

## Unofficial translation

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## 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 of power using renewable energy sources and its delivery.

## Article 2. Legislation

2.1. Legislation on renewable energy shall consist of the Energy Law<sup>1</sup>, this law, and other laws and legal acts adopted in conformity with them.

2.2. If the International Treaties to which Mongolia is a signatory provide differently than the present Law, then the former shall prevail.

## Article 3. Application framework of the law

3.1. This law shall apply to citizens and legal entities that generate and deliver electricity and/or heat using renewable energy sources within the territories of Mongolia.

/ This part was amended according to the law dated June 06, 2019 /

3.2. Unless otherwise stated in laws, this law shall not regulate relations concerning use of renewable energy power sources designed for consumer's own supply.

## Article 4. Definitions of legal terminology

4.1 The following terms used in this law 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 stipulated in provision 4.1.1 of this law into electricity and/or heat;

4.1.4. "Renewable energy" means electricity and/or heat energy produced by a facility stated in provision 4.1.3 of this law;

1 Energy Law- „State Information“ Gazette No. 6, 2001

4.1.5. "Stand alone renewable energy power source (hereinafter Stand alone power sources)" means hybrid and/or non-hybrid renewable energy power sources not connected to the Grid;

4.1.6. "Generator" means a licensee for generation of electricity and heat specified in provision 13.1 of the Energy Law;

4.1.7. "Transmitter" means a licensee for transmission of electricity and heat specified in provision 14.1 of the Energy Law;

4.1.8. "Consumer" means a citizen or a legal person specified in paragraph 3.1.19 of the Energy Law;

/ This part was amended according to the law dated June 06, 2019 /

4.1.9. "Supporting tariff" means a tariff included in energy price for the purpose of promoting renewable energy.

4.1.10. "Project selection" means a competitive bidding process for a project to build a renewable energy power system to be connected to the power transmission network based on the specified technical requirements and price for delivering power to the integrated network;

/ This part was amended according to the law dated June 06, 2019 /

4.1.11. "Project implementation guarantee" means funds deposited in the bank and a bank guarantee submitted by a project participant confirming the full implementation of the project;

/ This part was amended according to the law dated June 06, 2019 /

4.1.12. “National Dispatching Center” means a licensee specified in paragraph 10.1 of the Energy Law;

/ This part was amended according to the law dated June 06, 2019 /

## CHAPTER TWO

### FULL POWERS OF STATE AUTHORITIES

#### Article 5. Full Powers of State Authorities with regard to Renewable Energy

5.1. The State Ikh Hural shall define state policies on renewable energy and make decisions on transferring stand alone power sources, construction of which was financed by the state budget, to local properties.

5.2. The Cabinet shall organize implementation of laws and legislation on renewable energy and approve a list of soums, consumers of which will be supplied by stand alone power sources.

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

5.3.1. Develop and implement state policies on renewable energy,

5.3.2. Carry out feasibility studies and develop investment cost estimates for constructing renewable energy power sources to be financed by the state budget,

~~5.3.3. Draft standards on operation, safety and maintenance of renewable energy equipment and have them approved in compliance with relevant procedures;~~

/ This provision was annulled by the law dated December 19, 2008 /

5.3.4. Develop a policy on preparing human resource in a renewable energy field and implement the policy in collaboration with the state administrative authority in charge of education;

5.3.5. Develop and approve rules and procedures on implementing the renewable Energy Law and on regulation of relations concerning supply of electricity generated by consumer’s distributed renewable energy power system to the distribution grid.

/ This part was rephrased according to the law dated June 19, 2015 /

/ This part was amended according to the law dated June 06, 2019 /

5.3.6. Conduct study on renewable energy resources;

/ This part was added according to the law dated August 17, 2012 /

5.3.7. Develop norms, rules and standards for operation, safety, repair, maintenance and service of renewable energy equipment and facility, approve them in accordance with relevant procedures and monitor their implementation.

/ This part was added according to the law dated August 17, 2012 /

/ This part was rephrased according to the law dated June 19, 2015 /

5.3.8 to develop and approve project selection rules and procedures;

/ This part was amended according to the law dated June 06, 2019 /

5.3.9. The following principles shall be adhered to with regard to organizing the project selection:

5.3.9.a. In accordance with the state policy on renewable energy development and sustainable operation of the integrated energy network, the location of the project, type of technology and installed capacity of the project, and the amount of energy to be purchased per year shall be determined in advance;

5.3.9.b. to be competitive in terms of prices offered to integrated power network and renewable energy equipment, technology.

5.3.9.c. Be transparent, fair, and competitive

/ This part was amended according to the law dated June 06, 2019 /

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

~~5.4.~~ /This part was added according to the law dated December 19, 2008

/ This part was annulled by the law dated August 17, 2012

5.5. Governors of aimags, and the capital city, and the soums, and districts shall exercise the following full powers:

5.5.1. Review tariff applications of a generating licensee that uses a renewable energy power source connected to the grid in accordance with Article 11 of this law;

5.5.2. Approve a sample agreement to be concluded by and between a transmitter and a generator that uses a renewable energy power source and monitor the contract implementation.

5.5.3. Promote the importance of using renewable energy to business entities, organizations and citizens;

/The numbering of this part was changed according to the law dated December 19, 2008 /

5.5.4. Lease of the standalone generators owned by local municipalities to citizens and legal entities.

/The numbering of this part was changed according to the law dated December 19, 2008 /

5.6. The Energy Regulatory Commission shall exercise the following full powers:

/ This part was amended according to the law dated June 19, 2015 /

This part was amended according to the law dated June 19, 2015 /

5.6.1. Review tariff applications of a generating licensee with a generation unit to be connected to the transmission network in accordance with Article 11 of this law;

/ This part was amended according to the law dated June 06, 2019 /

5.6.2. To approve the sample agreement to be concluded between the National Dispatch Center and generator to be connected to the transmission network and to monitor the implementation of the contract.

/ This part was amended according to the law dated June 06, 2019 /

5.6.3. To set the amount of supporting tariff that is to be purchased by consumer;

This part was amended according to the law dated June 19, 2015 /

5.6.4. To set prices and tariffs in due time after the expiration of the power purchase agreement.

/This part was amended according to the law dated December 19, 2008 /

/This part was added according to the law dated June 19, 2015 /

5.6.5. Review and set electricity prices and tariffs generated by consumer's distributed renewable energy power system and to be delivered to the distribution grid annually.

/ This part was amended according to the law dated June 06, 2019 /

## CHAPTER THREE LICENSE

### Article 6. Construction of a Renewable Energy Power Source

6.1. A legal entity interested in constructing a renewable energy power source shall obtain a license for construction of energy facilities specified in Article 20 of the Energy Law;

6.2. A licensee stated in provision 6.1 of this law may hold a license for generation;

### Article 7. A License for Generation of Renewable Energy

7.1. A legal entity interested in generation of renewable energy shall obtain a license for generation of electricity and heat in compliance with provision 13.1 of the Energy Law;

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

7.2.1. Deliver its electricity to the nearest connection point of transmission network,

7.2.2. Be responsible for financing the cost of power transmission from the renewable energy power source till the connection point of the transmission network

7.3. A generator using a stand alone power source shall have the following rights and duties:

7.3.1. Deliver produced electricity to distribution network using a calibrated meter, and

7.3.2. Reimburse the Government for the difference in the price of electricity sold to consumers in the territory specified in the license.

7.2.3. Follow regime requirements by a licensee for dispatching regulation.

/This part was amended according to the law dated January 23, 2015 /

7.4. Provision 11.2 of this law shall not apply to generators using renewable energy power sources constructed by public investment.

/This part was amended according to the law dated June 19, 2015 /

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

7.6. A generator of renewable energy using a stand alone power source may hold a license for unregulated supply.

#### Article 8. National Dispatch Center's Duties

/ The title of this article was amended according to the law dated June 06, 2019 /

8.1. The National Dispatch Center shall have following duties:

/ This part was amended according to the law dated June 06, 2019 /

8.1.1. Purchase power from a generator at tariffs approved in compliance with

Article 11 of this law,

8.1.2. Carry out expansion works except connecting the generator to the transmission grid's switch gears in compliance with the technical requirements and bear the costs of the expansion.

/ This part was amended according to the law dated June 06, 2019 /

#### Article 9. Obtaining a License

9.1. An interested legal entity shall submit an application for a license for constructing a renewable energy power source and/or for a generation to the Energy Regulatory Commission, or to the relevant Regulatory Boards of Aimags and Capital city.

/ This part was amended according to the law dated June 19, 2015 /

9.2. The following documents shall be attached to the application stated in provision 9.1 of this law in addition to documents specified in 21.2 of the Energy Law:

9.2.1. A copy of the land possession certificate issued for the purpose of locating the renewable energy source (the authorized person receiving the document shall verify the copy with the original and make a note on the authenticity of the copy free of charge), or a notarized copy if the copy was submitted via post;

/ This part was rephrased according to the law dated February 10, 2011 /

9.2.2. A plan for reprocessing and/or disposing accumulators with completed useful life being used in a renewable energy power source

9.2.3. Studies on soil, flora, geological and hydro-geological conditions, geographical location, land surface, air pressure, weather, wind regime, and water study for cases of constructing facilities which will use hydro sources,

9.2.4. A statement issued by an authority with regard to compliance of equipment, technology and facilities of a renewable energy power source with national and international standards,

9.3. The subject matters related to issuance of a license, amendments and additions to and renovation of a license, suspension and termination of a license, extension of license terms, and obligations of a licensee shall be regulated by the Energy Law.

#### Article 10. Power Purchase/Sale Agreement

10.1. A power purchase agreement between a renewable energy producer and a National Dispatch Center shall be concluded in accordance with a sample agreement approved by the Energy Regulatory Commission.

/ This part was amended according to the law dated June 06, 2019 /

10.2. An agreement stated in paragraph 10.1 of this law shall specify power capacity to be generated and delivered, quality standards, amount, tariff, duration, project implementation guarantee, location of meters and measuring devices, their type, model, accuracy, coefficients, ID numbers, terms of electricity payment and settlement, justifications for contract termination, responsibilities and liabilities of contract parties.

/ This part was amended according to the law dated June 06, 2019 /

10.3 The term of the agreement shall be determined in accordance with the payback period of the investment.

/ This part was added according to the law dated June 19, 2015/

## CHAPTER FORE PRICE AND TARIFF

### Article 11. Renewable Energy Price and Tariff

11.1 The Energy Regulatory Commission shall set prices and tariffs for energy produced and supplied by renewable energy sources connected to the transmission network within the following limits:

/ This part was amended according to the law dated June 19, 2015 /

11.1.1. up to USD 0.085 for 1 kWh of electricity generated and delivered by wind power generators;

/ This paragraph was amended according to the law dated June 06, 2019 /

11.1.2. US\$ 0.045-0.06 per kWh of electricity generated and delivered by a hydro power plant with capacity of less than 5000 kW;

11.1.3. up to USD 0.12 for 1 kWh of electricity generated and delivered by a solar power system.

/ This paragraph was amended according to the law dated June 06, 2019 /

11.2. A tariff difference of renewable energy power sources specified in provision 11.1 of this law shall be absorbed in tariffs of other generating licensees connected to the grid.

/ This part was rephrased according to the law dated June 19, 2015 /

~~11.3. The Regulatory Boards of aimags and capital city shall set tariffs of energy generated by stand alone power sources within the following limits:~~

~~11.3.1 US\$ 0.10-0.15 per kWh of electricity by a wind power source;~~

~~11.3.2. US\$0.08-0.10 per kWh of electricity by a hydropower plant with capacity of less than 500 kW;~~

~~11.3.3. US\$0.05-0.06 per kWh of electricity by a hydropower plant with capacity of 501-2,000 kW;~~

~~11.3.4. US\$0.045-0.05 per kWh of electricity by a hydropower plant with capacity of 2,001-5,000 kW;~~

~~11.3.5. US\$ 0.2-0.3 per kWh of electricity by a solar power source.~~

/ This part was annulled according to the law dated June 06, 2019 /

11.4. The Energy Regulatory Commission, the Regulatory Boards of Aimags and Capital city shall consider the following conditions in setting prices and tariffs of electricity generated by consumer's distributed renewable energy power system and delivered to a distribution grid:

/ This part was amended according to the law dated June 19, 2015 /

/ This part was amended according to the law dated June 06, 2019 /

11.4.1. Geographical location, infrastructure development, socio-economical development in the particular region,

11.4.2. Affordability of consumers.

11.5. The Energy Regulatory Commission shall set prices and tariffs of electricity generated and delivered by a renewable energy power system using geothermal energy, biomass and renewable energy sources other than specified in paragraph 11.1 of this law considering the social impacts of such prices.

/ This part was amended according to the law dated June 06, 2019 /

11.6. Prices and tariffs for hydropower plants to be connected to the energy system and regulating the regime shall be determined by the Energy Regulatory Commission based on their actual cost and feasibility study.

/ This part was added according to the law dated June 19, 2015 /

11.7. The price and tariff limits specified in paragraph 11.1 of this Law shall be set in accordance with the payback period of the investment.

/ This part was added according to the law dated June 19, 2015 /

/ This part was amended according to the law dated June 06, 2019 /

11.8. Paragraph 11.1 of this law shall not apply to electricity export activities.

/ This part was amended according to the law dated June 06, 2019 /

#### Article 12. Effective Period of Price and Tariff

12.1. Renewable energy prices and tariffs shall be effective from the date of entry into force of this law.

/ This part was rephrased according to the law dated June 19, 2015 /

### CHAPTER FIVE RENEWABLE ENERGY FUND

#### ~~Article 13. Renewable Energy Fund~~

~~13.1. The Law on Government's Special Funds<sup>2</sup> shall regulate relations concerning establishment of the Renewable Energy Fund, generation and disbursement of the fund sources and reporting.~~

/ The Chapter 5 was annulled according to the law dated January 23, 2015 /

### CHAPTER SIX

#### MISCELLANEOUS

#### Article 14. Dispute Resolution

14.1. A dispute between a generator of renewable energy and a transmission licensee or between a licensee and a consumer shall be resolved in compliance with procedures stipulated in the Energy Law.

#### Article 15. Liabilities to be Imposed for Violation of Law

15.1. An official who has violated Article 7.3.2 of this Law shall be called to account via Civil Service Law.

/ The provision was rephrased according to the law dated December 04, 2015 /

15.2 A person or legal entity that violates this Law shall be called to account via either the Criminal Code or the Law on Violations.

/ The provision was rephrased according to the law dated December 04, 2015 /

Ts. Nyamdorj

Speaker of the State Ikh Hural