

The Law of the Republic of Armenia on Energy Saving and Renewable Energy

Passed on November 9, 2004

CHAPTER I GENERAL PROVISIONS

Article 1. The Purposes of the Law

The purposes of the present Law shall be defining the principles of the state policy on development of the energy saving and renewable energy and the mechanisms of the enforcement of those aimed at:

- Strengthening the economic and energy independence of the Republic of Armenia;
- Increasing the economic and energy security; and energy systems safety level of the Republic of Armenia;
- Establishment and development of new industry infrastructure and organization of services promoting energy saving and renewable energy,
- Reduction of adverse techno-born impacts on the environment and human health.

Article 2. Main Definitions

The present law incorporates the following definitions:

Energy Efficiency Indicator shall mean absolute, weighted or relative volume of consumption or loss of energy carriers for any type of goods' production/industry (service provision process) or technological process established by National standards for energy devices;

Energy Saving shall mean legal, organizational, scientific, production, technical and economic activities aimed at reduction of energy resource weighted consumption;

Energy carrier shall mean substance in various aggregate conditions (solid, liquid, gas) or other forms of existence (plasma, field, radiation etc.), which accumulate energy available for use for energy supply purposes;

Efficient use of energy carriers shall mean economically beneficial and most efficient use of energy carriers based on up to date technical and technological solutions and requirements of environmental protection to achieve the highest possible efficiency;

Energy examination activity shall mean consulting service aimed at examination/audit (including measurement of energy efficiency indicators of the energy use) of the energy balances of energy economy and (or) the information of the documentation containing data on energy efficiency indicators (hereinafter- energy reports) of legal and physical persons, resulting in provision of energy examination/audit conclusion;

Autonomous Energy Producer shall mean legal or physical person producing electric and/or heat energy, biomass for own consumption.

Energy Device shall mean energy generation, transformation, transmission, accumulation, distribution and consumption equipment or complex of equipment and constructions;

Renewable Energy Resources shall mean aggregate energy carriers received from wind, solar, hydro, geothermal and biomass sources of energy, which can be used for consumption;

Renewable Energy System shall mean sector of production of energy carriers and mechanical energy based renewable energy resources;

Article 3. Subject of Law - the sphere of implementation [enforcement]

The present law shall regulate the inter-relations of the state administration and local self-government bodies of the Republic of Armenia, legal and physical persons arising from and in connection with the activities in the sphere of energy saving and renewable energy:

- a. The areas of development, production, import, and use of energy devices, machinery, equipment and products producing, transporting, transforming, storing and operating based on energy as well as renewable energy resources,
- b. The areas of development, production and import of up to date construction-isolation, isolation and weatherization materials and structures aimed at increasing the energy efficiency of buildings and constructions,
- c. The areas of development and application of the industrial-technical complexes using energy carriers (including for lighting, heating, ventilation, water supply and sewerage systems) and energy efficiency designs, technologies and technical solutions for buildings and constructions;
- d. The areas of development, production, import and use of equipment and technical complexes for quality testing, registration, consumption regulation of energy resources;
- e. The areas of energy carriers and mechanical energy production using renewable energy resources, including electric energy generation from water resources, where the present law applies to hydro-power stations with installed capacity of up to 10,000 kW inclusive;
- f. The areas of organizational, research and development, design, examination, construction, reconstruction and regulation activities for efficient use of energy resources, including renewable energy.

Article 4. Legal Regulation of Energy Conservation and Renewable Energy Area

1. The relations in the area of energy conservation and renewable energy shall be regulated by the present law, the Republic of Armenia law “On Energy” and other legal acts.
2. If international agreements ratified by the Republic of Armenia contain other requirements than provided under the present law, the requirements of the international agreements shall apply.

Article 5. Principles of State Policy in the Area of Energy Saving and Renewable Energy

1. The state policy in the area of energy saving and renewable energy shall be based on the principle of voluntary participation of the involved parties.
2. The principles of state policy in the area of energy saving and renewable energy are:

- a. Increasing level of supply of indigenous renewable energy carriers to satisfy the energy demand of the economy;
- b. Implementation of energy saving, as well as development and enforcement of legal and economic mechanisms for the promotion of renewable energy;
- c. Ensuring high priority of efficient use of energy given the increasing volumes of imported and extracted energy resources;
- d. Ensuring increase of renewable energy resources usage as well as application and development of renewable energy new technologies aimed promoting that;
- e. Ensuring competitiveness of renewable energy resources and protection/enforcement of rights of businesses engaged in the area of renewable energy;
- f. Ensuring high priority of issues of environmental protection and efficient (economic) usage of natural resources while implementing measures/activities aimed at the development of the energy saving and renewable energy;
- g. Promotion of energy efficient production of electric and/or heat energy, including for autonomous energy producers;
- h. Promotion of integrated activities between the autonomous energy producers, using renewable energy resources, and the energy system aimed at the exchange of electric energy;
- i. Promotion of consumer choices and use of different energy carriers and energy efficiency technologies;
- j. Implementation of energy saving and renewable energy state (national) targeted programs.

CHAPTER II
STATE ADMINISTRATION OF THE AREA OF
ENERGY SAVING AND RENEWABLE ENERGY

Article 6. State Administration of the Area of Energy Saving and Renewable Energy

1. State administration of the area of energy saving and renewable energy shall mean policy development and implementation by the state in the following directions:
 - a. Development, adoption and implementation of state (national, targeted) programs in the area of energy saving and renewable energy;
 - b. Organization and coordination of state program envisaged activities aimed at the efficient use of energy carriers;
 - c. Incorporation of energy saving related requirements in the state programs on the economic development of the Republic of Armenia;
 - d. Ensuring development and implementation of economic and legal mechanisms aimed at the efficient and prioritized promotion/exploitation of indigenous renewable energy resources in the manner defined by the legislation;
 - e. Development and enforcement of energy efficiency and energy saving standardization documents;
 - f. Incorporation of voluntary certification system on energy device conformity;

- g. Establishment of energy examination/audit system for the existing and planned buildings and constructions aimed at efficient use of energy resources;
 - h. Ensuring required conditions for the development of the energy examination/auditing activities;
 - i. Ensuring record-keeping of and statistical data on energy carriers;
 - j. Provision of support in financing energy saving and renewable energy development projects and programs;
 - k. Organization of education, promotion of research and development activities, awareness and propaganda aimed at the development of energy saving and renewable energy area;
 - l. Promotion of international cooperation in the energy saving programs and area of renewable energy.
2. State administration bodies of the Republic of Armenia shall participate in the state administration of the energy saving and renewable energy area within the competence vested to them by rules.
 3. The government shall define the requirements on energy efficiency planning, technologies and technical solutions as well as use of renewable energy resources in the building and constructions developed within the state reservations, national parks and preservations.

Article 7. Energy Saving National Standards

Standardization National Body shall adopt in the manner established by the Republic of Armenia Law “On Standardization” the energy saving national standards, which shall classify

- a. Energy efficiency indicators of energy devices;
- b. Energy efficiency indicators of energy resource development, production, processing, transformation, transportation, storage and consumption;
- c. Energy efficiency indicators of technical complexes for heating, lighting, ventilation, water supply and sewerage in buildings and constructions;
- d. Energy efficiency indicators of production/industrial processes;
- e. Environmental indicators of energy efficiency.

Article 8. Voluntary Certification of Energy Devices Compliance

1. Legal (physical) persons using, producing and importing energy devices can submit those in the manner established by the Republic of Armenia law “On Certification of Compliance of Goods and Services with Normative Requirements” for voluntary certification based on energy efficiency indicators.
2. Voluntary certification of compliance provided herein by the present article shall be implemented at the initiative and expense of the legal and physical persons using, producing and importing energy devices.
3. Based on results of voluntary certification of compliance, the labeling of energy devices shall be carried out in accordance with the energy efficiency indicators.

Article 9. Energy Carrier State Record and Statistics

The statistics national body shall carry out recording [counting] of developed, produced, imported, processed, transformed, transported, stored and consumed energy carriers for the purposes of submission of energy balances in the manner established by the Republic of Armenia law “On State Statistics”.

Article 10. Training and Education in the Area of Energy Saving and Renewable Energy

For the purposes of organization of education and training in the area of energy saving and renewable energy, the state administration authorized body in the area of education shall:

- a. Incorporate energy saving and renewable energy classes in the curricula of elementary, secondary, graduate, supplementary and post-graduate education institutions, plan appropriate research-methodical activities;
- b. Develop educational programs for the training of engineering staff on energy saving and renewable energy basics and technologies.

Article 11. Energy Saving And Renewable Energy Propaganda

Information dissemination on the energy saving and renewable energy by the authorized bodies of the government shall be implemented through:

- a. Public hearings/discussions on energy saving and renewable energy area objectives; and broadcasting and propaganda of their environmental, economic and social benefits;
- b. Information on the existing energy efficient energy devices and energy efficiency pilot/model projects;
- c. Organization of exhibitions of energy saving technologies, machinery and energy devices;
- d. Propaganda of the national requirement for and purposefulness of the efficient use of energy resources and development of renewable energy.

CHAPTER III ENERGY EXAMINATION/AUDITING

Article 12. Normative Legal Acts on the Energy Examination/Audit

The normative legal acts on energy examination/audit shall include the present law, Republic of Armenia law “On Certification of Compliance of Goods and Services with Normative Requirements”, decisions of the government, as well as legal other acts adopted by the authorized body on compliance certification.

Article 13. Energy Examination/Audit

1. The purpose of energy examination/audit shall be providing a conclusion on the real values of energy efficiency relative to values of defined by national standards.
2. Energy examination/audit shall be voluntary and carried out by the initiative and at the expense of legal and physical persons.

Energy examination/audit of projects carried out at the expense of state budget shall be implemented by the decision of the government by contract in the manner established by the law.

3. The measurement of energy efficiency indicators planned by energy examinations/audits shall be carried out by the expert laboratories certified in the manner established by the Republic of Armenia law “On Certification of Compliance of Goods and Services with Normative Requirements”.

Article 14. Legal Acts of Energy Examination/Auditing

1. By the legal acts of energy examination/auditing it shall be defined the methodology of carrying out the energy examination/auditing and documentation formation order.
2. The list of the legal acts of energy examination shall be approved by the government upon the submission by the authorized body on compliance certification.

Article 15. Energy Examination/Audit Documentation

1. Conduct of energy examination/audit shall be in the compulsory manner documented by the person carrying out examination/audit in the order defined by legal acts of energy examination/auditing.
2. Energy examination/audit documentation shall mean compilation of working documents of the person carrying out examination/audit, energy examination/audit conclusion based on the examination/audit results and report on energy examination/audit.
3. Working documentation of the person carrying out energy examination/audit shall include the documents developed and kept in the result of measurements. Working documentation of person carrying out energy examination/audit shall be deemed as documents comprising commercial secret.
4. Energy examination/audit conclusions, energy examination/audit reports, working documentation of person carrying out energy examination/audit and other documents related to energy examination/audit conduct shall be kept in the manner defined by the Republic of Armenia legislation, but not less than for five year following the conduct of the energy examination/audit.

Article 16. Energy Examination/Audit Conclusion

1. Energy examination/audit conclusion shall mean the document compiled by the person carrying out the energy examination/audit, which shall express opinion on the energy economy (production technological process) of and energy efficiency indicators of the effective use of energy carriers in the energy devices by the person subjected to energy examination/audit. Requirements on the form

and content of energy examination/audit shall be defined by the legal acts of the energy examination/auditing.

2. The energy examination/audit conclusion shall be compiled at least in two copies executed and (or sealed) by the person carrying out energy examination/audit. One copy of the energy examination/audit conclusion shall be provided to the person subjected to energy examination/audit, and the other copy shall be kept with the person carrying out energy examination/audit.
3. Energy examination/audit positive conclusion shall be the basis, in the fields defined in the article 3 of the present law, for the provision of privileges defined under the tax and customs legislation of the Republic of Armenia

Article 17. Energy Examination/Audit Report

1. Energy examination/audit report may include information on the examination/audit process, mistakes and drawbacks revealed in the energy economy/system, recommended directions for their elimination as well as improvement of energy efficiency indicators.
2. Energy examination/audit report shall be deemed as document containing commercial secret. It shall be compiled in two copies, one for each party, executed by the person carrying out examination/audit and executed and (or) sealed by the director/manager of the person carrying out energy examination/audit.

Article 18. Liability of Person Carrying Out Energy Examination/Audit

Persons carrying out energy examination/audit shall be liable in the manner established by the law for the violation of the requirements of the present law.

CHAPTER IV INTERNATIONAL COOPERATION

Article 19. International Cooperation

The main directions for international cooperation of the Republic of Armenia in the energy saving and renewable energy areas are:

- a. Exchange of energy efficient technologies and devices manufacturing;
- b. Mutual recognition of standards and certification results in accordance with the legislation of the Republic of Armenia;
- c. Exchange of information in the areas of energy saving and renewable energy;
- d. Participation of legal and physical persons of the Republic of Armenia in the international energy saving and renewable energy programs;
- e. Development and implementation of joint energy saving and renewable energy programs and projects.

CHAPTER VII

TRANSITIONAL PROVISIONS

Article 20. Transitional Provisions

1. Within one year after the present law enters into force:
 - a. The Public Utilities Regulatory Commission of the Republic of Armenia shall define the conditions for integrated operation/activities between the autonomous producers using renewable energy resources and the electric energy network with the pre-condition of electric energy exchange;
 - b. The state administration authorized body in the area of energy saving and renewable energy shall submit proposal to the Government to make required additions to the Customs Code of the Republic of Armenia and Republic of Armenia law “On the Approval of List of Products imported by organizations and individual entrepreneurs eligible for zero (0) rate customs duty and excise duty exemption, for which the customs service does not calculate or charge value added tax”;
 - c. The government shall approve the small hydro power plant development scheme upon submission by the state administration authorized body in the area of energy saving and renewable energy and adopt relevant decisions aimed simplification of procedures for land allocations and other required permission granting;
 - d. The state administration authorized body in the area of energy saving and renewable energy and authorized body on compliance certification shall submit proposal to the government on changes to the Republic of Armenia law “On Certification of Compliance of Goods and Services with Normative Requirements” resulting from the article 13 of the present law, as well as together with other appropriate state administration bodies ensure the priority development of national standards of energy saving, legal acts of energy examination/auditing and their approval in the established manner.
2. Within six months after the present law enters into force, The Public Utilities Regulatory Commission of the Republic of Armenia shall adopt the decisions on the application of long-term tariff policy for the promotion of accelerated renewable energy development, required for the implementation of state policy principles provided in article 5 of the present law.