

## AD-HOC TECHNICAL ASSISTANCE PROJECT

**AHEF No.** AZ 50

**Project Title**

Licensing Business Activities in the Energy Sector in Azerbaijan

**Country (s)** Azerbaijan

**Timescale for implementation** June – October 2011

**Beneficiary(s)**

Ministry of Industry and Energy, Baku

**Main and specific objectives**

The **overall objective** of the assignment was to assist the Beneficiary in preparation of proposals to amend the existing practice and improve the framework related with licensing of power production in the energy sector. The **specific objectives** of the assignment were:

- To provide review of the best European practices applied in setting requirements in licensing of power production activities.
- To propose a table of recommendations on applicable measures to be implemented by the Ministry of Industry and Energy (MoIE) and/with close collaboration with other relevant government authorities.

**Results achieved**

The SEMISE team of experts found that there is **certain inconsistency** of terms in the legislation, and the rules of issuing licenses and a **minimal list of licenses necessary** for effective regulation of the electric power industry of the Republic of Azerbaijan are both missing. The **cost and timing** of issuing licenses for regulated activities (generation, transmission and distribution of electric energy) are **not defined** either by the Laws or bylaws. The **recommendations** of the expert were (1) to **clarify definitions used in primary legislation**, in order ensure clarity and **common understanding** amongst the stakeholders (2) The second priority is to **assess and if required redefine power sector design** and responsibilities of parties in the sector and (3) to **define objectives and criteria for licensing** as well as develop the content of licenses. The final recommendation was to establish a simple procedure, publish it so that it is available when companies are applying for licences.

**Useful information/ relevant documents**

Selected references of information from EU countries:

Council of European Energy Regulators (CEER) Update of the 2005 Regulatory Benchmark regarding NRAs Licensing Powers Ref: C11-ISG-18-xx, 4 March 2011.

Romania: Electricity Law 2007

<http://www.anre.ro/documente.php?id=332>

Ireland: Supply Licence

<http://www.cer.ie/en/electricity-retail-market-licences.aspx>

Latvia: Law On Regulators of Public Utilities

[http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/On\\_Regulators\\_of\\_Public\\_Utilities.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/On_Regulators_of_Public_Utilities.doc)

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