



LAW OF MONGOLIA
ON RENEWABLE ENERGY

CHAPTER ONE

GENERAL PROVISIONS

Article 1. The Purpose of the law

1.1. The purpose of this law is to regulate relations concerning generation and use of energy utilizing renewable energy sources.

Article 2. Legislation on renewable energy

2.1. Legislation on renewable energy shall consist of the Energy Law, this law and other legislative acts adopted in conformity with these laws.

2.2. If an International Treaties to which Mongolia is a party provides otherwise the provision of the international treaty shall prevail.

Article 3 . Application of the law

3.1. This law applies to legal entities, which buy and/or sell electricity and/or heat generated by using renewable energy sources within the territory of Mongolia . Unless otherwise stated in laws, this law shall not apply to renewable energy power sources, which are designed for consumer's own use only.

3.2.

Article 4. Definitions

4.1. In this law, the following terms shall have the following meanings:

4.1.1. "**Renewable energy sources**" means natural restorable renewable sources such as solar, wind, hydropower, geothermal and biomass;

4.1.2. "**Biomass**" means plant and organic waste;

4.1.3. "**Renewable energy power source**" means a facility, which converts renewable energy sources stated in Article 4.1.1 of the law into electricity and heat;

4.1.4 "**Renewable energy**" means energy produced by using facility stated in 4.1.3 of the law;

4.1.5. "**Independent renewable energy power source**" / *hereinafter called*

"independent power source" / means hybrid and/or non-hybrid renewable energy power sources not connected to the Grid;

4.1.6. "**Generator**" means a legal entity which holds a license for generating electricity and/or heat as stipulated in provision 13.1 of the Energy Law;

4.1.7. "**Transmission licensee**" means a legal entity, which holds a license for transmission of electricity and heat as stipulated in provision 14.1 of the Energy Law;

4.1.8 "**Consumer**" means a natural or a legal person as stipulated in provision 3.1.13 of the Energy Law;

CHAPTER TWO

FULL POWERS OF STATE AUTHORITIES WITH REGARD TO RENEWABLE ENERGY

Article 5. Full Powers of State Authorities with regard to renewable energy

5.1. The State Great Hural shall approve strategy documents for promoting a renewable energy sector, and make a decision on transferring an independent renewable energy power source accomplished using the state budgetary funds into local properties.

5.2. The Cabinet shall organize implementation of laws and legislation on renewable energy promotion, and approve a list of soums to be supplied with electricity and heat generated by an independent renewable energy power source.

5.3. The State Administrative Authority in charge of energy shall exercise the following full powers:

5.3.1. To develop and implement strategy documents for promoting a renewable energy sector,

5.3.2. to carry out feasibility studies for constructing renewable energy power sources to be financed by public investment funds,

5.3.3. To develop and have approved the renewable energy equipment safety, operation and maintenance standards in compliance with relevant procedures, and

5.3.4. To develop a policy on renewable energy human resources, to organize implementation of this policy in collaboration with the State Central Administrative Authority in charge of education

5.3.5 To develop and have approved regulation on implementation of Renewable Energy

Law

5.4. The Governors of Aimags, the Capital City , Soums and Districts shall exercise the following full powers:

5.4.1. To incorporate sites for constructing independent renewable energy power sources in land development plans of respective aimags and soums,

5.4.2. To make a decision on providing land for possession and use in compliance with procedures stipulated in laws,

5.4.3. To advertise importance of using renewable energy power sources to entities, institutions and residents, and

5.4.4. To lease locally owned independent renewable energy power sources to an entity or an individual

5.5. The Energy Regulatory Authority shall exercise the following full powers:

5.5.1. To approve a model agreement to be concluded between a generator and a transmitter and to monitor implementation of the agreements

CHAPTER THREE

LICENSE

Article 6. Construction of a Renewable Energy Power Source

6.1. A license for construction of energy facilities stipulated in Article 20 of the Energy Law shall grant to a legal entity the right to construct a renewable energy power source,

6.2. A holder of a license stated in Article 6.1 may have a license for generation.

Article 7. License for Generation of Renewable Energy

7.1. A license for generation of electricity and heat stated in provision 13.1 of the Energy Law shall grant the right to generate electricity and heat using a renewable energy

7.2. A generator of renewable energy to be connected to the Grid shall have the following rights and duties:

7.2.1. To deliver its electricity to the nearest connection point of a transmission licensee,

7.2.2. To be responsible for transmission cost till the connection point, and

7.2.3. To implement dispatching regulations requested by the dispatching licensee.

7.3. A generator of renewable energy using an independent renewable energy power source shall have the following rights and duties:

7.3.1 To deliver its produced electricity to local networks using a calibrated meter, and

7.3.2. To be compensated for a difference between end-user tariff approved by the regulatory boards of aimags and the capital city and cost from the Renewable Energy Fund.

7.4. Provision 7.3.2 of this law shall not apply to a generator of renewable energy, a power source of which is constructed using public investment funds.

7.5. A generator of renewable energy using an independent renewable energy power source shall be a holder of license for regulated supply.

7.6. A generator of renewable energy using an independent renewable energy power source shall be a holder of license for unregulated supply.

Article 8. Rights and Duties of a Transmission Licensee

8.1. A transmission licensee has the rights and duties:

8.1.1. To purchase electricity sold by a generator at a price approved by the Energy Regulatory Authority specified in Article 11 of the law

8.1.2. To connect a generator to distribution board of a transmission network complying with technical requirements, to finance cost of required capacity expansion.

Article 9. Obtaining a License

9.1. An interested legal entity shall submit an application for a license to the Energy Regulatory Authority or relevant regulatory boards of aimag and capital city,

9.2. In addition to documents stipulated in provision 21.2, documents meeting the following criteria shall be attached to the application specified in 9.1. of this law

9.2.1. A land possession certificate permitting to locate a renewable energy power source and its certified copy,

9.2.2. A plan for disposing or reprocessing accumulators of renewable energy power sources being completely used or expired its useful life,

9.2.3. Studies on soil, flora, geological and hydro-geological conditions, geographical location, land surface, air pressure, weather, wind regime, and a water study for a construction site of a hydro renewable energy power sources,

9.2.4. A statement issued by an authority on conformity of renewable energy equipment and facilities with international and national standards.

9.3. License terms, its extension, amendment, and renewal of a license, suspension and revocation of a license as well as liabilities to be imposed on a licensee shall be regulated by the Energy Law.

Article 10. Power Purchase/Sale Agreement

10.1. A generator shall conclude a power purchase/sale agreement with a transmission licensee in compliance with a model approved by the Energy Regulatory Authority,

10.2. A power purchase/sale agreement shall specify electricity capacity and energy to be purchase/sold, tariff, location of commercial meters and other measuring devices, their types, model, accuracy, multiplier and serial number, quality indices of electricity to be supplied, payment and settlement conditions, duties of the parties and provisions on canceling the agreement.

CHAPTER FOUR

PRICE AND TARIFF

Article 11. Renewable Energy Tariffs and Prices

11.1. The Energy Regulatory Authority shall set tariffs and prices of energy generated and supplied by renewable energy power source to be connected to a transmission network in the following frame of limitation:

11.1.1. Price of electricity generated and supplied by wind power source is USD 0.08-0.095/kWh

11.1.2. Price of electricity generated and supplied by hydropower station with capacity up to 5000 kW is USD 0.045-0.06/ kWh

11.1.3. Price of electricity generated and supplied by solar power source is USD 0.15-0.18/kWh

11.2. Any price difference of electricity generated by a renewable energy power source, connected to a transmission network, shall be absorbed in selling prices of other generators connected to the transmission network

11.3. Regulatory Boards of Aimags and the Capital City shall set prices and tariffs of energy generated and supplied by Independent renewable energy power source in the following frame of limitation:

11.3.1. Price of electricity generated and supplied by wind power source is USD 0.10-0.15/kWh

11.3.2. Price of electricity generated and supplied by hydro power station with capacity up to 500 kW is USD 0.08-0.10/kWh

11.3.3. Price of electricity generated and supplied by hydro power station with capacity of 501-2 000 kW is USD 0.05-0.06kWh

11.3.4. Price of electricity generated and supplied by hydro power station with capacity of 2 001-5 000 kW is USD 0.045-0.05kWh

11.3.5. price of electricity generated and supplied by solar power resource is USD 0.2-0.3/kWh

11.4. Regulatory Boards of Aimag and the Capital City shall pursue the following principles in setting prices of renewable energy generated by an independent power source:

11.4.1. Geographical location and stages of local economic and social development and infrastructure services shall be reflected;

11.4.2. Price and tariffs shall be affordable.

11.5. The Energy Regulatory Authority shall set prices and tariffs of energy produced and supplied by geothermal, biomass, and other renewable energy power sources except stated in 11.1 and 11.2 of this law in conformity to acceptance and influence to society.

Article 12. Duration of application of prices and tariffs

12.1. Prices and tariffs of renewable energy shall be followed consistently for a period of not less than 10 years after coming into force date of this law

CHAPTER FIVE

RENEWABLE ENERGY FUND

Article 13. Renewable energy fund

13.1. relation concerning to establish, generate, disburse, and report performance of renewable energy fund shall be regulated by the law of Special Purpose Fund of Government

CHAPTER SIX

MISCELLANEOUS

Article 14. Dispute Resolution

14.1. A dispute between generation and transmission licensees as well as between a licensee and a consumer shall be resolved in compliance with the Energy Law.

Article 15. Liabilities to be Imposed for Violation of Legislation on Renewable Energy

15.1. If a breach of legislation on renewable energy does not constitute a criminal offense, a judge or a state inspector on energy supervision shall impose the following penalties:

15.1.1 Imposition of fines of up to MNT 250,000 on a transmitter for breaching provision

8.1.2 of this law.

15.1.2. Imposition of fines of up to MNT 50,000 on officials for breaching provision 7.3.2 of this law, who rejected or delayed compensation payment without justification.

Signature

LAW OF MONGOLIA

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