

Republic of Lithuania
LAW
ON
ENERGY

Chapter I
GENERAL PROVISIONS

Article 1. Terms and Definitions

As used in this Law:

energy means a section of economy which embraces prospecting for, extraction, transportation and storage of energy resources, generation, transformation, distribution, transmission, trade in and consumption of different types of energy;

energy system means the entire complex of energy enterprises (companies) connected by technical, organisational or (and) economic links and functions of the mode of operation;

energy sector means the energy section connected with any type of energy resources or energy: fuel, electricity, heat;

primary energy resources means natural resources which may be directly used for fuel (shale, coal, peat, biomass, combustible gas) or for the generation of energy (nuclear fuel, petroleum, hydroenergy, solar energy, wind energy or geothermal energy);

renewable energy resources means natural renewable resources or natural resources which can be renewed, such as hydroenergy, wood, biomass which may be used for energy purposes;

secondary energy resources means waste energy obtained in the course of any technological process through transformation of primary or any other energy which is not utilised in this technological process;

energy efficiency means generation and consumption of all types of energy and its consumption in the most advanced manner;

energy enterprise means an economically and juridically legalised independent economic entity whose principal purpose(s) is (are) energy activities;

energy activities means activities related to prospecting for, extraction, transportation, distribution of energy resources, generation, transmission of energy, trade in energy or operation of power-generating equipment;

standards and norms of energy means static and dynamic technical characteristics of facilities, products, structures and equipment used in energy activities which have been approved in the established manner, as well as specifications regulating the quality of energy and energy raw materials.

Article 2. Purpose of the Law on Energy

The Law on Energy defines the general provisions of energy activities, the basic principles of energy development, functioning and management. Activities of individual sectors of energy, of state, municipal and private energy enterprises, energy producers, suppliers and consumers, their legal and economic relations when the object thereof is energy or energy resources, shall be regulated by other laws and subordinate legislation.

Article 3. Goals of Energy Policy

The principal goals of the State energy policy are as follows:

- 1) saving of energy;

- 2) efficient consumption of primary energy resources;
- 3) reduction of comparative energy consumption for the production of the national product;
- 4) targeted efforts towards and guaranteeing of reliable supply of energy resources by using various resources, including indigenous resources, by diversification of fuel import sources taking into account the necessity of demonopolisation and decentralisation;
- 5) promotion of efficient use of indigenous, renewable and secondary resources by the producers and consumers;
- 6) reliable, good-quality and cost-effective production and supply of electricity, heat and fuel from energy sectors;
- 7) reduction of adverse effects of energy on the environment;
- 8) formation of legal and economic conditions favourable for investments;
- 9) promotion of competition and private capital participation in order to increase economic efficiency.

Chapter II USE OF ENERGY RESOURCES

Article 4. Basic Provisions of the Use of Energy Resources

The procedure for the use of energy resources and energy consumption shall be approved by the Government of the Republic of Lithuania.

Relations between the recipients of energy resources and energy producers, consumers and suppliers shall be based on contracts.

Extraction of energy resources and energy production and consumption shall be subjected to State supervision.

Article 5. Procedure for Approving Subordinate Legislation Regulating Energy Activities

Subordinate legislation regulating energy activities shall be approved by the Government of the Republic of Lithuania or other institutions in accordance with the procedure established by the Government.

In addition to this Law, enterprises, institutions, organisations and residents (energy producers, suppliers and consumers) must also comply with other standard acts (installation, operation, labour safety, personnel training and performance evaluation regulations, etc.) which regulate technical, operational and other energy-related issues. These standard acts shall be approved by the Ministry of Energy or other state institutions of Lithuania according to their respective competence.

Article 6. Energy Saving Fund

Energy Saving Fund is set up for the purpose of efficient implementation of measures for the supply of energy resources, energy production and consumption.

The capital of the Fund shall be used for financing energy saving and efficient consumption programmes, for the introduction, operation and development of measures for the use of indigenous, renewable and secondary energy resources.

The Government of the Republic of Lithuania shall determine the initial contribution to the Fund and approve the regulations of the Fund.

Article 7. Energy and Environmental Protection

Energy activities shall be regulated by laws on environmental protection, subordinate legislation, other standard documents, taking into account the requirements set forth in international agreements (conventions) on environmental issues.

It shall be prohibited to initiate energy activities if the activities are not in compliance with the Law on the Environmental Protection, standards and norms of environmental protection.

Article 8. Rights and Duties of Energy Consumers

Energy consumers shall use energy in compliance with the standard documents approved by the Government of the Republic of Lithuania.

The rights of energy consumers shall be protected by the Law on Consumer Protection and other legal acts of the Republic of Lithuania.

Chapter III

ENERGY STRATEGY AND INVESTMENTS

Article 9. Shaping of the National Energy Strategy

The aim of the National Energy Strategy is to define the purposes of energy development, the most important principles of its management, taking into account the development of economy under market conditions.

The National Energy Strategy shall cover the following sectors:

- 1) electric energy sector;
- 2) thermal energy sector;
- 3) gas sector;
- 4) petroleum and its products sector;
- 5) other fuels sector.

The National Energy Strategy shall be worked out for no less than 20-year period and shall be revised at least every 5 years.

Development of the National Energy Strategy may be financed with the State funds. The Ministry of Energy shall be responsible for the development of the Strategy.

The National Energy Strategy shall be approved by the Seimas on the proposal of the Government of the Republic of Lithuania.

Long-term energy development projects shall be worked out in compliance with the National Energy Strategy.

Long-term energy development projects must be prepared taking into account the possibility of implementing the demonopolisation principle and using decentralised energy sources and small-scale energy. The procedure of project development and approval shall be established by the Ministry of Energy.

Article 10. Investments

Energy facilities of national significance shall be built in accordance with the National Energy Strategy. They may be financed from various sources on a competitive basis. The amount of State capital must guarantee that controlling interest is held by the State.

Financing of municipal and other energy facilities of local significance, as well as development of energy activities shall be the concern of city (district) municipalities, energy suppliers or (and) consumers, private investors.

Article 11. Fuel Reserves

In order to increase reliability of energy supply, fuel reserves shall be accumulated at energy enterprises. The reserves must be no less than the amount of fuel required to satisfy 2-month energy demand.

The procedure for the building up, storage, use and accounting of State fuel reserves shall be determined by the Government of the Republic of Lithuania. The Ministry of Energy shall be responsible for the building up and use of State fuel reserves.

The Government of the Republic of Lithuania shall allocate funds for the building up and storage of State fuel reserves.

Energy producers must have reserve or emergency fuel, taking into account the significance of the facility.

Article 12. Use of Renewable and Secondary Energy Resources

By shaping taxation policy, granting soft credits, extending grants, the State (municipality) shall promote efficient use of renewable and secondary energy resources.

The Ministry of Energy shall be responsible for the use of renewable and secondary energy resources.

At the request of consumers who use renewable energy resources, surplus energy generated by their autonomous equipment must be received into the energy networks and settlement of accounts with such consumers shall be effected on a negotiated price and tariff basis. The procedure and terms and conditions of their connection to the energy networks shall be established by the Ministry of Energy.

Credits shall be extended in order to implement measures for ensuring efficient use of indigenous, renewable and secondary energy resources. The procedure of credit extension and repayment shall be established by the Government of the Republic of Lithuania.

The use of potential energy of internal waters, when this entails damming of the river or changing the river bed, and of geothermal energy shall be permitted only upon receipt of a licence issued in accordance with the procedure established by the Government of the Republic of Lithuania.

Chapter IV PRINCIPLES OF ENERGY MANAGEMENT

Article 13. Ownership

All primary energy resources found in Lithuania in the underground of the earth and in the continental shelf of the Baltic Sea are exclusive property of the State. They shall be used under licences issued pursuant to the procedure prescribed by the Government of the Republic of Lithuania.

Energy enterprises (companies) may be of any ownership form permitted under law, except for energy enterprises of national significance the list whereof shall be approved by the Seimas of the Republic of Lithuania on the proposal of the Government.

State-owned and private energy enterprises and facilities as well as joint ventures and energy enterprises and facilities owned by foreign states may be set up in the territory of the Republic of Lithuania. The terms and conditions of their existence in the territory of the Republic of Lithuania shall be regulated by the Government of the Republic of Lithuania on the basis of the Constitution of the Republic of Lithuania, this Law and other laws in effect in the Republic of Lithuania, as well as agreements between states.

Setting up, sale or transfer of energy enterprises as well as granting of licences for the use of energy resources to legal or natural persons of foreign states shall be prohibited if this may be detrimental to the interests of the Republic of Lithuania or increases its dependence on the energy monopoly of foreign states.

Article 14. Allotment of Land for Use and Land Lease

For the construction and extension of energy generation and transmission facilities, construction of electric power lines and pipelines, land shall be allotted for use or leased in accordance with the procedure established by laws and subordinate legislation.

Restricted area shall be established for the purpose of ensuring security and normal operation of energy facilities, electric power lines and pipelines, and other installations. The land of restricted area shall not be taken from the land owners and other land users and its practical use shall be restricted.

Regulations for the protection of energy facilities, electric power lines and pipelines shall be approved by the Government of the Republic of Lithuania.

Specific conditions of land use restriction and amount of compensation for possible damage incurred by reason thereof shall be recorded in an written notarised agreement concluded between the owner or other user of land and the energy system (enterprise). Agreements between land owners and energy systems (enterprises) regarding the use of land shall become effective upon the registration thereof in the Data Register of the State Land Cadastre. Land use restrictions prescribed by these agreements must be in compliance with the regulations for the protection of energy facilities, electric power lines and pipelines.

Article 15. Prices, Pricing and Control over Energy Activities

Fuel prices and energy tariffs shall be fixed upon evaluating necessary expenses related to fuel extraction, energy generation, purchase, and transportation as well as development of energy. Prices and tariffs must correspond to the quality of energy, promote efficient energy generation, its good quality, reliable supply, economical consumption and reduction of supply losses as well as the use of secondary energy resources.

Electric and thermal energy as well as natural gas prices and tariffs may be differentiated according to consumer groups, energy quality, reliability of supply, time of consumption (day, week, season) and the amount of energy consumed.

The issues of pricing in the energy sector shall be examined by the standing State Commission for the Control over Prices of Energy Resources and Energy Activities.

The Commission shall be appointed for a term of 5 years on the nomination of the Government and its regulations shall be approved by the President of the Republic.

The Commission shall examine the most important issues of energy economy, including investments, establish the principles of pricing in the energy sector and the rules for price and tariff calculation, shall check and approve the calculation of electric energy, thermal energy and natural gas prices and tariffs, submit the electric energy, thermal energy and natural gas prices and tariffs to the Government of the Republic of Lithuania for approval, supervise their application and the implementation of the saving programme. The Commission shall have

the right to check the energy quality, its conformity to standards, and shall exercise control over trade in energy resources and energy products. The Commission shall submit its findings and proposals to the Seimas, the Government of the Republic of Lithuania and, in the event of disclosure of an offence, to the prosecutor's office.

On the decision of the Government of the Republic of Lithuania or a municipal council, compensations may be paid out from the State or municipal budgets to certain consumer groups for the purchased fuel, electric and thermal energy.

Fuel prices and energy tariffs of facilities that are within the sphere of regulation of municipalities may be fixed by municipalities. Prices and tariffs for consumers that are within the sphere of municipal regulation shall become effective only upon co-ordination thereof with the State Commission for the Control over Prices of Energy Resources and Energy Activities and upon the approval thereof by the Government of the Republic of Lithuania.

Chapter V PRINCIPLES OF ENERGY MANAGEMENT

Article 16. Energy Management

Energy activities shall be regulated by the Ministry of Energy and other institutions of the Republic of Lithuania. The Ministry of Energy shall represent State interests in the sphere of energy, implement State energy policy goals and act in compliance with the regulations approved by the Government.

The Energy Agency shall work out draft programmes of the National Energy Strategy and of economical and efficient use of energy resources, organise their implementation, devise legal, economic and organisational measures for the implementation of national policy of efficient energy use as well as draft laws and subordinate legislation regarding the issues.

The Energy Agency is a State enterprise. Its founder is the Ministry of Energy.

Article 17. Energy Licences

A licence shall be required for engaging in energy activities.

The procedure for issuing energy licences shall be established by the Government of the Republic of Lithuania.

Article 18. Energy Sectors and Peculiarities of their Activities

The Republic of Lithuania has the following energy sectors: electric energy, thermal energy, gas, and petroleum and its products sectors.

Electric power plants operating within the general energy system shall work under unified conditions of operation and must comply with operational control. The above-mentioned requirements shall be mandatory to repairs and construction-assembly enterprises as well as other enterprises the main function of which is to maintain and ensure normal operation of the electric power system.

The energy system may be connected to foreign state electric power systems for operation in parallel mode on contractual basis and shall be under joint operational control of energy systems in accordance with the functions regulated by agreements between states.

When the pipelines are connected to foreign state networks,

the sectors of gas, petroleum and its products shall operate under joint co-ordinated control in accordance with the functions regulated under agreements between states.

Article 19. Training of the Energy Sector Personnel and their Performance Evaluation

Executives and specialists of energy enterprises engaged in energy sector production operations must have special training. Energy enterprises shall prepare and train the personnel at the educational institutions supported by these enterprises.

The personnel of energy enterprises specified in Par. 1 hereof must from time to time be subjected to performance evaluation.

The personnel engaged in the operation of power-generating equipment must have adequate qualifications and be subjected to performance evaluation.

The procedure for training and performance evaluation of energy specialists shall be established by the Ministry of Energy.

Chapter VI
STATE SUPERVISION OF ENERGY AND RESPONSIBILITY
FOR VIOLATIONS OF THIS LAW

Article 20. State Supervision of Energy

State supervision of energy shall be carried out by the State Energy Inspectorate at the Ministry of Energy (Amended 28 March 1996).

State supervision of power-generating equipment of natural and legal persons (according to the list approved by the Ministry of Energy) shall be exercised on the whole territory of the country irrespective of the official subordination, forms of ownership and capacity of power-generating equipment. The Inspectorate shall not exercise state supervision over nuclear power equipment.

The main purpose of the Inspectorate is to exercise state supervision and control over power-generating equipment of natural and legal persons of the Republic of Lithuania in order to ensure reliable, efficient and secure supply and consumption of energy resources.

Article 21. Responsibility for Violations of the Law on Energy

Legal and natural persons who violate the requirements of this Law shall be held responsible under the laws of the Republic of Lithuania.

Chapter VII
INTERNATIONAL ACTIVITIES

Article 22. International Activities

International activities in the sphere of energy shall be developed in the interests of the Republic of Lithuania.

International activities of energy systems (enterprises), institutions and organisations shall be co-ordinated by the Ministry of Energy.

The Ministry of Energy shall submit proposals to the Government of the Republic of Lithuania in accordance with the established procedure regarding participation in the work of international energy organisations.

I promulgate this Law passed by the Seimas of the Republic

of Lithuania.

Algirdas Brazauskas
President of the Republic

Vilnius
28 March 1995
No. I-828
(As amended by 28 March 1996)