

The law of the Republic of Azerbaijan “On gas supply”

Chapter I. General provisions

Article 1. Basic concepts

Basic concepts used in the present Law have the following meanings:

activity in the field of gas supply - manufacture, processing, storage, transportation, distribution, liquefaction and use of gas, as well as building, use, control, test and certification of industrial and consumer installations;

gas - natural gases, energy carriers in gas condition, propane, butane, ethylene, propylene, butylene, butadiene, coke oven gas, biomass gas, kinds of gases in gaseous and condense condition, including gases obtained in technological processes;

gas transportation services - gas distribution through gas pipelines between manufacturers, distributors, consumers and gas storages, as well as long distance transfer of gas for the import-export and transit purposes;

gas distribution - activity on gas distribution from distributors to consumers by connection of consumers to distribution networks of gas pipelines and installations;

connecting point - point of delivering gas by a transporter and a distributor to a consumer. If in contracts this concept is not given, a connecting point is understood as a point of connection of two gas pipes (low pressure gas pipes in gas distribution network and inside the consumer's premise), which relate to the disposal of different physical and legal bodies. If the consumer's premise is supplied by gas metres and devices opening external pipelines (by keys), connecting point takes places after them;

gas expert - physical and legal bodies having a special permission to the control, test works, certification and other actions in the field of gas supply;

contract or power contract - a written agreement concluded between the relevant enforcement authority and a contractor, co-ordinated with the supervisory body, defining conditions and giving a contractor the right to rig and use gas transportation systems, distributive systems, underground gas storages or in other cases execute other activity types, realization of which is provided by the state;

supervisory body - legislatively authorized relevant enforcement authority carrying out the control over gas supply activity and directing this activity.

Article 2. Scope of the Law

1. The present Law regulates activity on manufacture, processing, transportation, storage, distribution, sale and use of all kinds (including also natural gases) of gases (hereinafter referred to as "gas"), consumed as the energy carrier in gaseous and liquefied condition.
2. The present Law is constructed on the basis of main principles of the power legislation and reflects features of activity in the field of gas.
3. The activity connected with opening, working out, developing fields of natural gas and extraction, primary processing, preparation for transportation of natural gas, its accumulation and transportation to supply point, as well as with use and transportation of gas used in engines in the form of fuel, is regulated by other laws.

Chapter II. Requirements to building, construction and operation of gas installations

Article 3. General requirements

1. Building, construction, operation and preservation of gas installations in working order should meet the relevant requirements.
2. Gas installations should provide prevention of gas leak into the atmosphere, conformity of its pressure, temperature, structure and other indicators to the relevant requirements, be protected from dangerous influence of other installations and operations.
3. If there is real and potential danger, persons maintaining gas installations should immediately inform gas suppliers, and contractors and the persons having special permission to manufacture gas, - the relevant enforcement authority. The persons, having special permission to manufacture gas, and contractors on the basis of decisions of the relevant enforcement authority should take all measures required for prevention and liquidation of danger.

Article 4. Requirements to consumers' installations

1. Consumers' installations can be connected to gas pipelines only after control and test by gas experts and specialists of gas distributors.
2. A consumer bears responsibility for operation and the maintenance of gas installations in working order according to article 3 of the present Law.

Article 5. Requirements to industrial installations

1. Industrial installations should be checked, tested and transferred for operation on the basis of the special permission.

2. Check and test of industrial installations can be carried out also by the relevant enforcement authority and an independent gas expert (even by the contractor who didn't build installation and operate it).

3. Special permission for industrial installations is given to a person who has special permission for realization of gas activity. Special permission is given by the relevant enforcement authority on the basis of documents and a report, certifying, that the given installation has passed check and test. For giving special permission, the relevant enforcement authority may require the additional information, check or test.

Article 6. Changes damaging to gas installations

1. If in gas installations there will be any unforeseen changes, performance of the conditions specified in articles 4 and 5 of present Laws is necessary.

2. Any person, deliberately (advisedly) or because of negligence damaging to gas installations or receiving gas from other installation without the permission of the installation owner, bears damage liability, caused to the installation owner.

Chapter III. The activity connected with manufacture, processing of gas and gas containers

Article 7. Activity in the field of gas

Activity in the field of gas is carried out on the basis of special permission. Special permission is given by the relevant enforcement authority. The following documents are attached to the order for obtaining special permission:

- description of the basic indicators of the provided activity;
- documents about gas installations, the relevant equipment and professional qualification of a customer and its workers;
- memorandum about public safety;
- documents required by rules of maintenance of health and safety of persons, engaged in the provided activity;
- documents about gas effective utilization;
- researches and the basic data on influence on the environment.

Article 8. The rights and duties of gas experts

1. Certification, test, monitoring, planning, scientific and technical researches and other technical problems can be solved by physical and legal bodies (private and state enterprises, laboratories and institutes) on the basis of special permission which is given by the relevant enforcement authority according to Article 7 of the present Law.

2. The special permission for realization of the activity as a gas expert, is given by the request of any person and the organization, showing (proving) the qualifying competence and reliability. The number of gas experts is defined in accordance with condition of monopolistic positions banning and competitiveness stimulation between them.

3. Gas experts work by the request of the relevant enforcement authority or any interested party. Rates of payment for gas experts and compensation of the expenses connected with their services can be regulated by tariffs or decisions of the relevant enforcement authority. The payment and reimbursement of gas experts in each concrete case is made by a person organizing their activity. If such a person is not defined or he doesn't pay expenses for services, the payment and reimbursement are made by the persons using gas expert services.

4. Gas experts bear responsibility for accuracy and correctness of decisions and certificates. The relevant enforcement authority in the special permission or decisions may provide corresponding insurance of the third party.

5. The relevant enforcement authority supervises activity of gas experts. If qualification degree, professional competence and reliability of the gas expert don't meet the requirements, the relevant enforcement authority may suspend the activity for which it has given special permission. And in necessary cases special permission can be withdrawn without notice. It also concerns cases demanding high payment and the reimbursement of the gas expert according to part 3 of the present article.

6. The enterprise making gas installations, conducting works on their assembling and operation, and repairing installations, at display of the qualification, organizational and technical competence and reliability in independent resolving relevant technical questions and control (except its own production and services), can be appointed as the gas expert. Parts 1 and 5 of the present article also concern these enterprises.

Article 9. Gas manufacture and processing

1. Gas manufacture, including processing natural gas, according to article 5 of the Law is knowingly object of the special permission for enterprise and its gas installation.

2. If creation of capacities on gas manufacture or their expansion attracts changes in using property of other party and according to the legislation, compensation or alienation becomes necessary, then compensation or alienation becomes object of new special permission and plans approved by the relevant enforcement authority.

3. Special permission to gas manufacture should not be limited by gas need and capacity of gas storages. At presenting a document concerning power contract to the customer, the permission to additional manufacture of over-limit gas is given in the following cases:

- if additional gas is accepted by the basic transport services, gas distributor and underground storages;
- if gas is liquefied, transported and sold by containers;
- if gas is made as a result of industrial processes of enterprises and installations using regenerated types of energy, and close to a manufacturer there is the need for this gas.

4. In the special permission there can be required regular submitting activity report to the relevant enforcement authority by the person receiving this permission.

Article 10. Requirements to manufacturing and filling gas containers

1. Manufacturing gas containers, which should be filled and sold or in any form are transferred to gas consumers, should meet the requirements of articles 3 and 7 of the present Law. On each container there should be constantly specified:

- the name and the address of the manufacturer;
- series, number, date of issue and check;
- kind, quality and quantity of gas which the container can be filled by;
- supposed temperature and pressure.

2. The enterprises, which carry out activity on filling a container by gas, should:

- fill containers if they correspond to part 1 of the present article, to articles 3 and 7 of the present Law;
- mark the filled containers;
- attach the documents reflecting the name and the address of the enterprise, type of gas filled in the container, quantity, filling date, the check periods, relevant safety rule to containers.

3. Gas containers stored on ground and under ground should be surrounded by the walls providing preservation of maximum quantity of gas in containers, as well as should be protected in appropriate way from over-temperature. Filling containers by gas without implementation of these requirements is forbidden.

Chapter IV. Contracts on power, transportation, distribution and gas storage

Article 11. Contracts in the field of gas activity

1. Organization of services on gas transportation, building of gas distribution networks and creation of underground gas storages, their operation, reconstruction can not be carried out without power contracts. Such contracts are concluded between a contractor and the relevant enforcement authority. Contract comes into force after approving by supervisory body. Contract approval date is considered to be date of its coming into force.
2. The power contract gives the right to the contractor and obliges him to realize the activity defined on the basis of provisions of the relevant legislation and the contract.
3. For acquisition of the above-stated rights the contractor makes payments to the state as it is specified in the power contract.
4. Term of the power contract initial action should not exceed 20 years from the date of its coming into force. According to part 1 of the present article contract action may be again prolonged for 10 years.
5. The power contract may be stopped according to its conditions. In any case if the contractor constantly breaks the requirements arising from its duties, as well after notifying and providing with sufficient time for elimination of lacks, contract action may be stopped by the relevant enforcement authority.

Article 12. Gas transportation services

1. Contractors are obliged to build gas transportation services (installation), operate and hold them in working order, so that gas transportation could be provided according to the power contract, existing regulatory legal acts.
2. The following documents should be attached to contracts according to which construction and operation of gas transportation installations are carried out, in accordance with current legislation requirements:
 - a map of 1/25.000 scale, specifying routes of gas pipelines, functions, placing of buildings, technical installations and gas pipelines, transit places and connections, cities, streets and lands, which will be used;
 - report on technical and economic conditions, influence of gas transportation on the environment;
 - contractors' working program on creation, expansion, modification, operation and preservation in working order of gas transportation services;
 - information on other duties of the contractor.

3. In the absence of conflicting bases the contractor may transport gas directly to the industrial enterprises. However, if this enterprise is placed in contractual territory of gas distributor, the contractor is allowed to directly transport gas in the presence of preliminary received written approval by gas distributor.

4. Before the beginning of operation and after making essential changes, gas transportation services (installations) should be checked according to article 5 of the present Law and receive special permission.

5. Gas import and export are carried out on the basis of contracts. Agreements with the third party about gas transportation by means of gas-transport services, including gas import and export, come into force only by approbation of the relevant enforcement authority. This consent is given in cases and limits of conformity of the specified agreements to the power contracts and the existing legislation. If within a month the relevant enforcement authority doesn't give a negative answer to the written commission directed to it for receiving its consent, it is considered, that such consent has been given.

All of it also concerns the agreements concluded between manufacturers, providers, distributors and gas transporters on creation and organization of joint installations, services, enterprises, agencies. The relevant enforcement authority by request of any interested party fixes time limit for concluding such an agreement between all interested parties and after this term, it can make decision on any question which is not regulated by the specified agreement, arising from the above-stated general interest:

- simplification of the situation created by interruptions in gas supply;
- simplification of interrelations of gas-transport services;
- operation and development of gas-transport services serving manufacturers, distributors and transporters;
- improvement of gas-transport services for import, export and transit.

6. According to the previous provisions of the Law technical and commercial conditions of gas transportation, as agreed between the contractor and the person ordering transportation, are freely defined. The person ordering transportation, bears responsibility for not meeting gas, transported to a receiving terminal to gas co-ordinated between the parties and to technical requirements, therefore for damaging to contractor's installation and the third party. If transported gas mismatches the co-ordinated requirements, the contractor has the right to refuse transportation and to cancel the transaction about transportation without notification.

Article 13. Gas distribution

1. Gas distributor according to the power contract is obliged to supply any person who is in the contractual territory, having connected him to a gas network and to organize manufacture, reception and transfer of gas in so far in which quantitatively and qualitatively requirements of the consumer connected to a distributive network will be constantly satisfied. Parts 1, 2, 4, 5 and 6 of article 12 of the present Law are applied at gas distribution in the same order.

2. To reliably organize and maintenance manufacture, reception of gas and wholesale supply by gas under corresponding prices gas distributors is allowed to unite with associations and enterprises. Part 6 of article 12 of the present Law is applied in the corresponding transactions in the same order.

3. The general conditions of provision of gas suppliers by gas distributors can be defined by the rules established by the relevant enforcement authority.

4. Gas supply prices, established by gas distributors, should correspond to tariffs, agreed by the relevant enforcement authorities and local self-government institutions of gas distribution territory. These tariffs reflect:

- methods and principles of calculation and definition of the prices on gas supply, other works and services of gas distributors;
- tariffs and methods of definition of tariffs for each cubic metre of gas, supplied to consumers of different categories.

Tariffs should correspond to provisions of power contracts concerning gas distribution and be massively extended.

5. If in special cases tariffs and conditions on gas supply, arising from parts 3 and 4 of the present article, are not reasonable, gas distributor can conclude a special agreement with any consumer on the basis of the new conditions accepted by the parties. A copy of each such agreement should be shown by gas distributor to the relevant enforcement authority.

6. Gas distributor may delay and stop giving gas only:

- at the corresponding reference of the consumer;
- if rather important or urgent works are required;
- if consumer's installation temporarily or constantly doesn't meet corresponding requirements;
- if within a month the bill for gas, which has been supplied by the distributor to the consumer, is not completely repaid.

Article 14. Underground gas storages

1. Working out, building and operation of underground gas storages can be carried out only on the basis of power contracts, for these purposes special permission should be preliminary given to the enterprise and its gas installations.

2. To work out, build and/or operate underground gas storages the contractor is obliged to carry out following actions:

- to eliminate mutual communication between layers at conducting works on sounding or drilling for working out, building and operating underground gas storages;
- to prevent gas transition into the geological layers which are not used as storages for filling by gas and its storing;
- underground gas distributions in vertical and horizontal directions;
- to establish absence of any physical, chemical and bacteriological changes in the characteristic of underground waters located in an underground gas storage, in neighbourhood of gas containing layer (formation), to exclude use of waters received from neighbouring gas containing layers (formations) and dangerous zones for drink;
- to carry out the regular control over presence of gas influence on mineral and other underground waters (especially at their use for drink) and on deposits of power resources;
- selection by gas experts of samples for the analysis at the expense of the contractor;
- protection of the geological layers (formations) quality used for gas storage;
- observance of safety techniques and the environmental protection at the partial or full termination of operating underground gas storages.

3. Before executing any program on extraction of gas from underground storage or filling storage by gas, the contractor should receive special permission for this. To receive special permission together with an order, a report on results of conducted researches and works, the detailed program reflecting terms, methods and instructions of the planned operations, data on corresponding geological layers (formations), pressure of gas subject to storage or liquid and corresponding safety measures should be submitted.

4. After successful test of underground gas storage special permission for normal operation of underground gas storage should be given to the contractor. The contractor at least three months prior to normal operation of gas storage should give an order to receive special permission. Data on results of the test program, probably maximum pressure of gas filling storage in the top part of operational mine, probably maximum volume of kept gas, maximum quantity of harmful and toxic admixture as a part of gas filling storage, probably maximum volume of each mine, measures for separating kept gas from water layers, about place, quantity and functions of control layers should be attached to the order for reception of special permission.

5. In identical cases parts 5, 6 of Article 12 of the present Law are applied to underground gas storages.

Article 15. Conducting works on grounds and places of public use connected with gas supply

1. Contractors are given the right to dig the ground in places of public use, remove covers, open communications (channels, sewer manholes and tunnels), to dig under the condition of covering tranches, which are necessary in contractual activity, within routes of existing and future gas pipelines, gas installations.

2. New gas pipelines and other gas installations should be placed accordingly under the ground and on the ground, in relevant construction or a metal box. It also concerns updating and replacing existing installations. The relevant enforcement authority can assume exceptions in above noted cases, in particular, in services of long distance transportation of high pressure gas.

3. Duties of the contractor are:

- joint planning and coordination of works on the gas activity, conducted on the ground and places of public use, with contractors and the relevant enforcement authorities, who are responsible for other sites of public infrastructure, notorious reception of the written approval by an owner of separate sites of public infrastructure, on which there are obstacles at carrying out repair and emergency works;
- at least for 3 months prior to the beginning of works to present to the relevant enforcement authority programs and plans of the specified works, to answer the questions arising during works and operate in compliance with the orders of the relevant enforcement authority connected with organization and execution of works;
- to finish all works in the terms established by the relevant enforcement authority, and in connection with site use to restore it in required condition;
- to carry out all necessary measures for maintenance of safety, and whenever possible, not to interfere with social movement;
- to carry out works with the minimum damage, to bring the ground surface, emptiness under streets and the ground into normal condition, to liquidate the caused damage during works or immediately after work end;
- to compensate damage caused to the third party according to the existing legislation.

Article 16. Works connected with private property

1. The authorized employees of the contractor and gas experts have the right to enter a site which is private property, to check any gas pipeline (line) and installation, placed in private property, definitions of quantity of submitted and used gas or switching-off gas installations, in case when gas transportation and supply are not required. The contractor and the gas expert are obliged to compensate the owner for the caused damage as a result of this activity.

2. Entry of the contractor into the site, being private property, to make gas lines (gas pipelines) and place gas installations, is authorized under condition of the presence of obviously available written approval by the specified owner, compensation of the caused damage or, if it is necessary, alienation in the order established by the legislation. However, contractors may begin activity on placing new gas pipelines and installations on the ground areas belonging to the private owner, where existing gas installations and lines are located. In the same order they can also carry out works on preservation of existing gas installations in working order, on their repair and gas production. Parts 2 and 3 of articles 15 of the present Law are applied in the same order and with a view of participation of private property owners in the coordination of works (taking into consideration notorious presenting plans).

3. The owner of land or a building may prohibit entry into the site, being his property and realization of gas activity on it, except emergency cases. It can occur when a person, wishing to carry out gas activity, wants to enter out of working hours or doesn't show the original of the written document which has been given by the contractor or the relevant enforcement authority allowing him to enter the site, being private property, or a person, wishing to enter, can't prove his identity.

Article 17. Maps (scheme) of gas installations

1. In the first month of each calendar year the contractor is obliged to show to the relevant enforcement authority newly issued maps of 1/25.000 scale, where there are specified a direction of gas pipelines and function of other gas installations, relief of the ground surface, depth/height, length of tranches under ground/over the ground.

2. The relevant enforcement authority can demand from the contractor to prepare some large scale schemes of underground gas pipelines and gas installations.

3. A copy of each map and scheme with indicating the date of drawing up and last release should be stored in the Republic of Azerbaijan in the central administrative board of the contractor. All customers have the right to study and copy maps and schemes at paying duties established by the relevant enforcement authority.

4. The relevant enforcement authority and local government have the right to freely receive those parts of maps and schemes which concern their corresponding areas and places.

Chapter V. Safety, protection of people's health and the environment, zone of protection and protective actions

Article 18. Safety, protection of people's health and the environment

1. Each person, who is carrying out the activity connected with gas, should avoid any negative influence on the environment and minimize inevitable influences arising from this activity in compliance with the relevant requirements.

2. For the purpose of safety, protection of people's health and the environment, the persons, who are carrying out the activity, connected with gas, and as the contractor, having special permission, are obliged:

- to present to the relevant enforcement authority a plan providing safety and environmental protection and consisting of the relevant actions which will be executed at realization of the activity by him during contract validity period;
- to prevent damage which can be caused to people's health, the earth, pure water supply, trees, plants, buildings and other installations;
- to provide safe and effective placing gas and its waste according to the confirmed methods;
- at the end of works to clean territory and restore it at the level meeting the requirements of environmental protection.

Article 19. Zone of protection and protective actions

1. To protect plants against harmful influence of other installations and activity types, as well as protect life, health and property of people and prevent every possible failures, reduce their harmful influences, the relevant enforcement authority may apply an order connected with zone of protection and protective actions.

2. It is forbidden to carry out civil works, in particular to build places within zone of protection. Any civil works conducted with infringement of this order, on the request of the person having special permission to corresponding gas installation, should be transferred from this place at the expense of the owner of building or land which have been taken for construction.

3. Before applying part 1 of the present article, effective standards and rules connected with zone of protection and protective actions are applied.

Chapter VI. Check, compensation and penalties, liability of infringement of the present Law

Article 20. Check

The relevant enforcement authority and the representatives on gas control authorized by it, have the right to check all places, buildings and installations connected with gas activity.

Article 21. Compensation and penalties

1. The relevant enforcement authority, having defined, that gas installations or gas activity doesn't meet the requirements, creates danger to the population, environment and property, may demand the termination of their activity and arranging it during set time according to its decision. At non-compliance with this decision by any person, the relevant enforcement authority should provide realization of the decision or relevant actions at the expense of this person's means.

2. The relevant enforcement authority may apply penalties in the cases established by the legislation.

Article 22. Liability of infringement of the present Law

Legal and physical persons of the Republic of Azerbaijan breaking the present Law, bear responsibility according to the legislation of the Republic of Azerbaijan.

Chapter VII. Transitional provisions and international rights

Article 23. Transitional provisions

1. Before coming into force the present Law, any contract, concluded in connection with the activity in gas branch, is not regulated by the present Law.

2. Any contradiction between the present Law and contracts, which have come into force according to the present Law or other acts on power, is resolved according to the present Law.

Article 24. International rights

The present Law doesn't limit circle of influence of international contracts recognised by the Republic of Azerbaijan, including the contracts connected with underwater cables and pipelines, and also the contracts connected with pollution on borders and climate changes.

The president of the Republic of Azerbaijan

Heydar Aliyev
Baku, June, 30, 1998
N 513-IG.