

# ГРОШІ, ФІНАНСИ І КРЕДИТ

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## IMPROVEMENT OF THE INSTITUTIONAL PROVIDING OF THE ALTERNATIVE ENERGY INVESTMENTS DEVELOPMENT: EUROPEAN EXPERIENCE AND UKRAINIAN REALITIES

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**Introduction.** The issue of energy safety is becoming increasingly important in modern conditions. It is one of the defining components of the national safety state, the formation of energy-efficient model of its development and diversification of energy sources. Therefore, the state and prospects of alternative energy development and investments in it, in particular, should be the subject of constant attention for public authorities and the whole of the society.

**The latest sources of research and publications review.** The study of institutional providing of the investments, including energy, is considered in the studies of I. Blank [1], P. Korenyuk [2], T. Mayorova [3], A. Peresada [4], V. Potapenko [5], A. Udalykh [6], Y. Zhalilo [7], A. Glen [8], C. Jones [9], B. Esty [10].

**The basic material and results.** From the point of view of economic policy in Ukraine, it is fundamentally important to consider alternative energy of Ukraine as the institutional basis of the interaction of energy with the entire economic complex. It is one of the most important components not only of resources for economic development of the country, but of the country's energy safety. The content and tasks of designing and implementing an energy-efficient model of development in Ukraine are defined by the following features of the fuel and energy complex state: overdependence on the natural gas and oil import, the lack of opportunities for diversification of supply, monopoly in the national market, imperfect pricing and low level of investments in the development of industry, the presence of corporate conflicts, the decline in hydrocarbon production and in prospects to expand its resource base through alternative sources.

Considering the regulatory component of institutional support of the alternative energy development, it may be said that the legal framework does not provide a comprehensive approach to the regulation of activities concerning the alternative energy sources. The Law of Ukraine

«On the alternative energy sources» dated February 20, 2003 №555-IV [11] regulates the relations in terms of renewable energy sources.

Taking into account the state of the energy sector legal regulation, there is an objective necessity for its improvement by means of amendments to the existing legislation and the adoption of new legal acts. The direction and ways of improvement are determined by several factors. One of the most important from these factors is the international obligations of Ukraine, provided in relevant international agreements.

The main agreements that establish directly the obligations of Ukraine regarding the improvement or introduction of appropriate legal regulation in the energy sector in general and in the field of alternative energy, in particular, are:

- «The Agreement on partnership and cooperation between Ukraine and the European Community and their member States», ratified on November 10, 1994 [12].
- – «The Agreement to the Energy Charter», ratified on February 6, 1994 [13].
- – «The Agreement on establishing the Energy Community», ratified by Law of Ukraine on December 15, 2010 [14].

According to the above-mentioned normative legal acts, Ukraine has acquired the status of a Contractual Party of the Energy Community, the aims of which are:

- introduction of the regulatory framework of the European Community for energy, environment, competition policy and renewable energy sources by the Contracting Parties, taking into account the institutional structure of the Energy Community, and the specific situation in each of the Contracting Parties;
- establishment of a regulatory system that allows the efficient functioning of network energy products markets on the territories of the Contracting Parties and part of the EU territory and covers the creation of the unified mechanism for cross-border transportation of network energy products, supervising the observance of safety measures;
- establishment of the network energy products market without internal borders by the Parties, including the mutual assistance coordination in case of serious irregularities in the functioning of the energy networks or external damage. Based on these and other requirements, the adaptation of Ukrainian legislation to the EU's energy law should facilitate the creation of transparent and competitive energy markets of Ukraine, integrated into the European markets.

The creation of such markets is based on the principles of:

- ensuring the reliability of energy supplies;
- development of system of national regulatory authorities;
- increasing competition in accordance with the principles of freedom of movement of goods, services, capital and labor;
- free consumer choice of providers;
- promoting greater transparency of energy companies;
- protection of the environment and civil protection in the field of industrial safety;
- facilitation of cross-border collaboration and investments.

The set of legal acts that regulate the energy in the European Union, are presented in the Table.

In the European Union significant steps have also been made in ensuring the public demand for alternative energy sources. And it was not only the number of directives concerning the activation of use of renewable energy sources and energy efficiency directly in member States of the EU, but significant activity is realized on the international scene. The development of international institutions in the field of alternative energy has intensified recently - the International Agency for renewable energy (IRENA), the International Energy Agency (IEA).

Thus, the European Union policy in the field of alternative energy sources today is focused on policy of energy efficiency and increase the share of renewable energy in the total energy consumption. In addition, there are two forms of support for alternative energy sources, among them being quotas for consumption and fixed energy tariffs. The scheme of support for the alternative energy sources development can be based on two main approaches:

- 1) promotion of individual elements of the investment project cycle cost (reducing the cost of capital, lower operating costs, etc);
- 2) promotion of the final product, i.e. electricity generated by alternative energy sources, after the completion of the investment project cycle.

**Table. Regulatory and legal framework for functioning of energy and renewable energy in European Union**

<b>General documents of EU energy regulation</b>
Energy 2020 Strategy for competitive, sustainable and secure energy {SEC (2010) 1346}, (EU Energy Strategy)
Council Regulation (EC, Euratom) № 617/2010 of 24 June 2010 on notifying the Commission of investment projects in energy infrastructure within the European Union and repealing Regulation (EC) № 736/96
Commission Regulation № 833/2010 of 21 September 2010 on implementation of Regulation № 617/2010, relating to the Communication from the Commission of investments projects in energy infrastructure within the European Union
Regulation (EC) № 663/2009 of European Parliament and the Council of 13 July 2009 concerning the application development aid economic recovery by granting Community financial assistance to projects in the energy sector
Regulation (EC) 67/2010 of European Parliament and the Council of 30 November 2009 on common rules for granting the Community financial aid in the field of trans-European networks
EC Regulation № 713/2009 of European Parliament and the Council of 13 July 2009 establishing the Agency for the Cooperation of Energy Regulators (Agency for the Cooperation of Energy Regulators)
Directive 2001/77 / EC of the European Parliament and the Council of 27 September 2001 on the promotion of placing electricity produced from renewable energy sources in the internal market.
Council Directive 2003/30 / EC of the European Parliament and the Council of 8 May 2003 on the promotion of biofuels use or other renewable fuels for transport.
Directive 2006/32 / EC of the European Parliament and the Council of 5 April 2006 on energy end-use efficiency, energy services and repealing Council Directive of 93/76 / EEC.
Directive 2010/30 / EC of the European Parliament and the Council of 19 May 2010 on specifying the used labeling and standard product information from the consumption of energy and other resources to energy products.
Directive of the European Parliament and the Council 2010/31 / EC of 19 May 2010 on the energy efficiency of buildings.
Directive of the European Parliament and the Council 2009/28 / EC of 23 April 2009 on promoting the use of energy produced from renewable sources, amended, and subsequently repealed Directive 2001/77 / EC and 2003/30 / EC.

There are many projects of alternative energy development, which are built on the principles and objectives defined by the main acts in this area and the energy industry in general in the European Union today. And here it is worth noting, that the energy sector in general and alternative energy in particular remain one of the key areas of cooperation between Ukraine and the EU, and relations between them are strengthening.

Global trends in the development of energy are characterized by well-directed policies of developed countries to reduce dependence on expensive organic energy sources and to raise the share of alternative energy in the energy balance. The main constraining factors for the development of alternative energy is a high price of the produced energy, due to the expensive equipment (solar cells, wind turbines) and fairly long payback period (photocells - for about 5 years, wind turbines - for about 2-3 years depending on environmental conditions at the units location).

Most European countries develop alternative energy successfully due to the strong support from the state. European Union countries develop programs and strategies for the development of renewable energy at the interstate and at the national level by providing financial and organizational support to companies that are engaged in alternative energy.

European experience demonstrates the need for legislative improvement in this sector with the aim of ensuring a high level of energy independence and safety of the state. To achieve this goal it is also necessary to adopt a number of bills aimed at creating conditions for raising the use of renewable energy sources, in particular through ensuring access of electricity from renewable sources to electricity networks at affordable prices, establishment of special tariffs, simplification of

administrative procedures for granting permission for construction of renewable power plants and the like; granting preferences for development (rehabilitation) of the resource base for renewable energy; increase of energy efficiency and improvement of energy products supply safety by creating a legal framework for the promotion and development of the simultaneous production of thermal and electric energy; promotion of renewable energy sources in the fuel energy balances; organizational, legal and financial support of the possible use of industrial and domestic waste.

**Conclusion.** The problem of adapting our country's legislation to the energy law of EU should be solved comprehensively in a single direction with the implementation of state management in the energy sector. This, in its turn, requires fundamentally new approaches to economic and social development of the state by means of the production structure rationalization, reform of the country's entire economic complex in the direction of reducing its energy component and structural changes in the conditions of fuel and energy complex development, with the emphasis on improving the efficiency of the available capacities use and the development of alternative fuel and energy sources.

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**Onyshchenko V.O.**, DSc. (Economics), Professor, Rector of Poltava National Technical Yuri Kondratyuk University. **Syvytska S.**, post-graduate student, Poltava National Technical Yuri Kondratyuk University. **Improvement of the institutional providing of the alternative energy investments development: European experience and Ukrainian realities.** Regulatory and legal framework for the operation of the fuel and energy complex of Ukraine and alternative energy has been analyzed. The main elements of institutional support for alternative energy investments in Ukraine have been determined and the regulatory component of institutional support for the alternative energy development has been analyzed. The European Union policy in the field of alternative energy sources has been studied. It was found that the emphasis is made on the policy of energy efficiency and increasing the share of this energy in the total energy consumption. The necessity of legislative improvement in this sector with the aim of ensuring a high level of energy independence and safety of the state has been proved.

**Keywords:** investment, institutional support, international experience, alternative energy.

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**Ключові слова:** інвестування, інституційне забезпечення, міжнародний досвід, альтернативна енергетика.

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**Ключевые слова:** инвестирование, институциональное обеспечение, международный опыт, альтернативная энергетика.