



## THE MINISTRY OF FUEL AND ENERGY OF MONGOLIA

### ENERGY SECTOR IN MONGOLIA

The power sector in Mongolia supplies 95% of the total demand in central part of Mongolia, which includes three main cities, Ulaanbaatar, Darkhan and Erdenet.

Mongolia began recently oil explorations and started to export crude oil to China, and for the development of oil industry there is a need for investment to oil sector and related infrastructure. At this moment all petroleum products imported from Russia and China.

Liquefied Petroleum Gas (LPG) use is increasing very rapidly, and the Government gives an importance to the development of LPG network and LPG use as a new and relatively “clean” fuel mix.

One third of population in Mongolia has nomadic lifestyle herding 28 million of livestock. Because of the nomadic style of living, it is difficult to develop appropriate electricity access for them. The Government is encouraging the development of renewable energy, such as small hydro, solar and wind energy. There are ongoing projects to develop small hydro power plants (HPP), to promote the use of solar and wind energy.

From the policy view major priorities for the Government is to create necessary institutional framework for private sector participation (PSP), to improve efficiency of energy sector, to facilitate the development of renewable energy, to accelerate commercialization of energy companies and gradually privatize them. The Government believes that the strong legal, institutional and regulatory framework, which reduces investors’ risk and encourages investors’ long term commitment (concessions, independent power producers (IPP), power purchasing agreements (PPA)), is necessary to bring the private sector in building new capacities, in developing power links, introducing energy efficient technologies, and promoting the use of renewable energy sources etc.

The Government of Mongolia approved in 2002 the “Mongolia Sustainable Energy Sector Development Strategy Plan (2002-2010)”, and it reflects goals reinforced in the Poverty Reduction Growth Facility (PRGF) program, which is endorsed by international and donor community. The main objective of the Energy Sector Strategy of Mongolia is to create a financially sustainable energy sector that will provide cost-effective energy access, thereby enabling poverty reduction and greater private sector and civil society participation. Mongolia’s energy sector will be developed within a regional energy context, while at the same time taking advantage of new technologies and sources of energy that might further promote economic efficiency and environmental sustainability.

## Investment forecast of fuel and energy sector

*Table.1*

Investment type	2000	2001	2002	2003	2004	2005	2006	2006-2010	2010-2015
State budget investment, mln tug.	6191,0	5607,3	5862,4	7373,5	16177,3	15528,3	30757,7	326823,0	415734,0
Foreign investment, Thus \$	11538,0	17167,1	18170,2	25816,0	45479,0	46058,0	5154,1	14033,5	14455,5

*Figure.2*

