



Energy Efficiency Obligations for Businesses in Azerbaijan

What is an energy audit?

An energy audit is a systematic assessment of an entity's energy consumption, undertaken with a view to improving energy efficiency and identifying cost-effective energy-saving opportunities.

Is an energy audit mandatory?

Energy audits are generally carried out on a voluntary basis. However, legislation establishes certain thresholds, and once these are exceeded, an energy audit becomes mandatory.

This requirement typically applies to:

- commercial entities with annual energy consumption exceeding 1,000 tonnes of oil equivalent; or
- entities operating non-residential buildings with a gross floor area of at least 10,000 square metres, or with annual energy consumption exceeding 250 tonnes of oil equivalent.

What obligations apply to entities subject to mandatory energy audits?

Entities falling within the mandatory regime are required to:

- undertake an energy audit at least once every three years; and
- appoint an energy manager responsible for overseeing and managing energy consumption within the organisation.

What are the qualification requirements for an energy manager?

An energy manager must:

- hold a higher education qualification in energy or a relevant technical discipline;
- possess a minimum of three years' relevant professional experience; and
- successfully pass an attestation conducted by a commission established by the employer, with participation of the Ministry of Energy.

How are energy audits conducted?

Energy audits are required to be performed by entities that are duly accredited and registered as energy auditors with the Ministry of Energy of the Republic of Azerbaijan. Such services are generally delivered on the basis of a contractual agreement between the auditor and the client.

Is there an exemption from mandatory energy audits?

Entities that have implemented an energy management system ("EMS") are exempt from the requirement to conduct mandatory energy audits. The EMS must be established and operated in accordance with the applicable state standard based on ISO 50001 and must be certified by an accredited party.

For the avoidance of doubt, the exemption from the mandatory energy audit requirement does not relieve an entity of its obligation to appoint an energy manager, where such obligation applies.

What are the consequences of non-compliance?

Non-compliance with the mandatory requirements for energy audits and the appointment of an energy manager may lead to administrative liability under the Code of Administrative Offences, including fines of up to AZN 3,000.

Sources

- Law of the Republic of Azerbaijan "On Efficient Use of Energy Resources and Energy Efficiency" dated 9 July 2021;
- Decrees of the Cabinet of Ministers of the Republic of Azerbaijan No. 309 dated 17 August 2022; No. 310 dated 17 August 2022; No. 434-436 dated 8 December 2022.

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