



1ST ENERGY INVESTMENT FORUM
24 OCTOBER 2016 • ISLAMABAD, PAKISTAN

1-ый ИНВЕСТИЦИОННЫЙ ФОРУМ ПО ЭНЕРГЕТИКЕ
24 ОКТЯБРЯ 2016 г. - ИСЛАМАБАД, ПАКИСТАН

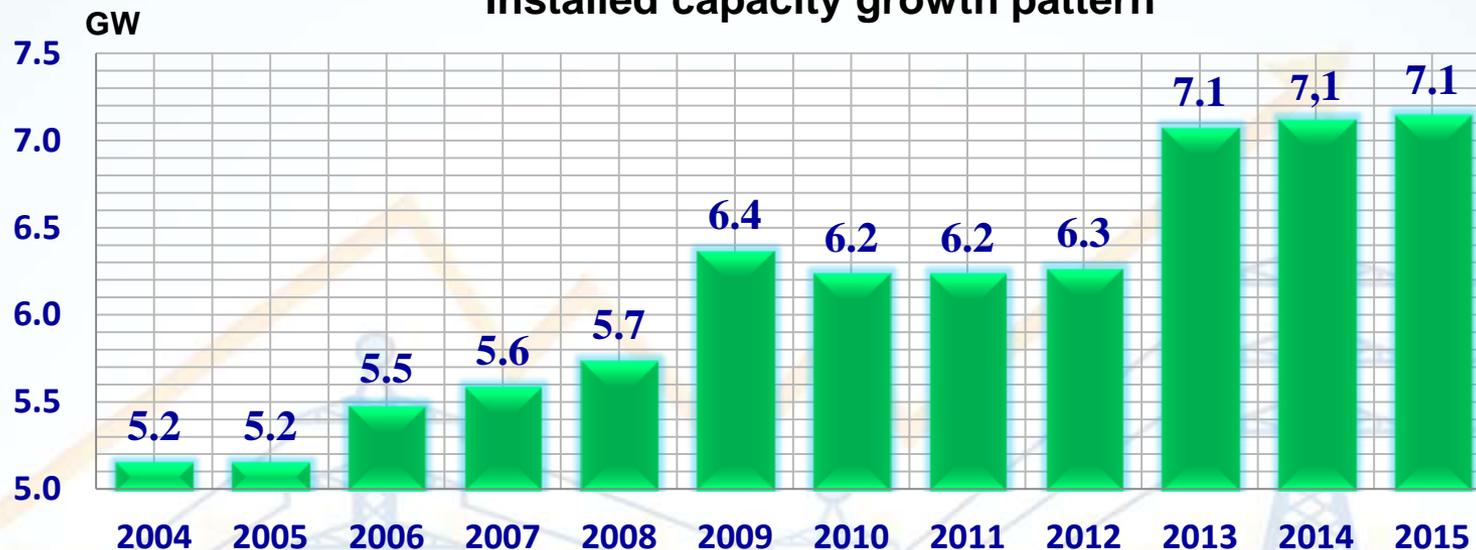
Azerbaijan's energy system

Development prospects and investments



Current status of Azerbaijan's power sector

Installed capacity growth pattern



Azerbaijan's energy system includes **14 thermal and 16 hydro power plants**. Over the last **10 years** the country commissioned modern, high-tech and efficient generating capacity of **2500 MW**. Installed capacity of the energy system is more than **7 GW**. By using more efficient technologies specific consumption of fuel equivalent declined from **413,0 g./kWh** to **292 g./KWh**.

Expansion/modernization of the energy system

Over the course of the next 5-10 years the Government's objective is to expand and modernize the energy system. It is planned co commission **2400 MW** of additional capacity including:

- 2 power units with a capacity of **400 MW** at the Shimal power plant;
- Thermal power plants on the territory of Yashma (steam-gas) with a capacity of **920 MW**;
- Gas-turbine power plant «**Govsany**» with a capacity or **600 MW** (to provide power to the Ag sheher/White city residential complex and the metallurgic plant);
- Modular power plant «**Sangachal**» with a capacity of **395 MW**;
- Hydro power plant with a total capacity of **40 MW**;
- Hydro unit on the **Samur** river etc.

Renewable energy (RE) projects

Solar PPs
20,4 MW



Wind farms
386,4 MW



Hybrid PP
Total - 5,5 MW
✓ Wind - 2,7 MW
✓ Sun - 1,8 MW
✓ Biomass - 1,0 MW



Agricultural complex
Total - 79,0 MW
✓ Sun - 57,0 MW
✓ Biomass - 16,0 MW
✓ Geothermal - 6,0 MW



Main difficulties/barriers in the area of investments

- **Low internal power tariffs** lead to a reduced IRR and long payback periods for investments into power, making it **poorly attractive** for private investments
- **Nontransparent power tariff system**
- **Undeveloped** mechanisms of public-private cooperation: PPPs
- The current **vertically integrated system and the lack of a competitive environment** in the power sector

Government policies/strategy in the sphere of investments in the power sector

Based on the international experience the government is developing strategic plans in the power sector creating a favorable environment to attract investments in this sector

- At the first stage in the short-term (**up until 2020**) it is planned to create a legislative and regulatory framework, international norms and standards ensuring effective functioning of the energy market, formation of tariffs stimulating the development of investment climate mechanisms;
- At the second stage in the mid-term (**2020-2025**) it is planned to work on the reconstruction of the energy sector, creation of the market, more active participation of the private sector on the wholesale market and the creation of an investment environment for a broader use of renewable sources of energy.

Investments in the energy system of the Republic

The following projects have been or are being executed in the energy system of the Republic:

- Since 1998 **12 projects** involving external investments have been executed with a total amount of more than **2,0 billion** Dollars. One of these projects (second power unit with a capacity of **400 MW** at the Shimal power plant) is nearing completion;
- Execution of the first stage of the investment project has started on **«Expanding and modernizing distribution networks of the Republic»** with the bulk of financing (**750 million dollars**) coming from the Asian Development Bank (ADB).



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Thank you for your attention!

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