

LAW OF THE REPUBLIC OF AZERBAIJAN

This Law, in accordance with Article 94, Part I, Clause 11 of the Constitution of the Republic of Azerbaijan, defines the legal, economic and organizational basis for the use of renewable energy sources in the production of electricity, as well as the support mechanisms for promoting the production of electricity from renewable energy sources, and this regulates relations in the field.

Chapter 1 General provisions

Article 1. Basic concepts

1.1. The main terms used in this Law mean the following: 1.1.1. **renewable energy sources** - energy sources that are constantly present in the environment or are constantly generated (hydropower, wind energy, solar energy, geothermal energy, biomass energy, wave energy in seas and oceans, buoyancy and traction energy, energy of water flows, etc.);

1.1.2. **the field of using renewable energy sources in electricity production** - the field of activity that includes the production, storage, transmission, supply and consumption of electricity from renewable energy sources; 1.1.3. **auction** - a procedure held in the form of an auction or competition for the selection of

a producer who will produce electricity at a specified capacity in the territory of renewable energy sources and the determination of the guaranteed tariff to be applied in the electricity purchase contract;

1.1.4. **power plant** - a complex of interconnected equipment and related buildings necessary for the production of electricity from renewable energy sources; 1.1.5. **producer** - a person who produces electricity at a power plant; 1.1.6. **the area of renewable energy sources** - a land area (water body) that has the potential of renewable energy sources and is suitable for the production of electricity, determined by the body (institution) determined by the relevant executive authority; 1.1.7. **electrical network** - intended for the transmission and supply of electrical energy

set of electrical installations;

1.1.8. **consumer** - who buys electricity based on a purchase and sale contract and a legal or natural person using it through electrical receivers;

1.1.9. **electricity network connection agreement** - an agreement on ensuring the connection of the power plant to the electric network and providing related services concluded between the manufacturer and the state electric power enterprise on the transmission electric network, the energy supply enterprise on the electric supply network;

1.1.10. **guaranteed buyer** - the body (institution) determined by the relevant executive authority, which ensures the purchase of electricity at guaranteed rates, as well as its sale in the wholesale market of electricity; 1.1.11. **guaranteed tariff** - for each kilowatt-hour of electricity supplied to the grid in relation to producers determined by auction or direct involvement of renewable energy sources within the framework of the support mechanism

set tariff; 1.1.12. **active consumer**

- a legal or physical person who, in addition to consuming electricity, produces electricity up to the power limit determined by the body (institution) determined by the relevant executive authority at the expense of renewable energy sources; 1.1.13. **electricity purchase agreement** - an agreement concluded between the producer and the guaranteed buyer on the purchase and sale of electricity produced in the areas of renewable energy sources;

1.1.14. **action plan** - statewide, local and other measures based on research conducted in the direction of the natural potential of renewable energy sources, modern technologies, development of the electricity network, electricity consumption forecasts and education of electricity consumers, defining targets for the use of renewable energy sources in electricity production and a document approved by the body (institution) determined by the relevant executive authority; 1.1.15. **balancing** - actions and processes that ensure a continuous balance between the production, import, export and consumption of electricity according to quality indicators by the state electric power enterprise; 1.1.16. **balancing responsibility** - wholesale electricity market

the obligations of its subjects to balance the production, consumption and purchase of electricity in accordance with the accepted schedules, as well as their responsibility for the financial obligations arising from the adjustment of the imbalance before the state electric power enterprise.

1.2. Other definitions used in this Law are normative of the Republic of Azerbaijan means defined by legal acts.

Article 2. Legislation of the Republic of Azerbaijan on the use of renewable energy sources in the production of electricity

2.1. Legislation of the Republic of Azerbaijan on the use of renewable energy sources in the production of electricity consists of the Constitution of the Republic of Azerbaijan, international agreements to which the Republic of Azerbaijan is a party, this Law and other normative legal acts regulating the field of energy.

2.2. Relations in the use of renewable energy sources in the Alat free economic zone ["About the Alat free economic zone"](#) It is regulated in accordance with the [requirements of the Law of the Republic of Azerbaijan.](#)

Article 3. Use of renewable energy sources in electricity production principles of state regulation in the field

3.0. State regulation in the field of using renewable energy sources in electricity production is based on the following principles: 3.0.1. implementation of support mechanisms; 3.0.2. equal access to support mechanisms and ensuring transparency; 3.0.3. creating manufacturers;

[equal access to the electricity grid](#)

3.0.4. international in the production of electricity from renewable energy sources application of standards;

3.0.5. ensuring efficient use of the potential of renewable energy sources.

Article 4. Use of renewable energy sources in electricity production duties of the state in the field

4.0. Use of renewable energy sources in electricity production

The duties of the state in the field are the following:

4.0.1. use of renewable energy sources in electricity production formulating and implementing state policy in the field;

4.0.2. use of renewable energy sources in electricity production to accept action plans in the field;

4.0.3. use of renewable energy sources in electricity production to adopt normative legal acts in the field;

4.0.4. to ensure the creation of a favorable investment environment in order to attract local and foreign investments in the field of using renewable energy sources in electricity production;

4.0.5. determine the territories of renewable energy sources; 4.0.6. use of renewable energy sources in electricity production

[implement](#) support mechanisms in the field;

4.0.7. training of professional specialists, strengthening of personnel potential and to carry out measures related to the compilation of educational programs.

Chapter 2

Support for the use of renewable energy sources in the production of electricity

Article 5. Use of renewable energy sources in electricity production support mechanisms in the field

5.0. Use of renewable energy sources in electricity production for the purposes of this Law, the following support mechanisms are applied in the field:

5.0.1. of electricity production in the area of renewable energy sources [support with the application](#) of guaranteed tariffs and other means;

5.0.2. active consumer support; 5.0.3. supporting scientific research; 5.0.4. [In the Tax Code of](#) the Republic of Azerbaijan and ["About Customs Tariff"](#)

Mechanisms provided for in the Law of the Republic of Azerbaijan.

Article 6. Territories of renewable energy sources

6.1. In order to organize the efficient use of the potential of renewable energy sources, the [atlas of the potential of renewable energy sources of the Republic of Azerbaijan](#) (hereinafter - the atlas) is [created, which is a part of the information system on renewable energy sources provided for in Article 15 of this Law.](#)

6.2. The atlas contains current information about land areas (water bodies) that can be used for the potential of renewable energy sources based on a preliminary assessment, the potential of each of them as a renewable energy source, the limits of their borders and other characteristics. The data of the state land, water, forest and other cadastres, as well as other state information resources, required for the formation of the atlas and ensuring the relevance of the [relevant executive power body](#) conducting the atlas [to the body \(institution\)](#) determined provided free of charge.

6.3. [The relevant executive authority body \(institution\) to the body \(institution\)](#) determined [by the relevant executive authority](#) for the purpose of determining the land plots (water bodies) with information on the atlas as the territory of renewable energy sources can present.

6.4. The proposal specified [in Article 6.3 of this Law](#) should include the following: 6.4.1. a set of data included in the atlas about the land area (water body); 6.4.2. the location, dimensions and boundaries of the land area (water body).

topographical map showing;

6.4.3. on the potential of renewable energy on land (water body).

the results of the conducted assessment;

6.4.4. water body [to the Water Code of the Republic of Azerbaijan](#) mainly hydropower

the results of the assessment of the possibilities of use for their needs;

6.4.5. the results of the assessment of the possibility of connecting the power plant to be [built on the land area \(water body\)](#) to the [power grid, conducted with the participation of the state electric power enterprise and the energy supply enterprise;](#)

6.4.6. information on the type and categories of ownership of the land (water body), the initially calculated number of people living in that area, the number of people who have ownership, use or lease rights over the land (water body), including construction objects located on that land, as well as land information about the type and characteristics of the losses and deprivations they will be exposed to as a result of the use of the area (water body) for the purposes of electricity production;

6.4.7. persons with ownership, use or lease rights over a land plot (water body) to determine that land plot (water body) as the territory of renewable energy sources, to use the land plot (water body) for the purposes of electricity production, to use the land plot (water body) initial agreement on the terms of transfer of rights over the object).

6.5. [Body \(institution\) determined by the relevant executive authority](#) in accordance with Articles [6.3 and 6.4 of this Law](#) , for the purpose of [evaluating the proposal or its separate aspects, it may send that proposal to state bodies and institutions, relevant municipalities.](#)

6.6. [Body \(institution\) determined by the relevant executive authority](#) after examining the proposal submitted in accordance with Articles [6.3 and 6.4 of this Law](#) and related documents, as well as other documents deemed appropriate by [the body \(institution\) determined by the relevant executive authority](#) can make a decision on determining the land area (water body) as the area of renewable energy sources, taking into [account its proposal in full or in part. A topographical map showing the location, dimensions and boundaries of the land plot \(water body\) is attached to that decision.](#)

6.7. In the decision to determine the land area (water body) as the territory of renewable energy sources, a period of no more than 2 years is determined for obtaining a permit for the construction of a power plant in accordance with [the Urban Planning and Construction Code](#) of the Republic of Azerbaijan for the purpose of producing electricity of the land area (water body). [The specified period of the relevant executive authority body \(institution\) determined by on the basis of a justified application of the relevant executive authority body \(institution\) can be extended by no more than 1 year.](#)

Article 7. Land area (water body) as the area of renewable energy sources the legal force of the decision to determine

7.1. As the area of renewable energy resources of land area (water body).
from the date of adoption of the decision to determine:

7.1.1. that land area (water body) is known as the area of renewable energy sources; 7.1.2. [of the relevant executive authority body \(institution\)](#) in accordance

with [Article 8 of this Law, takes measures regarding the selection of a producer for the production of electricity in the territory of renewable energy sources;](#)

7.1.3. ~~of the relevant executive authority body (institution) taking into account the period specified in Article 6.7 of this Law , takes appropriate measures regarding the transfer of rights over the land area (water body).~~

7.2. ~~Body (institution) determined by the relevant executive authority has the duty to bring to the attention of the persons provided for in Article 6.4.7 of this Law the copy of the decision on the determination of the land area (water body) as the territory of renewable energy sources and the reference on the legal force of that decision .~~

7.3. From the date of adoption of the decision to define the land area (water body) as the area of renewable energy sources until the period specified in Article 6.7 of this Law , permission for the construction of other construction objects, except for the power plant, as well as on the land area (water body) owned by the state and municipality) the construction of the construction object cannot be approved.

7.4. The ~~category of the land and the permitted use of the land are considered to have been changed from the moment the construction and installation of the power plant on the land area (water body) defined as the area of renewable energy sources is permitted in accordance with the Urban Planning and Construction Code of the Republic of Azerbaijan .~~

7.5. When the decision on determining the land area (water body) as the area of renewable energy sources loses its validity, or if the permission for the construction and installation of a power plant in the area of renewable energy sources is not obtained before the expiration of the period provided for in Article 6.7 of this Law , the land without the need for any action land area (water body), including the construction objects located on the land area, the rights of persons with ownership, use or lease rights related to that real estate are considered to be restored.

Article 8. For the production of electricity in the territory of renewable energy sources selection of the manufacturer

8.1. The ~~selection of the electricity producer in the area of renewable energy sources is the body (institution) determined by the relevant executive authority through auction or direct involvement. is carried out by~~

8.2. If the auction is held in the form of an auction, the person who made the lowest price offer for the purchase of the electricity produced in the area of renewable energy sources by the guaranteed buyer is considered the winner of the auction.

8.3. Selection of the electricity producer in the area of renewable energy sources through direct involvement of the relevant executive authority body (institution) determined by is carried out with the consent of the following cases:

8.3.1. pilot and others that are necessary in terms of the state's interests and strategic importance when projects are implemented;

8.3.2. if the auction held for the selection of electricity producer in the area of renewable energy sources does not take place.

8. 4. Following with the manufacturer selected by auction or direct solicitation contracts are concluded:

8.4.1. body (institution) determined by the relevant executive authority between investment agreement; 8.4.2.

electricity purchase agreement between a guaranteed buyer; 8. 4. 3. depending on the network to which the power plant will be connected, the contract for connecting to the electric network between the state electric power enterprise or the energy supply enterprise.

8.5. In the territory of renewable energy sources, it is ensured that the power plant installed by the producers selected for the production of electricity at the power limit approved for these areas will be connected to the electric network and that the electricity to be produced will be purchased by the guaranteed buyer within the period determined by the purchase agreement.

8.6. The procedure for selecting an electricity producer in the territory of renewable energy sources , as well as the characteristics and conditions of the contracts concluded according to Article 8.4 of this Law, shall be determined by the relevant executive authority. body (institution) determined by

8.7. After being selected through an auction or direct recruitment, the producer signs an agreement (agreements) regarding the acquisition of rights over the land area (water body) covered by the territory of renewable energy sources according to Article 6 of this Law.

The land lease contract is concluded with the body (institution) determined by the relevant executive authority in relation to the land owned by the state, as well as the land leased by the state for these purposes , and in other cases with the owner of the land . The period for which the land is leased and the period of use of the water body shall be agreed between the parties not less than the period provided for in Article 8.5 of this Law [1].

8.8. Renewable energy to selected producer through auction or direct involvement

Issuance of permits for construction and electricity production in the territory of the sources is regulated in accordance with [the Urban Planning and Construction Code](#) of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Licenses and Permits".

Article 9. Electricity produced from renewable energy sources prices (rates)

9.1. Prices (tariffs) for electricity produced from renewable energy sources are calculated for each kilowatt-hour of electricity transmitted to the grid. The requirements for measurements and measuring devices are determined by the Law of the Republic of Azerbaijan "On Ensuring the Unity of Measurements", billing, terms of payment and payment period for electricity transmitted to the electric network by the agreements concluded between the parties.

9.2. With the exception of the tariffs determined by Article 9.3 of this Law, electricity produced from renewable energy sources is [the body \(institution\) determined by the relevant executive authority](#), is sold at wholesale prices (tariffs) determined by

9.3. Guaranteed Tariffs in the territory of renewable energy sources through an auction held for the selection of an electricity producer, and when the producer is selected through direct involvement, the producer and [the body \(institution\) determined by the relevant executive authority](#), is determined based on the agreement reached between

9.4. Guaranteed rates purchase in accordance with [Article 8.5 of this Law](#) is applied during the period specified in the contract.

Article 10. Active consumer support mechanism

10.1. Consumers can install power plants to meet their electricity consumption in whole or in part, and transfer the surplus of electricity generated through these plants to the electricity supply network for later replacement, as well as receive electricity from the network if consumption exceeds production.

10.2. After the end of the accounting period determined for replacement, the value of the residual electricity generated is calculated as follows: 10.2.1. when the electricity purchased from the network exceeds the electricity transmitted to the network, the active consumer pays the cost of the residual electricity to the electricity supplier at the retail tariff according to the consumer group to which he belongs; 10.2.2. if the electricity purchased from the grid is less than the electricity transmitted to the grid, the electricity supplier pays the cost of the residual electricity to the consumer at the current wholesale rate.

10.3. Consumers who use the mechanism of active consumer support must install a meter and connect to the electricity grid, which allows for the calculation of electricity transmitted to and received from the electricity grid at their own expense.

10.4. [Rules for the application of the active consumer support mechanism, appropriate implementation body \(institution\) determined by the authority](#) is determined by

Article 11. Supporting scientific research

11.1. Supporting scientific research in the field of using renewable energy sources in the production of electricity is carried out within the framework of innovation projects on the creation and application of new technologies, equipment and materials.

11.2. The support of scientific research in the field of using renewable energy sources in the production of electricity based on this Law is applied to the scientific activities carried out in the following directions:

11.2.1. application of scientific achievements and innovations; 11.2.2. creation and application of new materials, techniques and technologies; 11.2.3. preparation of programs and projects; 11.2.4. research and development activities.

Chapter 3

Technical and organizational requirements and information in the field of using renewable energy sources in electricity production

Article 12. Design, construction and installation of power plants

Design, construction and installation of power plants Azerbaijan
Other on [the Urban Planning and Construction Code](#) of the Republic, urban planning and construction

Article 13. Acquisition of rights over a plot of land (water body) for the production of electricity from renewable energy sources

With the exception of land plots (water bodies) identified as areas of renewable energy sources, rights over land plots (water bodies) for the construction of a power plant for the purpose of using renewable energy sources are laid down in the Land Code of the Republic of Azerbaijan, the Water Code of the Republic of Azerbaijan and the Urban Planning and Construction of the Republic of Azerbaijan of the Code is obtained according to the requirements.

Article 14. Permission to produce electricity

The relevant executive authority body (institution) "On Licenses and Permits" for the production of electricity from renewable energy sources above the power limit determined by Permission is obtained in accordance with the requirements of the Law of the Republic of Azerbaijan.

Article 15. Information system on renewable energy sources

15.1. An information system on renewable energy sources is being created in order to effectively use the potential of renewable energy sources, implement an action plan, and organize information work.

15.2. In addition to other information related to renewable energy sources, the information system on renewable energy sources includes the following quarterly and annual information on each station producing electricity from renewable energy sources and their total:

15.2.1. the capacity of the station provided for in the project; 15.2.2. the amount of electricity produced at the station during the reporting period; 15.2.3. the volume of natural gas saved throughout the country as a result of the production of the station during the reporting period; 15.2.4. the amount of revenue from the sale of carbon dioxide allowances for fuel saved.

Article 16. Certificate on the source of electricity produced from renewable energy sources

16.1. In order to document the source of electricity sold to consumers by electricity suppliers, to identify and track the source of electricity produced from renewable energy sources during purchase and sale in the electricity market, and for producers to use the support mechanisms established within the framework of this Law, the relevant executive authority based on the request of the consumer or producer a certificate on the source of electricity produced from renewable energy sources is issued by the body (institution) determined by the body.

16.2. The procedure and form of issuing a certificate on the source of electricity produced from renewable energy sources by the relevant executive authority body (institution) is determined by

Article 17. Connection and use of electrical networks

17.1. the transmission and distribution of electric energy produced from renewable energy sources is provided without discrimination based on the tariffs determined by the body (institution) determined by the relevant executive authority.

17.2. Electricity producers electricity from renewable energy sources has an advantage for energy transmission and distribution.

17.3. A contract for the connection of power plants to the electric network is concluded between the producers and the state electric power enterprise or the energy supply enterprise.

17.4. When planning the development of the electrical network, an action plan is taken into account to ensure the timely connection and full operation of power plants to the network.

Chapter 4

Rights and duties in the field of using renewable energy sources in the production of electricity

Article 18. Rights and duties of producers

18.1. Producers have the following rights: 18.1.1. to use support mechanisms in cases defined by this Law; 18.1.2. sell the produced electricity; 18.1.3. to connect to the power grid and to which the electricity it produces is connected

request transmission over the network;

18.1.4. other rights established by this Law. 18.2. Producers have the following duties: 18.2.1. use advanced technology in the field of using renewable energy sources in the production of electricity ;

18.2.2. pay the costs of connecting to the electricity network; 18.2.3. other duties established by this Law. 18.3. Producers (excluding hydropower plants with a capacity of more than 10 MW)

are exempt from balancing responsibility.

18.4. Producers may be involved in balancing only with their consent and hence they bear the responsibility of balancing.

Article 19. Rights and duties of the state electric power enterprise and energy supply enterprise

19.1. The state electric power enterprise and energy supply enterprise have the following rights: 19.1.1. inspecting power plant connection and electricity metering schemes

in accordance with technical normative legal acts and the contract for connection to the electric network;

19.1.2. to demand the disconnection of power plant production in cases where the technical requirements for connection are violated, emergency situations occur in the electric power system or emergency situations arise;

and of electrical energy

19.1.3. production from the manufacturer in accordance with the contract for connection to the electricity network

receive forecasts on volumes; 19.1.4. other rights

established by this Law.

19.2. The state electric power enterprise and energy supply enterprise have the following duties: 19.2.1. connect power plants to the nearest and most convenient point in the

network; 19.2.2. grid electricity produced from renewable energy sources

transmit and distribute through;

19.2.3. to modernize the network in order to connect power plants and

take measures to expand;

19.2.4. other duties established by this Law.

Chapter 5 Final provision

Article 20. Liability for violation of this Law

Persons who violate the requirements of this Law shall be subject to civil, Administrative Errors and Crime they are responsible in the cases stipulated in their codes.

Ilham Aliyev,
President of the Republic of Azerbaijan

Baku city, May 31, 2021 No. 339-VIQ

LIST OF SOURCE DOCUMENTS USED

1. No. 895-VIQD dated May 31, 2023 Law of the Republic of Azerbaijan (official website of the Azerbaijan State Information Agency (AZERTAC), July 17, 2023, "Azerbaijan" newspaper, July 18, 2023, No. 148, Legislative Collection of the Republic of Azerbaijan, 2023, No. 7, article 886)

LIST OF AMENDMENTS AND AMENDMENTS TO THE ACT

[1] No. 895-VIQD dated May 31, 2023 Law of the Republic of Azerbaijan (Azerbaijan State

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Official website of the Information Agency (AZERTAC), **July 17, 2023, "Azerbaijan" newspaper, July 18, 2023, No. 148, Legislative Collection of the Republic of Azerbaijan, 2023, No. 7, Article 886**) The second sentence of Article 8.7 was considered as the third sentence and the second sentence was added in the new content.