IMPLEMENTATION REGULATIONS RELATED TO THE MONGOLIAN LAW ON ENERGY CONSERVATION, 2016 – unofficial translation

Resolution of the Government №295

ON APPROVAL OF REGULATIONS

Based on Article 5.1.3 of the Law
on Energy Conservation, the Government
of Mongolia hereby RESOLVES

Approving the “Regulation on performing energy audit” as per Annex 1, “Regulation on requirements for Energy auditing agency and Energy service company and their accreditation” as per Annex 2, “Regulation on organizing training of energy auditor and energy conservation manager, issuing and revoking certificate” as per Annex 3, “Regulation on determining designated consumers, energy saving program and plan of designated consumers’ and their preparation methodology, and reporting their implementation” as per Annex 4 respectively

Assigning the Chairman of the Energy Regulatory Commission S. Otgonbayar to take relevant actions required for enforcing these Regulations and assigning the Minister of Energy D. Zorigt to put under control their implementation respectively

PRIME MINISTER OF MONGOLIA Ch. SAIKHANBILEG

MINISTER OF ENERGY D. ZORIGT

2016-09-12

Annex I of Resolution №295 issued by the Government in 2016

REGULATION ON PERFORMING ENERGY AUDIT

One. General Provisions

1.1. The purpose of this regulation is to regulate autonomous activities, e.g. analysing energy consumption of a citizen, entity and organization and estimating benefits, drawing a conclusion and providing recommendations on energy savings, in relation to the so-called energy audit (in further it will be referred as “audit”).

1.2. Performing an audit must comply with the Law on Energy Conservation, the Law on Energy, the Law on Renewable Energy, other relevant laws, and this regulation.

1.3. Accredited auditing agency (further it will be referred as ‘’auditing agency”) and an authorized auditor (in further it will be referred as “auditor” must perform an audit.

1.4. The Energy Conservation Council must approve documents, guidelines, methodologies, and templates that will be utilized in performing an audit.

1.5. Performing an audit must comply with the principles of legislations, justice, independence, ethics, and client’s confidentiality.

Two. Definitions

2.1. In this regulation, the following terms must have the following meaning:

2.1.1. “client” means a citizen or entity who are undergoing the energy audit based on a contract concluded with an audit agency or an auditor;

2.1.2. “a complete audit” means performing an audit on energy consumption of a client’s entire processing operations, non-processing operations, machine, equipment, facilities, and buildings;

2.1.3. “a partial audit” means performing an audit on energy consumption of a part of a client’s processing operations, non-processing operations, machine, equipment, facilities, and buildings

2.1.4. “an energy audit report” means a signed and stamped report by an auditing agency or auditor based on a performed audit on energy consumption of an individual client;

2.1.5. “audit evidence” of the performance of an audit means minutes of meeting, accounting, estimation, study and information about the energy consumption gathered or obtained from the client during the audit performing process.

Three. Audit contract

3.1. The Energy Conservation Council must approve a template of the contract which will conclude between the client and auditing agency or auditor for providing audit service. The contract must be made in a written form.

3.2. Rights and responsibilities of the contracting parties, scope of work, calculation methodology, measuring devices and tools, work execution period, fees, handing over of results, contract termination and other relevant issues must be included within the contract.

3.3. Depending on the type and level of an audit, an audit agency and auditor can jointly conduct the audit activity based on a contract.

3.4. Any issues that are not included in the contract template according to the clause 3.1 of this regulation must be agreed between the contracting parties and included in the contract according to requirements of relevant laws.

Four. Type and level of the audit

4.1. The audit activity must have types of complete and partial audit and may have following levels:

4.1.1. The first level or general audit. This level of audit pertain to following activities such as the auditing agency or auditor performs analysis on client’s actual energy consumption, energy

expense, design of the facilities or building and drawing a general conclusion on energy saving potential and reporting them;

4.1.2. The second level or detailed audit. This level of audit pertain following activities such as the making analysis on client's energy consumption, estimating technical and economic benefits, feasibility, drawing a conclusion, issuing recommendations through developing different projects or measures to be implemented and reporting them.

4.2. Designated consumers specified in article 3.1.8 of the Law on Energy Conservation are mandatory to have conducted the audit stated in clause 2.1.2 and 4.1.2 of this regulation.

4.3. Other clients not specified in clause 4.2 of this regulation may have an audit conducted based on selecting the type and level of audit and mutually agreeing with auditing agency or auditor.

Five. Activity to conduct audit

5.1. Auditing agency or auditor must jointly develop a plan for conducting audit with a particular client and the plan must be annex of the contract.

5.2. Following stages should be adhered in conducting audit:

5.2.1. Gathering and verifying information through obtaining explanation, clarification, technical passports and quantitative figures from the client, conducting observation on operation and, investigating documents;

5.2.2. Processing of gathered and obtained information;

5.2.3. Making analysis on energy demand and supply balance;

5.2.4. Determining whether the client's operation is complying with relevant norms and standards;

5.2.5. Making calculations and analysis and conducting a study;

5.2.6. Developing a report;

5.2.7. Drawing an audit conclusion;

5.2.8. Issuing a recommendation on energy saving;

5.2.9. Introducing and reporting the results of audit activity

5.3. Studies and evidence materials used in conducting the audit must be attached to the audit report.

Six. Power of the parties involving in the audit activity

6.1. The client must exercise the following powers except provided in Article 10 and 11 of the Law on Energy Conservation:

6.1.1. Providing with necessary conditions and opportunity for conducting audit in a normal way;

6.1.2. Requiring to provide explanation and comments on audit conclusion and issued recommendation, making a request and compliant;

6.1.3. Organizing the implementation of audit conclusion and recommendation and cooperate with the energy service company which provides energy efficiency service;

6.1.4. Participating in a survey conducting by the Energy Conservation Council on quality of audit service, professional level and skills;

6.1.5. Other rights and obligations provided in legislation.

6.2. Auditing agency and auditor must exercise following powers except provided in Article 13.3 and 13.4 of the Law of Energy Conservation:

6.2.1. Visiting at client's factory or office and inspecting conditions of technique, equipment, facility and building;

6.2.2. Obtaining explanations and clarifications from client's relevant employees;

6.2.3. Requiring to provide hand written materials, electronic documents and information needed for

conducting audit;

6.2.4. Adhering internal rules and regulations related to client's work place safety during the audit conducting process;

6.2.5. Use all the documents and information obtained during the auditing in purpose of auditing only

6.2.6. Providing audit's evaluation, conclusion and recommendation of the audit by complying with the legislation.

6.3. An auditing agency or auditor may provide required technical and management advice to the client who is implementing energy saving measures in accordance with the audit recommendation.

Seven. Miscellaneous

7.1. The Energy Conservation Council must resolve all requests and complaints made by a client regarding illegal activity and ethical standard of the auditing agency or auditor.

7.2. The Energy Conservation Council must approve a regulation for resolving requests and compliant provided in clause 7.1 of this regulation through complying with the legislation.

7.3. The parties may make a claim to court if they do not accept the decision taken by the Energy Conservation Council according to the clause 7.1 of this regulation.