

## Ukraine: change to local content requirement for renewable energy sector

Law-Now Ukraine  
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On 17 June 2011, the Ukrainian Parliament passed a law amending Article 17-1 of the Law of Ukraine "On the Electric Power Industry" in respect of a so-called 'local content requirement' ("LCR"). The amendment is yet to be signed by the President and will become effective on the day of its official publication.

The LCR means that producers of renewable energy that wish to enjoy the benefit of a feed-in tariff must have a minimum threshold of raw materials, fixed assets, works and services of Ukrainian origin in the general construction costs of their renewable energy projects. In accordance with the new law, the general LCR has been lowered (from 30%) to 15% starting from 1 January 2012 and it will then be increased back up to 30% from 1 January 2013. In addition to that solar energy projects LCR, Ukraine will be subject to yet another specific LCR – from 1 January 2013, the solar modules used in such solar energy projects will have to be made from 30% Ukrainian raw materials and supplies, and by 1 January 2014, the LCR for solar modules will be increased to 50%.

It should be noted however, that at present no procedure has been provided explaining exactly how the LCR should be calculated.

**Law: the Law of Ukraine "On Introduction of Amendments to the Law of Ukraine "On the Electric Power Industry" (as regards Encouraging Generation of Electricity from Renewable Sources)".**

**For further information, please contact:**



Olexander Martinenko  
Ukraine  
+380 44 391 33 77  
[View my CV](#)



Vitaliy Radchenko  
Ukraine  
+380 44 391 33 77



Volodymyr Kolvakh  
Ukraine  
+38 044 391 3377

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