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# RENEWABLE ENERGY



# Investors guide on implementation of Renewable Energy Projects in Uzbekistan

## GENERAL INFORMATION

### Legislation

The implementation of RE projects in Uzbekistan is regulated by the Law on use of Renewable Energy sources which entered into force on 22 May 2019. It is the first statute that provides comprehensive regulation of the sector of RE in Uzbekistan.

Uzbek Renewable Energy law covers not only generation of electricity from renewable energy, but also the production of the equipment that generates such energy.

Under the RE law the renewable energy sources are defined energy of solar, wind, geothermal, hydrothermal, hydropower, biomass, which are naturally renewed in the environment.

### The main institutions acting in the Republic of Uzbekistan in the sphere of RE projects:

- 1. Ministry of Economy** — Responsible for development programs on modernization of sectors, and introduction of advanced and resource-saving technologies;
- 2. Ministry of Finance** – regulates and sets tariffs;
- 3. Cabinet of Ministers** – Coordinates country's energy policy;
- 4. Uzbekenergo**-Vertically integrated and state electricity company owning over 97 percent of the country's generating capacity, responsible for distribution and transmission;
- 5. UZINFOINVEST**-Investment agency responsible for consulting and attracting foreign investors;
- 6. Ministry of Agriculture and Water Resources**-manages the Uzsuvenergo company, responsible for the operation of the small hydropower plants in the country.

### The opportunities to finance a RE project in Uzbekistan:

- EBRD
- IFC
- ADB

### Tariffs

Tariffs for electricity generated from renewables will be determined based on a competitive bidding process. All costs for purchasing electricity, including electricity from renewable energy sources, will be taken into account while setting the tariffs for end consumers.

### Tax incentives

New Tax Code, adopted in December 30,2019 provides following tax incentives for RE projects:

- RenPower producers exempt from Property Law and Tax on RenPower facilities for 10 years from commissioning (>10 MW);
- Producers of RenPower equipment exempt from all taxes for 5 years from incorporation;
- Individuals using RenPower and disconnected from grid exempt from Property Tax for 3 years;
- Persons (natural and legal) using RenPower and disconnected from grid exempt from Land Tax for 3 years;

# MAIN ASPECTS OF IMPLEMENTING RE PROJECT IN UZBEKISTAN

## Auctions

Uzbekistan ran its first solar site-specific auction in 2018-19 with the assistance on structuring and implementation from IFC, a member of the World Bank Group. The 2nd and the 3rd auctions are under preparations thus making it a systematic scheme

However, currently Uzbek legislation lacks proper regulations for the procedure of conducting RE auctions. Nevertheless, it is understood, that the procedure of the bidding process will be further determined in the subordinate legislation.

## PPA

As of today, there is no standard form of power purchase agreement (PPA). However, it is expected that the PPA is to be drafted and approved by the Ministry of Energy in the near future.

## Connection of power producers to the single electricity system

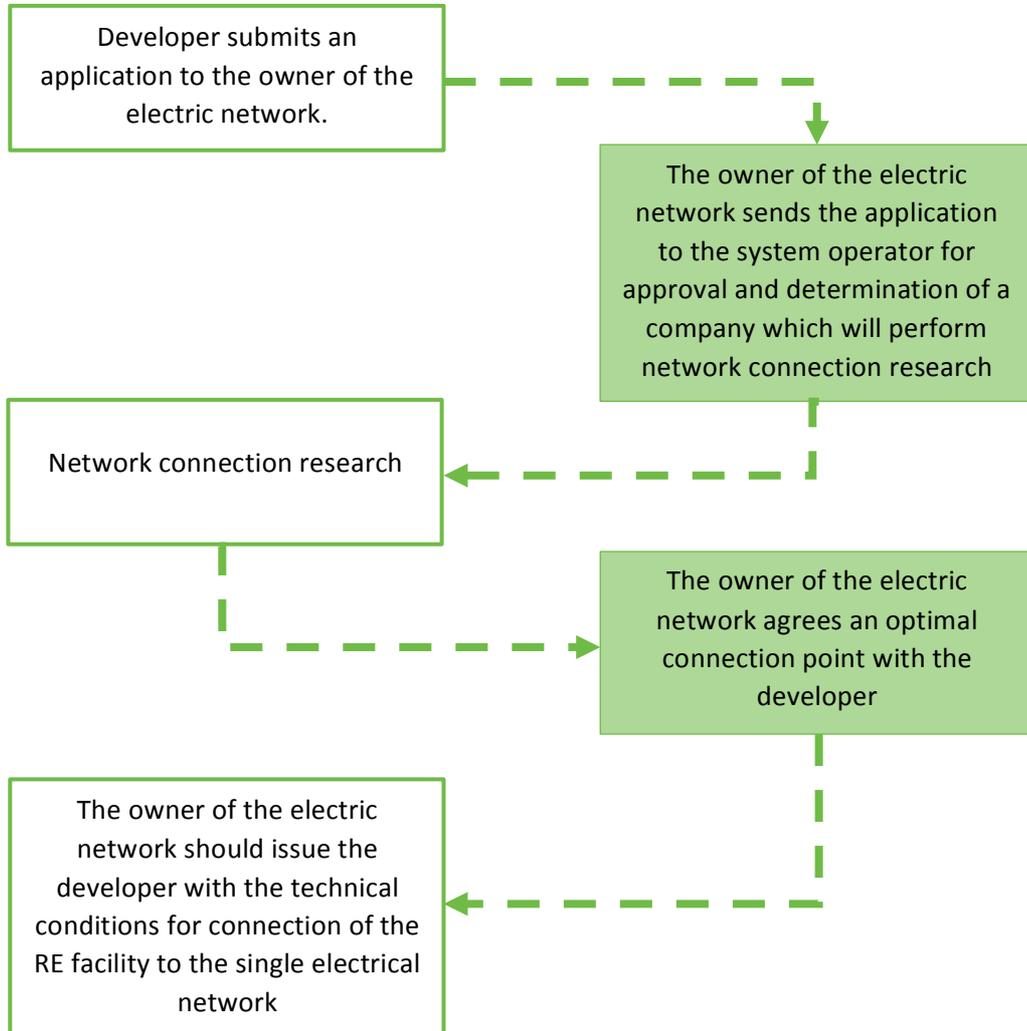
The government guarantees connection of power producers to the single electricity system. The government also gives territorial electricity networks the right to enter into contracts with power producers with the approval of the responsible bodies.

## Project Documentation

Stage 1	Stage 2
<p>Development and examination of terms of reference (TOR) for the development of a technical-and economic assessment (TEA)/technical-and-economic report (TER):</p> <ul style="list-style-type: none"> <li>▪ Development of the TOR for the development of TEA/TER and its approval</li> <li>▪ Examination of the TOR with the issuance of a positive opinion or comments</li> <li>▪ Elimination of the comments and resubmission of the TOR to Expertise Centre</li> <li>▪ Review of the re-submitted TOR with the issuance of an opinion</li> </ul>	<p>Development and examination of TEA/TER:</p> <ul style="list-style-type: none"> <li>▪ Development of TEA/TER based on an approved TOR, taking into account the development of sources and preliminary conditions for financing the implementation of the project</li> <li>▪ Examination of the TEA/TER of the project with the issuance of a positive opinion or comments</li> <li>▪ Elimination of comments and reintroduction of the TEA/TER of the project to the Expertise Center</li> <li>▪ Examination of the adjusted TEA/TER of the project with the issuance of a conclusion</li> <li>▪ On the basis of a positive conclusion of the Expertise Center preparation of the corresponding decision on the approval of the parameters of the TEA/TER of the project</li> <li>▪ Preparation and examination of working documentation, tender and other documentation</li> </ul>

### Technical conditions

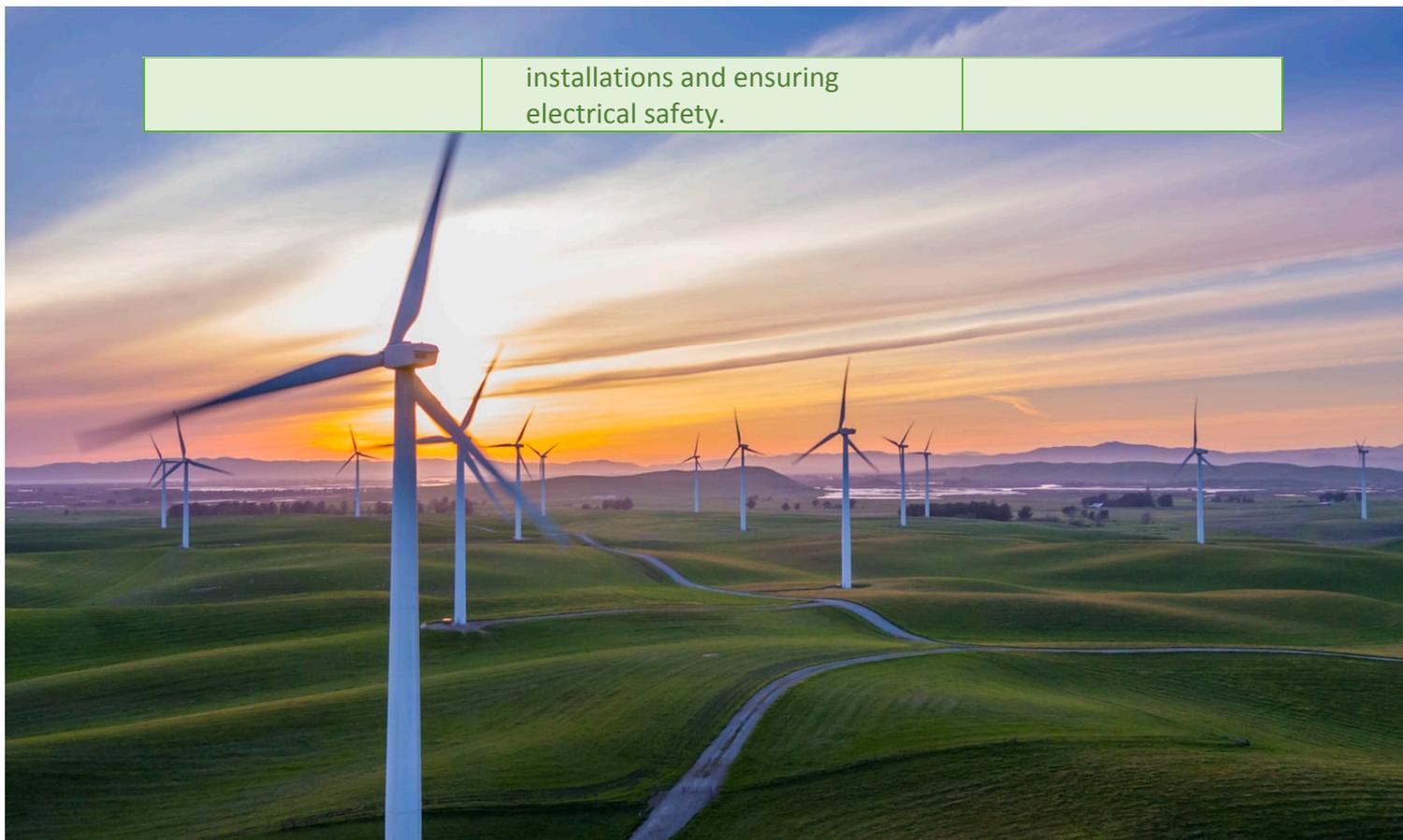
To be connected to the grid, a developer should receive technical conditions. Technical conditions lose their force, within 3 years from the date of its issuance.



### Grid connection

<b>Development of the power supply project</b>	<b>Commissioning of the RE installations</b>	<b>Signing agreement on connection of RE facilities</b>
<p>After receipt of the technical conditions RE developer applies to a specialized design organization, which should develop a power supply project. It should be agreed with the authorized body and Uzenergo inspection.</p>	<p>The developer should then:</p> <ul style="list-style-type: none"> <li>▪ develop the start scheme and agree it with the owner of the grid and system operator;</li> <li>▪ carry out testing of commissioning of electrical installations for the production of electric energy after inspection and obtaining permission from Uzenergo inspection for their admission to operation;</li> <li>▪ be responsible for the proper</li> </ul>	<p>The energy generating and transmitting organizations must sign contract on the renewable energy facility's connection to the grid. The energy generating organization has to sign a contract for technical dispatching after the start of</p>

installations and ensuring  
electrical safety.



### About Unicase

Unicase was a pioneer with Institutional and Regulatory work and remains the most active firm in Central Asia in Renewable Energy sector.

Unicase partners and senior lawyers have extensive experience with leading international law firms, international development banks and government organizations.

Our team provides cross-border transactions and industry regulatory advice, acting as a single window for international and national clients.



+7 (727) 344 92 92  
+7 (727) 293 93 76  
info@unicaselaw.com



18 Said Barak Street  
**Tashkent** 100060  
Uzbekistan



Al-Farabi Ave. 19  
Nurly Tau BC  
Block 1B Office 204  
**Almaty** 050059  
Kazakhstan