

The revised regulation on project selection for the construction of renewable energy generation facilities has been approved

In Brief

The Minister of Energy of Mongolia, by Order No. A/116 dated 22 May 2026, has revised and approved the “Regulation on Project Selection for the Construction of Renewable Energy Generation Facilities” (the “**2026 Regulation**”). In connection with the adoption of this regulation, the “Regulation on Project Selection for the Construction of Renewable Energy Generation Facilities”, approved by Order No. A/217 dated 9 September 2025 (the “**2025 Regulation**”) has been revoked.

Accordingly, in light of the updated regulatory framework governing the selection of renewable energy power generation construction projects, this legal alert outlines the key changes introduced by the new regulation. Notably, the 2026 Regulation expands the available selection mechanisms by introducing an auction process and broadens the scope of eligible projects to include those incorporating battery storage systems, in addition to solar and wind power projects.

Main Changes

1. Auction

One of the key changes under the 2026 Regulation is the introduction of an auction-based mechanism for selecting renewable energy power generation projects. Accordingly, the regulation provides that such projects may be selected either through a standard project selection process or via auction, with the Ministry of Energy responsible for approving the list of projects to be implemented under each method. Under the 2026 Regulation, an “auction” is defined as a competitive bidding process based on price offers, through which the right to construct the project and enter into a power supply agreement is awarded. In essence, the bidder offering the lowest price is selected in accordance with the prescribed procedures. The sequence and key features of the auction process, as a principal change under the new regulation, are presented in the table below.

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Nº Auction process**i. Announcement and Application submission**

At least 40 days prior to the auction, the organizer shall publicly announce the auction on its official website or through media outlets published in widely used international languages. Within 14 days from the date of publication of the announcement, interested parties shall submit their application and the relevant supporting documents.

ii. Notice publication

The Committee shall publish the auction notice at least 21 days prior to the commencement of the auction and provide the relevant project information and documentation.

iii. Participant registration

Mongolian legal entities and foreign legal entities that meet the general requirements set out in the 2026 Regulation may participate in the auction. Foreign legal entities may participate in the form of a partnership with a legal entity registered in Mongolia, while Mongolian legal entities may participate individually or through a partnership.

In order to register, participants shall meet the requirements set out in the 2026 Regulation and submit the relevant documentation electronically to the committee under the Ministry of Energy. Participants that meet the requirements shall be registered within three working days from the receipt of the documentation.

iv. Payment of bid security

Registered participants shall, in accordance with the applicable procedure, place the bid security in the account of the National Dispatch Center one day prior to the auction date. In this connection, an agreement for placing the bid security shall be concluded. The bid security amount is USD 5,000 per 1 MW of solar and wind power plant or battery storage capacity. The bid security shall be refunded if the participant is not selected or if the auction is cancelled. If the participant is selected, the bid security shall be treated as performance security under the contract. The bid security shall not be refunded if the winner refuses to conclude the power purchase agreement or is determined to have engaged in corruption, conflict of interest, collusion, conspiracy, or other unlawful conduct.

v. Auction process

The auction shall be conducted either in person or electronically and shall proceed in accordance with the following main sequence and principles:

1. Participants shall submit their sealed price bids into a specially prepared box one hour prior to the start of the auction.
2. The committee shall, at the designated date and time, open the sealed bids, announce the lowest price offer, and commence the auction.
3. The auction shall be conducted in the form of descending price bidding. The minimum bid decrement shall be set at USD cent 0.05 per kWh.
4. If no lower bid is submitted within 5 minutes after the last price offer is announced, the auction shall be deemed closed and the winner shall be determined based on the lowest price offer.

vi. **Notification of auction results and contract conclusion**

Within one working day from the date on which the auction is conducted, participants shall be notified of whether they have been selected. The competent authority shall grant the auction winner the right to conclude a power purchase agreement and shall notify such decision within five working days from the auction date.

Main changes (continued)

2. Project scope

Under the 2025 Regulation, renewable energy power source projects were limited to solar and wind power sources connected to the grid at a voltage level of 6 kV and above. In contrast, the 2026 Regulation removes the minimum voltage requirement for solar and wind power sources and expands the scope to include projects incorporating battery storage systems.

3. Participant requirements

The 2026 Regulation introduces additional and more detailed requirements for participants in the selection process. In particular, it includes criteria requiring that participants have not engaged in corruption, money laundering, or terrorist financing, are not subject to sanctions, and that participants, consortium members, their ultimate beneficial owners, and parent companies are not listed on debarment or sanctions lists of international financial and development institutions.

4. Transparency

The 2026 Regulation further introduces more detailed provisions to ensure transparency in project selection. In particular, within five working days after concluding a contract with the selected participant, the project owner is required to publish on its website the selection documentation, number of prequalified participants, names of selected participants, participants submitting proposals, results of financial evaluation, the winning price offer, and information regarding the members of the selection committee.



Contact us

If you wish to receive legal advice regarding renewable energy matters or other legal matters, please feel free to contact us. **You may access the full text of the revised regulation on [here](#).**

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