

AZPROMO PROJECT PLAN

PROJECT: Samukh Agro-Energy Project

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1) *Background and Sector review*

Alternative Energies in Azerbaijan

Alternative Energy accounts for 10% of electricity production, but the Ministry of the Energy, and the the State Agency on Alternative and Renewable Energy Sources (SAARES) want to increase this up to 20% by 2020. It wants to raise over \$7bn in alternative energy investments and to increase total renewables capacity to 2,000 MW.

Hydropower is the most developed alternative energy source, and has the biggest potential to help the nation reach the 2020 target. It accounts for 9.8% of the country's entire electricity production, and Azerbaijan's rivers have the ability to generate 16 billion kWh of economically viable power. In November 2014, the second unit of the Sheki Hydropower Station was launched, with equipment from the Chinese company 'Hunan Allonward'.

The status of Biomass and Solar Power in Azerbaijan

Biomass can also make a significant contribution to the 2020 target. The Ministry has included the waste-to-energy process among its renewable energy development plans, with public investments directed towards the construction of solid and municipal waste incineration plants. The French Company, CNIM, operates a waste to energy plant in Baku, under a project cost €346m with the 20 year contract.

On a smaller scale, Geothermal, Solar power and Wind will help to meet domestic energy needs. Thermal extraction techniques are being used as part of an experimental heating policy in the western part of Ganja. The South Korean, IIAN Tech, invested US\$2.25m in a hybrid solar power project in the Neftchala region. Annual wind power reserves exceed 800MW, but are under-exploited

2) *Project Objective*

To create an Agro-Energy residential complex in the Samukh region of Azerbaijan.

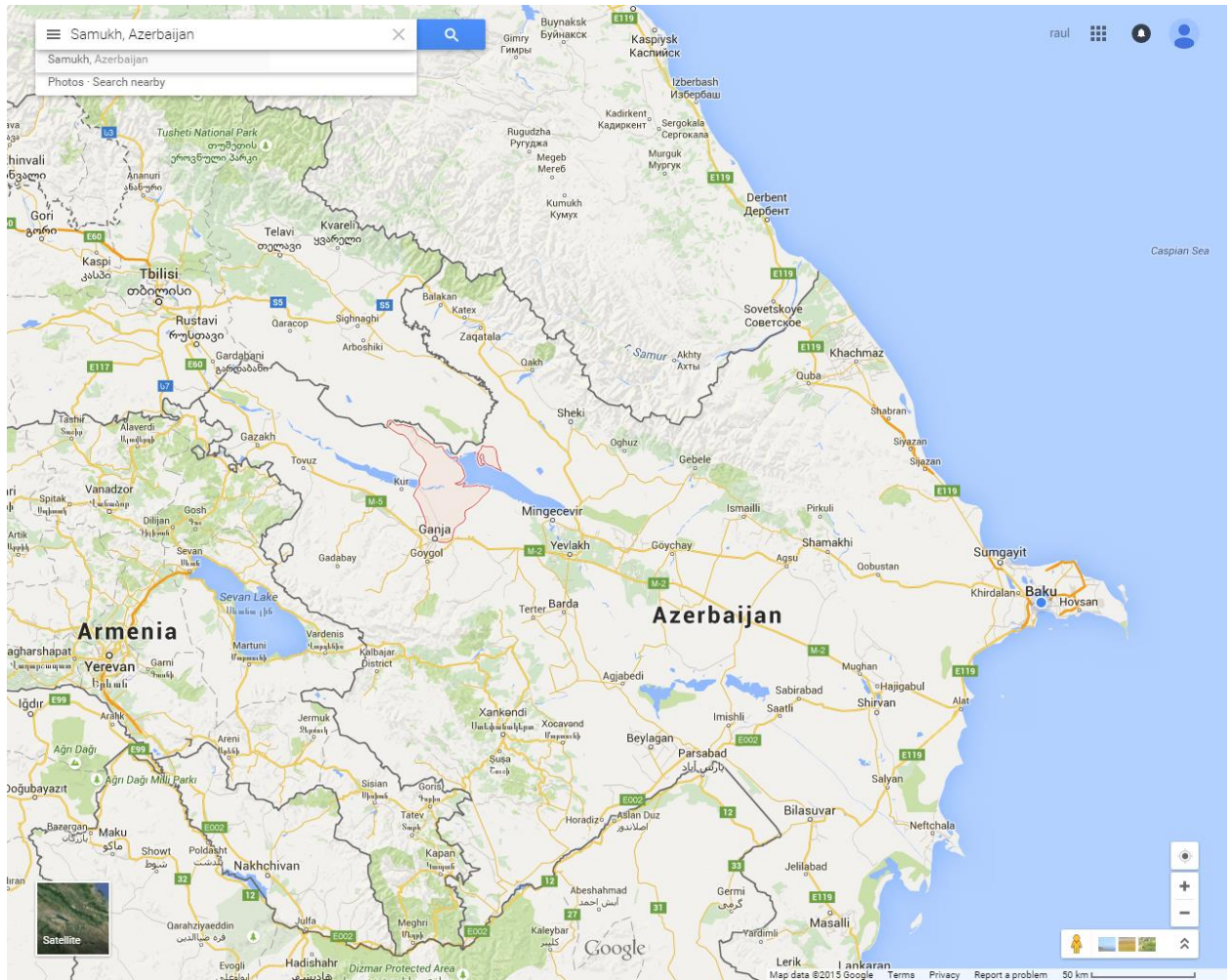
3) *Project Description*

The complex will include a 10 MW Solar power plant, solar power plant of 50 MW, a 2 MW biogas plant and an 18 MW geothermal plant.

It is also planned to build 30 acre of greenhouses to be funded by ABOEM. The complex will contain corn field, livestock and poultry farms, processing plants. It is also considered to create modern residential buildings.

4) *Location Description: Samukh region*

The Samukh region is in western Azerbaijan, as indicated in red, in the map below.



5) Marketing Strategy

Market Size: The project will meet the demand for electricity in the Samukh region, and the residential complex.

Key Customers: The main consumers of the electricity will be.

Key Competitors: There are no known competitors.

6) Production, Manufacturing Operations Overview

The project will include the connection to the Grid, and operations and maintenance costs.

7) Project Management and Organization Structure

The Project will be led by the State Agency on Alternative and Renewable Energies, with support from AZPROMO.

