

The reform of connection to power grids has entered final straight

On 16 March 2021, the Draft Law “On amendments to some legislative acts regarding simplifying the connection to power grids No.5009 (hereinafter – the Draft Law) was included in the agenda of the Verkhovna Rada of Ukraine. The Draft Law was initiated and drafted with the active involvement of the Office of Simple Solutions and Results. The Draft Law had been previously considered by the Committee of the Verkhovna Rada of Ukraine on Energy, Housing and Utilities Services at the meeting on March 4, 2021. The main committee had decided to recommend to the Verkhovna Rada of Ukraine to adopt the Draft Law as a basis.

The purpose of the Draft Law is significant simplification of the procedure of connection to power grids of customers' electrical installations, reduction in the number of procedures, documents and approvals, significant reduction of customers' time expenditures for connection, removal of artificial restrictions and obstacles of the procedure of connection to power grids, the establishment of a "single point of contact" mechanism for submission of applications, inquiries, obtaining information, source data by the customer necessary for the design and execution of construction and installation works, approval of design documentation for construction, reconstruction and re-equipment of electrical installations of customers. Adoption of the Draft Law should significantly improve Ukraine's position in the ranking “Doing Business”.

The key legal innovations of the Draft Law are the following:

- Linear energy infrastructure facility is defined as a complex of energy infrastructure facilities, including overhead and underground facilities, connected by air and cable lines and are intended for the transmission and distribution of electrical energy, as well as buildings and installations with an area of under 40 m², including but not exclusively, electric power substations, transformer substations, distribution points and devices, installations of support structures, extra equipment connected with them by a single technological process, ensuring safe and reliable use, production, transmission and distribution of electrical and heat energy.
- There is an opportunity for the development of the land administration projects for the allocation of land plots from state and communal property for use for the placement and operation of linear energy infrastructure facilities without obtaining a permission from the executive branch authorities or the local governments to develop it.
- The application of the principle of tacit consent is introduced while executive branch authorities and the local governments approving the land administration projects for the allocation of land plots and making them available for use by the distribution system operators for the construction and use of linear energy infrastructure facilities.

- The implementation of the Unified state information web portal "The Single window of customers and developers of design documentation" ("single point of contact" mechanism) is proposed for the purposes of:

- approval of design documentation for the construction, reconstruction and/or technical re-equipment of electrical networks of external power supply of the customer's electrical installations (to the point of connection of the customer's electrical installations) and design documentation for the construction of electrical networks of the linear part of the connection by the stakeholders, in particular, executive branch authorities and the local governments, enterprises, establishments and organizations;
- obtaining from the stakeholders, in particular, executive branch authorities and the local governments, enterprises, establishments and organizations information, documents and data, source data including those about existing and previously designed utility and transport lines, terms and restrictions, permissions necessary for the design and subsequent approval of design documentation and execution of construction and installation works, the exchange of such information, documents and data.

- The design and approval of design documentation of the linear part of the connection of the customer's electrical installations with a capacity of up to 1 MW as well as the allocation of land plots for their placement should be performed exclusively by the distribution system operator.

Some stakeholders have already assessed proposed the Draft Law. The NERC appreciated the Draft Law. In the view of the Regulatory institution, the adoption of the Draft Law will ensure the conditions under which services related to the connection to the power grids will be provided to companies in the shortest possible time in a convenient and simple way. This will help strengthen Ukraine's competitive advantages and its attractiveness to foreign investors.

The position of the Association of Ukrainian Cities is less optimistic. According to the Association, the Draft Law needs to be finalized, as it, in particular, restricts the rights of local communities to dispose of communal land and to receive income from the use of public land, as well as provide tax preferences to some business entities.

This Legal Alert is intended as a general overview of latest changes in legislation of Ukraine and does not constitute a legal advice.

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