

Heat generation from renewable energy sources: new rules

On 15 April 2017, the amendments to the Law of Ukraine On Heat Supply came into force, providing for amending the procedure of setting tariffs for heat produced by plants (including heating plants, thermal power stations and combined heat and power plants) from renewable energy sources. In particular, the amendments refer to heat supply to consumers financed from the state and local budget (administrative buildings, kindergartens, hospitals, schools, etc.).

The main advantage of the new regulation consists in the possibility of replacing natural gas with renewable energy sources and increasing the tariff for the "alternative" heat supply.

From now on, the tariff for such heat will be set at 90% of the tariff for heat generated from natural gas (for the needs of the respective category of consumers). If the company does not produce heat from natural gas, the tariff is set at 90% of the weighted average tariff for the heat produced from natural gas.

The weighted average tariff for the heat generated from natural gas is approved on a quarterly basis by the Ukrainian State Agency for Energy Efficiency and Energy Saving. Companies generating heat from renewable energy sources shall submit an application to local self-governing bodies indicating the rate of the tariff to be set. If, within 30 calendar days from the date of receipt of the application, the self-governing body does not set the tariff rate or does not state a reasonable refusal to do so, the respective tariff shall be deemed approved (the principle of "tacit consent").

The tariffs for the heat produced from renewable sources approved till 15 April 2017 (date of entry into force of these amendments to the Law) shall continue to be applied until 31 December 2020 and may only be adjusted at the request of the respective heat generating company.