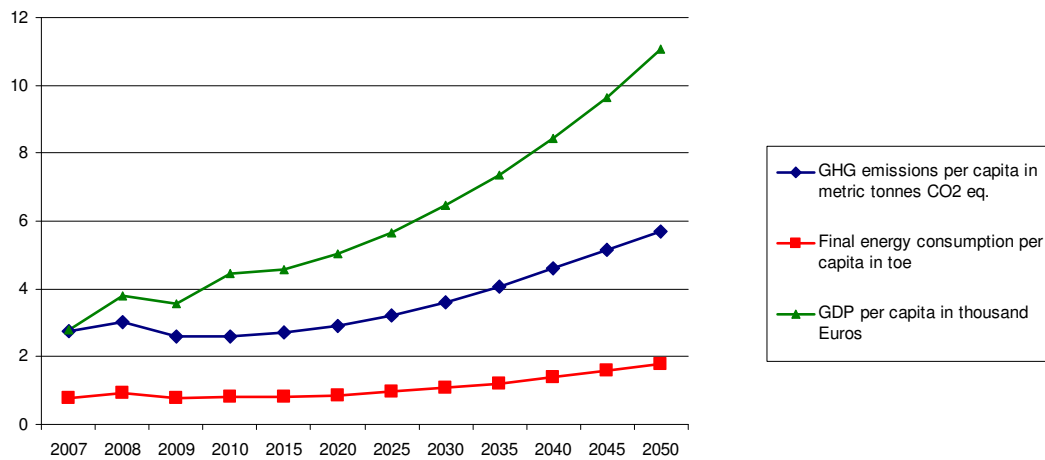


General Information

Table 2: Emission Trading

CDM	
Project priorities	Capacity building Engagement for the new carbon market mechanism to be developed following the 17 th Conference of Parties to the UNFCCC (EC, 2012). Highest emission reduction potential: energy sector: landfill gas, renewable energies industry: energy efficiency forestry (BMU, 2008)
Registered projects	7 (http://cdmpipeline.org/)
Pertinent authority	Ministry of the Environment



Graph 3: Trends of national indicators (Current policy mixture)

National Contact Points

Ministry of Industry and Energy www.mie.gov.az

Ministry of Ecology and Natural Resources www.eco.gov.az/en

State Agency on Alternative and Renewable Energy Sources www.abemda.az

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Azeri partner

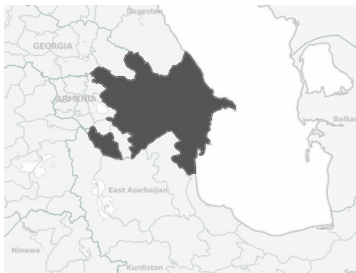
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The FP7 funded project PROMITHEAS – 4, with three (3) years duration, aimed at the development and assessment of Mitigation / Adaptation climate change policy portfolios for 12 countries with developing economies. In close cooperation with the governments of the beneficiary countries, scientists from their academic institutions, located in 14 countries, developed policy mixtures based on the existing official policies and data, and further to that, gained and transferred know – how among scientists, policy and decision makers and market stakeholders.

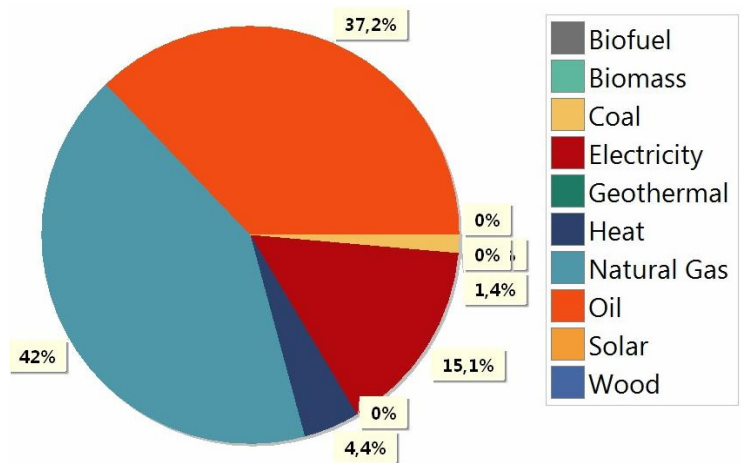


Country Overview (2010)

Surface area: 86.600 km²
 Population (in million): 9,049
 Growth rate of GDP real: 5%
 GDP per capita (million EUR): 4,440
 GHG emissions per capita (in metric tones CO₂ equivalent): 9.57
 Gross inland consumption per capita (in toe): 15.1

Abbreviations

- CDM:** Clean Development Mechanism
- EE:** Energy Efficiency
- FP7:** Seveth Framework Programme
- GHG:** Green House Gas
- GIS:** Green Investment Scheme
- GDP:** Gross Domestic Product
- Ji:** Joint Implementation
- Km:** kilometers (1.000 meters)
- M/A :** Mitigation / Adaptation
- RES:** Renewable Energy Sources
- Toe:** tonnes of oil equivalent
- UNFCCC:** United Nations Framework Convention on Climate Change



Graph 1: Fuel percentages in Final Energy Demand (2010)

Climate Change Policy

Ratified international agreements

UNFCCC – 1995
 Kyoto Protocol - 2000

National Targets

GHG: reduction by 20% of the conditional fuel used for 1 KW of energy so as to reduce green-house (GHG) emissions in the energy sector by 2015.

RES: 20% share of renewable energy in electricity (10% in 2011: 9,8% hydropower, 0,2% other RE) and 9,7% share of renewable energy in all energy consumption (2,3% in 2011)

EE: Commitment to EC (2010) but no specific targets available.

Other: none

Policy instruments implementation

Mitigation / sector

Buldings: none
 Industry: none
 Transport: Customs tarrifs
 Energy: Thermal power plants. Regulatory standards
 - Subsidy (Feed-in-tariffs) - Regulatory standards -
 Tradable permits - Regulatory standards (combined type)
 Waste management: Regulatory standards

Adaptation / sector

Agriculture, Forestry: none
 Water Management: Water fees

Table 1: Sectors with perspectives for RES and EE

	Energy	Residential	Industrial	Service	Transport
RES	X	X	-	-	-
EE	X	-	-	-	-

Policy Mixtures

During PROMITHEAS – 4 project, three (3) scenarios were developed, Business as Usual (BAU), Optimistic (OPT) and Pessimistic (PES), that concluded to three policy mixtures, the Current, Enhanced and Conservative.

Current

This mixture concerns the time evolution of the already implemented mitigation and adaptation policy instruments (set into force before 31 December 2010) in Azerbaijan until the year 2050 and has only one main component, the promotion of RES. There are no specific obligations to purchase renewable energy, only defined tariffs exist for the generating companies so as to sell energy in the wholesale market. The adaptation climate policy concerns water management with only one policy instrument implemented, that of water fees.

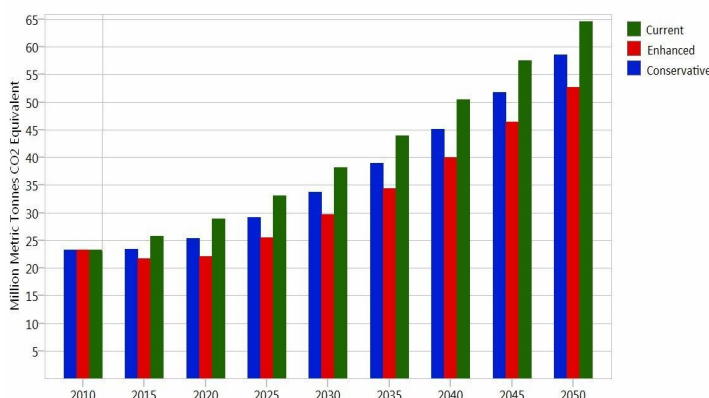
Enhanced

This mixture is structured by: i) the policy instruments adopted after 1st January 2011 as well as plans of the country and supports: ii) the introduction of efficient technologies in almost all sectors, targeting to the maximum reduction of GHG emissions through the maximum exploitation of the potential of the country in energy efficiency and renewable energy sources and iii) the necessary infrastructure for the adaptation of the country towards the minimum – in size and extent - expected climate change impacts. It has the highest direct contribution to the GHG emission reductions and the best performance in political acceptability since it is the best cost effective for the target groups (residential, industrial, energy and transport sectors) compared to the other two policy mixtures .

Conservative

It is structured by: i) the M/A policy instruments that the country has set into force after 1st January 2011; ii) not full exploitation of the national potential in energy efficiency and renewable energy sources and iii) by facing the worse expected impacts of climate change.

Although it projects better results than the Current policy mixture, due to the less ambitious use of resources and measures, it will provide less effective results regarding the reduction of GHG emissions.



Graph 2: Historical and projected GHG emissions, according to the 3 policy mixtures

Research needs and gaps related Climate Change policy issues

Lack of complete data for certain sets of variables in developing M/A policy portfolios; no available information about climate change impacts, inadequate national implementation network, lack of capacity building building on development and assessment of climate change M/A policy portfolios.