

Country updates about domestic/regional price trends

Update by Azerbaijan Energy Regulatory Agency

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Country update about domestic/ regional price trends

- *What are the recent price trends in your country?*
- *Are the price-regulating measures taken during Covid and/or post-Covid period (war in Ukraine, supply chain disruptions, etc.) still in effect?*
- *What are the current measures and are there any additional measures taken recently?*

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Figure 1. Average end-user tariffs, USD/1000 m³ (including VAT)

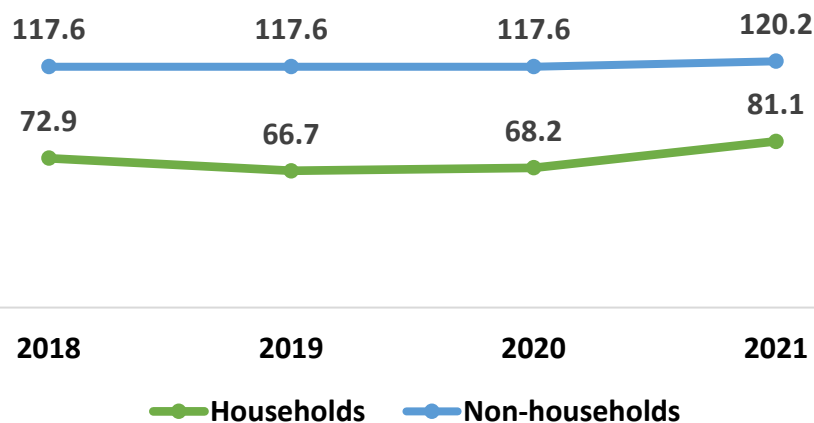
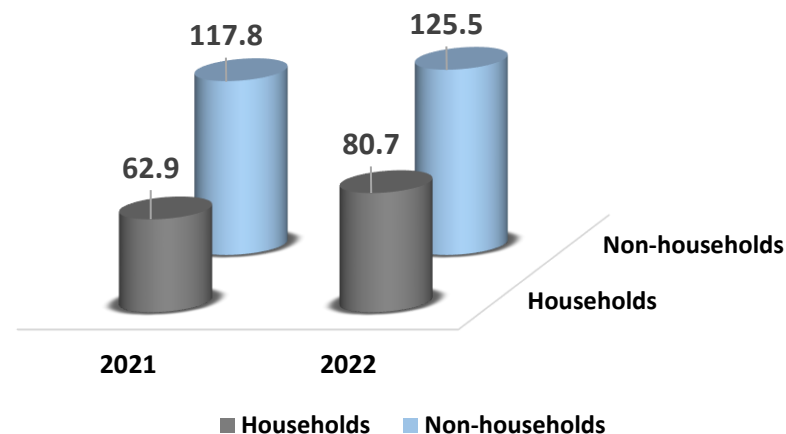


Figure 2. Average end-user tariffs, USD/1000 m³ (including VAT)



Natural Gas market has a monopolistic structure in Azerbaijan and at present, tariffs are regulated by the *Tariff (price) Council of the Republic of Azerbaijan*. New differential tariffs were approved in 2016, which were subject to change 3 times since then. Average end-user tariffs for non-households remained nearly stable from 2018 to 2020 and experienced a slight increase of 2% from 2020 to 2021. Unlike non-household tariffs, household average tariffs have fluctuated from time to time and went up nearly 20% in 2021 compared to 2020.

Comparison of 7 months indicators in Figure 2 presents that average end-user tariff for households increased significantly, about 28% in 2022 compared to 2021 while average tariff for non-household went up nearly 7%.

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No	Services	Tariffs (USD per 1000 m ³ , incl.VAT)
1	Natural gas processing	3.2
2	Transportation of natural gas	3.1
3	Injection of natural gas to underground reservoir	4.9
4	Extraction of natural gas from underground reservoir	4.9
4	Purchase of natural gas from the producers	52.9
5	Wholesale of natural gas to the gas distributors	69.4

No	Services	Tariffs (USD per 1000 m ³ , incl.VAT)
6	Retail tariffs	
6.1.	Households	
6.1.1.	annual consumption up to 1200 m ³ (including 1200 m ³)	70.6
6.1.2.	annual consumption between 1200 - 2500 m ³	117.6
6.1.3.	annual consumption more than 2500 m ³	147.1
6.2.	Non-household	
6.2.1.	For the purpose of supplying gas to the central heating systems and gas filling stations selling compressed natural gas (CNG)	97.1
6.2.2.	For the production of methanol and urea products	117.6
6.2.3.	For the industrial and agricultural areas	129.4
6.2.4.	Other areas	147.1
7	For the purpose of electricity production within the country (provided that the monthly consumption is not less than 10 million m ³)	97.1

1 USD = 1.70 AZN

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- *Are the price-regulating measures taken during Covid and/or post-Covid period (war in Ukraine, supply chain disruptions, etc.) still in effect?*
- *Azerbaijan has not faced a serious energy crisis due to COVID-19 pandemic/war in Ukraine since it is a gas exporting country and natural gas tariffs are far below than in Europe. So, no notable price-regulating measures have been taken during Covid and/or post-Covid period in regard to natural gas tariffs. The Government only increased the lower level (or point) of monthly electricity consumption limits for two months during the pandemic outbreak.*

**THANK YOU FOR YOUR
ATTENTION!**