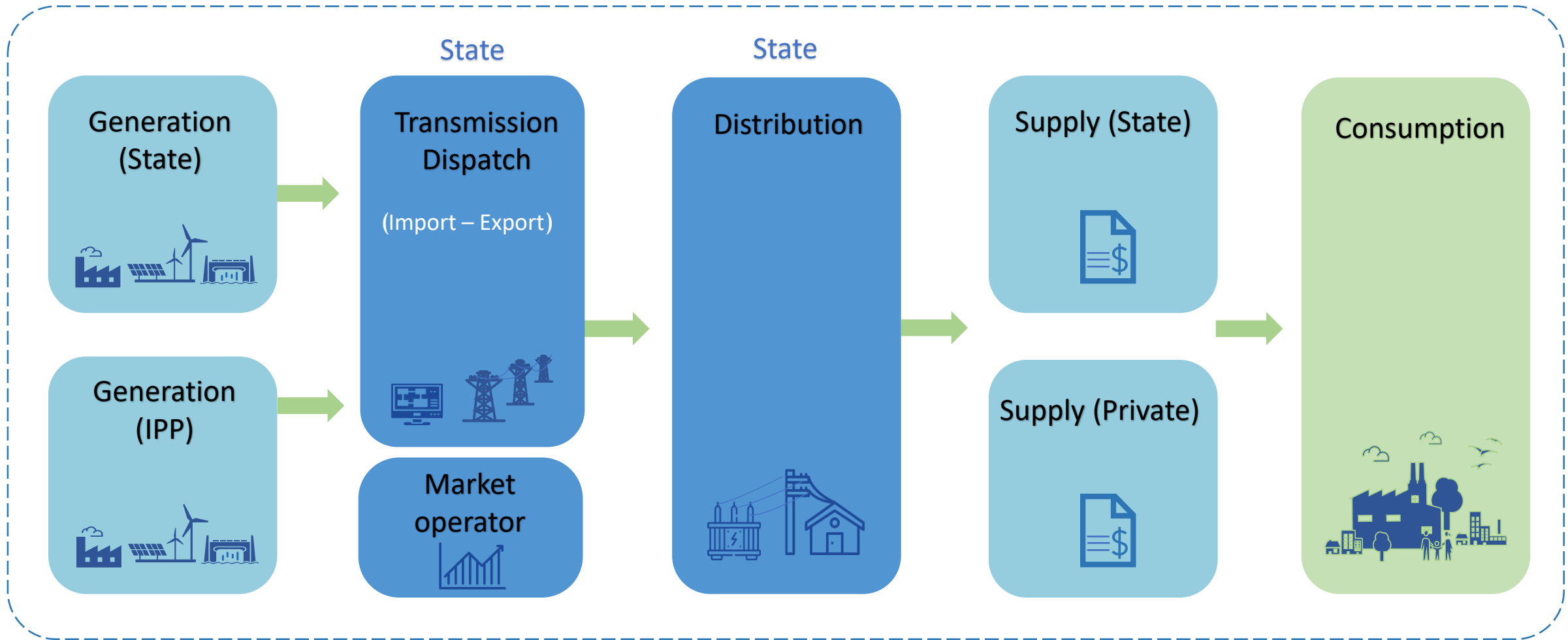
26.07.2024



# Electricity market design of Azerbaijan



## Target model of the electricity market

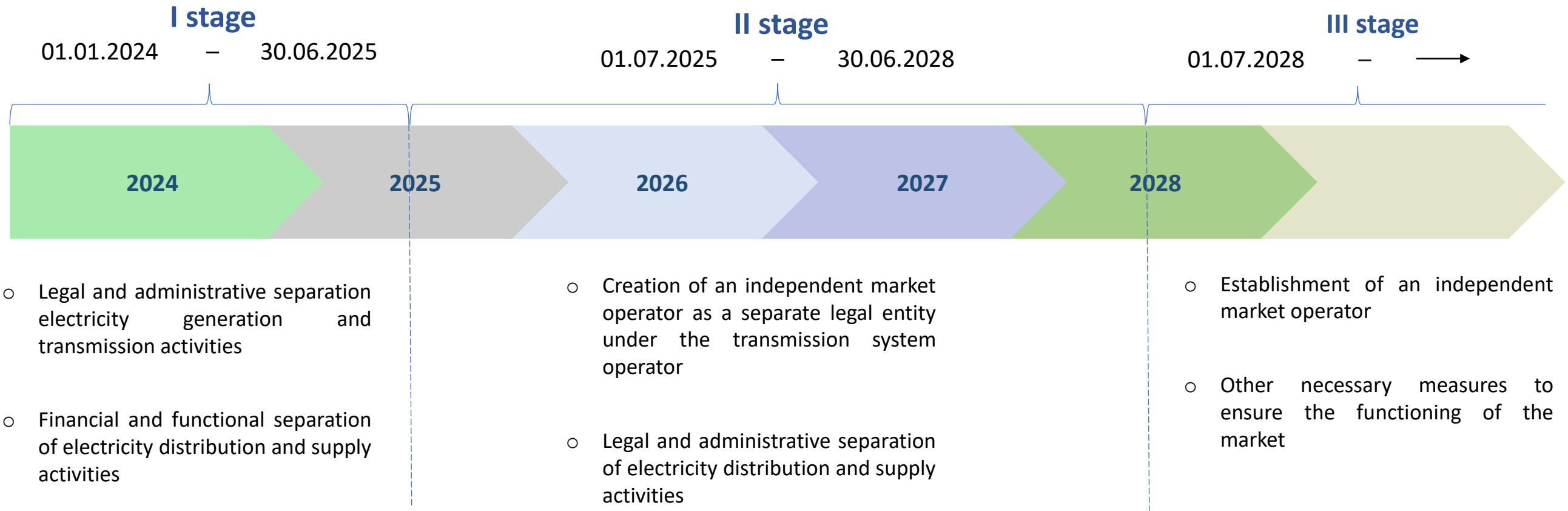


# Gradual transition to a competitive electricity market



## New law “On Electricity” № 858-VIQ, dtd. 11.04.2023

The process of unbundling

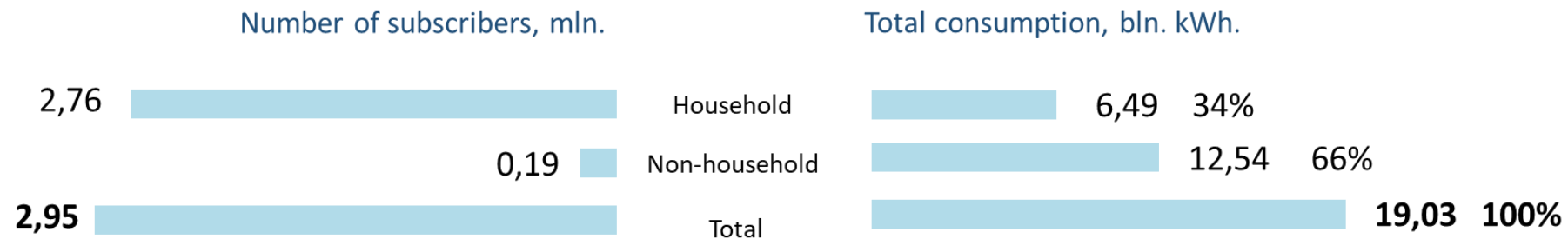


## Distribution and sale of electricity

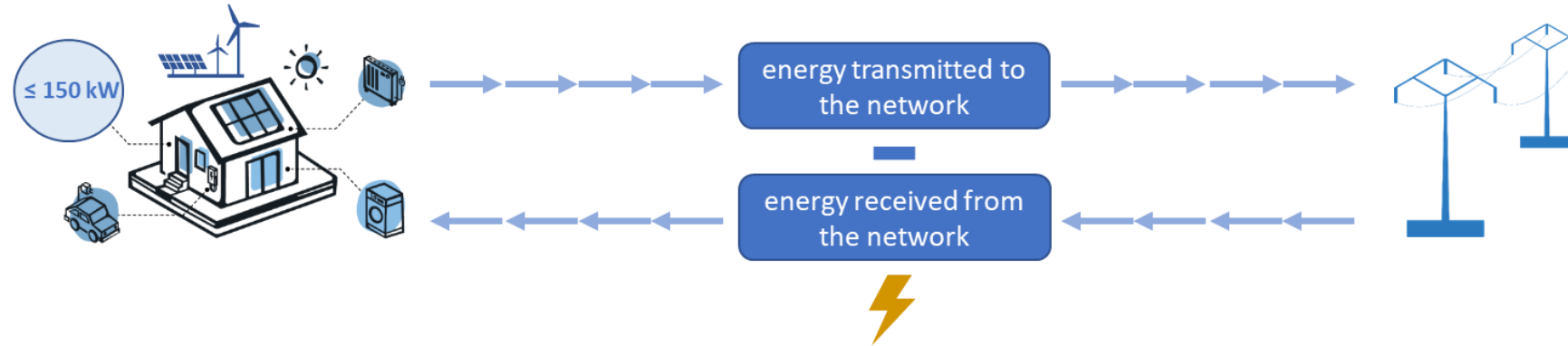


The distribution system includes 110 kV dead-end lines and lower voltage networks

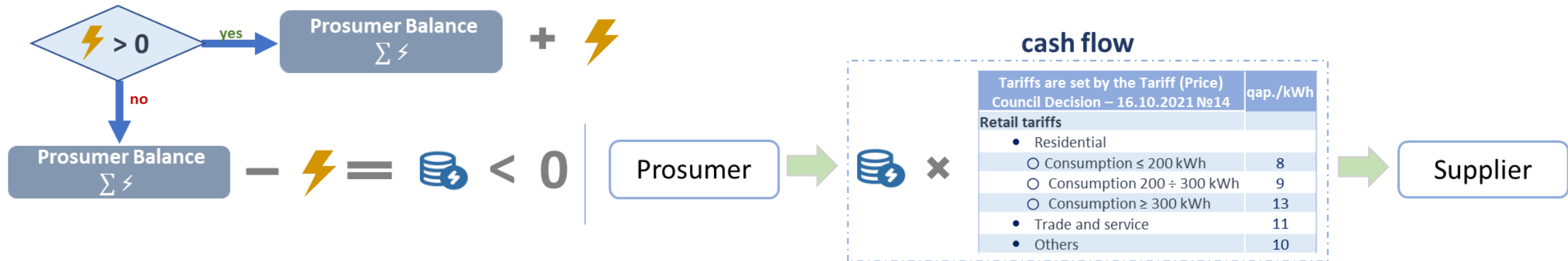
### Electricity Consumption



# Prosumer support mechanism



## Monthly based



## At the end of the year



## Actions taken by the Regulator

**"Electricity Network Rules" (Grid Code)** → **approved by the Cabinet of Ministers dtd. 25.06.2024**



*Procedures of preparation network development plans*



*Ten-year forecast of generation and storage capacities*



*Integration of RES via the next ten-year plan for the development of the distribution network*

**Draft tariff methodology for determining electricity tariffs** → **application was considered appropriate by the Cabinet of Ministers**



*The projects mentioned in the network development plans and considered appropriate will be reflected in tariffs*



*Capital cost element calculated as a return rate for regulated asset base*



*Incentives related to loss reduction and OPEX optimization regarding to efficiency factor*

**THANK YOU FOR ATTENTION**

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