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## **STATE PROMOTION OF THE ALTERNATIVE ENERGY INVESTMENT DEVELOPMENT**

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**Introduction.** In modern conditions, the task of improving energy security of Ukraine by means of enhancing the market potential of alternative energy, is considered to be a prerequisite for its efficient regulation. It is to determine the strategic priorities of the economic development, together with the development of an appropriate institutional environment and regulatory framework. The development of alternative energy requires activation of investment processes in this area at the present stage. Taking this into consideration, the problem of state promotion of the alternative energy investment development is highly relevant today.

**The purpose** of the article is identifying the main levers of influence factors, implementation and investigation of state promotion program for the alternative energy investment development.

**Brief literature review.** The study of theoretical and methodological aspects of improving and increasing the efficiency of the investment process, including energy, is considered in the studies of I. Blank [1], P. Korenyuk [2], T. Mayorova [3], A. Peresada [4], V. Potapenko[5], A. Udalikh [6], Y. Zhalilo [7], O. Obolenskiy, A. Glen [8], C. Jones [9], B. Esty [10]. However, despite the significant achievements of these authors, the issues related to the state promotion of the alternative energy investment development in terms of the country's energy dependence at the present-day stage, remain poorly understood.

**Results.** Regulative support of fuel and energy complex and alternative energy, in particular, also does not meet market requirements, inhibits the development of competition and the potential of the industry. All this affects the results of operations, level of welfare and the competitiveness of the national economy.

Under such conditions, special attention is required to the issue of improving the system of public administration and institutional support for the development of alternative energy and processes of investment in its development with the aim of creating favorable conditions for business entities self-organization in the industry as the main requirements ensuring a high level of Ukraine's energy safety.

The main components of institutional support for investments in alternative energy in Ukraine are the state regulatory framework, the current organizational structure of the management system and tools used by it for the above tasks implementation.

State regulation of the natural monopolies subjects' activities and the related markets in the electricity, gas and oil industries is carried out by the National Energy Regulatory Commission (NERC). The main task of the Commission is to regulate relations between the participants in the energy markets on the principles of non-discrimination and the efficiency of their work.

State regulation in the sphere of alternative energy sources is carried out by means of:

- development, approval and implementation of norms, rules and standards of production, transmission, transportation, delivery, storage and consumption of energy produced from alternative sources;

- supervision and control for safe execution of works with alternative energy facilities, regardless of their ownership form, safe operation of energy generating equipment, transmission modes and energy consumption;

- supervision and control over compliance with requirements to technical operation of the alternative energy facilities, regardless of their form of ownership, maintenance of power equipment at objects connected to the unified energy system of Ukraine;

–establishment of charge amounts for electric energy produced by alternative energy facilities, and thermal energy produced from alternative sources;

–comprehensive promotion and support of research, experimental design, and the activity of inventors and rationalizers, aimed at the production development and using the alternative energy sources.

The basic tasks of the National Agency of the Ukraine on issues of the guarantee of efficient use of energy resources are: conducting united state policy in the sphere of the energy resources use and energy-economy; guarantee of an increase in the share of unconventional and alternate fuel in the supply and demand balance of energy carriers; creation of the state's political system in monitoring of production, consumption, export and import of energy carriers, improvement of the system for calculation and control of the energy resources consumption; guarantee of functioning of the unified system for the rate setting the specific expenditures of energy resources in public production [11].

The National Energy Regulatory Commission is the central enforcement authority with the special status and should provide carrying out the price and tariff policy, state regulation of natural monopolies, development of competition and protection of consumers' rights.

NERC also carries out the review of conditions in licensing the entrepreneurial activity with formation of qualifying requirements to the heads of the enterprises, creates systems of monitoring of the licensed activity and defines the mechanism of licenses cancellation in accordance with the established procedure.

As to NERC, analysts state, that the given organization is not able to properly carry out its functions now, as the regulations of its activity are not backed with a special law, and it is under the absolute influence of the Government. The present role of the Commission is defined, first of all, by the conflict of interests in its activities, because of impossibility to balance interests of the state, manufacturers and consumers - as it is within the system of the central enforcement authorities, which actually means submission to the Government.

This situation does not meet the standards of the European energy legislation, one of the main principles of which is the independence of national regulators from political influence, which involves making independent decisions as to the regulation of market participants relations (Directive 2003/55/EU).

Another significant disadvantage of the state regulation of energy is that the focus in the development is made on the sources of energy and raw materials that are not renewable. However, alternative fuels and renewable energy sources receive very little attention. It is worth noting, that the developed world has already started research and development of unconventional areas of energy supply and fuel. The world community sees it as a radically new approach to establishing the basis of energy safety and independence.

Let us define the factors contributing to the increase of investment attractiveness of alternative energy in Ukraine: the market of alternative energy in Ukraine is still not fully explored through different causes and there are many free or relatively free niches; unmet domestic demand, a large potential of domestic consumption; unstable oil and gas prices which tend to increase, and the high costs of energy resources transportation, which also makes the costs higher; environmental pollution; the need to develop renewable energy sources, as a condition for the access of Ukraine to the EU [12].

These factors can be classified as external to the energy sector. The following factors, which positively influence the development of investment in this area, belong to internal ones: significant technically achievable potential of alternative energy; own production facilities for the construction of renewable energy plants; development of research in the field of alternative energy.

However, there are negative factors, that diminish the investment attractiveness of alternative energy in Ukraine: the row of political crises, political instability; imperfection of legislative base, unsettled legal state; involvement of the land items (however, the mechanism of land lease fully allows many foreign enterprises to work in Ukraine); financial and currency instability; excessive regulations concerning business (necessity to receive plenty of licenses, certificates and permissions). These factors can be classified as external, influencing the development of alternative energy, regardless of a region in which a company is located.

Successful implementation of these factors depends on the degree of participation of state authorities, because in developed countries high performance of alternative energy is achieved with the help of the state. Based on the experience of successful operation with renewable energy in developed countries, we can identify the areas that need to be developed in Ukraine to encourage the development of this sector, to increase investment activity and to intensify the process of investment resources formation in the energy sector

Analyzing the views of the industry's leading experts and scientists, it can be said, that the state administration in the energy sector is not sufficiently efficient. The most controversial issue is the need to improve the existing institutional infrastructure to ensure the efficient control and regulation of energy. However, certain issues of supervision and control over the enterprises' activity in the energy sector require the responsibility of many government bodies, so it would be reasonable to reorganize them into an independent institutional structure to ensure the efficiency and completeness of the project works monitoring, field development and supervision in the sphere of subsoil resources use.

**Conclusion.** The regulation of investment processes in alternative energy in the modern conditions requires using the active state investment policy, because often the main source of investment can only be state funds. In addition, many areas of investment policy need regulation: formation of depreciation policy, tax policy, credit financing of alternative energy innovation policy, human resources policy, price policy.

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**Samoylenko O.**, PhD., Associate Professor, Associate Professor, Department of Management and Marketing in the Urban Economy, Kharkiv O.M. Beketov National University of Urban Economy. **State promotion of the alternative energy investment development.** In the article factors that contribute to improving the investment attractiveness of alternative energy in Ukraine have been analyzed and identified. The state promotion of investment development has been studied.

**Key words:** investment process, energy dependence of the state, alternative energy, government regulation.

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**Самойленко І.О.**, к.е.н., доцент, доцент кафедри менеджменту і маркетингу в міському господарстві, Харківський національний університет міського господарства імені О.М. Бекетова. **Державне стимулювання розвитку інвестування альтернативної енергетики.** У статті проаналізовано та виявлено чинники, що сприяють підвищенню інвестиційної привабливості альтернативної енергетики в Україні. Досліджено стан та перспективи державного стимулювання розвитку інвестування альтернативної енергетики.

**Ключові слова:** інвестиційний процес, енергетична залежність держави, альтернативна енергетика, державне регулювання.

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**Самойленко І.А.**, к.э.н., доцент, доцент кафедри менеджмента и маркетинга в городском хозяйстве, Харьковский национальный университет городского хозяйства имени А.Н. Бекетова. **Государственное стимулирование развития инвестирования альтернативной энергетики.** В статье проанализированы и выявлены факторы, способствующие повышению инвестиционной привлекательности альтернативной энергетики в Украине. Исследовано состояние и перспективы государственного стимулирования развития инвестирования альтернативной энергетики.

**Ключевые слова:** инвестиционный процесс, энергетическая зависимость государства, альтернативная энергетика, государственное регулирование.