

2.3. Action plan for heating pumps technology

Heat pumps can improve security of energy supply by reducing energy demand, and the small amount of electricity used can also be supplied by renewable energy generation. There are large savings in operating costs compared to conventional heating or cooling systems, although the up front capital costs are higher.

Currently, there are no specific policies or regulations related to the application of heating pumps technology.

Application of heating pumps technology lines with the country's social, economic and environmental development priorities.

With regard to the country's social development priorities, application of the technology improves livelihood of the population by reducing energy costs.

Regarding the country's economic development priorities, the technology contributes to security of energy supply. With regard to the country's environmental development priorities, application of the technology contributes to the government's strategy to provide more environmentally sound energy supply.

According to rough estimates, for the year 2030, total GHG emission reduction will be 8 million tons of CO₂.

Regarding the mechanisms and institutional arrangements for deployment of heating pumps technology, it should be mentioned that the key institutions involved in the implementation of measures will be the Azerenergy Company under State Oil Company of Azerbaijan Republic, local authorities and communal offices (units).

During the preparation of TAP for heating pumps technology, measures have been assessed taking into account their priorities, time scale, related stakeholders, key indicators for measuring implementation and funding resources.

TAP for the technology is provided in table 6.

Table 6: TAP for heating pumps technology

#	Measures	Priority	Why it is important	Time scale	Related stakeholders, implementers	Key indicators	Risks	Funding sources	Costs
Policy and regulatory									
1	Develop a package of recommendations for improvement of enabling environment, including subsidy mechanism and tax regulations, in order to stimulate private sector initiatives	Medium	- Create enabling environment for private sector initiatives	0-5 years	National Parliament, NGOs	- New subsidy mechanism and tax regulations related to sector	- Lengthy state procedures and bureaucracy leading to slow endorsements of proposed recommendations	State	\$ 250,000
Economic/financial									
2	Develop mechanism for provision of long-term and low-interest loans, as well as grants through state, private and international funds	High	- Create easy access to affordable loans	0-5 years	MED, MIE	- Easy access to funds created	- Low interest of financial institutions - Insufficient state funds	State, International	\$ 100,000
Information/capacity building									
3	Capacity building programs for local authorities, communal units, private sector and residents	High	- Increase capacity on technology deployment	0-5 years	MIE, NGOs	- Improved capacity in energy efficiency	- Low interest of local authorities, communal units, private sector and residents	State, International	\$ 300,000
4	Strengthen international research network programmes	Medium	- Lack of knowledge on best international practice	5-10 years	NGOs, R & D institutions	- National R & D institutions actively participate in international research network	- No major risk	State, International	\$ 250,000
5	Information campaigns on the advantages of applied technology	High	- Raise awareness on advantages	0-5 years	MIE, NGOs	- Increased awareness on energy efficiency	- No major risks	State, International	\$ 250,000

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Other measures									
6	Implementation of pilot projects at municipal or community level to demonstrate advantages of the technology	Medium	- Demonstrate practical application	5-10 years	MIE, MED, NGOs	- Increased level of awareness	- Weak collaboration of related organizations	State, International	\$ 550,000