



Ukraine: Electricity Market Reforms

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Draft Electricity Market Law

- On March 31st the Energy Committee of the Parliament recommended to the Parliament the approval of the draft Electricity Market Law
- The draft Electricity Market Law is currently at the Ministerial Committee ready to pass the first parliamentary reading within the next days
- Adoption of the new Electricity Market Law is of primary importance as it will provide compliance with the 3rd Energy Package



Electricity Sector Reform

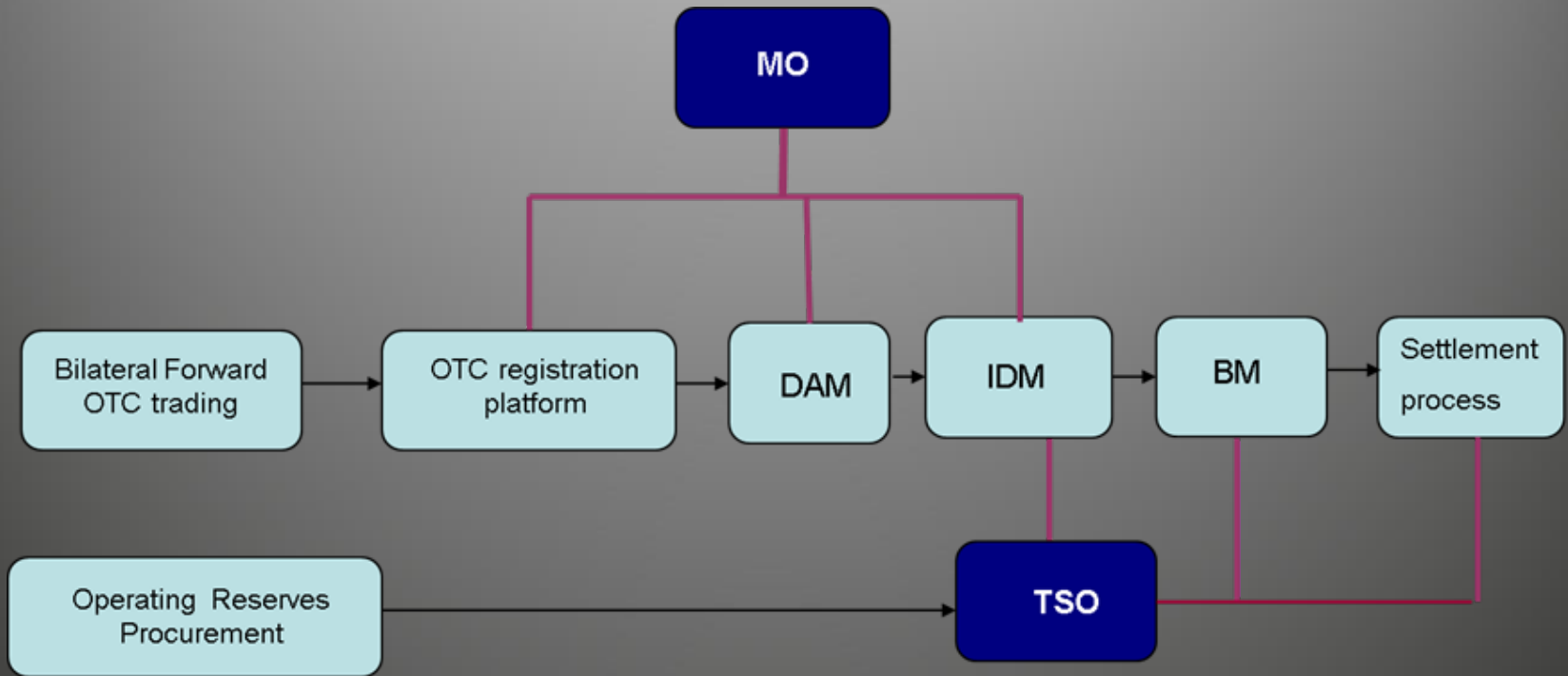
- TSO Model: ownership unbundling
- DSOs unbundling: distribution is legally unbundled from supply
- Ukrenergo role's upgraded: responsibility for ancillary and balancing services procurement under market based mechanisms/ imbalances settlement
- Forward physical market introduced
- Cross border allocation of capacity: under joint allocation processes
- Consumers protection: Universal and Last Resort Supply Services
- Residential Consumers switching supplier



Secondary Legislation

- Since October 2015, 30 pieces of secondary legislation have been initiated
 - Wholesale Market Concept Design
 - Wholesale Market Rules (ancillary services market, balancing market, imbalances and settlements)
 - DAM Rules
 - Forward Market Rules
 - Licensing Conditions for Transmission
 - TSO Certification Rules
 - Rules for the supply of Universal Service
 - Rules for the supply of Last Resort Services
 - Retail Supply Rules
 - DSO Compliance Program

New Wholesale Market Structure



Wholesale Market Reform (1)

- Target Model: Forward, DAM, IDM, RTBM
- Market based procurement for AS and reserves
- Introduction of concrete balancing products
- RES under green tariffs represented by the Guaranteed Buyer
- Guaranteed Buyer to resell to the Forward, DAM and IDM under regulated conditions
- New RES incorporated in the market

Wholesale Market Reform (2)

- DAM –Euphemia
- IDM portfolio
- REE under green tariffs enjoy priority in the DAM
- Imbalance cost for RES under support schemes is partially and progressively passed to RES operators
- Liquidity rules for the DAM

Target: wholesale prices to be revealed



Cross Border Trade

- Explicit daily PTRs auctions –participation in the DAM
- At a second stage: coupling under implicit allocation of cross border capacity
- PTRs auctions to be organized on a joint auction basis with neighboring TSOs

Transitional Provisions

- Support schemes cost for RES: to be addressed through a heavily regulated mechanism
 - The Guaranteed Buyer to purchase under regulated prices nuclear and hydro power
 - Upper quantity limits set by the draft Law: 75% of the installed and operational nuclear capacity and 40% (average of previous 3 years) hydro production
 - The Regulator to set the details of how this energy will be transferred to consumers and how any residual quantities will be resold in the commercial markets, under what restrictions and how this will be allocated to the two bidding zones

Retail Market Reform

- Vulnerable Customers and protected customers regime
- Supplier switching even for residential customers/ commercial metering methodology to allow settlements when switching even for profiled meters
- Universal Supply – service to households and small non-households
- Supplier of Last Resort- service to all customers



Thank you for your attention!!!
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