ENERGY TRADE IN UKRAINE
prospects for expanding horizons
UEEX -

- the first and only NSSMC licensed commodity exchange in Ukraine
- License for activities on the organization of trade in products on commodity exchanges
- License for clearing activities to determine liabilities
- operates the electricity market in the segment of bilateral contracts
- operator of the trading platform on the within-day gas market and the day-ahead market
- trades in all types of energy resources
- is the official and main source of market prices in Ukraine

WE ARE CREATING A MARKET
WE REPRESENT THE MARKET

For the last 5 years:
- 280+ billion UAH of trading volume
- 50+ thousands of concluded agreements
- 3000+ participating companies

Electricity BCM 66,6%
Gas 20,5%
LPG 35,0%

Oil products 15,1%
Oil and Gas condensate 73,2%

Coal products
Fertilizers

Tax lien

Prozorro.Sale
**TRANSPARENT AND COMPETITIVE MARKET IN NUMBERS**

**Volumes of trades by directions, UAH million**

<table>
<thead>
<tr>
<th>Year</th>
<th>Natural gas</th>
<th>Oil products</th>
<th>LPG</th>
<th>Oil and Gas condensate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0,39</td>
<td>306</td>
<td>130</td>
<td>602</td>
</tr>
<tr>
<td>2019</td>
<td>2,51</td>
<td>369</td>
<td>144</td>
<td>1756</td>
</tr>
<tr>
<td>2020</td>
<td>1,64</td>
<td>241,09</td>
<td>90,71</td>
<td>974,98</td>
</tr>
<tr>
<td>2021 (8 m)</td>
<td>5,29</td>
<td>43,5</td>
<td>31,54</td>
<td></td>
</tr>
</tbody>
</table>

**Electricity (without PSO)**

- 2019: 5,29 million MWh
- 2020: 43,5 million MWh
- 2021 (8 m): 31,54 million MWh

**Natural gas**

- 2019: 0,39 billion cubic m
- 2020: 2,51 billion cubic m
- 2021 (8 m): 1,64 billion cubic m

**Oil and Gas condensate**

- 2019: 130 thou tons
- 2020: 144 thou tons
- 2021 (8 m): 90,71 thou tons

**Oil products**

- 2019: 306 thou tons
- 2020: 369 thou tons
- 2021 (8 m): 241,09 thou tons

**Number of trading sessions**

- 2018: 0
- 2019: 200
- 2020: 400
- 8 months 2021: 600

**Number of accredited participants**

- 2018: 0
- 2019: 1000
- 2020: 2000
- 8 months 2021: 3000

**Trading system PP BETS**

- Spot:
  - Medium and long-term market:
    - Auctions:
      - Spot:
        - Exchange trading (non-standardized forward contracts): +
      - Exchange trading (standardized forward contracts): +
    - Short-term market:
      - Day-Ahead Market: +
      - Intraday market: +
  - Derivatives:
    - Futures:
      - Weekly: In developing
      - Monthly: In developing
      - Quarterly: In developing
      - Seasonal: In developing
      - Annual: In developing

**ETP trading platform**

- Spot:
  - Medium and long-term market:
    - Exchange trading (non-standardized forward contracts): +
    - Exchange trading (standardized forward contracts): +
  - Short-term market:
    - Day-Ahead Market: +
    - Intraday market: +
  - Derivatives:
    - Futures:
      - Weekly: In developing
      - Monthly: In developing
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- Trading system PP BETS:
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    - Futures:
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      - Monthly: In developing
      - Quarterly: In developing
      - Seasonal: In developing
      - Annual: In developing
Trading on the UEEX exchange market of bilateral contracts

**In 2021:**
(8 months)

- 370 Number of participants
- 388 Number of auctions
- 1972 Number of exchange certificates

**Electricity sales volume, MWh**

- 2020: 97.4 million MWh
- 2021: 60.4 million MWh

**Electricity sales volume according to PSO**

- 2020: 54.1 million MWh
- 2021: 27.2 million MWh
**Medium and long-term market**

- **TIME FRAME**: Trade in the monthly resource of natural gas
- **PRODUCT**: Non-standardized supply contracts
- **COMMODITY**: Natural gas to be transferred to the GTS on certain dates
- **DELIVERY POINT**: VTP-GTS
- **TRADING HOURS**: Working days at the initiative of the participant
- **DATA TRANSFER FORMAT**: —

**Short-term market**

- **TIME FRAME**: Within-Day, Day-Ahead
- **PRODUCT**: Short-term standardized product (title product BAL NC)
- **COMMODITY**: Natural gas supplied to the GTS
  - with physical access to the GTS, by submitting nominations/renominations until the moment of trade notification
  - which is accounted for the participant’s portfolio
- **DELIVERY POINT**: VTP-GTS
- **TRADING HOURS**: Gas day, 7 days per week according to the schedule of trading and clearing sessions
- **DATA TRANSFER FORMAT**: Trading notifications to GTS Operator

**Transfer to UGS**

- **TIME FRAME**: Within-Day
- **PRODUCT**: Short-term standardized product
- **COMMODITY**: Natural gas is descent in UGS
  - with physical descent to UGS by submitting nomination/renominations until the moment of trade notification
  - which is accounted for the participant’s account
- **DELIVERY POINT**: VTP-UGS
- **TRADING HOURS**: 2 trading sessions per day
- **DATA TRANSFER FORMAT**: Trading notifications to UGS Operator

**Transfer to GTs**

- **TIME FRAME**: Within-Day
- **PRODUCT**: Non-standardized supply contracts
- **COMMODITY**: Natural gas to be transferred to the GTS on certain dates
- **DELIVERY POINT**: VTP-GTS
- **TRADING HOURS**: Working days at the initiative of the participant
- **DATA TRANSFER FORMAT**: —

**Transfer to UGS**

- **TIME FRAME**: Within-Day
- **PRODUCT**: Non-standard only for the period of storage in the UGS
- **COMMODITY**: Natural gas in UGS
- **DELIVERY POINT**: VTP-UGS
- **TRADING HOURS**: 2 trading sessions per day
- **DATA TRANSFER FORMAT**: Trading notifications to UGS Operator

**Customs warehouse** T+3
UEEX natural gas market 2/2

In 2021:
(8 months)

436
Number of participants

171
Number of trades on the long-term market

435
Number of exchange certificates on the long-term market

4
Trading sessions on the short-term market every day

449
Number of agreements on the short-term market

Medium and long-term natural gas market
Except for trades using differentials

Short-term natural gas market, thou m³

1,56 billion m³
1,90 billion m³

5,2 mln m³
15,2 mln m³
The exchange market of Ukraine is regulated in accordance with EU standards

- New legislation has been adopted in line with EU standards for regulating exchanges.
- The NSSMC carries out licensing and regulation of exchanges, provides a unified approach to the organization of trade, guarantees transparency of pricing and prevention of manipulation.
- Other state authorities are also involved in the regulation: the NEURC, the AMCU, the Ministry of Energy and others.

- UEEX promptly publishes all information about bidding and their results within the law.
- There are a number of analytical services for participants on the website.
- Analytics, reviews and reports are published.

- Reporting to the Auction Committee for the sale of electricity and the Auction Committee for the sale of crude oil, gas condensate of own production and liquefied gas.
- Reporting to the NEURC within cooperation for the effective development and transparency of electricity and natural gas markets.
- Interaction with government, law enforcement and antimonopoly authorities.
What is new

According to the Law № 1639-IX dd 14.07.2021 and private producers of electricity must sell it on BCM of UEEX

GTS Operator of Ukraine LLC began to carry out balancing actions by buying/selling STSP (s)

Electricity trading is launched according to the exchange order book technology and on the basis of a standard agreement

Launch of trade in natural gas in the customs warehouse mode and with the simultaneous use of the short haul service. Access to bidding by non-residents

UEEX has started publishing its own electricity price index in accordance with the request of the Ukrainian authorities, which should become a benchmark for the market

We have created Section Councils at UEEX, which include market participants to better hear the voice of the market and meet its needs

According to the new legislation, the sale of untreated timber and lumber is carried out through UEEX (about USD 715 million annually, or 25.2 million cubic meters)
Standardization of products and practices

Project "Assistance to the National Securities and Stock Market Commission (NSSMC) on improvement of energy commodity markets and commodity products organized trading in Ukraine"

- Standardization of products for electricity and gas (spot and futures)
- Standardization of contracts according EFET
- Development of an energy clearing model

UEEX is a part of relevant working groups to move to standards adopted in EU

Only standards approaches will ensure the success of the single market within SEE Gas
Next steps of the UEEX

**Further adaptation of all business processes in accordance with the NSSMC regulation, which is implemented.**

**Increasing the liquidity of the short-term gas market, including due to the more active participation of OGTSU and as a buyer, not just a seller.**

- Formation of marginal prices on the basis of trading platform indicators, as required by the target balancing model of BALNC.
- Launch of gas trade with a transfer point at the border.
- GAS RELEASE PROGRAM support in Ukraine

**Further standardization and unification of products and practices.**

- Launch of futures in the areas of "Electricity" and "Natural Gas".

**Establishing full-fledged clearing and risk management.**

- Central Counterparty - as a mandatory element of the exchange energy market.

**Promoting the establishment of standards of transparency and reporting of the energy market of Ukraine.**

**Strengthening international integration, including on the natural gas market within the SEEGAS project. Providing opportunities for cross-border trade in natural gas through UEEX.**
Providing clearing and CCP

Under the current license, UEEX may continue to conduct clearing activities until January 1, 2023, if no legal entity (including UEEX) receives a license from the CCP and further, if such CCP will be unable to provide the services of the central counterparty to the commodity exchange.

Creation of a central counterparty in Ukraine within the project of the Government, USAID and EBRD

Creation by UEEX a separate CCP
ERASING THE BOUNDARIES

What can be the contribution of exchanges?

1 stage. UEEX is ready to open gas trading with a transfer point at the border to enable non-residents to trade gas on the exchange.

2 stage. Opening information windows to view the trading spaces (markets) of other exchanges in one interface.

3 stage. Unification of products and processes of exchanges.

4 stage. Creating single trading windows where the participant can trade in several markets simultaneously on one screen.

5 stage. Creating a powerful trading hub that provides its own reliable price signals for Europe.

Why does Ukraine need SEEGAS?

1. Opportunity not to become «monomarket» under conditions of limited transit.
2. Increasing market volumes.
3. Ensuring transparent pricing.
1. Transfer of gas supply points from western to the eastern border of Ukraine

Ukraine has introduced European reforms, but is losing the opportunity to create its own market.
A trade point on the western border will not increase the liquidity of the Ukrainian market.
Only the eastern point will allow Ukraine to fully become part of the European gas market, and European traders to order the capacity of the Ukrainian GTS.

2. What can be the contribution of exchanges?

There are no single recipes and one cannot say: “take the tracing paper of this country and go make reforms at your place”. Hearing, understanding, looking for solutions and compromises, helping - this is what we are here for. We are at different distances from the start, but we run in the same team and the first - paves the way for those who follow him.

3. Are we populists or are we reformers?

When we shook hands after signing the Memorandum it means that:

- we have the same goal – to build a market that will benefit everyone;
- we do not take a position of an observer just to be aware of the process, but to have other conflicting plans;
- we cannot build joint projects and destroy partner capacities at the same time;
- we are ready to allocate resources and time to do the right things.

If you tick each square - SEEGAS – a new super-powerful market that WE will create.
If not – we just gathered to talk and drink delicious Viennese coffee.
THANK YOU FOR YOUR ATTENTION

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