

LAW OF THE REPUBLIC OF MOLDOVA

ENERGY ACT

no. 1525-XIII from 19.02.1998

The Parliament adopts this Law.

**CHAPTER I
GENERAL PROVISIONS**

Article 1. The main notions used

In the current law the following notions are used:

Energy sector - a component part of the national economy that includes a complex of enterprises and facilities of the power and thermal energy sector, gas, solid and liquid fuel industry, training centers, design, research and other organizations;

Energy resources - the totality of energy carriers used in the processes of production and residential sectors.

Loss of energy resources - inevitable technological losses of energy resources at their extraction, procession, transportation, storage, evidence, distribution and consumption, as well as the losses occurred as result of non-observance of technological processes, uneconomical or wasteful utilization of energy resources.

Article 2. The goal of the this law

The goal of the current law is to create a general legal framework to ensure an efficient operation of the energy sector, a reliable energy supply to the national economy and population.

Article 3. The subject of this law

This law:

- a) regulates organizational, economic and financial activities of the energy sector enterprises and organizations, their interrelations with the central and local public administration bodies, with physical and juridical persons;
- b) establishes the basic principles of the activities of energy producers, transport enterprises, and energy suppliers , as well as the legal and economic relations between the suppliers and customers;
- c) determines the manner of the consumers' supply with qualitative fuel and energy at minimal prices and tariffs;
- d) determines basic measures to provide a safe operation of the energy facilities.

**CHAPTER II
PUBLIC AUTHORITIES' RESPONSIBILITIES WITHIN THE
ENERGY SECTOR**

Article 4. Responsibilities of the Central Public Authorities

The central public authorities will be responsible for:

- a) the elaboration and implementation of the state policy concerning the energy sector;
- b) the elaboration of state principles and programs concerning energy sector development;
- c) monitoring of implementation of programs for development of and investments in energy sector within established period;
- d) the preparation of normative acts on energy sector problems;
- e) the development of international relations within the energy sector, including within the sphere of strategic energy resources purchase, investments attraction, extension of intersystem connections and creation of an international energy market;
- f) managing the state property in the industry;
- g) the promotion and stimulation of competition, limitation of monopolistic activities.

Article 5. Local public authorities' responsibilities

- (1) The local public authority contributes to a reliable and efficient energy and fuel supply to the population and economy.
- (2) The jurisdiction of the local public authorities reflects upon:
 - a) the construction of new energy facilities of local importance, settlement of the matters concerning allotment of land plots to energy facilities;
 - b) the regulation of the volume of local budget allocations for the development of the system of supplying consumers located in the respective territories with energy resources;
 - c) the coordination of works on liquidating the consequences of the emergencies at energy facilities;
 - d) the granting of nominal compensations to vulnerable categories of population to pay for energy resources within the fixed amounts.

CHAPTER III ENERGY SECTOR DEVELOPMENT AND OPERATION

Article 6. The basic principles of energy sector operation

- (1) All enterprises and organizations of the energy sector are considered juridical persons, performing their activities on the basis of the principle of economic efficiency and in compliance with the law in force.
- (2) The central and local public authorities and have no right to:
 - a) interfere in the activities of the organizations and enterprises within energy sector;
 - b) divert the staff of energy sector enterprises and organizations from fulfilling their duties;
 - c) interfere in contractual relations between suppliers and consumers;
- (3) The development of energy facilities is performed only on the basis of studies and programs carried out, elaborated schemes and projects;
- (4) Energy enterprises and organizations, regardless the type of ownership, developing their activity in production, transmission and distribution of electricity and heat, natural gas and other fuels shall submit, upon request of energy administration central public

authority, draft programs and plans for development of and investments in the appropriate sector, as well as reports on implementation thereof for the previous period.

(5) The production, transportation and distribution of power and thermal energy, natural gas, oil products and coal is performed according to the regulations, normative and technical documents, approved by the energy sector central public authority.

(6) The energy sector enterprises and organizations are obliged to perform at an appropriate level the technological process of production, transportation, distribution of fuel and energy, to execute in time the current works on energy facilities and equipment repair and operation, to ensure the reliable energy supply to consumers according to the stipulations of the legislation on environment protection.

(7) The energy sector enterprises rendering public services are entitled to administer territories of different forms of property in order to perform works on marking, energy facilities construction, equipment preventive attendance, reparation of electric networks, heat- and gas-pipes, electro-technical facilities and gas equipment using the appropriate technology.

(8) The work conducting, except for the emergency cases, must be confirmed with the local public authorities and land owners. Restoration of damaged roads and land plots is realized on the account of the appropriate energy enterprise within stipulated terms.

(9) Power and thermal energy producers who meet public needs are obliged to make fuel reserves before the winter fall period.

Article 7. Property in energy sector

(1) There are two types of property in energy sector: public and private.

(2) The privatization of power plants, electric, heat and gas distributing networks, oil bases, oil supply stations, enterprises and facilities of attendance, as well as the auxiliary ones according to the legislation in force of the power plants is allowed.

(3) The main electric networks and energy facilities of strategic importance are owned by the state and are not subject to privatization.

(4) The investments in energy sector can not be expropriated except for the cases stipulated in the national legislation and international agreements. In case of investment expropriation the state ensures compensation equivalent to its market price.

Article 8. Demonopolization and competition

(1) The main goal of energy policy is to restrain monopolistic activity and to stimulate competition within the energy sector and it will be implemented through:

- a) creating favorable conditions for competition and liberalization of energy resources market;
- b) monitoring the correctness of tariff application for power and thermal energy, and prices for natural gas;
- c) preventing and limiting monopolistic activity;
- d) regulating and monitoring the activities considered natural monopoly.

(2) Power and thermal energy producers must purchase the fuel of a required quality at lowest reasonable price.

Article 9. Economic relations

(1) Economic relations between the energy sector enterprises, as well as between the energy sector enterprises and energy consumers are established on a contractual basis.

(2) The suppliers are obliged to ensure a reliable energy supply, and provide a qualitative service.

(3) Energy and heat tariffs, as well as price for the energy resources must include all reasonable expenditures for energy facilities maintenance and development, and profits.

Article 10. Investment funds

(1) In order to ensure a rhythmical functioning and development of the energy sector, investment funds are established.

(2) Investment funds are established on the account of:

- a) own allocations of energy sector enterprises ;
- b) shareholders and consumers' assessable contributions;
- c) bank credits;
- d) special funds allocations;
- e) state and local budget allocations;
- f) native investors' allocations;
- g) other sources.

Article 11. Special funds

(1) In order to achieve the goals mentioned in part (1) of the Article 10, special funds are established as well:

- a) energy sector development fund;
- b) insurance fund;
- c) reserve fund;
- d) fund for employees social protection;
- e) energy conservation fund.

(2) Special funds are established on the account of:

- a) state budget allocations aimed to the construction of energy facilities of national importance;
- b) local budget allocations aimed to the construction of energy facilities of local importance;
- c) the own allocations of the energy sector enterprises and organizations;
- d) bank credits;
- e) energy and fuel consumers' investments;
- f) other sources.

CHAPTER IV

ENERGY SUPPLY, STATE SUPERVISION ENERGY INSPECTION

Article 12. The relationships between suppliers and consumers

(1) Fuel, natural gas, power and thermal energy supply and consumption are performed according to the regulations approved by the Government of the Republic of Moldova.

(2) The suppliers are obliged to keep to the parameters of energy resources stipulated for by valid standards, according to the conditions of the contracts.

(3) The contract stipulates the quantity, quality and the safety of energy supply and consumption regimes, the conditions for regulating consumption schemes, the tariffs, computation, the method of computation, as well as sanctions to ensure respect of contractual duties.

(4) Energy resources consumers are entitled to:

- a) get connected to power and heat networks, as well as to gas-pipes in a stipulated

manner;

b) increase under technical conditions the volume of energy consumption and installed capacity;

c) create own local energy supply networks independently or in co-operation with other consumers or get connected to other local networks with the owners' agreement;

(5) The consumers for whom energy absence or disconnection might represent a significant threat to human life or material damage must be ensured with spare sources of energy supply, established on their account.

(6) The owners of autonomous sources of power and thermal energy are entitled to discharge energy surplus into the network according to normative acts in force.

(7) If during the term stipulated in the contract the consumer does not pay entirely for power and thermal energy and natural gas consumption the supplier is entitled to cease their supply in the stipulated manner.

(8) The supplier is obliged to restart power, thermal energy and natural gas delivery to the consumer as soon as the latter pays off the debts.

(9) The supplier shall assume the responsibility for the damages produced to the consumer in accordance with the legislation and the contract.

(10) The consumer shall pay to the supplier at an increased tariff in case of consuming energy above the limits stipulated in the contract.

(11) The consumer shall pay a fine for energy payment delay established in the stipulated manner.

(12) The consumers' connection and disconnection from energy sources without the authorization of the responsible persons at energy sector enterprises or operative and technical services, except for the cases when such actions are aimed to ensure human life safety under emergency and force majeure circumstances, is prohibited.

(13) The consumer has no right to impede the free access of the representatives of supplier, authorized to control, for meter reading, according to the contract concluded between consumer and supplier.

Article 13. State supervision energy inspection

(1) The state supervision energy inspection is created on the Government's decision and operates under the terms of the regulations approved by the Government.

(2) The state supervision energy inspection is entitled to look after the observance of the regulations, normative and technical acts and safety rules in construction, energy facilities equipping and functioning and equipment usage, as well as consumers' energy installations.

CHAPTER V

MEASUREMENT OF ENERGY USE

STATISTICAL REPORTS AND TRANSPARENCE

Article 14. Measurement of Energy Use

(1) The total volume of energy resources imported, produced, transported, distributed, stored and consumed is subject to metering evidence.

(2) The owners of metering equipment (suppliers or consumers) are obliged to maintain them in conformity with the norms of exploitation in force.

(3) Installation, testing, maintenance, repairs and replacement of metering equipment of economic entities and institutions financed by budget are performed in conformity with the stipulations of contract concluded between consumer and supplier. For the population these services are provided for account of the supplier.

Article 15. Statistical reports

(1) All juridical persons must submit in the stipulated manner to the state statistics bodies strict form reports on energy resources import, export production and consumption.

(2) The administration of the juridical person is responsible for the authenticity of the information (reports).

Article 16. Publicity

(1) Any energy installation is available for organized visits of public representatives and mass media.

(2) The information about technical, economic and ecological state of energy facilities, accidents and other operation disturbances is available and accessible.

(3) The administration of any energy sector enterprise and organization is responsible for the falsification and hiding the information mentioned in point (2).

CHAPTER VI ENSURING SAFE FUNCTIONING AND SECURITY OF ENERGY FACILITIES

Article 20. Security zones

(1) Energy facilities are considered highly dangerous. In order to ensure their safe operation security zones are established. The manner of their establishment, their size and regime of utilization are established through the regulations and normative acts approved by the Government of the Republic of Moldova.

(2) All types of works within security zones are performed only with the agreement of energy sector enterprises and organizations.

Article 18. Security of energy facilities

(1) The security of energy facilities of major importance is performed by departmental or interdepartmental militarized security subdivisions of the Ministry of Internal Affairs.

(2) Physical and juridical persons whose activities lead to the breach of the normal operation of energy facilities are responsible for their actions in accordance with the legislation in force.

Article 19. Staff training

(1) In order to ensure a safe operation of energy facilities the administrative personnel, specialists and employees working there should possess a special education or special training. Energy sector enterprises and organizations will contribute to staff training and improvement of its qualification in the educational establishments of respective fields.

(2) Periodical certification and medical control of the operative and technical personnel in energy sector must be carried out.

CHAPTER VIII FINAL PROVISIONS

Article 20.

The current law shall come in force on the date of its publication.

Article 21.

Within three months the Government shall:

- change its normative acts to comply with the current law;
- adopt normative acts on the basis of the current law to ensure energy facilities operation.

No.1525-XIII,
February 19, 1998