Implementing the Electricity Market Law in Ukraine

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On April 13 2017, the new Electricity Market Law, Law No 2019-VIII, was finally adopted

Since then a series of secondary legislative acts have been approved or are under preparation

https://www.energy-community.org/implementation/Ukraine/secondary.html
EnC info on Secondary Legislation

Secondary legislation status: electricity
(last update 19.04.2018)

<table>
<thead>
<tr>
<th>Legal act</th>
<th>Primary legal basis</th>
<th>Bodies in charge</th>
<th>Adoption / validity status</th>
<th>Comments / compliance status</th>
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<tbody>
<tr>
<td>Decision on creating the Coordination Centre on Reform Implementation</td>
<td>TITLE XVII (7)</td>
<td>Cabinet of Ministers of Ukraine, Cabinet of Ministers of Ukraine</td>
<td>Adopted / CMU Resolution No 559, 09.08.2017</td>
<td>No relevance to Acquis compliance</td>
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<tr>
<td>Energy Strategy of Ukraine</td>
<td>Article 5(3)(1)</td>
<td>Cabinet of Ministers of Ukraine</td>
<td>Ministry of Energy and Coal Industry of Ukraine</td>
<td>Adopted / CMU Resolution No 605-p, 18.08.2017</td>
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<td>Procedure for holding tenders for SoLR and USS</td>
<td>Articles 5(3)(5), 6(2), 54(2), TITLE XVII (16)</td>
<td>Cabinet of Ministers of Ukraine</td>
<td>Ministry of Energy and Coal Industry of Ukraine</td>
<td>Not adopted, Deadline: 11.06.2018</td>
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<tr>
<td>Procedure for granting exemption for new cross-border transmission lines</td>
<td>Articles 5(3)(6), 24(10), TITLE XVII (16)</td>
<td>Cabinet of Ministers of Ukraine</td>
<td>Ministry of Energy and Coal Industry of Ukraine</td>
<td>Not adopted, Deadline: 11.06.2018</td>
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TSO unbundling

- Decision and procedure regarding certification of the TSO, approved by NEURC last August
- Still though the TSO is not unbundled in a way to allow certification under the OU regime
- Recently, amendments on the Electricity Market Law, were proposed in view of introducing the concept of the “financial management rights” over the assets
- Though this should be seen only as a transitional measure to be replaced in due time by clear ownership rights
DSOs unbundling

- Methodology (procedures) on setting the electricity distribution tariffs was approved last summer by NEURC (RAB methodology)
- Such methodology is aimed to apply both for as long as the bundled regime exists but also later under when Oblenergos will be unbundled
- EnC has been thoroughly reviewing this methodology and there are serious compliance concerns
- Our assessment and proposals have been recently submitted to the Ukrainian authorities
- Roadmap for state-owned Oblenergos unbundling and privatization
New Wholesale Market Model and Rules

- Day Ahead and Intra-day Market rules approved by NEURC on March
- The same day the Rules regarding reserves, real time balancing and imbalances settlement were approved
- EnCS has provided technical assistance to NEURC, Energorynok and Ukrenergo in drafting, preparing and analysing the consequences of different options
- The Rules adopted carry compliance concerns
- EnCS was commented on them and is closely following the details of their implementation
- Main concern: Imports/exports trade in the IDM seems to be constrained by a technical quantity called “allowed volume”
- DAM imports/exports bidding is not linked with the appropriate PTRs assigned under the appropriate Cross Border Capacity allocation Process
- Penalties are missing possibly giving room for distortion
Retail Sector

- Retail Market Rules, including procedures for universal supply, SoLR services, supply of vulnerable customers, supplier switching, and standard contract on electricity supply were approved by NEURC on mid March.

- EnCS with the help of the Slovenian Regulator provided technical assistance to NEURC in terms of assessing and modifying corresponding Rules.
Cross Border Issues

- Procedure for allocation of transmission capacity at cross-border lines, including standard contract for access to the capacity
- Draft uploaded by NEURC
- Compliance issues raised by EnCS
- Methodology for calculation of available transmission capacity on cross-border lines and algorithm for calculation of the total capacity and reliability margin—technical assistance by EU4Energy
Thank you for your attention!

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