

RENEWABLE ENERGY LAW OF MONGOLIA

CHAPTER ONE./GENERAL PROVISIONS/

Article 1. The Purpose of the law

- 1.1. The purpose of this law is to regulate generation and supply of energy utilizing renewable energy sources.

Article 2. Legislation

- 2.1. Renewable energy related legislation consists of the Energy Law, this law and other legislative acts adopted in conformity with these laws.
- 2.2. If an international treaty to which Mongolia is a party provides otherwise, the provisions of the international treaty shall prevail.

Article 3. Scope of the law

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

Article 4. Definitions

- 4.1. In this law, the following terms shall have the following meanings:
 - 4.1.1. “**Renewable energy sources**” means naturally restorable or renewable resources 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 transmission network;
 - 4.1.6. “**Generator**” means a license holder for generating electricity and/or heat as stipulated in provision 13.1 of the Energy Law;
 - 4.1.7. “**Transmission licensee**” means a license holder 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 entity as stipulated in provision 3.1.13 of the Energy Law.
 - 4.1.9. “**Feed-in Tariff**” means energy tariff included in order to support renewable energy.
/This provision was added on June 19th, 2015/

CHAPTER TWO./STATE COMPETENCE/

Article 5. State competence with regard to renewable energy

- 5.1. The State Ikh Hural shall have competence over development policy of renewable energy sector and transfer of ownership of state-funded independent renewable energy power source into local properties.
- 5.2. The Cabinet shall be responsible for implementation of laws on renewable energy, and shall approve a list of soums to be supplied with electricity and heat generated by an independent renewable energy power source.

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- 5.3. The State Administrative Authority in charge of energy shall exercise the following full powers:
- 5.3.1. Develop and implement government policy on renewable energy sector;
 - 5.3.2. Develop economic and feasibility studies for constructing state-funded renewable energy power sources;
 - 5.3.3. Develop and approve maintenance, safety, and operation standards of renewable energy equipment in compliance with relevant procedures;
/This article was repealed by the law of December 19, 2008/
 - 5.3.4. Develop and implement human resource policies on renewable energy in collaboration with the State Central Administrative Authority in charge of education;
 - 5.3.5. Develop and approve regulations on implementation of Renewable Energy Law .
 - 5.3.6. Conduct research work on renewable energy resource;
/This provision was added on August 17th, 2012/
 - 5.3.7. Develop rules and standards on renewable energy equipment, technical tool utilization, safety, repair work and service norm, receive approvals, and monitor the implementation.
/This provision was added on August 17th, 2012/
/This provision was re-edited on June 19th, 2015/
- ~~5.4. The Governors of Aimags, the Capital City, Soums and Districts shall exercise the following full powers:~~
- ~~5.4.1. Incorporate sites for constructing independent renewable energy power sources in land development plans of respective aimags, districts and soums;~~
 - ~~5.4.2. Approve land possession and use permits for renewable energy power sources in compliance with legal requirements stipulated in laws;~~
 - ~~5.4.3. Advertise and educate legal entities and individuals of the importance and effectiveness of renewable energy use;~~
 - ~~5.4.4. Lease locally owned independent renewable energy power sources to an entity or an individual.
/Was annulled by the law dated August 17, 2012/~~
- 5.5. Aimags, capital, sum's governors shall exercise the following full powers:
- 5.5.1. Include the location of renewable energy generators in the aimag, capital, sum, district's land Organizing plans;
 - 5.5.2. Settle issues related to locating renewable energy generators, and issuing and owning land for that purpose in accordance with laws and legislations;
 - 5.5.3. Promote importance of renewable energy utilization to citizens and entities;
 - 5.5.4. Rent stand-alone generators owned by the region, to citizens and entities.
/This provision was amended on December 19th, 2008/
- 5.6. The Energy Regulatory Commission shall exercise the following full powers:
- 5.6.1. Scrutinize and approve price tariffs for energy produced and supplied by power source generator connected to transmission network as set forth Article 11 of this Law;
 - 5.6.2. Approve and ensure enforcement of a model agreement with the transmitter of power source generator connected to transmission network.
 - 5.6.3. Set feed-in tariff amounts for consumers to buy;
/This provision was added on June 19th, 2015/
 - 5.6.4. Set price and tariffs each time after power purchase agreement duration expires.
/This provision was added on June 19th, 2015/
/This provision was amended on December 19th, 2008/

CHAPTER THREE./LICENSE/

Article 6. Construction of a Renewable Energy Power Source

- 6.1. A legal entity shall obtain a license as set forth in Article 20 of the Energy Law to construct a renewable energy power source.

6.2. A license holder set forth in Article 6.1 of this Law may be a generator.

Article 7. License for Generation of Renewable Energy

- 7.1. A legal entity shall obtain a license as set forth in 13.1 of the Energy to generate electricity and heat using a renewable energy.
- 7.2. A generator connected to transmission network shall have the following rights and duties:
- 7.2.1. Deliver electricity to the nearest power source connection of a transmission network;
 - 7.2.2. Cover electricity transmission costs from renewable energy power source to the transmission network connection;
 - 7.2.3. fulfill requirements of a license holder responsible for dispatching regulations.
- 7.3. A generator of renewable energy using an independent renewable energy power source shall have the following rights and duties:
- 7.3.1. deliver produced electricity to local networks using a calibrated meter;
 - 7.3.2. be compensated from the Renewable Energy Fund for any tariff difference induced by supply of electricity to local consumers as indicated in the license.
- /This article was amended on January 23, 2015 the law/*
- 7.4. Article 7.3.2 of this law is not applicable to a state-funded, renewable energy power source generator.
- 7.5. An independent power source generator producing renewable energy shall obtain a license for regulated supply of energy.
- 7.6. An independent power source generator producing renewable energy may be a license holder for unregulated supply of energy.

Article 8. Rights and Duties of a Transmission License

- 8.1. A transmission licensee has the following rights and duties:
- 8.1.1. purchase electricity supplied by a generator at tariffs approved as set forth in Article 11 of this law;
 - 8.1.2. connect a generator to distribution board of a transmission network in compliance with technical requirements, expand and finance the required capacity expansion.

Article 9. Obtaining a License

- 9.1. An interested legal entity shall submit an application for a license to construct and/or generate a renewable energy power source to the Energy Regulatory Authority or relevant regulatory boards of aimag and capital city.
- /June 19, 2015, on the day the law was amended/*
- 9.2. In addition to documents set forth in Article 21.2 of Energy Law, the following shall be attached to the application set forth in 9.1. of this law :
- 9.2.1. A certified copy of the land ownership license issued for the purpose of establishing renewable energy power source;
 - 9.2.2. A plan for disposal and reprocessing of renewable energy power sources accumulators whose useful life is expired;
 - 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 energy power sources;
 - 9.2.4. A certificate issued by the relevant administrative authority ensuring that equipment and facilities of renewable energy power source meet international and national standards.
- 9.3. Issues relevant to obtaining a licenses, its extension, amendments, renewal, suspension, revocation and license holder liabilities shall be regulated by the Energy Law.

Article 10. Power Purchase Sale Agreement

- 10.1. Power purchase/sale agreement between a generator and a transmission licensee shall be concluded in compliance with a model agreement approved by the Energy Regulatory Authority.
- 10.2. Power purchase/sale agreement set forth in Article 10.1 of this law shall specify capacity of electricity generated and delivered, its quality, amount, 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 for termination of the agreement.
- 10.3. Agreement duration shall be correlated with Return on Investment.
/This provision was added on June 19th, 2015 /

CHAPTER FOUR./PRICE AND TARIFF/

Article 11. Renewable Energy Tariffs and Prices

- 11.1. Energy Regulatory Authority shall set tariffs and prices of energy generated and supplied by renewable energy power source connected to a transmission network within the following tariff range:
/June 19, 2015, on the day the law was amended/
 - 11.1.1. Energy generated and supplied by wind power source is USD 0.08-0.095/kWh;
 - 11.1.2. Energy generated and supplied by hydropower station with capacity up to 5 000 kW is USD 0.045-0.06/ kWh
 - 11.1.3. Energy generated and supplied by solar power source is USD 0.15-0.18/kWh.
- 11.2. Price difference of electricity generated by a power source set forth in Article 11.1 of this law shall be allocated in selling prices of other generators that produce power and deliver 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 within the following tariff range:
 - 11.3.1. Energy generated and supplied by wind power source is USD 0.10-0.15/kWh;
 - 11.3.2. Energy generated and supplied by hydro power station with capacity up to 500 kW is USD 0.08-0.10/kWh;
 - 11.3.3. Energy generated and supplied by hydro power station with capacity of 501-2 000 kWh is USD 0.05-0.06kWh;
 - 11.3.4. Energy generated and supplied by hydro power station with capacity of 2 001-5 000 kWh is USD 0.045-0.05kWh;
 - 11.3.5. Energy generated and supplied by solar power source is USD 0.2-0.3/kWh.
- 11.4. Regulatory Boards of Aimag and the Capital City shall consider following features while setting prices of renewable energy generated by an independent power source:
 - 11.4.1. Geographical location, infrastructure services, stages of local economic and social development and;
 - 11.4.2. Price and tariffs shall be affordable to the consumers.
- 11.5. All other tariffs for renewable energy except those produced and supplied by geothermal, biomass power source and those set forth in Articles 11.1 and 11.3 shall be subject to the competence of the Energy Regulatory Authority with due consideration of the price social impact.
- 11.6. Backup hydro power plant's which shall be connected to the Integrated grid, price, tariff shall be set by Energy Regulatory Commission based on actual cost and feasibility studies.
/This provision was added on June 19th, 2015 /
- 11.7. Price and tariff limits stated in the provision 11.1, 11.3 shall be correlated with payback period.
/This provision was added on June 19th, 2015 /

Article 12. Duration of application of prices and tariffs

- 12.1. Prices and tariffs of renewable energy shall be stable for a period of minimum 10 (ten) years starting with the date of entry into force of this law.

~~CHAPTER FIVE./RENEWABLE ENERGY FUND/~~

~~Article 13. Renewable energy fund~~

- ~~13.1. Relations with respect to establishment of a renewable energy fund, generation of fund resources, disbursement and performance reports of renewable energy fund shall be regulated by the law on Government Special Purpose Fund.~~

~~/The fifth chapter was repealed on January 23, 2015 the law/~~

CHAPTER SIX./MISCELLANEOUS/

Article 14. Dispute Resolution

- 14.1. Any disputes between generation and transmission licensees as well as between a licensee and a consumer shall be resolved in compliance with regulations of the Energy Law.

Article 15. Penalties for Breach of Law on Renewable Energy

- 15.1. If a breach of law 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. Fine of up to MNT 250,000 on a transmitter for breaching Article 8.1.2 of this law;
 - 15.1.2. Fine of up to MNT 50,000 on an official for breach of the Article 7.3.2 of this law caused by rejection or delay of compensation payment without substantial reasons specified by law.

On Approval of National Renewable Energy Program

To increase renewable energy penetration in energy system of Mongolia, diversify energy sources, decrease air pollution and achieve social economic sustainable development of rural areas through introduction of reliable energy sources the State Great Hural of Mongolia DECREES:

1. Approve National Renewable Energy Program as attached in appendix number 1.
2. Approve list of soum centers to be supplied by renewable energy in the scope of the plan as attached in appendix number
3. Followings is charged to the Government /Ts.Elbegdorj/ to implement Renewable Energy National Plan:
 - 1/ set required funds for implementation of the plan in yearly state budget;
 - 2/ prepare bi-annual report on implementation of National Renewable Energy Program and present it to the State Great Hural;
 - 3/ organize activities to gain active involvement of international and domestic investors, get support from international donors and financial organization and use clean development mechanisms (CDM);
 - 4/ Develop law drafts in following areas and present them to the fall session 2005 of the State Great Hural:
 - a/ in establishing favorable legal environment to support energy production through utilization of renewable energy sources and to encourage local and international investment;
 - b/ in exempting from import and value added taxes of renewable energy production of main and auxiliary equipment;
 - 5/ take measures to supply hospitals and schools in remotely located soum centers from centralized power grid by renewable energy equipment;

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6/ develop subprograms to utilize renewable energy sources for water pumping, grassland and crop field irrigation; and for production of electric and thermal energy by geothermal, hydrogen, fuel cell and biomass; and implement the subprograms step by step;

4. Instruct the Cabinet /Ts.Elbegdorj/ to provide required funds for implementation of goal raised in the "100000 Solar houses (gers)" National Program to supply rural households, cattle breeding families by renewable energy sources and organize activities to introduce renewable energy sources to all herding families within 2005-2008.
5. Instruct the Standing Committees for Infrastructure, Economy, and Budget respectively to monitor implementation of this Resolution.

Signature

D.Lundeejantsan

Vice-speaker of

Speaker of the Parliament (Ikh Hural)