

Law Of The Azerbaijan Republic

On Utilization Of Energy Resources

This Law shall determine the main directions of implementation mechanism of the legal, economic and social basis of the State policy related to the energy resources□ utilization and regulate the relations between the State and physical and legal entities in this sphere.

Chapter I. General Provisions

Article 1. Basic notions

Basic notions used in this Law are as follows:

Energy resources □ oil, oil products, gas, electricity, heat, water and atom energies, restored and other energy carriers utilized in accordance with the current level or development of technics.

Energy saving policy □ State policy implemented by way of legal, organizational and financial-economic regulation of the production (extraction), refining, treatment, transportation, storage, stock-taking and consumption processes with the aim of rational and efficient utilization of energy resources.

Efficient utilization of energy resources □ utilization of energy resources with more economic benefit on a condition to reduce the technogene impact on the environment in the present phase of technics and technology□ s development.

Consumption normatives of energy resources □ regulated quantity of energy resources utilized for concrete production, product, work and service.

Restored energy sources □ energy sources permanently available or ceaselessly created in the environment (sun, wind, land□ s heat currents, biomass, sea, water currents, etc.).

Article 2. The Azerbaijan Republic□ s Legislation on the utilization of energy resources

The Azerbaijan Republic□ s Legislation on the utilization of energy resources shall consist of this Law, other legal normative Acts and International Agreements passed and concluded in concordance with this Law.

Article 3. Main principles of State policy in the sphere of energy resources□ utilization

State policy in the sphere of energy resources□ utilization shall base on the following principles:

State regulation of physical and legal entities□ activity in the energy saving sphere by means of economic and administrative measures;

Priority of requirements on energy saving in implementation of the activity due to the production (extraction), treatment, transportation, storage and utilization of energy resources, application of economic and legal Incentive mechanisms;

Determination and application of progressive norms of energy resources□ utilization;

Regional State control over the utilization of energy resources by the enterprises and organizations;

Rate fixing and standardization in the sphere of energy saving and efficient utilization of energy resources, importance of observing the standards and normatives on the power industry;
Coordination of energy resources producers (extractors), transporters and consumers' interests;
Irrespective of property form the obligatory stock-taking of energy resources utilized by the enterprises and organizations;
Importance of power expert examination of the constructed or reconstructed objects;
Application of economic sanctions in connection with the irrational utilization of energy resources;
Agitation of economic, ecological and social priorities as per the energy saving;
Intergovernmental cooperation in the solution of the Republic's problems on energy saving;
Creation and application of new technologies efficiently using the energy.

Article 4. Objects of relations' regulation in the sphere of energy resources' utilization
Energy resources' production and utilization, implementation of scientific-research and designing works, information ensurance and the relations in connection with the management and controlling of energy utilization shall be legally regulated objects of this Law.

Article 5. Subjects of relations' regulation in the sphere of energy resources' utilization
Physical and legal entities of the Azerbaijan Republic, foreign physical and legal entities involved in business in the Azerbaijan Republic, foreigners and physical persons not admitted to the citizenship shall in association with energy resources' utilization be the subjects of legal regulation of relations.

Article 6. State programs on rational utilization of energy resources
State, local and other programs shall be worked out and adopted to organize and coordinate the expedient implementation of the State activity in the sphere of rational utilization of energy resources. The proper Executive Authorities of the Azerbaijan Republic shall determine the methods and terms of working out the State programs on the rational utilization of energy resources.

Article 7. Scientific investigations on the utilization of energy resources
State shall create condition for the fulfillment of regular complex investigations in the sphere of energy saving with the aim of working out the scientific grounds of the processes and new technologies saving the energy, creating rational appliances and equipment, rational utilization of energy resources.

Chapter II. Grounds For The State Regulation In The Sphere Of Utilization Of Energy Resources

Article 8. Basic directions of the State regulations in the sphere of utilization of energy resources

The State regulation in the sphere of utilization of energy resources shall be implemented in the following basic directions:

Adoption of the State conception on power policy, the State programs, proper Normative Legal Acts related to the utilization of energy resources;

Implementation of the complex management in the sphere of energy saving, investment in connection with the problems on energy saving and pursue united scientific-technical policy, coordination of the Ministries, Companies, Concerns, Enterprises, Administrations and Organizations activity in this field;

Organization of rate fixing, standardization, certification, metrology and statistic registration in the sphere of utilization of energy resources;

State expert examination due to the production and utilization of energy resources;

Rate fixing of the utilization of energy resources;

Determination of proper types of responsibility for the irrational utilization of energy resources;

Creation and application of the proper economic-financial incentive mechanism for the energy saving;

Organization of the fund on the rational utilization of energy resources and determination of the ways how to use it;

Establishment and development of the machinemaking and instrument engineering bases in relation with the fabrication of the equipment and technology rationally using the energy and measuring instruments as well

Budget financing of the purpose-oriented investment programs, soft and direct crediting of the projects and programs on the energy saving;

Implementation of the planned measures granting a certain priority to the energy producing region with the aim of eliminating the critical status emerged in connection with the Country's energy supply.

Article 9. Main directions of the proper Executive Authority's activity connected to the utilization of energy resources

The proper Executive Authority connected to the utilization of energy resources of the Azerbaijan Republic shall:

- take part in the working out of the State policy and programs on the rational utilization of energy resources;
- coordinate the activity of the Executive Authority and the subjects of economy in implementation of the policy on the rational utilization of energy resources;
- determine the directions of financing the energy saving programs from the fund of rational utilization of energy, control over the purpose-oriented use of the intended budget means;
- implement the State control over the rational utilization of energy resources;
- carry out expert examination on the rational utilization of energy in relation with the draft documents of the constructed and reconstructed objects and as well as the operating objects;
- participate in the preparation of the State and branch standards, norms and normatives on the energy utilization;

implement the international cooperation in the sphere of energy saving pursuant to the established order;

Article 10. Authorities of the local self-controlling bodies in the sphere of utilization of energy resources

Authorities of the local self-controlling bodies in the sphere of utilization of energy resources shall be determined with the Constitution and the Laws of the Azerbaijan Republic.

Chapter III. Economic And Financial Mechanisms Of Utilization Of Energy Resources

Article 11. Aims and objects of the economic incentive mechanism as per the rational utilization of energy resources

The aim of the economic incentive mechanism as per the rational utilization of energy resources shall in their utilization be to implement the acceleration and increase of the methods of energy saving.

The object of the economic incentive mechanism as per the rational utilization of energy resources shall be to achieve the efficient and rational utilization of energy resources, to organize and broaden the production of technological processes and equipment saving the energy.

Article 12. Economic measures on the guarantee of the rational utilization of energy resources

Economic measures on the guarantee of the rational utilization of energy resources shall be as follows:

Application of the economic means and incentives directing the organizational, scientific-technical and economic activity for the rational utilization of energy resources, particularly the restored energy sources (wind, the sun, wave, etc.);

Determination of the basic directions and financing sources of the rational utilization of energy resources;

Establishment of the State system of standards and norms on the proper utilization of energy resources for the power-incentive technological processes and types of product in all the spheres of the economy as the base of economically impacting measures to the power supply process;

Application of various interest-added payments in connection with the effective prices and tariffs depending on the superfluous use than the fixed normatives on the irrational utilization of energy resources;

Granting of bounties, State subsidies, tax, credit and other discounts for stimulating an interest to establish, to apply and to use the progressive technology and equipment saving the energy;

Application of the State system of tariffs and prices ensuring the rational utilization of energy resources;

Independent producers of electrical and heat power non-included in the State power supply system shall have the right to use the State power supply system to transport the energy they produced. Power supply systems should in the proper order receive the energy in compliance with the coordinated prices and terms.

Article 13. Sources of finance for the rational utilization of

energy resources

Financing sources for the measures on the efficient and rational utilization of energy resources shall be considered the fund of rational power utilization, internal and external investments, State and local budgets and other sources.

Article 14. Fund of rational power utilization

State out of budget fund of rational power utilization shall be established with the aim of financing the measures on the rational utilization of energy resources. This fund shall be established at the expense of the means stipulated by the energy resources tariff and prices, the payments for dissipation and breach of the Legislation on the utilization of energy resources, the profit from the production-financial activity of the fund, the physical and legal entities volunteer transfer and so on.

The order of spending of the means of the fund of rational power utilization shall be determined by the proper Executive Authority of the Azerbaijan Republic.

Article 15. Main directions of spending the means of the fund of rational power utilization

Main directions of spending the means of the fund of rational power utilization shall be as follows:

- Scientific-research and experimental-designing works in the sphere of energy resources saving;
- Creation and application of the technology and equipment saving the power;
- Shareholding in the creation of new objects in the field of utilization of energy resources;
- Working out and implementation of the programs and measures in the sphere of rational utilization of energy resources;
- Utilization of the restored energy sources;
- Implementation of the State power examination;
- Training of personnel and improvement of their qualification;
- Granting of subsidies for working out the standards, norms and normatives in the power industry;
- Provision of enterprises with the management of power supply, registration and controlling systems;
- Measures on efficient and rational utilization of the energy resources;
- Incentives for the inventions and rationalization proposals on the utilization of the energy resources.

Article 16. Granting of subsidy from the fund of rational power utilization

Subsidies from the fund of rational power utilization may be granted to the enterprises producing technics and technology saving the energy resources for the below-mentioned works:

- Scientific-research, experimental-designing works;
- Fabrication of the testing sets of the modern equipment and performance of construction-assembly works in this sphere;
- Reutilization of the energy resources;
- Examination of the restored energy sources and carrying out of the power prognosis;
- Provision of the objects with the registration and

controlling appliances;

Rational supply of the population with the heat power and the like works.

Subsidies may be granted to the physical and legal entities from this fund as well to implement the measures on the rational utilization of energy resources.

Article 17. Reimbursement of the foreign investment involved in the rational utilization of power resources

The energy resources saved as a result of the constructed at the expense of foreign investment and operating strategic and great power-intensive projects (huge oil refineries, chemical and metallurgical works, power plants, etc.) directed to the utilization of the power resources at the territory of the Azerbaijan Republic shall be considered the source of reimbursement for the mentioned investment. The quantity of the saved power resources shall be approved by the appropriate Executive Authority.

Article 18. Payments related to the irrational utilization of power resources

In case the utilization of the energy carriers exceeds the index established pursuant to the norms and standards there shall be applied increased payment for the superfluous utilization of power resources. This payment shall depending on the quantity of superfluous utilization of power resources in comparison with the effective price or the rising tariff scale for each energy carrier be determined with %.

The order of determination and payment for the irrational utilization of power resources shall be established by the proper Executive Authority of the Azerbaijan Republic.

Chapter IV. Standardization, Certification And Norming On The Utilization Of Energy Resources

Article 19. Standardization in the sphere of utilization of energy resources

Standardization on the utilization of energy resources shall consider the establishment of the complex of obligatory norms, regulations and requirements.

State power standards shall determine the basic notions and terms in the field of utilization of energy resources, the organizational-methodical grounds, the particular utilization of energy resources, the ways of defining the demand for the power, the methods of certification on the power consumption, the methods of collection and working of the information on the utilization of energy resources, the requirement for the thrifty technologies and installations and the proper demands for the energy resources and the restored power sources.

Article 20. Subject and objects of standardization, State control over the observance of the standards

Subject of the standardization (in the frame of economic, ecological and other restrictions) shall consist of the nomenclature and indices of the power requirement for the products, technological processes and services, the methods of provision and assessment of this requirement, as well as the technical, organizational- methodical points of the standardization.

Technological processes and the equipment consuming the energy resources or alternating one energy type to another one shall be the objects of the standardization.

State control over the observance of the standards on the power demand shall be implemented in concordance with the Law of the Azerbaijan Republic "On the standardization".

Article 21. Certification of products connected to the rational utilization of energy resources

Certification on the utilization of energy resources shall be the approval of the coincidence of the products, the technological processes, the services with the indices established in the State standards on the power consumption or other normative documents on the standardization.

Products (works, services) consuming any type of power, as well as the energy resources should compulsorily be certificated pursuant to the coincidence with the proper energy efficiency indices. Obligatory certification shall be implemented in conformity with the Legislation of the Azerbaijan Republic.

The enterprises manufacturing the products with more overcoming indices than the normatives established in the State standards on the rational utilization of energy resources shall have the right to get privileges from the fund of rational power utilization.

Article 22. Normative base of the rational power utilization

The norms and normatives of power utilization as per the technological processes, the equipment, electric home appliances and the products (works and services) shall form the normative base of the rational utilization of energy resources.

The normatives of power consumption shall be determined in accordance with the State standards. The stated normatives be determined by way of reporting or experiments.

The power utilization normatives established in the State standards shall be effective as far as the State standard and other normative documents are in force.

The normatives on the power utilization in the State standards and other normative documents on the standardization shall be determined for the whole operation term of the appliances, technological installations and (or) technological processes.

The power consumption normatives established in the State standards shall irrespective of the property and organizational-legal forms be obligatory for all the administrations and enterprises.

The normatives established in the other normative documents on the standardization shall be of recommendation character and they should not be repugnant to the State standards.

The power utilization normatives should absolutely be stated in the technological instructions, technical certificates, repair charts on the exploitation and utilization of the objects producing and consuming power. The normatives on the utilization of the thermal energy for heating the buildings and installations shall be established in the construction norms and regulations.

The power consumption normatives noted in the standards, the construction norms and regulations should per every 5 years be reconsidered. At this time the normative coincidence with

its initial level shall be determined and if expedient its new quantities be established.
Control over the implementation of the power utilization normatives shall be carried out in the order established by the Legislation of the Azerbaijan Republic.

Chapter V. State Energy Expert Examination

Article 23. Main tasks of the state energy expert examination.
Implementation of the state energy expert examination in the process of investment, management, economy and other activities related to the energy resources□ production (extraction), treatment, transportation, storing, utilization, selling and re-utilization is necessary.

The state energy expert examination:

- determines correspondence of management, economy, investment and other activities related to the energy resources utilization to energy resources saving requirements;
- determines correspondence of plans, projects and other resolutions on energy capacious facilities to the legislation on energy resources utilization, the effective energy standards and norms;
- provides evaluation of measures on energy utilization and energy saving, making of relevant expert decisions and review; Representatives of appropriate executive authorities, design-constructor, scientific-research and other organizations, higher schools, public and international organizations can be involved in conduction of the examination on energy resources utilization.

Article 24. State energy expert examination facilities

The State energy expert examination facilities are the followings:

- drafts of productive forces increase and their location diagrams, as well as the diagrams on districts and settlements□ power supply;
- power technology sphere of technical and economical substantiations and projects on new facilities and enterprises construction the annual energy need which is 1000 tons and more than this volume of conditional fuel, on extentioning (upgrading, supplying with new technology, reconstructing) the facilities and enterprises available.
- drafts of training-methodical and normative-technical Acts, construction standards and regulations, documentation on creation of energy capacious new technics, technology and materials, other documents and materials reflecting the activity in the energy saving sphere;

Energy economy of enterprises and organizations the annual energy need of which is 1000 tons and more than this volume of conditional fuel.

The procedure of conduction of the state energy expert examination shall be determined by an appropriate executive body.

Physical and legal entities having the certificate of an appropriate executive body on efficient usage of energy resources shall have the right for the implementation of the energy examination, also for the access to the relevant facilities without obstacles.

Article 25. The necessity of execution of the state energy expert examination references

The execution of the state energy expert examination review is obligatory.

The negative review of the state energy expert examination shall be the basis for preparation of measures on energy usage in accordance with this review and on energy saving. The positive review of the examination shall be the basis for the delivery of the grant and allowances stipulated by this Law to the energy resources consumers.

Without having the state energy expert examination review the implementation of the energy capacious programs, projects and resolutions shall not be allowed.

Debatable issues proceeding from the state energy expert examination review shall be resolved pursuant to the legislation in effect.

Chapter VI. State Registration, Report And Control On Energy Resources Utilization

Article 26. Registration of energy resources utilization

Registration of energy resources used at the enterprises, establishments and organizations not depending on their property and organizational-legal form shall be obligatory.

The officials of establishments and organizations shall be responsible for precise conduction of energy resources utilization registration.

Registration of energy resources usage shall be conducted in accordance with the rules of measurement and the norms on exactness of equipment and the state standards.

Installation of relevant equipment at the facilities constructed for the registration of energy resources usage, arrangement of registering and regulating systems should be stipulated and without this the operation of the facility shall not be allowed.

The industrial facilities and public buildings under operation should be provided with the equipment regulating and registering the energy resources usage. Provision of energy resources consumers with appropriate equipment for registration of energy usage, attestation, installation procedures of these equipment shall be determined by the appropriate executive body of the Azerbaijan Republic.

Article 27. State statistics report on energy resources

The enterprises and organizations the annual energy need of which is 1000 tons and more than this volume of conditional fuel shall present their state statistics reports about the energy carriers volume and the structure, the indices on their efficient usage to the state statistical bodies in accordance with the legislation in force and in the determined way.

Article 28. State energy control

State control over the energy resources usage, observance of legislative standards in this sphere shall be arranged and implemented by the appropriate executive body on the State control over energy resources efficient usage.

The execution of appropriate decisions by the relevant executive body on efficient usage of energy resources within the authority deligated to it by the legislation is necessary

for the energy producing and energy using subjects

Article 29. Responsibility for violation of the law on energy resources utilization

Violation of law on energy resources usage will cause the responsibility identified by this Law and other normative legal acts adopted in accordance to it.

The cases of violation of Law on energy resources usage are mainly the followings:

Fulfillment of requirements set for the improvement and storage of technological level of energy producing equipment and the energy saving systems;

Perversion of the registration and report about the energy usage and non-delivery of information in time;

Violation of requirements for the implementation of the state energy examination, also the presentation of false expert review on purpose;

To finance without having the reference of the state energy expert examination the creation of new technology and equipment not meeting the requirements of energy standards and put them into operation:

- violation of requirements set on energy saving in designing, constructing, reconstructing, putting into operation of enterprises, constructions, means of transport and other facilities;
- useless regular usage of energy resources and violation of other technical requirements;
- delay of payments provided for wasteful usage of energy resources;
- direct losses incurred by the enterprises, establishments and organizations;
- usage of energy resources without having a meter;
- non-utilization of the repeated energy resources under the authorization at the level provided in the appropriate norms of the State standards;

In case the qualitative indices of energy resources differ from those stipulated by the state, aerial standards the expences incurred by the consumer shall be paid by the producer in appropriate way.

The responsibility for violation of the legislation on energy resources usage shall be applied by the appropriate executive body on energy resources utilization.

Chapter VII. International Cooperation On Energy Resources Utilization

Article 30. International cooperation

The Azerbaijan Republic is participating in the international cooperation on efficient energy usage in compliance with its legislation and the international legal standards.

The main directions of international cooperation on efficient usage of energy resources are the followings:

- mutual exchange of efficient energy technologies with foreign and international organizations;
- participation of the Azerbaijan Republic and its organizations in international events on efficient utilization of energy resources;
- coordination of the energy efficiency indices provided in the State standards of the Azerbaijan Republic to the

requirements of international standards; mutual recognition of certification results.

If it is revealed that the regulations in the international contract participated by the Azerbaijan Republic differ from those stipulated by this Law the regulations of the international contract shall be applied.

Article 31. Foreign investments.

The foreign investors bringing progressive foreign technics, technology, materials, even the financial resources as investment to improve the efficiency of energy usage at the territory of the Azerbaijan Republic shall act according to this Law, the legislation standards on foreign investment protection and the activity in this sphere, other normative legal acts and bear responsibility for violation of them in the way determined by the legislation of the Azerbaijan Republic.

Chapter VIII. Education And Training Of Staff On Efficient Utilization Of Energy Resources

Article 32. Necessity of education on efficient utilization of energy resources

The basis of efficient usage of energy resources, as well as the utilization of the restored and other energy resources should be included into the curriculums for training specialists on power engineering.

Article 33. Financing of curriculums on education and professional skills improvement

Professional training improvement of employees of enterprises, establishments, and organizations responsible for power supply, compiling of curriculums, and their implementation, arrangement of seminars and conferences and other events shall be financed at the expense of the efficient energy utilization fund.

President of the Azerbaijan Republic
Heydar Aliyev.

Baki, 30 May 1996.

¹ 94-IG.

Decree Of The President Of The Azerbaijan Republic

About Application Of The Law Of The Azerbaijan Republic □ On Energy Resources Utilization□

In view of entering into effect the Law of the Azerbaijan Republic □ On energy resources utilization□ in order to provide the application of this Law I decide:

1. The Cabinet of Ministers of the Azerbaijan Republic be commissioned within a months time:
 - To submit proposals to the President of the Azerbaijan Republic on establishment of the appropriate executive body on utilization of energy resources provided in Article 9 of the Law of the Azerbaijan Republic □ On energy resources utilization□ ;
 - To submit proposals to the President of the Azerbaijan Republic on co-ordination of the legislative acts in effect to the Law of the Azerbaijan Republic □ On energy resources usage□ ;

To provide co-ordination of the normative-legal acts of the Cabinet of Ministers and the appropriate central executive bodies to this Law and inform about this to the President of the Azerbaijan Republic.

To resolve within its authorities other issues proceeded from the Law of the Azerbaijan Republic "On energy resources utilization".

2. Be it determined that the authorities of the "appropriate executive body of the Azerbaijan Republic" mentioned in Article 6.2, Article 14.2, Article 17, Article 18.2, Article 24.2 and Article 26.3 of the Law of the Azerbaijan Republic "On energy resources utilization" shall be exercised by the Cabinet of Ministers of the Azerbaijan Republic.

President of the Azerbaijan Republic
Heydar Aliyev.

Baki, 17 November 1996.