

Ukraine Energy Market Observatory

QUARTERLY REPORT

Q3 2025

EXECUTIVE SUMMARY

The Ukraine Energy Market Observatory quarterly reports serve interested stakeholders, including those in the EU, Ukraine and other Contracting Parties, to have a broader picture of recent developments in the energy markets in Ukraine, including transposition of the Electricity Integration Package (hereinafter, the EIP), development of the associated regulatory framework, and impacts of martial law conditions on the energy markets development.

This report provides an overview of the key energy-market developments in Ukraine from July to September 2025, covering the new legislative framework (Chapter 1) and significant events (Chapter 2) in the operation of electricity and gas markets.

Chapter 3 presents the recent developments in the areas which are part of Ukraine's energy sector reforms. Several draft initiatives in the field of RES development were published for public consultations and submitted for compliance review to the Energy Community Secretariat (hereinafter, the Secretariat). The updates on the status of EIP transposition and strengthening the independence of the National Energy and Utilities Regulatory Commission of Ukraine (hereinafter, NEURC) are highlighted.

Chapter 4 focuses on the regulatory developments in electricity connection rules and connection charges methodology as amended by NEURC.

Chapter 5 presents an overview of the latest Observatory assessments, and the Annex to the report contains an outlook on notable publications related to the Ukrainian energy markets in Q3 2025.

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ANNEX: ENERGY OUTLOOK

Ukraine Energy Market Observatory

QUARTERLY REPORT: Q3 2025

1. KEY LEGISLATIVE DEVELOPMENTS IN THE UKRAINIAN ENERGY MARKETS

ELECTRICITY

Key words: EIP, TEN-E, SoLR payments, customer support, DSO tariffs, TSO investment plan, cross-border capacity allocation.

On 22 July 2025, the Verkhovna Rada of Ukraine adopted in the first reading the **draft law No.12087-d on Amendments to Certain Laws of Ukraine Regarding the Implementation of European Law on the Integration of Energy Markets, Improving Security of Supply and Competitiveness in the Energy Sector**¹, aiming to transpose the Electricity Integration Package into Ukrainian national legislation. For more details on the status of the EIP transposition in Ukraine, please refer to Chapter 3 of this report.

In September, the Verkhovna Rada of Ukraine did not support the **draft Law on Energy Infrastructure Projects of Public Interest** (No.13450 of 04.07.2025)², developed to transpose the Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure. This draft was returned to the Committee of the Verkhovna Rada of Ukraine on Energy and Housing and Communal Services for preparation for a repeated first reading.

The Cabinet of Ministers of Ukraine (hereinafter, the CMU) adopted the **Procedure for the distribution of funds received on current accounts with a special regime for a protected consumer or a consumer whose facilities are designated as critical infrastructure facilities**.³ The Procedure defines special payment algorithms for protected consumers⁴ and critical infrastructure⁵, who are supplied by the Supplier of Last Resort (hereinafter, the SoLR), aiming to avoid debts towards SoLR, DSO(s), and TSO for both – electricity and network services, respectively. The algorithm provides that relevant consumers shall open accounts with a special regime and accumulate there an income from their business activity. In case of debt accumulation for electricity, the bank automatically allocates 50% of income to the accounts of the SoLR, DSO(s), and TSO for electricity or relevant services. This gives the right to such consumers to be supplied by the SoLR for more than 90 days, until 1 January 2028 (as defined by the Electricity Market Law). The new payment algorithm aims to improve the financial liquidity of the SoLR and prevent further debt accumulation by consumers supplied by SoLR.

¹ http://w1.c1.rada.gov.ua/pls/radan_gs09/ns_pd2?day_=22&month_=07&year=2025&nom_s=13

² <https://itd.rada.gov.ua/billInfo/Bills/Card/56716>

³ CMU Resolution No.833 of 14.07.2025 - <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-poriadku-rozpodilu-koshtiv-shcho-nadkhodiat-na-potochni-rakhunky-iz-s833140725>

⁴ protected consumers - consumers to whom a special regime of disconnection and/or restriction of electricity supply is applied to prevent the occurrence of man-made emergencies;

⁵ critical infrastructure facilities - infrastructure facilities, systems, their parts and their aggregates, which are important for the economy, national security and defence, the disruption of which may harm vital national interests;

The CMU adopted the act providing **additional support for payment for electricity supply and distribution services** or covering the costs of alternative energy sources to consumers who receive benefits and housing subsidies, and who live in the residential premises (houses) located in areas of active hostilities⁶. Starting from 1 October 2025, such support is provided in the amount of the electricity supply cost of 100 kWh per month per family's member, but not more than 300 kWh per family (household).

The **NEURC adopted a set of regulatory acts regarding connection to electricity networks**. Chapter 4 of this report presents more details on the introduced amendments.

In August 2025, NEURC approved⁷ **amendments to a set of NEURC resolutions on incentive-based regulation for DSOs**. The amendments particularly envisage:

- cost of assets included in the RAB, and that are created after the transition to incentive regulation, may not exceed the cost of the measure approved within the investment program, incl. allowance for potential savings of up to 5%;
- extension of the first regulatory period (which should be six years) and of the parameters of regulation that have a long-term duration;
- extension for 2026 of the limitation that the depreciation of the RAB created as of the date of the transition to incentive regulation shall not exceed the level provided by the current tariff structure;
- provision that in 2026 the RoR on RAB created after the transition to incentive regulation shall be applied at the level of 3% (instead of 16.74%);
- continuing to certain DSOs⁸ the non-application of the adjustment of the required revenue for the failure to meet the target quality indicator of services for 2025;
- Providing for some DSOs⁹ the application of:
 - efficiency indicator of technological electricity losses of 1% for 1st voltage class, 3.5% for 2nd voltage class;
 - the overall efficiency indicator of 1%.

Also, as of 1 September 2025, **NEURC revised the electricity distribution tariffs** for 18 (eighteen) DSOs. For the 1-class of consumers¹⁰, the increase (in average) is around 13,5%, for the 2-class of consumers, the increase accounted (in average) for 23%¹¹. The review covered the adjustments of general costs and the cost of DSOs to connect customers to the networks to return deferred residual amounts of cost adjustment for 2021-2023, which were not included in distribution tariffs in 2024. The relevant costs are distributed for four months (September-December) of 2025. According to the decision, the DSOs shall direct (as a priority) the relevant costs to paying debts towards TSO and to implement measures aimed at preparing for the autumn-winter 2025/2026.

NEURC also approved **amendments to the TSO's (NPC Ukrenergo) 2025 Investment Plan** with an increase of around 21% compared to the initially approved plan in March 2025. The increase is mainly sourced from the additional revenue of the TSO from the cross-border capacity allocation. According to the

⁶ CMU Resolution No.990 of 13.08.2025, <https://zakon.rada.gov.ua/laws/show/990-2025-%D0%BF#Text>

⁷ <https://zakon.rada.gov.ua/rada/show/v1221874-25#Text>

⁸ the list of those DSOs is provided in Annex 32 to the Tariff-Setting Procedure

⁹ except for DSOs listed in Annex 32 to the Tariff-Setting Procedure

¹⁰ the first class - large consumers who are supplied at voltage of more than 27.5 kV or consume more than 150,000 MW/h per month; the second class - consumers who are supplied by lines with a voltage of less than 27.5 kV.

¹¹ <https://ips.ligazakon.net/lawnews/doc/EN251984-natskomisiya-pidvyschchyla-taryfy-na-rozpodil-elektroenerhiyi-dlya-oblenerho>

Electricity Market Law¹², the congestion revenue shall be used, particularly, for covering the costs resulting from network investments relevant to reducing interconnector congestion, which is in line with the Electricity Regulation. It shall be noted that for 2022-2024, the validity of relevant provisions was temporarily suspended, and the relevant congestion income, as required by the Final and Transitional provisions of the Electricity Market Law,¹³ was directed by the TSO to pay debts in the balancing market and towards RES producers. Re-establishment of Article 43 of the Electricity Market Law is a positive step, allowing additional funds for the development of transmission infrastructure and interconnectors to support cross-border exchanges of Ukraine with the EU and ENC electricity markets¹⁴.

Ukraine progressed further with the cross-border capacity allocations. Thus, in July, the NEURC gave consent¹⁵ to the long-term cross-border capacity allocation rules for the Ukraine-Hungary, Ukraine-Romania, and Ukraine-Slovakia interconnection developed by the relevant TSOs. The first auction (for January 2026) is planned in Q4 2025.

In September, the NEURC gave a consent¹⁶ to the Rules for Intraday Allocation of Cross-Border Transmission Capacity on the Ukraine–Romania Interconnection, proposed by the TSO (NPC Ukrenergo) as agreed with the Romanian TSO (C.N.T.E.E. Transelectrica S.A.). The implementation of joint coordinated intraday capacity allocation on the Ukraine–Romania border will use Transelectrica's electronic auction platform and is planned for implementation in 2026.

NATURAL GAS

Key words: safety stock of natural gas, allocation of interruptible capacity

The Ministry of Energy published for public consultations **the draft resolution of the CMU "On approval of the Procedure for determining the monthly volume of supply and formation of the safety stock of natural gas and the size of the safety stock of natural gas for 2025"**. The draft resolution defines the obligation of all natural gas suppliers to create a reserve of gas to ensure a reliable gas supply to consumers in the event of crisis events on the Ukrainian natural gas market and determines the size of the safety stock of natural gas. According to the draft act, for 2025, suppliers are obliged to create an insurance stock of natural gas in the amount of 0.5% of the monthly volumes of supply to their consumers for the following month and store it in domestic underground natural gas storage facilities. In the event of a crisis situation on the natural gas market at the level of an emergency, the criteria for which are defined by the National Action Plan, natural gas suppliers are obliged to create a safety stock of natural gas in the amount of 10% of the monthly volumes of supply to their consumers for the following month, and the use by suppliers of natural gas from their own insurance stock for the needs of their consumers is carried out in accordance with the legislation¹⁷.

NEURC approved **amendments¹⁸ to Gas Transmission System Code, the Natural Gas Supply Rules, the Standard Contracts for the Supply of Natural Gas to Households, the Standard Contract for the Transportation of Natural Gas, and the Methodology for determining and calculating tariffs for natural**

¹² Article 43 (2)

¹³ paragraphs 11² - 11⁵ of Final and Transitional Provisions

¹⁴ As investments to be financed are not publicly available.

¹⁵ NEURC Resolution NO.1156 of 29.07.2025, <https://www.nerc.gov.ua/acts/pro-pogodzhennya-pravil-dovgostrokovogo-rozpodilu-propusknoyi-spromozhnosti-mizhderzhavnih-peretiv-ukrayini>

¹⁶ NEURC Resolution No.1437 of 16.09.2025, <https://zakon.rada.gov.ua/rada/show/v1437874-25#Text>

¹⁷ <https://mev.gov.ua/rehulyatornyy-akt/povidomlennya-pro-oprylyudnennya-proyektu-postanovy-kabinetu-ministriv-19>

¹⁸ NEURC Resolution No.1182 of 05.08.2025, <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-ta-vnesennya-zmin-do-deyakih-postanov-nkrekp5>

gas transportation services for entry and exit points under multi-year incentive regulation to bring the relevant acts in line with the EU Regulation No 312/2014, Regulation No 703/2015, Regulation No 2017/459 and Regulation No 2017/460. Amendments adopted in response to the results of the screening of the compliance of Ukrainian legislation with EU law under the negotiating chapter 15 “Energy”. The amendments, particularly, established that interruptible capacity shall be allocated at common capacity-allocation auctions.

NRA

Key words: new NEURC Board Members, 2024 NEURC Bulletin

On 3 September 2025, the CMU appointed¹⁹ **three new members of the NEURC** with a six-year mandate. The candidates were selected by the Competition Commission following an open competition process set by the NEURC Law. Thus, the NEURC functions in its full composition of seven Board Members. This important development ensures the continuity of NEURC in discharging its tasks mandated by European and national law.

NEURC published the Bulletin²⁰ to its 2024 Annual Report²¹. The bulletin contains the key figures and facts about the electricity, gas, heat and water supply and sewage sectors regulated by NEURC, as well as results of the Regulator’s activities in REMIT implementation, green-transformation, licensing and control activities, customer protection and international cooperation. Particularly, according to the report, in 2024, NEURC:

- established 6882 tariffs;
- issued and renewed 245 licenses;
- approved 144 investment programs and development plans of licensees;
- carried out 453 inspections and imposed 192 penalties;
- issued 3,719,264 guarantees of origin for green electricity;
- registered 2,490 wholesale market participants;
- won 133 court decisions out of 180;
- processed almost 25 thousand applications from citizens and companies.

RES

Key words: RES auctions

On 21 August, the Verkhovna Rada of Ukraine adopted in the first reading the **draft Law on Amendments to certain Laws of Ukraine “On improving competitive conditions for the production of electricity from alternative energy sources” No. 13219 of 28.04.2025**. The draft aims to address several issues regarding the RES support scheme and RES auctions in Ukraine to make them more attractive to investors²².

¹⁹<https://www.kmu.gov.ua/npas/pro-pryznachennia-pushkaria-s-i-chlenom-natsionalnoi-komisii-shcho-zdiisniuie-derzhavne-rehuliuвання-u-sferakh-enerhetyky-ta-komunalnykh-posluh-952-030925>
<https://www.kmu.gov.ua/npas/pro-pryznachennia-salovskoho-l-b-chlenom-natsionalnoi-komisii-shcho-zdiisniuie-derzhavne-rehuliuвання-u-sferakh-enerhetyky-ta-komunalnykh-posluh-951-030925>
<https://www.kmu.gov.ua/npas/pro-pryznachennia-shykeryntsia-r-i-chlenom-natsionalnoi-komisii-shcho-zdiisniuie-derzhavne-rehuliuвання-u-sferakh-enerhetyky-ta-komunalnykh-posluh-950-030925>

²⁰ https://www.nerc.gov.ua/storage/app/sites/1/Docs/Byuleten_do_richnogo_zvitu/broshura_do_richnogo_zvitu_nkrekp-2024.pdf

²¹ Due to martial law, the annual report of the Regulator is not publicly available.

²² The Secretariat assessed the Draft Law No. 13219 in terms of compliance with the Energy Community acquis and impact on the market under the Ukraine Energy Market Observatory.

ENVIRONMENT

Key words: integrated environmental permit

The CMU approved secondary acts implementing the provisions of the Law of Ukraine “On Integrated Prevention and Control of Industrial Pollution”. Particularly, the relevant acts set the requirements for the template and content of an integrated environmental permit²³ and procedure for maintaining the Unified State Register of Integrated Environmental Permits²⁴.

2. THE UKRAINIAN ENERGY MARKETS

ELECTRICITY

DAM/ID/BM price caps

New price caps are set by NEURC for DAM/IDM/BM²⁵ and applied as of 1 August 2025.

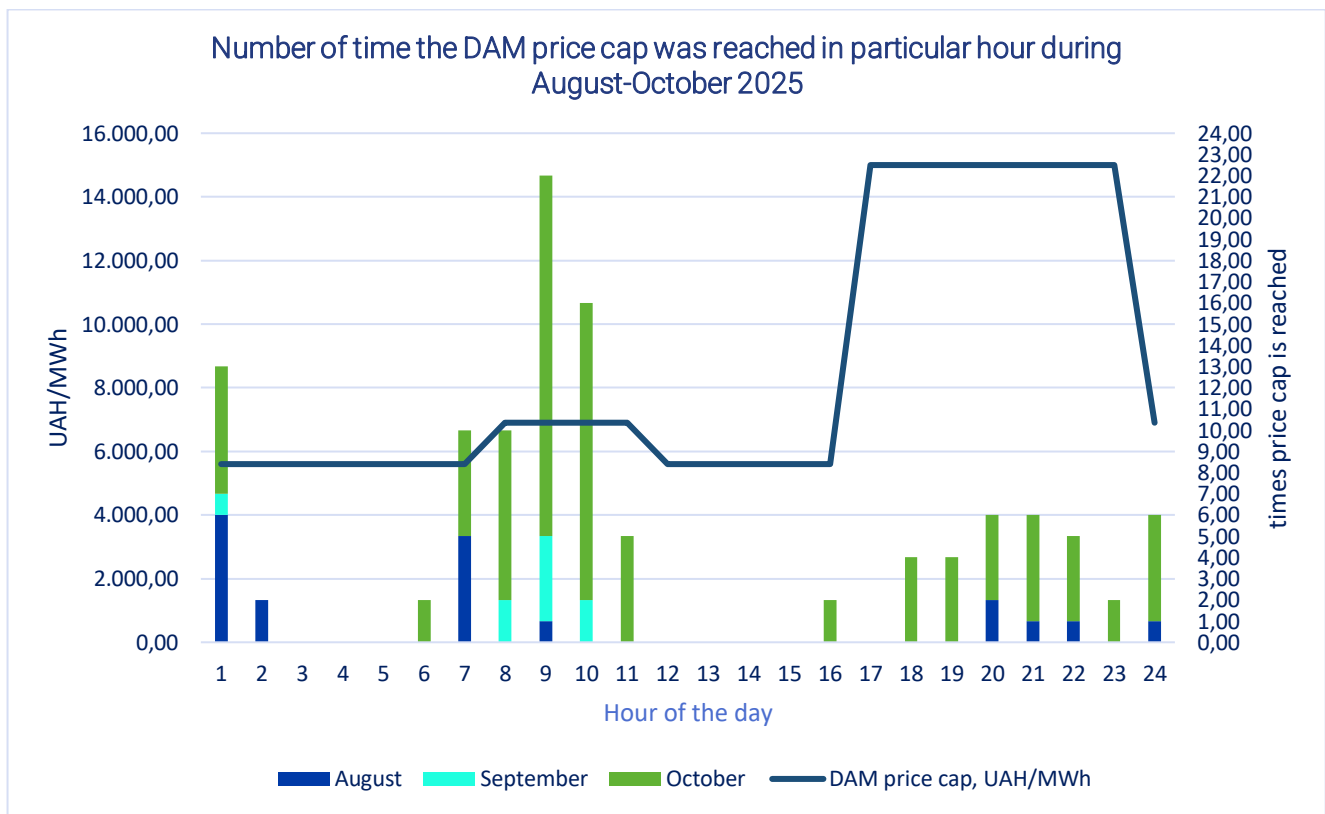


Fig.1. Illustration of new DAM price caps as of 1 August 2025 and times they were reached for August – October 2025.²⁶

²³ CMU Resolution No.884 of 15.07.2025 - <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-vymoh-do-formy-i-zmistu-intehrovanoho-dovkillievoho-t150725>

²⁴ CMU Resolution No.1128 of 10.09.2025. - <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-poriadku-vedennia-iedynoho-derzhavnogo-s1128100925>

²⁵ NEURC Resolution No.1133 of 25.07.2025, <https://www.nerc.gov.ua/acts/pro-granichni-cini-na-rinku-na-dobu-napered-vnutrishnodobovomu-rinku-ta-balansuyuchomu-rinku-5>

²⁶ Based on data from <https://www.oree.com.ua/index.php/pricectr>

The decision provides for price caps increases exclusively for evening peak hours (17:00 - 23:00); the new maximum price caps were set at 15,000 UAH/MWh (~305 EUR/MWh²⁷) for DAM/IDM, and 16,000 UAH/MWh (~326 EUR/MWh) for the balancing market.

After the introduction of the updated price caps, the DAM price has been established at the level of the maximum price-cap in August, nineteen (19) times, with higher frequency at the beginning of the night and morning hours, but also present during the evening peak. In September, the DAM price reached the price cap nine (9) times, mostly over the three (3) morning peak hours. Closer to winter season, in October, the DAM price reached its maximum cap eighty-seven (87) times, with stable occurrence in morning and evening peak zones (Fig. 1). The picture of the last three months shows the evident price restrictions during the morning and evening peaks, with the higher intensity moved to morning period, as price cap here has not been changed since June 2024. The market situation is worsened by intense Russian attacks on energy infrastructure and relatively cold weather.

Corporate governance of NPC Ukrenergo

In September 2025, the NEURC consulted with the Secretariat on a **draft law “On Amendments to Certain Laws of Ukraine Regarding the Certification of the Electricity Transmission System Operator and the Gas Transmission System Operator”**. Apart from a limited number of issues identified and communicated to NEURC, the Secretariat found the draft law to be in line with the *acquis* on unbundling and to further strengthen the independence of the transmission system operators.

Also in September 2025, one state representative on the Supervisory Board was dismissed by the Sole Shareholder. In October 2025, the Secretariat was consulted regarding the nomination of a candidate to fill the vacant position on the Supervisory Board. Based on the information provided by NEURC, the Secretariat raised no objections to the proposed candidate.

On 26 September 2025, the Supervisory Board announced the dismissal of all current Management Board members. However, this decision was retracted on 2 October 2025, when it was clarified that the Chairman and members of the Management Board would continue to perform their duties. In October 2025, sixth member of the management board was appointed by the Supervisory Board.

Special auctions for ancillary services

Some **conditions of special long-term auctions for ancillary services have been changed** with the amendments to the Market Rules adopted in July 2025²⁸. It is now allowed for winners of special auctions (existing Ancillary Service Providers or Future Ancillary Service Providers) to postpone the beginning of the ancillary services provisions for one/two/three/four months in case they need additional time to commission the new generation facilities. However, such postponement is subject to increasing financial security for the fulfilment of the terms of the contract by 20% from what has initially been provided. The Ancillary Service Provider (or Future Ancillary Service Providers) declares the period for which it requests the postponement, and the reasons for the postponement; as well as provide the consent for transferring the financial guarantee to the TSO’s account, in the following amount (depending on the period of postponement):

- 25% - if the postponement is 1 month;

²⁷ All price conversions are at the NBU exchange rate UAH/EUR

²⁸ <https://ua.energy/zagalni-novyny/peremozhitsi-spetsauktsioniv-nek-ukrenergo-zmozhut-vidterminuvat-pochatok-nadannya-dopomizhnyh-poslug-na-kilka-misyatsiv/>

- 50% - if the postponement is 2 months;
- 75% - if the postponement is 3 months;
- 100% - if the postponement is 4 months.

In September, the NPC Ukrenergo reported²⁹ about 286 MW of new balancing capacities already deployed in the Ukrainian power system, as an outcome of the two special auctions for the purchase of ancillary services. In particular,

- 117 MW – the total certified capacity of already commissioned new facilities that have been tested and are ready to provide the frequency containment reserve (FCR) service;
- 169 MW – the total certified capacity of newly built and commissioned generation facilities and BESS that have been tested and are ready to provide the automatic frequency restoration reserve (aFRR) service.

The deadline for the start of ancillary services, as determined by the results of special auctions, is 1 October. However, 13 winning companies exercised their right to postpone the starting date of the services from one (1) to four (4) months with the payment of relevant financial guarantee. The total capacity of generation facilities that have postponed commissioning is 108 MW.

Based on the final results of four special auctions for the purchase of ancillary services, the NPC Ukrenergo has procured up to 788 MW of fast reserves in total. It all enabled and guaranteed the construction of 863 MW of completely new generation units and BESS due for commissioning (depending on the date of the special auction) by 21 November 2026.

GAS

Corporate governance of GTSOU

The Secretariat continued its engagement with Ukrainian stakeholders regarding Section 11.37 of the GTSOU Charter, which currently states: “The Supervisory Board of the Company shall decide on the appointment and/or dismissal of the General Director (or person temporarily exercising the powers of the General Director) and members of the Directorate (or persons temporarily exercising the powers of members of the Directorate) of the Company by at least four members of the Supervisory Board.”

This provision had been introduced without prior consultation. The Secretariat recommended that Section 11.37 be amended to ensure the independence of the GTSOU Supervisory Board, in particular by preventing any influence from State interests in production, generation, or supply activities over the appointment or dismissal of the Management Board.

In parallel, the Secretariat initiated consultations with GTSOU representatives concerning the separation of gas-to-power production facilities, currently under GTSOU’s control, from its core transmission activities. This separation must be completed by 31 December 2026.

²⁹ <https://ua.energy/general-news/286-mw-of-new-balancing-capacities-have-already-been-deployed-in-the-ukrainian-power-system-thanks-to-the-first-two-special-auctions-of-ukrenergo-for-the-purchase-of-ancillary-services/>

REMIT

In September, NEURC announced³⁰ the preliminary study on possible abuse in the wholesale energy market. The preliminary study on significant price fluctuations on the "day-ahead" market in August and September 2025 is based on the results of monitoring the market behavior of wholesale energy market participants and on relevant reports on possible abuses in the wholesale energy market.

RES

On 31 July 2025, the RES auction successfully allocated support for 120MW of wind power at the price of 7.96 eurocents/kWh. In total, the RES support quota of 150MW was offered at the maximum price of 8 eurocents/kWh³¹. This was the fourth and last RES auction scheduled for 2025³². Three previous auctions did not produce results. The governmental decision on the RES quotas for 2026 and the relevant auction schedule is expected to be adopted at the end of November 2025³³.

3. ENERGY MARKETS REFORM PROGRESS

UKRAINE FACILITY³⁴

Energy Sector	Reform 2. Improved regulatory framework for increasing renewable energy and ensuring stable operation of the energy system	10.3 Improvement of permit procedures for RES investments
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On 11 August, the Ministry of Energy published for public consultations³⁵ the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Implementation of European Union Legislation in the Field of Renewable Energy Sources". The document aims to implement the provisions of the EU Renewable Energy Directives 2018/2001 (RED II) and 2018/2001 (RED III), taking into account the Energy Community Recommendations 2024/1/MCEnC of December 11, 2024. Particularly, the introduction of transparent permitting procedures for investments in RES. The draft law is under the intergovernmental consultations. The Secretariat was approached to provide an assessment of the compliance of the draft law with the relevant acquis, which is being prepared. This is the second round of the review of the draft law; initial comments were provided by the Secretariat at the beginning of 2025.

Management of Public Assets	Reform 3. Separation of accounts between PSO and non-PSO activities in the state-owned enterprises (SOEs)	6.6 Adoption of Roadmap on the separation of PSO and non-PSO activities
Energy Sector	Reform 2. Improved regulatory framework for increasing renewable energy and	10.4 Introduction of the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff

³⁰ <https://www.nerc.gov.ua/news/nkrekp-zdijisnyuye-poperednye-doslidzhennya-shchodo-mozhlyvih-zlovzhivan-na-optovomu-energetichnomu-rinku-u-serpni-ta-veresni-2025-roku>

³¹ <https://prozorro.sale/auction/REM001-UA-20250627-15813/>

³² <https://zakon.rada.gov.ua/laws/show/1195-2024-%D1%80#Text>

³³ CMU Resolution No.1175 of 27.12.2019, <https://zakon.rada.gov.ua/laws/show/1175-2019-%D0%BF#n389>

³⁴ On 1 August 2025, the CMU approved amendments to the order approving the Ukraine Plan for the Ukraine Facility. After the assessment, the European Commission adopted and submitted a proposal for amendments to the Plan to the EU Council, which is pending as of time of this report.

³⁵ <https://mev.gov.ua/novyna/minenerho-zaproshuye-obhovoryty-zakonoprojekt-shchodo-implementatsiyi-yevropeyskoho>

ensuring stable operation of the energy system
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The implementation of the Roadmap for RES surcharge separation from the transmission tariff³⁶ is in progress. NEURC approved **amendments to regulatory acts (Methodology (Procedure) for calculation of the transmission service tariff³⁷ and the Transmission Grid Code³⁸)** to ensure the transparent and cost-reflective treatment of transmission system operator's costs separately from the costs for performance of special obligations on ensuring an increase in the share of electricity production from alternative energy sources (hereinafter, the RES PSO). Particularly,

- Introduce the separate tariff component for the performance of RES PSO in the transmission tariff;
- define the methodology and procedure for the calculation of costs for RES PSO, to be recognised in the electricity transmission tariff,
- stipulate the requirement for TSO to maintain separate accounting of costs and revenues related to RES PSO;
- invoices for transmission services shall disclose the tariff component for the performance of RES PSO starting from 1 January 2026;
- projected costs associated with the accumulation of target funds for obligations arising from green sustainability bonds for the forecast year are recognised as part of allowed revenue. Such revenues shall be accumulated in a separate TSO account.

On 10 September, NEURC published for public consultations the **draft Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Implementation of the Roadmap for Separating the Renewable Energy Surcharge from the Tariff for Electricity Transmission Services for 2025 and 2026" (Draft Law)**. NEURC also provided the Draft Law to the Secretariat for compliance assessment with the Energy Community acquis.

The draft law provides for amendments to *the Laws of Ukraine "On the Electricity Market", "On Alternative Energy Sources" and the Law on NEURC* to separate the costs of renewable energy support from the electricity transmission tariff. It introduces a distinct Renewable Energy Surcharge (RES Surcharge) to be paid by transmission system users under an agreement with the TSO and transferred to the Guaranteed Buyer to finance payments to renewable electricity producers. The reform, envisaged in the Government's approved Roadmap, seeks to ensure that transmission tariffs reflect only network-related costs, in line with the Energy Community acquis, while enhancing transparency by displaying the RES Surcharge as a separate line on consumer invoices.

The Secretariat's assessment finds the Draft Law to be partially compliant with the Energy Community acquis. The proposed separation of the RES Surcharge from transmission tariffs is, in principle, consistent with EU and Energy Community rules, particularly concerning the restriction of tariffs to network-related costs and the framework for public service obligations. However, full compliance depends on the implementation of safeguards preventing cross-subsidisation, clarification of the legal provisions on who is obliged to enter into the RES Surcharge Agreement and ensuring non-discriminatory treatment of all market participants. The current formulation still carries risks of ambiguity and potential overlap between the TSO's transmission activities and its role in administering the RES Surcharge.

³⁶ CMU Decree No.612-r of 25.06.2025, <https://zakon.rada.gov.ua/laws/show/612-2025-%D1%80#Text>

³⁷ NEURC Resolution No.1461 of 16.09.2025, <https://zakon.rada.gov.ua/rada/show/v1461874-25#Text>

³⁸ NEURC Resolution No.1462 of 16.09.2025, <https://zakon.rada.gov.ua/rada/show/v1462874-25#Text>

To ensure full compliance, the Secretariat recommends clarifying the legislative framework to guarantee that renewable support costs are excluded from transmission tariffs and financed solely through the RES Surcharge. The law and accompanying procedures should clearly define the roles and obligations of all market participants, including DSOs and direct-line customers, and provide detailed guidance on proportional distribution and prevention of cross-subsidisation. It is further recommended to remove the TSO's obligation to finance the Guaranteed Buyer, set a firm end date for the transition period by 1 January 2030, and harmonise terminology by using "renewable" rather than "alternative" energy sources throughout the legislation.

Energy Sector	Reform 3. Electricity market reform	10.5 Adoption of the electricity integration package
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The adoption of the legislation transposing the Electricity Integration Package is still pending. In August–September, the Secretariat provided a set of critical comments and suggestions for improvement of the draft Law No.12087-d, aimed at ensuring compliance with the EIP. Comments provided by the Ukrainian stakeholders and the Secretariat are being considered by the Working Group organised by the Committee of the Verkhovna Rada of Ukraine on Energy and Housing and Communal Services for the finalisation of the draft Law.

Energy Sector	Reform 5. Ensuring the independence of the National Energy and Utilities Regulatory Commission	10.11 Defining the special status of the National Energy and Utilities Regulatory Commission
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In light of the Ukraine Plan's reform on ensuring the independence of NEURC, the Secretariat presented to the Ministry of Energy of Ukraine several forward-looking recommendations reflecting the key principles and provisions of the Energy Community acquis, ensuring the independence of the national regulatory authority. The key improvements and legislative amendments to the NEURC Law and several other legal acts, prepared by the Secretariat, in consultation with the European Commission and EU Delegation to Ukraine, are proposed to strengthen NEURC's institutional status and independence, its regulatory powers in area of network tariffs regulation and market integration, and enhance the competition procedure for NEURC board members in the future, considering observations and the lessons learned from the recent selection processes. The recommendations aim to support the finalisation of the **draft Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding Strengthening Guarantees for the Exercise of the Regulator's Powers in the Spheres of Energy and Utilities"** as prepared by the Ministry of Energy, to ensure the compliance with the Energy Community acquis.

4. IN FOCUS OF THIS REPORT

The NEURC adopted a set of regulatory acts in the area of connection to electricity networks. With amendments to the Transmission Network Code³⁹ and Distribution Network Code⁴⁰ the following provisions were introduced:

- Service on the reservation of capacity for connecting wind power plants with a capacity of more than 20 MW to the transmission system, and approval of a standard capacity reservation agreement.
- Introduction of an advance payment for the connection of electrical installations to the transmission system. The amount of such payment is calculated according to Article 31 of Electricity Market Law

³⁹ NEURC Resolution No.1144 of 29.07.2025, <https://zakon.rada.gov.ua/rada/show/v1144874-25#n2>

⁴⁰ NEURC Resolution No.1145 of 29.07.2025, <https://zakon.rada.gov.ua/rada/show/v1145874-25#n2>

(10 EUR per 1 kW of requested capacity). The payment shall be made in two steps: 50% of the connection payment within 30 days after the receipt of technical connection conditions, and the remaining 50% in twelve (12) a month period.

- Shared use of a connection and the possibility of connecting, at one point, several electrical installations intended to produce electricity from any energy sources.
- Implementation of the right of an electricity producer that has connected an energy storage unit to its own networks to draw electricity both from its own generating facilities and from the operator's networks;
- Procedure and conditions for extending the validity of technical conditions.

Additionally, amendments to the Distribution Network Code, among others, introduced the new approach to defining the standard connection, e.g. by the voltage level at the connection point, the allowed standard values of the requested capacity for connection, and the nominal of switching device installed by the DSO at the connection point. The minimum capacity a customer can order with a standard connection is 5 kW.

Consequently, NEURC amended the Methodology for Setting Fees for Connection to the Transmission and Distribution Networks (hereinafter, Connection Charge Methodology)⁴¹, as follows:

- new approach to calculate the connection charge for a standard connection, namely by introducing the coefficients by degree of standard connection (from I to IV) instead of the previously applied coefficients of electrical supply schemes (differentiated according to the number of phases and voltage level);
- determining the cost of a non-standard connection for customers of the service of non-standard connection of electrical installations with a capacity of more than 1 MW, who intend to exercise the right to design electrical network equipment, perform construction, installation, commissioning work of the linear part of the connection and/or works for creation of additional capacity at the networks of system operators. The maximum amount of such costs is set at the level of relevant components of the connection charge (namely, the linear component and the capacity component);
- provisions specifying that the charge for linear component of non-standard connection is not charged in case the customer applies for increase of already existing capacity. The notion of this provision is to consider that relevant assets are already in place and an increase of capacity within a certain range (as defined by the Methodology) may not require the construction of a linear part;
- introduced a software package (connection monitoring system) for the exchange of information between system operators and the Regulator regarding the provision of connection services, including the possibility of submitting reports on the status of connection service provision;

According to Article 21 of the Electricity Market Law, the draft amendments to the Methodology were consulted with the Secretariat. When commenting on the draft Connection Charge Methodology, the Secretariat grounded on the relevant principles of the Electricity Directive and the Electricity Regulation, and provided a set of recommendations for further improvements, as follows:

- to clarify that the charge for linear component of non-standard connection is not charged in case the increase in capacity does not require relevant improvements in the linear component of the existing network. This shall contribute to the principle of cost-reflectiveness;

⁴¹ NEURC Resolution No.1158 of 05.08.2025, <https://zakon.rada.gov.ua/rada/show/v1158874-25#n2>

- the maximum amount of the connection payment for service of non-standard connection of electrical installations with a capacity of more than 1 MW, who intend to exercise the right to design/performs connection works, recommended to be defined by the total non-standard connection payment. This will allow applicants to optimise their economy in the realisation of the connection;
- recognising the increase of capacity, where such an increase does not require any existing network reconstruction, as a separate option for the purpose of the standard connection charge. Thus, users willing to slightly change the parameters of their connection (which causes less costs) will not be discriminated against those who require the new connection with all the related works that need to be done by DSO;

When commenting on the draft Connection Charge Methodology, the Secretariat expressed its view that the new approach in defining the standard connection is likely designed primarily for the new connections and does not accommodate cases when the existing users request a change of the existing capacity, including within the same degree of connection. Particularly, the requirement of a minimum capacity order of 5 kW burdens the customer and may cause undue costs for capacity that the customer does not require. It also does not benefit the energy efficiency principle as it practically obliges customers to order (and use) more energy, which eventually may lead to unreasonable capture of grid capacity. The Secretariat recommended not to apply the 5kW minimum capacity order to such cases and to encourage customers to apply only for additional capacity that they really need (considering also the avoidance of one-time usage of all the appliances).

As a change in the standard connection conditions impacts the largest group of customers (LV, primarily households), the Secretariat recommended rolling out an information campaign that provides customers with transparent and easy-to-understand information on the new rules.

Also, as of 1 August 2025, the Regulator has introduced⁴² a system for monitoring the provision of connection services by the TSO and DSOs to system users. The Secretariat acknowledged that the amendments are aimed at improving customer service through introduction of automated monitoring systems for connection services, enhanced oversight for TSO and DSO compliance, streamlined reporting procedures, real-time information exchange regarding connection service status. The Secretariat recommended ensuring that the implementation of the connection monitoring system is conducted in a manner that avoids duplication of reporting obligations placed on TSO and DSOs.

5. SNAPSHOT OF LATEST OBSERVATORY REPORTS

Assessment 4/25: RES

In October, the Secretariat published under the Ukraine Energy Market Observatory⁴³ the **assessment of the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Implementation of the Roadmap for Separating the Renewable Energy Surcharge from the Tariff for Electricity Transmission Services for 2025 and 2026."** The note provides the compliance assessment of the draft law and the relevant recommendations, as provided in more detail in Chapter 3 of this report.

⁴² <https://zakon.rada.gov.ua/rada/show/v1056874-25#Text>

⁴³ https://www.energy-community.org/dam/jcr:31ba8cf5-570e-44cf-bd63-2ed322534ab4/UA%20Observatory_Draft%20RES%20Surcharge%20Law_publish.pdf

ANNEX: ENERGY OUTLOOK

This Annex contains the outlook of noticeable events and publications related to Ukraine energy markets in Q3 2025:

July 2025	Reference
Negotiations on Ukraine's membership in the EU: on July 8, the official screening of Ukrainian legislation for compliance with European Union law in the field of energy began in Brussels.	Link
URC 2025: Energy Community Secretariat and Ukrenergo Develop De-Risking Mechanism in Support of Grid Resilience and Renewable Energy Integration	Link
Ministry of Energy: Energy has become one of the key areas of this year's Ukrainian Reconstruction Conference (URC) 2025	Link
The Ministry of Energy outlined priorities at a meeting with the renewed Supervisory Board of the Ukrainian Gas TSO	Link
Ukraine begins importing Azerbaijani gas via the Trans-Balkan Corridor	Link
Ukraine and the World Bank strengthen cooperation in restoring and reforming the energy sector	Link
Ukraine has issued over 8 million guarantees of origin for electricity generated from renewable energy sources – AIB report. On July 7, 2025, the Association of Issuing Bodies (AIB) published the Annual Report for 2024, which, in particular, contains a section on Ukraine, which became a member of the Association in May 2024.	Link
On July 11, 2025, a delegation of the NEURC paid an official visit to Ljubljana, Republic of Slovenia, for a meeting with the management of the ACER.	Link
OECD has started the written procedure for approval of the Report on the results of the Review of Competition Legislation and Policy in Ukraine	Link
TSO of Ukraine signed a Memorandum with the Italian Transmission System Operator, Terna, in Rome during the Ukraine Recovery Conference 2025	Link
NPC Ukrenergo discussed the company's Strategy for 2025-2034 with experts and stakeholders	Link
Snam signs Memorandum of Cooperation with Gas Transmission System Operator of Ukraine	Link
Market Operator: The electricity price index for the BASE period on the DAM of Ukraine in June 2025 is 4,664.67 UAH/MWh. The weighted average electricity price on the DAM for this period is 4,783.04 UAH/MWh, and the weighted average electricity price on the IDM is 4,167.84 UAH/MWh.	Link
Market Operator: The electricity price index for the BASE period on the DAM of Ukraine in July 2025 is 5,184.24 UAH/MWh. The weighted average electricity price on the DAM for this period is 5,247.40 UAH/MWh, and the weighted average electricity price on the IDM is 4,943.77 UAH/MWh.	Link
UEEX: Natural gas trading results in July 2025	Link
EBRD, European Commission and partners launch the mechanism to accelerate renewable energy investments in Ukraine	Link
TOP-5 electricity exporters for the first half of 2025	Link
DTEK Renewables Sells Guarantees of Origin for Green Electricity for the First Time	Link
DIXIGROUP: UAH 124 billion is owed by district heating companies and water utilities	Link

for energy resources.	
DIXIGROUP: Monitoring of the implementation of the IMF program and the Ukraine Facility Plan (July 2025)	Link
The Stockholm Environment Institute (SEI) has published the National Comprehensive Green Transformation Assessment Report for Ukraine	Link
EXPRO: In July 2025, Ukraine increased electricity exports by 16%	Link
EXPRO: Gas imports to Ukraine in July reached a maximum in almost two years – 833 million cubic meters	Link
August 2025	
Ukraine and Moldova have common priorities and synchronised actions on the European energy path"	Link
Ukraine and Poland join forces to strengthen energy security	Link
Ukraine and the EU coordinate cooperation to strengthen energy sustainability	Link
The management of Ukrenergoheld a meeting with the ENTSO-E leadership	Link
Market Operator: The Base electricity price index on the DAM of Ukraine in August 2025 amounts to UAH 5,188.79/MWh. The weighted average electricity price on the DAM for this period amounts to UAH 5,420.05/MWh, while the weighted average electricity price on IDM amounts to UAH 4,913.41/MWh.	Link
UEEX: Natural gas trading results in August 2025	Link
DIXIGROUP: MONITORING OF UKRAINE'S NATIONAL ENERGY AND CLIMATE PLAN (NECP) Q2 2025	Link
DIXIGROUP: Monitoring of the implementation of the IMF program and the Ukraine [Facility] Plan (August 2025)	Link
September 2025	
20th Energy Community Gas Forum: Diversification and energy security as a strategy for the future	Link
Ukraine will receive 300 million euros from the European Investment Bank to purchase strategic gas reserves	Link
Management teams of NPC Ukrenergoheld a meeting with the ENTSO-E leadership	Link
Market Operator: The price index of BASE on the DAM of Ukraine in September 2025 amounts to 4,196.92UAH/MWh. The weighted average electricity price on the DAM for this period amounts to 4,521.85UAH/MWh, and the weighted average electricity price on IDM amounts to 4,451.85UAH/MWh.	Link
DIXIGROUP Energy Map: Ukraine exported the most electricity in over five years in September	Link
DIXIGROUP: Electricity distribution tariffs increased for five distribution system operators from October.	Link