UKRAINE AND ENERGY COMMUNITY: STILL DOES NOT FIT
DiXi Group is a Ukrainian think-tank carrying out research and consultation on issues of information policy, energy, security and investment. Its members are working as experts in numerous political and energy projects in conjunction with government agencies, donor organizations and foreign investors.

DiXi Group activity has several directions, including organization of events and information campaigns, promotion of transparent and effective governance, and advocacy for European reforms in the energy sector. "Ukrainian Energy" (www.ua-energy.org) is a unique platform created by DiXi Group.

Dixi Group holds no political opinion; accordingly, any and all views expressed in this publication are exclusively those of the authors.

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On 1 February 2014, Ukraine celebrated the third anniversary of its membership in the Energy Community.

The Energy Community is the key to energy security in all Europe; its particular importance, however, is in it being the only treaty that links the EU and Ukraine as of today.

Jerzy Buzek, MEP, 10.02.2014

The Energy Community is a regional union of the South-Eastern European countries formed to secure social and economic stability and security of supply among its Contracting Parties. It was established in 2006 for a ten-year period term; however, the European Parliament recommended in 2013 to extend the Treaty establishing Energy Community after 2016.

The Energy Community requires that the Contracting Parties harmonise their legislative and regulatory framework with the EU standards and aims at establishing in the mid-term of integrated energy markets across the region. The Community currently unites the regional market with 73 million people.

Having acceded to the Energy Community, Ukraine actually joined the European energy market. Membership in the Community opens possibilities of introducing stronger competition, higher technical standards and regulations and better investment climate on the domestic market. This also entails deeper integration of the Ukrainian energy sector with markets of the EU Member States and strengthening of country’s own energy security. Another advantage of membership in this organisation involves additional possibilities for member states to attract international loans and technical assistance. E.g., there are two Ukrainian projects (on GTS modernization and on the Brody-Adamowo oil pipeline construction) among projects of the Energy Community interest.

Having become the fully-fledged Energy Community member, Ukraine committed to implement a whole range of European directives and regulations which would harmonise its legislation in the energy sector with European legal and regulatory framework. Changes should have been introduced in natural gas, electricity, environment, renewables sectors etc. Assessment of the dynamics of these changes makes the subject of this study.

The study covers the monitoring of Ukraine’s progress throughout 2013, evaluations from previous years can be found in two other studies by Dixi Group published in 2012 and 2013.

This study is intended for the wide audience comprising government representatives (first of all, in the part that concerns recommendations on accelerating the process of acquis implementation in Ukraine), think tanks and wider audience in Ukraine interested in activity of the current government, specifically in the energy sector.
It is hard to analyse European standards performance when struggle rages on the streets. Like any other Ukrainian who wants to see his country a European-type democracy with responsible government, we had put aside our computers and went to the Maidan. As our work on this study showed not so much progress as one would expect, we also had to postpone presentation of the study results to a later date. Nevertheless, we hope this monitoring is well-timed and useful for the new government as it will help understand the ‘starting point’ of further reforms in the energy sector.

The past year witnessed an unprecedented occlusion of public information from the public. As in previous years, DiXi Group, pursuant to the Law on Access to Public Information, sent information inquiries to key ministries and agencies with requests for information about the status of respective directives’ implementation. With some exceptions (specifically, the NERC, the Ministry of Economic Development, and the State Agency for Energy Efficiency and Energy Saving), the institutions would only provide general information. The Ministry of Energy and Coal Industry (which is responsible for the implementation of commitments in the Energy Community) turned out to be the most closed one as it took three requests to receive an informative reply.

Monitoring and analysis of the legislation and the regulatory framework publicly available on official websites in 2013 was another method of gathering information for the study. These included orders and resolutions of the Cabinet of Ministers, ministerial orders, resolutions of the National Energy Regulatory Commission (NERC), and progress reports of institutions on their performance in 2012 and 2013. It is worth noting that the practice of refraining from publication of important documents, whether in draft form or already adopted, persists in Ukraine. The information on adoption in July 2013 of an updated version of the Energy Strategy of Ukraine by 2030 was withheld for six months. Despite the Ministry of Energy order to transfer the authority of the GTS operator’s to Ukrtransgaz was released in December 2013, the absence of information on the document registration by the Ministry of Justice made its enforcement impossible.

Given the lack of a single source of integrated information on the acquis implementation status and the fact that ministries and institutions would often provide incomplete information and some documents might be inaccessible, DiXi Group is unable to affirm the list of documents mentioned in the study to be an exhaustive one: at the same time, the list represents the most complete collection of decisions made by the government authorities in respect of the commitments made by Ukraine in the Energy Community.

DiXi Group experts also assessed key developments and decisions in the energy sector of Ukraine during the previous year in terms of their compliance with European norms and principles.
Ukraine's membership in the Energy Community was in jeopardy in 2013. Parallel to implementation by the Ukrainian government of the commitments in the Energy Community, a number of politicians expressed their disgruntlement with Ukraine's membership in it. Statements to this effect could be heard at various official levels from the Deputy Prime Minister Y. Boyko in April 2013 to President V. Yanukovych in November 2013. These fluctuations precluded the country from dynamically moving ahead with its reforms and creating a stable investment climate. The Russian factor became the key 'stumbling rock' between Ukraine and the Energy Community. The signing by the Community members and the EU Member States (in particular, by Bulgaria, Serbia, Hungary, Greece, Slovenia, Croatia and Austria) of the South Stream gas pipeline construction agreements with Russia, which were a direct threat to interests of Ukraine, became V. Yanukovych's reasoning about viability of Ukraine leaving the Community. The Deputy Prime Minister Y. Boyko explained his criticism of the Ukraine's membership in the Community with impossibility of achieving reverse gas supplies from the EU to Ukraine if too high gas prices would be imposed by Russia. The rules that had been long-working in the EU were put on hold whenever Ukraine asked for their application.

At the same time, by late 2013 the EU did comply with all obligations which the Ukrainian party requested. In December 2013, the Ministry of Energy of Russia received an official letter from the Energy Community, the EU, and the EU Member States (in particular, by Bulgaria, Serbia, Hungary, Greece, Slovenia, Croatia and Austria) of the South Stream gas pipeline construction agreements with Russia, which were a direct threat to interests of Ukraine, became V. Yanukovych's reasoning about viability of Ukraine leaving the Community. The Deputy Prime Minister Y. Boyko explained his criticism of the Ukraine's membership in the Community with impossibility of achieving reverse gas supplies from the EU to Ukraine if too high gas prices would be imposed by Russia. The rules that had been long-working in the EU were put on hold whenever Ukraine asked for their application.

The Ukrainian party kept procrastinating with performing its commitments. Despite a more dynamic, compared with 2012, process of adopting the necessary legal and regulatory framework, the Ukrainian government showed no 'breakthrough' in practical reforms implementation. The energy companies do not disclose information about free network or storage capacities although it is required by the NERC resolution on access to GTS. The Law on Alternative Fuels, in the part on 5% bioethanol share in mixed petrols, is still inoperative in spite of no action to postpone implementation of the requirements approved. There is no proper monitoring and control of quality of reforming at the implementation phase.

One of the key reasons behind such procrastination is weak communication both inside the government and between the branches of government. The National Renewable Energy Action Plan and the National Energy Efficiency Action Plan, which have been developed by the State Agency for Energy Efficiency and Energy Saving of Ukraine and then submitted for consideration of the government, have not been approved by the latter since October 2013. The Parliament has yet to approve draft laws important for European integration— on energy efficiency principles and on state regulation in the energy sector, – and the draft law on state regulation in the energy sector, which is under consideration in the Parliament, in its current version, actually makes the regulatory authority short of those powers that the EU requires. This leads to a situation when the Energy Community may be used for manipulations, and already adopted documents should be sent for a second round of revision.

The government postpones strategic decisions for a long time. Ukraine is yet to decide terms of implementation of the Third Energy Package which is mandatory. There is no decision on a specific schedule of implementation of either the Directive or the Directive on Oil Stocks. It is necessary to decide on these issues as soon as possible as they matter for setting up priorities in the national economy and should be taken into account while adopting legislation and regulatory acts.

Some directives are already implemented with violations. The Law on the Principles of Electricity Market Operation adopted last October, despite generally necessary for the country, did contain a range of provisions which deviated from European principles and standards: specifically, it preserved cross-subsidising. Comments expressed by the World Bank and the Energy Community were not fully taken into account. The draft law on state regulation in the energy sector, which is under consideration in the Parliament, in its current version, actually makes the regulatory authority short of those powers that the EU requires. This leads to a situation when the Energy Community may be used for manipulations, and already adopted documents should be sent for a second round of revision.

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3 Slovak Republic Agrees to Reverse Gas Supply Ukraine, Espresso TV, 04.03.2014. – http://tvi.ua/new/2014/03/04/slovachchyna_pohodylasya_na_revers_hazu_v_ukrayinu


5 Slovak Republic Agrees to Reverse Gas Supply Ukraine, Espresso TV, 04.03.2014. – http://tvi.ua/new/2014/03/04/slovachchyna_pohodylasya_na_revers_hazu_v_ukrayinu
DIIXi Group emphasises the need for a more efficient communication between all the stakeholders for the purpose of the acquis implementation. Ministries and agencies should viably develop and publish both plans for legal and regulatory acts development and reports on their adoption, which is currently done on a rather selective basis. There should be a single coordinator capable of setting up quick communication with government institutions. In order to prevent manipulations or ‘masking’ of the documents, they have to be subject to independently assess the progress of European reforms implementation in the energy sector. Working groups that are being currently created in the government and the parliament should avoid parallel activities and duplication.

For that purpose, a multi-stakeholder working group should be established to unite responsible agencies, interested civil society organisations and businesses. Such group could assist in preparing and implementing reforms in the energy sector in accordance with the EU requirements. The mechanism of considering legal and regulatory acts at the initial stage will substantially defuse tensions and mistrust of market players and improve quality of such acts; public involvement in the process of drafting these acts will raise public awareness and level of reform acceptance. Consequently, the whole process of sectoral reforms will become more professional and consensual among all the parties concerned.

Implementation of the European legislation needs to be carried out with more proactive involvement of the Energy Community experts. In February 2014, Ukraine and the Energy Community signed the Memorandum of Understanding that has now to translate into specific dialogue mechanisms. As Ukraine presides in the Community this year, it makes a good opportunity for Ukraine to propose new bright initiatives to the Community members and to represent itself as an example of how the new cooperation tools may yield high-quality results.

The action plan on implementation of the EU legislation needs to be updated and improved. In order to ‘compare notes’ and avoid potential misunderstandings with the Energy Community on the timeframe of acquis implementation, the Cabinet of Ministers should publish a new Order with new deadlines for each of the EU directives. It would be also worth to develop schedules for implementation of each of the acquis and agree these with the Energy Community Secretariat as well as to identify so-called ‘milestones’, interim targets and performance criteria, for each implementation phase.

The parliament and the government need to adopt the already planned legislative acts required by the Energy Community. Specifically, legislation to regulate particular features of electricity debts payment and to improve the mechanism of power supply reserve funding had to be developed and adopted under the Ministry of Energy and Coal Industry’s Action Plan for 2013; furthermore, the National Energy Efficiency Action Plan has been already developed and even positively approved by the Energy Community Secretariat, so needs to be enacted. These are the ‘debts’ inherited in 2014 from previous years; they must be satisfied in the nearest time.

The government has to make key decisions to identify the strategy of energy sector development. This concerns, first of all, terms and conditions of adoption of the Third Energy Package, clarity with plans on the NSC “Naftogaz of Ukraine” reform, and terms and conditions of implementing the LCP Directive and the Directive on Oil Stocks. These are the decisions expected by both the public and the business community to lay long-term plans of cooperation with Ukraine.

Together with adoption of legislation, timeframes for related regulation development should be envisioned. It is necessary to prevent a situation when the adopted legislation is impossible to implement for the lack of timely drafted regulations (the way it happened with the Law on Alternative Fuels). For this purpose, the practice of developing schedules for secondary law already at the stage of the primary law adoption should be made permanent.

The government needs to cancel ‘hand-made’ decisions in the energy sector and refrain from such practices in the future. The Cabinet of Ministers has to repeal the Memorandum signed with ferroalloy plants which allows them to pay for electricity at reduced tariffs. It is also necessary to cancel the moratorium on the increase of prices and tariffs of natural monopolies (natural gas, electricity, heating). Without doubt, decisions on their increase should also be made following proper analysis and an ‘audit’ of the current tariff components. In line with the European legislation requirements, it would be necessary to review the local content requirement as a precondition for receiving the feed-in tariff (it stands at 50% this year). The NERC should have the possibility to implement the already developed mechanism of incentive-based pricing that could be already used by nearly a dozen of Ukrainian energy companies.
DIRECTIVE 2003/55/EC

DIRECTIVE 2003/55/EC CONCERNING COMMON RULES FOR THE INTERNAL MARKET IN NATURAL GAS

The Directive specifies the key principles of market liberalization:

- **Independent Regulator.** As the regulators are responsible for upholding the principles of non-discrimination, transparency and competition in the gas market, estimation and setting of the tariff and are authorized to settle disputes, their proceedings shall be independent of the market participants and the government authorities.

- **Equal Access.** The Directive specifies the right of non-discriminatory access of third parties to gas transportation and distribution systems and LNG terminals on transparent commercial terms and under control of the regulator. Therefore, consumers are free to select their suppliers, wherever the gas is produced. Access to gas storage capacities is governed by the special terms, which guarantee access on a contractual basis or the relevant legislative regulation.

- **Independence of System Operators.** The operator companies of gas transmission, storage, and sale systems and LNG terminals are responsible for management, maintenance and development of such systems. They shall undertake to guarantee safety, reliability, efficiency and interconnection of the capacities and non-discriminatory access for all users.

- **Split of Vertically Integrated Companies.** In order to avoid any discrimination and enable free access, transportation and distribution operations of such companies shall be legally and functionally separated from other business areas (production and supply). The said separation shall also apply to the decision making and accounting procedures save for ownership rights.

- **Protection of Consumers.** The Directive specifies the common list of standards of ensuring high level protection of consumers, in particular, the right to change the supplier, transparent contractual terms, general information, methods for resolution of disputes or the like and shall set the proper level of protection for very vulnerable consumers (e.g., in order to avoid cut-off).

- **Information Exchange.** The system operators shall undertake to furnish other operators information required for safe and efficient functioning of the related transportation/sale systems.
The scope of authority of Naftogaz has been limited with a view of company’s repeated abuse of its dominant position on the market. According to government’s best-case scenario estimates, the adopted legislation allows for the carrying out of gas market transactions in accordance with competition principles, provides for free access to the gas transportation system and eliminates Naftogaz’s monopoly in gas imports and exports. In particular, the Cabinet of Ministers Resolution of 24 July 2013, No. 510, on Naftogaz as a guaranteed supplier under obligation of getting the license on gas supply under regulated tariff. The mentioned positions are shared by the Energy Community that outlined demo-nopolisation of imports in its Acquis Implementation Report for 2013.

The Order of the Ministry of Energy and Coal Industry of 2 December 2013, No. 882, that assigns functions responsibilities of the United Gas Transportation System of Ukraine operator to Ukrtransgaz, is also of importance. Naftogaz has been known for its frequent abuse of the status: e.g., Sumygas fell victim of an unlimtedly approved gas distribution volumes (the so-called ’limits’) when in March it had to supply gas to industrial consumers under the regulated tariff. Abuse practice of another kind was related to the usage by extracting companies of the gas they had pumped into underground storage facilities.1

The Cabinet of Ministers Resolution of 19 June 2013 made another controversial act: the act commissioned Naftogaz with pumping at least 50% gas extracted by private companies in Ukraine into underground gas storage facilities (USSG) and granted it ’the right to withdraw such gas from USSG for subsequent distribution to consumers throughout the heating period’. Still, the respective document was not officially published or registered in the Ministry of Justice1 and, following numerous protests from private extracting companies, was ultimately rejected.2

Still, no noticeable progress has been reached on issues of legal and functional unbundling of Naftogaz operations. The Ministry of Energy and Coal Industry Order No. 205, of 23.04.2013, reflected expectations of NJSC reform programme approved and started before 10 October; however, the Cabinet failed to comply with respective reform programme provisions by the year-end so the performance deadlines had to be moved to 2014.

On 15 February 2013, Naftogaz entered into agreement on reform programme development with Ernst&Young3. The Ministry of Energy and Coal Industry planned to receive preliminary proposals by late April 20134, though the future of these is yet to be known. A report fragment suggests: 1) full disposal of state equity interest in Uknafta; 2) partial sale of the minority share in Ukrtransgaz; 3) pooling of extraction interests (Ukrzglydobyuvannya, Chornomormaffogaz) and sales of a fractional share (via IPO) following the completion of restructuring process. According to the consultants, the above steps will maximize financial results of Naftogaz and reduce compa-ny’s shortage of funds.5

On 25 January 2013, the President V.Yanukovych announced Naftogaz separation into several en-teprises on the basis of which joint-stock companies were to be established.6 According to the sovereign bond issue prospectus prepared by the Ministry of Finance, Ukraine should have finished Naftogaz restructuring by the end of 2014.7 However, little was done for that in prac-tical terms: It was only in late 2013 when the Ministry of Energy and Coal Industry accepted orders that related to individual structures; specif-ically, the SE ’Budivelniky’ was reorganized via affiliation with SE ’Naftogazobsluguvannya’ and SE ’Naftogazbaza’ was wound up. The working group established by Ministry of Energy and Coal Industry Order of 07.09.2012, No. 690, adopted a series of decisions on property aliena-tion (vehicles, furniture, computing equipment, office equipment etc.)

As the Eight EU-Ukraine Joint Report on Execu-tion of the Memorandum on Cooperation in the Energy Sector mentions, the Ministry of Energy and Coal Industry, to continue cooperation with Ernst&Young, issued an Order of 13 June 2013, No. 368 to establish a Working Group on Naftogaz restructuring that involved representatives of the Ministry, Naftogaz, three international financial in-stitutions (EIB, EBRD and the World Bank) and the EU Delegation.

At the same time, the range of controversial steps taken by both the current Cabinet and its predecessor witness the lack of a strategic vision of Naftogaz reforms. In April 2013, the Cabinet of Ministers motioned to the Verkhovna Rada a draft law No 2537 that envisaged a pos-sibility for the government decisions on Naftogaz and gas transportation system privatisa-tion. The Explanatory Note mentioned the Energy Community requirements, and the then Energy Minister E.Stavytskyi announced the aim of liberal gas market establishment.8 Meanwhile, the current minister V.Podol stated privatisation was envisied.
not in the agenda of negotiations with the Energy Community. As of February 2014, the draft was still under consideration and no hearings on it were held.

In December 2013, the Ministry of Energy and Coal Industry published its Order No. 936 on measures for Naftogaz financial discipline enhancement which called on Naftogaz to pre-agree any financial and economic transactions in excess of 8 mlr. UAH with the Ministry.

A draft law No. 2437 on the Procedure of Natural Gas Supply to Residents of Ukraine was also registered last year. The document suggested the establishing of a national gas supplier that would be authorised to buy up gas ‘at fair prices’ from private extracting business to meet demands of the citizens. In early 2014, the Ministry of Finance proposed to develop and adopt a draft Cabinet resolution to restore Naftogaz in its status of single gas supplier. The new cabinet was of idea it would increase corporate revenues from gas sales to consumers (first of all, industrial ones) and trim budget expenditures on corporate deficiency payments.

Lack of certainty around big market players puts on hold processes of gas transportation and distribution enterprises (oblgases). The regulatory authority in its letter of 4 December 2013, No. 8721/16/47-13, notified regional gas distribution companies of the need for strict compliance with legislative requirements at natural gas distribution and supply functions unbundling. However, as of February 2014, the outcomes of NERC’s monitoring were yet to be published.

According to the National Reform Action Plan for 2013, oblgases were to receive by 25 March 2013, oblgases were to receive by 25 March 2013, obligations to terms and conditions approved by Joint Order of the Ministry of Energy and Coal Industry and the State Property Fund of 9 November 2012, No. 882/3812. As of early 2013, respective contracts were executed with the majority of oblgases. Simultaneously with that, preparations for incentive-based regulation implementation are being carried out (see above).

Chaotic tariff policy dictated by populist considerations harmed not just the gas market but the economy in general. According to estimates in the Energy Community’s Acquis Implementation Report for 2013, low-level tariffs adversely affects financial viability of Naftogaz and its subsidiary companies: specifically, the companies’ deficit made 1.5% GDP in 2011 and amounted up to 2%, in 2012.

Still, the actions of the government that actually ‘micromanaged’ the regulatory authority looked far from logical. On 26 June 2013, the NERC increased Ukrttransgaz gas transmission tariffs18 and (for the first time since June 2006) introduced a 4.4 time increase of tariffs for gas injection into, and withdrawal from, UGSF.19 Nevertheless, the tariff rates were returned to their previous levels already in September.20 Such manipulations happened without properly informing market participants.

Moreover, the Cabinet of Ministers in its Resolution of 30 December 2013, No. 951, on Reducing the Prices for Natural Gas, ‘advised’ the NERC new marginal prices for state-funded organisations, industrial consumers and municipal heat and power enterprises, and granted Naftogaz the right of correcting marginal prices in the event of weighted average price for imported gas change. The changes were due to agreements between Naftogaz and Gazprom that envisioned a considerable reduction of imported gas price.21 It is worth noting though that the decision was made on the backdrop of a deep political crisis and hence, can be deemed a populist one.

**Conclusion**

While the framework legislation on gas market is practically ready in Ukraine, the market itself remains segmented both from the supply and the demand sides. Regular procrastinations with vertically integrated companies’ unbundling combined with continued existence of ‘micromanagement’ practices limit competition. Government initiatives offer no strategic determination of a sectoral development model as yet.

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18 NERC Orders Fourfold Increase of Tariffs on Gas Injection and Withdrawal from UGSF, The Ukrainian Energy Sector, 26.03.2013. – http://ua-energy.org/post/33594
REGULATION 1775/2005

REGULATION 1775/2005 ON CONDITIONS FOR ACCESS TO THE NATURAL GAS TRANSMISSION NETWORKS

The Regulation sets forth more detailed rules of access to natural gas transmission networks — the tariff principles, third party access services, transparency requirements, rules of balancing and imbalance charges, principles of throughput capacity allotment and congestion management (including, but not limited to secondary market of capacity trading). The mentioned document was included in the list of binding acquis communautaire within the framework of the Energy Community by the Decision of the Ministerial Council 2007/06/MC-EnC dd. 18 December 2007.

- **Transparent Market Tariff.** The tariff or methods underlying their setting, shall be used by the transportation system operators on a non-discriminatory basis, shall be approved by the regulators, shall be transparent and include actually incurred costs. The tariffs and access to networks shall provide incentives for efficient trading (including, but not limited to cross-border trading) and competition and shall not limit the market liquidity.

- **Free Access to Third Party Networks.** The transportation system operators shall ensure that the access services are provided on a non-discriminatory basis to all users (including, but not limited to a third party) under equivalent contractual terms. Access can be granted against guarantees from network users in relation to their creditworthiness, but they shall not pose any inadequate barriers and shall be proportionate.

- **Fair Capacity Allocation.** The maximum capacity at any required points shall be available for market participants provided that the system is kept integral and efficient. Consumers shall be entitled to resell or let on lease their unused capacity in the secondary market. Non-discriminatory, transparent capacity management mechanisms shall be provided in the event of contractual or physical congestion.

- **Transparency.** The transportation system operators shall undertake to publish: detailed information on the services and relevant terms of their provision as required for the network users to have the access; sufficiently detailed information on tariffs, methods for their charging and structure; information on technical, contracted and idle capacity at all relevant points (in particular, entry and exit points) on an ongoing basis. The data shall be made available in standardized and convenient form.

- **Stabilization of Operation.** The rules of balancing shall be based on actual transportation system requirements. If an imbalance charge is set, it shall be based on the pricing situation and provide incentives for network users to balance offtake and supply of gas. Such charges, which shall be proportionate, shall prevent cross-subsidies between customers and shall not prevent new players from entering the market. To this end, the transportation system operators shall undertake to provide timely and reliable information online on the user balancing status.

According to the Protocol, the Regulation was to be implemented before 1 January 2012.

On 19 April 2012, NERC adopted its Resolution No. 420 to Approve the Procedure of Access to the United Gas Transportation System of Ukraine (UGTSU) that generally complied with EU legislative requirements.1 NERC Resolution of 31.01.2013, No. 75, approved changes to the Procedure that accounted for proposals by the Energy Community Secretariat as well as for recommendations of the Cabinet of Ministers and the Coordination Centre for Economic Reforms Implementation under the President of Ukraine: e. g., the requirement on binding preliminary inclusion into the list of UGTSU agents and facilities was scrapped.

Further changes to the document, specifically as regards a clearer delimitation of external and internal supply, were approved by NERC Resolution of 26.12.2013, No. 1722. The regulatory authority also regulated some key aspects related to UGTSU components at gas supply and distribution; specifically, it approved standard contracts on economic management, usage and operation of network facilities.

It was envisaged in 2013 to approve a technique to determine (un)availability of free transmission capacity at the UGTSU. The Ministry of Energy and Coal Industry addressed the EU Delegation requesting consultations, and the draft regulation was placed on its web site already in July 2013. The technique was finally approved by Order No. 682 of 20.09.2013.

While the Ministry of Energy and Coal Industry deems the terms and conditions of accession to the UGTSU transparent ones2, the Energy Community Acquis Implementation Report for 2013 does highlight shortcomings like non-regulated access to process gas, ancillary services and upstream networks and criticises the document for the lack of clearly defined principles of pipeline transmission capacity distribution, overload management and rules of trade on the secondary market. Uktransgaz operations ultimately remain non-transparent given the lack of freely accessible information about free capacities and absence of an electronic platform for such capacities reservation for various terms.

The situation can be changed by changing the company status. In addition to receiving the UGTSU operator status (see above), on 24 October 2013 Uktransgaz became an observer at the European Network of Transmission System Operators for Gas (ENTSOG). The steps will allow the company implementing standardised EU procedures and improving cooperation with other operators. Liberalisation of exports may become another step forward; a draft law to abolish export tax on energy product supplies to Energy Community member states was passed in a first reading in early November 2013.

**Conclusion**

**With a view of numerous changes to the Procedure of Access to the UGTSU, the document can be said as progressively assuming the form of a partially executed one. In the same time, the work on enhancing the independent status of Uktransgaz as a system operator allows an optimistic view of its implementation.**

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According to the Protocol, the Directive should have been implemented before 1 January 2012. According to the Action Plan on Implementation of Commitments under the Treaty establishing Energy Community, the NERC, the Ministry of Energy and Coal Industry, and Naftogaz had to devise measures for assuring security of natural gas supplies. At the same time, the response of the Coordination Centre for Economic Reforms Implementation to the DiXi Group inquiry makes it clear the government has no intentions to practically implement the mentioned measures.

Specifically, the Ministry of Energy and Coal Industry has notified the Cabinet of Ministers of impracticability of changes to the gas market act as it deems the gas supply security provisions sufficiently factored in the body of law. The Ministry notified its position to the Energy Community Secretariat via the Ministry of Foreign Affairs as early as in 2012. It is pointed out that the legal regulations currently in force determine the gas supply reliability monitoring system as well as conditions of development of gas balances, the reporting and accounting of volumes of extracted and sold gas, and gas safety stocks formation and usage. In early 2013, a separate order was made to enact a new Procedure for Developing and Approving the Forecasted Natural Gas Income and Supply Balance.

In September 2013, Ukraine took part in a session of the EU Gas Coordination Group where it presented its strategy of gas supply diversification. The European party suggested that Ukraine consider a possibility of joining the ENTSO Gas Transparency Programme and, in particular, to the Aggregate Gas Stock Inventory (AGSI)2.

Sadly, the year 2013 showed no practical progress in matters of GTS or accompanying infrastructural projects development. The Ukrainian party once again expressed its hopes for signing GTS modernisation facility agreements with the EBRD and the EIB3. At the same time, the Ukrainian GTS asset base valuation figures calculated by Baker Tilly Ukraine in 2012 were not mentioned4. The modernising effort is actually carried out from the budget of the Ukrtransgaz for which reason it may not be either massive or perceivable, though remain in the focus of attention of investors. In May 2013, a high-level roundtable discussion was organised in Brussels; it resulted in the establishment of a consulting committee which will prepare recommendations for the EU Commissioner for Energy and the Ministry of Energy and Coal Industry. Besides that, it might be worth noting the place of the Ukrainian GTS in the list of projects of the EU interest and the relevant Energy Community projects (PECs)5, which increases chances of receiving respective funding facilities.

The Energy Community Secretariat notes the broadening of agreements on reverse gas supply from the EU in 2013. In addition to imports from Poland under contracts with RWE Supply and Trading GmbH, Germany, that started in November 2012, on 28 March 2013 gas imports also started from Hungary under contract with FGSZ. Unfortunately, the supply was scrapped in the end of 2013 because of purchase price reduction agreements between Naftogaz and Gazprom (see above). Ukraine is currently in the process of active negotiations with Slovak-Eustream held with direct involvement of the European Commission.

Ukraine has managed to present a range of bright initiatives that need further refinement. E. g., a tripartite declaration between the governments of Ukraine, Croatia and Hungary on Adriatic gas corridor project implementation was signed on 25 October 2013. The last public mention of the corridor related to the intentions of signing a memorandum in November 2013.6 The project supported by the European Commission envisages:

-ardinisation. For the purpose of facilitating coordination in relation to security of supply, a Gas Coordination Group should be established, which shall consist of representatives of the European Commission, the EU member states, representative authorities of the relevant industry and consumers, other interested parties. The Group shall consider the situation and, if and when required, facilitate coordination of national measures.

- Protection of Vulnerable Consumers. The country shall provide the proper level of protection for gas supply for households, at least in the event of low temperature and high demand for gas. This circle can be expanded to small and medium businesses or other consumers, which cannot make a transition from gas to other sources of energy.
The government saw no expediency in adopting documents in furtherance of Directive 2004/67/EC requirements. Still, when it comes about energy security considerations, the ‘sufficiency of regulation’ may not serve a justification of one’s passive stance – still more than the unique nature of Ukraine’s GTS allows for not just joint infrastructural projects, but also deeper forms of integration with the EU like regional trading facilities beside a complicated complex of gas ‘streams’ and storage facilities.

On 26 June 2013, then Prime Minister M. Azarov commissioned his Deputy Y. Boyko to prepare a concept of energy hub development for the EU-Ukraine Summit in Vilnius[12]. The Ministry of Energy also expected to start hub negotiations already in autumn 2013 in order to switch to some real organisational phase in the next year[13]. The fiasco at the Vilnius Summit and further developments in Ukraine have put this far-reaching project on a long hold.

**Conclusion**

The government saw no expediency in adopting documents in furtherance of Directive 2004/67/EC requirements. Still, when it comes about energy security considerations, the ‘sufficiency of regulation’ may not serve a justification of one’s passive stance – still more than the unique nature of Ukraine’s GTS allows for not just joint infrastructural projects, but also deeper forms of integration with the EU like regional trading facilities beside a complicated complex of gas ‘streams’ and storage facilities.

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2. EU: It’s Not Realistic to See Regional Gas Hub in the Coming Years in Ukraine, RBK Ukraine, 4.03.2013. – http://www.rbc.ua/ukr/top/show/sozdanie-regionalnogo-gazovogo-hab-a-v-ukraine-v-blizhayshie-04032013105500
The Directive requires special attention of the government in three areas: free access to networks, fair tariffication and open market.

- **Independent Regulator.** The regulator shall be independent from other market participants, its operation shall not be controlled by ministries, authorities and companies in the industry.

- **Equal and Guaranteed Access to Networks.** One and the same company may not control generation and transportation of electricity at the same time. The process of access to the network shall be evaluated transparently and impartially. The tariff for access to networks shall be transparent and applicable to all users of the system on a non-discriminatory basis.

- **Competition in Electricity Supply.** Competition shall exist in electricity supply to end consumers, artificial overregulation of supply shall be avoided.

- **Monitoring rather than Manual Control.** The Government shall be focused more on observation: monitoring and reporting rather than use of manual control; control of balance between demand/supply and uninterrupted electricity supply shall be provided.

- **Understandable and transparent of tariff setting.** Consumers shall be able to receive information on tariffs, which shall be published before their taking effect. The Government shall guarantee electricity supply at acceptable, easily and clearly comparable, transparent prices.

- **Information on sources of electricity produced by the supplier.** The electricity suppliers shall furnish consumers information in their invoices and advertisements on the share of every source of energy in the total fuel used by the supplier for the previous year and reference to the source, where the information is placed on the environmental impact of the electricity production.

- **Security of Supply.** The Government may assign to companies operating in electricity Industry obligations to provide security-related services. Such obligations shall be clearly specified and easily verifiable. The environmental protection in every region shall be provided by the operator of the electricity distribution system.

- **Public Reporting.** Electricity companies of any legal form and ownership form shall publish their annual reports or keep their copies in their main offices opened for the public.

- **Protection of Consumers.** Consumers shall be entitled to make an electricity service agreement with the company. The agreement shall specify names and addresses of suppliers, services being provided, types of maintenance services, methods for receiving of new information on all tariffs and maintenance service fee, contract validity term, terms of compensation, if the quality level of the services fails to comply with the contract, method for settlement of disputes.
According to the Protocol on the Accession, the implementation of the Directive should have taken place before the 1st of January, 2012. The responsible parties for its implementation are the Ministry of Energy and Coal Industry and NERC.

The basic law was adopted for the introduction of a new market model but the beginning of its implementation appeared to be very non-transparent.

The main demand for implementation of the Directive 2003/54/EC was the adoption of the Law “On Principles of the Electricity Market Operation in Ukraine”. Such a draft under No.0916 was submitted in December, 2012, however, it was originated not by the Cabinet of Ministers, but by two People’s Deputies – Igor Gluschchenko (Party of Regions) and Mykola Martynenko (Bloc “Our Ukraine – People’s Self-Defence”).

During 2013 the draft law has been actively discussed by the Ukrainian and foreign experts. In July, 2013, the Verkhovna Rada Committee on Fuel and Energy Complex, Nuclear Policy and Safety addressed the Energy Community Secretariat, European Business Association, NUCLEA and said that the Energy Community Secretariat, European Business Association, NUCLEA and other experts have submitted their comments to the preparation of the action plan.

On 15 October, 2013 the relevant Committee approved the draft law, although a large part of recommendations was not taken into account. Taking into consideration the large number of amendments proposed, the decision was also made to establish the Working Group responsible for the further improvement of the document. On 24 October the parliament approved the respective Law “On Principles of the Electricity Market Operation in Ukraine”, it was supported by 305 deputies. It is planned that the Law will come into effect gradually – since 2016 the market should operate in a pilot mode, since 2017 – in full. At the same time, the politicians and experts acknowledge that a lot should be done in addition to the implementation of the market rules in practice.

According to the National Action Plan for 2013, during a month after the official publication of the law the government has to issue an act on establishment of the Coordination Centre for introduction of new electricity market model. As of the beginning of 2014 such document has not been found in publicly available sources. According to media, that time Acting Minister E. Stavytskyj had to make a report on this issue at the meeting of the Cabinet of Ministers on 19 February. In accordance with the action plan of the Ministry of Energy and Coal Industry for 2013, the Department of Electricity is in charge for the establishment of this Centre. It is worth also to remind that at the meeting of the government on 15 January the then Prime Minister M. Azarov stated that new rules of market operation would lead to increase of the electricity prices on the domestic market.

Unbundling of electricity supply and transmission requires the adoption of a new law

In the framework of fulfilment of the National Action Plan for 2013 on implementation of the Programme of Economic Reforms for 2010-2014, the NERC had to issue methodological recommendations concerning preparation of action plan on separation and independent activities on electricity transmission by the local networks. In July of 2013 the NERC adopted the Resolution No.884 “On approval of methodological recommendations concerning preparation of the action plan on ensuring of separation and independency of activities on electricity transmission by the local electric networks and on electricity supply at regulated tariff”. In these recommendations it is proposed to take into account operation of separate distribution entities, independent from other activities, in composition of a vertically integrated company: the officials who manage the electricity distribution enterprise should not take part in that entities’ structures, responsible for the operational activities on production or supply of electricity. Moreover, the legal and organizational separation of activities on transmission or distribution of electricity is not obligatory for those electric distribution enterprises, whose number of the connected consumers does not exceed one hundred thousand.

Also according to the National Action Plan for 2013, the NERC had to start the monitoring of how the action plans are prepared and fulfilled concerning separation and independent activities on electricity transmission by the local electric networks, and also concerning the electricity supply at regulated tariff. However, according to the regulator’s comment, it will become possible after the adoption of a separate draft law, which will regulate the peculiarities of legal and organizational separation of different kinds of activities. Furthermore, the Cabinet of Ministers has to develop and present such a draft law during six months from the enforcement date of the Law “On Principles of the Electricity Market Operation in Ukraine”.

During the same period the Cabinet of Ministers has to establish the Coordination Centre for introduction of the incentive tariff setting, the National Action Plan for 2013 provided for this Centre. It is worth also to remind that the Coordination Centre, which is supposed to regulate the peculiarities of debt repayment for electricity accumulated in the market. According to the action plan of the Ministry of Energy and Coal Industry for 2013, the Department of Economy and Finance is responsible for it.

The development of the regulatory legal acts is continually in progress

In the framework of the electricity sector reforming, the National Action Plan for 2013 provided for the approval of the Methods for calculation of payment for electrical installation connection to electric networks. Such methods were developed and approved by the NERC Resolution No.115 of 12.02.2013. Also the NERC has approved the Procedure for funding of services on electrical installation connection to electric networks (Resolution No.1467 of 21.11.2013). The realization of another element of the National Action Plan, - issuing of the legal acts that would unite all kinds of various state inspections of electrical installations of electricity consumers and producers, - would be crucially important for the electricity market. However, we could not find those legal acts in publicly available sources.

The incentive tariff setting is “frozen”, instead the policy of preferential tariffs provision for certain consumer groups is continued

As for the pricing system improvement, and the introduction of the incentive tariff setting, the State Property Fund was supposed to approve the Methods for asset valuation of natural monopoly entities, economic entities on adjacent markets in the field of combined electric and heat power production. Such methods were approved by the Fund’s Order No. 293 of 12.02.2013 as amended in September, 2013.

According to the National Action Plan for 2013, the NERC was supposed to develop a draft law on the introduction of the incentive tariff setting, the National Action Plan for 2013 provided for asset valuation of natural monopoly entities, economic entities on adjacent markets in the field of combined electric and heat power production. Such methods were approved by the Fund’s Order No. 293 of 12.02.2013 as amended in September, 2013.

In December, 2013 at the meeting of the NERC it was decided to suspend the introduction of this tariff setting. In the opinion of the NERC, this was based on the protocol resolution of the Cabinet of Ministers of 23 November, which obliged to “freeze” the increase of prices and tariffs for natural monopolies the following year, and the
Memorandum between the government and mining and metallurgical enterprises of 14 June, 2013, which fixed the electricity tariff increase restraint11. Despite the plans not to increase the tariffs for electricity, in 2013 in May the maximum for the whole country’s independent history level of payment default for electricity was documented – over USD 400 mm12.

On 18 December, 2013 the Cabinet of Ministers also extended the Memorandum on interaction between the government and ferroalloy plants with regard to electricity tariff reduction until 31 December, 2014. The document provides for the preserving of preferential terms for electricity purchase by electrometallurgical enterprises and also the accession to Memorandum of two additional players – Nikopol Ferroalloy Plant and Pobuzkyi Ferrom Nickel Works13. In spite of such a policy that is pursued for several successive years, the downward dynamics of ferroalloy production in Ukraine remains unchanged – according to media, in 2013 the production output reduced more than by 14% and the exports – by 12%13.

Some innovations will increase the service standards for the electricity consumers

In accordance with the requirements of the National Action Plan for 2013, the energy supply companies should have started to provide consumers with the information on share of each energy source in the total structure of electricity volume. The relevant NERC Resolution No.642 was adopted on 30 May, 201313. A part of the regional energy supply enterprises (oblast power distribution companies) already publishes such information in their websites.

One more positive innovation is the introduction of call centres at each electricity supplier operating at regulated tariff. This requirement was included into the National Action Plan for 2013, and NERC by its Resolution No.980 of 18.07.2013 made the respective amendments into the Terms and Rules for performance of entrepreneurial activities on electricity supply at regulated tariff14.

“Great privatization” is postponed till 2014

In the area of privatization in 2013 the Action Plan for implementation of the Programme of Economic Reforms for 2010-2014 required the submission for the Verkhovna Rada’s consideration of a draft law on corporatisation of the state enterprise “NEC Ukrenergo”. This document was registered in the parliament under No.5267 on 18 September, 201315; however, it still had not been considered. Regarding the privatization of the other important electricity enterprises in 2013, we can mention the transfer of 75% share of property to “Volynoblenergo” in favour of OJSC “Ukrkistgas”, which paid 462 mln. UAH for shares16. Also the controlling interest (60,8%) of the “Donbasenergo” shares was sold to the firm “Energoinvest Holding” for 718,920 mln UAH17. At the same time, the State Property Fund plans for 2014 a rather large-scale privatization of energy enterprises, namely, the equity stakes of seven generating companies, twenty Oblast power distribution companies18.

Updated Energy Strategy until 2030 provides for the structural changes in consumers segments

According to the action plan of the Ministry of Energy and Coal Industry for 2013, the Department for Strategic Policy and Energy&Nuclear Complex had to update the document by 10 March, 2013. In July the unofficial information appeared about the adoption of the Energy Strategy at the meeting of the Cabinet of Ministers, and the official confirmation of it was published by the government only in February, 2014.

The adopted Energy Strategy provides for the increase of electricity consumption in the average by 2% a year. It is expected that the industry will remain the largest consumer, however, in this sector the system-based measures on energy saving and energy efficiency enhancing should be taken. The authors of the strategy think that the main factor for increase of household energy consumption is the raising of the population’s well-being. The costs for transmission and distribution of electricity should be reduced from 13% to 9%.

Conclusion

In spite of the fact that the main requirement with regard to the Directive 2003/54/EC - the adoption of the law on electricity market – was fulfilled, a lot of questions concerning its implementation still remain open and unsolved. The government goes behind the timeframes set for the law adoption, the development by the Ministry of Energy of the secondary legislation is also carried out too slowly. The freezing of the incentive tariff setting policy, and the continuation of metallurgy subsidizing, that does not comply with the European rules, have become the serious “blows” to the process of the Ukrainian electricity market approximation to the European one. The official approval of the Energy Strategy which could become a real advance for the approaching of the Ukrainian energy sector to the European one, has only demonstrated the necessity to start the consultations and update the strategic document again.
REGULATION 1228/2003

REGULATION 1228/2003 ON THE CONDITIONS OF ACCESS TO THE NETWORK FOR CROSS-BORDER EXCHANGES IN ELECTRICITY AND COMMISSION DECISION 2006/770/EC AMENDING THE ANNEX TO THE REGULATION

- **Compensation of Losses.** The operators of electricity transmission systems shall be compensated for their expenses incurred resulting from cross-border flows of electricity in their networks.

- **Transparent Tariff.** The tariff for access to the networks shall be non-discriminatory and transparent taking into account the payments and losses from compensation paid to the operators of electricity transmission systems.

- **Fair Decisions.** In the event of network overload, distribution cross-border capacity shall be based on non-discriminatory and market solutions.

- **Unification of Standards.** The safety, operation and planning standards used by national transmission system operators, shall be consistent.

- **Publications.** Publication of the most recent data on market participants is required in order to avoid asymmetry in dissemination of information.

- **System of Penalties.** The national governments shall draft the rules on penalties applicable in the event of breach in regulation.

According to the Protocol on the Accession, the Regulation had to be implemented by 1 January, 2012. For this the amendments had to be made in the Law "On Electricity", namely, into the Article 30, which regulates the peculiarities of electricity export. The responsible agency for the development of the document was assigned the Ministry of Energy and Coal Industry.

According to the action plan of the Ministry of Energy and Coal Industry for 2013, such a draft law should have been developed by the Department on Electricity by 10 April, 2013. Such draft law was developed and passed through the agreeing procedure in various institutions in summer of 2013. However, there is no such a document in the list of draft laws registered in parliament, which would amend the Law "On Electricity".

According to the Eighth Joint EU-Ukraine Report on implementation of the EU-Ukraine Memorandum of Understanding on Energy Cooperation during 2013, on 7 October, 2013, the contract on conduction of the economic feasibility evaluation of the simultaneous connection of the Ukrainian and Moldavian energy transmission systems to the Continental European Transmission System ENTSO-E in the framework of the "Joint Operational Programme Romania-Ukraine-Republic of Moldova for 2007-2013" was signed between the governments of Ukraine, Moldova and Romania. Within 22 months it is planned to analyze all the obstacles that are in the way of connection of Ukraine and Moldova to ENTSO-E and to develop the action plan and schedule to remove these hindrances.

The NERC approved the Resolution No. 1410 of 7 November, 2013, by which it amended the Procedure for Auctioning to Get Access to Transmission Capacities of the Interstate Electric Networks of Ukraine for Electricity Export. According to the NERC report, the mentioned Resolution took into account a range of proposals of the Energy Community Secretariat. At the same time, the holding of auction in December, 2013 confirmed again the monopoly position of one player for electricity export – DTEK company remained to be the exclusive seller of electricity to Slovakia, Hungary, Romania, Poland and Belarus. The other winner was the company "Donbasenergo", which bought 100 MW of cross-border capacity for electricity supplies to Moldova.

**Conclusion**

The interdepartmental dialogue and cooperation for the implementation of the Regulation 1228/2003 has not gone beyond the governmental circles – the required draft law never got into the parliament. In spite of the regulator’s efforts to make the rules of auctioning on electricity export more transparent and approximated to the European ones, the result of the auction in 2013 has shown again its inefficiency under then existing conditions.
**DIRECTIVE 2005/89/EC CONCERNING THE MEASURES FOR SECURITY OF ELECTRICITY SUPPLY AND INFRASTRUCTURE INVESTMENT**

- **Publicity.** The Government shall publish information on measures being taken to maintain of balance between demand and propositions in the area of production of electricity.

- **Attracting Investment.** The Government shall provide incentives for investment climate, clearly specify the roles and responsibilities of the competent authorities and publish information on any and all interested market participants.

- **Fairness.** All the measures of the Government oriented towards uninterrupted supply shall be non-discriminatory and shall take into account their possible impact on electricity price for end consumers.

- **Rules of Network Operation.** The Government shall ensure that transmission system operators set minimum rules of operation and duties in relation to reliability of the network operation; in addition, the Government shall require that transmission system operators maintain the proper level of operation of the networks.

- **Reporting Transparency.** A report on operation of the networks shall contain the following parameters: operational reliability of the network, forecast balance of demand and supply for the following 5 years, prospects of uninterrupted electricity supply for the period of 5-15 years, investment intents within the coming 5 years.

In accordance with the Action Plan for Implementation of the Program on Harmonization of Ukraine’s Legislation with the EU Legislation, the requirements of the Directive along with the Regulation 1228/2003 should have been taken into account in amendments to the Law «On Electricity».

The respective amendments were adopted in July, 2012 (Law No.5066-VI). In particular, it provides for the introduction of the operational safety standards for operation of the United Power System of Ukraine and indicators of the electricity supply services quality. Such standards should be approved by the Ministry of Energy and Coal Industry upon the agreeing with NERC. Also the operator of the UPS of Ukraine should develop the operational safety standards for operation of the power system, harmonize these standards with the power systems of other states in the process of the systems integration, etc. The amendments into the Law also included a short description of the power supply scheme under conditions of a state of emergency.

According to the Ministry of Energy and Coal Industry, the new Operational Safety Standards for operation of the United Power System of Ukraine were developed in 2013. Therefore, on November 1, 2013 the Ministry published for public discussions and further approval the draft Order on a new version of the Rules of relationship between NAECh “Ukrenergo” and electricity entities (facilities) under conditions of parallel operation in UPS of Ukraine.

Also in the framework of Project on Electricity Transmission, implemented in Ukraine with the financial assistance of the World Bank, on 5 August, 2013 in the city of Bar (Vinnytska oblast) a new power transmission line was put into operation. The implementation of the project has improved the electricity transmission system between the Dnistrovska hydroelectricity plant and households in the South-West Ukraine.

**Conclusion**

Actually in Ukraine a wide range of projects on quality improvement of electric networks and electricity transmission is implemented. The Ministry of Energy continues to develop the mechanisms of interaction between the market players. We can conclude that the Directive 2005/89/EC is being implemented in Ukraine.

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**THIRD ENERGY PACKAGE**

- In March 2011, the Third Energy Package – intended to provide conditions for higher transparency of the energy market, fair for all consumers, and more secure, competitive and stable supply of energy resources to the EU – officially took effect.


- On 6 October 2011, at the meeting in Chisinau (Moldova), the Ministerial Council of the Energy Community made Decision 2011/02/MC-EnC, which legally bound the Contracting Parties to incorporate in the legislation most provisions of the Third Energy Package by 1 January 2015.
**Directive 2009/72/EC** provides consumers with the possibility of freely choosing and changing electricity suppliers, requires enhanced control over supply security, demands that network owners are also their operators, and takes operators away from the control of generating enterprises and suppliers. Great attention is paid to the independence and powers of power transmission network operators as well as regulatory authorities. It also improves regulation of cross-border connections for the sake of a more efficient power exchange.

**Regulation 714/2009** is meant to establish non-discriminating conditions of access to networks and strengthen integration of electricity markets. The Regulation initiates establishment of the European Network of Transmission System Operators for Electricity (ENTSO-E) and sets out the core principles to be applied at tariff-setting and transfer capacity distribution. The EU Member States must establish rules of sanctions applicable for cases of Regulation provisions violation.

**Directive 2009/73/EC** is aimed at establishing of a fully operational internal gas market in the EU. It envisions separation of vertically integrated companies by ownership unbundling. The national government shall independently determine model of market development aimed at either further liberalisation (establishment of an independent system operator, or ISO) or stronger regulation (the owner company is different from the company that is the gas transmission system operator, or ITI). Nonetheless important changes concern further increase of national regulators’ independence, broader exchange of market information and establishment of the retail market.

**Regulation 715/2009** establishes common mechanisms of rules of access to gas transmission networks, LNG terminals and storage facilities taking into account special features of the national and regional markets. The document spells out the procedure of transmission system operator certification as well as the one on development, agreement and implementation of network codes (with involvement of the ENTSO-G).

**Regulation 713/2009** assigns an important role to mutual coordination of actions of regulatory authorities, specifically through the ACER that acts as an advisory body. The association carries out the monitoring of markets and plans of network development in the part that concerns the scope of responsibilities of regulatory authorities; it also presents its positions and recommendations to both regulatory bodies and market participants (system operators) and EU bodies. The ACER, inter alia, plays the key role in the work on network codes development.

The Protocol on Ukraine’s Accession to the Treaty Establishing the Energy Community contains no clear requirements to implement the Third Energy Package by 1 January 2015. However, article 1 stipulates that Ukraine, fulfils all commitments imposed on the Contracting Parties by the Treaty and all resolutions and Procedural acts adopted during the implementation of the Treaty since its enactment.

In June 2011, Ukraine generally supported the accession to the Third Energy Package but requested extra time to clearly identify key implementation terms. Later on, the Ukrainian party set forth additional conditions to its implementation, namely in respect of performance of all requisite domestic procedures and transition periods and financial assistance to be granted by the EU. In 2013, the Ministerial Council stressed on the importance of the Third Energy Package implementation, also in the context of guaranteeing security of supplies and creating beneficial terms and conditions for investing.

On 15 October 2013, the Verkhovna Rada Committee on Fuel and Energy Complex, Nuclear Policy and Nuclear Safety held hearings dedicated to the progress of Ukraine implementing commitments in the Energy Community. The participants acknowledged the absence of a clear-cut position regarding the Third Energy Package implementation and suggested that the Cabinet of Ministers prepare proposals to the Energy Community on implementation of respective provisions.

Conclusion

Implementation of the Third Energy Package in Ukraine has long been a matter of political choice by the nation’s leadership. While using the topic as a ‘card’ in international negotiations, the government has never formulated any clear position regarding terms and conditions of the Third Energy Package implementation. At the same time, the requirement remains a commitment of Ukraine and the European party expects finalisation of position from the new cabinet.

The issue is also among the priorities of Ukraine’s presidency in the Energy Community that commenced on 1 January 2014. According to the Ministry of Foreign Affairs, the scope of tasks includes the one of providing for implementation of Ministerial Council decisions on implementation of the Third Energy Package and a whole range of other EU directives in the area of environmental protection, energy efficiency, market opening etc. The Energy Community Secretariat keeps emphasising that the Third Energy Package is a part of the commitments of Ukraine but recognises the domestic nature of internal decisions. Among the matters of principle mentioned by the Secretariat are unbundling of vertically integrated companies, increased independence of the NERC and consumer protection.

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Among the tasks set to Ukraine, a special role is devoted to regulator independence. Regulators’ capacity to independently and impartially coordinate the operations of the energy market participants permeates the key Directives of the EU. The achievements of Ukraine in this area need individual attention.

The powers of national regulators are specified in Directives 2003/54/EC and 2003/55/EC in relation to electricity and gas markets and the relevant Regulations 1228/2003 and 1775/2005. While the EU member countries independently specify the functions, competencies and administrative powers of regulators, Art. 23 of Directive 2003/54/EC and Art. 25 of Directive 2003/55/EC define the set of minimum competencies for national regulators, which shall be taken into account at the national level.

STATUS OF REGULATOR ACCORDING TO SECOND ENERGY PACKAGE


- At the same time, the documents provide for obtaining by the regulators of the official approval of individual decisions by the government. In particular, they provide for approval of the tariffs or at least their methodology with the responsible body.

- The regulators shall not be controlled ex ante by specialized ministries.

- Among other things, regulatory authorities may be assigned the following duties: management and placement of connection capacity; mechanisms handling congestions; repair to be performed by the network operators; publication of information; efficient distribution of invoices in order to avoid cross-subsidies; connection of new producers; access to storage, capacity of pipelines and other auxiliary services; compliance with the level of transparency and competition; compliance with the requirements laid down in Directive by the transportation and distribution system operators.

- In compliance with Directive, the regulators shall undertake to: make or set the estimation methodology or the due dates and terms of connection and access to national networks; make or set the estimation methodology or set the due dates and terms of provision of the balancing services; have powers to require that transportation and distribution system operators modify the due dates and terms, tariff, rules, mechanisms and methodology of connection and access to national networks and balancing services for any business areas, which shall be subject to monitoring by the regulator in compliance with the Directive; to acts as an arbitrator in the event of complaints on transportation and distribution system operators.

Ukrainian legislation is partially compliant with the requirements of the Second Energy Package. The Law of Ukraine “On the Principles of the Natural Gas Market Operation” No. 2467-VI adopted on 8 July 2010 specifies that NERC “shall provide government regulation of the operations of natural gas market entities, natural monopolies and business entities operating in related markets” and shall ensure government supervision in the area of the natural gas market operation, in particular, by observance of the license terms and tariffs. NERC shall operated based on the principle of independence from government authorities, local government and other officials (Art. 4); the list powers of NERC is rather broad and non-compliance is penalized with a charge in the amount from 8.5 to 850 thousand UAH (Art. 23).

On 7 July 2011, the Law No. 3610-VI was adopted; it clearly determined the regulatory authority’s status of an entity controlled by the President in line with provisions of Decrees No. 1057 and

STATUS OF REGULATOR ACCORDING TO THE THIRD ENERGY PACKAGE

- The Third Energy Package specifies strengthening of regulators’ independence, in particular, by granting them individual legal status, assurance of functional independence from any public or private company, individual allocation of budget resources and their standalone use in order to perform their duties.

- The Directives also specify that individuals responsible for management of regulatory bodies, shall act independently of any commercial interests and shall not request or make direct instructions from the Government or other public or private entities. The members or chairman of the regulator shall be elected for a clear term of powers from 5 to 7 years with only single continuation allowed. Members regulatory bodies can be dismissed only in the event that they are found guilty of violation of the national legislation or failure to comply with the terms and conditions specified in Art. 39 of Directive 2009/73/EC and Art. 35 of Directive 2009/72/EC.

- Higher role is assigned to regulators in formation of tariff for use of electricity and gas networks and LNG terminals. Just as in the previous Directives, according to the new rules the regulator sets forth or approves the tariff for use of transportation and distribution networks or at least the methodology of such tariff estimation based on transparency. However, the regulator shall not approve them with the relevant government authorities.

- The Third Energy Package strengthens control of the regulator for the network operators by implementation of certification, a new procedure that shall guarantee independence of the transportation system operators. Upon certification, the responsibility of the regulator is to monitor compliance of transportation network operator companies with the selected model.

- The regulators have new powers and expanded old powers in the area of gathering of information and monitoring of markets, where they cooperate with the antimonopoly agencies and regulators of financial market. The regulators may request from companies any information required in order to perform their tasks. The regulators may also set charges in the event of failure to comply with the mandatory rules set by them or ACER.
No. 1059 of 23 November 2011. According to the last mentioned documents, the NERC is a national collegial body that is subordinate to the President of Ukraine and reports to the Verkhovna Rada of Ukraine.

There was a Draft Law on State Regulation of Energy Sector under consideration in the Parliament registered under No. 3095, of 16 August 2013. The document was developed by the Government with immediate involvement of the NERC. Meanwhile, in the opinion of the Main Research and Expertize Administration of the Verkhovna Rada of Ukraine, there is a whole list of comments to the draft law. Specifically, the analysts have taken up the position that the document fails to resolve issues of clear structuring of powers of the regulatory authority; moreover, rather than adopting the draft law, they suggest certain clarifying amendments to laws in force. As of January 2014, the draft was recommended by the core committee but has not been considered by the Verkhovna Rada.

Conclusion
Despite NERC’s efforts on bringing its status in compliance with European standards, the executive bodies have yet to demonstrate their sufficient political will to make such decision. Refining and approving the draft law could create a substantial impulse to strengthening of the NERC role of a real and not perfunctory regulatory body.

Art. 29 of the Treaty Establishing the Energy Community specifies that the Supply Security Statement shall be approved within one year upon the date of its entry into force for the country. Knowing the report shall be issues every two years and describe, in particular, diversification of supply, process security, and geographic origin of imported energy resources.

In compliance with the Action Plan on implementation of the commitments within the framework of the Treaty Establishing the Energy Community, the drafting of the Security of Supply Statement was assigned to the Ministry of Energy and Coal Industry, NERC, NaftoGaz of Ukraine NJSC, SE NPC Ukrenenergo, and Energy Company of Ukraine NJSC.

The document was published on the Energy Community’s website on 31 January 2012, although the Report of the Energy Community on the Implementation of the Acquis in 2012 mentions that Ukraine had sent in on 17 April 2012.

This 44-page document contains information on the state, key parameters of functioning and development plans for the gas, crude oil and petroleum products markets in 2012-2013. The authors note that the report was elaborated based guidelines of the Energy Community Secretariat for assistance in preparing updated reports on security of supplies, approved during the 19th meeting of the High Level Group on 23 March 2011.

Taking into account that the Security of Supply Statement has to be updated once every two years, a new version of the document should have been published before 31 January 2014. As of early February however, the statement’s publication did not happen.

The Secretariat of the Energy Community has recently investigating the possibility of extending obligations to Regulation 994/2010 on security of natural gas supply. The document introduces N-1 criterion to describe gas infrastructure’s capacity of satisfying the maximum demand for gas in major crisis situations (like failure of a major infrastructure facility or failure of supplies from a major source). As a special study published in September 2013 shows, Ukraine and Moldova are the only countries in the region the infrastructure of which satisfies this N-1 criterion.

Conclusion
The publication of the first Security of Supply Statement was behind time but in line with Energy Community requirements; it marked a step towards strategic planning of the national gas supply security policies. At the same time, the following statement must become a step forward compared to the current one and will have to account for the experience of its practical implementation.

On October 18, 2012, the Ministerial Council of the Energy Community prolonged and expanded the acquis in the area of renewable energy generation through adoption of Directive 2009/28/EC, which amends and substitutes Directives 2001/77/EC and 2003/30/EC. The deadline of the implementation for Ukraine is January 1, 2014.

The implementation has not been started, the government is working over the approval of the action plan towards the implementation of the Directive

According to the government Action Plan for the implementation of the “National program of adaptation of legislation of Ukraine to the legislation of European Union”¹ in 2013, the Ministry of Economic Development, State Agency on Energy Efficiency and Energy Saving and other central authorities were entrusted with the obligation to draft the order "On approval of the action plan for the implementation of Directive No. 2009/28/EC" by November 2013.

Pursuant to the order of the Cabinet of Ministers No. 833-r of October 23, 2013, the development of the action plan for the implementation of the directive was postponed to December 1, 2013, and the responsibility for the implementation was also imposed on the Ministry of Energy and Coal Industry, NERC and the Ministry of Justice.

As of the end of January 2014, the government had not published any regulatory act towards the implementation of the above-mentioned requirements. According to the response of the Ministry of Economic Development to the information inquiry, the draft resolution of the Cabinet of Ministers providing for the approval of the action plan for the implementation of the Directive has been drawn up and is currently being processed by the central executive authorities involved.

The Ministerial Council’s Decision 2012/03/MC-EnC also stipulates Ukraine’s obligation to submit

the National Action Plan on renewable energy generation to the Secretariat of the Energy Community by June 30, 2013.

The document was drafted and it has been presented with a certain delay; however, government approval is not available yet.

According to the Order of the Cabinet of Ministers No.73 of February 13, 2013, “On approval of Top Priority Measures for European Integration of Ukraine”, the National action plan regarding renewable energy generation was to be drafted by June 2013 under the responsibility of the Ministry of Economic Development, the State Agency on Energy Efficiency and Energy Saving and other central authorities.

The document was finally drafted by the State Agency on Energy Efficiency and Energy Saving, with the participation of UNIDO/GEF project experts, Institute for Renewable Energy under the National Academy of Science of Ukraine, BAU and UWWEA. The plan received positive recall, and a number of recommendations on improvement from the Secretariat of the Energy Community at the meeting of J.Kopac with the head of the State Agency on Energy Efficiency and Energy Saving on September 19, 2013.

The presentation of the National plan on renewable energy for the period until 2020 took place in November 2013. According to Mykola Pashkevych, as of the moment of its presentation the draft was under consideration of the central authorities and had not been approved by the Cabinet of Ministers.

Based upon the response of the Ministry of Economic Development to the information inquiry, the Ministry, together with the State Agency on Energy Efficiency and Energy Saving drafted the respective government order. As of today, the plan is being reviewed by the central executive bodies involved, including in terms of its compliance with the basic provisions of aquis communautaire.

According to the 10th Ministerial Council’s Decision, Ukraine has binding national objective to reach 11% share of renewable sources in the final energy consumption until 2020, as well as reach 10% share of this type of energy in the transportation sector. Such indicators have to be used as the foundation of the National Action Plan.

The presented document stipulates the indicators obligatory for Ukraine, however, does not contain a description of the action plan for cooperation and other relevant details.

The draft National Action Plan for Renewable Energy until 2020 presented by the State Agency on Energy Efficiency and Energy Saving is aimed at reaching the indicated targets. However, as of the moment of the document presentation the indicative objective regarding the share of renewable energy at 11% did not coincide with the indicator in the updated project of Energy Strategy of Ukraine, which was developed by the Ministry of Energy and Coal Industry. The latter provided for 10% share of energy from alternative sources and renewables in the structure of available capacities by 2030.

The situation improved at the end of January 2014, when the Ministry of Energy and Coal Industry published the text of the updated Energy Strategy of Ukraine until 2030, as approved by the Cabinet of Ministers back on July 24, 2013. The document provided for increase of the share of renewables in the total balance of installed capacities up to 12.6%, which is about 8 GW according to the baseline scenario.

In addition to the targets, the draft National Action Plan for Renewable Energy also indicated the ways of reaching the compulsory indicative targets: sector-specific indicative targets and the basic tasks for the implementation, sector-specific indicative targets and the basic tasks for the implementation.

The document provides for reaching 12.2% share of “green” energy in the area of heating-cooling or thermal energy, owing to the use of biological solids, as well as 10% share in the transport sector through wide use of bioethanol.

In the area of electricity generation, the forecast provided in the document states that wind energy capacities will double as of 2020 compared to 2015; the growth of solar energy to be weaker, while bioelectric energy generation, as well as the capacities of geothermal power plants, will increase threefold. At the same time, the draft plan does not contain a description of the actions for cooperation between local, regional and nationwide authorities, statistics transfers or joint projects.

According to 2009/28/EC Directive, Ukraine has to reduce administrative and regulatory barriers in the area of renewable energy, in particular, regarding the rules and procedures of authorization, certification and licensing for “green” energy generation plants.

Administrative barriers in the form of “local component” still exist, and the regulator approved the procedure of the identification thereof.

According to Law No. 10183 “On Amendment of the Law of Ukraine “On Electricity” (on stimulation of Electricity generation from alternative energy sources), the share of “local component” for solar, wind power stations and biofuel plants, which started to be constructed after 2011 and completed in July 2013, was set at the level of 30%, and at 50% for those to be completed in July 2014. The share of “local component” for biogas plants at commissioning in 2014 is 30%, and 50% at startup from 2015.

On June 7, 2013, NERC adopted Resolution No. 744 “On approval of the Procedure to determine the share of local component for objects of power industry”. It stipulated that the compulsory 30% or 50% of the “local component” in the object of power industry will be calculated through summarizing the fixed parts of local component elements of the Ukrainian origin, which were used during construction.

Conclusion

Ukraine has rather passive approach to the implementation of Directive 2009/28/EC for now, focusing its attention on the substituted directives. Therefore, instead of ongoing attempts to catch up, it is important to act proactively and approve a series of regulatory acts for the practical implementation of the National Action Plan for Renewable Energy. This need is emphasized by some gaps in the document, as well as its expectedly delayed approval.
**DIRECTIVE 2001/77/EC**

**DIRECTIVE 2001/77/EC ON CREATING OF FAVOURABLE CONDITIONS FOR ELECTRICITY PRODUCED FROM RENEWABLE SOURCES ON THE INTERNAL ELECTRICITY MARKET**

- The national targets shall be set for consumption of electricity produced from renewable sources; that being the case, the targets shall take into account the obligations of the country within the framework of the Kyoto Protocol.
- The Government shall guarantee passing of energy produced from renewable sources and guarantee plans that shall not produce benefits from the national mechanisms of support.
- The Government shall evaluate the legislative and regulatory framework in relation to administrative procedures applicable to power stations producing electricity from renewable sources, with further simplification and improvement of interaction between administrative authorities and power stations.
- Capability of priority access to networks for electricity produced from renewable energy sources. That being the case, transmission and distribution system operators shall publish the rules of compensation of the costs of technical devices required for integration of the energy producers from renewable sources and the networks.

According to the Protocol, the Ukrainian government had to approve the Action plan for the implementation of the Directive by July 1, 2011. However, the document was approved on June 19, 2013, due to the initiative of the Ministry of Economic Development.

Considering the “achievements” of the previous year and Ukraine’s obligation to implement Directive 2009/28/EC by January 1, 2014, where-by directives 2001/77/EC and 2003/30/EC are amended and replaced, the implementation of all the provisions of Directive 2001/77/EC under the Order of the Cabinet of Ministers No. 429-r was scheduled for 2013.

The first item of the government action plan of the Directive's implementation is the development of a draft regulation for the setting of national tentative targets for 10 years regarding the consumption of electricity produced from renewable energy sources. The Ministry of Energy and Coal Industry, Ministry of Economic Development and the State Agency on Energy Efficiency and Energy Saving were appointed responsible.

**Indicative targets for future consumption of electricity from renewable sources for the subsequent 10 years have not been set.**

The national tentative targets for consumption of electricity from renewable sources are set forth in the draft National Action Plan for Renewable Energy until 2020 and updated Energy Strategy until 2030. The first document provides for reaching 11% share in the gross final volume of energy consumption in less than ten years. The second document concerns the increase of renewables’ share in the total balance of installed capacity up to 12.6% until 2030 (with an opportunity of upward adjustment). So, none of the listed documents contains an indicator showing the target share of "green" energy consumption in 2023, that is, in 10 years after the approval of the government plan.

The following intended action is the development of a regulatory act for issuance, use and termi-

**Evaluation of the authorization procedures ignored**

The "local component" rule continues to be in effect in Ukraine, as formalized by numerous changes to the Law of Ukraine "On Electricity" regarding the stimulation of Electricity production from renewable sources. As evidenced by practice, such scheme of stimulating local production development entails some risks for investors and threatens stable development of the market of renewable energy sources.

Continuing its efforts towards incentivizing local production, on March 14, 2013, NERC approved the Resolution On amendment of the Procedure for setting, reviewing and termination of the "green tariff" for business entities. In June of 2013 the regulator approved Resolution No. 744 "On Approval of the Procedure for Calculation of the Rate of Local Content for the Objects of Power Industry".

The government plan of implementation of the Directive also provides for the drafting of a legal act to ensure transmission and distribution of energy produced from renewable energy sources. The Ministry of Energy and Coal Industry, Ministry of Economic Development, the Ministry of Finance and other authorities are responsible for the implementation.

**A number of documents were approved to guarantee the transmission and distribution of electricity from renewable sources.**

On June 22, 2012, Verkhovna Rada approved the Law “On amendment of some laws of Ukraine regarding connection to the networks of natural monopolies’ subjects”, which came into effect on January 1, 2013. This document is aimed at preventing the abuse of monopoly by business entities providing services related to connection of power plants to electric grids and ensuring equal status of business entities, as well as legislative settlement of the issue of connection and the respective payment. The Law changes the legal na-
ture of connection, which now has the status of a paid service.

For the purpose of implementation of the provisions of the said regulatory act NERC approved the Payment Rates for standard connection to electricity-generating plants (according to the resolution of December 25, 2012, No. 1695), Rules for connecting electricity-generating plants to electric networks (resolution of January 17, 2013, No. 32) and the Methodology for calculation of payment for connection of electricity-generating plants to electric networks (resolution No. 115 of February 12, 2013).

According to the approved Rules for connection of electricity-generating plants to the networks, the electricity transmission organization on a free-of-charge basis drafts an agreement on connection, as well as technical specifications for external electricity supply. At the same time, the construction and assembly, as well as startup works, the electricity transmission organization of electricity-generating plants to electric networks (resolution of December 25, 2012, No. 1695), Rules for connecting electricity-generating plants to electric networks (resolution of January 17, 2013, No. 32) and the Methodology for calculation of payment for connection of electricity-generating plants to electric networks (resolution No. 115 of February 12, 2013).

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In November 2013 the Procedure for financing services related to connection of electricity-generation plants to electric networks was approved by NERC resolution No. 1467.

Conclusion

The key issue of the implementation is the lack of officially determined mid-term target for electricity produced from renewable sources. Nevertheless, the supporting regulatory framework is being developed now. At the same time, a number of obstacles remain for the implementation in the market of “green” electricity, in particular, the effective requirements regarding the “local component” and non-standard connection to electric networks. In addition, against the backdrop of market liberalization, which will start unfolding in the upcoming years, the government will have to take the decision to balance various types of generation by reducing the need in (cross) subsidies to cover the difference in the tariffs and creating competitive environment.

DIRECTIVE 2003/30/EC

DIRECTIVE 2003/30/EC ON PROMOTION OF USE OF BIOFUELS AND OTHER RENEWABLE FUELS FOR TRANSPORT

- Requires setting of national targets for biofuels consumption. By 2010 the share of biofuels in the EU member countries had to reach 5.75% of the total consumption of fuel for transport purposes.
- Binds the Government to monitor consequences of the use of biofuels also taking into account the specific features of balance in relation to pollution of the environment.
- Binds the Government to disseminate information on biofuels and other renewable fuels.

According to the Protocol, the Ukrainian government was to approve the Directive implementation plan by July 1, 2011, however, the actual approval only occurred on June 19, 2013 (Order of the Cabinet of Ministers No. 429-r) at the initiative of the Ministry of Economic Development. According to the document, most provisions of the Directive have to be implemented by the end of 2013.

The scheduled deadline for the drafting of a regulatory act regarding the determination of the national indicative target is December 30, 2013. The State Agency on Energy Efficiency and Energy Saving, the Ministry of Energy and Coal Industry and the Ministry of Economic Development are responsible.

The national indicative targets were set by the law, however, it was not put into effect; the Ministry of Energy and Coal Industry initiates reduction of the share of production and use of biofuel and composite motor fuel, which is stipulated by the respective regulation.

Law No. 4970-VI “On amendment of some laws of Ukraine regarding production and use of motor fuels containing biocomponents”, which was adopted in June 2012, continues to be in effect. The document provides for step-by-step increase of the share of production and use of biofuel and composite motor fuel. Bioethanol content in motor petrol produced or sold in the country’s territory should be as follows: the recommended value from January 1, 2013, is not less than 5%; from January 1, 2014, at least 5% content is required; from January 1, 2016, at least 7% content is required.

After the law came into effect, the bioethanol-related innovations were sharply criticized by oil traders, experts and scientists. Negative opinions on the program of adding bioethanol to petrol were provided by the Ministry of Economic Development, Ministry of Infrastructure, as well as the institutes MASMA and “DERZHAVTOTRANSNDIPROEX”. The market players applied to the then Vice-Prime Minister Y. Boyko requesting to postpone the implementation or cancel the norms, which were to come into effect on January 1, 2012. At the same time, the opinion of the Ministry of Agrarian Policy was that the cancellation or postponement of the bioethanol requirements is impermissible.

Throughout 2013 four draft laws were registered in the Verkhovna Rada with propositions on the changes to the provisions or cancellation of law No. 4970-VI. The first document was registered under No. W2273 on February 11 and initiated by Y. Voropaev, the Head of the Verkhovna Rada Committee for Industrial and Investment Policy. The two subsequent drafts were submitted to the parliament on August 30, 2013, by the deputies...
I.Yeremeev and S.Ivakhiv (the co-owners of WOG petrol station network) and registered under numbers 31452 and 3146, respectively. Draft law No. 3230 of O.Zarubinskiy, the deputy head of the Committee for Fuel and Energy System, was received by Verkhovna Rada on September 11.

The innovations offered by Y.Voropayev concerned the definitions and implementation of compulsory marking of biofuels and composite motor petrols with “E” label. The document also provided for the compulsory notification of end consumers by the traders about the fact that the fuel is of alternative type. It was recommended to amend the document because of legal inaccuracies; however, the draft was revoked on September 19, 2013 with no further explanations.

According to the propositions by I.Yeremeyev (draft law No. 3145), law No. 4970-VI was to be cancelled in full, because the volume of bioethanol provided in Ukraine is not sufficient, and time is needed for the construction of new production facilities and the introduction of the compulsory adding of 5% bioethanol to petrol is taking place in a hasty manner, without taking into account potential risks, as well as the readiness of legislative, organizational, manufacturing and technical environment. As a consequence of that, throughout 2013 none of the business entities was able to launch the production and sales of composite petrol based on bioethanol for objective reasons.

According to the Verkhovna Rada’s regulation, the special purpose committee has to review the draft law within one month of its submission. However, the heads of the parliamentary committees have not submitted the draft laws by Yeremeyev, Ivakh and Zarubinskiy for consideration until now. This is confirmed by the Verkhovna Rada’s official web site.

Meanwhile, on January 16, 2014, the Ministry of Energy and Coal Industry published for discussion the text of the draft law of Ukraine "On amendment of article 2 of the law of Ukraine "On alternative types of fuel”, whereby it is proposed to change the schedule for the implementation of renewable fuels in the market, and an opportunity to add not only bioethanol, but also biocomponents is provided.

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Since bioethanol is a hydrophilic chemical, which absorbs moisture (water) available in the reservoirs, cisterns and air, the developers deemed it reasonable to add to the petrol not just pure bioethanol, but bioethanol-based biocomponent, containing stabilizing additives and rust inhibitors. In addition to that, the draft law proposes to set the proportions for the content of bioethanol and/or biocomponents based on bioethanol produced on Ukraine's customs territory in motor petrol as follows: until July 1, 2014 – the recommended content of not less than 5% vol.; from July 1, 2014 – the required content of not less than 3% and not more than 5% vol.; from 2016 – the required content of not less than 5% and not more than 10% (vol.).

With a view to implement provisions of the Directive, the Cabinet of Ministers planned to hold experimental research on the impact of over 5% of biofuel (biocomponent) in diesel fuel upon environmental, energy indicators and fuel efficiency of vehicles by December 30.

The monitoring of the consequences of biofuel’s use in the quantity of over 5% in motor compounds is ongoing, and the recipes of two brands of domestic composite stabilizing additives are being developed.

Throughout 2013 the scientists of the Ukrainian Scientific and Research Institute of Oil Processing Industry “MASMA” (UkrNDNIP “Masma”) and “DER-ZHAVITOTRANSNIPROEX” carried out the research of the specifics of domestic manufactured bioethanol-containing composite petrols’ use, in the course of benchmark tests and driving tests on a test group of Kyiv automobile companies’ vehicles.

According to the expert opinion of UkrNDNIP “Masma”, the use of motor petrol with the content of not less than 5 % without the respective additives has corrosion impact on an engine’s metal parts, which may result in its failure. As of today, the researchers of this institute decided to continue scientific and research work to study physical and chemical properties of alcohol-gasoline blends, as well as started developing the recipes of two blends of domestic composite stabilizing additives for composite motor petrol and the technology for the production of additives and composite motor petrol on its basis.

As stated in the explanatory note to the draft law by Oleg Zarubinskiy, the calculations of the DP Derzhavtortransniproex show evidence that two thirds of petrol cars, as well as all motor transport – over 0.5 million pieces in Ukraine – are not adapted to the use of E10 (composite petrol with the content of at least 5% of bioethanol).

Experts’ community confirmed the conclusion made by the scientists from state institutions. According to the data of Psikheya Research and Development Centre, the use of E5 and E10 is unacceptable for both car engines with injection systems having narrow air mixture control range, and for all carburettor engines. The use of mixed petrol for the vehicles not adapted to this type of fuel will result in the deterioration of their operation properties, reliability, as well as increase of pollutants’ emission with burnt engine gases.

At the same time, the updated Energy Strategy, which was approved by the government on July 24, 2013, states that the contemporary level of technology development enables virtually any engines to consume petrol with 10% ethanol content, as well as diesel fuel with 7% content of bio-diesel. So, shifting to the use of petrol with 10% ethanol content until 2020 and 15% until 2030 will happen, and will require 6-8 bln. UAH of investments.

The government plan for the implementation of the Directive 2003/30/EC also provided for public hearings regarding the opportunities to use biofuel, as well as other alternative types of fuel, until December 30, 2013. The obligation was to be fulfilled by the State Agency on Energy Efficiency and Energy Saving and the Ministry of Energy and Coal Industry.
Deputies, experts and market players informed the public about the actions taken, national resources and the share of biofuel in the total sales; public hearings did not take place.

It was noted in the report of the Energy Community on the implementation of acquis in 2013 that special attention should be paid to the introduction of the new stability requirements to biofuel, considering weak understanding of the necessary framework for correspondence with the criteria.

Since law No. 4970-VI was adopted, the market stakeholders and experts repeatedly raised the issues related to the use of bioethanol at the industry events. The properties of bioethanol were discussed, as well as the necessity to develop the standards and infrastructure for the development of similar products etc. However, the Expert Analysis Group under the Ministry of Energy and Coal Industry decided to discuss bioethanol-related innovations only on August 29, 2013. Then it became known that the working group for the solving of problems and risks related to compulsory use of motor petrol with biocomponents in Ukraine discontinued its work and currently needs the renewal of its powers.

Starting from August 2013, the issues related to the implementation of law No. 4970-VI were mostly discussed in the Verkhovna Rada and via government correspondence. On October 18 the Ministry of Energy and Coal Industry wrote a letter to the parliament, which explained the reasons for the delays with innovations and proposed to amend draft law No. 3146. According to the ministry’s estimates, a time-out of two years with bioethanol should be taken, so as to prepare the respective regulatory framework in Ukraine.

Finally, in early 2014 the Ministry published the draft law On amendment of article 2 of the law of Ukraine “On alternative types of fuel”, with a request to the public to voice their comments and propositions.

Conclusion

While setting an ambitious target, the government did not provide for the actions to incentivize the development of the industry, in particular, production, keeping and sales of alternative types of fuel. It is only now that the responsible authorities started reacting to the concerns of the market stockholders and the calls of the expert community, not to mention the parliamentarians’ initiative. For full-fledged implementation of Directive 2003/30/EC in the domestic law comprehensive approach is needed, so as to solve the issues of bioethanol’s addition to petrol, which will involve tax and customs benefits, as well as other formats of market development. For example, considering physical implementation of vehicles’ fleet, it would be reasonable to envisage concurrent circulation of on-specification fuels (not composite ones).
In accordance with the Protocol, the Directive should be implemented by 1 January 2018.

In accordance with the Action Plan on Implementation of the Commitments within the Framework of the Treaty Establishing the Energy Community, measures and methodology to establish a threshold level of emissions of certain pollutants into the air from large combustion plants shall be developed by 1 January 2018. The responsible entities are the Ministry of Energy and Coal Industry, the Ministry of Ecology and Natural Resources, the Ministry of Economic Development, and NJSC Energy Company of Ukraine.

Enterprises shall have to carry out renovation or overhaul repairs till January 1, 2018, within the terms stipulated by the Order of the Ministry of Environment and Natural Resources of Ukraine “On Adoption of New Technological Standards for Permissible Emissions of Pollutants from Thermal Power Plants, with the Nominal Thermal Capacity over 50 MW” No. 541 of October 22, 2008.

In April 2012, the Ministry of Energy and Coal Industry submitted for consideration to the Cabinet of Ministers the draft Order “On approval of the draft Concept of Special-purpose State Program for Limitation of the Emission of Certain Pollutants into Air from Large Combustion Plants of Electricity Sector (thermal power plants, combined heat and power plants) of Ukraine.” The purpose of the program is a reduction of the emission of harmful substances by the fuel and energy industry enterprises to admissible limits accepted in the EU, as well as integration of the United Energy System of Ukraine into the European Energy System.

In spring 2012 the Ministry of Coal and Energy was accepting comments and proposals to this draft, however, the Order has not been approved yet. Interestingly, the Cabinet of Ministers required the proposals on the implementation of Directive 2001/80/EC.

1 Pursuant to the decision of the Ministerial Council of the Energy Community D/2013/06/MC-EnC, Section III, Annex V and Articles 72(3)-(4) of Directive 2010/75/EC are also applied.
2001/80/EC should be provided by February 2013, as a part of the implementation of the Action Plan on facilitating foreign investors’ activities.3

According to the Strategy of the state environmental policy of Ukraine for the period until 2020, the strategic objectives in terms of limitation of emissions are as follows: setting the targets of dangerous substances’ content in the atmosphere and optimization of the structure of energy sector through increasing the volume of using energy sources with low level of carbon dioxide emission (by 10% until 2015 and by 20% until 2020).

The Order of the Cabinet of Ministers No. 603-r “On approval of the Concept of Nationwide Special-purpose Economic Program of Industry Development for the period until 2020” of July 17, 2013, concerns the necessity to implement environmentally effective method of production organization and to reduce the emission of dangerous chemical substances.

In 2013 the Ministry of Energy and Coal Industry initiated the development of the Special-purpose State Program of Consecutive Reduction of Consolidated Annual Volume of Pollutants’ Emission from Available Combustion Plants, in compliance with the limits under the requirements of Directive 2001/80/EC. The document is under development, no drafts have been published yet.

In January 2013 the Verkhovna Rada registered a draft law of changes to the Budget Code of Ukraine in terms of transfer of environmental tax. The document provided for the change of environmental tax allocation to local budgets (from 65% to 70%), thereby reducing the expenses for maintaining special-purpose projects of enterprises’ environmental modernization at the expense of the share of allocations to the special state budget fund. This draft law was largely criticized by the government, in particular, the Ministry of Finance pointed to the lost income of the state budget amounting to 1.3 bln. UAH.4 At the same time, the special-purpose parliamentary committee recommended to approve the draft law. Nevertheless, the document was rejected by the Verkhovna Rada in the course of its consideration.

In October 2013, the Ministerial Council of the Energy Community adopted two important decisions aimed at further limitation of the emission from large combustion plants. The first decision provides for the opportunity to apply flexible instruments for the implementation of Directive 2001/80/EC throughout the transition period, so as to facilitate the achievement of the document’s objectives without reducing the ambitions. The second decision concerns the implementation of more ambitious goals towards the reduction of emissions into the atmosphere by the large combustion plants (Directive 2010/75/EC) starting from 2018.

Conclusion

Further delays with the approval of the respective state program’s concept are not acceptable, as this would pose the risk of further delays with its subsequent implementation. In addition, Ukraine has to take a number of steps to send a signal to the investors on the willingness of the state to undertake a part of aggregate financial load, which is estimated at USD 13-15 billion by the market players.5 The situation is further complicated by the fact that until now no thermal plant in Ukraine has been equipped with an up-to-date flue gas desulphurization and de-nitrification system. In addition, only one company in Ukraine currently manufactures flue gas desulphurization facilities. It significantly slows down the process of equipment of thermal power plants according to the Directive’s requirements. In the existing situation an individual action plan has to be developed jointly with the Secretariat of the Energy Community, with clear timeframes and indicators of the implementation.

In accordance with the Protocol, the Directive should be implemented by 1 January 2015.

In accordance with the Action Plan on Implementation of the Commitments within the Framework of the Treaty Establishing the Energy Community, the legal framework for the conservation of wild birds should be brought into compliance with this Directive’s requirements by 1 January 2015. The authority in charge is the Ministry of Environment and Natural Resources.

In particular, actions shall have to be taken for the preservation of migratory bird species, ensure their protection on the sea and on the land, on the breeding, mouthing and wintering grounds, as well as recreation areas along migration paths. Special focus should be placed on the protection of water-logged areas and wetlands of international importance.

On October 24, 2012, 7 new territories were included into the list of wetlands, based upon the Order of the Cabinet of Ministers No. 818-r “On approval of the status of wetlands of international importance”, owing to which the total number of wetlands of international importance in Ukraine increased to 53.

Pursuant to the resolution of the Cabinet of Ministers No. 541 of July 24, 2013 “On approval of the rates for calculating the amount of damage incurred through the breaches of the laws on natural reserves”, increased rates of compensation for illegal preying on or destruction of wildlife objects, damage or destruction of their habitats and breeding grounds were adopted.

According to the actions approved by the Ministry of Environment and Natural Resources in its Basic Approximation Plan in December 2012, the Law On Wildlife shall have to be amended so as to update the list of birds included into the Endangered Species List (“Red Book”) of Ukraine and stipulate more accurate provisions regarding the principle of the protection of wild bird population.

In March 2013 the draft law “On amendment of some legal acts of Ukraine regarding the protection of flora and fauna” was submitted to the Verkhovna Rada of Ukraine. The document provided for the formation of clearer principles of regulating the number of certain wild bird populations, as well as the requirements regarding the inclusion of rare species, which have not been entered in the Red Book of Ukraine, to the list of species subject to special protection. However, this draft law was withdrawn from consideration in May 2013.

Conclusion

Although the number of wetlands of international importance was extended, which is good for strengthening of wild birds’ protection, Ukraine lacks clearly stipulated amendments to the laws.

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2 Information about the results of the 5th International Scientific and Practical Conference “Modern technologies to eliminate negative effects of coal/thermal power plants on the environment, in accordance with the requirements of the European Union (15-18.04.2013, L'viv)”// Web site of the project “Demonstration, dissemination and deployment of CCT and CCS in Ukraine”, 19.02.2014 – http://outproject.com/ua/conferevnja_2013_index_digiten,
4 EU proposes to the Energy Community to strengthen the norms of emission by thermal power plants, however, extended the terms of their implementation // Dzerkalo Tyzhnia. Ukraine, 16.09.2013 – http://di u/economics/cyas-empyan-energosubotirshi-realt-norm-volno-schiwikh-ta-ol-sb-i-forzhyts’-termymi-ynsch-dopovadnenn ya-128005.html
5 DIRECTIVE 79/409/EEC ON THE CONSERVATION OF WILD BIRDS

- Only Article 4 (2) applies that requires taking the measures to preserve normal species of migratory birds taking special attention to protection of water and marsh areas, including areas of international importance.
In accordance with the Protocol, the Directive should have been implemented by 1 January 2013.

In accordance with the Action Plan on Implementation of the Commitments within the Framework of the Treaty Establishing the Energy Community, the legal framework for environmental impact assessment was to be brought into compliance with the requirements of this Directive by 1 January 2013. The authorities in charge are the Ministry of Environment and Natural Resources and the Ministry of Energy and Coal Industry.

In June-December 2011, the Ministry of Environment and Natural Resources analyzed the results of the implementation of the Directive, according to its obligation under the National Action Plan for 2011-2015. In April and October 2013, pursuant to the Cabinet of Ministers’ Orders, amendments were introduced to the Action Plan, which concerned primarily the scope of financing of the respective actions provided for by the plan.

On February 17, 2011, Law No. 3038-VI “On regulating urban construction activities” came into effect. In this connection, amendments were introduced to the laws “On environmental impact assessment” and “On environmental protection”. This act effectively cancelled environmental impact assessment as an institution. The latest version of this Law was issued in October 2013, and the new one is scheduled for July 5, 2014. This law’s coming into effect distanced Ukraine from the implementation of the European standards.

In May 2013 Oleg Proskuryakov, the minister of environment and natural resources, stated that Directive 85/337/EEC and Directive 2003/35/EC1 have to be adapted on the first priority basis in the environmental sector. As part of adaptation of the first directive mentioned above, amendments to the laws “On Environmental Protection” and “On regulating urban construction activities” were to be made, regarding the procedure of environmental impact assessment (EIA). It was also planned to adopt a regulatory legal act setting clear requirements to the EIA procedure, including in cases of cross-border impact and considering the requirements of Directive 85/337/EEC.

According to the action plan towards the implementation of the National program of adaptation of legislation of Ukraine to the legislation of European Union in 2013, the regulatory legal acts were to be drafted regarding the assessment of the impact of some plans and programs on the environment. The Ministry of Environment and Natural Resources drafted the acts, however the deadline for the implementation is not specified in the plan.

According to the Cabinet of Ministers’ resolution No. 808-r of August 28, 2013, “On approval of the

1 Oleg Proskuryakov: You may be proud of what was done last year, but the current plans are impressive as well // Environmental Safety Bulletin No. 3 (2013) — http://www.men.gov.ua/ru/index.php/news-center/media/358-oleh-proskuryakov-mozaica-ryshatixia-zobirenym-tork-v-shtuqtam-fet-vnabasut

**Conclusion**

Ukraine is gradually getting back to the legislative provisions of the environmental impact assessment, which were cancelled in 2011. Moreover, preconditions are being created at least for the approximation of the legal framework to the Directive’s requirements, if not for full-fledged implementation. The international conventions, whose binding nature induces law makers to draft the documents pursuant to the requirements of such conventions, are of major importance. Such documents would make Ukraine closer to the fulfillment of its obligations regarding EIA within the framework of the Energy Community.
In accordance with the Protocol, the Directive should have been implemented by 1 January 2012.

In accordance with the Action Plan on Implementation of the Commitments within the Framework of the Treaty Establishing the Energy Community, it was necessary to develop measures and methodology for reducing the sulfur content of certain liquid fuels by 1 January 2012. Authorities in charge were the Ministry of Economic Development, the Ministry of Environment and Natural Resources and the Ministry of Energy and Coal Industry.

The Order of the Cabinet of Ministers of Ukraine No. 525-r approved the action plan of August 1, 2012, aimed at the reduction of sulphur content in some types of liquid fuel. The authorities responsible for the implementation of the directive were to develop and implement state standards for some types of liquid fuel. The document also provided for the reduction of manufacture of petroleum products with high content of sulphur, arranging effective control over them, as well as streamline oil processing companies. The Ministry of Economic Development was to ensure the implementation at the Verkhovna Rada of the draft Law “On amendment of the Law of Ukraine on licensing certain types of business activities regarding the implementation of licensing of petroleum product manufacturing” by January 31, 2012. Starting from January 2013 the government draft law has been processed by the Committee for Entrepreneurship, Regulatory and Antimonopoly Policy.

According to the Basic plan for approximation of Ukrainian law to EU law, effective state standards of Ukraine have to be amended or new standards or technical regulations have to be adopted regarding the content of sulphur in some types of liquid fuel. The responsible authorities are the Ministry of Economic Development, Ministry of Environment and Natural Resources, Ministry of Energy and Coal Industry. The implementation deadline is 2 years after the Association Agreement between Ukraine and the EU comes into effect.

As it was noted in the Secretariat of the Energy Community that as of October 2013 Ukraine did not satisfy the EU directives’ requirements regarding the content of sulphur in liquid fuel. The greatest obstacles on the way to their fulfilment are the restrictive laws implemented, in particular, regarding the selection and check of fuel in the laboratories, which delays the flow of petroleum products across the Ukrainian border.

No quick progress was noted in the implementation of more environmentally clean fuel types. The Resolution of the Cabinet of Ministers No. 927 of August 1, 2013, which was published in December 2013, whereby the Regulation on the requirements to car petrol, diesel, marine and boiler fuel was approved, shall come into effect in July 2014. Based upon this document, the circulation of petrol and diesel fuel of environmental class Euro-3 was extended till December 31, 2015, while circulation of Euro-4 class fuel is allowed till December 31, 2017, and the circulation of Euro-5 is not limited in time. Regarding the share of sulphur, this is expected to be reduced. However, the regulation does not fully accommodate the requirements of Directive 1999/32/EC.

**Conclusion**

In the process of this Directive’s implementation, Ukraine has not progressed further than law making. The approval of the new Technical Regulation can, undoubtedly, be considered a step forward; however, making the content of sulphur in fuel closer to the EU requirements, it does not explain the ways of achieving its respective targets. Moreover, proper control over the compliance with the Technical Regulation shall serve as an indicator of success.
DIRECTIVE 2006/32/EC CONCERNING ENERGY END-USE EFFICIENCY AND ENERGY SERVICES

• Monitoring. The national energy saving indicator shall be specified and estimated (the target is proposed to set as achievement of 9% saved energy on the 9th year of the Directive’s application) and intermediate planned energy saving indicators. In addition, programs and measures shall be drafted for improvement of rational use of energy.

• Institutionalization. The Government shall assign one or more new or of the existing agencies or authorities to provide general control and bear administrative, managerial and executive responsibility for implementation of the requirements in relation to improvement of rational use of energy. The said authorities shall check the measures for improvement of rational use of energy, including the existing government programmes, and report on the results.

• Transparency and Availability of Information. The Government has to provide market players with information on mechanisms of rational use of energy, financial and legislative plans; facilitate rational use of energy by consumers and provide incentives for market operators to disseminate information on saving of energy sources.

• Possible Technical Support. Qualification, accreditation and certification of energy/energy audit service providers and measures of energy efficiency may be performed at the discretion of the Government.

• Financial Incentives. Financial instruments to maintain energy saving by government organizations or private companies, include virtually all mechanisms and instruments of governmental support, namely: formation of special funds; allocation of government subsidies; tax benefits; subsidized loan on engagement of external finance; use of energy service contracts; issue of government guarantees on implementation of contracts, which provide direct energy saving, energy audit and other contracts which are related to energy saving and are available on the market.

• Incentivising Tariff Setting. The Government provides for removal of such incentives in the tariff for transmission and distribution of energy, which unnecessarily increase the amount of energy being transmitted or distributed. That being the case, the government services are put under the obligations related to rational use of energy by companies, which operate in electricity and gas sectors.

• Providing incentives, equal competition of market participants. The Government has to provide availability of efficient and high quality programs of energy audit for all end consumers, including households, commercial entities, and small to midsize industrial consumers. Market segments with higher operating costs and simple capacity can use such energy audit measures on a non-commercial basis as questionnaires and computer software provided to consumers via the Internet.

• Metering System and Consumer Awareness. The Government shall provide consumers with individual meters of heat, hot and cold water at competitive prices. Consumer billing shall be provided by energy suppliers in clear and understandable form based on actual consumption of energy.

• Control and Information Exchange System. The member countries shall report (provide the Energy Efficiency Action Plan – EEAP) to the European Commission on the measures taken and plans for improvement of rational use of energy. In turn, the European Commission shall evaluate progress achieved in relation to energy saving indicators at the national level, provide the relevant propositions and recommendations, disseminate the best practices of energy saving.
The deadline for the Directive implementation in accordance with the Cabinet of Ministers’ Order is February 1, 2012, and according to the list of the Energy Community acquis for Ukraine – December 31, 2011.

The governmental order above has formalized the commitment to develop the National Energy Efficiency Action Plan. The State Agency on Energy Efficiency and Energy Saving in March, 2012 developed the draft of the document, in which it was pinpointed “on securing until 2020 of the planned energy saving in amount of 9% of the average end-use internal energy consumption”. However, the Energy Community Secretariat pointed out some non-conformance to requirements.

During 2013 the State Agency on Energy Efficiency and Energy Saving has improved the draft document and submitted it for consideration on the 8th of November1, having reserved the final indicator for saving and calculated the opportunities for energy consumption reduction until 2015 and estimated the funding needs by sectors. According to the State Agency on Energy Efficiency and Energy Saving, the funding of the Action Plan is not provided from the State Budget. The Energy Community Secretariat in its 2013 Annual Implementation Report on the of the Acquis under the Treaty Establishing the Energy Community mentioned that the draft was “significantly improved”, noting that it “provides a comprehensive analysis of the current situation, defines a national indicative energy savings target of 9%, and proposes a set of energy efficiency improvement measures in energy end-use sectors”2.

However, as of January, 2014 The National Energy Efficiency Action Plan was not approved by the Cabinet of Ministers of Ukraine, and according to the response of the Ministry of Economic Development to the request on public information, “has been worked out by the involved central executive bodies”, including in a part of its compliance to the main provisions of acquis communautaire. According to the information of the Ukrainian part of the Committee on implementation of the EU-Ukraine Association Agenda at senior official level, in May, 2013 the Energy Community Secretariat was sent the draft of the Cabinet of Ministers’ Order “On the approval of the Action Plan on implementation of certain EU Directives in the area of energy efficiency”, which was supported by the Secretariat3. Nevertheless, such an Order was not yet found among those adopted by the Cabinet of Ministers, although in the Energy Community 2013 Implementation Report it was referred that the relevant document had been adopted by the government. It is interesting against this background that in the same text of the Directive it is mentioned that the EU member countries should submit to the European Commission already the third energy efficiency action plan not later than on 30 June, 20144.

In 2012 according to the action plan on implementation of the National Action Programme on adaptation of the Ukrainian legislation to the EU laws in 2012, and also according to the Plan of priority measures for the Ukrainian integration into EU for 2012, it was determined “to develop the draft law on efficient energy resources use” by May, 2012. The support of the draft law consideration in the Verkhovna Rada of Ukraine is also provided for by the updated Action Plan for 2013 approved by the Order of the Cabinet of Ministers No.157-r of 25 March, 2013.

The draft law on efficient use of fuel and energy resources (registration No. 3071) was introduced into the parliament as advised by the Cabinet of Ministers on 12 August, 2013. In the explanatory note to the draft law there is a reference to the Directive 2006/32/EC, in particular, in the context of energy service contracts and in general among the legal foundations on the basis of which it was developed. At the same time, there were some objections in the opinion of the Central Scientific Experts Office of the Verkhovna Rada, including regarding the definitions, and it was proposed to further improve the draft law. This draft law was referred to at the Energy Community Secretariat in the 2013 Implementation Report as designed for the transposition of the Directive 2006/32/EC into national legislation, and its adoption was called one of the main priorities. As of January, 2014 the draft law has not been proposed for the voting in the Verkhovna Rada.

In the Energy Strategy of Ukraine for the period until 2030, approved by the Order of the Cabinet of Ministers No. 1071-r of 24.07.2013, (but published only on 4 February, 2014)5, the development and adoption of this Law was also mentioned as necessary. In the document the matter in question is that its implementation will allow to achieve “the reduction of the intensity of energy resources use in economy by 30-35% until 2030”.

One more legislative initiative is the draft law on peculiarities of the energy services procurement (registration number 2548a), originated by the People’s Deputy V.Ostapchuk (Party of Regions) on 5 July, 2013. In the explanatory note to the draft law there is a reference to the National Action Plan for 2013 on implementation of the Programme of Economic Reforms for 2010-2014 and to the Directive 2006/32/EC. The draft law above is also related to the draft law on amendments to certain legislative acts of Ukraine regarding legal foundations of the formation of energy service agreements (registration number 2550a), introduced the same day by the same People’s Deputy. In the conclusion of the Central Scientific Experts Office of the Verkhovna Rada there were some objections, in particular, regarding the threats for transparency and openness of the budgetary funds use, complication of the procedure of state control over procurements, etc. According to the draft Resolution on approving in principle of the draft law on efficient use of fuel and energy resources (registration number 3071/УТ) registered by the People’s Deputy M.Martynenko (“Batkivschna”) on 25 October, 2013, it was proposed to take into account the provisions of the mentioned above 2 draft laws when preparing the draft law on efficient use of fuel and energy resources for the second reading. The Resolution has not been voted but only introduced for consideration.


The Annex 2 to the Programme sets the detailed tasks and measures, for example, 100% levels of “equipment of the communal economic entities in the filed of thermal energy production with the metering devices” and “equipment of the residential houses with the thermal energy accounting meters”, granting loans to 61 070 households for the introduction of the energy saving measures, the

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1 Information on implementation of the EU-Ukraine Association Agenda in 2013 // Ukrainian part of the Committee on implementation of the EU-Ukraine Association Agenda at senior official level, 19.02.2014 – http://cmu.gov.ua/megafiles/docs/ua_integration/agreement实施_2013.doc


3 In Kyiv the National Action Plan on Energy Efficiency until 2020 was presented // Ukrainska energetyka [Ukrainian Energy], 8.11.2013 – http://www.energy-community.org/pls/portal/index/48851.177.PDF


12 Directive on amendments to certain legislative acts of Ukraine regarding legal foundations of the formation of energy service agreements (registration number 2550a), introduced the same day by the same People’s Deputy. In the conclusion of the Central Scientific Experts Office of the Verkhovna Rada there were some
The detailed report on this plan fulfilment has not been found in the publicly available sources.

The National Action Plan for 2012 on implementation of the Programme of Economic Reforms for 2010-2014 has set a goal to equip at least 40% of residential houses with the water and heat consumption metering devices (p. 166). The public report on fulfilment of this goal has not been published. In the similar plan for 2013 the exact goal and percentage are not provided, instead the support of the draft law in the Verkhovna Rada is set – regarding “the introduction of the compulsory commercial accounting of thermal energy, water supply and sewage”, issuing of the secondary regulatory acts, improvement of works on calibration and servicing of the metering devices, etc. (p.161).

The Ministry of Regional Development, Construction, Housing and Utility Services developed on 14 August, 2012 the draft law “On amendments to certain Laws of Ukraine on compulsory commercial accounting and improvement of relations in the field of housing and utility services”11. However, this draft law was rejected by the Verkhovna Rada on 17 September, 2013.

In September of 2013 the institution has prepared the draft law “On commercial accounting of the thermal energy, water supply and water sewage in the field of utility services”12. Meanwhile on 21 October, 2013 another draft law under the same name and in the similar wording was registered in the parliament by the representatives of the political parties (all from the Party of Regions). As of 24 January, 2014 the draft law has not been considered by the Verkhovna Rada.

The draft envisages the compulsory commercial accounting of thermal energy for the legal entities and individual entrepreneurs, who manage the block of flats, since the 1st of January, 2018, and for the other consumers – since the 1st of January, 2017. Furthermore, the compulsory commercial accounting of water supply for legal entities is proposed to introduce since the 1st of January, 2017, and for other consumers a year earlier.

In the explanatory note to the draft law the authors refer to the data of the Council of Ministers of the Autonomous Republic of Crimea, oblast, Kyiv and Sevastopol municipal state administration, according to which as of 1 January, 2013 47 757 houses (or 24% of estimated) are equipped with the house cold water meters, 8 575 houses (or 19% of estimated) – with hot water meters, and 31.6% houses – with thermal energy meters and temperature regulators. The total amount of funds required for installation of the metering devices for hot, cold water and thermal energy is estimated by the draft law authors in approximately 3.8 bln. UAH. According to the National Commission responsible for the public regulation in the field of utilities (the National Commission for State Regulation of Utility Services), as of 10 October, 2013 the equipment of the housing stock with the devices for the commercial accounting of thermal energy amounted to 34.27%. Meanwhile the equipment of enterprises amounts to 93.84%13.

According to the Decree of the President of Ukraine No. 462/2011, which approves the Regulation on State Agency on Energy Efficiency and Energy Saving, this institution is a central executive body responsible for the implementation of the state policy in the fields of the efficient use of fuel and energy resources, energy efficiency and alternative types of fuel. The State Agency on Energy Efficiency and Energy Saving also ensures the operation of the energy audit system and introduction of the energy management system in the country, executing the tasks set by the certified specialized organizations, which, according to the agency, as of January, 2014 amounted to 123. By the Decree No. 699/2013 of 22 December, 2013, the President made amendments into the Regulation on the State Agency for Energy Efficiency and Energy Saving, having reduced its authorities14. In particular, the exercise of the state control in the field of the efficient use of fuel and energy resources, rendering of mandatory rulings to the enterprises based on the inspection results for the purpose of remedying the legal requirement violations regarding efficient fuel use, have been transferred.

When speaking about raising due awareness in the field of energy efficiency, we should note the launching at the end of 2013 of a new website of the State Agency on Energy Efficiency and Energy Saving. Being duly supported and filled with due content it could play a role of the central state information resource on policy in the field of energy efficiency. The State Agency for Energy Efficiency and Energy Saving has also held during the year a range of events on energy efficiency promotion, for example, the round table for teachers “The Young and Energy-Saving” in the framework of the nation-wide Energy Efficiency Week15, etc.

* In 2014 Ukraine is going to invest UAH 500 mn into energy efficiency // Ukrainska energetyka [Ukrainian Energy], 31.01.2014 – http://ua-energy.org/post/41035
* Announcement on publication of the draft Law of Ukraine “On amendments to certain Laws of Ukraine on compulsory commercial accounting and improvement of relations in the field of housing and utility services” // Verkhovna Rada of Ukraine, 19.02.2014 – http://wl.c1.rada.gov.ua/pls/wzwb/wwd/vdnpk/4.2?hdp=5156120.32&db=br
* Announcement on publication of the draft Law of Ukraine “On commercial accounting of the thermal energy, water supply and water sewage in the field of utility services” // Ukrainska energetyka [Ukrainian Energy], 31.01.2014 – http://ua-energy.org/post/41035

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12 The State Agency on Energy Efficiency and Energy Saving presented...
the same time, at the level of ordinary consumers the information on possibilities and ways of energy costs saving is not still available enough; therefore, there is a need for a system-based and rather far-reaching information campaign, into which various interested parties could be involved.

**Conclusion**

In spite of some progress in development of the draft of National Energy Efficiency Action Plan and other documents, there is a problem with their approval and adoption of final decisions. Therefore, it is still too early to speak about the implementation by Ukraine of its commitments under the Directive 2006/32/EC. Besides, against the background of existence of several programmes pursing the similar aims, it is hard to find publicly available, timely, full and system-based reports on their fulfilment. It does not allow assessing to the full extent the achievement of the goals proclaimed and potential obstacles in this way. The traditional problem is a lack of sufficient resources to hold large-scale information campaigns on energy efficiency promotion among all targeted audiences, in particular, among the consumers. In addition, the insufficient coordination between the public agencies, responsible for the implementation of the state policy in the filed of energy efficiency, continues to raise serious concerns, including the allocation of responsibility and authority.

**Directive 2010/30/EU on Energy Product Labelling**

- **Unification of standards.** Most of household products shall bear EU Energy Efficiency Labelling that shall clearly specify the key consumer characteristics of the product. The Directive not only covers household products, but also expands the scope of regulation to industrial and commercial appliances, equipment, and products, which consume no energy. However, considerable impact on energy saving can be achieved (e.g., fencing of buildings and structures). The labelling applies to refrigerators, freezers, washing machines, laundry driers, dishwashers, ovens, cooktops, water heaters and hot water storage vessels, air conditioners, lamps, TV sets, motor vehicles.

- **Open Information and Sharing.** Promotion of energy efficiency and responsible use of energy by end users shall be provided. Dissemination and exchange of information shall be provided by electronic communication facilities in cooperation with other EU member countries.

- **Control System.** Every 4 years, the EU member countries shall deliver to the European Commission reports on their operations in this area, whereupon the European Commission shall submit the consolidated information to the European Parliament.

- **Protection of Consumers.** Penalties shall be set for failure to comply with the provisions of the national legislation to the extent of labelling of energy products and any and all required measures shall be taken in order to ensure their implementation.

According to the Order of the Cabinet of Ministers the deadline for the Directive implementation is the 1st of February, 2012, according to the list of the Energy Community acquis for Ukraine – 31 December, 2011.

In addition to the Directive 2010/30/EU the European Commission has adopted a range of Delegated Regulations.

In particular, on 4 May, 2011 the Delegated Regulation 626/2011 with regard to energy labelling of air conditioners was adopted. The Regulation cancels the Directive 2002/31/EC and introduces “two scales of energy efficiency based on a principal function and on specific aspects that are important for a consumer”\(^1\). The Regulation covers the introduction of a seasonal efficiency measurement method, and setting of requirements as for a minimal level of energy efficiency at the level higher than “A” class, which results in application of a new additional mark “+” to the A-G scale every second year until “A++++” class will be achieved. The document is applied since the 1st of January, 2013 and should be binding in full for all member countries. The deadline for its implementation is 1 January, 2013.

The Delegated Regulation 1059/2010 with regard to energy labelling of household dishwashers was adopted on 28 September, 2010 and it cancels the Directive 97/17/EC. The Regulation establishes a single labeling design and content for household dishwashers; sets the requirements to the technical documentation and certificates for household dishwashers; defines the requirements to information provision for any kind of distance selling, advertisement and technical advertising materials\(^2\). The Regulation is applied

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2 Author's project “The Young and Energy-Saving” to teachers // Ukrainska energetyka (Ukrainian Energy), 14.10.2013 – http://ua-energy.org/nav/portal/docs/157/PDF
since 20 December, 2011, and its certain articles – since 20 April, 2010. The deadline for its implement-
ation is 31 December, 2012.

The Delegated Regulation 1060/2010 with regard to energy labelling of household refrigerating appliances was adopted on 28 September, 2010, and it cancels the Directive 94/2/EC. The Regulation’s innovations are similar to the Delegated Regulation 1059/2010, but they are applied to refrigerating appliances. The Regulation is applied since 30 November, 2011, and its certain articles – since 30 March, 2012. The deadline for its implement-
ation is 31 December, 2012.

The Delegated Regulation 1061/2010 with regard to energy labelling of household washing machines was also adopted on 28 September, 2010, it cancels the Directive 95/12/EC and defines for household washing machines the same pa-

parameters as those mentioned in description of the above Regulations. The Regulation is applied since 30 March, 2012. The deadline for its implement-
ation is 31 December, 2012.

In addition, the following Directives, which form the part of the Energy Community acquis with regard to energy labelling, were also adopted: Directive 2002/40/EC with regard to household electric cookers, Directive 98/11/EC with regard to household lamps, Directive 96/63/EC with regard to household combined washing and drying machines, and also Directive 95/13/EC with regard to electric drum dryers. The deadline for the implementation of all the Directives above is 31 December, 2011.

The Order of the Cabinet of Ministers of 3 August, 2011 No. 733-r “On approval of the Action Plan on fulfilment of the commitments taken in the framework of the Treaty establishing the Energy Community” refers to this Directive indirectly, as far as the development of the National Energy Efficiency Action Plan is concerned. As we have mentioned above in the previous section, the draft document was developed and presented, and actually we expect for its adoption.

The development of the draft Resolutions of the Cabinet of Ministers on amendments to the applicable ones and preparing of new Regulations on implementation of the relevant technical Regulations is envisaged by the Action Plan on implementation of the Nation-Wide Programme on Adaptation of the Ukrainian Legislation to the European Union Legislation in 2013, approved by the Order of the Cabinet of Ministers of 25 March, 2013 No. 157-r. In particular, it refers to the Technical Regulation with regard to energy labelling of household refrigerators, freezers and their combinations (deadline is June, 2013, based on the Delegated Regulation 1060/2010), Technical Regulation with regard to energy labelling of household electrical equipment, (deadline is June, 2013, based on the Delegated Regulation 1060/2010), Technical Regulation with regard to energy labelling of household washing machines (deadline is June, 2013, based on the Delegated Regulation 1061/2010).

Yet earlier the government adopted a range of other Regulations with regard to energy label-

ling: by the Resolution of 16 February, 2011 No. 108 – Technical Regulation with regard to en-

ergy labelling of household washing machines (with reference to the Directive 95/13/EC), by the Resolution of 16 February, 2011 No. 107 – Technical Regulation with regard to energy labelling of household refrigerators, freezers and their combin-

ations (with reference to the Directive 94/2/EC), by the Resolution 6 January, 2010 No.5 – Techni-
cal Regulation with regard to energy labelling of household electrical equipment, by the Reso-

lution of 27 December, 2008 No.1144 – Technical Regulation on labelling of household lamps with regard to energy consumption efficiency. The ob-

ligatory application of the Regulation for all pro-
ducers and suppliers of household lamps is pro-

vided for since the 1st of July, 2010. The technical changes to this Regulation were introduced on 8 April, 2013 by the Resolution of the Cabinet of Ministers No.235 “On amendments to certain Res-

olutions of the Cabinet of Ministers of Ukraine” (paragraph 10).

The Directives, basing on which the mentioned Ukrainian Regulations were developed, were re-

placed in the European Union by new ones, contain-

ing the updated standards and requirements. According to the Action Plan on implementa-
tion of the Nation-Wide Programme on Adapta-
tion of the Ukrainian Legislation to the European Union Legislation in 2013, the governmental Resolutions No. 107 (of 16.02.2011), No. 108 (of 16.02.2011) and No.5 (of 06.01.2010) had to be amended – by June, 2013. The remarkable fact is that the amendments to the first two Resolutions were planned earlier yet – by November, 2012, that was mentioned in the similar programme of the legislative adaptation for 2012.

On 7 August, 2013 the Cabinet of Ministers ap-

proved by its Resolution No.702 a range of Techni-
cal Regulations and declared its Resolutions No.5 of 06.01.2010, No.107 and No.108 of 16.02.2011 to have lost force. The approved Regulations in-

clude: Technical Regulation with regard to energy labelling of energy-using products (based on the Directive 2010/30/EU), Technical Regulation with regard to energy labelling of household electric refrigerators (based on the Delegated Regula-
tion 1060/2010) and Technical Regulation with regard to energy labelling of household washing machines (based on the Delegated Regulation 1061/2010).

The approved Regulations “establish principal re-

quirements with regard to information provision to the consumers on the level of energy and other primary resources efficiency use” concerning the relevant equipment, that “enables consumers to select the most energy efficient products”. Ac-


cording to the action plans on implementation of those Technical Regulations, in 2013 their vol-

untary application was proposed, while on 1 July, 2014 it was envisaged to “execute state market supervision over the compliance of the house-

hold electrical equipment with the requirements” of the Technical Regulations.

As for the rest of commitments, the Ministry of Economic Development of Ukraine in its response to the request for public information states the necessity to continue the work on their develop-

ment. In its report on implementation of the ac-

quis in 2013 the Energy Community Secretariat

noted that the State Agency on Energy Efficiency and Energy Saving had started the work regard-

ing the Technical Regulations on energy labelling of televisions, household air conditioners and lamps.

The Law of Ukraine “On Standards, Technical Regulations and Conformity Assessment Proce-

dures” defines that “international and regional standards shall be adopted as national standards by the central executive body on standardization issues”, and “the central executive body respon-

sible for the formulation of the state policy in the field of technical regulation, shall submit the agreed draft of Technical Regulation to the Cabi-

net of Ministers”. According to the governmental Resolution of 13.03.2002 No.288 “On approval of lists of central executive bodies in charge of the technical regulation in respective areas and for
development of Technical Regulations, the relevant functions in the area of energy labelling are assigned to the State Agency on Energy Efficiency and Energy Saving.

Conclusion

In spite of the fact of the partial implementation of commitments in the area of energy labelling, its considerable part has not been implemented yet. This fact can illustrate an obvious example of Ukraine’s development lag, especially taking into consideration that the European legislation in this area is already being updated and further developed. Besides, a slow advance in this direction also restrains the campaign on consumer awareness regarding the energy efficiency policy, which could become more visible in everyday life. At the same time, it is worth to mention some modest advances in consumer awareness with regard to labelling. Finally, it is obvious that the State Agency on Energy Efficiency and Energy Saving should be enhanced for the purposes of preparation and introduction of Technical Regulations.

DIRECTIVE 2010/31/EU

DIRECTIVE 2010/31/EU CONCERNING ENERGY PERFORMANCE OF BUILDINGS

- Unification and Harmonization of requirements. This, in particular, applies to adoption of the estimation methodology of energy efficiency of buildings at the national and regional levels; taking the required measures in order to guarantee minimum energy efficiency requirements for buildings and structures, which are set in order to achieve economically optimal level of costs; estimation of economically optimal level of minimum energy efficiency requirements of buildings; taking the required measures to guarantee compliance of new and existing buildings and buildings under repair, minimum energy efficiency requirements; setting of systemic requirements applicable to general energy efficiency.

- In addition, by 31 December 2020 all new buildings shall become structures with close to zero energy consumption and re-equipment of buildings owned by government authorities will be started after 31 December 2018.

- Drafting of Legislation. The Government shall draft the National Plan of increase in the number of buildings with close to zero energy consumption, which will include the targets differentiated by categories of buildings. The laws shall be drafted and steps shall be taken to provide incentives for re-equipment of buildings under repair into structures with close to zero consumption.

- Awareness. By 31 December 2012 and every subsequent 3 years, the European Commission shall publish a report on achievements of the EU member countries within the framework of increase in the number of buildings with close to zero energy consumption. The Report shall serve as a foundation for drafting of the Action Plan and propositions of the best practices for efficient re-equipment of the existing buildings.

- Financial Incentives and market barriers. The EU member countries had to design by 30 June 2011 and further update every 3 years financial facilities and instruments in order to achieve energy efficiency of buildings. In turn, the European Commission shall render assistance in setting up of national and regional programs of finance, check them and give propositions in relation to improvement of finance.

- Additional Arrangements and Independent Expert Examination. Action shall be taken to set up certification systems of energy efficiency of buildings, to provide issue of such certificates, their demonstration in public places; to perform regular checks of heating systems and air conditioning systems. It is important that the EU member countries guarantee that certification of energy efficiency of buildings and check of heating and air conditioning systems are performed by independently qualified and accredited experts.
The implementation of the Directive 2010/31/EU, according to the Order of the Cabinet of Ministers of 3 August, 2011 No.733-r, should be included into the National Energy Efficiency Action Plan and the relevant sections are provided in the developed draft. However, the document itself as of January, 2014 is still in the process of approval. Also the document should be referred to in the Order of the Cabinet of Ministers “On the approval of the action plan on introduction of certain Directives of the European Union in the area of energy efficiency”, the draft of which, according to the State Agency on Energy Efficiency and Energy Saving, is in the process of agreeing with the Ministry of Justice.

On 24 February, 2012 the Energy Community published the Final Report on the Energy Efficiency in Buildings in the Contracting Parties1. There is a reference in the document that “Ukraine intends to review its regulatory framework… that also includes the development and adoption of a new law on energy efficiency in buildings”.

On 12 January, 2012 the draft law on energy efficiency in residential and public buildings (registration number 0856), was registered in the Verkhovna Rada, and it was proposed by the Cabinet of Ministers. The draft law was approved in principle on 15 May, 2012 by the parliament of the previous convocation. During the preparation of the document for the second reading, according to the Head of the Verkhovna Rada Committee on Construction, Urban Development, Housing, Utilities and Regional Policy S.Klinkorov, 55 amendments to it were made. The draft law was rejected after consideration in second reading on 10 October, 2013. The deputies have not even agreed to remit the draft law for another second reading.

The tasks on support of the draft law and adoption of regulatory acts for its further implementation are defined in the National Action Plan 2013 on Implementation of the Programme of Economic Reforms for 2010-2014 (p. 164). At the same time, according to the records of the Verkhovna Rada meeting, in which the mentioned draft law was rejected, neither the officials, nor their representatives took part in discussions2. In response to the request on access to the public information the Ministry of Regional Development, Construction, Housing and Utility Services noted that “the fulfillment of the mentioned task was included into the draft of the National Action Plan for 2014”. It is remarkable that in its report for 2013 the Energy Community Secretariat named the law on energy efficiency in public and residential buildings as main priority, having added that as a second priority the Regulation on energy efficiency in buildings should also be developed. It is interesting to know that the development and approval of the Law “On Energy Efficiency in Buildings” is defined as one of conditions for attainment of the Ukraine’s Energy Strategy goals.

Summarizing the fulfillment of the National Plan of Reforms in 2013, the First Deputy Minister of Regional Development, Construction, Housing and Utility Services of Ukraine H.Semchuk mentioned “the improvement of the legislative regulation in energy efficiency in buildings” among the key tasks for 20143. Meanwhile the Ministry reports on introduction in 2012 of the instrument for granting soft loans for modernization of residential buildings4. Besides, in its response to the request on access to public information, the Ministry of Regional Development declared the approval and putting into operation of the following standards pursuant to the Directive: ДБН В.1.2-11:2008 “Principal requirements to buildings and facilities energy saving”; ДБН В.2.6.31:2006 “Thermal building installation”; ДБН В.2.5-67:2013 “Heating, ventilation and air conditioning”. In particular, since the second half year of 2013 the standard requirements to maximum heat rates for heating of residential houses were established at the level of 40-70 kw/h/m² instead of 73-89 kw-h/m² (changes to ДБН В.2.6.31). On 27 November, 2013 the Scientific and Technical Council of the Ministry of Regional Development approved by its decision the standard ДСТУ Б EN 15217:201X “Energy efficiency in buildings. Methods of presentation of energy performance and energy certification of buildings”, that is also mentioned in the same response given for the request.

The officials of the Ministry also noted that in Ukraine the norms and standards are in effect, which regulate the building energy efficiency indicators, determine the rules for design of new construction, rebuiding and overhaul, as well as the rules for energy classification of buildings. They informed on development of the standard ДСТУ Б.2.5-44:2010, harmonized with the European EN 15450:2007 “Heating systems in buildings – Design of heat pump heating systems”, which establishes the requirements to design, construction and commissioning of the building heating systems using heat pumps.

By the Resolution of 17 October, 2013 No. 948 the government approved the Programme for heating systems modernization for 2014-2015. The goal proclaimed in it is to “improve the economic and energy efficiency and safety of heating systems, minimization of fuel and energy resources use, namely, reduction by 49.6% of the basic volume of natural gas consumption due to its saving (25.4%) and replacement with the alternative types of fuel (24.2%)”5. The Programme provides for the mounting of the waste heat boilers, replacement and updating of boilers, re-equipment of boiler-houses, mounting of heat pumps and boilers operating at bio fuel, change of heating networks, mounting of installations for solar energy use, etc. The funding that should amount totally to 27.845 bln. UAH, shall be allocated from the state and local budgets, and from “other sources” as well; in particular 8.865 bln. UAH should be allocated in the first year.

**Conclusion**

Ukraine has not only shown any positive advances in implementation of the Directive but to some extent stepped backwards, namely in the legislative issues. The situation illustrates both system weaknesses in awareness-raising work, including with the people’s deputies, from one hand, and the necessity to take into consideration their observations and to establish efficient dialogue, from the other hand. Since the draft law was rejected, we had not found any references about the development of a new draft. All put together these facts can demonstrate some disregard from a part of Ukraine of its commitments fulfillment in this area of energy efficiency policy.

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3 Ibidem.

4 In the Ministry of Regional Development the fulfillment of the National Plan of Reforms in 2013, the First Deputy Minister of Regional Development, Construction, Housing and Utility Services of Ukraine H.Semchuk mentioned “the improvement of the legislative regulation in energy efficiency in buildings” among the key tasks for 2014. Meanwhile the Ministry reports on introduction in 2012 of the instrument for granting soft loans for modernization of residential buildings.

DIRECTIVE 2009/119/EC

DIRECTIVE 2009/119/EC TO MAINTAIN MINIMUM STOCKS OF CRUDE OIL AND/OR PETROLEUM PRODUCTS

- Implementation of this Directive requires creation and maintenance of the stocks system equivalent to 90 days of average daily net imports or 61 days of average daily inland consumption.

According to the decision of the Ministerial Council, Ukraine has to implement the requirements of the Directive by January 1, 2023.

The first steps in the regulatory implementation of the provisions of the directive were made back on December 8, 2009, by government Order No. 1498-r, whereby the concept for creating minimum stocks of crude oil and petroleum products in Ukraine for the period until 2020 was approved. The document provides for the accumulation of the 90-day volume of internal consumption of crude oil and petroleum products, considering the volume of domestic produced oil, through the joint efforts of the state and the market players. For this purpose, the government planned to build a distributed system of storage capacities with the total holding capacity of 2.05 million tons around Ukraine within 10 years. The evaluated total cost of creating stocks and improvement of infrastructure was 21.7 bln. UAH.

Throughout 2007-2008 the specialists of Naftogasbudinformatika LLC, with the involvement of independent experts, also developed the draft law On minimum stocks of oil and petroleum products. The valuable novelty introduced in the law is the concept of creating the State Agency for Managing Minimum Stock of Crude Oil and Petroleum Products responsible for building up, monitoring, updating and sale of stocks. In addition to that, as a source of financing the draft law determines, in particular, state budget funds and money collected from the crude oil and petroleum products’ market stakeholders.

A document with a similar name has been under development by the Ministry of Energy and Coal Industry since 2012. As of January 2013, the Ministry was addressing the comments from the central executive bodies involved. According to the response to the information inquiry, the process of approval of the provisions of the said law is still ongoing at the Ministry.

In October 2013 the government issued Order No. 833-r, whereby it complemented the action plan for the implementation of obligations as part of the Treaty establishing the Energy Community. The Cabinet of Ministers, by virtue of its decision, assigned the obligations to the Ministry of Energy and Coal Industry, Ministry of Economic Development, NERC, State Agency of Reserve, Ministry of Finance, Ministry of Justice and NAK Naftogaz of Ukraine, to bring the regulatory framework regarding oil and/or petroleum products into compliance with the requirements of Directive 2009/119/EC by December 1, 2022.

The adaptation of the Ukrainian law to the EU energy law in the oil sector is also dwelt upon in the recently published updated Energy Strategy of Ukraine until 2030. The authors provide for build-up and supporting crude oil and petroleum product stocks at the level sufficient to ensure internal consumption for the period of not less than 90 days, at the expense of the market players and without the involvement of the state budget funds. It is also forecasted that the procedure for accounting and use of stocks will be unified, a competent body in case of difficulties with the supplies will be determined and action plan in case of crisis situations will be developed.

Conclusion

Ukraine has not yet come close to creating a regulatory framework needed to build up crude oil and petroleum product stocks, despite the fact that the respective work was carried out long before the accession to the Energy Community, and the results gained in the course of this work were available.
DIRECTIVE 2008/92/EC

DIRECTIVE 2008/92/EC CONCERNING A COMMUNITY PROCEDURE TO IMPROVE THE TRANSPARENCY OF GAS AND ELECTRICITY PRICES CHARGED TO INDUSTRIAL END-USERS

• Implementation of this Directive requires measures to develop a detailed statistical reporting system in companies supplying gas and electricity to end consumers.

REGULATION 1099/2008

REGULATION 1099/2008 ON ENERGY STATISTICS

• It specifies uniform framework conditions for receipt, transfer, evaluation and dissemination of energy statistics.

• According to the decision of the Energy Community Ministerial Council D/2013/02/MC-EnC, the Regulation 147/2013 is also applied.

In accordance with the Decision, Ukraine should have brought its legislation into conformity with both regulations by 31 December 2013.

The commitments were incorporated into the national legislation with adoption by the Cabinet of Ministers of the Order No. 833-r, whereas December 1, 2013 was set as the deadline for the acquisition in the field of statistics.

The State Statistics Development Strategy by 2017, approved by the Order of the Cabinet of Ministers No. 145-r of 20 March, 2013, does not provide any details regarding the energy statistics issues. At the same time, one of the main documents’ sections relates to the legislation harmonization as a whole “with the relevant international standards and EU legal regulations”1. At the beginning of 2012, the State Statistics Service for the first time in 20 years has formed the Ukraine’s Energy Balance for 2010 using the IEA and Eurostat methodology2. In October, 2012 Ukraine signed with IEA the action plan on energy balance optimization3. Since then, the State Statistics Service has already published the energy balance twice – the publication for the previous year takes place in December4.

In the Verkhovna Rada of the previous convocation, the draft law No. 11065 “On energy statistics” was registered; however, it was never considered and later withdrawn. Instead, on 20 December, 2013 a new draft law No. 3805 “On the Unified State System for Monitoring of Production, Supply, Transportation, Consumption and Payment for Fuel and Energy Resources and Utility Services” was registered in the parliament. It proposed to establish the principal bases for formation of the regional, territorial and nation-wide energy balances by all types of energy resources.

In the course of the hearings in the relevant committee of the Verkhovna Rada in October 2013, the director of the Department on Trade Statistics of the State Statistics Service A.Fryzorenko informed that the institution is already guided by the EU Statistical Requirements Compendium. The annual energy statistics provides for the data receipt by all types and directions of fuel consumption goals, is rather active. On 26 July, 2013, Ukraine agreed and approved the Energy Statistics Action Plan on the basis of the Memorandum of Understanding signed with INOGATE. In 2014, it is planned to hold a special event, and also a series of regional seminars with the participation of the representatives from the State Statistics Service and the Energy Community Secretariat.

As regards the Energy Statistics Action Plan, covering the period from 2012 to 2015, it provides for increasing institutional capacities, development of the reporting system based on international standards (IEA, Eurostat), calculation of the energy balances, development of the reporting system in energy and energy efficiency. Not least of all, the Energy Community Secretariat has ordered a special research, proposing the annual programme of adaptation of the State Statistics Service practices to the European practices by the fourth quarter of 2014. The programme includes the establishment of the energy prices statistical accounting system, improvement of the data collection system regarding the renewable energy and the end-use energy consumption.

The work of INOGATE programme which cooperates with the State Statistics Service since May 2012, in the framework of the “D” component of the Complex Programme for the support of the Baku Initiative and the Eastern Partnership energy goals, is rather active. On 26 July, 2013, Ukraine agreed and approved the Energy Statistics Action Plan on the basis of the Memorandum of Understanding signed with INOGATE. In 2014, it is planned to hold a special event, and also a series of regional seminars with the participation of the representatives from the State Statistics Service and the Energy Community Secretariat.

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The numerous technical assistance and international cooperation projects being implemented at the State Statistics Service are also aimed at solving those and other problems. The TACIS programme projects are under way; in November 2013, the second EU Twinning project in the field of statistics with the total budget of 1.5 mln. EUR has started. The latter is aimed to enhance the institutional capacities of the State Statistics Service for collection, procession and distribution of the statistical products in compliance with the acquis.

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Conclusion
In spite of the actual absence of any noticeable advances in legislation and regulatory base, the State Statistics Service has approximated considerably to the implementation of the Directive 2008/92/EC and Regulation 1099/2008. It became possible due to fulfilment of the domestic plans and implementation of some steps in the framework of international projects. At the same time, certain data sets still are not processed in a way provided for by the EU standards.
MEMORANDUM OF UNDERSTANDING ON SOCIAL ISSUES IN THE CONTEXT OF THE ENERGY COMMUNITY

- **Social dialogue.** The signatories will promote the realization of the efficient social dialogue in energy, and will maintain it.

- **Social protection.** The signatories will strive to develop the maximum possible levels of consumer social protection, suitable for viable and competitive market, and, if necessary, to apply the guarantees limiting the effects of the social and economic changes for certain social groups in accordance with the commitments taken under the Treaty establishing the Energy Community.

- **Partners, information and consultation.** The signatories acknowledge the necessity to involve social partners at all respective levels by promoting social dialogue on monitoring of the Treaty establishing the Energy Community fulfillment and its effects. It relates, in particular (but not limited to), liberalization of markets, competitiveness and restructuring. Therefore, each signatory party should introduce the efficient mechanisms of social partners informing on these issues and conducting of consultations with them.

- **Workers adaptation.** The signatories should foster their efforts to improve the workers adaptation, especially of the low-skilled workers and the workers nearing retirement age, support investment into human capital, life-long learning, promote mobility, assist in development of special employment, training and support services.

- **Priority areas.** The fundamental rights of workers referred to in the European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter, the Community Charter of Fundamental Social Rights of Workers and the EU Charter of Fundamental Rights; the labour legislation regarding promotion of the working conditions improvement and raising of living standards; occupational safety of the energy sector workers; equal opportunities – emphasizing, where appropriate, at implementation of the principle of equal pay for equal work for men and women;

- **Action plans.** Each signatory, in consultation with the respective social partners, should discuss the approach of dealing with the issues within social sphere. This approach should take into account the applicable EU social legislation. After consultations the relevant further steps should be stated in a form of the social action plans aimed at solution of the issues mentioned in the previous sections of Memorandum. The social action plans should be prepared in a close cooperation with the social partners.

In the Order of the Cabinet of Ministers “On approval of action plan on fulfilment of commitments taken under the Treaty establishing the Energy Community”, there are no any references as for the actions on social issues. However, Ukraine signed in 2011 the Memorandum of Understanding on Social Issues in the Context of Energy Community. It implicates, in particular, such system-based recommendations as dialogue with all social partners and also the development and adoption of the Social Action Plan.

In the course of the Fifth Energy Community Social Forum held on 11-12 September, 2012, Ukraine has informed about the prepared draft of the Social Action Plan, which received the comments from trade unions, and at that moment was under consideration of public bodies, and its adoption was expected to have place very soon. The Forum in its turn urged Ukraine and Moldova to complete the adoption of documents by the end of 2012. Although there was the information on existence of a draft, we did not manage to find it in publicly available sources. Accordingly, we can assume that consulta-

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The International Monetary Fund recommend- ed Ukraine to take a range of steps in order to stabilize the economic situation, including in- creasing of tariffs for energy resources. It was also mentioned as one of the key IMF demands to provide the financial assistance to Ukraine. In a study of the Ukrainian gas pricing policy and consequences of tariff raising it is stated that the establishment of the below-cost gas and heating prices is a weak tool and “costs” to Ukraine about 5% of GDP annually, at the same time supporting those who consume the most, that is, the well-to-do households. The authors of the docu- ment also emphasize that after tariff increase by 20% for households, they will reduce gas con- sumption by 5% approximately and of the heat – by 3%, and at the expense of tariff increase the government will be able to reimburse in full the additional costs for the low-income groups.

In the report of the Energy Community for 2013 it is also mentioned the necessity of provision by the communities of a clear definition of “vulnera- ble consumers”, which makes the commitment in accordance with the Third Energy Package and will allow allocate the assistance more accurately to those who really need it. In June of 2013 the En- ergy Strategy of Ukraine, although the document referred to the Concept on establishment of the social support system for the coal sector workers and population of depressed territories. In the 2013 Implementation Report of the Energy Community Secretariat Ukraine was classified along with the other four countries, as the country that had not approved the social action plan and these coun- tries are encouraged to “rectify it with priority”.

The World Bank also recommended Ukraine to increase the tariffs for the population and to de- velop targeted programmes of social assistance. They assess the direct budgetary and extra- budgetary subsidies in about 7% of GDP. In ad- dition, according to the study of the World Bank, “the richest part of population receives about half of the subsidies granted for gas and heat,” and “the poorest 20% of population receive only 13% of subsidies.” The experts of the German Advisory Group also stressed on necessity to increase tariffs, pointing out at subsidies potential gap with the importation value. Referring to the foreign experience, they emphasized that a highly target-focused assistance and energy efficiency support can protect the citizens and raise the acceptance of such a policy. The Ukrainian experts, representatives of business as well under- lined the need to increase tariffs, the representa- tives of the governmental agencies told about the artificial retaining of tariffs.

The Energy Strategy of Ukraine also refers to the economically justified prices for energy carriers, refusal from cross-subsidization and introduction of the mechanisms of target-focused subsidies for the vulnerable social groups. In opposition to this the former President V. Yanukovych and Prime- Minister M. Azarov argued against the tariffs in- crease, considering it as the IMF requirement and not a real need. The former Vice Prime Minister O. Vilkul stated that before the start of the heating season the Cabinet of Ministers had considered the issue of gas tariffs increase for population and district heating providers and decided to re- tain them until the end of the season, “given that the government takes into account not only the economic justification but the social component as well.” At the same time, despite of the state- ments about the social protection of population, the government of Ukraine had not applied the applicable law and enshrined in the Memorandum mechanism, namely, dialogue building with the social partners and adoption of the Social Action Plan, which would build up a clear and effective policy of targeted subventions.

After reaching agreement with Russia concerning a lower price for natural gas, the government pro- claimed the preserving of stable tariffs for popula- tion. Meanwhile, the President spoke in favour of reduction of gas tariffs for the consumers and the Cabinet of Ministers made the respective decision with regard to institutions and organizations funded from the state and local budgets, and also industrial consumers and other economic entities. Upon mak- ing such a decision, it was declared the readiness to purchase more Russian gas at reasonable price. Against this background the Head of the National Commission on State Regulation of Utility Services stated that it was not worth to expect for the reduc- tion of prices for gas for the population, but it might be said about the tariffs stabilization. At the end of 2013 the President also set a task to reduce the value of electricity for the consumers, and NERC adopted the respective Resolution on the reduction of tariffs in- crease. Therefore, a step was made to demolition of the policy aimed at saving of natural resources and gradual approximation of the tariffs for the con- sumers to the real prices for energy products.

Conclusion

Ukraine did not manage to implement in full the pro- visions of the Memorandum in social issues, having not built up the comprehensive dialogue with the social partners and establishing the Social Action Plan. Even facing the immense need for reforming of tariffs for energy carriers, the government had not taken the advantage of the mechanisms enshrined in the Memorandum, and had not developed in coop- eration with social partners the measures aimed at protection of population. Instead the representatives of central power refused to increase the tariffs, refer- ring to the people’s requests. Besides, the definition of the “vulnerable consumers” is still not defined at the legislative level, that is particularly important in the context of implementation of the Third Energy Pack- age and introduction of a clear targeted assistance.

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5 Ibidem.
7 IMF still recommends Ukraine to raise the tariffs // BBC Ukraine, 31.05.2013 – http://www.bbc.co.uk/ukraine/news_in_ukrime/2013/05/130531_ukr_imf_recommendations_again.html
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10 The Ukrainian government makes best efforts not to increase the utility tariffs // Fenix Ukraine (Ukrainian Pravda), 21.11.2013 – http://siloservice uk/rus/news/381112
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14 Minister M. Azarov argued against the tariffs in- crease20. At the same time, despite of the state- ments about the social protection of population, the government of Ukraine had not applied the applicable law and enshrined in the Memorandum mechanism, namely, dialogue building with the social partners and adoption of the Social Action Plan, which would build up a clear and effective policy of targeted subventions.
16 Ukraine and energy CommUnity: Still doeS not Fit
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Recommendations of the Committee hearings the Verkhovna Rada Committee for Fuel and Energy Complexes, Nuclear Policy and Nuclear Safety on the topic «The status of the implementation of Ukraine’s obligations taken under the Protocol on Ukraine’s accession to the Energy Community, ratified by the Law of Ukraine No. 2787-VI of December 15, 2010

Ministry of Energy and Coal Industry

Order No. 690 of September 7, 2012, «On the stock-taking of non-core assets of the NJSC Naftogaz of Ukraine»

Order No. 920 of November 26, 2012, «On approval of the Procedure to Develop and Agree Upon the Annual Natural Gas Delivery and Distribution Balance Forecast for Ukraine, the Planned (Calculated) Natural Gas Delivery and Distribution Balance As Well As To Form and Approve Planned Distribution of Natural Gas Supply Distribution Among Consumers»

Order No. 205 of April 23, 2013, «On organization of the implementation of the National Action Plan for 2013 at the Ministry of Energy and Coal Industry of Ukraine»

Order No. 277 of May 16, 2013, «On Results of Ministry of Energy and Coal Industry Board of 25 April 2013»

Order No. 368 of June 13, 2013, "On Establishing the Task Force on Restructuring of the NJSC Naftogaz of Ukraine»

Order No. 682 of September 20, 2013, «On amendment of the methodology for determining the free transmission capacity of the United Gas Transportation System of Ukraine»

Order No. 882 of December 2, 2013, «On assigning the functions of an operator of the United Gas Transportation System of Ukraine»

Order No. 936 of December 12, 2013, «On taking actions for strengthening the financial discipline at the NJSC Naftogaz of Ukraine»

Order No. 998 of December 24, 2013, «On reorganization of the subsidiary company “Budlevsky” of the NJSC Naftogaz of Ukraine»

Order No. 999 of December 24, 2013, «On liquidation of the subsidiary company “Naftogazbezpeka” of the NJSC Naftogaz of Ukraine»


NERC

Resolution No. 32 of January 17, 2013, «On approval of the Rules for connection of electricity-generating plants to electric networks»

Resolution No. 75 of January 31, 2013, «On amendment of NERC resolution of April 19, 2012 No. 430»

Resolution No. 76 of January 31, 2013, «On approval of the Standard agreement on connection to gas networks»

Resolution No. 77 of January 31, 2013, «On approval of the Procedure for calculation of payments for connection of the customers’ facilities to gas networks»

Resolution No. 87 of January 31, 2014, «On approval of the amendments to the Standard agreement on natural gas purchase and sale (between the owners and suppliers of natural gas)»

Resolution No. 115 of February 12, 2013, «Methodology for calculation of payment for connection of electricity-generating plants to electric networks»

Resolution No. 226 of March 7, 2013, «On approval of the Standard agreement on the operational control of the components of the United Gas Transportation System of Ukraine (between owners and gas transportation or gas distribution enterprises)”

Resolution No. 227 of March 7, 2013, «On approval of the Standard agreement on the operational control of the components of the United Gas Transportation System of Ukraine (between owners and gas transmission or gas distribution enterprises)”

Resolution No. 228 of March 7, 2013, "On approval of the Standard agreement on the operation of the components of the United Gas Transportation System of Ukraine (between owners and gas transmission or gas distribution enterprises)”

Resolution No. 251 of March 14, 2013, «On the amendment of the Procedure of setting, review and termination of “green tariff” for business entities”

Resolution No. 369 of April 3, 2013, «On approval of the Procedure for setting and review of tariffs for the services related to the transportation, distribution, supply of natural gas, as well as injection, storing and drawing of natural gas”

Resolution No. 642 of May 30, 2013, «On increase of the standards for electricity consumers”

Resolution No. 709 of June 26, 2013, «On improvement of the quality of services provided to natural gas consumers”

Resolution No. 771 of June 27, 2013, «On approval of the Procedure for determining the amount of the local component for the objects of electricity sector, including the commissioned construction stages of electricity stations (startup complexes) generating electricity from alternative energy sources (except for blast furnaces and coke ovens)”

Resolution No. 884 of July 8, 2013, «On approval of methodological recommendations concerning preparation of the action plan of separation and independence of activities on electricity transmission by the local electric networks and on electricity supply at regulated tariff”

Resolution No. 898 of July 11, 2013, «On approval of the Procedure for determining the necessary income from the activities related to supply of electricity at regulated tariffs in case of the use of incentive based regulation”

Resolution No. 899 of July 11, 2013, «On approval of the Procedure for determining the regulatory basis for the assets of the subjects of natural monopolies in the electricity sector”

Resolution No. 900 of July 11, 2013, «On approval of the Procedure for the calculation of retail rates for electricity; rates for the electricity transmission by local electricity networks; rates for the electricity supply at regulated tariff in case of the use of incentive based regulation”

Resolution No. 979 of July 18, 2013, «On amendment of the License Terms of Business activities related to the supply of natural gas, gas (methane) of coal deposits at regulated rate”

Resolution No. 980 «On amendment of the terms and rules of entrepreneurship activities related to the supply of electricity at regulated rate”

Resolution No. 1009 of July 23, 2013, «On setting long term parameters of regulation for the purposes of incentive-based regulation”

Resolution No. 1029 of July 26, 2013, «On the use of incentive based regulation for the transmission of electricity by local electric networks”

Resolution No. 1030 of July 26, 2013, «On approval of the Procedure for setting rates for electricity supply licenses at regulated rate and/ or transmission of electricity by local electric networks in case of the use of incentive-based regulation”

Resolution No. 1031 of July 26, 2013, «On approval of the Procedure for the distribution of assets, expenses and revenues between types of licensee’s activities related to electricity supply at regulated rate and/or electricity supply by local electric networks”

Resolution No. 1032 of July 26, 2013, «On approval of the Procedure for determining the necessary income from electricity transmission activities of local electric networks in case of the use of incentive-based regulation”

Resolution No. 1105 of August 15, 2013, «On amendments to the License Terms of Business activities related to the supply of natural gas, gas (methane) of coal deposits at regulated rate”

Resolution No. 1110 of August 15, 2013, «On regulation of the procedure of submission, determination and approval of economic rates of regulatory technological electricity spending”
Ukraine and energy CommUnity: Still Does Not Fit

• Draft Resolution «On amendments to the License Terms for business activities related to the transmission of natural, oil gas and gas (methane) of coal deposits via pipelines»
• Draft resolution “On amendments to the License Terms for business activities related to the distribution of natural gas, oil gas and gas (methane) of coal deposits”
• Draft resolution “On amendments to the License Terms for business activities related to the storing of natural gas, oil gas and gas (methane) of coal deposits”
• Draft resolution “On approval of the Changes to the Procedure for setting the rates for natural gas transmission by distribution pipelines on the basis of long-standing incentive-based regulation”
• Resolution No. 1722 of December 26, 2013, “On approval of the Procedure for determining regulatory basis of the assets of entities, which carry out natural gas distribution”
• Draft Resolution “On approval of the Methodology for calculation of the rates for natural gas transmission via main pipelines”
• Draft Resolution “On approval of the Methodology for calculation of the rates for natural gas transmission via distribution pipelines”
• Draft Resolution “On approval of the Procedure for the formation of the investment programs of gas supply, gas distribution, gas transmission and gas storage enterprises”
• Draft Resolution «On amendments to the License Terms for business activities related to the distribution of natural, oil gas and gas (methane) of coal deposits»

Ministry of Environment and Natural Resources

• Order No. 1410 of November 7, 2013, «On approval of Amendments to the Procedure for Auctioning to Get Access to Transmission Capacities of the Interstate Electric Networks of Ukraine for Electricity Export»
• Order No. 1431 of November 14, 2013, “On approval of the Changes to the Procedure for calculation of fees for connection of customers’ objects to gas networks”
• Order No. 1467 of November 21, 2013, «On approval of the Procedure for financing services related to connection of electricity-generation plants to electric networks was approved»
• Resolution No. 1499 of November 28, 2013 «On approval of the Procedure for setting the rates for natural gas transmission by distribution pipelines on the basis of long-standing incentive-based regulation»
• Resolution No. 1500 of November 28, “On approval of the Procedure for determining regulatory basis of the assets of entities, which carry out natural gas distribution”
• Resolution No. 1910 of December 31, 2013 «On approval of changes to the Procedure of access and connection to the United Gas Transportation System of Ukraine”
• Resolution No. 7 of January 10, 2014, “On setting regulatory rate of income for the regulatory base of assets created as of the date of shifting to incentive-based regulation”
• Resolution No. 47 of January 23, 2014 «On amendments to the Procedure for distribution of funds received to the current accounts of guaranteed natural gas suppliers with special conditions of use”
• Letter No. 591/15/47-14 of January 29, 2014 «Information on NERC regulatory activities in 2013”

Miscellaneous

• European Commission MEMO/13/400. EU-Ukraine Conclusions on the Roundtable Gas Market Developments in Ukraine
• 8th Joint Ukraine-EU Report on the Implementation of the Memorandum of Understanding between Ukraine and EU on Cooperation in the Energy Sector in 2013
• Order of the State Property Fund of Ukraine No. 1955 of August 28, 2013 «On approval of changes to the Methodology for evaluation of the assets of natural monopolies’ subjects, business entities in the related markets in the area of combined electric and thermal energy production”
• Memorandum of understanding regarding cooperation in the area of statistics between the Technical Secretariat INOGATE and the State Statistics Services of Ukraine
• Conclusive report «Action Plan in Energ