

# ROADMAP FOR SMALL-SCALE HYDRO POWER PROJECTS IN UKRAINE

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INVESTMENT GUIDE





# ACKNOWLEDGEMENTS

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The necessity of a guide on launching small-scale hydro projects in Ukraine has been discussed for quite a while. In 2015 the Norwegian-Ukrainian Chamber of Commerce approached Mr. Volodymyr Demchyshyn, the then Minister of Energy and Coal Industry of Ukraine, with the idea to develop such guide and received full encouragement from him and later from Mr. Ihor Nasalyk, the current Minister.

The guide was prepared by the team of Ukrainian NGO "EasyBusiness" in collaboration with the lawyers of Ukrainian law firm "EverLegal", with the aim to inventory regulatory field for small-scale hydro projects in Ukraine and approximate best Norwegian experiences into Ukrainian practices. With this respect the project was initiated by Arne Jakobsen, founder of one of Norway's largest small-scale hydro development companies, who also contributed to the preparation of the guide and integration into it of the Norwegian experience in both regulatory and commercial aspects.

The authors of the guide are grateful to Mr. Sergiy Porovskyi, the former advisor to the Minister of energy, the Ukrainian Association of Renewable Energy, sPower (Sustainable Power Group, a renewable independent power producer in the United States), the Federal Ministry for Economic Affairs and Energy of Germany, the US Department of Energy for their insightful consultancy. Although the advice from the mentioned institutions was taken into account with the utmost attention, all mistakes, if any, contained in this guide are purely those of the authors.

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# INTRODUCTION

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This paper has been designed as a reliable guidance for prospective investors. The present analysis aims to provide a comprehensive vision of principal legal steps a developer must take in different fields (relating to land, construction, environment and health requirements, etc.) to launch a small-scale hydro power plant in Ukraine. The analysis has been conducted with the following benchmarks in mind.

The paper is dedicated exclusively to **small-scale hydro power plants**. As there is no agreed international definition of such plants, each state stipulates their capacities in its national legislation. Under Ukrainian law, a small-scale hydro power plant is the one with the capacity of 1 to 10 MW. This should not be taken as an assertion that the development of micro and mini plants is regulated in a completely different manner. On the contrary, many issues of land law and health and safety requirements are the same. However, it should be borne in mind that the analysis is focused on small-scale hydro power plants and their regulation under Ukrainian law.

Our research focuses on **greenfield projects**, i.e. the ones developed from the very beginning and not based on reconstructing a plant that already exists. Our model is based on the development of a small-scale hydro power plant from the scratch on a state-owned land in Western Ukraine. The region is known for a number of its intense rivers that is explained by the mountainous terrain. The majority of potential Ukrainian small-scale hydro power projects are thus located in this area.

The analysis provides the longest and the **most tedious scenario** for receiving permits. In practice, depending on the circumstances of a particular case, it will not always be so. For instance, the regulation differs according to a category of land. Whether the land is state- / municipally-owned or is in private hands has a considerable influence on how easily and quickly one can launch a small-scale hydro power project. The analysis, further, focuses on the **permits required for a developer/investor**, rather than for his/her contractors.

This paper also contains concluded with principal policy recommendations. The latter, if implemented, will considerably facilitate the development and operation of small-scale hydro power plants and contribute to the compliance of Ukraine with its alternative energy and energy efficiency obligations.







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## DESCRIPTION

# CURRENT SITUATION

## General market overview

Ukraine's energy potential and recent economic reforms make Ukraine an attractive location for investments. Within the last 5 years a series of legislative amendments were introduced to simplify and promote business activities. They include establishment of a "one-stop shop" for corporate registration, cancelling the minimum charter capital for limited liabilities companies, simplifying the licensing requirements and procedure for registration of real property title, improvements in corporate governance, etc. Foreign investors are also entitled to certain guarantees under the foreign investment laws, such as protection against nationalisation, guarantee for compensation and reimbursement of losses, reparation of profits and protection against changes in legislation.

Ukraine's energy sector regulations have improved substantially due to the ongoing European integration processes. With its accession to the Energy Community in February 2011, Ukraine undertook to refurbish its energy sector regulations to comply with the applicable EU directives. These, among others, include the Directive 2003/54/EC of the European Parliament and the Council of 26 June 2003 concerning common rules for the internal market in electricity and the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.

### Green tariff for small-scale hydro plants in Ukraine (EUR/kW)

2016-2019 – 0.1045

2020-2024 – 0.0942

2025-2029 – 0.0835

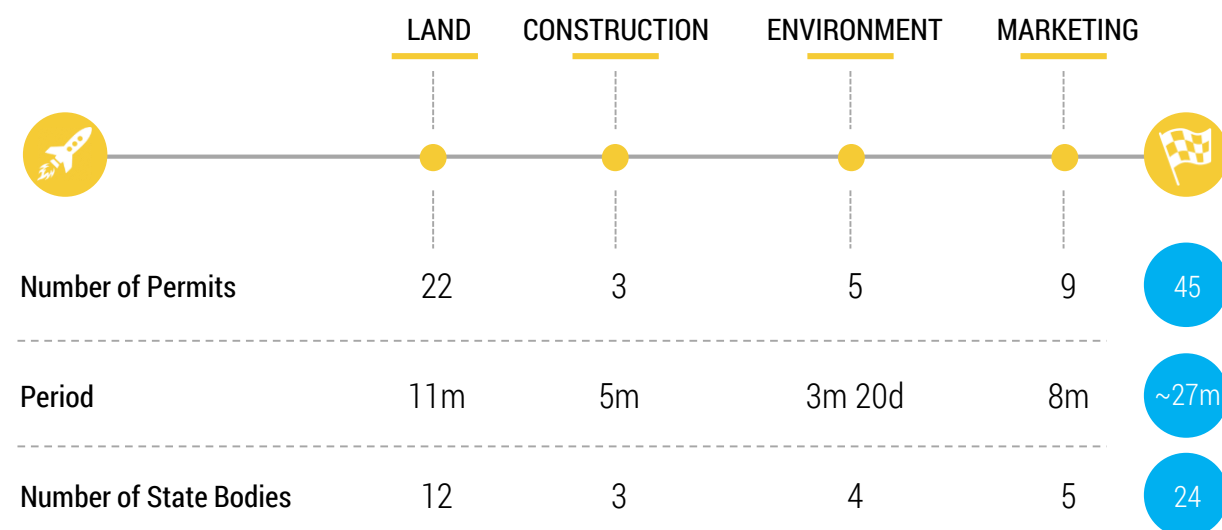
The government has also committed to increase green energy production and aimed to have 11% of a market share for renewable energy by 2020 (currently 1% of electricity is produced from the renewable energy sources). To achieve this number, the economy would need to attract 16 billion EUR of investments.

Energy produced from small-scale hydro power resources is currently covering a rather small share of the market – 0.12% (compare: wind – 0.68%, sun – 0.33%, biomass – 0.05%). Though, regulatory environment for development of such projects is considered to be favourable. Under current regulations, small-scale hydro power energy producers may sell electricity directly to customers under direct sale and purchase agreements or to the operator of the Ukrainian wholesale electricity market, State Enterprise ("SE") "Energoynok". The latter is obliged by law to purchase the electricity produced at the applicable green tariff rate under sale and purchase agreements to be entered into until 1<sup>st</sup> January 2030. The green tariff (also known as the feed-in tariff) is a special tariff for the electricity produced from renewable energy sources to be bought by SE "Energoynok". The currently applicable green tariff rate for small-scale hydro power projects is 0.1045 (EUR/kW). The green tariff rate is assigned by the National Energy and Utilities Regulatory Commission of Ukraine ("NEURC") for each energy generation facility of an electricity producer. The green tariff rates are set by the NEURC in UAH based on a statutory formula and are adjusted by the NEURC on a quarterly basis to ensure that the applicable green tariff rates do not fall below the statutorily established minimum rates linked to EUR. The green tariff regime in Ukraine will be effective until 1 January 2030. Currently, there is not requirement to use the locally produced equipment, as it was before, but a premium to the green tariff can be added for the use of equipment of Ukrainian origin.

## Energy market regulators

Among the key bodies with which energy developer would need to encounter are the Ministry of Energy and Coal Industry of Ukraine (oversees State Enterprise National Energy Company Ukrenerg, which is currently the national transmission system operator in Ukraine), the Ministry of Ecology and

Natural Resources of Ukraine (responsible for environmental issues), the NEURC (pricing and tariff policy for electricity, approval of the green tariff rates), local bodies (approval of land rights, receiving permits related to water, forest, etc.). For the detailed information on the permits issued by the relevant regulatory bodies, please see Annex 2.



## SPECIAL GUARANTEES FOR FOREIGN INVESTORS

Ukrainian government provides for the following mechanisms that make foreign investors to feel more comfortable vis-à-vis domestic investors, such as:

- guarantees against the changes in the legislation: according to the Law of Ukraine "On Investment Activities" (Article 18) the conditions of the agreements with foreign investors cannot be changed adversely due to the changes of the laws (except for the changes in tax, customs, currency and license regulations);
- right to compensation for damages: foreign investors can be compensated for damages which were caused due to the legislative changes in investment protection guarantees (Articles 8 and 9 of the Law of Ukraine "On Foreign Investments Regime");
- guarantee for green energy stimulation: the Law "On Electric Power Industry" foresees the guarantee from the government to stimulate production of electricity from renewable sources and protect from any adverse changes in the laws.

## KEY FACTS

### Market opportunities in Ukraine

- 64 small-scale hydro power plants are in operation
- 100 - can be restored

### Regions

- Zakarpattia, Chernivtsi, Lviv

### National development plan

- Market share by 2020 – 11%

### Share of small hydro in electricity generation

- 0,12% (compare: wind – 0,68%, sun – 0,33%, biomass – 0,05%)

### Key bodies

- Ministry of Energy, Ministry of Ecology, NEURC, bodies of local self-government

### Local component

- Not obligatory, premium to the green tariff for the use of equipment of Ukrainian origin



# RISKS FOR INVESTORS

## Land rights acquisition can be problematic

Receiving the right to use a land plot is usually the most cumbersome procedure in Ukraine. The procedure for obtaining land use rights might differ depending on the ownership of the land (state or private) and designated use of the land (agricultural, forestry, water, environmentally protected, etc.). The developer might need to coordinate approval procedures both on national and regional levels passing through dozens of bureaucratic procedures. Please refer to Annex 2 for more details.

Among the uncertainties regarding acquisition of land use rights is the necessity to hold land auctions. Ukrainian legislation provides for obligatory land auctions in cases when state or municipal lands are to be sold or leased<sup>1</sup>. There are a number of exceptions to this rule<sup>2</sup>. Such exceptions include, inter alia, the sale of the lands designated for constructing, maintaining and repairing objects of energy infrastructure (including renewable energy objects) and special water use. Nevertheless, this list is often revised. The latest amendments considerably reducing the number of exceptions became effective on 3 April 2016. As of now, the objects of energy infrastructure and special water use remain among the relevant exceptions to obligatory land auctions (covering both sale and lease of land). However, as the mentioned list is often subject to revision, a risk that land auctions may become obligatory for renewable energy projects remains.



1. Para 1 of Article 134 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.

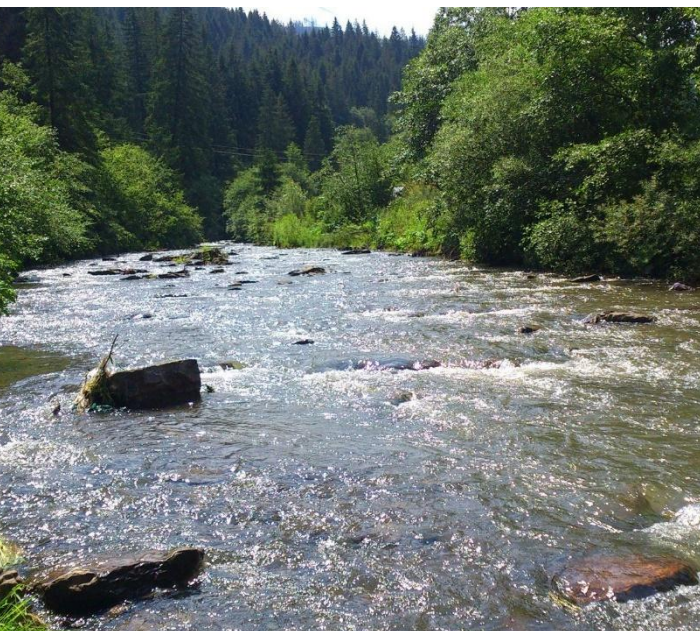
2. Para 2 of Article 134 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.

3. Para 2 of Article 134 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.

## Local politics and social subtleties must be considered

Apart from formal legal requirements, it is important to take into account the local politics and the associated social subtleties. The majority of Ukrainians have neither political, nor economic stimuli to strive for energy efficiency. The lack of profound understanding of acute importance of alternative energy sources creates much room for speculation and prejudices.

For instance, Western Ukraine is dominated by a common misconception that small-scale hydro power projects are generally necessarily detrimental to the natural environment. Such miscomprehension is often reinforced by a statement that such modification of environment by hydro projects decreases the level of tourism and, thus, gravely affects employment and income issues. In this regard, not only proper information campaigns are needed. It is important to prove it to the population that there are ways when small-scale hydro power projects can contribute to the development of a region. For instance, if a company that intends to run a small-scale hydro power project is registered locally and not in Kyiv or abroad, it will grant that a bigger portion of taxes goes to a local budget and not to the central one.

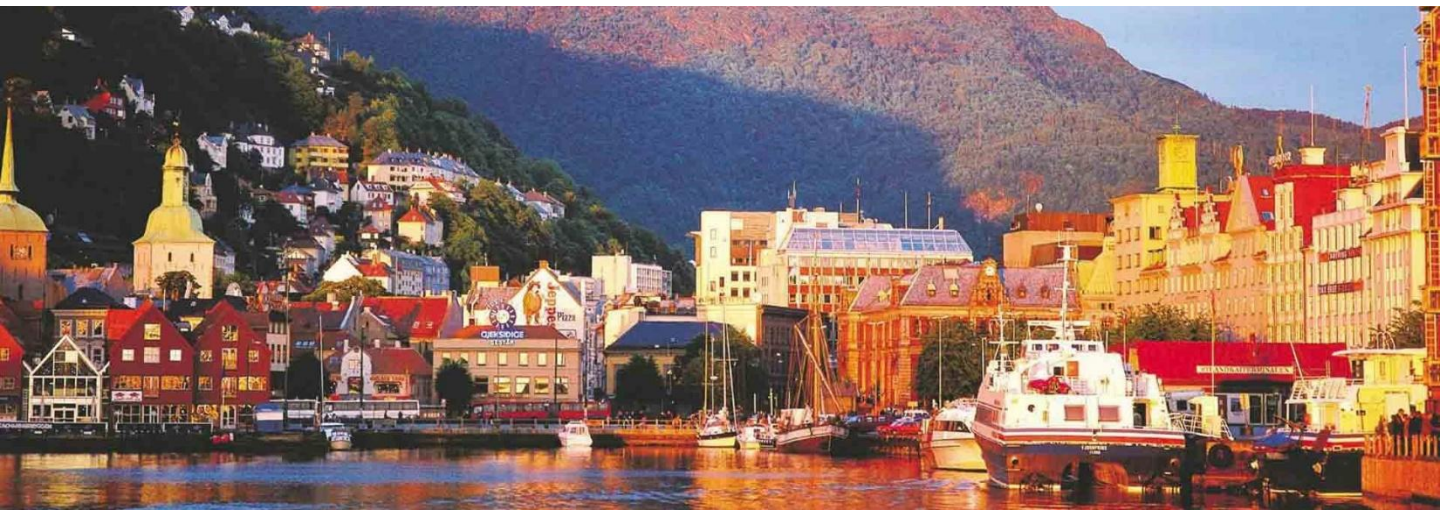


## Predictability and transparency of the authorities remains an issue

During the course of operations investors need to encounter dozens of regulatory bodies and receive numerous permits (around 24 regulatory bodies are involved and around 45 permits are required). Some procedures cannot be completed in parallel and overall it might take two years to start operations. Not all of the stages are safeguarded.

For example, investors can start purchasing equipment and at a later stage a regulatory body can refuse to grant them land rights and all the investors' preliminary investments will be undermined. Furthermore, the green tariff can be ensured only after the project is commissioned into operation, which is an additional risk for the investor.





## NORWAY

Norway is one of the most progressive countries when it comes to green energy. In 2016 a proposal to ban all petrol-powered cars by 2025 and to zero deforestation has been tabled by the political parties in power. Norway aims to increase its share of energy produced from renewable energy sources to 67.5%. In its policies the government primarily applies a green certificate scheme and facilitates permits procedures through the "single window" approach (via the Norwegian Water Resources and Energy Directorate (NVE)).



### Electricity market regulation

Almost all electricity is generated through hydropower. Since 2012 Norway is sharing a green certificate market with Sweden through which it aims to increase electricity production based on the renewables by 26.4 TWh by 2020. Norway has also committed to increase connections with the European energy markets. To achieve this aim the government is modernizing legislation to allow other than the state-owned companies to own and operate interconnections.



### Small hydro overview and potential

Norway is the sixth largest producer of hydropower in the world. Around 1500 small hydropower plants are in operation. Norwegian market is having a large potential for small-scale hydro power plants – around 20-30 TWh per year.



### Guarantees or incentives for investors

- State driven and partly subsidized initiatives (such as, the Research Council of Norway, Innovation Norway, Enova and the common green certificate market with Sweden);
- The green certificate scheme will be effective until 2035, but plants commissioned after 2021 will not be qualified to take part in this scheme.

Electricity generated  
from renewable  
sources **98.4%**



Small hydropower  
capacity  
**1,989 MW**



Number of small  
hydropower plants  
**1,500**



Small hydropower  
definition  
**1-10 MW**







## GERMANY

Germany plans to produce 100% of electricity from the renewables by 2050. In the Renewable energy country attractiveness index, developed by EY, Germany is ranked No. 4 in the world. On 8 May 2016, Germany produced so much green energy that it had to pay the consumers for using it. The proportion of power generation accounted for by renewable energy has risen from 6% in 2000 to 32.6% in 2015.



### Electricity market regulation

- The annual electricity demand in Germany is the highest in Europe and amounts to 20% of the EU demand. According to REN21 2016 Report, Germany is among the top 5 countries in terms of total installed renewable electric capacity. In 2015, the state increased its renewables production by 20%.
- There has been a rapid increase in bio-power generation in the recent years. Germany remains among ten world leaders, incl. China, UA, Japan, UK, India, Brazil, South Africa, Mexico and Chile, investing in renewables.



### Small hydro overview and potential

In 2010, Germany had 7,512 small hydropower plants and a total installed capacity of 1,732 MW (8 TWh per year). By 2020, the aim is to have 7,800 plants with a total installed capacity of 1,830 MW (8.6 TWh per year).



### Guarantees or incentives for investors

- Producers of electricity from renewable sources are entitled to feed-in tariffs and a market premium;
- Producers of electricity from the renewables enjoy the priority in obtaining grid-connection rights;
- When purchasing, grid operators should give the priority to the electricity from renewable sources;
- Financial support is granted for 20 years, however, it is subject to constant gradual reductions for new plants (the so-called "degression scheme").

Electricity generated  
from renewable  
sources **32.7%**



Small hydropower  
capacity  
**1,830 MW**  
(2013)



Number of small  
hydropower plants  
**7,512**  
(2010)



Small hydropower  
definition  
**1-10 MW**





## UNITED STATES OF AMERICA

According to the Renewable energy country attractiveness index, the US is ranked No. 1 in the world. Such attractiveness can be explained by the availability of cheaper capital (thanks to such incentives as federal tax credits). In 2015 the US government has announced the Clean Power Plan which aims to generate 28% of electricity from renewable sources by 2030. The government's policy incentives have already resulted in the US history records: this year jobs in renewable energy sector for the first time in history surpassed those in oil and gas sector.



### Electricity market regulation

Currently, the renewables make up 13% of electricity generation in the US (33% of generation - natural gas, 33% of generation - coal, 20% of generation - nuclear) and 10% of consumption throughout the country.



### Small hydro overview and potential

The largest share of electricity generated by renewable sources in 2015 came from hydroelectric power (46%). Currently, 92% of existing hydro-turbines in the USA are classified as small or low power. According to the World Energy Council, the economically exploitable potential for small-scale hydropower schemes (capacities up to 10 MW) in the USA is 198 TWh per year.



### Guarantees or incentives for investors

- The federal government provides certain tax incentives for solar and wind projects. These incentives can be used to attract investors that can use the incentives and provide cheaper capital in a structure known as "tax equity". Currently these tax incentives are a 30% investment tax credit (ITC) for solar energy and 2.3-cent-per-kilowatt-hour production tax credit (PTC) for wind power. These programs were extended in 2016.
- Special rules requiring load serving entities to procure a certain percentage of renewable electricity are also in place.
- Consumers are allowed to sell excess of the distributed solar-generated electricity back to the grid, often at retail rates, subject to applicable net-metering regulations.

Electricity generated  
from renewable  
sources **13.0%**



Small hydropower  
capacity  
**6,785 MW**



Number of small  
hydropower plants  
**2,166**



Small hydropower  
definition  
**0.1-10 MW**







## 2

## RESULTS

# POLICY RECOMMENDATIONS

## "Single window" approach needs to be introduced

The system of bodies issuing permits for launching small-scale hydro power projects in Ukraine is complicated, expanded and often multi-level. The time and costs required for the process may scare off a potential investor. As the simplification of both the system and permits obtaining procedures may, understandably, take time, it may be reasonable to implement another feasible amendment. It would be reasonable to designate one state body to be responsible for accepting all the application documents necessary for a project, transferring them to all other involved bodies, monitoring their review, collecting respective permits from such bodies and issuing a whole package of necessary permits to an investor within time-frames prescribed by law. For small-scale hydro power projects, the government should consider implementing a "single window" approach at a local level. It would also be desirable to introduce an electronic monitoring system over such process, so that an investor could enter his or her application number and track down a body considering his or her documents at the moment, the remainder period for consideration, etc.

Ukraine has attempted to introduce a similar procedure. In 2010, the Parliament adopted the law intended to facilitate and speed up the business-government relations and project implementation by means of regional "single window" investment centres<sup>4</sup>. Although this law remains in force, a state body associated with the immediate implementation of it<sup>5</sup> – the State Agency on Investments and Management of National Projects of Ukraine – was liquidated in 2015<sup>6</sup>. It would be reasonable to overlook the "single window" system, check the feasibility of the mentioned regional investment and development centres and consider their utilisation for the purposes of submission of small-scale hydro

power projects application documents. Also, legislative amendments may be introduced to expressly authorise an administrator to accept the whole package of all application documents and bear responsibility for timely delivery of all necessary permits.

It is believed that Ukraine will benefit from above proposals in two ways. Firstly, they will facilitate launching businesses and speed up investment processes. Secondly, they will contribute to an aim to fight corruption as numerous declared by Ukraine's leaders. As a burden of undergoing bureaucratic administrative procedures will be shifted from an entrepreneur to a state body / official, it is expected to create an inner need to simplify and speed up the processes within a state system itself.

## Green tariff need to be assigned at early stages of investment projects

Despite recent positive changes relating to green tariff regulation in Ukraine, its implementation still lacks major improvement – green tariff is applied only after the project has been commissioned into operation and the electricity production license has been obtained.

Before this developer invests all his funds into receiving necessary permitting documentation and construction of the project without clear guarantee of its profitability. This risk might deter developers from investing into a renewable energy project in Ukraine. The government should create mechanisms which would ensure green tariff approval at early stages of investment projects.

## Independence of the energy regulator must be ensured

Since the NEURC is responsible for pricing and tariff policy for electricity and approval of the green tariff

4. Law of Ukraine "On Elaboration and Implementation of Investment Projects pursuant to a "Single Window" Principle" No. 2623-VI dated 21 October 2010. Subpara 26 of para 4 of the Regulation "On the State Agency on Investments and Management of 5. National Projects of Ukraine" as approved by the Order of the President of Ukraine No. 583/2011 dated 12 May 2011.

6. Resolution of the Cabinet of Ministers of Ukraine "On Creating the Commission on Liquidation of the State Agency on Investments and Management of National Projects" No. 290-r dated 31 March 2015.

Law of Ukraine "On Permits System for Business" No. 2806-IV of 6 September 2005.

Note: green tariff is fixed in euro until 2030, the rule of "local content" is cancelled and surcharge to the "green" tariff is instead introduced as a stimulating factor in cases when the domestically produced equipment is used in the project; the amount of surcharge will be 5% (localisation of 30%) or 10% (localisation of 50%).



rates, it is crucial to ensure its independence from political and oligarchical influence. The key debate now is who should appoint the head of the NEURC – the President or independent commission. The draft law No. 2966-d was registered in the Ukrainian Parliament and suggests ensuring transparency by selecting the NEURC's chairman via open and competitive selection conducted by the independent commission.

### Access to land related information should be streamlined

Very often the problems with land acquisition are caused by the absence of proper land information. First, the land cadastre does not provide with full and correct information about the existing land rights. In some cases the details of land coordinates are very approximate and can be settled on a case-by-case scenario (such as with lands which are considered to be highly valuable). Second, due to the lack of state funding local authorities cannot develop zoning plans, as required by law, at their own cost. Therefore, in practice, local municipalities shift this burden of development of necessary documentation on investors. Such situation is carrying corruption and uncertainty risks. Therefore, local authorities must be provided with funds and mechanisms to develop zoning plans, or there should be legal instruments for investors to avoid the need to comply with such planning.

### New environmental studies need to be carried out

One of the key issues which investors face while receiving permits is the project's environmental impact. Formally and informally environment is always questioned by the regulatory bodies and by local population during public hearings. Very often local population speculate about the damage to the fishery or forestry which small-scale hydro power projects may cause. At the same time, the latest fish science research in Ukraine dates back to 1981. The same holds true for the forestry studies. Local population is not aware about the areas which really need environmental protection (such as rivers with endangered fish or forests with rare trees) and those areas which can be allocated for investment

projects. Carrying out the new environmental studies in the regions suitable for renewable energy projects or creating maps with areas which are investment friendly could facilitate and improve processes both for investors and local population.

### Open access to hydrology statistical data must be ensured

Factual clarity is as crucial for the launch of a project as legal. Such clarity includes easy and free access to the latest hydrology, geology and other relevant data. The availability of this information online will enable an investor to assess the prospects of a project more quickly and will create the favourable and investor-friendly atmosphere from early on. Norway and Georgia have such web-portals. They present detailed maps specifying principal geographical and climate conditions for various renewables projects, as well as indicating the plants situated in the country and their location. Such Ukraine's maps could also list the plants that need refurbishment (for brownfield projects). There should not be many hurdles with gathering such information as most of it certainly exists on paper. Putting it online will ensure more transparency and reduce room for corruption.

### Procedures with the Cabinet of Ministers of Ukraine to be clearly defined

Some types of the permitting documents must be received through the Cabinet of Ministers of Ukraine, such as approval of rezoning a land plot where the land relates to "environmentally-protected lands".

There is no set period as to when the Cabinet of Ministers of Ukraine should adopt a respective decision, neither there is a clear understanding how this procedure goes. In practice, investors try to avoid interaction with the Cabinet of Ministers of Ukraine due to the lack of clarity. Therefore, either the regulations must be clarified with regard to such procedures or such procedures can be streamlined with other similar on the local level.

# ECONOMIC ANALYSIS

## Small-scale hydro power plants' development.

**Cost/benefit analysis.** In order to define an economic effect of the project development we propose to analyze cost structure and compare it with expected benefits of the operational activity.

Construction and development of the small-scale hydro power plants comprises several stages: hydrology and site assessment, feasibility study, permitting, grid-connection, financing, construction and commissioning. Each of these stages requires investments.

Thus, **possible expenses** can vary between each

location and project, but typically include a fixed component (the cost of capital, taxes, etc) and a variable component (operation and maintenance).

**Benefits** are mostly driven by revenues from generated electricity, but it can also include funding from financial or other institutions.

From an economic viewpoint, a hydropower plant differs from a conventional thermal plant, although its initial investment cost per kW may be similar, but the operating costs are extremely low, since there is no need to pay for fuel.

A typical small hydropower plant will have initial capital costs at circa EUR 3-4 mln and comprises two major components:

- Direct capital costs (80%): mechanical equipment, water way and construction;
- Indirect capital costs (20%): licensing and permitting costs, engineering costs (feasibility study, designing), construction management, general administrative costs.

### INITIAL CAPITAL COSTS<sup>1</sup>

Operational and management costs amounts to circa EUR 90-100k per year and include:

- periodic replacements costs, general operation and administration (wages and insurance), taxes and duties and lease costs.

### OPERATIONAL AND MANAGEMENT COST

## SMALL HYDRO POWER LIFECYCLE

### PROJECTED REVENUES

Revenues for a typical SHP can be measured by multiplication of energy generated and price per kWh. Major assumptions are the following:

- Annual energy generation – 10.5 GWh per year, based on installed capacity of 2-3 MW and annual operational time of 3,500 hours;
- Green tariff rates decrease from EUR 10.45c in 2016 to EUR 8.35c in 2030, after that period we use average tariff for enterprises – EUR 5.6c
- Annual revenues amounted at EUR 0.6-1mln

<sup>1</sup>. The number of net capital costs can vary depending on origin of the equipment and complexity of the project



## Methods of economic valuation

Performance measures used to evaluate the efficiency of an investment project were based on valuation of Net present value (NPV), Return on investment (ROI), Internal rate of return (IRR) and Discounted payback period (PP).

Discount rate was used to calculate the NPV of the cash flows, based on a rate on long-term currency deposits, and was 7.8%.

To calculate annual operational and management costs, interest rate was based on long-term currency loan rate, which was 9.1%.

Small-scale hydro power plants usually have very long lifetimes and, depending on the particular component, are up to 40 years. An average period of 35 years was taken for the valuation.



### NET PRESENT VALUE (NPV)

The NPV reflects the degree to which revenue exceeds the amount of investments required (EUR 3-4 mln). Over the course of 35 years, the project is expected to generate NPV of **EUR 12-15 mln**.



### INTERNAL RATE OF RETURN (IRR)

Internal rate of return is a discount rate that makes the net present value of all cash flows from a particular project equal to zero. Project's internal rate of return is **20-22%**.



### RETURN ON INVESTMENT (ROI)

Indicator evaluates the efficiency of the project and shows how many times the revenue exceeded investments. For the considered project, return on investment is about **2.5-3 times**.



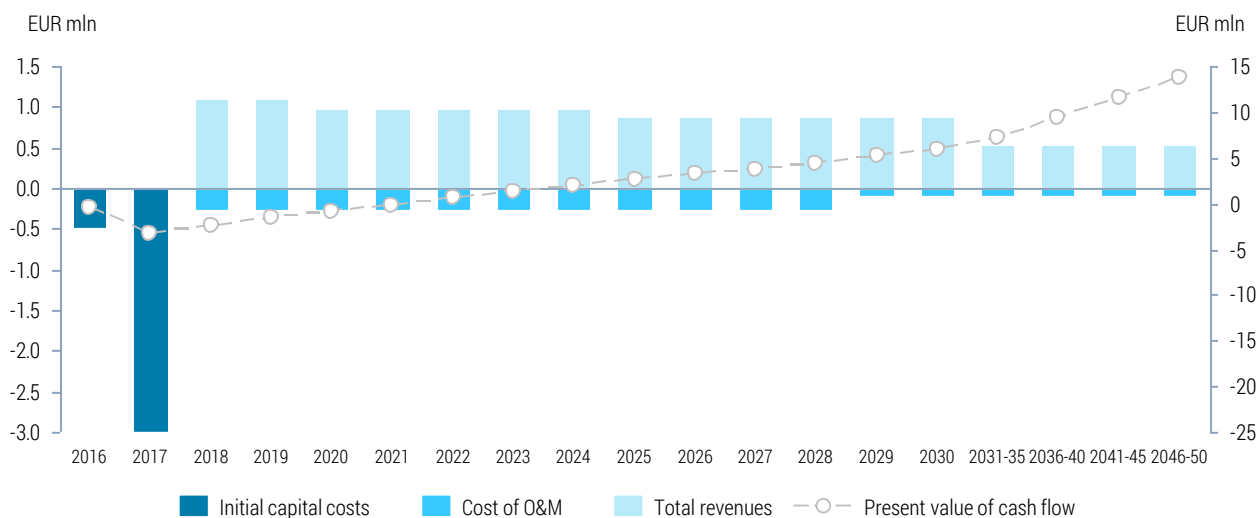
### PAYBACK PERIOD (PP)

Discounted payback period is the number of years it takes to break-even from undertaking the initial investment. For the considered project **~6.5 years** is needed.

## Results of economic valuation

Obtained results on economic valuation confirmed high efficiency of the renewable project and exceeded average performance of most of the

investment projects of other areas. Generated revenue in amount of **EUR 22.9 mln** that exceeded the total costs.







# ANNEX 1.

## Applicable legislation

TYPE OF PERMIT	APPLICABLE LEGISLATION
<b>LAND PERMITS</b>	
Detailed plan of a territory [Детальний план території] Note: a plan may not be approved without a public discussion thereof by a local community.	Articles 19, 21 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; Order of the Ministry of Regional Development, Housing and Utilities of Ukraine "On the Approval of the Procedure of Elaboration of Urban Planning Documentation" No. 290 dated 16 November 2011; Resolution of the Cabinet of Ministers of Ukraine "On the Approval of the Procedure of Public Hearings regarding Taking into Account Public Interests When Developing Urban Planning Documentation on a Local Level" No. 555 dated 25 May 2011.
Permit for preparation of the land allotment design [Дозвіл на розроблення проекту землеустрою щодо відведення земельної ділянки]. Note: Land allotment design is a technical document setting out, in particular, a plan for land plot delimitation and/or land re-zoning.	Paras 2, 3 of Article 123 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Land allotment design (needed for obtaining land use rights and land re-zoning (change of the designated land category)) [Проект землеустрою щодо відведення земельної ділянки].	Article 123 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; and Article 50 of the Law of Ukraine "On Land Surveying" No. 858-IV dated 22 May 2003.
Primary approval of the land allotment design [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 6 of Article 186, Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Secondary approval of the land allotment design (if required) by a construction and architectural authority. [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 3 of Article 186, para 2 of Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Secondary approval of the land allotment design (if required) by an environmental protection authority. [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 3 of Article 186, para 3 of Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Secondary approval of the land allotment design (if required) by the Ministry of Culture of Ukraine. [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 3 of Article 186, para 3 of Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Secondary approval of the land allotment design (as relevant) by the State Forest Agency of Ukraine. [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 3 of Article 186, para 3 of Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Secondary approval of the land allotment design (as relevant) by the State Water Resources Agency. [Погодження проекту землеустрою щодо відведення земельної ділянки].	Para 3 of Article 186, para 3 of Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Approval of rezoning a land plot occupied by forest, irrespective of whether the territory occupied by forest is classified as forestry lands or not [Погодження проекту землеустрою щодо відведення земельної ділянки для зміни цільового призначення земельної ділянки].	Article 20 of the Land Code of Ukraine No. 2768-III dated 25 October 2001. Article 186 <sup>1</sup> of the Land Code of Ukraine No. 2768-III dated 25 October 2001. Article 50 of the Law of Ukraine "On Land Surveying" No. 858-IV dated 22 May 2003.
Approval of rezoning a land plot where the land is classified as "highly valuable" [особливо цінні] lands [Погодження проекту землеустрою щодо відведення земельної ділянки для зміни цільового призначення земельної ділянки].	Articles 20 and 151 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.

TYPE OF PERMIT	APPLICABLE LEGISLATION
<b>LAND PERMITS</b>	
Approval of rezoning a land plot where the land relates to "environmentally-protected lands" [землі природоохоронного призначення], "forestry lands" [землі лісгосподарського призначення], or "historical lands" [землі історико-культурного призначення] [Погодження проекту землеустрою щодо відведення земельної ділянки для зміни цільового призначення земельної ділянки].	Para 7 Article 20 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
State expert report on the land allotment design [Експертний висновок щодо погодження проекту землеустрою щодо відведення земельної ділянки].	Law of Ukraine "On State Expert Review of Land Survey Documentation" No. 1808-IV dated 17 June 2004.
Decision on granting land use rights to state or municipal lands.	Articles 122, 123 of the Land Code of Ukraine No. 2768-III dated 25 October 2001.
Normative pecuniary evaluation of a land plot [Нормативно-грошова оцінка земельної ділянки]	Articles 13, 18, 23 of the Law of Ukraine "On Evaluation of Lands" No. 1378-IV of 11 December 2003. Para 2 of Article 271 of the Tax Code of Ukraine No. 2755-VI dated 2 December 2010.
Land use agreement (lease or other type of right).	Article 124 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; and Law of Ukraine "On Land Lease" dated 6 October 1998 No.161-XIV.
Extract from the State Land Cadastre confirming state registration of land use rights.	Article 125 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; Law of Ukraine "On Land Lease" dated 6 October 1998 No. 161-XIV; and Paragraphs 73, 87 of the Resolution of the Cabinet of Ministers of Ukraine dated 17 October 2012 No. 1051 "On the Approval of the Procedure for Running the State Land Cadastre".
Extract from the State Register of Property Rights to Immovables confirming state registration of land use rights.	Article 125 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; Law of Ukraine "On State Registration of Property Rights to Real Estate and their Encumbrances" No. 1952-IV dated 01 July 2004; and Resolution of the Cabinet of Ministers of Ukraine No. 1127 dated 25 December 2015 "On Approval of the Procedure for State Registration of Rights to Real Estate and their Encumbrances and the Procedure for Provision of Information from the State Register of Property Rights to Immovables".
Agrichemical passport for a land plot [Агрохімічний паспорт земельної ділянки].	Article 37 of the Law of Ukraine "On Protection of Lands" dated 19 June 2003 No.962-IV; Order of the Ministry of Agrarian Policy of Ukraine dated 26 February 2004 No.51 "On Approval of the Procedure for Soil Monitoring on Agricultural Lands"; and Order of the Ministry of Agrarian Policy and Food of Ukraine dated 11 October 2011 No. 536 "On Approval of Procedure for Agrichemical Passportisation of Field, Land Plot".
Land survey design for soil removal [Робочий проект землеустрою щодо рекультивациі порушених земель].	Article 54 of the Law of Ukraine "On Land Surveying" No. 858-IV dated 22 May 2003. Order of the State Committee for Land Resources dated 4 January 2005 No. 1 "On Approval of the Procedure for Issuance and Cancellation of Special Permits for Soil Removal".
Special permit for soil removal [Спеціальний дозвіл на зняття та перенесення ґрунтового покриву (родючого шару ґрунту) земельних ділянок].	Articles 168, 207, 208 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; and Order of the State Committee for Land Resources dated 4 January 2005 No. 1 "On Approval of the Procedure for Issuance and Cancellation of Special Permits for Soil Removal", esp. last sub-para of para 4.2. Resolution of the Cabinet of Ministers of Ukraine dated 17 November 1997 No. 1279 "On Amount and Procedure of Calculation of Losses of Agricultural and Forestry Production That Are Subject to Reimbursement"



TYPE OF PERMIT	APPLICABLE LEGISLATION
<b>CONSTRUCTION PERMITS</b>	
Environmental impact assessment [Оцінка впливу на навколишнє середовище]	Articles 28, 51 of the Law of Ukraine "On Environmental Protection" No. 1264-XII dated 25 June 1991. Law of Ukraine "On Ecological Experts Review" No. 45/95-BP dated 9 February 1995. Law of Ukraine "On Scientific and Scientific-Technical Experts Review" No. 51/95-BP dated 10 February 1995. Article 21, para 1 of Article 31 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011. State Construction Norms of Ukraine A.2.2-1-2003 "Structure and Content of the Materials of Environment Impact Assessment (EIA) for Projection and Construction of Enterprises, Buildings and Houses" dated 2004.
Ecological experts review [Державна екологічна експертиза]	Law of Ukraine "On Ecological Experts Review" No. 45/95-BP dated 9 February 1995.
Construction plan [Проектна документація на будівництво об'єктів].	Article 31 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011.
Expert's review of the construction plan [Експертиза проектів будівництва]	Article 31 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for Approval of Construction Plans and Carrying Out of Their Expert Review and Declaration of Certain Resolutions of the Cabinet of Ministers of Ukraine as Ceased to Be Effective" No. 560 dated 11 May 2011.
Notification on commencement of construction works [Повідомлення про початок виконання будівельних робіт]. Should be submitted only for objects which do not require declaration on commencement of construction works	Article 35 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Certain Issues of Conducting Preparatory and Construction Works" No. 466 dated 13 April 2011.
Declaration of commencement of preparation for construction [Декларація про початок виконання підготовчих робіт]. Should be submitted only for object of I-III categories of complexity. Note: this permitting document allows the developer to conduct preparatory works related to construction, including relocation of utility facilities and green plantings. However, it does not authorise the developer to commence actual construction works.	Article 35 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Certain Issues of Conducting Preparatory and Construction Works" No. 466 dated 13 April 2011.
Act of completion of construction of real property of IV-V categories of complexity [Акт готовності об'єкта до експлуатації].	Article 39 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Acceptance of the Constructed Objects into Operation" No. 461 dated 13 April 2011.
Declaration of commencement of construction of real property of I-III categories of complexity [Декларація про початок виконання будівельних робіт - щодо об'єктів будівництва, що належать до I - III категорій складності].	Article 36 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Certain Issues of Conducting Preparatory and Construction Works" No. 466 dated 13 April 2011.
Declaration of completion of construction of real property of I-III categories of complexity [Декларація про готовність об'єкта до експлуатації].	Article 39 of the Law of Ukraine "On Regulation of Urban Planning Activities" No. 3038-VI dated 17 February 2011; and Resolution of the Cabinet of Ministers of Ukraine "On Acceptance of the Constructed Objects into Operation" No. 461 dated 13 April 2011.
Special permit for soil removal [Спеціальний дозвіл на зняття та перенесення ґрунтового покриву (родючого шару ґрунту) земельних ділянок].	Articles 168, 207, 208 of the Land Code of Ukraine No. 2768-III dated 25 October 2001; and Order of the State Committee for Land Resources dated 4 January 2005 No. 1 "On Approval of the Procedure for Issuance and Cancellation of Special Permits for Soil Removal", esp. last sub-para of para 4.2. Resolution of the Cabinet of Ministers of Ukraine dated 17 November 1997 No. 1279 "On Amount and Procedure of Calculation of Losses of Agricultural and Forestry Production That Are Subject to Reimbursement"



TYPE OF PERMIT	APPLICABLE LEGISLATION
<b>HEALTH, SAFETY AND ENVIRONMENT</b>	
Permit to perform hazardous works [Дозвіл на виконання робіт підвищеної небезпеки].	Article 21 of the Law of Ukraine «On Labour Protection» No. 2694-XII dated 14 October 1992; and Resolution of the Cabinet of Ministers of Ukraine «On Approval of the Procedure for Issuance of the Permits to Perform Hazardous Works and Use Hazardous Vehicles, Machinery and Equipment» No. 1107 dated 26 October 2011.
Expert's conclusion on the labour and industrial safety conditions [Висновок експертизи стану охорони праці та безпеки промислового виробництва].	Resolution of the Cabinet of Ministers of Ukraine «On Approval of the Procedure of Determination of Maximum Tariffs for Expert Review of Industrial Safety Condition» No. 1251 dated 4 November 2009.
Certificate on the state registration of a potentially hazardous facility. [Свідоцтво про державну реєстрацію потенційно небезпечного об'єкту].	Order of the Ministry of Ukraine on Emergencies "On Approval of the Regulation of Passportisation of Potentially Hazardous Facilities" No 338 dated 18 December 2000. Order of the Ministry of Ukraine on Emergencies "On Approval of the Methodology for Identification of Potentially Hazardous Facilities" No. 98 dated 23 February 2006. Resolution of the Cabinet of Ministers of Ukraine "On the Regulation on the State Register of Potentially Hazardous Facilities" No 1288 dated 29 August 2002.
Certificate of state registration of the ultrahazardous facility (facilities) [Свідоцтво про державну реєстрацію об'єкта (об'єктів) підвищеної небезпеки].	Article 9 of the Law of Ukraine «On Ultrahazardous Facilities» No. 2245-III dated 18 January 2001; and Resolution of the Cabinet of Ministers of Ukraine «On Identification and Declaration of Safety of Ultrahazardous Facilities» No. 956 dated 11 July 2002.
Safety declaration (in respect of ultrahazardous facilities) [Декларація безпеки об'єкта підвищеної небезпеки].	Article 10 of the Law of Ukraine «On Ultrahazardous Facilities» No. 2245-III dated 18 January 2001; and Resolution of the Cabinet of Ministers of Ukraine «On Identification and Declaration of Safety of Ultrahazardous Facilities» No. 956 dated 11 July 2002.
Permit for special water use (e.g., for taking water from and dumping water into a surface water reservoir, drilling water wells, if necessary) [Дозвіл на спеціальне водокористування].	Article 49 of the Water Code of Ukraine No. 213/95-BP dated 6 June 1995; and Resolution of the Cabinet of Ministers «On Adoption of the Procedure for Approval and Issuance of Permits for Special Water Use» No. 321 dated 13 March 2002.
Special permit for the use of forest resources (forest cutting ticket) [Спеціальний дозвіл на спеціальне використання лісових ресурсів (лісорубний/лісовий квиток)].	Articles 67, 69 of the Forest Code of Ukraine No. 3853-XII dated 21 January 1994; and Resolution of the Cabinet of Ministers of Ukraine «On Regulating Issues of Special Use of Forest Resources» No. 761 dated 23 May 2007.
Permit for dredging, installation of ducts, pipelines and other communications on the water fund lands. [Дозвіл на днопоглиблювальні роботи, прокладання кабелів, трубопроводів та інших комунікацій на землях водного фонду].	Article 49 of the Water Code of Ukraine No. 213/95-BP dated 6 June 1995; Resolution of the Cabinet of Ministers of Ukraine «On Approval of the Procedure for Issuance of Permits for Carrying Out Works on the Water Fund Lands" No. 557 dated 12 July 2005. Order of the State Committee on Water Funds of Ukraine, Ministry of the Environment Protection of Ukraine "On Approval of a Form of Permit for Carrying Out Works on the Water Fund Land and the Application for such Permit" No. 199/517 dated 9 October 2007.
<b>LAUNCH OF SMALL SCALE HYDRO ACTIVITIES</b>	
Agreement on the connection to the electricity networks (electricity grid) [Договір про приєднання до електричних мереж].	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 32 dated 17 January 2013.
Licence to carry out activities on the production of electricity [Ліцензія на здійснення діяльності з виробництва електричної енергії].	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 1305 dated 6 October 1999.

TYPE OF PERMIT	APPLICABLE LEGISLATION
<b>LAUNCH OF SMALL SCALE HYDRO ACTIVITIES</b>	
Confirmation of the local component and approval of the mark-up to the applicable green tariff rate [Встановлення надбавки до "зеленого" тарифу за використання обладнання українського виробництва].	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 2932 dated 10 December 2015.
Green tariff approval [Встановлення дії "зеленого" тарифу].	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 1421 dated 2 November 2012.
Joining the Wholesale Electricity Market of Ukraine (WEMU) [Прийом у члени Оптового ринку електричної енергії України].	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 1028 dated 9 August 2012. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 3 dated 8 February 1996.
Agreement on the accession to the WEMU members [Договір про вступ до членів Оптового ринку електричної енергії України].	Agreement between the WEMU members dated 15 November 1996.
Power purchase agreement with SE "Energorynok" ("PPA") [Договір про купівлю-продаж електричної енергії між державним підприємством "Енергоринок" та суб'єктом господарювання, що виробляє електричну енергію з використанням альтернативних джерел енергії]	Law of Ukraine "On Electrical Energy" No. 575/97-BP dated 19 October 1997. Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 1314 dated 11 October 2012.
Approval of the PPA with NEK "Ukrenergo". [Погодження Договору про купівлю-продаж електричної енергії між державним підприємством "Енергоринок" та суб'єктом господарювання, що виробляє електричну енергію з використанням альтернативних джерел енергії НЕК "Укренерго"].	Regulation of the National Energy and Utilities Regulatory Commission of Ukraine No. 1314 dated 11 October 2012.
Registration with the electronic register of facilities generating electricity from alternative sources of energy [Реєстрація в електронному реєстрі генеруючих установок, які виробляють електричну енергію з альтернативних джерел енергії]	Regulation of the Cabinet of Ministers of Ukraine No. 771 dated 24 July 2013.



## ANNEX 2.

# Table of permits

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
1	Approval of a detailed plan of a territory [Затвердження детального плану території].	For a territory situated within an inhabited locality – by an executive body of a village, township, city council, if there is no territory zoning plan – by a respective council. For a territory situated outside an inhabited locality – by a respective district state administration. A plan may not be approved by local authorities without prior discussion and agreement with a respective local community. Such discussion is organised by local authorities.	Approx. three months prior to a desired date of the receipt of a plan.	30 days max after the submission of a plan to respective authorities. In practice, given the tradition of protracted public discussions of such plans, they are usually approved within 3 months.	Valid for an indefinite term.
2	Permit for preparation of the land allotment design [Дозвіл на розроблення проекту землеустрою щодо відведення земельної ділянки]. Note: Land allotment design is a technical document setting out, in particular, a plan for land plot delimitation and/or land re-zoning.	Local state administrations or local councils (depending on whether the land is owned by the state or municipality).	Approx. three to four months prior to a planned date of entering into the relevant land lease or easement agreement. It can take longer in practice.	Issued within one month.	Valid for an indefinite term.
3	Land allotment design (needed for obtaining land use rights and land re-zoning (change of the designated land category) [Проект землеустрою щодо відведення земельної ділянки].	Licensed land surveyor.	After the permit for preparation of the land allotment design is obtained.	Determined on an individual basis but usually from two to six months.	Valid for an indefinite term.
4	Primary approval of the land allotment design [Погодження проекту землеустрою щодо відведення земельної ділянки].	Local department of the State Agency for Land Resources.	After the land allotment design is prepared.	Issued within 10 business days.	For an indefinite duration.



#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>LAND PERMITS</b>			
1	Charges for the development of a plan by a specialised company vary from 8,000 to 10,000 UAH per 1 ha.	<p>List of documents required for the issuance of the plan:</p> <ul style="list-style-type: none"> <li>▪ an application (the form of the application to be obtained from the issuer);</li> <li>▪ draft detailed plan of a territory;</li> <li>▪ responds / commentaries / proposals submitted to a reconciliation commission in answer to questions / commentaries / concerns of a local community (if applicable).</li> </ul>	Hard copy of an approval of the plan obtained from the issuer. The plan is a basis for the elaboration of a land design on arranging a territory for urban planning.
2	No charges apply.	<p>The list of documents to be submitted includes:</p> <ul style="list-style-type: none"> <li>▪ an application (in discretionary form) indicating circa the size of a land plot and its designated use;</li> <li>▪ extract from a cadastral map (plan) or other graphical layouts depicting the location needed and the area of a land plot (obtained from the State Land Cadastre);</li> <li>▪ a notarised written consent of a land user (in case of confiscation of a land plot).</li> </ul> <p>The law expressly prohibits state authorities to demand the submission of any other documents. However, a specialised land law web-site provides that a copy of passport and ID code of that who is applying are needed, too.</p>	Hard copy of the permit obtained from the issuer or subject to a silent approval principle (the "Silent Approval Principle") [1].
3	The land surveyor's fee is negotiated on an individual basis. In practice, an ordinary land allotment design may cost approx. UAH 30,000 (approx. USD 1,150).	A contract entered into between the land user and a licensed land surveyor. The template of such contract was approved by the Cabinet of Ministers of Ukraine.	Hard copy of the land allotment design obtained from the issuer.
4	No charges apply.	Original of the land allotment design. No additional documents may be demanded (para 7 of Article 186).	Hard copy of the approval obtained from the issuer.

[1] A "Silent Approval Principle" means a statutory procedure pursuant to which an applicant for a permitting document obtains a right to conduct activities for which a permitting document is required if: (i) it had satisfied all formal requirements and submitted all required documents to the state body responsible for issuing a permit, (ii) the statutory prescribed time limit for issuing a permit has expired; and (iii) no response (e.g., refusal to issue a permit) has been provided to the applicant by the state authorised body. The applicant receives a right to conduct such activities 10 days after the expiry of the statutory period for the issuing of a permitting document. Please note that the silent approval principle is a relatively new concept in Ukrainian law and it is unclear how each particular state body will apply it in practice.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
5	Secondary approval of the land allotment design (if required) [Погодження проекту землеустрою щодо відведення земельної ділянки].	Construction and Architectural Authority.	After the land allotment design is prepared.	Issued within 10 business days.	For an indefinite duration.
6	Secondary approval of the land allotment design (if required) [Погодження проекту землеустрою щодо відведення земельної ділянки].	Environmental Protection Authority.	After the land allotment design is prepared.	Issued within 10 business days.	For an indefinite duration.
7	Secondary approval of the land allotment design (if required) [Погодження проекту землеустрою щодо відведення земельної ділянки].	Ministry of Culture of Ukraine.	After the land allotment design is prepared.	Issued within 10 business days.	Valid indefinitely.
8	Secondary approval of the land allotment design (as relevant) [Погодження проекту землеустрою щодо відведення земельної ділянки].	State Forest Agency of Ukraine.	After the land allotment design is prepared.	Issued within 10 business days.	Valid indefinitely.
9	Secondary approval of the land allotment design (as relevant) [Погодження проекту землеустрою щодо відведення земельної ділянки].	State Water Resources Agency.	After the land allotment design is prepared.	Issued within 10 business days.	Valid indefinitely.
10	Approval of rezoning of a land plot occupied by forest, irrespective of whether the territory occupied by forest is classified as forestry lands or not [Погодження проекту землеустрою щодо відведення земельної ділянки для зміни цільового призначення земельної ділянки]. This is a land allotment design that is issued specifically in cases when rezoning is needed.	Forestry Authority.	After the land allotment design is prepared.	No timing specified [Actually, the Land Code provides that decision on rezoning in general should be adopted in the course of 1 month after the receipt of a land allotment design (para 3 of Art. 20). (we suggest contacting the Forestry Authority to discuss the actual timing for issuance of each specific approval)].	Valid indefinitely.



#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>LAND PERMITS</b>			
5	No charges apply.	Copy (certified by the land user) of the land allotment design. No additional documents may be demanded (para 7 of Article 1861).	Hard copy of the approval obtained from the issuer.
6	No charges apply.	Copy (certified by the land user) of the land allotment design. No additional documents may be demanded (para 7 of Article 1861).	Hard copy of the approval obtained from the issuer.
7	No charges apply.	Copy (certified by the land user) of the land allotment design. No additional documents may be demanded (para 7 of Article 1861).	Hard copy of the approval obtained from the issuer.
8	No charges apply.	Copy (certified by the land user) of the land allotment design. No additional documents may be demanded (para 7 of Article 1861).	Hard copy of the approval obtained from the issuer.
9	No charges apply.	Copy (certified by the land user) of the land allotment design. No additional documents may be demanded (para 7 of Article 1861).	Hard copy of the approval obtained from the issuer.
10	No charges apply.	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application (no prescribed statutory form);</li> <li>▪ a land allotment design;</li> <li>▪ other documents which the authority may require in practice. [Not really. No other documents than the ones prescribed by Art. 50 Article 50 of the Law of Ukraine "On Land Surveying" No. 858-IV dated 22 May 2003 may be requested.]</li> </ul>	Hard copy of the approval obtained from the issuer.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
11	Approval of rezoning of a land plot where the land is classified as "highly valuable" lands [Погодження проекту землеустрою щодо відведення земельної ділянки для зміни цільового призначення земельної ділянки]. This is a land allotment design that is issued specifically in cases when rezoning is needed.	Ukrainian Parliament.	After the land allotment design is prepared.	No timing is specified (we suggest discussing the actual timing for issuing the approval with a representative of the Ukrainian Parliament).	Valid indefinitely.
12	Approval of rezoning a land plot where the land relates to "environmentally-protected lands" [землі природоохоронного призначення], "forestry lands" [землі лісгосподарського призначення], or "historical lands" [землі історико-культурного призначення] [Погодження проекту землеустрою щодо відведення земельної ділянки].	Cabinet of Ministers of Ukraine.	After the land allotment design is prepared.	No timing for obtaining is specified (we suggest discussing the actual timing for issuance of the approval with the Cabinet of Ministers of Ukraine if the need arises).	Valid indefinitely.
13	State expert report on the land allotment design [Експертний висновок щодо погодження проекту землеустрою щодо відведення земельної ділянки].	State Agency for Land Resources or its local department.	After all approvals in relation to a land allotment design / re-zoning are obtained.	Issued within 20 business days.	A positive state expert report shall be valid for a period of validity of the land allotment design, however no more than 3 years following the day when such expert report was issued. If no action prescribed by the land allotment design is undertaken within the period specified above, such land allotment design shall be subject to another expert assessment.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
LAND PERMITS			
11	No charges apply.	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application (no prescribed statutory form);</li> <li>▪ a land allotment design;</li> <li>▪ other documents which the authority may require in practice.</li> </ul>	Hard copy of the approval obtained from the issuer.
12	No charges apply.	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application (no prescribed statutory form);</li> <li>▪ a land allotment design;</li> <li>▪ other documents which the authority may require in practice. [Not really. No other documents than the ones prescribed by Art. 50 Article 50 of the Law of Ukraine "On Land Surveying" No. 858-IV dated 22 May 2003 may be requested.]</li> </ul>	Hard copy of the approval obtained from the issuer.
13	3 per cent of the land surveyor's fee (as indicated in item 3(b) above), however, not less than 20 UAH.	Originals of the land allotment design and all applicable approvals thereof.	Hard copy of the report obtained from the issuer.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
14	Decision on granting land use rights to state or municipal lands.	Local state administrations or local councils (depending on which authority has a right to dispose of such lands). It can also be the Verkhovna Rada and the Cabinet of Ministers of Ukraine.	After all approvals in relation to a land allotment design / re-zoning and, if applicable, the positive state expert report are obtained.	Issued within: - two weeks; - if the decision is to be granted by the Verkhovna Rada or the Cabinet of Ministers of Ukraine, local state administrations have one month to prepare their recommendations and submit them to the Parliament / Government. There is no set period as to when the Parliament / Government may / should adopt a respective decision.	Valid indefinitely.
15	Normative pecuniary evaluation of a land plot (for leasing state and communally owned lands) [Нормативно-грошова оцінка земельної ділянки]	A company licenced to elaborate land surveying documentation.	After a decision of an executive or local self-government body to conduct such an evaluation was adopted.	Determined on an individual basis.	For land plots situated within inhabited localities irrespective of their designated use – the evaluation must be conducted at least once in 5-7 years. For agricultural land plots situated outside inhabited localities – at least once in 5-7 years. For non-agricultural land plots situated outside inhabited localities – at least once in 7-10 years.
16	Approval of technical documentation on land evaluation [Затвердження технічної документації з оцінки земель].	For technical documentation on normative pecuniary evaluation of a land plot situated within an inhabited locality – by a respective village, township, city council. For technical documentation on normative pecuniary evaluation of a land plot situated outside an inhabited locality – by district councils. For an abstract from technical documentation on normative pecuniary evaluation of a certain land plot – by the State Agency for Land Resources.	As soon as respective documentation and abstract from it are ready.	Decisions on the land plots situated within inhabited localities are announced by a respective local self-government organ by 15.06 of a year preceding the year, when such normative pecuniary evaluation of lands or amendments thereto are used.	Depends on when new evaluation is conducted (see the timeframes above).

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
LAND PERMITS			
14	No charges apply.	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ original of the land allotment design and all applicable approvals thereof;</li> <li>▪ positive state expert report (if applicable).</li> </ul>	Hard copy of the decision obtained from the issuer.
15	A company's fee is negotiated on an individual basis. Usually, such fee is circa 12% of the price of a land plot.	A contract entered into between the land user and a company licenced to elaborate land surveying documentation.	Hard copy of the technical documentation on normative pecuniary evaluation of a land plot. A licenced company that prepared the documentation must deposit a free copy of it with the State Fund of Land Surveying Documentation.
16	No charges apply.	Original of the technical documentation on normative pecuniary evaluation of a land plot.	Decision is officially published.



#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
17	Land use agreement (lease or other type of right).	Local state administrations (in relation to state-owned lands), local councils (in relation to municipally-owned lands) or legal entities/individuals (in relation to privately owned lands) as the owner and a company (representative office) as the user.	Signing the land use agreement by both parties takes one day.	Not possible to determine (in practice, the term depends on the working schedule of the relevant administration/ council and may take up to several months).	The term is specified in the land use agreement and may not exceed 50 years.
18	Extract from the State Land Cadastre confirming state registration of land use rights.	State Agency for Land Resources or its local department.	After the land use agreement is signed.	Issued within 14 business days.	Valid indefinitely.
19	Extract from the State Register of Property Rights to Immovables confirming state registration of land use rights.	Local Department of the State Registration Service.	After the land use agreement is signed and land use rights are registered with the State Land Cadastre.	Issued within 14 business days after the acceptance of an application for state registration of rights.	Valid indefinitely.
20	Land survey design for soil removal [Робочий проект землеустрою щодо рекультивації порушених земель]. Note: in practice, this document is rarely required.	Licensed land surveyor, on the basis of a decision of a respective local authority or organ of local self-governance.	After obtaining an extract from the State Register of Property Rights to Immovables confirming state registration of land use rights.	Determined on an individual basis (can take up to six months).	Valid for the term of land removal works.
21	Agrichemical passport for a land plot [Агрохімічний паспорт земельної ділянки]. Note: in practice, this document is rarely required.	Regional State Design and Technological Centre for Protection of Soil Fertility and Products Quality [Обласний державний проектно-технологічний центр охорони родючості ґрунтів і якості продукції (Облдержродючість)].	After obtaining an extract from the State Register of Property Rights to Immovables confirming state registration of land use rights.	Timing varies based on particular regions. Usually, it is one business day if the laboratory soil analysis was made earlier or approx. seven business days if not [2].	Valid indefinitely.

[2] However, there is a statutory requirement for agricultural land users to arrange for laboratory soil analysis once in five years (for tillage soils) and 5-10 years (for hayfields, pastures and perennial plant lands) or the obtaining of a new agrichemical passport. Such requirement is not applicable if the category of the land is changed from agricultural land to, for example, industrial or energy land. The all-encompassing laboratory soil analysis shall be conducted every 20 years (Art. 54 of the Law of Ukraine "On Protection of Lands" dated 19 June 2003 No.962-IV).

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>LAND PERMITS</b>			
17	No charges apply. If one of the parties to the agreement chooses to have it notarised, a notary fee, which usually does not exceed 1,000 UAH, is to be paid.	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ decision on granting land use rights to state or municipal land;</li> <li>▪ draft land use agreement (lease or other type of use).</li> </ul>	Hard copy of the agreement signed with the issuer.
18	Statutory registration fee of UAH 60 (approx. USD 7.5).	List of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application;</li> <li>▪ original of the land use agreement;</li> <li>▪ electronic document;</li> <li>▪ evidence of payments of the registration fee.</li> </ul>	Hard copy of the extract obtained from the issuer.
19	Statutory registration fee of UAH 51 (approx. USD 7), plus UAH 120 for the registration extract (approx. USD 15).	The list of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application in the form approved by the Ministry of Justice;</li> <li>▪ evidence of authority and identity of the representative;</li> <li>▪ a decision on granting use rights to the land plot;</li> <li>▪ extract from the State Land Cadastre;</li> <li>▪ original of the land use agreement;</li> <li>▪ evidence of payment of the registration fee and the extract fee.</li> </ul>	Hard copy of the extract obtained from the issuer.
20	The land surveyor's fee is negotiated on an individual basis (average as of now – starting from 20,000 UAH).	Agreement between the land user and the contractor.	Hard copy of the design obtained from the issuer.
21	The fees vary based on the location of the land plot, its area, quality of soil samples, previous soil analysis (if any) and may vary from approx. UAH 2,000 to 7,000 (approx. USD 100 - 250).	The list of documents to be submitted includes: <ul style="list-style-type: none"> <li>▪ an application (no prescribed statutory form);</li> <li>▪ copy of land use agreement.</li> </ul>	Hard copy of the passport obtained from the issuer. The second copy rests with the Ministry of Agriculture (para 3.1. of the Order of the Ministry of Agrarian Policy and Food of Ukraine dated 11 October 2011 No. 536 "On Approval of Procedure for Agrichemical Passportisation of Field, Land Plot").

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
22	Special permit for soil removal [Спеціальний дозвіл на зняття та перенесення ґрунтового покриву (родючого шару ґрунту) земельних ділянок]. Note: in practice, this document is rarely required.	State Agency for Land Resources.	After the full list of the submission documents is prepared.	Issued within 30 calendar days.	Valid for the term of soil removal works.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
LAND PERMITS			
22	No charges apply.	<p>List of documents to be submitted includes:</p> <ul style="list-style-type: none"> <li>▪ an application;</li> <li>▪ copy of a land use agreement;</li> <li>▪ extract from the Unified State Register as to the Operator;</li> <li>▪ copy of articles of association of the company.;</li> <li>▪ contact information on the CEO of a company. (representative office);</li> <li>▪ details of a company's (representative office's) officer responsible for organisation of soil removal works;</li> <li>▪ land survey design for soil removal;</li> <li>▪ copy of the license of the land surveyor who prepared the land survey design for soil removal;</li> <li>▪ copy of agrichemical passport for the land plot;</li> <li>▪ copy of agreement on soil removal works (if such works are not being performed by the land user), details of the contractor's person responsible for soil removal works;</li> <li>▪ evidence of the reimbursement of damages resulting from rezoning agricultural and forestry lands [сплата коштів за відшкодування втрат сільськогосподарського і лісогосподарського виробництва] (if applicable [3]). [One is relieved from such reimbursement in cases of elaboration of alternative energy (Para 2.1) of Concluding Provisions of the Law of Ukraine dated 9 July 2010 No. 2480-VI "On Energy Lands and Legal Regime of Special Zones of Energy Objects", Art. 208 of the Land Code of Ukraine)].</li> </ul>	Hard copy of the permit obtained from the issuer.

[3] Calculation of such damages (if any) is an integral part of the land allotment design. Such damages must be paid in full within two months after the decision to grant state or municipal land for use is made.



#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
CONSTRUCTION PERMITS					
23	Environmental impact assessment (EIA) [Оцінка впливу на навколишнє середовище] NB: <ul style="list-style-type: none"><li>▪ EIA may be formalised as a separate document or as a part of a construction plan (for the latter please see below);</li><li>▪ EIA must necessarily be included into feasibility studies.</li></ul>	Licensed organisation.		Timing for preparation should be agreed with a licensed organisation and will be specified in a contract with such organisation.	Valid for an indefinite term as long as a project concerned is not changed.
24	State ecological experts review [Державна екологічна експертиза].	Environmental departments of regional state administrations or specially created specialised organisations.		By environmental departments of regional state administrations: <ul style="list-style-type: none"><li>▪ Up to 45 calendar days.</li><li>▪ If necessary, the period can be extended to 60 days.</li><li>▪ In exceptional circumstances the period can be extended to 120 days.</li></ul> By specially created specialized organisations – up to 90 calendar days.	A positive review is valid for three years.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>CONSTRUCTION PERMITS</b>			
23	The costs are determined on an individual basis.	<p>Description of measures that will ensure that a proposed project is environmentally safe;</p> <ul style="list-style-type: none"> <li>▪ Description expected environmental and economic impact of a project;</li> <li>▪ Assessment of environmental risk and proposals of how to reduce them.</li> </ul> <p>Procedure: A developer and a licenced organisation together formalise:</p> <ul style="list-style-type: none"> <li>▪ A declaration of intention – to be agreed and published.</li> <li>▪ A form on conducting an EIA defining the amount of works to be done pursuant to the danger posed to the environment, the alternatives.</li> </ul> <p>An actual EIA is conducted. When conducting and EIA for particularly hazardous object (which the SSH are), a developer / a licensed organization, through local authorities, informs the population about their activities, announces dates / time of public hearings, collects the appeals of the public, considers and takes their proposals into account [4].</p> <p>A developer and a licensed organization use the conclusions of the final EIA report to draw a declaration on environmental implications of the planned activity and circulate it via mass media. Public discussion of a project.</p> <p>The final EIA report takes into account the results of public discussions and, as part of construction documentation and together with a declaration on environmental implications of the planned activity, (in hardcopies and on CD/USD) is submitted for a complex state experts review.</p>	Hard copy of the results of an EIA certified by a licensed organisation and formalised as a separate document or as a part of a construction plan.
24		<p>The construction documentation should be supported with the following:</p> <ul style="list-style-type: none"> <li>▪ A final version EIA that takes into account public opinion;</li> <li>▪ A declaration on environmental implications of a planned project;</li> <li>▪ Reasoning of how environmental safety of a project is ensured;</li> <li>▪ Assessments of environmental risks;</li> <li>▪ Proposals of mitigating the above-mentioned risks;</li> <li>▪ Proposals for using energy-efficient technologies;</li> <li>▪ Proposals of using energy-, water-saving technologies;</li> <li>▪ Proposals of ensuring the protection and renewal of flora and fauna;</li> <li>▪ Proposals of ensuring the protection of the population against the adverse anthropogenic physical, chemical and biological factors.</li> </ul>	Hard copy of a conclusion of a state ecological experts review.

[4] For more details on public hearings procedure (common for the detailed plans of a territory and EIA) – Art. 21 of the Law of Ukraine “On Regulation of Urban Planning Activities” No. 3038-VI dated 17 February 2011.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
CONSTRUCTION PERMITS					
25	Construction plan [Проектна документація на будівництво об'єктів].	Licensed architect (a design institution) contracted by the company.	The construction plan should be ordered as soon as the decision to construct the plant is made and relevant preparations are completed.	Timing for preparation should be agreed with the licensed architect and will be specified in the contract with such architect. The plan should be obtained prior to commencement of the construction.	Valid until the completion of construction.
26	Expert's review of the construction plan [Експертиза проектів будівництва].	Entity authorised by the Ministry of Regional Development, Construction and Housing of Ukraine.	Submission should be made as soon as the relevant construction plan is developed.	Timing for obtaining an expert conclusion should be agreed with the authorised entity and will be specified in the relevant contract but cannot exceed 30 calendar days.	Valid until completion of construction.
27	Notification on commencement of construction works [Повідомлення про початок виконання робіт]. Submitted only for objects which do not require dec. on commencement of construction works.	Local Inspectorate for Architecture and Construction Control.	The notification must be submitted not later than one calendar day before commencement of construction works.	The notification must be registered within one calendar day after submission if no technical mistakes are found there.	Valid until completion of construction.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>CONSTRUCTION PERMITS</b>			
25	The costs are determined on an individual basis.	<p>A developer should provide a contracted architect with the following data: (i) town construction terms and limitations (to be obtained from local state administrations or councils), (ii) technical conditions of the contemplated construction which set out technical requirements to connection of the constructed object to utility networks (to be obtained from the relevant utility provider, e.g., water supplier, electricity supplier, etc.) and (iii) customer's design order (to be approved by the contracted architect and then signed and sealed by the developer). The construction plan should be designed:</p> <ul style="list-style-type: none"> <li>▪ for the objects of I (the lowest) and II category of complexity – in one stage ('working design') or in two stages (the first one being the 'sketch design' or 'technical and economic calculation' and the second one being the 'working design');</li> <li>▪ for the objects of III category of complexity – in two stages ('project' and 'working documentation');</li> <li>▪ for the objects of IV and V (the highest) category of complexity – in three stages: <ul style="list-style-type: none"> <li>• I stage – 'sketch design' or 'technical and economic justification';</li> <li>• II stage – 'project';</li> <li>• III stage – 'working documentation'.</li> </ul> </li> </ul> <p>The construction plan for environmentally hazardous objects (e.g., hydroelectro stations) [5] should include environmental impact assessment materials (prepared by a certified specialist organisation). The construction plan must be signed by the architect or engineer, which is authorised by the company to sign.</p>	Paper and electronic form of the plan certified by a licensed architect.
26	The costs are determined on an individual basis (we suggest undertaking market research to determine the market price for such services).	The paper and electronic versions of the construction plan should be filed for the issuer's review.	Report in a written form should be delivered to the developer.
27	No charges apply.	The procedure requires filing of the declaration under a statutory form and can be submitted online.	

[5] Para 11.1 of the Order of the Ministry of Regional Development, Construction and Housing of Ukraine "On Approving the Procedure of Elaboration of Construction Project Documentation" No. 45 of 16 May 2011.



#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
28	Declaration of commencement of preparation for construction [Декларація про початок виконання підготовчих робіт]. Should be submitted only for an object of I-III categories of complexity. Note: Depending on the possible danger to the life and health of different categories of people, construction objects are classified into four categories of complexity with category I being the least dangerous and category IV being the most dangerous [6]. This permitting document allows the developer to conduct preparatory works related to construction, including relocation of utility facilities and green plantings. However, it does not authorise the developer to commence actual construction works.	State Inspectorate for Architecture and Construction Control.	If necessary, the declaration should be submitted as soon as practicable following the positive conclusion of the construction plan review .	The declaration must be registered within five business days after lodging or the issuer must refuse to register it within the same period.	Valid until completion of construction.
29	Act of completion of construction of real property of IV-V categories of complexity [Акт готовності об'єкта до експлуатації].	Developer of construction, a contracted architect(s), general contractor, subcontractors (if any), insurance company (if construction has been insured) to sign and submit the act to the State Inspectorate for Architecture and Construction Control.	The relevant act should be executed as soon as the relevant construction is completed.	Not applicable.	Valid indefinitely.
30	Declaration of commencement of construction of real property of I-III categories of complexity [Декларація про початок виконання будівельних робіт - щодо об'єктів будівництва, що належать до I - III категорій складності].	State Inspectorate for Architecture and Construction Control.	The declaration should be submitted as soon as practicable following the positive conclusion of the construction plan review.	The declaration must be registered within five business days after lodging or the issuer must refuse registering it within the same period.	Valid until completion of construction.

[6] Para 5.1.4 of the State Construction Norms of Ukraine V.1.2-14-2009 "General principles of ensuring the stability and constructive safety of buildings, houses, building constructions and basements" dated 22 April 2011.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
LAND PERMITS			
28	No charges apply.	The procedure requires filing of the declaration under a statutory form in person or using electronic declaration system.	One sample of declaration stays with the developer (though, declaration itself does not allow to commence works), it needs to be registered. If the issuer neither registers the declaration nor refuses to register it within 5 business days after lodging, the holder is automatically deemed to be entitled to commence preparation works starting from the 11th business day after lodging of the declaration.
29	No charges apply.	Act of completion of construction of real property should be prepared on the statutory form.	The act should be executed in writing.
30	No charges apply.	The procedure requires filing of the declaration under a statutory form (or can also be submitted via online system).	If the issuer neither registers the declaration nor refuses to register it within 5 business days after lodging, the holder is automatically deemed to be entitled to commence preparation works starting from the 11th business day after lodging the declaration.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
LAND PERMITS					
31	Declaration of completion of construction of real property of I-III categories of complexity [Декларація про готовність об'єкта до експлуатації].	State Inspectorate for Architecture and Construction Control.	The relevant declaration should be filed for registration as soon as the relevant construction is completed.	The declaration must be registered within 10 business days after lodging or the issuer must reject in its registration within the same period.	Valid until completion of construction.
HEALTH, SAFETY AND ENVIRONMENT					
32	Permit to perform hazardous works [In Ukrainian: Дозвіл на виконання робіт підвищеної небезпеки].	State Service for Labour of Ukraine (former State Service for Mining Control and Industrial Safety of Ukraine).	Approx. one to three months prior to performing hazardous works. It can sometimes take longer in practice.	Issued within 10 business days after submission.	Valid for five years (may be extended).
33	Expert's conclusion on the labour and industrial safety conditions [In Ukrainian: Висновок експертизи стану охорони праці та безпеки промислового виробництва].	An entity administered by the State Service for Labour of Ukraine or designated independent expert entity.	The order should be placed with the relevant expert entity prior to the application for the Permit to perform hazardous works and Permit for operation (application) of machinery and equipment of hazardous nature above.	Term of issuance is to be negotiated on an individual basis and will be specified in the contract for the provision of expert's review services.	Term of validity is not statutorily determined. We believe it is valid indefinitely. TO be confirmed with the relevant expert entity.
34	Permit for special water use (e.g., for taking water from and dumping water into a surface water reservoir, drilling water wells, if necessary) [In Ukrainian: Дозвіл на спеціальне водокористування].	Regional state administrations (for water reservoirs of national importance) or regional councils with consultations with the relevant regional state administrations (for water reservoirs of local importance).	Documents for obtaining the permit should be submitted within 30 to 90 days prior to commencing special water use.	30 days max after the receipt of an application and supporting documents.	1) short-term (up to 3 years); 2) long-term (3-25 years). If necessary, such period may be extended, but not more than for the length of the initial period.
35	Special permit for the use of forest resources (forest cutting ticket) [In Ukrainian: Спеціальний дозвіл на спеціальне використання лісових ресурсів (лісорубний/лісовий квиток)].	Forestry authorities.	Documents for obtaining the permit should be submitted 30 days prior to cutting forest resources.	Issued within 10 business days.	One year.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>LAND PERMITS</b>			
31	No charges apply.	The procedure requires filing of the declaration under a statutory form.	Information on the issuance of the relevant permit may be tracked online.
<b>HEALTH, SAFETY AND ENVIRONMENT</b>			
32	No charges apply.	List of documents required for issuance of the permit: <ul style="list-style-type: none"> <li>▪ an application;</li> <li>▪ an expert's conclusion on the labour and industrial safety of the employer (see below).</li> </ul>	Permit is issued in a written form.
33	The cost of expert's review will be calculated according to a statutorily determined procedure and varies depending on the level of complexity of expert's review, type and quantity of the equipment used and the number of employees.	List of documents required for issuance of the expert's conclusion: <ul style="list-style-type: none"> <li>▪ an application (no statutorily prescribed form);</li> <li>▪ a signed contract for performing expert's review;</li> <li>▪ documents required by the expert entity (determined on an individual basis).</li> </ul>	Expert conclusion is issued in a written form.
34	The permit is issued free of charge.	List of documents required for issuance of the permit: <ul style="list-style-type: none"> <li>▪ an application (the form of the application to be obtained from the issuer);</li> <li>▪ the substantiation of water use approved by the regional departments of the State Agency for Water Resources of Ukraine (for surface waters) or by the State Service for Geology and Subsoil of Ukraine (for wells).</li> </ul>	Hard copy of the permit obtained from the issuer.
35	The permit is issued free of charge.	List of documents required for issuance of the forest ticket: <ul style="list-style-type: none"> <li>▪ an application (no statutory form);</li> <li>▪ information of the cutting area (required only from owner or user of forest resources);</li> <li>▪ field list records (required only from owner or user of forest resources);</li> <li>▪ listing evaluation records (required only from owner or user of forest resources);</li> <li>▪ map of technological process for treatment of cutting area (required only from owner or user of forest resources);</li> </ul>	Hard Ticket is issued in a written form.



#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
HEALTH, SAFETY AND ENVIRONMENT					
36	Permit for dredging, installation of ducts, pipelines and other communications on the water fund lands. [In Ukrainian: Дозвіл на днопоглиблювальні роботи, прокладання кабелів, трубопроводів та інших комунікацій на землях водного фонду].	State Agency for Water Resources of Ukraine.	Before commencement of respective works.	Issued within 30 business days.	For the period necessary to carry out dredging.
LAUNCH OF SMALL SCALE HYDRO ACTIVITIES					
37	Agreement on the connection to the electricity networks (electricity grid) [In Ukrainian: Договір про приєднання до електричних мереж].	Regional electricity transmission system operator.	Any time after the developer secures ownership title or use rights in relation to the land plots on which the facilities will be located.	Issued within 15 business days of the submission date of the complete application package.	Not limited in time.
ELECTRICITY MARKETING					
38	Licence to carry out activities on the production of electricity [In Ukrainian: Ліцензія на здійснення діяльності з виробництва електричної енергії].	National Energy and Utilities Regulatory Commission of Ukraine.	Application should be submitted at least 30 calendar days before the actual generation commences.	Issued within 30 calendar days after the receipt of the full application package.	Cannot be less than 3 years. Can be issued for unlimited time.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>HEALTH, SAFETY AND ENVIRONMENT</b>			
36	The permit is issued free of charge.	<ul style="list-style-type: none"> <li>an application (statutory form);</li> <li>statutory documents of the legal entity;</li> <li>design for carrying out works on the water fund lands which includes section on the environmental impact assessment (approved by the Ministry of Ecology, the State Water Agency and State Geological Service).</li> </ul>	Permitting document is issued in a written form.
<b>LAUNCH OF SMALL SCALE HYDRO ACTIVITIES</b>			
37	No fee charges.	<p>List of documents required for the issuance of the draft agreement:</p> <ul style="list-style-type: none"> <li>an application in the form set out by the National Energy and Utilities Regulatory Commission of Ukraine;</li> <li>situational plan depicting the location of the generation facilities;</li> <li>a copy of the power of attorney authorising the signatory on behalf of the electricity generation company;</li> <li>title documents for the production facilities and/or land.</li> </ul>	Executed agreement.
<b>ELECTRICITY MARKETING</b>			
38	One minimum statutory monthly wage (this amount changes regularly and should be confirmed after the application). Currently, the licence fee is UAH 1,378 (approx. USD 53)	<p>List of documents required for issuance of the licence (to be prepared in 5 counterparts, one of which should be notarised):</p> <ul style="list-style-type: none"> <li>an application on the issuance of a licence in the form set out by the National Energy and Utilities Regulatory Commission of Ukraine;</li> <li>a certificate of payment of the licence fee;</li> <li>a notarised copy of the applicant's constitutive documents (i.e., articles of association);</li> <li>a description of the facilities (technical characteristics of the generation facilities, a scheme of connections with the markings of metering appliances);</li> <li>a document evidencing sufficiency of own funds (accounting form ф-Н 1 for the past reporting period);</li> <li>a copy of the document evidencing the ownership title to the generation facilities or the right to use the same (with the underlying title documents of the owner of the facilities).</li> </ul>	Licence should be issued on the letterhead of the issuing authority and mailed to the licence holder. In practice, the authorised representatives of the licence holders usually pick up the original of the licence from the office of the issuing authority.

#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
ELECTRICITY MARKETING					
39	Confirmation of the local component and approval of the mark-up to the applicable green tariff rate [In Ukrainian: встановлення надбавки до "зеленого" тарифу за використання обладнання українського виробництва].	National Energy and Utilities Regulatory Commission of Ukraine.	Application should be submitted after the obtaining of the licence to carry out activities on the production of electricity.	Approximately 35 calendar days of the submission date of the complete application package.	Until 1 January 2030.
40	Green tariff approval [In Ukrainian: Встановлення дії "зеленого" тарифу].	National Energy and Utilities Regulatory Commission of Ukraine.	Can be submitted when applying for, or after the obtaining of, the licence to carry out activities on the production of electricity.	Approximately 45 calendar days of the submission date of the complete application package.	Until 1 January 2030.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>ELECTRICITY MARKETING</b>			
39	No fee charged.	<p>List of documents required for issuance of the approval:</p> <ul style="list-style-type: none"> <li>▪ an application on the granting the approval of the mark-up to the applicable green tariff rate in the form set out by the National Energy and Utilities Regulatory Commission of Ukraine;</li> <li>▪ an explanatory note relating to the equipment of Ukrainian origin used while constructing the generation facilities with references to the relevant certificates of Ukrainian origin and documents evidencing the ownership title or rights to use the relevant components of the equipment;</li> <li>▪ a calculation of the level of use of the equipment of Ukrainian origin in the construction of the generation facilities according to the statutory instructions;</li> <li>▪ certificates of Ukrainian origin;</li> <li>▪ evidence of the ownership title or the right of use to the relevant elements of the equipment.</li> </ul>	Decisions on approval of the mark-up to the applicable green tariff rate are taken by the National Energy and Utilities Regulatory Commission of Ukraine at their open hearings. The relevant decisions are published online and in the printed media of the regulator.
40	No fee charged.	<p>List of documents required for issuance of the approval:</p> <ul style="list-style-type: none"> <li>▪ an application on the granting of the green tariff in the form set out by the National Energy and Utilities Regulatory Commission of Ukraine;</li> <li>▪ an explanatory note with the detailed information on the applicant (ownership form, installed capacity and other parameters of the generation facilities);</li> <li>▪ calculation of the production cost of the electricity in the form set out by the National Energy and Utilities Regulatory Commission of Ukraine;</li> <li>▪ substantiation of the items and elements of the production cost of the electricity (copies of the relevant agreements on the purchase of goods, works and services, a certificate on the number of employees, a certificate on the book value of the fixed assets as of the application date);</li> <li>▪ an explanatory note to the generation facilities construction plan;</li> <li>▪ a copy of the registered declaration on the commencement of construction works or the construction permit;</li> <li>▪ a copy of the technical conditions for the connection of the generation facilities to the grid;</li> <li>▪ a copy of the registered declaration or the certificate of completion of construction of real property (as relevant);</li> <li>▪ a copy of the budgeting part of the design documentation for the construction of the generation facilities.</li> </ul>	Decisions on granting green tariffs are taken by the National Energy and Utilities Regulatory Commission of Ukraine at their open hearings. The relevant decisions are published online and in the printed media of the regulator.



#	Type of Permit	Issuer	Timing		
			Submission	Consideration period	Validity period
ELECTRICITY MARKETING					
41	Joining the Wholesale Electricity Market of Ukraine (WEMU) [In Ukrainian: Прийом у члени Оптового ринку електричної енергії України].	WEMU Board.	Any time after the obtaining of the licence to carry out activities on the production of electricity.	Approximately 30 calendar days of the submission date of the complete application package.	Not applicable.
42	Agreement on the accession to the WEMU members [In Ukrainian: Договір про вступ до членів Оптового ринку електричної енергії України].	WEMU Board.	Within 28 calendar days of joining the WEMU.	No statutorily prescribed consideration period. In practice, up to 28 calendar days.	Validity to be contractually agreed.
43	Power purchase agreement with SE "Energorynok" ("PPA") [Договір про купівлю-продаж елек. енергії між держ. підприємством "Енергоринок" та суб'єктом господ., що виробляє електричну енергію з використанням альтернативних джерел енергії]	SE "Energorynok".	Any time after signing the agreement on the accession to the WEMU members.	No statutorily prescribed consideration period. In practice, up to 30 calendar days.	Validity to be contractually agreed.
44	Approval of the PPA with NEK "Ukrenergo". [In Ukrainian: Погодження Договору про купівлю-продаж електричної енергії між державним підприємством "Енергоринок" та суб'єктом господарювання, що виробляє електричну енергію з використанням альтернативних джерел енергії NEK "Укренерго"]	NEK "Ukrenergo".	Any time after signing the PPA.	No statutorily prescribed consideration period. In practice, up to 14 calendar days.	Not limited in time.
45	Registration with the electronic register of facilities generating electricity from alternative sources of energy [In Ukrainian: Реєстрація в електронному реєстрі генеруючих установок, які виробляють електричну енергію з альтернативних джерел енергії]	State Agency on Energy Efficiency and Energy Saving of Ukraine.	Any time after signing the PPA with SE "Energorynok"	20 calendar days of the application submission date.	5 years of the issuance date.

#	Applicable state duty (fee) for the issuance of the permit (UAH/USD equivalent)	List of permit application documents	Form of official approval
<b>ELECTRICITY MARKETING</b>			
41	No fee charged.	List of documents required, among others, for issuance of the approval: <ul style="list-style-type: none"> <li>▪ an application on the joining the WEMU in the form set out by the WEMU Board;</li> <li>▪ written commitment to comply with the terms of the agreement between the WEMU members;</li> <li>▪ all the information "reasonably necessary" to be provided at the WEMU discretion.</li> </ul>	Notification by means of a letter.
42	No fee charged.	Decision of WEMU Board on the holder's joining the WEMU.	Executed agreement.
43	No fee charged.	Decision of WEMU Board on the holder's joining the WEMU.	Executed agreement.
44	No fee charged.	PPA.	Notification on the approval in the form of a letter.
45	No fee charged.	Application containing the statutorily required information.	Decisions are made by means of making an entry record to the electronic register, of which the applicant will be notified in a separate letter.

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