36th ECRB Meeting

The latest regulatory developments in Ukraine

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Implementation of 3-d energy package in Electricity

- 13/04/2017 – Parliament of Ukraine adopted the Electricity Market Law
- Both Laws are to implement provisions of the 3-d Energy Package in electricity into Ukrainian energy legislation
- Electricity Market Law was drafted with the support of Energy Community Secretariat, EU institutions and IFI
- Implementation of the Law will require full revision of existing secondary legislation, adoption of up to 70 legal acts
Main provisions of the Law

• TSO and DSO unbundling
• Market opening for all customers
• Gradual price deregulation
• Consumer empowerment and protection
• New structure of the wholesale market:
  – Suspension of the Pool model;
  – Market based electricity prices;
  – Introduction (since 1 July 2019):
    - Bilateral contracts;
    - Day ahead and Intraday markets
    - Balancing and Ancillary services Market
• New powers of the Regulator:
  – Adoption of set of market Rules and network codes
  – Market monitoring and supervision
Connection Fees

- In January Regulator approved connection fees for non-standard connection up to 5 MW according to the new methodology (based on DSO assets revaluation)
- The fees appeared to be very high that caused negative response from public and industry
- As a result the Regulator decided to review the methodology
- The decision on new connection fees is not in force yet
Natural gas sector

In accordance with the requirements of the Natural Gas Market Law:
• License conditions for gas transmission and storage, distribution and supply activities were adopted by regulator and came into force.
• The NEURC’s Regulation on introduction of energy units for measuring natural gas consumption (in kWh) instead of volumetric units (in m$^3$) came into force. This Regulation foresees 2 stages:
  – Parallel use in consumer’s bills energy units (kWh) as well as volumetric units (cubic meters) just for information of consumers.
  – Full implementation of energy units in tariff setting and paying for gas consumed (planned for 2018).
New gas distribution tariffs

• The new approach to DSOs’ tariffs calculation was implemented. DSO tariff consists of 100% capacity charge (according to size of gas meter).

• Starting from the 1st of April the payments for household’s natural gas consumption was separated into 2 bills: bill for distribution service (includes also the transmission service) and bill for natural gas.
Thank you for attention!