

REPUBLIC OF LITHUANIA

LAW ON ENERGY

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CHAPTER ONE

GENERAL PROVISIONS

Article 1. Purpose of the Law

1. The Law on Energy regulates general energy activities, the basic principles of energy development and management, energy and energy resources efficiency. Peculiarities of activities of individual energy systems and of relations between energy enterprises and consumers shall be established by other laws.

2. Provisions of other laws regulating energy activities shall be applicable to the extent they are not contrary to this Law.

Article 2. Terms and Definitions

As used in this Law:

1. "**Energy sector**" means a section of the economy embracing the energy sector activities.

2. "**Energy sector activities**" means economic activities embracing prospecting for, extraction, processing, production, storage, transportation, transmission, distribution, supply of, trade in and marketing of energy resources and energy, operation of energy facilities and installations.

3. "**Energy**" means electricity and thermal energy. Energy shall be regarded as a good. For the purposes of this Law, natural gas shall also be treated as energy.

4. "**Energy systems**" means energy areas directly connected with any type of energy resources or energy: electricity, heat, nuclear energy, natural gas, solid fuel, oil, petroleum products, renewable energy resources.

5. "**Energy resources**" means natural resources and products of their processing used for energy production.

6. "**Renewable energy resources**" means natural resources: potential hydro energy, solar energy, wind energy, biomass energy and energy which flows out from the centre to the surface of the earth (geothermal energy). The origin and renewal of this type of energy is conditioned by processes created by nature or human activity; it may be consumed or used for energy production.

7. "**Indigenous energy resources**" means energy resources available in the country, except for imported resources and their products.

8. "**Efficiency**" means the rate of efficient use of energy resources and energy.
9. "**Security of supply**" means reliability and technical safety of energy resources or energy supply.
10. "**Energy enterprise**" means an enterprise engaged in energy activities.
11. "**Operation of energy equipment**" means technological management of energy equipment, its technical maintenance, repairs, measurement, testing, work related to putting it into operation and adjustment.
12. "**Energy facilities**" means power plants and boiler houses; electricity networks and associated equipment; natural gas systems; natural gas storage facilities; liquefied natural gas import, export terminals and storage facilities; main oil pipelines, networks for the transport of energy products; oil refining facilities; oil and oil product terminals and storage facilities; heat supply networks and the associated equipment.
13. "**Energy facilities of national importance**" means power plants and boiler houses with a capacity of 50 MW or more; electricity transmission networks of 110 kV voltage or more and associated equipment; main oil pipelines; natural gas storage facilities with a capacity of 25 000 000 m³ or more; liquefied natural gas import terminals and storage facilities; main oil pipelines; networks for the transport of energy products; oil refineries with the annual crude oil refining capacity amounting to 20 000 tons and over; crude oil, oil product terminals and storage facilities for 10 000 m³ and more; nuclear energy facilities; energy facilities the national importance whereof is recognised by the Government.
14. "**Energy equipment**" means a technical construction (mechanism, machine, apparatus, line, the accessories thereof) designed for the prospecting, extraction, processing/refining, generation/production, storage, transport, transmission, and distribution of energy resources and/or energy.
15. "**Emergency in the energy sector**" means a period of disruption of normal supply of energy resources or energy to energy enterprises and customers, where the supply is disrupted to the extent that energy enterprises prove unable to timely forecast and manage the disruptions by economic methods and the supply of energy resources or energy to energy enterprises and customers has to be regulated by the Government, its authorised institution or a municipal institution.
16. "**Energy transmission**" means transport of energy via transmission networks or main oil pipelines.
17. "**Energy distribution**" means transport of energy via the distribution networks.
18. "**Energy supply**" means energy delivery and/or sale to the customers.
19. "**Public service obligations**" means imposition in the cases prescribed by law, upon the decision of the Government or its authorised institution, of obligations relating to security of energy supply.
20. "**Main oil pipeline, networks for the transport of energy products**" means high-pressure pipelines, connected constructions and installations for transmitting oil to oil terminals and storage facilities or to oil refineries and for transmitting petroleum products to export, import terminals and storage facilities.

21. "**Main gas pipeline**" means high-pressure pipelines, connected constructions and equipment for transmitting natural gas from undertakings to natural gas storage facilities and distribution networks of towns and settlements or to gas-consuming installation up to the natural gas distribution stations inclusive.

22. "**Energy customer**" means a legal or natural person who purchases energy.

23. "**Regulated customer**" means a customer having no right to choose the energy supplier.

24. "**State control of the energy sector**" means control of safety of energy facilities, operation of energy equipment, security and efficiency of supplies.

25. "**Audit of the energy sector**" means inspection and evaluation of the state of energy equipment, technological equipment and processes in terms of energy efficiency as well as the choice of energy resources or energy saving means.

26. "**Technical safety**" means the entirety of requirements prescribed under this Law and other legal acts for energy facilities and equipment ensuring their reliability and safety.

CHAPTER TWO

ENERGY SECTOR ACTIVITIES AND MANAGEMENT

Article 3. Objectives of Regulation of Energy Activities

The principal objectives of regulation of state energy sector activities shall be as follows:

- 1) security of energy supplies;
- 2) energy resources and energy efficiency;
- 3) reduction of adverse effects of energy activities on the environment;
- 4) promotion of fair competition;
- 5) promotion of consumption of indigenous and renewable energy resources.

Article 4. Institutions Managing the Energy Sector

1. In the Republic of Lithuania State management of the energy sector shall be carried out according to the procedure established by this Law by:

- 1) the Government or its authorised institution;
- 2) the Ministry of Economy;
- 3) the Ministry of the Environment;
- 4) municipalities.

2. The main tasks of the State and municipal institutions, managing the energy sector, regulating and controlling the energy sector activities shall be as follows:

- 1) ensuring optimum structure of the state energy sector;
- 2) creating preconditions for efficient energy sector activities;
- 3) ensuring uninterrupted energy supply and stability of the established quality parameters;
- 4) promoting energy and energy resources efficiency;
- 5) promoting consumption of indigenous and renewable energy resources;
- 6) encouraging enterprises to carry out energy audits.

Article 5. Competence of the Government

1. When carrying out State management of the energy sector, the Government shall:

- 1) formulate and implement State policy in the energy sector;
- 2) submit the National Energy Strategy to the Seimas for approval;
- 3) approve the plan and programmes for the implementation of the National Energy Strategy;
- 4) declare an emergency in the energy sector;
- 5) have the right to regulate the principles of price setting when the prices are subject to state regulation.

2. When carrying out State management of the energy sector, the Government or its authorised institution shall:

- 1) establish the procedure for supplying the customers with energy and/or energy resources in case of an emergency in the energy sector;
- 2) make a decision regarding construction of energy sector facilities crossing the state borders;
- 3) approve the rules for licensing activities in the energy sector;
- 4) establish the procedure for licensing trade in unprepacked petroleum products;
- 5) establish the procedure of supply, export and import of energy and energy resources;
- 6) draw up the list of activities in the energy sector subject to authorisation as well as rules and terms of issuing the said authorisations;
- 7) establish the procedure of installation and maintenance of energy accounting and metering devices;

8) in the cases prescribed by law shall have the right to impose public service obligations on enterprises engaged in energy activities;

9) establish the procedure of purchasing the electricity generated from renewable energy resources and at CHP power plants;

10) approve the mandatory standard terms of energy transmission, distribution and supply contracts for the regulated customers and natural persons;

11) approve the rules of protection of energy facilities, electricity supply lines and pipelines ;

12) fulfil other functions established by this and other laws.

Article 6. Competence of the Ministry of Economy

The Ministry of Economy shall:

1) implement the State policy in the energy sector;

2) develop international cooperation in the energy sector;

3) draft and approve legal acts regulating the issues of security of supply, installation, operation, technical safety, efficiency of energy facilities and equipment as well as other technical issues;

4) draft, revise the draft National Energy Strategy (hereinafter referred to as the Strategy) and submit it to the Government;

5) draft the Strategy implementation plan and programmes, coordinate their implementation;

6) approve the rules for the transmission, distribution, supply and consumption of energy and energy resources;

7) establish the procedure for building up, maintenance, accumulation and use of stocks of energy resources;

8) lay down quality requirements for energy consumed in the country;

9) establish the procedure and terms for the connection of energy facilities (networks, equipment, systems) of the customers and producers to the operating facilities of energy enterprises (networks, equipment, systems);

10) in conjunction with the Ministry of the Environment establish the procedure and terms for the planning of construction of energy facilities of national importance;

11) establish the procedure of state control of the energy sector and control of the customers' energy equipment;

12) establish the procedure, volume and terms of furnishing of the information relating to the energy activities to state institutions, agencies and third parties;

13) approve the list of positions and professions of the employees listed in Article 21(1) of this Law, establish the qualification requirements for the said employees, approve the list of the employees engaged in the operation of energy facilities, construction and operation of energy installations who are subject to performance evaluation and establish the procedure for conducting the evaluation;

14) have the right to lay down efficiency requirements for the equipment in Article 20 of this Law and the efficiency control procedure;

15) fulfil other functions established by this Law and other laws or assigned by the Government.

Article 7. Competence of the Ministry of the Environment

The Ministry of the Environment shall:

1) decide issues relating to environmental protection, construction and fulfil functions within its competence;

2) organise and carry out monitoring of environmental effects in increased pollution areas of energy sector activities;

3) in conjunction with the Ministry of Economy lay down quality requirements for the energy resources used and intended to be used in the country and submit recommendations for the use thereof;

4) take part in the drawing up of renewable energy resources programmes.

Article 8. Competence of Municipalities

Within its territory a municipality shall:

1) regulate the supply of customers with heat within the competence laid down by laws;

2) make arrangements for the lighting of the territories used for public needs;

3) grant, according to the nomenclature approved by the Government, licences for retail trade in unprepacked petroleum products;

4) grant, according to the procedure approved by the Ministry of Economy, authorisations for trade in liquefied petroleum gas;

5) upon the declaration of an emergency in the energy sector, implement the plan approved by the Government or its authorised institution for the supply of customers with energy and/or energy resources, ensure the implementation of other decisions of the Government;

6) take part in the preparation of educational public information tools promoting energy and energy resources efficiency.

CHAPTER THREE
DEVELOPMENT OF THE ENERGY SECTOR

Article 9. National Energy Strategy

1. The Strategy shall determine energy development trends for a twenty year period.
2. The Strategy shall be approved by the Seimas upon the recommendation of the Government.
3. The Strategy shall cover all energy systems, it shall be subject to revision at least every 5 years. The Strategy shall be prepared, revised and implemented with State budget and other funds.
4. The Strategy shall provide for:
 - 1) the safety of the national energy sector;
 - 2) forecasts of demand, import and export of energy resources;
 - 3) forecast of energy production demand;
 - 4) improvement of the energy sector structure;
 - 5) structure of energy resources consumption and its forecasts;
 - 6) forecasts and means of reduction of the energy sector's adverse effect upon the environment;
 - 7) development of consumption of renewable and indigenous resources;
 - 8) energy efficiency;
 - 9) necessary investment;
 - 10) evaluation and building up of reserves of energy resources;
 - 11) energy market development;
 - 12) directions of improvement of energy sector management;
 - 13) improvement of pricing;
 - 14) other issues relating to energy sector development.
5. The Government shall approve a five-year strategy implementation plan and programmes of action.
6. The Strategy shall be implemented according to their respective competence by the State and/or municipal institutions, agencies, the Energy Agency and other enterprises.

Article 10. Energy Agency

1. The Energy Agency is a State enterprise. Its founder is the Ministry of Economy.
2. Upon the assignment of the Ministry of Economy, the Energy Agency shall fulfil the following main functions:
 - 1) carry out the measures of the Strategy implementation plan;
 - 2) implement the programme for the improvement of energy efficiency and its action plan;
 - 3) carry out the supervision and monitoring of the implementation of foreign assistance programmes and projects in the energy sector;
 - 4) promote efficiency of energy resources and energy efficiency as well as the use renewable energy resources and provide information relating thereto.
3. The Energy Agency shall also fulfil the functions prescribed by this Law and other laws or assigned by the Ministry of the Economy.

Article 11. Construction of Energy Facilities

1. Energy facilities shall be constructed in accordance with the procedure laid down in the Law on Construction, Law on Territorial Planning, Law on Environmental Protection and other legal acts. Energy facilities of national importance shall be developed according to the provisions of the Strategy. General or special plans for the supply of customers with energy and energy resources shall be drafted on the basis of the Strategy.
2. Energy enterprises shall take part in drafting and developing plans of balanced and efficient supply, distribution, transmission of energy and shall plan the development of energy facilities of national importance. The energy enterprises engaged in energy transmission, distribution shall develop energy transmission, distribution facilities within the territory of their operation.
3. Energy enterprises engaged in the activities the prices whereof are regulated shall co-ordinate prospective investment with the State Prices and Energy Control Commission (hereinafter - the Commission). Where such investment of the energy enterprises is not co-ordinated with the Commission, it may not be recognised as reasonable for revising the State-regulated prices.
4. The energy facilities belonging to energy enterprises but located on the land or in the buildings of other owners may, where possible, be reconstructed or relocated by agreement between the owner of the land or buildings and the energy enterprise. In such case the owner of the land or building shall defray the reconstruction or relocation costs incurred by the energy enterprises. The ownership of the reconstructed or relocated energy facilities shall remain unchanged.

Article 12. Energy Sector Activities

1. Energy enterprises shall carry out their activities in such a manner as to ensure safe, efficient and environment friendly energy production, supply, transmission, distribution up to the connection point of the supplied energy metering equipment to the customer's system, not exceeding the set State-regulated prices. Energy enterprises which supply heat to multi-family apartment houses shall supply heat to the apartments, unless the consumers request otherwise.

2. An energy enterprise shall transmit, distribute, supply energy to the customers in accordance with the rules for the transmission, distribution, supply and consumption of energy. An energy enterprise shall have the right according to the procedure established by legal acts to suspend the supply of customers with energy only in the cases prescribed by law.

3. Within the territory of their operation the energy enterprises shall connect, according to the established procedure, the energy generating and/or consuming equipment of the energy generators, customers to the operating energy transmission or distribution networks. The connection costs shall be covered by the appropriate generators or customers according to the set tariffs. The connection work shall be carried out under a mandatory contract between the energy enterprise and energy generator or customer.

4. The energy enterprises which own or in any other lawful way control energy transmission or distribution networks and systems shall provide transmission or distribution services to a third party under objective, non-discriminatory conditions, taking account of the technical possibilities of the networks and systems.

5. The energy enterprises which own or in any other lawful way control energy facilities operating in the common energy system shall cooperate and operate in the common operating mode as well as fulfil instructions given by the networks or system operator. The operator shall be appointed by granting the licences according to the established procedure.

6. Interrelations among the energy enterprises as well as their relations with the customers of energy resources or energy shall be based on contracts. Contracts for the supply, transmission and distribution of energy shall be public. Energy shall be supplied, transmitted or distributed to the regulated customers and natural persons upon conclusion of a contract in accordance with the mandatory standards.

7. Energy enterprises transmitting, distributing energy shall be entitled to inspect, according to the established procedure, conformity of the customers' energy equipment with technical safety requirements.

8. Following the close of the year, the costs of the licensed activities of energy enterprises operating in the electricity, heat, natural gas systems shall be audited within a four month period and the auditor's report shall be submitted to the Commission.

9. Energy enterprises shall participate in the drafting of the methods of setting regulated prices, methods of calculating connection charges for energy facilities, rules for energy transmission, distribution, other legal acts regulating the installation, operation, safety of energy equipment and other technical issues.

Article 13. Peculiarities of Activities in the Energy Sector, Quality of Energy and Energy Resources

1. The territory of activities of energy transmission, distribution enterprises shall be defined in the licences.

2. The energy or energy resources consumed in the country must meet the set energy and energy resources quality and composition requirements.

Article 14. Transfer of Immovable Property for Use

1. Land for the construction of energy facilities shall be leased or otherwise transferred for use according to the procedure established by laws. For the construction of energy production, transmission and distribution facilities State-owned land shall be sold or leased according to the procedure established by the Government without holding an auction.

2. Private land may be used for the construction of energy facilities by agreement between the energy enterprise and the land owner. Where an agreement is not reached, land may be taken for public needs in accordance with the procedure and under the conditions established by laws.

3. Protection zones shall be established for the purpose of ensuring protection and operation of energy facilities. Construction, planting of greenery and land works shall be restricted in the zones. Easements benefiting land and other immovable property located in the protection zone shall be established by the energy facilities protection rules, other legal acts. Owners or users of the immovable property located in the protection zone must grant the energy enterprises access to the energy facilities owned or operated by them in order to perform modernisation or maintenance works. Losses inflicted in protection zones by the activities of the energy enterprises shall be covered by the energy enterprise which owns the energy facility in the immovable property located in the protection zone.

CHAPTER FOUR

REGULATION OF THE ENERGY SECTOR

Article 15. Prices

1. Prices in the energy sector shall be contract and state regulated prices. Prices shall be regulated by setting prices for services or energy, establishing their price caps or the procedure of regulation. The tariffs and principles of regulation of state regulated prices shall be laid down in the laws of appropriate energy systems.

2. When setting the state regulated prices, provisions have to be made for obligatory expenses for extraction of energy resources, energy production, purchasing, transmission, distribution and supply as well as for the development of the energy sector and energy efficiency, the use of local and renewable resources, implementation of public service obligations and the set profit rate.

3. State regulated prices must be announced publicly, not later than one month before the of their introduction unless other laws provide otherwise, and shall be applied from the 1st day of the month.

Article 16. Licences and Authorisations

1. Activities in the energy sector shall be subject to licences or authorisations. The types of licences activities shall be set out in the laws on the energy sector and other laws. A list of activities subject to licensing shall be approved by the Government.

2. Activities in the energy sector without a licence or an authorisation where these are required shall be unlawful.

Article 17. The State Control Commission for Prices and Energy

1. The Commission is a state institution financed with the state budget of Lithuania. Its regulations shall be approved, on the recommendation of the Ministry of Economy, by the Government . The Commission shall be a legal person.

2. The Commission shall be composed of five members. Its Chairman and four members shall be appointed by the President of the Republic, on the recommendation of the Prime Minister, for a period of 5 years.

3. Persons of high moral character who are nationals of the Republic of Lithuania, having a university degree or its equivalent, shall be eligible to serve as members of the Commission.

4. The Chairman and members of the Commission shall be dismissed from office:

- 1) upon expiry of their term of office;
- 2) upon their resignation;
- 3) when elected or appointed to another position;
- 4) when a conviction rendered against them becomes effective;

5) when it transpires that they have committed a grave breach of the requirements for the position held;

6) for violation of official ethics;

7) when for health reasons they are no longer able to hold the position ;

8) upon loss of the nationality of the Republic of Lithuania.

5. The Commission shall perform the following functions:

1) approve the methodology for setting state regulated prices;

2) set state regulated price caps;

3) control the application of state regulated prices and tariffs;

4) approve charges for connection of energy facilities (networks, systems and equipment);

5) have the right to introduce unilaterally state regulated prices where energy enterprises are not in compliance with the requirements for setting of these prices;

6) when setting the state regulated prices shall take account of the return on investment and justification for operating expenditure;

7) approve the purchase price for electricity generated from renewable energy resources;

8) grant, suspend and revoke licences for transmission, distribution, storage and supply of energy, and check the licensed activities of energy enterprises;

9) have the right to submit proposals to the Government, the Ministry of Economy and municipalities in respect of the licensed activities of energy enterprises;

10) have the right to obligate energy enterprises to conclude contracts for transmission, distribution or supply of energy where energy enterprises refuse to a third party to provide services or to supply energy to customers;

11) perform other functions provided for in legal acts.

6. The Commission shall be responsible for the decisions taken. The decisions of the Commission shall be adopted by a roll-call vote. The decisions of the Commission may be appealed following the procedure prescribed by law.

7. At the close of a calendar year, the Commission shall, within four months, draft its annual report, make it public and submit it to the President of the Republic, the Seimas and the Government.

8. The Commission Administration shall be formed for the performance of the functions of the Commission. The functions of the Administration of the Commission and its employees shall be defined in the regulations of the Commission.

9. Unless this Law provides otherwise, the Law on Budgetary Institutions shall apply to the activities of the Commission.

Article 18. State Control of the Energy Sector

1. State control of energy facilities and equipment shall be exercised within the whole territory of the Republic of Lithuania irrespective of their form of ownership.

2. State control of energy shall be exercised, in accordance with the prescribed procedure, by the State Energy Inspectorate under the Ministry of Economy (hereinafter "the State Energy Inspectorate").

3. The State Energy Inspectorate shall be a state institution. Its founder is be the Ministry of Economy. The regulations of the State Energy Inspectorate shall be approved by the Ministry of Economy.

4. The State Energy Inspectorate:

1) shall grant, suspend and revoke, following the established procedure, authorisations for energy activities and control compliance with the terms and conditions of the activities specified in the authorisations;

2) shall check, following the established procedure, technical safety and maintenance of energy facilities and equipment, reliability of production, transmission, distribution and supply of energy and energy resources and their efficiency;

3) shall carry out inquiries into accidents of energy facilities and equipment and disruptions of their functioning, take part in inquiries into accidents at work, conduct inquiries into domestic accidents related to the use of energy;

4) shall monitor compliance with special requirements during installation and reconstruction of energy equipment as well as their conformity and suitability for use;

5) shall organise performance evaluation of energy specialists and managers referred to in Article 21(2);

6) shall monitor compliance with the prescribed energy quality requirements;

7) shall monitor state and reserve stocks of energy resources;

8) shall have a right to verify the information supplied by energy enterprises to state institutions;

9) shall perform the functions set out in this Law and other legislation.

5. The State Energy Inspectorate shall be responsible for the decisions taken. The decisions of the State Energy Inspectorate may be appealed following the procedure established by law.

6. Monitoring and state supervision of physical safety of nuclear facilities and accounting of nuclear materials shall be carried out by the State Nuclear Safety Inspectorate. The competence of the State Nuclear Safety Inspectorate shall be established by the Law on Nuclear Energy.

7. The State Energy Inspectorate shall not monitor compliance of the employees with the requirements prescribed by legal acts on safety and health.

Article 19. Provision of Information

1. The state institutions and agencies, for the performance of the functions assigned to them, shall have a right to obtain the relevant information from energy enterprises. Energy enterprises

shall provide, in accordance with the established procedure, information to state and municipal institutions, agencies, appropriate associations and third parties.

2. The Government or institutions authorised by it shall provide information relating to energy to the European Commission, other countries and international organisations.

3. Energy enterprises owning or otherwise controlling energy facilities of national importance must inform the Ministry of Economy about the beginning of construction or commissioning of these facilities.

4. Energy enterprises shall, within the limits of their competence, provide energy consumers within the territory of their operation, information about efficiency of energy resources and energy, safe and effective use of energy facilities and equipment, about energy facilities and installations under construction or reconstruction, about energy tariffs and the services provided to energy consumers.

Article 20. Efficiency of Energy Resources and Energy

1. The major guidelines for efficiency of energy resources and energy shall be set out in the Strategy, while measures for the implementation of the guidelines shall be defined in the increased energy efficiency and other programmes.

2. The imported, manufactured and sold hot-water boilers with the nominal heating power in the range of 4 to 400 kW, fired with liquid fuel or gas, must conform to the prescribed efficiency requirements.

3. The imported, manufactured and sold heat generators for heating premises and/or water in the new or existing buildings used for non-industrial purposes must conform to the prescribed efficiency requirements.

4. The imported, manufactured and sold domestic appliances which use electricity and other types of energy must have appropriate energy efficiency labelling.

5. Enterprises having boilers and equipment using other energy resources with the nominal heating power of more than 0.4 MW shall check efficiency of energy resources of these equipment in accordance with the established procedure.

Article 21. Qualifications and Performance Evaluation of the Staff

1. The employees engaged in the construction and operation of energy facilities and equipment must have adequate qualifications and training. Their training programmes must include questions relating to efficiency of energy and energy resources.

2. The employees engaged in the construction and operation of energy facilities and equipment must undergo performance evaluation following the procedure specified in Article 6(13) and subparagraph 5 of Article 18(4) of this Law.

Article 22. Reserve Stocks of Energy

Energy enterprises having heat or electricity facilities with the heating power of more than 5MW and producing heat and electricity for sale must maintain reserve energy stocks. Reserve energy stocks shall be built, maintained and renewed with the funds of energy enterprises and other funds. Energy reserve stocks must be at a level corresponding to at least one month's consumption.

Article 23. Energy Accounting

1. The produced, transmitted, distributed, sold, exported and imported or transmitted by transit energy must be accounted.

2. Energy must be accounted by energy measuring instruments registered with the Register of Measuring Instruments of the Republic of Lithuania. Newly installed energy measuring instruments must conform with the specifications of measuring instruments used in the Member States of the European Union.

3. Energy measuring instruments shall be installed and operated by energy enterprises owning or otherwise controlling energy facilities of transmission, distribution or storage with their own funds.

4. Energy measuring instruments between energy facilities shall be installed and maintained by energy enterprises owning or otherwise controlling energy facilities of transmission with their own funds.

Article 24. Energy Transit

1. Transit of energy or energy resources (hereinafter "transit") shall be carried out under contracts concluded between the energy enterprises controlling energy facilities of origin, final destination and transmission of energy or energy supply in accordance with the provisions of the Energy Charter Treaty and taking account of the capacities of the transmission facilities and priorities of national needs.

2. Enterprises controlling energy transmission facilities shall supply information to the Commission and the Ministry of Economy about each request for transit, the concluded transit contracts and refusals to conclude them. A refusal to conclude a transit contract must be duly substantiated.

CHAPTER FIVE

EMERGENCY IN THE ENERGY SECTOR

Article 25. Emergency in the Energy Sector

1. A state of emergency in the energy sector shall be declared where electricity, natural gas or petroleum products are in short supply affecting the security and health of the population or the functioning of economy of the country.

2. A state of emergency in the energy sector shall be declared by a resolution of the Government. After a state of emergency or war has been declared in accordance with the procedure prescribed by law, a state of emergency in the energy sector shall be declared without a special resolution of the Government.

3. Energy enterprises must inform, in accordance with the established procedure, the municipalities and the Ministry of Economy about shortages in energy supply and about the measures for restoring the supply.

4. After an emergency in the energy sector has been declared, supply of energy and energy resources to the customers may be restricted or suspended by the Government or an institution authorised by it in accordance with the prescribed procedure. In the event of an emergency in the energy sector energy enterprises acting in accordance with the instructions of the Government, the institutions authorised by it, and of the mayors of regional/city municipalities shall not be liable for the losses caused to the customers by reason of the restrictions in the supply or suspension of energy or energy resources.

5. To provide energy supplies to the consumers in the event of an emergency in the energy sector, state stocks of petroleum products shall be built in accordance with the procedure provided by law.

6. After an emergency in the energy sector has been declared, enterprises producing, transmitting, transporting, loading and unloading crude oil or petroleum products, natural gas, fuel oil and electricity must first satisfy the needs of domestic consumers.

7. After an emergency in the energy sector has been declared, legal and natural persons must act in accordance with the instructions of the Government, institutions authorised by it and the mayors of regional/city municipalities. Where, in the event of an emergency in the energy sector, energy enterprises fail to act in accordance with the instructions, the Government or a municipality council shall have a right, while the emergency in the energy sector lasts, to remove the governing bodies of these enterprises and appoint temporarily their own representatives to act as administrators. Representatives of the Government or a municipal institution, while performing the functions of the heads of the boards or the administration of the enterprises, shall act in accordance with the laws of the Republic of Lithuania and the powers vested in them by the Government.

8. After an emergency in the energy sector has been declared the Government or institutions authorised by it shall have a right to regulate export, import of and trade in crude oil, petroleum products, energy and energy resources as well as to control and restrict, taking account of the market conditions, the unreasonably high prices of petroleum products, energy and resources of energy sold and services provided.

CHAPTER SIX

HEARING OF COMPLAINTS. LIABILITY

Article 26. Hearing of Complaints

1. The National Council for Consumer Protection under the Ministry of Justice shall hold a preliminary extra-judicial hearing of complaints by natural persons concerning application of unfair conditions in the sale or service agreements.

2. The State Energy Inspectorate shall hold a preliminary extra-judicial hearing of complaints concerning malfunctioning of energy facilities and breakdowns of equipment and metering instruments, breaches of the requirements of maintenance, energy quality, accounting of and payment for energy, accidents, interruption, suspension or restriction of energy supply.

3. The Commission shall hold a preliminary extra-judicial hearing of complaints concerning acts or omissions of energy enterprises in supply, distribution, transmission, storing of energy, failure to grant them a right to use networks and systems, connection, balancing of energy supply flows, application of prices and tariffs.

Article 27. Liability

Persons shall be held liable under law for violations of this Law.

CHAPTER SEVEN

FINAL PROVISIONS

Article 28. Procedure of Enforcement of this Law

1. Energy enterprises shall buy out or operate, following the procedure prescribed by the Government or an institution authorised by it, energy facilities acquired at the expense of the customers (legal and natural persons), installed for common use prior to the entry of this Law into force and intended for transmission and/or distribution of energy.

2. Energy enterprises shall provide information to the State Tax Inspectorate under the Ministry of Finance or to the municipalities about energy facilities which, though in use, are not recorded and have no owners or whose owners are unknown (hereinafter "derelict energy facilities"). The State Tax Inspectorate under the Ministry of Finance or the municipalities shall, following the procedure established by the Government, include the derelict energy facilities in the records and take measures to find the owners of these facilities. The State Tax Inspectorate under the Ministry of Finance or a municipal institution, at the close of four months from the day when the facility was included in the register, shall file an application with court to transfer the derelict energy facility into the ownership of the state or a municipality. The derelict energy facilities which have been transferred by a court decision into the ownership of the state or a municipality, shall, by a decision of the State or the municipality council, be sold, leased or given into any other form of use to an energy transmission or energy distribution enterprise operating within their territory.

3. The provisions of paragraph 2 of this Article shall not apply to energy facilities which have been acquired in good faith and are in lawful control even where their administrators have not yet acquired the right of ownership to these facilities by prescription.

4. After entry of this Law into force, when appointing members of the Commission for the first time, two members of the Commission shall be appointed for a term of three years.

Article 29. Entry into Force

1. With the exception of paragraphs 2, 3 and 4 of Article 20, this Law shall enter into force on 1 July 2002.

2. Paragraphs 2, 3, and 4 of Article 20 shall enter into force on 1 January 2004.

Article 30. Laws Repealed

1. Upon entry into force of this Law the following laws shall be repealed:

- 1) Law of the Republic of Lithuania on Energy (*Official Gazette* 1995, No. 32-743);
- 2) Law Amending Article 20 of the Law on Energy (*Official Gazette* 1996, No.32-791);
- 3) Law of the Republic of Lithuania on Securing the Interests of the State by Providing Lithuanian Economy with Crude Oil and Petroleum Products in an Emergency (*Official Gazette* 1997, No. 53-1227);
- 4) Law of the Republic of Lithuania Amending Article 15 of the Law on Energy (*Official Gazette* 1997, No. 64-1494);
- 5) Law of the Republic of Lithuania Amending Articles 1, 9, 11, 12, 16, 17, 19, 20 and 22 (*Official Gazette* 1997; No. 96-2425);
- 6) Law of the Republic of Lithuania Amending Articles 1, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15 and 17 of the Law on Energy (*Official Gazette* 1998, No. 34-899);
- 7) Law of the Republic of Lithuania Amending Article 1 of the Law on Energy (*Official Gazette* 1998, No. 103-2837);
- 8) Law of the Republic of Lithuania Amending Article 15 of the Law on Energy (*Official Gazette* 1998, No. 105-2899);
- 9) Law of the Republic of Lithuania Amending Articles 10 and 14 of the Law on Energy (*Official Gazette* 1999, No. 86-2563);
- 10) Law of the Republic of Lithuania Amending Article 17 of the Law on Energy (*Official Gazette* 2000, No. 28-757);
- 11) 10) Law of the Republic of Lithuania Amending Article 14 of the Law on Energy (*Official Gazette* 2000, No. 58-1709).

I promulgate this Law passed by the Seimas

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS