

LAW OF UKRAINE

ON ENERGY SAVING

(Enacted by the Resolution of the Supreme Council of Ukraine N 75/94 of July 7, 1994)

This Law sets up legal, economic, social and ecological grounds for energy saving for all enterprises, associations and organisations located in the territory of Ukraine and as well for citizens.

Definitions for the purposes of this Law:

"*energy saving*" means activities (organisational, scientific, practical, information) aimed at efficient use and economical consumption in the national economy of primary and processed energy and natural energy resources to be carried out through technical, economic and legal methods;

"*energy saving policy*" - administrative, legal and financial-economic regulation of extraction, processing, transportation, storage, production, distribution and consumption of fuels and energy with a view of their efficient use and economical consumption;

"*fuel and energy resources*" - all natural and processed types of fuels and energy used in the national economy;

"*efficient use of fuel and energy resources (fuels and energy)*" - maximum efficient use of fuel and energy resources at the existing level of technical and technological development with simultaneous reducing technogeneous influence on environment;

"*fuel and energy resources economy*" - relative reduction of fuels and energy consumption through reducing consumption for industrial production, works and services of a specified quality;

"*energy saving technology*" - energy efficient products manufacture with reduction of energy pressure on environment and energy waste got as a result of production and exploitation of the manufactured product;

"*fuels and energy consumption norm*" - amount of fuels and energy consumption for a certain production, process, product, work, service;

"*secondary energy resources*" - energy potential of products, waste, by-products and intermediate products created in technological aggregates (devices, processes), not used in the aggregate, but capable to be partially or wholly used to supply with energy other aggregates (processes);

"*unconventional and renewable sources of energy*" - sources permanently existing or periodically appearing in the environment as solar, geothermal, sea, ocean energy, wind, biomass and hydropower.

Part I. GENERAL PROVISIONS

Article 1. Task of the legislation on energy saving

The aim of the legislation on energy saving shall be regulation of relations between economic entities and also between the state and physical and legal entities in the sphere of energy saving connected with extraction, processing, transportation, storage, production and use of fuel and energy resources, introduction of incentives for enterprises, organisations and citizens to invest in energy saving, application of energy saving technologies, design and production of less energy intensive machinery and technological equipment, securing responsibility of legal and physical entities in the energy saving sphere.

Article 2. Legislation of Ukraine on energy saving

Relations in the energy saving sphere in the territory of Ukraine shall be regulated by this Law, other legislative acts of Ukraine.

Article 3. Main principles of the state energy saving policy

Main principles of the state energy saving policy shall be as follows:

- (a) introduction by the state economic and legal incentives for legal and physical entities to invest in energy saving;
- (b) state regulation of energy saving activities on the basis of economic, normative and technical management;
- (c) priority of energy saving when carrying out economic, management or other activities, connected with extraction, processing, transportation, storage, production and use of fuels and energy;
- (d) scientifically grounded energy saving standardisation and norms for fuels and energy consumption, necessity to adhere to energy standards and norms when using fuels and energy;
- (e) establishment of energy saving system of industrial production on the basis of a complex solving problems of economy and energy saving allowing for ecological demands, broad implementation of the latest energy saving technologies;
- (f) compulsory energy expert examination;
- (g) popularisation of economic, ecological and social advantages of energy saving, increasing educational level of population in this sphere;
- (h) combining economic incentives with financial responsibility in order to improve efficiency in use and consumption of fuels and energy;
- (i) fixing a pay for direct losses and inefficient use of fuel and energy resources;
- (j) solving energy saving problems in combination with implementation of energy program of Ukraine, and also on the basis of a broad interstate co-operation.

Article 4. Objects of legal regulation of relations in the energy saving sphere

Objects of legal regulation in the legislation on the energy saving shall be relations in the energy sector of Ukrainian economy, design and implementation of scientific and engineering projects aimed at increasing efficiency of use of fuels and energy, information supply of the national economy and population on the energy saving, and also in the sphere of management and control over use of fuel and energy resources.

Article 5. Subjects of legal regulation of relations in the energy saving sphere

Subjects of legal regulation of relations in the energy saving sphere shall be legal and physical entities carrying out activities that result in:

implementation of energy saving policy and energy saving measures in all branches of national economy - industry, transportation, construction, agriculture etc., social sphere and every day life, and also in interstate and international co-operation;

extraction, processing, transportation, storage, production and use of all types of fuel, heat and electric energy;

production and supply of power and energy consuming equipment, machines and machinery, constructions, building materials and other products, measuring, control

and consumption-regulating devices;

scientific research, planning and design, examination, installation, mounting, repair and other types of specialised works and services aimed at increasing efficiency and economy of fuel and energy resources use;

works connected with development and use of unconventional renewable sources of energy, secondary energy resources, substitution of deficit types of fuel;

priority of ecologically friendly energetics and creation of new energy sources and fuel types;

information supply of the national economy and population on the energy saving and use of new energy sources and fuel types;

establishment of effective energy saving management and control systems.

Article 6. State energy saving programs

In order to carry out purposeful state's activities in organisation and co-ordination of energy saving measures state, regional, local and other programs shall be designed and adopted.

The Cabinet of Ministers of Ukraine shall set procedure and conditions for design of state energy saving programs.

Article 7. Education in the energy saving sphere

Cultivation of economical attitude to the fuel and energy resources shall be provided through education and broad popularisation and propaganda of economic, ecological and social advantages of energy saving.

All officials whose activities are connected with use of fuels and energy should display knowledge in the energy saving and ecological sphere.

Educational establishments shall include in the curricula respective courses on energy saving.

Article 8. Scientific researches

State shall provide conditions for systematic complex researches in the energy saving sphere in order to work out scientific grounds to elaborate the up-to-date energy saving processes and technologies.

Article 9. Management in the energy saving sphere

Management in the energy saving sphere shall be aimed at meeting demands of the national economy and population of Ukraine in fuel, heat and electric energy on the basis of efficient use of energy resources, reducing all types of fuel and energy losses, carrying out functions of energy expert examination, control, prognostication and other executive and management activities.

State management in the energy saving sphere shall be exercised by the Cabinet of Ministers of Ukraine and by a body authorised by it.

Part II. ECONOMIC MECHANISM FOR ENERGY SAVING

Article 10. Aim and task of economic mechanism

Aim of implementation of the energy saving economic mechanism in the national economy shall be intensification and extension of energy saving processes under development of market relations in economy.

Task of the energy saving economic mechanism shall be introduction of incentives for efficient use and economy of fuel and energy resources, production and wide use of energy efficient technological processes, equipment and materials.

Article 11. Economic energy saving measures

Economic energy saving measures shall provide as follows:

- (a) complex implementation of economic levers and incentives for improving management, scientific-technical and economic activities of enterprises, establishments and organisations aimed at efficient use and economy of fuel and energy resources;
- (b) determination of sources and directions of energy saving financing;
- (c) creating the basis for management of energy saving as a system of state standards containing indices of specific fuels and energy consumption for main energy-intensive types of products and technological processes in all branches of the national economy;
- (d) allowing for system of state standards in the energy saving sphere when fixing amounts of economic privileges and economic sanctions;
- (e) charging pay for inefficient use of fuels and energy as extra-charge to current prices and tariffs depending on over-consumption of fuels and energy as compared with state standards;
- (f) applying economic sanctions for wasteful use of fuels and energy as a result of negligence and incompetence;
- (g) granting legal and physical entities with subsidies, grants, tax, credit and other privileges to create incentives for design works, implement patented inventions and use of energy efficient technologies, equipment and materials;
- (h) providing financial incentives for staff and certain workers for efficient use and economy of fuels and energy, implementation of patented inventions.

Article 12. Financing measures for efficient use and economy of fuel and energy resources

Sources of financing energy efficiency measures shall be energy saving fund, enterprises', establishments' and organisations' own and loaned money, the State Budget of Ukraine, local budgets and other sources.

Article 13. Establishment of extra budget energy saving funds

To finance measures for efficient use and economy of fuel and energy resources state and local extra budget energy saving funds shall be established.

The Cabinet of Ministers of Ukraine shall set procedure and conditions for establishment of extra budget energy saving funds.

Respective local councils of people's deputies shall set procedure and conditions for establishment and expenditures from local extra budget energy saving funds.

Article 14. Directions of energy saving funds expenditures

Money from energy saving funds shall be used to finance energy efficiency measures including energy saving scientific research and design work, share participation in the implementation of energy saving programs designed for restructuring economy, elaboration and implementation of energy efficient technologies and equipment, granting credit privileges and subsidies for elaboration and implementation of energy efficient measures and programs.

Money from energy saving funds shall be also used to develop unconventional energetics, conducting state energy expert examination, personnel training and re-training, setting energy standards and norms, participation in providing enterprises with means of accountancy, control and management of energy consumption.

Money from energy saving funds shall not be included in the budget.

Article 15. Mutual economic responsibility of fuels and energy suppliers and consumers

Economic energy saving measures shall be based on the principle of mutual responsibility and shall provide:

- (a) compensation payments and recoupment of losses to fuels and energy consumers in the event of non-fulfilment of contractual obligations by fuels and energy suppliers;
- (b) recoupment of losses sustained by fuels and energy suppliers in the event of non-fulfilment of contractual obligations by consumers;
- (c) energy supplier's obligation to meet consumer's demand for additional voltage and increased energy consumption provided energy supplier has a right to fix contractual price for extra power and energy supplied exceeding its industrial capacities;
- (d) energy consumer's right to obtain compensation from a supplier in the event of forced limitation of power factually needed by the consumer.

Article 16. Providing energy saving incentives

Energy saving incentives shall be provided by means of:

- (a) granting tax privileges to enterprises-producers of energy saving equipment, appliances and materials, means of measuring, control and management of fuels and energy consumption;
- (b) granting tax privileges to enterprises that use equipment working on unconventional and renewable energy sources;
- (c) priority crediting energy efficiency measures.

Priority credits shall be given to provide energy saving measures implemented in accordance with recommendations given by local state energy inspection bodies including expenditures on research and design work, manufacture of experimental specimen and experimental appliances, industrial implementation of highly-efficient technological processes, equipment and materials.

Acquisition on the initiative of enterprises-consumers of fuels and energy of energy saving technologies, equipment, materials, means of measuring, control and management of fuels and energy consumption, and also investments in construction of energy efficient objects shall be credited on privileged conditions upon presenting appropriate expert decision made by energy saving managing bodies. The amount of reducing the interest rate depends on energetic effectiveness of implementation of energy saving measures. Recoupment of losses sustained by credit institutions as a result of reduced interest rates shall be made from energy saving funds;

- (d) increasing norms for amortisation of main energy saving funds.

List of types of energy saving equipment and norms of amortisation deductions to be subjects for reducing taxable income (profit) shall be set by the Cabinet of Ministers of Ukraine;

- (e) target state and other subsidies and non-repayable assignments for survey, research and development work in energy saving technologies and unconventional types of energy,

for elaboration and application of new types of energy saving equipment and technologies.

Amounts of tax, credit and other privileges shall be fixed in keeping with the legislation of Ukraine.

Article 17. Economic sanctions for wasteful fuels and energy use

Economic sanctions shall be imposed on legal and physical entities for:

- (a) wasteful use and direct fuels and energy losses;
- (b) ill-timed conducting expert examination of fuels and energy use;
- (c) non-fulfilment or ill-timed fulfilment of state management bodies' directives aimed at improving situation with wasteful and careless fuels and energy use.

Amounts of economic sanctions shall be fixed in keeping with the legislation of Ukraine.

Part III. STANDARDIZATION AND NORMS IN ENERGY SAVING SPHERE

Article 18. Task of standardisation in energy saving sphere

Standardisation in energy saving sphere shall be carried out to provide complex of compulsory norms, regulations, demands for efficient use and economy of fuels and energy. Energy saving standards shall be the basis for imposing economic sanctions for inefficient use of fuel and energy resources, production of energy inefficient equipment and materials.

Article 19. Energy standards

State energy standards shall be subject for compulsory observing. They determine main terms and notions, organisational and methodical energy saving grounds, efficient specific fuels and energy consumption, methods of energy demand estimation, certification of objects in accordance with energy efficiency requirements, methods of collecting and processing information on fuels and energy consumption, requirements for energy saving technologies and equipment, requirements for secondary, unconventional and renewable energy sources.

Article 20. Fuels and energy consumption norms and rates

Fuels and energy consumption norms and rates should be included in the energy passports of equipment, regime charts, technological instructions and user's manuals, and also in the technical conditions and passports for all types of fuels and energy consuming equipment and appliances.

Progressive norms of fuels and energy consumption shall be valid until the system of energy standards is made effective.

A body authorised by the Cabinet of Ministers of Ukraine shall exercise control of adhering to norms of fuels and energy consumption.

Part IV. ENERGY SAVING EXPERT EXAMINATION

Article 21. Compulsory state energy saving expert examination

State energy saving expert examination shall be compulsory in the process of legislative, investment, management and other activities connected with extraction, processing, transportation, storage, production and use of fuels and energy.

Article 22. Objects of state energy saving expert examination

Objects of state energy saving expert examination shall be as follows:

- (a) draft plan for development and productive forces distribution, draft projects for development of national economy branches, local plans for energy supplying, other pre-plan and pre-design documents;
- (a) (b) energy technological part of feasibility study and design for building of new and expansion (reconstruction, technical equipment, modernisation) of existing objects and enterprises with annual fuels and energy consumption evaluated in conventional fuel equal to 1000 and more tonnes;
- (b) draft instructions and methodical, normative and technical acts, building norms and rules, documents for production and acquisition of new energy-intensive equipment, technology and materials, other documents and papers that regulate all types of energy saving activities.

Article 23. State energy saving expert examination

Main tasks of the state energy saving expert examination shall be as follows:

- (a) study of suitability of management, investment and other activities to energy saving aims;
- (b) study of suitability of pre-plan, pre-design, design and other decisions to terms stipulated in the legislation on the energy saving, current energy standards and norms;
- (c) making expert decisions as to energy consumption and energy saving programs and projects.

Respective state governmental bodies of Ukraine, representatives of research, design and other institutions and organisations, higher educational establishments, general public, experts of international organisations may be involved in the state expert examination.

A body authorised by the Cabinet of Ministers of Ukraine shall make state energy saving expert examination.

Article 24. Compulsory fulfilment of orders and decisions of the state energy saving expert examination

Decisions of the state energy saving expert examination shall take into account norms for branch standards set in accordance with provisions of this Law, and shall be subject for compulsory fulfilment.

Negative decision of the state energy saving expert examination shall be the grounds for reconsidering programs and projects in accordance with decisions of the expert examination. Positive decision of the state energy saving expert examination shall be grounds for satisfying the consumer's applications for subsidies, tax and credit-financial privileges to be paid from energy saving fund..

Disputes arising from decisions of the state energy saving expert examination shall be settled in accordance with the legislation in force.

Part V. ENERGY SAVING CONTROL AND RESPONSIBILITY FOR VIOLATION OF THIS LAW

Article 25. Task of the energy saving control

Task of the energy saving control shall be to provide observing the provisions of the energy saving legislation by all state bodies, legal and physical entities.

Article 26. State energy saving control

State energy saving control shall be exercised following the procedure established by the Cabinet of Ministers of Ukraine.

Power industry including all enterprises and establishments for extraction, processing, transportation, storage, accounting and use of fuels and energy located in the territory of Ukraine shall be subject to the state energy saving control.

Correctness and effectiveness of use of target allocations from the energy saving fund to provide measures for efficient use and economy of fuel and energy resources shall also be subject to the state energy saving control.

Procedure for exercising the state energy saving control shall be set by this Law and Ukrainian legislation in force.

Article 27. Responsibility for violation of the legislation on energy saving

Violation of the legislation on energy saving shall cause discipline, administrative and civil responsibility as provided by this Law and by the Ukrainian legislation in force.

Responsibility for violation of the legislation on energy saving shall be imposed on entities responsible for:

- (a) non-fulfilment of requirements to maintain and increase technical level of energy consuming equipment and energy supplying systems;
- (b) refusal in timely submitting complete information, and also falsification of accounting data and reports on energy saving;
- (c) violation of the Ukrainian legislation when conducting energy expert examination including submitting deliberately incorrect expert decisions;
- (d) non-fulfilment of the state energy expert examination decisions;
- (e) financing, producing and putting into operation new technologies and equipment not corresponding to the state energy standards and not having positive decision on the part of the state expert examination;
- (f) violation of established energy saving regulations when designing, producing, reconstructing, putting into operation, exploiting enterprises, premises, means of transportation and other objects;
- (g) inefficient fuels and energy use with systematically exceeding standard energy levels and violating other regulations on efficient use of energy and fuels;
- (h) violation of terms of payments for inefficient use of fuels and energy;
- (i) non-fulfilment of directives of bodies exercising energy saving control and creating obstacles for normal work of these bodies.

Responsibility for other violations of the legislation on energy saving shall be provided in the legislation of Ukraine.

Legal and physical entities should repair damage caused by them as a result of violating the legislation on energy saving in amounts and order stipulated in the legislation of Ukraine.

Part VI. UKRAINE'S INTERNATIONAL RELATIONS IN THE ENERGY SAVING SPHERE

Article 28. Ukraine's participation in international co-operation in the energy saving sphere

Ukraine shall take part in the international co-operation in the energy saving sphere at the state and civil levels in keeping with the Ukrainian legislation and international law.

Provided international treaty or agreement of Ukraine stipulates provisions other than that of Ukrainian legislation on energy saving, the international treaty's or international agreement's provisions shall be valid.

Ukraine shall take measures to develop and strengthen international co-operation with other states in energy saving sphere and within the framework of UN's and its organisations activity, other governmental and non-governmental organisations on development of energetics and energy saving.

Article 29. Foreign legal entities' and persons' without citizenship duty to observe the Ukrainian legislation on energy saving

Foreign legal entities and persons without citizenship should observe in the territory of Ukraine the provisions of this Law, other legislative acts, that regulate relations in the energy saving sphere and shall bear responsibility for violation of them in accordance with the legislation of Ukraine.

President of Ukraine L.Kravchuk

Kyiv, July 1, 1994

N 74/94

