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Energy Sector Organisation Act

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Chapter 1 GENERAL PROVISIONS

§ 1. Scope of application and content of this Act

- (1) This Act provides the measures for achieving the national target of energy efficiency.
- (2) This Act sets out the requirements for improving energy efficiency and designates the obligated parties in the public as well as private sector.
- (3) The provisions of the Administrative Procedure Act apply to administrative proceedings provided in this Act without prejudice to the rules specific to this Act.

§ 2. Terms

The terms in this Act are defined as follows:

- 1) 'public body' means a contracting authority within the meaning of the Public Procurements Act;
- 2) 'implementing public authority' means a government agency or legal person in public law which is involved in the implementation of energy saving policies and which is responsible for the carrying out or monitoring of energy or carbon dioxide taxation, financial schemes and instruments, fiscal incentives, standards and norms, energy labelling schemes, training or education;
- 3) 'energy' means energy products, including combustible fuel, heat, renewable energy, electricity and other energy products;
- 4) 'energy audit' means a systematic procedure which is carried out with the purpose of obtaining adequate knowledge of the existing energy consumption profile of a building or group of buildings, an industrial or commercial operation or installation or a private or public service, and which identifies and quantifies cost-effective energy savings opportunities, and whose findings are reflected in a report;
- 5) 'retail energy undertaking' means a natural or legal person who sells energy to final customers;
- 6) 'energy management system' means a set of interrelated or interacting elements of a plan which sets an energy efficiency target and provides a strategy to achieve that target;
- 7) 'final energy consumption' means all energy supplied to industry, transport, households, services and agriculture, excluding deliveries to the energy transformation sector and the energy industries themselves;
- 8) 'energy savings' means an amount of saved energy determined by measuring or estimating consumption before and after implementation of an energy efficiency improvement measure in a situation in which the equality of external conditions that may affect energy consumption is ensured;
- 9) 'energy distributor' means a natural or legal person, including a distribution network operator, responsible for transporting energy with a view to its delivery to final customers or to distribution stations that sell energy to final customers;
- 10) 'energy service' means the physical benefit, utility or good derived from a combination of energy with energy-efficient technology or with action, which may include the operations, maintenance and control necessary to deliver the service, which is delivered on the basis of a contract and in normal circumstances has proven to help to improve the verifiable and measurable or estimable energy efficiency or save primary energy.
- 11) 'energy service provider' means a natural or legal person who delivers energy services or implements other energy efficiency improvement measures in a final customer's facility or premises;
- 12) 'energy efficiency' means the ratio of output of performance, service, goods or energy, to input of energy;
- 13) 'energy performance contract' means an agreement between the final customer and the energy service provider whose performance is verified and monitored during its entire term, and on the basis of which the investments made to provide the energy service are paid for by the final customer in relation to a contractually agreed level of energy efficiency improvement or other agreed energy performance criterion, such as financial savings;
- 14) 'energy efficiency improvement' means an augmentation of energy efficiency by means of technological, behavioural or economic changes;

- 15) 'aggregator' means a demand service provider that combines multiple short-duration consumer loads for sale or auction in organised energy markets which include power exchange or over-the-counter markets for trading energy, capacity, balancing and ancillary services in all timeframes, including forward, day-ahead and intra-day markets;
- 16) 'distribution network operator' means distribution network operator within the meaning of the Electricity Market Act and the Natural Gas Act;
- 17) 'total useful floor area' means the building's heated area that is calculated as a total sum of the net areas of all of the building's rooms that use energy to control the quality of their indoor air, including to maintain, increase or reduce indoor temperature;
- 18) 'district heating and cooling infrastructure' means a fixed operational assembly of pipelines, equipment, auxiliary equipment and the construction works connected thereto, or the part of such an assembly which is necessary for the distribution of heat or cooling, except for consumer installations;
- 19) 'central government' means all state authorities and institutions administered by state authorities;
- 20) 'cogeneration' means the simultaneous generation in one process of thermal energy and electrical or mechanical energy;
- 21) 'final customer' means a natural or legal person who uses energy for its own needs. In an apartment building, unless the sale of energy is arranged otherwise, the final customer of heating, cooling and hot domestic water is the apartment association or community;
- 22) 'smart meter' means an electronic system that can measure energy consumption, providing more information than a locally readable meter, and can transmit and receive data using a form of electronic communication;
- 23) 'demand management' means measures aimed at influencing the amount and timing of electricity consumption in order to reduce primary energy consumption and short-term high loads (peak loads);
- 24) 'participating party' means an undertaking or public body that has committed itself to reaching certain objectives under a voluntary agreement, or is covered by a national regulatory policy measure;
- 25) 'policy measure' means an incentive instrument that is formally established or implemented by the *Riigikogu*, the Government of the Republic or a minister in order to create a supportive framework, requirement or incentive for market actors to provide and purchase energy services and to undertake other energy efficiency improvement measures. A policy measure may be a regulatory incentive instrument, a financial or fiscal instrument, a voluntary activity or provision of information;
- 26) 'primary energy' means energy that is obtained from natural sources and is used without any conversion to other energy types, excluding non-energy uses;
- 27) 'efficient district heating and cooling' means a district heating or cooling system that uses at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such renewable energy and waste heat or cogenerated heat;
- 28) 'entrusted party' means a legal entity to whom the Government of the Republic or a government agency has delegated the power to develop, manage or operate a financing scheme on behalf of the Government of the Republic or of the government agency;
- 29) 'small and medium-sized enterprises' means enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million;
- 30) 'individual action' means an action that helps to improve the verifiable and measurable or estimable augmentation of energy efficiency and that is undertaken as a result of a policy measure;
- 31) 'general energy efficiency obligation' means the obligation established in this Act to achieve energy savings or to improve energy efficiency in energy generation, transmission and distribution and at the final customer;
- 32) 'transmission system operator' means a transmission network operator within the meaning of the Electricity Market Act and a system operator within the meaning of the Natural Gas Act.

Chapter 2

NATIONAL ENERGY EFFICIENCY TARGET AND STRATEGIES IN THE SECTOR

§ 3. National energy efficiency target and action plan

(1) The Ministry of Economic Affairs and Communications (hereinafter, the 'energy savings coordinator') sets the national energy efficiency target and prepares the national energy efficiency action plan.

(2) The target referred to in subsection 1 of this section is to be set on the basis of final energy consumption, additionally having regard to the following:

- 1) the European Union's target according to which the Union's 2020 energy consumption does not exceed 1,483 Mtoe in the case of primary energy or, 0,86 Mtoe in the case of final energy;
- 2) the measures provided in this Act and in other legislation with a view to improving energy efficiency and achieving energy savings;
- 3) the national energy policy.

(3) The energy savings coordinator notifies the target referred to in subsection 1 of this section to the European Commission in the form of a report that conforms to Part 1 of Annex XIV of 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 (OJ L 315, 14.11.2012, pp.

1–56). The report must also express the target in terms of an absolute level of primary energy consumption in 2020 and must explain how, and on the basis of what data, this has been calculated.

(4) The energy savings coordinator submits the national energy efficiency action plan referred to in subsection 1 of this section to the European Commission.

(5) The national energy efficiency action plan referred to in subsection 1 of this section is complemented with updated estimates of expected overall primary energy consumption in 2020. The estimates must conform to Part 1 of Annex XIV of Directive 2012/27/EU of the European Parliament and of the Council.

(6) The national energy efficiency action plan referred to in subsection 1 of this section must conform to Part 2 of Annex XIV of Directive 2012/27/EU of the European Parliament and of the Council.

(7) The national strategy for renovation of buildings referred to in section 4(1) of this Act forms a part of the national energy efficiency action plan referred to in subsection 1 of this section.

(8) The national energy efficiency action plan referred to in subsection 1 of this section is exempted from the requirements established for strategy documents in the State Budget Act and from the requirements established for planning documents in the Environmental Impact Assessment and Environmental Management System Act.

§ 4. National strategy for the renovation of buildings to improve energy performance

(1) The energy savings coordinator establishes a long-term strategy for mobilising investment in the renovation of the national stock of residential and commercial buildings, both public and private, with the goal of improving their energy performance. The strategy must encompass:

- 1) an overview of the national building stock based, at the least, on a statistical sample;
- 2) cost-effective renovation methods relevant to the building type and climatic zone;
- 3) methods and measures to stimulate cost-effective deep renovation of buildings, including staged deep renovation;
- 4) the outlook to guide future investment decisions of individuals, the construction industry and financial institutions;
- 5) an evidence-based estimate of expected energy savings and wider benefits.

(2) The strategy referred to in subsection 1 of this section is not a strategy document within the meaning of the State Budget Act and is not a planning document within the meaning of the Environmental Impact Assessment and Environmental Management System Act.

Chapter 3 NATIONAL MEASURES TO ACHIEVE ENERGY SAVINGS

§ 5. Improving the energy performance of public bodies' buildings

(1) Each year, the energy savings coordinator for immovable property owned by the central government arranges for the renovation of 3% of the total useful floor area of buildings occupied by the central government, to meet at least the minimum energy performance requirements for buildings undergoing major renovation, as established in the regulation enacted on the basis of section 65(3) of the Building Code. The functions of the energy savings coordinator for immovable property owned by the central government are performed by the Ministry of Finance.

(2) The 3% limit rate referred to in subsection 1 of this section is calculated by reference, in buildings whose total useful floor area exceeds 250 m² and which are occupied by the central government on the basis of an occupancy agreement or the right of ownership, to the useful floor area that, on 1 January of each year, does not meet the minimum energy performance requirements.

(3) When applying subsection 1 of this section, central government buildings with the poorest energy performance have priority provided their renovation is cost-effective and technically feasible.

(4) The renovation obligation described under subsection 1 of this section does not apply to buildings with indoor climate control which are listed under section 62(2) of the Building Code and which are not required to meet the minimum energy performance requirements, and to buildings which serve national defence purposes and are owned by the armed forces, apart from the individual residential premises or office buildings for the personnel of the armed forces or national defence authorities.

(5) If, in a given year, more than 3% of the total useful floor area of central government buildings is renovated, the excess may be counted towards the annual renovation rate of any of the three previous or following years.

(6) The annual renovation rate of central government buildings may be reduced by subtracting from the total such new buildings that comply with the energy performance requirements and that are occupied or acquired as replacements for specific central government buildings demolished during the previous two years or for buildings that have been sold, demolished or taken out of use during the previous two years due to the more intensive use of other buildings.

(7) For the purposes of applying subsection 1 of this section, the energy savings coordinator for immovable property owned by the central government draws up an inventory of heated and cooled central government buildings referred to in subsection 2 of this section. Buildings subject to exemption under subsection 4 of this section are excluded from the inventory. The inventory report must contain the following information in respect of each building:

- 1) total useful floor area in square metres or, if this information is unavailable, the enclosed net floor area within the meaning of the regulation enacted under section 3(5) of the Building Code;
- 2) the class of the energy performance indicator or the class of weighted specific energy use and information on whether or not the building meets the minimum energy performance requirements for buildings undergoing major renovation.

(8) In the absence of information specified in subsection 7 of this section, the inventory deems the building not to meet the minimum energy performance requirements.

(9) The energy savings coordinator for immovable property owned by the central government makes the inventory report referred to in subsection 7 of this section publicly available.

(10) The task of the energy savings coordinator is, by way of sharing best practices, to encourage public bodies, including public regional and local bodies and bodies administering social housing:

- 1) to adopt an energy efficiency plan, which is either a freestanding plan or part of a broader climate or environmental plan and contains specific energy saving and efficiency objectives and actions, with a view to following the example of central government buildings provided in subsections 1–8 of this section;
- 2) to put in place an energy management system, including energy audits;
- 3) where appropriate, to use energy service companies, and energy performance contracts to maintain or improve energy efficiency.

§ 6. Energy efficient purchasing by public bodies

(1) The central government may only purchase products, services and buildings that are highly energy efficient, insofar as this is cost-effective, economically feasible, generally sustainable, technically suitable and, given there is sufficient competition, in conformity with the requirements established under subsection 2 of this section. The buildings listed under section 62(2) of the Building Code are exempted from the requirement of high energy efficiency.

(2) The Government of the Republic makes regulations to establish the energy efficiency requirements for the products, services and buildings purchased by the central government.

(3) The obligation established in subsection 1 of this section is applied to agreements entered into by the central government for the purchase of products, services and buildings provided the cost of the agreement equals or exceeds the international threshold laid down in section 15(2) of the Public Procurements Act.

(4) The obligation referred to in subsection 1 of this section applies to the agreements of the armed forces only to the extent that is compatible the nature and primary aim of the activities of the armed forces. The obligation does not apply to contracts for the supply of military equipment as defined by Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.08.2009, pp. 76–136).

(5) Without prejudice to subsection 1 of this section, a public body, when purchasing a product package covered as a whole by a delegated act adopted under Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (OJ L 153, 18.06.2010, pp. 1–12), provides for the aggregate energy efficiency of the package to have priority over the energy efficiency of individual products within that package.

(6) The task of the energy savings coordinator is, by way of sharing best practices, to encourage public bodies, including public regional and local bodies, to follow the example of the central government and to purchase only products, services and buildings that are highly energy efficient. The energy savings coordinator encourages public bodies, when tendering service contracts, to assess the possibility of concluding long-term energy performance agreements that would contribute to achieving long-term energy savings.

Chapter 4

IMPROVING EFFICIENCY IN ENERGY GENERATION AND ENERGY SUPPLY

§ 7. Energy efficiency measures in energy transformation, transmission and distribution

(1) The transmission network operator and the distribution network operator (hereinafter, together the 'network operators') determine, in relation to their network, the cost-effective energy efficiency improvement measures and the necessary investments, draw up a timetable for the introduction of such measures and investments and submit an overview of these to the energy savings coordinator.

(2) The energy savings coordinator prepares and makes public on its website an analysis assessing the energy efficiency improvement potential of the gas and electricity system, in particular regarding transmission, distribution, load management and interoperability, and regarding connection of energy generating installations.

(3) When making the decisions required under the Electricity Market Act and the Natural Gas Act concerning the operation of the gas and electricity network, the Competition Authority takes into account the energy efficiency measures of the network operators.

(4) When approving the network charges referred to in the Electricity Market Act and the Natural Gas Act, the Competition Authority takes into account the cost of the measures taken to improve the energy efficiency of the network, the cost of the measures permitting network users to participate in improving the efficiency of the system and the cost of the measures permitting the management of demand, including the cost of additional services related to smart meters. The network charge must not obstruct improvement of the general efficiency, including energy efficiency, of the gas or electricity system, the management of demand, the participation of market participants in balancing markets or the procurement of ancillary services.

§ 8. Promotion of efficiency in heating and cooling

(1) The energy savings coordinator submits to the European Commission a report on the potential for the application of high-efficiency cogeneration and efficient district heating and cooling. The report must be prepared following the instructions provided in Annex VIII of Directive 2012/27/EU of the European Parliament and of the Council.

(2) The minister responsible for the area makes regulations to establish requirements for high-efficiency cogeneration, taking guidance from Annex I and II of Directive 2012/27/EU of the European Parliament and of the Council.

(3) In the course of preparing the report referred to in subsection 1 of this section, the energy savings coordinator analyses the economic justifiability of the measures to promote energy efficiency in heating and cooling across the entire national territory, taking guidance from Part 1 of Annex IX of Directive 2012/27/EU of the European Parliament and of the Council. The analysis is to take into account the climatic conditions, economic feasibility and technical suitability of the measures. The analysis must be capable of facilitating the identification of the most resource-saving and cost-efficient solutions to meeting heating and cooling needs.

(4) When developing district heating and cooling infrastructure, an undertaking takes guidance from the report referred to in subsection 1 of this section and from the results of the analysis referred to in subsection 3 of this section.

(5) The energy sector development plan, as defined in section 19(3) of the State Budget Act, must be prepared in observance of the principle of promoting the deployment of efficient heating and cooling systems, especially systems that employ high-efficiency cogeneration, to improve local and regional heating provision.

§ 9. Demand management

(1) The Estonian Competition Authority disseminates through its website information regarding demand management opportunities in wholesale and retail energy markets.

(2) A network operator prepares and disseminates through its website technical instructions for accessing system services markets, including balancing and reserve capacity markets, for final customers and aggregators.

(3) A network operator offers to users of its network service ancillary services which are necessary for the improvement of energy efficiency and demand management and which are related to smart meters, and disseminates the relevant information through its website.

(4) When fulfilling the requirements concerning balancing and other system services, the network operator observes the principle of equal treatment with regard to aggregators and to market participants within the meaning of the Electricity Market Act or Natural Gas Act, and takes into account their technical capabilities.

§ 10. Cost-benefit analysis in relation to high-efficiency cogeneration installations

(1) An undertaking prepares a cost-benefit analysis concerning the transformation of an installation, within the meaning of the Industrial Emissions Act, into a high-efficiency cogeneration installation, when it plans:

- 1) a new thermal electricity generation installation with a total rated thermal input exceeding 20 MW;
- 2) a major renovation of an existing thermal electricity generation installation with a total rated thermal input exceeding 20 MW;
- 3) the building of a new industrial installation whose total rated thermal input exceeds 20 MW and which generates waste heat at a useful temperature level, or a major renovation of an existing one;
- 4) a new district heating or cooling network;
- 5) a new thermal electricity generation installation with a total rated thermal input exceeding 20 MW within an existing district heating or cooling network;
- 6) a major renovation of an existing thermal electricity generation installation in a manner that permits to effectively utilise waste heat from a nearby industrial installation.

(2) The major renovation referred to in clauses 2, 3 and 6 of subsection 1 of this section means renovation whose cost exceeds 50% of the investment cost for a new comparable unit.

(3) The analysis referred to in subsection 1 of this section must be endorsed by a person holding at least the professional qualification of a chartered electrical or thermal engineer at VIII or equivalent level.

(4) The minister responsible for the area makes regulations to establish the minimum requirements for the cost-benefit analysis in relation to transforming an installation into a high-efficiency cogeneration installation.

(5) The installation of equipment to capture carbon dioxide produced by a combustion installation with a view to its being geologically stored as provided for in Directive 2009/31/EC of the European Parliament and of the Council on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 05.06.2009, pp. 114–135) is not deemed to constitute the renovation referred to in clauses 2, 3 and 6 of subsection 1 of this section.

Chapter 5 REQUIREMENTS FOR MEASURING ENERGY CONSUMPTION AND FOR PROVISION OF INFORMATION IN ORDER TO IMPROVE FINAL CUSTOMERS' ENERGY EFFICIENCY

§ 11. Measuring the amount of consumed heating, cooling and hot domestic water

(1) Unless agreed otherwise with the final customer, the energy distributor arranges the measuring of thermal energy in relation to the provision of district heating, district cooling and hot domestic water services, and the gathering and processing of the measurement data.

(2) The energy distributor installs, at the final customer's consumer installation, a meter to measure the district heating provided through the district heating network, the district cooling and the thermal energy used for the heating domestic hot water.

(3) The energy savings coordinator analyses the cost efficiency of the installation of individual cost allocators and meters in apartment buildings and multi-purpose buildings.

(4) If the analysis carried out under subsection 3 of this section reveals that the installation of cost allocators or meters is cost efficient, the Government of the Republic makes regulations to establish the terms and conditions for the installation of cost allocators and meters.

(5) The installation of cost allocators and meters is arranged by the owner of the building.

§ 12. Requirements for invoices presented to final customers

(1) The energy distributor transmits an electronic invoice to the final customer at least once a month, unless agreed otherwise. If the final customer is a consumer within the meaning of the Consumer Protection Act, the energy distributor presents the invoice in the manner specified in sections 4(6) and 4(7) of the Consumer Protection Act. The invoices and electronic access to invoicing information and consumption data are provided free of charge. For repeat invoices, a fee may be charged.

(2) At the request of the final customer, the energy distributor presents, together with the invoice, the following information, provided the technical solution created by the energy distributor for that purpose is economically justified:

- 1) the comparison of the final customer's current energy consumption with the final customer's energy consumption during the same period in the previous year, or a reference to the location of the relevant information;
- 2) references to organisations or undertakings who engage in energy efficiency improvement measures aimed at final customers.

§ 13. Information to be presented to energy service providers

At the request of the final customer, the energy distributor presents the measurement data, including additional information on historical consumption, to the energy service provider designated by the final customer. No fee is to be charged if measurement data and historical consumption information are accessed electronically in a manner determined by the network operator or through a data platform.

Chapter 6 ENERGY EFFICIENCY OBLIGATION

Division 1 General energy efficiency obligation

§ 14. Overall amount of the general energy efficiency obligation

(1) The Government of the Republic establishes the overall amount of the general energy efficiency obligation by the instrument provided for in section 16(2) of this Act.

(2) The initial overall amount of the general energy efficiency obligation for the period from 1 January 2014 to 31 December 2020 is set at 1.5% of the average annual amount of energy sold to final customers in each calendar year. The average annual amount of energy sold to final customers is calculated on the basis of the years 2010–2012.

(3) The energy sold to final customers for use in transport is excluded from the calculation of the average annual amount of energy sold to final customers.

§ 15. Reducing the overall amount of general energy efficiency obligation

(1) The initial overall amount of the general energy efficiency obligation may be reduced if:

- 1) a reduced general energy efficiency obligation is applied, in which case the overall amount equals, per calendar year, 1% of the average annual amount of energy sold to final customers for 2014 and 2015, 1.25% for 2016 and 2017, and 1.5% for 2018, 2019 and 2020.
- 2) energy savings are achieved in the energy transformation, distribution and transmission sectors, including the efficient district heating and cooling infrastructure;
- 3) energy savings are achieved in the country as a result of an individual action implemented since 31 December 2008 that continues to have an impact in 2020 and that can be measured and verified.

(2) The gross final consumption of energy of the industrial installations that are part of the European Union emissions trading system may be subtracted from the initial overall amount of the general energy efficiency obligation.

(3) As a result of the application of subsections 1 and 2 of this section, the initial overall amount of the general energy efficiency obligation may be reduced by up to 25%; the application of these subsections is to be notified by the energy savings coordinator to the European Commission. The energy savings coordinator must also inform the European Commission of the effect of the application of subsections 1 and 2 of this section on the general energy efficiency obligation.

§ 16. Implementers of general energy efficiency obligation

(1) The general energy efficiency obligation is implemented by:

- 1) implementing public authorities;
- 2) entrusted parties.

(2) The Government of the Republic makes regulations for apportioning the general energy efficiency obligation among its implementers (hereinafter, the 'energy efficiency obligation apportionment plan'), having regard to sections 14, 15 and 21 of this Act.

(3) The proposal of the energy efficiency obligation apportionment plan is drawn up by the energy savings coordinator.

§ 17. Types of policy measures

The policy measures facilitating the implementation of the general energy efficiency obligation may, *inter alia*, include the following types:

- 1) pollution charges imposed on emissions of pollutants into ambient air and excise taxes that have the effect of reducing end-use energy consumption;
- 2) financing schemes within the meaning of the State Budget Act and other measures that help to implement energy-efficient technology or techniques and have the effect of reducing end-use energy consumption;
- 3) legislation that helps to achieve the implementation of energy-efficient technology or techniques and has the effect of reducing end-use energy consumption;
- 4) voluntary agreements, including agreements concluded under the Administrative Co-operation Act, that help to implement energy-efficient technology or techniques and have the effect of reducing end-use energy consumption;
- 5) standards and norms that aim at improving the energy efficiency of products and services, including buildings and vehicles, except where these are applicable under European Union law;
- 6) energy labelling schemes, with the exception of those that are applicable under European Union law;
- 7) training and education, including energy advisory programmes, that help to apply energy-efficient technology or techniques and have the effect of reducing end-use energy consumption.

§ 18. Accounting the impact of energy saving measures

(1) The minister responsible for the area makes regulations to establish the rules for calculating the energy savings (hereinafter, the 'energy savings rules') achieved by means of policy measures, individual actions and activities carried out as part of these measures and actions.

(2) The energy savings rules set out:

- 1) the principles for calculating energy savings, including conversion factors for calculating end-use energy savings from primary energy savings;
- 2) requirements for calculating energy savings, including the methodology of calculating energy savings;
- 3) requirements for presenting the results of a calculation of energy savings;
- 4) requirements for notification of methods used for the calculation of energy savings;
- 5) requirements for the source data used in the calculations;
- 6) principles for arranging the monitoring of the impact of implementation of policy measures;
- 7) other requirements specified by law.

Division 2

Obligation of major energy utilities to provide information

§ 19. Major energy utility

For the purposes of this Act, a major energy utility means the following energy distributors or retail energy undertakings:

- 1) a distribution network operator within the meaning of the Electricity Market Act, whose annual amount of energy distributed to final customers equals or exceeds 100 GWh;
- 2) a network operator within the meaning of the Natural Gas Act, whose annual amount of energy distributed to final customers exceeds 100 GWh;
- 3) a network operator within the meaning of the District Heating Act, whose annual amount of energy distributed to final customers equals or exceeds 100 GWh;
- 4) a retail undertaking selling solid fuel, whose annual amount of solid fuel sold to final customers equals or exceeds 100 GWh;
- 5) a retail undertaking selling liquid fuels, excluding motor fuels, whose annual amount of liquid fuels sold to final customers equals or exceeds 100 GWh;
- 6) a retail undertaking selling gas, excluding gas distributed via pipelines, whose annual amount of fuel gas sold to final customers equals or exceeds 100 GWh.

§ 20. Obligation of major energy utilities to provide information

(1) At the demand of the energy savings coordinator, a major energy utility provides the following information:

- 1) the quantities of energy distributed to final customers;
- 2) statistical information on final customers purchasing or receiving the utility's energy distribution service, generalised by groups of final customers; such statistical information must, among other things, describe any significant changes in comparison to previously submitted information;

3) up-to-date information regarding the energy consumption of final customers, the energy savings coordinator may also demand information on the dependency of consumption on time, on groups of final customers and on the geographic location of final customers.

(2) When submitting the information, the inviolability and confidentiality of private information and sensitive business information must be ensured.

(3) Information may be demanded for three immediately preceding calendar years.

(4) Information regarding the preceding calendar year must be provided if the time-limit for responding to the information demand of the energy savings coordinator expires after 1 March of the current calendar year.

(5) The time-limit for responding to the information demand of the energy savings coordinator is 30 calendar days from the presentation of the demand.

(6) Information demands under subsection 1 of this section are not presented more frequently than once a year.

Division 3

Energy efficiency obligation apportionment plan

§ 21. Energy efficiency obligation apportionment plan

(1) The energy efficiency obligation apportionment plan referred to in section 16(2) of this Act determines:

- 1) the general energy efficiency obligation from 1 January 2014 to 31 December 2020;
- 2) the intermediate periods for implementing policy measures until 31 December 2020;
- 3) policy measures to be implemented by the implementing public authorities and their envisaged energy savings;
- 4) policy measures to be implemented by legal persons in private law in whom the state holds the majority interest and their envisaged energy savings;
- 5) policy measures to be implemented by a state-owned company that provides real estate services to the state and their envisaged energy savings;
- 6) other policy measures and their envisaged energy savings;
- 7) the total envisaged energy savings to be achieved by all policy measures.

(2) The energy savings required to fulfil the energy efficiency obligation are determined as end-use energy savings.

(3) The first energy efficiency obligation apportionment plan must determine two intermediate periods for implementing policy measures.

(4) The energy savings envisaged by a policy measure must be provided with regard to all future intermediate periods.

§ 22. Gathering information for the preparation of the energy efficiency obligation apportionment plan

(1) The general energy efficiency obligation is calculated using primarily the European Union and national statistics.

(2) The energy savings achieved as a result of the implementation of a policy measures are calculated by the energy savings coordinator, taking into account the information provided by the implementer of the policy measure.

Division 4

Fulfilling the energy efficiency obligation by policy measures

§ 23. Requirements for policy measures

(1) A policy measure to be implemented in order to fulfil the general energy efficiency obligation must meet the following requirements:

- 1) the policy measure must contribute to the fulfilment of the general energy efficiency obligation;
- 2) the obligations of each entrusted party, participating party or implementing public authority are determined in the legislation or other documents that form the basis for the policy measure;
- 3) the envisaged energy savings are calculated in a transparent manner;

- 4) the envisaged energy savings of the policy measure are expressed as end-use energy savings or primary energy savings, using the conversion factors provided in the energy savings rules;
- 5) the envisaged energy savings of the policy measure are calculated applying the principles and methods set out in the energy savings rules;
- 6) participating parties submit each year a report on the energy savings achieved as a result of the implementation of the policy measure, except where this is not feasible;
- 7) provision must be made for monitoring the impact of implementation of the policy measure and relevant options must be provided for modifying the policy measure in the event that its implementation fails to yield the initially envisaged energy savings.

(2) Clause 6 of subsection 1 of this section only applies to policy measures listed under clauses 3 and 4 of section 17 of this Act.

§ 24. Monitoring the impact of implementation of policy measures

(1) The monitoring of the impact of implementation of policy measures identified in the energy efficiency obligation apportionment plan is arranged by the energy savings coordinator.

(2) Entrusted parties, participating parties and implementing public authorities cooperate with the energy savings coordinator in monitoring the impact of the implementation of policy measures.

(3) For arranging the monitoring of the impact of the implementation of policy measures, the energy savings coordinator establishes a control system that ensures assessment of the impact of a statistically significant proportion of individual actions to improve energy efficiency. The principles of arranging the monitoring of impact of the implementation of policy measures are formulated in the energy savings rules.

(4) Each year, the energy savings coordinator disseminates information on the energy savings that have been achieved and the energy savings that are estimated as a result of the relevant policy measures, excluding policy measures implemented by participating parties.

(5) Subsection 3 of this section does not apply to policy measures referred to in clause 1 of section 17 of this Act.

(6) When the impact of policy measures and individual actions overlaps, the energy savings coordinator must ensure that multiple counting of energy savings does not take place.

§ 25. Reporting by parties participating in the implementation of policy measures

(1) A participating party or a representative of all parties participating in the implementation of the policy measure disseminates through its website, once for each calendar year, a report on the implementation of the policy measure. The report is made public not later than three months after the end of the calendar year and is notified to the energy savings coordinator.

(2) The policy measure implementation report includes at least the following information:

- 1) the name and registration number of the implementer of the measure;
- 2) the title of the measure;
- 3) the names of the institutions and the names and registration numbers of the persons involved in the implementation of the measure;
- 4) the participation of energy service providers in the implementation of the measure;
- 5) the generalised list of activities carried out for the purpose of implementing the measure;
- 6) the envisaged, achieved and estimated energy savings resulting from the activities;
- 7) information on making the measure more specific, or on modifying or terminating the measure.

(3) The envisaged, achieved and estimated energy savings referred to under clause 6 of subsection 2 of this section must be calculated according to the energy savings rules.

(4) The minister responsible for the area of energy savings may make regulations to establish more specific requirements concerning the reports of participating parties.

§ 26. Funding of policy measures

The policy measures receive funding from the state budget in accordance with the national energy policy and the national fiscal strategy.

Chapter 7

ENERGY AUDITS AND ENERGY MANAGEMENT SYSTEMS

§ 27. Requirements for energy audits and energy management systems

(1) The energy savings coordinator must promote the availability to all final customers of high quality energy audits and energy management systems which are cost-effective and carried out in an independent manner by qualified experts or accredited persons.

(2) The expert referred to in subsection 1 of this section must hold at least the professional qualification of an energy auditor, in the area of energy performance of construction works, level VI or higher, depending on the structure to be audited, or an independent accreditation that corresponds to a relevant European or international standard and that proves the competence to certify energy management systems or environmental management systems.

(3) The energy audits referred to in subsection 1 of this section may be carried out by an in-house expert or energy auditor, provided they are competent under subsection 2 of this section.

(4) The European or international standard referred to in subsection 2 of this section means a standard that is adopted by the European Committee for Standardisation, the European Committee for Electrotechnical Standardisation, the European Telecommunications Standards Institute or the International Standardisation Organisation, and that is made available for public use.

(5) In order to ensure the quality of the energy audits referred to in subsection 1 of this section, the minister responsible for the area makes regulations to establish the minimum requirements for energy audits, including for energy audits carried out as part of an energy management system. If, according to the relevant regulation enacted under section 50(7) of the Building Code, the purpose of use of the building that is subject to energy audit is 'residential building', the energy audit must be carried out in compliance with the relevant regulation enacted under section 64(5) of the Building Code.

(6) If assistance is provided for carrying out energy audits from the funds of the European Union or of foreign aid, from the national budget or from other financing sources, the implementing unit of the relevant support measure or the institution conducting the proceedings concerning the assistance must scrutinise the conformity of the energy audit to the requirements established on the basis of subsection 5 of this section.

(7) The reports of the energy audits referred to in subsection 1 of this section may not include clauses preventing the findings of the audit from being transmitted to any qualified or accredited energy service provider, except where the final customer objects to the transmission.

(8) The energy savings coordinator develops programmes to encourage small and medium-sized enterprises to undergo energy audits and implement the recommendations from these audits, and to raise awareness of the economic benefits of energy management systems. The energy savings coordinator develops programmes to raise awareness among households of the benefits of the energy audits referred to in subsection 1 of this section.

§ 28. The obligation of large undertakings to undergo regular energy audits

(1) An undertaking which is not a small or medium-sized enterprise or a distribution network operator or transmission network operator, must undergo the energy audit referred to in section 27(1) of this Act every four years.

(2) An undertaking which is described in subsection 1 of this section and which implements an energy or environmental management system certified by an independent body in accordance with a relevant European or international standard is exempted from the requirement established under subsection 1 of this section, provided the undertaking proves that the management system concerned includes an energy audit whose report meets the minimum requirements established on the basis of section 27(5) of this Act.

(3) The energy savings coordinator prepares a list of undertakings which must undergo the energy audit referred to in section 27(1) of this Act and disseminates it through its website.

Chapter 8

GOVERNMENT ACTIONS IN PROMOTING ENERGY EFFICIENCY AND DEVELOPING ENERGY SERVICES

§ 29. Development of qualification schemes in areas of activity linked to energy efficiency

(1) The energy savings coordinator analyses the level of competence, objectivity and reliability of such natural and legal persons who:

- 1) provide energy services;
- 2) carry out energy audits;
- 3) are energy managers;
- 4) install construction products that have an impact on the energy performance of buildings.

(2) If it is ascertained that the level referred to in subsection 1 of this section is insufficient in the listed areas of activity the energy savings coordinator makes a proposal to the professional council convened under section 8(6) of the Professions Act to draw up a professional standard. When making the proposal, the energy savings coordinator ensures that the qualification scheme to be created by the professional standard is publicly available, transparent and credible for final customers and contributes to reaching the national energy efficiency targets.

(3) The energy savings coordinator ensures cooperation with other member states of the European Union and the European Commission concerning comparisons between and recognition of the qualification schemes referred to in subsection 2 of this section.

(4) In the course of the analysis specified in subsection 1 of this section, the energy savings coordinator assesses whether the number of qualified experts available for carrying out the required energy audits is sufficient and, if necessary, makes a proposal to the competent authority to hold a training course.

§ 30. Dissemination of information concerning energy efficiency

(1) The energy savings coordinator makes public, through its website, transparent information on available energy efficiency mechanisms, financial frameworks and relevant legislation and disseminates this information through appropriate information channels to relevant market actors, such as final customers, builders, architects, engineers, persons carrying out environmental and energy audits and persons who install construction products that have an impact on the energy performance of buildings.

(2) The energy savings coordinator prepares and publishes guidelines on how market participants might inform credit and financial institutions of the opportunities for participation in the financing of energy efficiency improvement measures, for example, through the creation of public/private partnerships.

(3) The energy savings coordinator creates an information platform for market participants to provide adequate and targeted information on energy efficiency to final consumers of energy.

(4) The energy savings coordinator, with the participation of stakeholders, including local and regional authorities, promotes suitable information, awareness-raising and training initiatives to inform citizens of the benefits and practicalities of taking energy efficiency improvement measures.

(5) The energy savings coordinator creates an information platform for the promotion, through changes in energy consumption habits, of efficient energy use among households and those final customers who are small-scale consumers of energy.

§ 31. Development of the energy services market

Where necessary, the energy savings coordinator takes the following measures to promote the energy services market and access to this market for small and medium-sized enterprises:

- 1) the dissemination of information on energy service contracts and clauses that should be included in such contracts to guarantee energy savings and final customers' rights;
- 2) the dissemination of information on financial instruments, incentives, grants and loans to support energy service projects;
- 3) encouraging the development of quality labels, inter alia, by associations of undertakings;
- 4) making publicly available and regularly updating a list of available energy service providers who are qualified according to section 29 of this Act;
- 5) supporting the public sector in the procurement of energy services by drawing up model contracts for energy performance contracting which include at least the items listed in Annex XIII to Directive 2012/27/EU of the European Parliament and of the Council;
- 6) providing, to the European Commission, as part of the national energy efficiency action plan referred to in section 3(1) of this Act, an overview to describe the current and future development of the energy services market;
- 7) supporting the proper functioning of the energy services market by upholding the principle that the access of market participants to the energy services market must be based on transparent and non-discriminatory criteria.

§ 32. Other measures to promote energy efficiency

The energy savings coordinator evaluates regulatory and non-regulatory barriers to energy efficiency and, if necessary, takes appropriate measures to remove such barriers.

Chapter 9 STATE SUPERVISION

§ 33. Agencies exercising state supervision

(1) State supervision over compliance with the requirements of this Act and the legislation enacted under it is exercised by the Competition Authority and the Technical Regulatory Authority following the procedure established in this Act and other legislation.

(2) The Competition Authority exercises state supervision over compliance with the requirements established under section 12 of this Act for invoices presented to final customers.

(3) The Technical Regulatory Authority exercises state supervision over compliance with the following requirements established in this Act:

- 1) the requirements established in section 11 of this Act for measuring amounts of energy;
- 2) the requirement established in section 28(1) of this Act to undergo energy audits.

Chapter 10 IMPLEMENTING PROVISIONS

§ 34. Reporting on the progress made towards reaching the national energy efficiency target

By 30 April each year, the energy savings coordinator submits to the European Commission a report on the progress made towards reaching the national energy efficiency target as referred to in section 3(1) of this Act.

§ 35. Submission of the national energy efficiency action plan and national strategy for renovation of buildings

The energy savings coordinator prepares and submits to the European Commission the national energy efficiency action plan referred to in section 3(1) of this Act together with the national strategy for the renovation of buildings referred to in section 4(1) of this Act by 30 April 2017 and afterwards every three years.

§ 36. The beginning of accounting of the obligation to renovate central government buildings

The obligation established under section 5(1) of this Act is accounted starting 1 January 2014.

§ 37. Time-limit for submitting the report on the potential for the application of high-efficiency cogeneration and efficient district heating and cooling

The energy savings coordinator submits to the European Commission the report referred to in section 8(1) of this Act not later than three days after the entry into force of this Act and updates the report at the demand of the European Commission every five years.

§ 38. Time-limit for undergoing energy audits

The undertakings must undergo an energy audit conforming to section 28(1) of this Act not later than six months after the entry into force of this Act and once again by 5 December 2019, to be followed by repeat energy audits at least every four years counting from the date of the last energy audit.

§ 39. –§ 40. The provisions amending other Acts are omitted from the translation.

§ 41. Entry into force of this Act

(1) Sections 18, 27 and 28 of this Act enter into force on 1 October 2016.

(2) Sections 6, 7(1), 8(2), 10–13, 16(2) and 40(1–3) enter into force on 1 January 2017.

Eiki Nestor
President of the Riigikogu

