

# WAYS OF MAKING THE REPUBLIC OF ARMENIA AN ENERGY EFFICIENT STATE

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1. In the program of the Republic of Armenia Government (2017-2022) an important role is given to energy and energy infrastructures. In particular, the following is determined on energy issue:

The Energy Policy of the RA Government is aimed at ensuring energy independence and enhancing the energy security of Armenia, ensuring regional integration and sustainable development of the energy sector based on further development of nuclear energy, diversification of the supply of energy sources and full and efficient use of local (renewable) energy resources, as well as implementation of modern energy-efficient tools and introduction of new technologies<sup>22</sup>.

2. From data of 2000-2015 on capacities of power stations of the RA comes that during the mentioned period of time the capacities of all power stations have increased for 126.5%. This increase was provided mainly by the increase of thermal power stations (for 132.8%) and increase of capacities of hydro power stations (for 125.6%). The capacities of atomic station during the mentioned years has not been changed, of other sources (wind farms) has been insufficient. The structure of capacities of the RA power stations shows that in Armenia prevail thermal power stations (2000 - 55.7%, 2015 - 58.5%, the increase has been for 2.8 percent point), the gross of hydro power station in 2000 was 31.7%, in 2015 - 31.5%, the decrease was 0.2 percent point, the amount of Armenian atomic station in 2000 was 12.6%, in 2015 - 10.0%, the decrease was for 2.6 percent point.

3. The results of researches show that in 2000-2015 sufficiently was improved the RA structure of electric balance, because was increased the

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<sup>22</sup> Program of the Government of the Republic of Armenia (2017-2022), pages 62-63, approved on 19 June, 2017 by the Decision N 646-A.

generated energy (for 130.8%), decreased the imported energy (for 3.7 percent points), or from the point of view of physical amount – twice), but the amount of export increased for 174.8%, or increased for 4.6 percent points. In fact, energy became one of the main exported types of industry. Energy was mainly exported to Islamic Republic of Iran and Georgia.

4. In the Table 1 are listed the quantity, price of import and export of energy from/to Armenia, as well as the price of 1000 kWh in 2000-2016.

**Table 1**  
**The quantity and price of energy exported from the RA and imported to the RA, the price of kWh in 2000-2016**

Years	Export			Import		
	Quantity, thousand, kWh	Price, USA dollars	1000 kWh, price, USA dollars	Quantity, thousand, kWh	Price, USA dollars	1000 kWh, price, USA dollars
2000	814853.5	20551593	25.2	352012.4	10253051	29.1
2003	279460.6	4590867	16.4	54226	779495	14.4
2011	1533066.1	87514495	57.1	204528.2	9463950	46.3
2012	1696152.9	95223952	56.1	98115.2	3344560	34.1
2013	1312942.9	77962320	59.4	147674.6	4309484	29.2
2014	1313610.5	81292080	61.9	205750.3	9512630	46.2
2015	1423699.3	81211936	57.0	173603.1	7685247	44.3
2016	1228772.1	60991134	49.6	275071.4	13998956	50.9

The table was formed and counted on the basis of statistical booklets of external trade of the Republic of Armenia in 2000, 2003, 2011-2016 թվականին (according to the list of names of external economic activities 8 – number, 10-number classification) [www.armstat.am](http://www.armstat.am).

The data of Table 1 shows that the amount of energy exported from the RA was the highest in (increase compared with 2000 was for 208.2%), after which was decreased the amounts of export of energy (indicator of export in 2016 was the 72.4% of the indicator of 2012), totally the amount of export in 2016 if compared to year 2000 increased for 150.8%. The price of exported 1000 kWh was the highest in 2014 (61.9 USA dollars), which had a decrease tendency later (the indicator of 2016 compared with 2014 was 80.2%). The import of energy to the RA had the highest amount in 2016, when had been the highest price of import (nearly 14 million USA dollars), as well as the highest price paid for 1000 kWh of energy was 50.9 USA dollars.

5. For the purpose of research of purposefulness of export of energy from the RA and its efficiency was used the theory of comparative

advantages and were counted the coefficient of comparative advantages of the RA external turnover and energy export. If in the Republic of Armenia those coefficients totally had negative value, particularly for energy it had high positive value, for different years it differed from 0.334 – 0.932. These facts give reasons to note that the export of energy from the RA and being the main player in regional market may sufficiently improve the balance of payments of the State.

## **APPROACHES FOR ELECTRICITY TARIFF FORMATION AND THEIR CONNECTION WITH THE MINIMUM SIZE OF SALARIES**

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1. As it is known, the prices for goods and services in the market relations are determined on the basis of supply and demand. But some goods and services are exception to that general pattern (which are mainly services), which are of public nature and importance. In other words, their main consumer is the whole population or the substantial part of the population. This peculiarity also dictates that the mentioned group set prices (tariffs) for the services that will make available their consumption for the majority of the population. The function of making the services accessible, as a rule, implements the state-created bodies, agencies, committees, etc.

2. In the second half of the 1990s the European Union initiated the liberalization of the electricity and natural gas markets. In 2003, through the EU's directives approved the general rules for the internal market in electricity and natural gas. They are set to open markets and give customers the opportunity to choose their suppliers.

Since July 1, 2004 for industrial consumers and from July 1, 2007 for all consumers those procedures have been set for all consumers (including households). Some countries have implemented a drastic process of liberalization, while others slower, but have undertaken the necessary