



# Ukraine Energy Market Observatory

QUARTERLY REPORT Q1 2026

May 2026

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## 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, energy reforms 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 January to March 2026. The new legislative framework (Chapter 1) focused mainly on the development of decentralised generation and other measures to address the power system deficit during the winter season due to Russian attacks. In addition, the amended minimum oil stockholding system was drafted to integrate a unified, market-based price-calculation mechanism for stock valuation. The operation of energy markets (Chapter 2) is characterised by frequent changes in electricity price caps on the organised wholesale segments.

Chapter 3 presents recent developments in Ukraine's energy sector reforms. Remarkable adoption of the law aiming to transpose the Electricity Integration Package in early April 2026 contributes to the relevant chapter of the report. At the same time, legislative amendments to strengthen NEURC's independence, as well as those related to the reform of public service obligations in energy markets, are still pending.



Chapter 4 presents the main provisions introduced by Law "On Amendments to Certain Legislative Acts of Ukraine on Improving the Functioning of Energy Markets, Competitive Conditions for the Production of Electricity from Alternative Energy Sources and Strengthening Energy Sustainability" (No.4777-IX of 10.02.2026) and their compatibility with the *acquis*.

# KEY LEGISLATIVE DEVELOPMENTS IN THE UKRAINIAN ENERGY MARKETS

## ELECTRICITY

Keywords: electricity imports, consumer protection, connection of distributed generation, quality of service standards

In January 2026, the Cabinet of Ministers of Ukraine (hereinafter, the CMU) introduced **measures to address the consequences of a state-level emergency in the electric power system**<sup>1</sup>. In terms of the electricity market, Joint-Stock Company “Ukrainian Railways”, Joint-Stock Company “National Joint Stock Company “Naftogaz of Ukraine”, and Joint-Stock Company “Ukrainian Defence Industry” were tasked to urgently ensure the purchase of imported electricity during the autumn-winter period of 2025/26 in the amount of at least 50% of their total consumption.<sup>2</sup> The decision was made in conjunction with the recommendation for NEURC to review as soon as possible price-caps in DAM, IDM, and the balancing market, increasing them in all hours at the level of the evening peak price-caps. Relevant decisions were temporary and, by the end of the 2025/26 autumn-winter period, aimed to increase electricity imports from the EU to cover the deficit in the Ukrainian power system resulting from Russian attacks on generation and transmission/distribution infrastructure. Later, measures were amended<sup>3</sup> to require Private Joint Stock Company “Ukrhydroenergo” to purchase up to 2000 MWh of imported electricity during the night hours from 00:00 to 07:00 to fill the upper reservoir of the Dniester pumped-storage power plant by 31 March 2026. Electricity, produced from the potential energy of water accumulated with the imported electricity, shall be sold by “Ukrhydroenergo” on a market basis in the DAM and/or IDM. As of 13 March 2026, the obligation to import electricity for state companies has been terminated<sup>4</sup>.

To count on the interruptible supply of utility services to customers as a consequence of the damaged or destroyed equipment, another CMU decision provided for the **specific provisions of payment for heat energy supply, hot water, centralised water supply, centralised sewage, household waste treatment/household waste management in the event of an emergency situation** during martial law in Ukraine. Thus, customers shall not be charged for the period of liquidation of the consequences of the accident and the actual absence of services. If the quality

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<sup>1</sup>CMU Decree No.39 of 15.01.2026, <https://www.kmu.gov.ua/npas/deiaki-pytannia-podolannia-naslidkiv-nadzvychainoi-sytuatsii-derzhavnoho-rivnia-v-elektroenerhetychnykh-systemakh-39-150126>

<sup>2</sup>CMU Resolution No.39 dd 15.01.2026 was amended by the [CMU Resolution No.43 dd 17.01.2026](#), clarifying that those measures are to be applied by 31 March 2026

<sup>3</sup>[CMU Resolution No.123 of 30.01.2026](#)

<sup>4</sup>CMU Resolution No. 311 of 12.03.2026, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-postanov-kabinetu-ministriv-ukrainy-vid-27-zhovtnia-2023-r-1127-i-vid-t120326>

of supply of relevant services does not meet the required standards, the payment shall be recalculated downwards<sup>5</sup>.

In January 2026, the CMU began implementing a pilot project to provide state aid for the purchase of **independent electricity sources to meet the needs of co-owners of apartment buildings**. Assistance is provided in the amount from UAH 100.000 to UAH 300.000 and depends on the number of floors in the relevant building. Eligible equipment – listed on the official website of the Ministry of Development - includes gasoline, diesel, gas generators; inverters; high-voltage battery control units; accumulators; and solar photovoltaic modules (panels). The recipients select the necessary equipment themselves and are responsible for minimising purchase costs<sup>6</sup>. Funding for state aid to purchase independent electricity sources for co-owners of apartment buildings comes from the state budget reserve fund, international financial institutions and investors, international technical or financial assistance, and other lawful sources.

The National Energy and Utilities Regulatory Commission (hereinafter, the NEURC) adopted several decisions to further **simplify the connection procedure for distributed electricity production units**. According to the NEURC Resolution No. 49 as of 13 January 2026<sup>7</sup>, transmission and distribution system operators (hereinafter, TSO and DSO, respectively) shall introduce a simplified procedure for obtaining the status of a market participant for electricity producers intending to carry out electricity generation activities at distributed generation facilities (with an installed



<sup>5</sup> CMU Resolution No.118 of 30.01.2026, <https://www.kmu.gov.ua/npas/deiaki-pytannia-zdiisnennia-pererakhunku-vartosti-komunalnykh-posluh-za-period-ikh-nenadannia-nadannia-ne-v-povnomu-obsiazi-abo-nevidpovidnoi-ik118>

<sup>6</sup> CMU Resolution No.106 of 28.01.2026 - <https://www.kmu.gov.ua/npas/pro-realizatsiiu-eksperymentalnoho-proektu-shchodo-nadannia-derzhavnoi-dopomohy-na-prydbannia-nezaleznykh-dzherel-elektrychnoi-106-280126>

<sup>7</sup> <https://zakon.rada.gov.ua/rada/show/v0049874-26#Text>

capacity of up to 20 MW inclusive), by reducing the number of stages required to launch generating units. The new producer is entitled to submit to TSO the single application to conclude three contracts (for the provision of electricity transmission services, for the provision of dispatching (operational and technological) management services and for the settlement of electricity imbalances) under a simplified procedure in one stage within a period of up to 5 (five) working days. DSO shall conclude with the entity that intends to carry out electricity generation activities at distributed generation facilities an agreement for the provision of electricity distribution services within 2 (two) calendar days from the date of submission of the relevant request.

Later, NEURC adopted additional provisions<sup>8</sup> to facilitate rapid access of generating installations to electricity networks. Connection of modular boiler houses to the electrical networks of the business entity (consumer) is carried out without receiving/providing the connection service. DSO shall determine, in the technical conditions, the amount of power available for injection into the grid without the reconstruction of distribution networks. If the generating facility is technically capable of operating and delivering electricity within this capacity, an act of providing the connection service for the specified capacity shall be signed within 1 (one) business day after the customer confirmation. The time required to register a metering unit and its components for producers has been reduced to 2(two) working days. During martial law, applicants for a licence for electricity generation (gas piston, gas turbine, cogeneration and modular boiler units) are allowed to submit the document confirming readiness for operation after the licensing decision is adopted, rather than at the application stage<sup>9</sup>.

In terms of network regulation, due to the critical conditions in the electricity grids as a result of missile and drone attacks, NEURC introduced a **temporary derogation for DSOs (until 1 May 2026) from compliance with certain guaranteed quality standards for distribution service**. The decision suspends the obligation of DSOs to compensate consumers for non-compliance with voltage quality parameters established by the Distribution Systems Code (EN 50160) and the requirement to restore the electricity supply within 22 hours after the start of an outage<sup>10</sup>.

## NATURAL GAS

Keywords: gas export ban, PSO, connection rules, gas storage tariff methodology

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<sup>8</sup> NEURC Resolution No. 86 of 20.01.2026, <https://zakon.rada.gov.ua/rada/show/v0086874-26#Text>

<sup>9</sup> NEURC Resolution No.196 of 10.02.2026, <https://www.nerc.gov.ua/acts/pro-vnesennya-zmin-do-postanovi-nkrekp-vid-25-listopada-2025-roku-1887>

<sup>10</sup> NEURC Resolution No. 106 of 21.01.2026, <https://zakon.rada.gov.ua/rada/show/v0106874-26#Text>

The CMU **extended the ban** on the export of gas extracted in Ukraine for 2026<sup>11</sup>. The ban constitutes a serious breach of the fundamental pillars of the Energy Community Treaty, and the Secretariat's permanent calls for its abolishment were not materialised. Consequently, the efforts have been made to endorse a roadmap of the ban's abolishment, the progress is still evading.

In March 2026, CMU **amended both gas PSO acts in the gas market**, namely on the Supply of Natural Gas to Thermal Energy Producers and Budgetary Institutions (Resolution No. 812 of 19 July 2022) and on the General Public Interests in the Process of Operating the Natural Gas Market (CMU Resolution No.222 of 6 March 2022 No. 222)<sup>12</sup>. The details on the relevant amendments are presented in Chapter 3 of this report.

NEURC **simplified the procedure for connection to gas distribution systems**, including for distributed generation facilities and modular (block-type) boiler houses. Particularly, amendments shorten the time for gas DSO to issue the draft connection agreement and technical specifications, as well as the time required for commissioning the metering unit, to 2 (two) calendar days<sup>13</sup>.

On 17 March 2026, NEURC approved the **Methodology for determining and calculating tariffs for natural gas storage** (injection, withdrawal) services for gas storage facilities to which the regulated access regime applies, based on multi-year incentive regulation (hereinafter, the Tariff Methodology)<sup>14</sup>. The new Tariff Methodology introduces a transition from the "cost +" tariff methodology to an incentive-based regulatory framework for gas storage services, with regulatory asset base, rate-of-return, and efficiency indicators for controllable operating costs.

## OIL

Keywords: minimum oil stockholding system

The Ministry of Energy published the draft order "On Approval of the Methodology for Calculating the Level of Minimum Oil and Petroleum Products Reserves" (hereinafter, draft Methodology) for repeated public consultations<sup>15</sup>.

Ukraine's draft Methodology is broadly aligned with EU Directive 2009/119/EC with respect to its objectives, required stock levels, and overall system design. However, Chapter III of the draft Methodology, dealing with the calculation of market prices for oil and petroleum products, requires the calculation and publication of market prices for crude oil and petroleum products, without clearly defining the purpose of this provision or how this price reporting mechanism is

<sup>11</sup> CMU Resolution No.1795 of 31.12.2025, <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-perelikiv-tovariv-eksport-ta-import-iaikykh-pidliahaie-s1795311225>

<sup>12</sup> <https://zakon.rada.gov.ua/laws/show/222-2022-%D0%BF#Text>

<sup>13</sup> NEURC Resolution No.118 of 27.01.2026, <https://zakon.rada.gov.ua/rada/show/v0118874-26#Text>

<sup>14</sup> NEURC Resolution No. 403 of 17.03.2026, <https://zakon.rada.gov.ua/rada/show/v0403874-26#n348>

<sup>15</sup> <https://mev.gov.ua/rehulyatornyy-akt/povidomlennya-pro-oprylyudhennya-proyektu-nakazu-ministerstva-enerhetyky-37>

intended to be used, in particular in the context of an emergency stock release. This lack of explicit clarification creates a real legal and operational risk. In practice, this means different actors – government authorities, companies, consumers, etc. – could interpret the role of these price calculations differently. A clearer approach would be to prioritise rules that are simple, predictable, and workable in practice. For that reason, it would be better to explicitly define the role of these price calculations in either the legislation or secondary regulation, rather than leaving their purpose open to interpretation. A clarification on the intended use of the price-calculation provision could be added in the supporting materials to the regulation.

## REMIT

Keywords: manipulative practice, PPAT surveillance systems

On 24 March 2026, the NEURC **approved amendments to the Requirements for Ensuring Integrity and Transparency in the Wholesale Energy Market**, which are aimed at strengthening the prevention of abuse and increasing the effectiveness of monitoring the behaviour of wholesale energy market participants.

The changes provide for a new practice that may constitute manipulation or attempted manipulation of the wholesale energy market. Thus, trading in wholesale products in DAM or IDM without the relevant resource<sup>16</sup> at the time of submission of relevant offers may constitute manipulative practice. This does not apply to cases in which the market participant failed to avoid the formation of a negative balance in the registered volumes of electricity for reasons beyond its control.

Also, NEURC **clarified the requirements for persons professionally arranging transactions (PPAT)** with wholesale energy products regarding the functioning of their market surveillance systems, as well as the development and approval of a surveillance strategy. In the event of suspicious behaviour of a wholesale energy market participant, PPATs are granted the right to request such market participant to provide explanations of the reasons for such behaviour.

In its recommendations, the Secretariat emphasised the principle that requirements applicable to PPATs should be proportionate to the size and characteristics of the respective markets, and highlighted the importance of avoiding overly restrictive measures that could unduly limit legitimate trading practices, in particular where there are no indications of market manipulation.

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<sup>16</sup> from capacities of own generation (including under the self-production mechanism) and/or storage/aggregation, and/or by the volumes of purchase on the DAM, and/or accepted purchase on the DAM for sale on the IDM, and/or import

## NECP

In January 2026, the CMU approved the **procedure for preparing the National Energy and Climate Plan** (hereinafter, NECP)<sup>17</sup>. The NECP is prepared by the Ministry of Economy in accordance with this procedure, the requirements of the Law of Ukraine “On the Basic Principles of State Climate Policy”, and the Regulation (EU) 2018/1999 (Governance Regulation). The procedure defines the main preparatory stages, key areas for the content and structure of the NECP, list of documents that serve as sources for the number of targets and indicators in each area of the NECP. It also formalises the consultation with the Energy Community Secretariat on the draft NECP regarding its compliance with the Governance Regulation.

## RENEWABLES

Keywords: RES auctions, market premium, combined projects, GOs, implications of martial law

On 10 February 2026, the Verkhovna Rada of Ukraine adopted **the Law “On amendments to certain legislative acts of Ukraine regarding the improvement of the functioning of energy markets, competitive conditions for the production of electricity from alternative energy sources and strengthening energy sustainability”** (hereinafter, Law No. 4777)<sup>18</sup>. Among other issues, Law No. 4777 amends provisions of the Law on Alternative Energy Sources and the Law on Electricity Market regarding auctions for renewable quotas, rules for mutual recognition of guarantees of origin of electricity produced for the RES (hereinafter, the GOs), time periods when the electricity produced from RES is bought under the support scheme by Guaranteed Buyer (hereinafter, the GB), rules for operation of hybrid projects involving the electricity producer from RES, storage and/or demand facilities. It also defines the framework for the treatment of electricity produced from RES units located in the



<sup>17</sup> CMU Resolution No.3 of 02.01.2026, <https://zakon.rada.gov.ua/laws/show/3-2026-%D0%BF#Text>

<sup>18</sup> <https://zakon.rada.gov.ua/laws/show/4777-20#Text>

temporarily occupied territories. More details on amendments introduced by Law No.4777 are presented in Chapter 4 of this report.

## ENVIRONMENT

Keywords: national weighted greenhouse gas emission factors

In February 2026, the CMU approved the national weighted greenhouse gas emission factors resulting from final energy consumption<sup>19</sup>:

- 1) National weighted greenhouse gas emission factor resulting from final electricity consumption – 316g CO<sub>2</sub>eq/kWh;
- 2) National weighted greenhouse gas emission factor resulting from final thermal energy consumption – 38 kg CO<sub>2</sub>eq/Gcal.

The decision implements requirements of the Law of Ukraine “On Amendments to Certain Laws of Ukraine Regarding the Creation of Conditions for the Implementation of Comprehensive Thermal Modernisation of Buildings” No. 2392-IX of 09.07.2022<sup>20</sup>.

To implement Article 13 of the Law of Ukraine “On Integrated Prevention and Control of Industrial Pollution”, the CMU also approved i) requirements for the development, form and content of the derogation assessment; ii) indicators of the criterion of disproportionately high cost of achieving the maximum permissible emissions by the installation, as determined in the conclusions of the best available technologies and management methods, compared to the environmental benefits; iii) Methodology for calculating the cost of achieving the maximum permissible emissions by the installation, as determined in the conclusions of the best available technologies and management methods, in relation to the environmental benefits<sup>21</sup>.



<sup>19</sup> CMU Resolution No.156 of 05.02.2026, <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-zahalnoderzhavnykh-zvazhenykh-koefitsientiv-vykydiv-parnykovykh-haziv-t50226>

<sup>20</sup> <https://zakon.rada.gov.ua/laws/show/2392-20#Text>

<sup>21</sup> CMU Resolution No.128 of 05.02.2026, <https://www.kmu.gov.ua/npas/deiaki-pytannia-realizatsii-statti-13-zakonu-ukrainy-pro-intehrovane-zapobihannia-ta-kontrol-promyslovoho-zabrudnennia-128-050226>

## THE UKRAINIAN ENERGY MARKETS

### ELECTRICITY

#### Measures under martial law

In March 2026, NEURC amended<sup>22</sup> Martial Law Resolution No. 332<sup>23</sup> to consider the impact of forced schedules for the reduction of electricity withdrawal and capacity on the trading activities of suppliers and customers, by providing them with relevant information in advance. The TSO shall, by 8:30 a.m. on the day preceding the trading day (D-1), provide DSOs and consumers connected to the TSO network with forecasts of forced reduction for the trading day D. DSOs shall communicate relevant information to consumers and universal service suppliers (hereinafter, USSs) by 10:00 the same day. TSO and DSO may adjust these volumes on the trading day to maintain operational security. The rules for calculating the system imbalance were also revised and now do not include the volumes of forced reduction of electricity consumption resulting from operational instructions or orders (including automated load shedding). The amendments were adopted under the ad-hoc procedure and entered into force on 1 April 2026.

#### DAM/ID/BM price caps

Following the relevant governmental resolution,<sup>24</sup> NEURC approved new price caps for the Day-Ahead (DAM), Intraday (IDM), and Balancing (BM) Markets on 16 January 2026.<sup>25</sup> According to the decision, until 30 March 2026, the maximum price caps (differentiated by market segments)<sup>26</sup> were set at the evening peak level and applied to all hours of the day.

NEURC's decision on price caps affected different market aspects and the financial liquidity of some market participants. Due to higher price caps, USSs, which procure electricity for households under the public service obligation in the electricity market (hereinafter, PSO Act<sup>27</sup>), faced additional unforeseen costs. To address this issue, the CMU amended the PSO Act and introduced a one-time payment mechanism equal to 40% of the estimated service cost to ensure the availability of electricity for household consumers in February 2026, between Energoatom, GB, and the USSs. Under the mechanism, USSs must use these funds to pay Energoatom 40% of

<sup>22</sup> NEURC Resolution No.416 of 24.03.2026, <https://zakon.rada.gov.ua/rada/show/v0416874-26#n2>

<sup>23</sup> Resolution No. 332 of 25.02.2022 "On ensuring the stable functioning of the electricity market, including the financial condition of electricity market participants for the period of martial law in Ukraine"

<sup>24</sup> CMU Resolution No.39 of 15.01.2026

<sup>25</sup> NEURC Resolution No.70 of 15.01.2026, <https://www.nerc.gov.ua/acts/pro-granichni-cini-na-rinku-na-dobu-napered-vnutrishnodobovomu-rinku-ta-balansuyuchomu-rinku-6>

<sup>26</sup> 15.000 UAH/MWh for DAM and IDM, and 16.000 UAH/MWh for BM

<sup>27</sup> CMU Resolution No.483 of 05.06.2019 "On Approval of the Regulation on Imposing Special Obligations on Electricity Market Participants to Ensure General Public Interests in the Process of Operating the Electricity Market"

the cost of electricity purchased from the company (BASE\_M) for supply to household consumers in February 2026<sup>28</sup>.

Also, according to the Procedure for universal services price formation<sup>29</sup>, prices for universal services are calculated using the weighted average DAM price for the period from the ninth day of the month preceding the month before the settlement month to the eighth day (inclusive) of the previous settlement month. NEURC, to account for unforeseen increases in DAM prices in electricity prices for small non-household consumers supplied by USSs, adopted an ad-hoc<sup>30</sup> decision to adjust the reference period for determining the weighted average DAM price. Thus, when calculating the universal service price for electricity for February and May 2026, the USSs shall use the DAM weighted average price during the period from 9 to 27 January 2026 (inclusive)<sup>31</sup>; when calculating the universal service price for electricity for March and June 2026, USSs shall use the DAM weighted average price for the period from 18 January to 12 February 2026<sup>32</sup>.



Since 31 March 2026, the price caps are back at the same levels and differentiated by periods of the day as they were before 17 January 2026 (see Fig. 1 and Fig.2).

<sup>28</sup> CMU Resolution No.194 of 11.02.2026, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-postanovy-kabinetu-ministriv-ukrainy-vid-5-cherwnia-2019-r-t110226>

<sup>29</sup> NEURC Resolution No. 1177 of 05.10.2018

<sup>30</sup> Amended the NEURC Resolution No.332 of 25.02.2022 "On ensuring the stable functioning of the electricity market, including the financial condition of electricity market participants for the period of martial law in Ukraine"

<sup>31</sup> NEURC Resolution No.120 of 27.01.2026, <https://zakon.rada.gov.ua/rada/show/v0120874-26#n3>

<sup>32</sup> NEURC Resolution No.248 of 17.02.2026, <https://zakon.rada.gov.ua/rada/show/v0248874-26#Text>

Follow up:

On 7 April 2026, NEURC initiated a review of price caps in line with the methodology<sup>33</sup>. In its draft decision, the Regulator initially proposed to keep the price caps unchanged. However, following public consultations, NEURC suggested increasing the price caps for DAM/IDM and BM, which were eventually adopted by NEURC Resolution No. 621 on 23 April 2026<sup>34</sup>. Namely, as of 1 May 2026, the following price caps are effective in:

**DAM/IDM:** maximum – 15,000 UAH/MWh, minimum – 10 UAH/MWh;

**BM:** maximum – 17,000 UAH/MWh, minimum – 0.01 UAH/MWh.

Since the beginning of 2026, the price caps have been changed four times (Figures 1 and 2), impacting the electricity market operations. These changes were introduced on short notice, following abbreviated consultation procedures, and in some cases, the initial proposals of NEURC at the consultations were revised in its final decisions<sup>35</sup>.

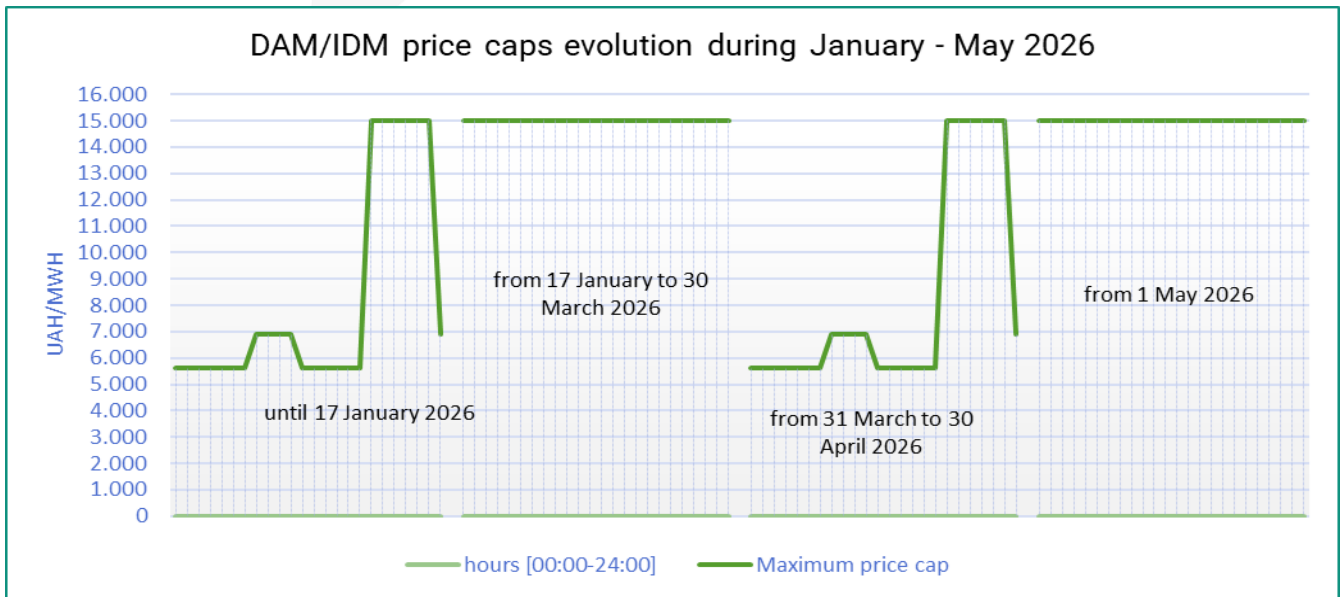


Figure 1. Evolution of DAM/IDM price caps

<sup>33</sup> NEURC Resolution No.1221 of 27.09.2022, <https://zakon.rada.gov.ua/rada/show/v1221874-22#Text>

<sup>34</sup> <https://www.nerc.gov.ua/acts/pro-hranychni-tsiny-na-rynku-na-dobu-napered-vnutrishnodobovomu-rynku-ta-balansuiuchomu-rynku>

<sup>35</sup> See Q4 2026 Ukraine Energy Market Observatory Report

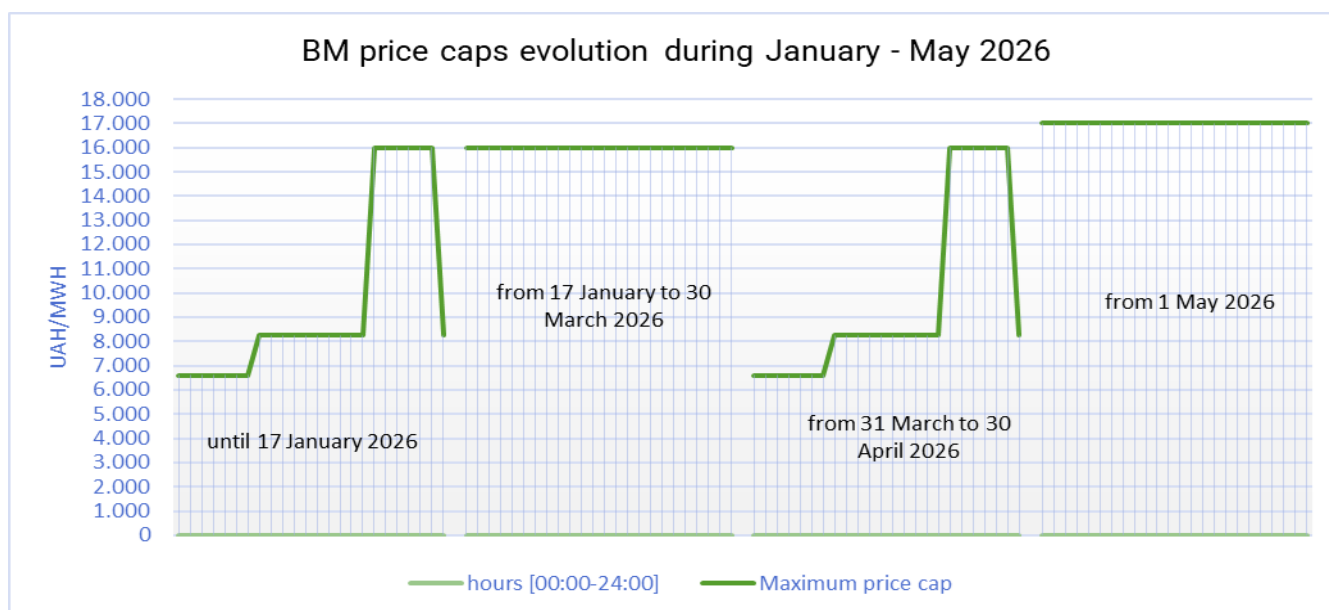


Figure 2. Evolution of BM price caps

It should be noted that the recently adopted amendments to the Law "On the Electricity Market"<sup>36</sup> foresee that starting from 1 May 2027, the price caps shall be abolished.<sup>37</sup>

### Energy market integrity

During the reporting period, NEURC has been examining several cases of suspicious behaviour demonstrating its commitment to identifying suspicious activity, investigating and, as necessary, enforcing REMIT provisions. NEURC has also consulted the Secretariat on its preliminary view.

In relation to the price cap decision from 16 January 2026, and following the meeting between the Secretariat and NEURC on 30 January 2026<sup>38</sup>, NEURC initiated an investigatory process in light of allegations on potential insider trading linked to that decision.

The Secretariat notes that further assessment by NEURC is ongoing following exchanges between NEURC and the Secretariat.

### Auctions of bilateral contracts

On 21 January 2026, the Auction Committee for the Sale of Electricity under Bilateral Contracts adopted amendments to the Regulations for the Organisation and Conduct of an Electronic Auction at Ukrainian Energy Exchange LLC. The amendments provide for the introduction of mandatory training for all participants in electricity sales auctions organised by UEEX<sup>39</sup>. The purpose of implementing training is to improve the quality of participation in bidding and reduce

<sup>36</sup> introduced by the [Law No.4834-IX of 07.04.2026](#)

<sup>37</sup> P.1 of the Final and Transitional Provisions of Law No.4834-IX

<sup>38</sup> <https://www.energy-community.org/news/Energy-Community-News/2026/1/30.html>

<sup>39</sup> <https://www.ueex.com.ua/eng/presscenter/news/mandatory-training-has-been-introduced-for-admission-to-electric/>

the number of violations and technical errors that lead to refusals to sign auction certificates and, as a result, financial losses. Participation in the training is free of charge and mandatory for all representatives of companies planning to participate in auctions.

### **Corporate governance of Ukrenergo**

New Charter of Ukrenergo<sup>40</sup> was approved by the dedicated Deputy Minister of Energy on 13 February 2026. It provides that Supervisory Board will decide on all matters by simple majority, as recommended by the Secretariat.

### **2026-2035 TYNDP of Electricity TSO**

In January 2026, NEURC approved the Ten-Year Network Development Plan for 2026-2035 submitted by the TSO (Ukrenergo). The TYNDP provides for the implementation of measures that are of strategic importance for the energy system of Ukraine and are aimed at ensuring:

- development of cross-border interconnectors,
- injection of capacity from generation facilities,
- stable operation of the energy system,
- reliability and improvement of the safety and quality of electricity supply,
- restoration of energy transmission system facilities damaged as a result of hostilities,
- installation of engineering protection of transmission system facilities,
- development of communication channels and IT infrastructure.

It is planned to increase the transformation capacity by 11.192 MVA and to build new transmission lines of 330 kV (2.152 km), 400kV (399 km) and 750kV (160 km). Reconstruction measures cover, in particular, 54 substations and 633km of 330 kV overhead power lines. The implementation of measures is accounted for a total value of UAH 92,6 billion (excluding VAT), financed in particular from tariff, loan, and grant sources (approximately EUR 2,15 billion, excluding VAT). The planned financing for measures in 2026 amounts to UAH 10,4 billion (excluding VAT) (approximately EUR 0,24 billion, excluding VAT)<sup>41</sup>.

### **2025 Adequacy Report 2025**

In March 2026, NEURC approved the Report on the assessment of the adequacy (sufficiency) of generating capacities to cover the forecasted demand for electricity and ensure the necessary reserve in 2025 (2025 Generation Adequacy Report), submitted by the TSO. The report covers

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<sup>40</sup> <https://ua.energy/wp-content/uploads/2026/03/Statut-NEK-Ukrenergo.pdf>

<sup>41</sup> According to the material published for public consultations, <https://www.nerc.gov.ua/storage/app/uploads/public/695/3f3/e0e/6953f3e0e4628578421841.pdf>. The approved TYNDP is not publicly available due to martial law.

short-, medium-, and long-term scenarios based on technical, economic, and environmental factors, including decarbonisation and energy efficiency trends, aligning with national strategic documents (Energy Strategy 2050, NECP, RES Action Plan, etc.)<sup>42</sup>. The report serves as a basis for TSO proposals for the tenders for new generating capacity and the RES support quotas. Due to martial law, the 2025 Generation Adequacy Report is not publicly available.

## **GAS**

### **2026-2035 TYNDP of Gas TSO**

In March 2026, NEURC approved the Gas Transmission System Development Plan for 2026–2035, submitted by the gas TSO of Ukraine. The main areas of the plan for the first year (investment program for 2026) of the ten-year period are financing for gas pipelines, compressor stations, gas distribution stations, corrosion protection of gas pipelines and other activities (network operation), modernisation and purchase of vehicles, special machines and mechanisms; acquisition of diagnostic and inspection devices and other devices, introduction and development of information technologies. Total planned investments amount of approx. UAH 43.6 billion (excl. VAT), including approx. UAH 2.74 billion for 2026, financed primarily through depreciation and other internal sources over the regulatory period<sup>43</sup>.

### **Corporate governance of GTSOU**

New GTSOU Charter<sup>44</sup> was approved by the dedicated Deputy Minister of Energy on 28 January 2026. It provides that the Supervisory Board will decide on all matters by simple majority, as recommended by the Secretariat.

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

<sup>42</sup> NEURC Resolution No.373 of 10.03.2026, <https://zakon.rada.gov.ua/rada/show/v0373874-26#Text>

<sup>43</sup> NEURC Resolution No.335 of 03.03.2026, <https://zakon.rada.gov.ua/rada/show/v0335874-26#Text>

<sup>44</sup> <https://tsoua.com/wp-content/uploads/2026/02/Statut-v-redakcziji-vid-28-01-2026-zareyestrovanyj-01-02-2026.pdf>

## ENERGY MARKETS REFORM PROGRESS

### UKRAINE FACILITY<sup>45</sup>

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 12 December 2025, the CMU submitted the **draft Law on Amendments to Certain Laws of Ukraine Regarding the Implementation of European Union Legislation in the Field of Renewable Energy Sources** (hereinafter, the draft Law No. 14271 of 03.12.2025)<sup>46</sup> to the Verkhovna Rada. The draft law 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.

#### *Follow up:*

On 2 April 2026, the Committee on Energy and Housing and Communal Services of the Verkhovna Rada (hereinafter, the Committee) supported the draft Law No. 14271 and recommended that the Verkhovna Rada vote on it in the first reading. On 8 April 2026, the Verkhovna Rada returned the draft Law No. 14271 to the responsible committee for improvement and submission for repeated first reading. On 29 April, draft Law No. 14271 was adopted by the Parliament in the first reading.

Energy Sector	Reform 2. Improved regulatory framework for increasing renewable energy and ensuring stable operation of the energy system	10.4 Introduction of the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff
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<sup>45</sup> as amended by the Council Implementing Decision (EU) 2025/2157 of 17 October 2025 amending Implementing Decision (EU) 2024/1447 on the approval of the assessment of the Ukraine Plan, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32025D2157&qid=1748862482294>

<sup>46</sup> <https://itd.rada.gov.ua/billinfo/Bills/Card/59237>

According to the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff (hereinafter, Roadmap)<sup>47</sup>, the surcharge for renewable energy shall be separated from the transmission tariff for electricity producers from RES acquiring the support starting from 1 July 2026. Relevant activities are pending going beyond the deadlines stipulated in the relevant action plan. 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”, initiated by NEURC<sup>48</sup> in 2025, pending finalisation and adoption by the CMU after several rounds of intergovernmental consultations. The relevant regulatory acts for implementing the RES surcharge have not yet been adopted due to a missing legal basis.

It shall be noted that [Law No. 4834-IX of 07.04.2026](#) “On Amendments to Certain Laws of Ukraine Regarding the Implementation of European Law on Energy Market Integration, Improving Security of Supply and Competitiveness in the Energy Sector” provides that all PSO costs remain a part of the transmission tariff until 1 January 2030<sup>49</sup>, which is not in line with the Roadmap.

Energy Sector	Reform 3. Electricity market reform	10.5 Adoption of the Electricity Integration Package
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Draft Law of Ukraine “On Amendments to Certain Laws of Ukraine Regarding the Implementation of European Law on Energy Market Integration, Improving Security of Supply and Competitiveness in the Energy Sector” was adopted by the Ukrainian Parliament on 7 April 2026 (Law No.4834-IX), and entered into force on 23 April 2026.

It aims to largely transpose the Electricity Directive, Electricity Regulation, Risk-preparedness Regulation, and ACER Regulation, as well as some provisions from the CACM Regulation (related to the NEMO designation).

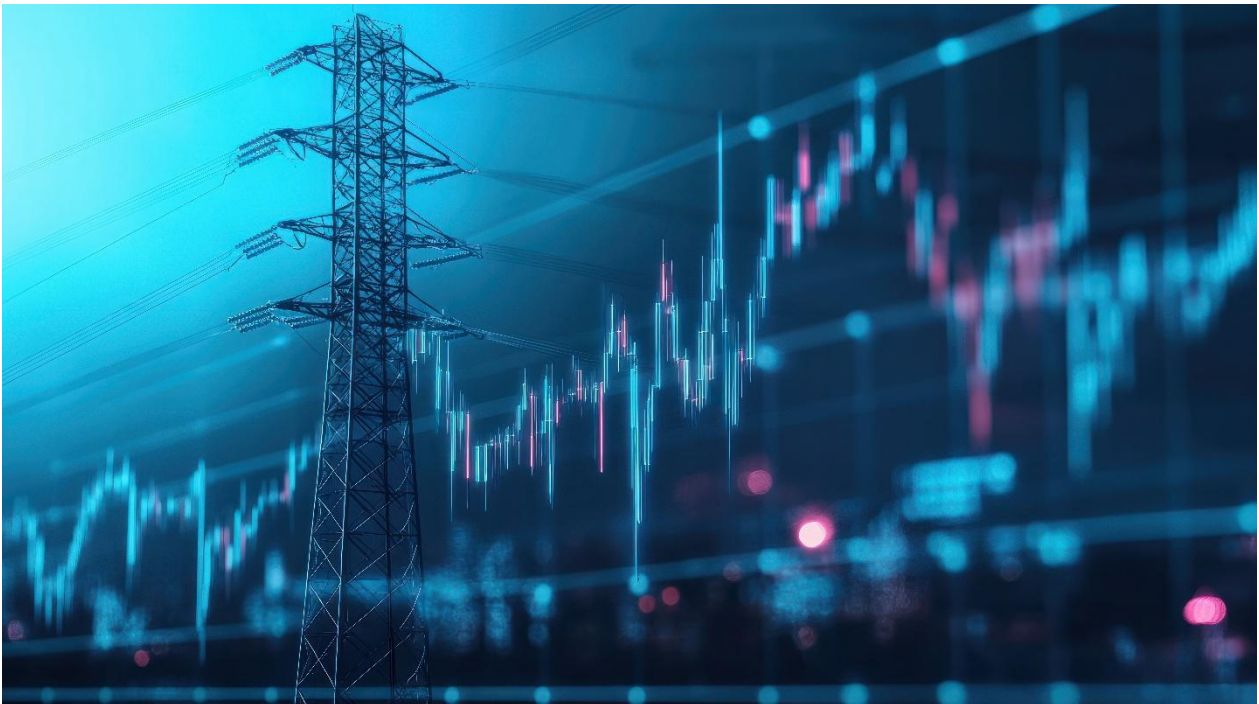
Following the consultations held between October and December 2025 involving representatives of the Energy Committee of the Verkhovna Rada of Ukraine, the Ministry of Energy, NEURC, the European Commission (DG ENER and DG ENEST), and the Secretariat, the adopted Law No.4834-IX partially addressed Secretariat's critical comments. For example, the discussions underscored the need to ensure market-based price formation by removing price caps in the wholesale market, which led the Ukrainian Parliament to decide on their abolishment as of 1 May 2027. This measure is necessary to comply with Article 10 of the Electricity

<sup>47</sup> CMU Decree No.612-p of 25.06.2025, Roadmap for decoupling the renewable energy surcharge from the electricity transmission service tariff and the action plan for the implementation of the Roadmap for decoupling the renewable energy surcharge from the electricity transmission service tariff for 2025 and 2026

<sup>48</sup> Details on Secretariat's assessment of this draft law are presented in [Ukraine Energy Market Observatory 4/2025](#) and in [Q3 2025 Quarterly Report](#)

<sup>49</sup> Article 33 (5) of the Electricity Market Law as amended by the Law No.4834

Regulation, which prohibits maximum or minimum wholesale price limits in all timeframes, ensuring that prices reflect real-time supply and demand. However, it should be noticed that the Final and Transitional Provisions of the Law “On the electricity market” were amended, specifying that after 1 May 2027, and until the beginning of participation in the EU single day-ahead market coupling (SDAC), the Regulator may set justified price caps for each trading zone on the day-ahead, intraday, and balancing markets during an emergency regime in the Unified Electricity System of Ukraine introduced under the Transmission System Code. Such caps shall apply only for the duration of the emergency, for no more than 90 days (or a shorter period set by the Regulator). In setting caps, the Regulator shall take into account prices on neighbouring European spot markets. The caps must minimise distortion of market price formation and must not restrict commercial electricity imports or exports.<sup>50</sup>



Provisions related to the intra-zonal and cross-zonal day-ahead trading were improved, ensuring non-discriminatory participation by all market participants. However, the Law “On the electricity market”<sup>51</sup> was amended by the right of the NEURC to decide on a temporary (for a period of not more than three months from the date of the start of the functioning of the single day-ahead market coupling) additional trading session on the day-ahead market to be conducted by the market operator within the trading zone(s) of Ukraine. This additional session shall not create barriers to the participation of market participants, restrict competition or lead to discrimination

<sup>50</sup> paragraph 9 of Final and Transitional Provisions of the Law “On the electricity market”

<sup>51</sup> p.14 of the Final and Transitional Provisions

between market participants, and the market operator has the right to apply technical bidding limits.<sup>52</sup>

Principles of the bilateral market (defined in Article 66 of the Law “On the electricity market”) were clarified to ensure fair competition and non-discrimination between auction participants, transparency, objectivity, and impartiality, thereby preventing market manipulation and abuse, and ensuring free price formation based on supply and demand.

Law No.4834-IX defines that outdated tender procedures for new generating capacity<sup>53</sup> should be eliminated starting from 1 May 2028<sup>54</sup>. Since 1 May 2027, the current procedure may be exclusively applied to cover the forecasted demand for electricity and to ensure the necessary reserve capacity in the territories identified by the TSO in the resource adequacy assessment report as deficient.<sup>55</sup>

Provisions on the designation of nominated electricity market operator (hereinafter, NEMO), including definitions of market operator and NEMO, still require further alignment to ensure their full compliance with the requirements of Articles 4-6 of the CACM Regulation and Article 1 of the Electricity Regulation.

Law No.4834-IX states that within twelve months, the Government shall ensure alignment of its acts and acts of ministries with the law. Within 15 months of the entry into force of this Law, NEURC shall adopt the regulatory acts required for the implementation of Law No.4834-IX.

The initiation of the market coupling process entirely depends on the completeness and compliance of the EIP transposition, to be confirmed by the European Commission during the verification process, which will be conducted jointly by the Secretariat and the European Commission once all nine legal acts of the EIP are fully transposed into Ukrainian national legislation. A prerequisite for launching verification is confirmation that all national measures have been repealed or amended to eliminate any conflicts with EU law and ensure full legal and regulatory compliance.

Energy Sector	Reform 3. Electricity market reform	10.7 Appointment of a Nominated Electricity Market Operator
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The legal basis for the designation of the NEMO(s) is established by Law No. 4834-IX through the partial transposition of the CACM Regulation. Law No. 4834-IX establishes a competitive NEMO model in Ukraine, in which designated operators may be<sup>56</sup>:

<sup>52</sup> these technical bidding limits shall not be lower than applied on SDAC

<sup>53</sup> Article 29 of the Law "On the electricity market"

<sup>54</sup> paragraph 1-1 of the Final and Transitional Provisions of the Law "On the electricity market"

<sup>55</sup> Art.29(10) of the Law "On the electricity market"

<sup>56</sup> Art.51-1(2) of the Law No.4834-IX

- a legal entity that has a license of the market operator, issued by the NEURC<sup>57</sup>;
- a legal entity that has a license of the operator of an organised commodity market, issued by the National Securities and Stock Market Commission of Ukraine (NSSMC);<sup>58</sup>
- NEMO designated in other Contracting Parties/EU Member States.

Within four (4) months from the entry into force of Law No.4834-IX, the NEURC shall approve the NEMO designation procedure and designate NEMO(s).

*Follow up:*

On 28 April 2026, NEURC approved the draft NEMO designation procedure and since 1 May, initiated the public consultations<sup>59</sup>. NEURC also officially submitted the draft to the Secretariat for assessment.

Energy Sector	Reform 4. Liberalisation of electricity and natural gas prices	10.9 Adoption of a Roadmap for gradual liberalisation of gas and electricity market, to be implemented after the expiration of the martial law
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On Gas PSO

On 9 March 2026,<sup>60</sup> the Regulation on Imposing Special Obligations on Natural Gas Market Entities to Ensure General Public Interests in the Process of Operating the Natural Gas Market Regarding the Features of Natural Gas Supply to Thermal Energy Producers and Budgetary Institutions” (hereinafter, the Gas PSO Act No.812). Main changes prolonged its validity until 30 September 2026 and included the provision allowing the thermal energy producers to account for the additionally consumed volumes of natural gas due to the actual outdoor temperature in a particular month of the heating period 2025/26 being lower than the average actual temperature in the corresponding months over the last three years.

<sup>57</sup> only 1 entity (existing Market Operator), established by the Government (Art.51(9) of the Law "On the Electricity Market")

<sup>58</sup> commodity exchanges licensed by the NSSMC

<sup>59</sup> <https://www.nerc.gov.ua/news/opryliudniuietsia-proiekt-postanovy-shcho-maie-oznaky-rehuliat-akta-poradok-pryznach-nominov-operatora-rynku-ee-pryzup-diialnosti-prypyn-vyk-funktsii-nominov-operatora-ee>

<sup>60</sup> CMU Resolution No. 307 of 09.03.2026 - <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-postanovy-kabinetu-ministriv-ukrainy-vid-19-lypnia-2022-r-812-307-090326>

Also, the CMU amended<sup>61</sup> the Regulation imposing special obligations on natural gas market entities to ensure the general public's interests in the operation of the natural gas market (Gas PSO Act No.222). The new PSO was introduced, imposing on JSC "Ukrnafta" the obligation to purchase the imported natural gas in the event of a crisis situation during 2026 at the expense of loan funds. Further sales of imported gas shall be at a price that ensures full reimbursement of the costs associated with the purchase of imported natural gas. Also, an additional category of customers, namely, the religious organisations, were added to be supplied under the PSO regime. By the same decision, the CMU abandoned the PSO on Naftogaz regarding the sale price for producers, who produce only electricity, leaving the special gas sale price only for producers who produce heat and electricity.

Later the same month, CMU again amended<sup>62</sup> the Gas PSO Act No.222 and fully abandoned the gas PSO price for producers, including for heat producers. The only possibility to be supplied by Naftogaz at the PSO gas price was left for the new distributed generation located in the front-line regions. The CMU clarified the eligibility criteria for such new distributed generation, focusing on genuinely new generation assets across all specified technologies, which commenced operation after 1 December 2025. While the PSO gas price for new units is kept at the previous level (19,000 UAH/m<sup>3</sup>), the PSO duration is shortened until 30 September 2026 (compared to the previous term, ending 1 December 2026).



<sup>61</sup> CMU Resolution No. 308 of 09.03.2026, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-polozhennia-pro-pokladennia-spetsialnykh-oboviazkiv-na-subiektiv-rynku-pryrodnoho-hazu-308-090326>

<sup>62</sup> CMU Resolution No.403 of 30.03.2026 - <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-polozhennia-pro-pokladennia-spetsialnykh-oboviazkiv-na-subiektiv-rynku-300326>

Overall, the amendments provide for the continuation of the PSO, save for those obligations explicitly terminated, extending their applicability until 30 September 2026.

The Secretariat was consulted by the Ministry of Energy on both draft amendments to the Gas PSO Act No.222 and provided its comments and recommendations, which were partly considered in the adopted acts. Overall, the Secretariat viewed the proposed amendments as a positive development, though it expressed concerns where the scope of the PSO was extended to either different supply or demand categories. The amendments related to gas to power producers simplified pricing structures and moved toward broader market liberalisation. At the same time, amendments should ensure the clarity, transparency, and predictability of the PSO provisions. The Secretariat highlights the need for proper financial and economic assessment, supplementing any amendments to the Resolution, to justify its objective.

The Secretariat also reiterated its position that Ukraine needs to adopt a roadmap for the liberalisation of energy markets and the phase-out of public supply obligations, as envisaged under the *Ukraine Plan* for reforming and phasing out the gas PSO. Such a roadmap should focus on the steps necessary to reform PSO, with the aim of gradually liberalising market prices after the lifting of martial law, and on the steps to be taken to implement a sustainable system of subsidising vulnerable consumers. So far, information on preparing the relevant roadmap is missing.

### *Follow-up*

On 10 April 2026, the Secretariat received from the Ministry of Energy another draft amendment to the Gas PSO Act No.222, expanding the scope of the PSO again by increasing the volume of natural gas subject to such obligations with the aim of safeguarding security of supply. The Secretariat called for a balanced and coordinated approach across energy sectors to achieve sound and competitive market conditions and highlighted that interventions in the gas market as compensation for the lack of necessary reforms in the electricity market cannot be a sustainable way towards market reform.

Moreover, the Secretariat emphasised that frequent amendments to the PSO framework may reduce market participants' predictability and create uncertainty that may negatively affect planning, investment decisions, and overall market development.

### On Electricity PSO

The Secretariat's long-standing concerns regarding the manifold problems in the electricity market stemming from the Procedure for imposition of Public Service Obligations on electricity market participants to ensure public interests in the functioning of the electricity market, approved by CMU Resolution No. 483 of 5 June 2019 (hereinafter, the HH PSO Act), remain

unresolved. The current design of the PSO mechanism continues to distort the electricity market and adversely affects the financial liquidity of the energy sector.

### *Follow-up*

On 14 April 2026, the NEURC submitted draft amendments to the HH PSO Act to the Secretariat for consultation. The draft proposed extending HH PSO until 31 October 2026 and made no other changes. Materials did not include an accompanying impact assessment for the extension.

The Secretariat encourages the development of a comprehensive plan to achieve full cost-reflectivity in household electricity prices, incorporating social and economic considerations specific to Ukraine's current context and the challenges in the Ukrainian power system. Secretariat reiterated its position that Ukraine needs to adopt a Roadmap for a gradual liberalisation of the electricity market, as envisaged under the Ukraine Plan, setting out key steps and an indicative timeline in reforming PSO to enable a gradual transition to market-based pricing, alongside measures to ensure effective protection of vulnerable customers.

The revised PSO mechanism should be in line with the Electricity Integration Package, including Articles 5 and 9 of Directive 2019/944, which provide basic principles to be met by Contracting Parties when applying public interventions in the price settings for the supply of electricity to energy-poor or vulnerable household customers, or temporarily to all household customers subject to relevant conditions. The legal background for this is partially constituted by the recently adopted amendments to the Electricity Market Law (Law No. 4834-IX).

Furthermore, the categories of consumers subject to support shall be revised to align with the requirements of Article 5 of the Electricity Directive (EU) 2019/944. In this context, the Secretariat emphasises the importance of developing and implementing clear criteria for identifying and supporting vulnerable and energy-poor consumers (as also envisaged by Law No.4834-IX). A well-targeted, evidence-based approach is essential to ensure that the State's support effectively reaches those most in need, while avoiding broad-based subsidies that risk perpetuating market distortions and weakening price signals. In this regard, the [Policy Guidelines of the Energy Community Secretariat](#) on identifying and addressing energy poverty in the Energy Community Contracting Parties (PG 02/2022 dated 29 August 2022) should be considered.

The Secretariat provided its detailed recommendations on the new design of PSO in the [Ukraine Energy Market Observatory Note 20/2023](#).

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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During the reporting period, two draft legislative proposals aiming to strengthen the independence and powers of the NEURC<sup>63</sup>, which were registered in December 2025, have been reviewed by several Verkhovna Rada Committees according to the parliamentary procedures. The opinion of the main responsible Committee of the Verkhovna Rada of Ukraine on Energy and Housing and Communal Services is still pending.

<sup>63</sup> Draft Law on Amendments to Certain Laws of Ukraine on Strengthening Guarantees for the Exercise of the Powers of the National Energy and Utilities Regulatory Commission (Draft Law No.14282) of 08.12.2025 and, alternative to it, Draft Law No.14282-1 of 22.12.2025

## IN FOCUS OF THIS REPORT

### LAW No.4777-IX

On 10 February 2026, the Verkhovna Rada of Ukraine adopted the Law No.4777-IX "On Amendments to Certain Legislative Acts of Ukraine on Improving the Functioning of Energy Markets, Competitive Conditions for the Production of Electricity from Alternative Energy Sources and Strengthening Energy Sustainability"<sup>64</sup>. Although the draft law initially focused on improved conditions for the development of electricity production from RES<sup>65</sup>, the final law (as adopted at the second reading) introduced amendments to several other laws across the electricity and natural gas markets, as well as in the areas of alternative fuels and the environment, etc.:

a) In the Law of Ukraine "On the Nature Reserve Fund of Ukraine"

Amended Section XII "Transitional Provisions" providing for the period of martial law and within one year from the date of its termination or cancellation, for a simplified procedure to change the boundaries, category and cancel the status of territories and objects of the nature reserve fund, located in the zone of alienation and the zone of unconditional (mandatory) resettlement, for the purpose of construction of transmission lines which are determined as a priority for the state.



The application shall be filed by the TSO in cooperation with relevant authorities and include justification for the need to change the boundaries, category and cancellation of the status of territories and objects of the nature reserve fund, information on the location, size, nature of use,

<sup>64</sup> <https://zakon.rada.gov.ua/laws/show/4777-20#Text>

<sup>65</sup> The initial draft law Reg. No. 13219 was assessed by the Secretariat under the [Ukraine Energy Market Observatory 3/25](#)

cartographic material showing the existing and design boundaries of territories and objects of the nature reserve fund, owners and users of natural resources. Submission of an expert environmental opinion (as required by Article 54 of the Law) is not required.

b) In the Law of Ukraine “On Alternative Fuels”:

Provisions of Law 4777-IX set a mandatory minimum content of liquid biofuel (biocomponents), which shall apply from July 1, 2026. It is defined as the content of liquid biofuel (biocomponents) in all volumes of automotive gasolines sold from wholesale fuel outlets, retail fuel outlets, in which the total bioethanol content is more than 7% by volume, provided that the mass fraction of oxygen does not exceed 3.7%<sup>66</sup>. The requirement applies to a business entity that carries out activities related to the marketing of motor gasoline. The law also extends the period of non-liability for non-compliance with the relevant mandatory minimum content of liquid biofuel until 1 July 2026.

c) In the Law of Ukraine “On Drinking Water and Drinking Water Supply”

For the period of martial law and for one year after its termination, the power to set tariffs for water supply was transferred from NEURC to local authorities. NEURC develops and approves licensing conditions for activities in centralised water supply and wastewater treatment, establishes procedures (methods) for setting tariffs for centralised water supply and wastewater treatment services, and conducts control checks to ensure the correctness of tariff setting. At the same time, licensing and tariffs setting will be performed by the local/municipal authorities. The relevant provision was induced by non-cost-reflective water supply tariffs that have not been reviewed by NEURC for several years due to political pressure during martial law.

d) In the Law of Ukraine “On Alternative Energy Sources”

Support for RES acquired through auctions for the allocation of support quotas for electricity producers from RES will be provided through the market premium mechanism.

The law also encourages the development of projects that combine electricity generation with storage. For such projects, a minimum share of the support quota is set at 10%. To be eligible, the capacity of such an energy storage facility must be at least 80% of the total installed capacity of solar generating facilities, and the battery capacity must be at least 2 kWh per kilowatt of the installed capacity of the said generating facilities. Auction conditions for such combined projects shall define the time intervals during which a business entity may acquire support, taking into account that support may not be granted under the market premium mechanism for two

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<sup>66</sup> except for gasolines with an octane rating of 98 and above and gasolines supplied for the needs of the Ministry of Defence of Ukraine, the central executive body implementing state policy in the field of state material reserves

consecutive hours between 10 a.m. and 4 p.m. The maximum bid price for combined projects is set at 12 EUR cents/kWh.

Type of the project	Share of renewable energy sources in the annual quota
Solar	Not less than 5%
Solar+storage	Not less than 10%
Wind	Not less than 5%
Other	Not less than 5%

The financial security for the construction of power facilities has been reduced from EUR 15 to EUR 10 per 1 kW of capacity allocated at the auction. The maximum share of the sum of annual and additional quota that may be allocated to the projects of a single beneficiary is set at 50%.

Law No.4777 also extends the auctions for the allocation of support quotas for electricity producers from RES until 2034.

Local authorities/municipalities are allowed to provide free-of-charge some works and design documentation for the connection of electric charging stations with a capacity of up to 200 kW. Financing relevant activities may be carried out from local budget funds.

In terms of GOs, the NEURC is empowered to recognise the GOs issued in the EU and Energy Community under the principle of reciprocity, namely, if a relevant country, the EU and Energy Community recognises the GOs issued in Ukraine. If the NEURC does not recognise a GOs issued by a Member State of the European Union and/or an Energy Community Contracting Party, it shall notify the European Commission and/or the Energy Community Secretariat of such refusal and provide the appropriate justification.

NEURC shall also develop the methodology for the calculation of the Residual Energy Mix to be used for disclosure of information to electricity consumers about energy sources in the overall balance structure of electricity purchased by the electricity supplier and/or generated at their own generating installations.

e) Law of Ukraine “On Heat Supply”

Defined that tariffs for heat supply, produced using alternative energy sources, for households and budget organisation shall be set at the level of tariffs for heat produced using gas or, at the choice of the producer, according to the methodology approved by CMU or NEURC, respectively.

If, within 30 days, the authorised body does not establish the tariff amount calculated in accordance with the law and doesn't provide a reasonable rejection, the tariff as calculated by the relevant producer is deemed to be set.

f) Law of Ukraine "On the Natural Gas Market"

Introduced the rules for determining the quality of natural gas, which shall be approved by the CMU upon submission by the Ministry of Energy. Such rules shall define quality standards, physical and chemical and other characteristics of natural gas permitted for transportation, distribution, pumped/withdrawn to/from underground gas storage facilities, liquefied and regasified by liquefied natural gas installations; requirements for the development of natural gas transportation routes by gas transportation/distribution systems; conditions for conducting the gas quality control procedure; rights and obligations of natural gas market entities to ensure compliance with the quality of natural gas standards and liability for non-compliance.

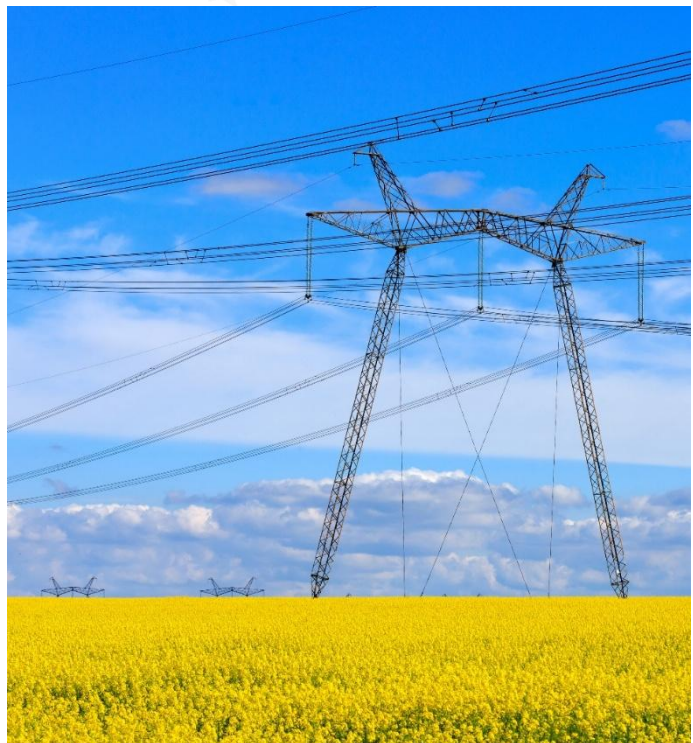
g) In the Law of Ukraine "On the Electricity Market"

Introduced a number of provisions related to grid connection, storage activity, cross-border congestion income, namely:

- Provisions allowing flexible connections to transmission and distribution networks as an alternative to network reconstruction or new construction where network capacity is insufficient to accommodate the new connection. The law defines the condition of flexible connection that includes limiting the permitted capacity, as well as measures to control those limitations.
- The permitted capacity for a flexible connection may be partially guaranteed (available for use at any time) and provided on a temporary or permanent basis. If a flexible connection is made on a temporary basis until the network capacity is increased, the expected date of providing access to all capacity ordered for connection on a permanent basis shall be determined in accordance with the TYNDP or distribution system development plan approved by the NEURC. Other conditions are to be defined by the relevant system codes.
- Allowed to share one connection point also for energy storage and customers, in addition to the previous provision, which allowed this only for producers (so-called "cable pooling"). This does not apply to RES producers under support schemes if the shared connection leads to an increase in their installed capacity. The law does not define the models of relationships behind the connection point, including in terms of customer protection, leaving this for secondary legislation to be adopted by NEURC.
- Extended the possibility for electricity producers from RES to supply related consumers. Producers of electricity from biomass and biofuel may supply their related consumption

units located on remote sites crossed by railways or roads through the internal power grid. For other RES, such supply is allowed only for consumption units located on the same site as the producer or on land sites adjacent to the producer. Such consumption shall be accounted as self-consumption of the RES producer in relations with the GB, etc. Under the law, an internal network connecting the RES producer and the related demand does not constitute a direct line, thereby exempting the relevant scheme from the requirements for direct lines set out in Article 7 of Directive 2019/944. Such supply is not considered a supply activity to the final customer and may be performed by an electricity producer from RES without the relevant supply licence.<sup>67</sup>

- Sets the threshold of 5MW of installed capacity at one site for a storage facility to be licensed. Before, the threshold for licensing storage operators was set by the NEURC in licensing conditions and was based on the total installed capacity of all storage facilities of the storage operator, capped at a minimum of 150kW to require a license.
- Storage operator may install production units at their sites without obtaining a licence for production if the total injection/withdrawal capacity does not exceed the allowed capacity. The law, however, does not consider the conditions and requirements for production activities that may create disproportionate requirements in favour of production units under the storage licence.
- Storage operators are permitted to sell electricity to consumers who share the same connection point with the transmission or distribution grid, under the sale-purchase agreements, without requiring a license for electricity supply to consumers. However, the law does not classify such sale-purchase agreements as either bilateral contracts or supply contracts, leaving them outside the established regulatory framework, creating



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<sup>67</sup> Article 25(5) and 25(6) of the Law "On the electricity market"

uncertainty regarding key issues such as balance responsibility, consumer's right to switch suppliers, and other consumer-related matters.

- The law regulates the application of network charges for storage facilities, which are installed at the producer's site and withdraw energy from the transmission or distribution grid. The relevant producer shall pay the transmission service tariff, dispatch service tariff, and distribution service tariff, as defined by the relevant system code, for the net monthly volume of withdrawn and injected energy by such storage facility from/to the grid. Thus, the net-metering approach in network tariffs, applied for storage, is now extended to hybrid installations.
- Defines the periods when the USSs and GB are obliged to buy solar energy produced by households and electricity producers from RES, respectively, at "green" tariff, only between 4:00 AM and 11:00 PM from 1 April to 31 October, and between 6:00 AM and 9:00 PM from 1 November to 31 March (except for electricity released from an energy storage facility). Electricity produced by RES producers outside these hours shall be bought by the GB at the price of positive imbalance.
- GB shall buy electricity produced from RES, including from their storage facilities, if they are charged by electricity produced from RES for further injection into the grid.
- Regarding electricity producers from RES located in the temporarily occupied territories, TSO shall form and update the registry of such producers based on the decision of the special commission, established by the Ministry of Energy, with the involvement of relevant authorities and system operators. The list shall be published on the TSO's website, indicating the date and time at which the relevant RES unit stopped/resumed injecting into the Ukrainian-controlled part of the unified energy system of Ukraine. GB and other market participants shall not buy electricity produced by such producers from RES until renewal of the supply of electricity to the controlled part of the unified energy system of Ukraine. Electricity producers from RES located in the occupied territories shall repay the costs they received for periods when injection was not into the controlled part of the unified energy system of Ukraine.
- Distributed generation is released from the obligation to sell electricity under bilateral contracts in auctions, ruled according to the CMU procedure (Art. 66 of the Electricity Market Law). Thus, distributed generation may enter bilateral contracts over the counter rather than through organised auctions.
- Traders are released from the obligation to sell 10% of imported electricity in DAM until 1 April 2026. The derogation is to support electricity import from the EU but is undermined by its temporary nature.

- Provisions of Article 43 of the Electricity Market Law regarding the use of congestion revenue from cross-border capacity allocation are terminated for 2025. Thus, most of the funds received by the TSO from the allocation of cross-border capacity in the period from 1 January 2025, to 31 December 2025 shall be used for purposes other than defined by Article 19 of Regulation 2019/943. Namely, the law provides the following purposes:
  - 10% - for the investments in the cross-border infrastructure;
  - 40% - for the settling of debts on the balancing market (proportionally to debts). Relevant TPP and CHP producers are obliged to use these costs to repair their capacities and purchase relevant fuel (e.g., gas or coal);
  - 40% - for the settlement of debts towards GB under RES PSO;
  - 10% - for the settlement of debts towards USSs for purchased “green” electricity under RES PSO.
- Prolonged the period during which CMU appoint the Supplier of Last Resort in electricity without the tender until 31 December 2029. Similarly, the requirement to conduct the tender for the USS activity is prolonged to 1 July 2028. It shall be noted that the relevant tenders, envisaged by Articles 63 and 64 of the Electricity Market Law, have never been conducted since the adoption of the relevant law.

h) Law of Ukraine “On Energy Efficiency”

Energy services, which are provided under the energy service agreements to regulated companies, are eligible for cost recognition under the relevant tariffs in the amount that does not exceed the amount of savings in energy costs as a result of the implementation of energy efficiency measures, as well as alternative energy projects and energy storage facilities.

## ANNEX: ENERGY OUTLOOK

This Annex highlights noticeable events and publications related to Ukraine's energy markets in the first quarter of 2026:

January 2026	Reference
Ministry of Energy: Published for public consultations the draft Law of Ukraine "On Amendments to the Law of Ukraine "On Ensuring Commercial Metering of Natural Gas", which revises the deadlines for installing natural gas meters for households, who use gas only for cooking, until seven years after the termination of martial law.	<a href="#">Link</a>
Ministry of Energy: 2025: abandoning Russian gas, diversifying supply sources and routes, and international assistance	<a href="#">Link</a>
Ministry of energy: 2025 in the energy sector: international partnership and assistance	<a href="#">Link</a>
Ministry of Energy: 2025 in the energy sector of Ukraine: development of distributed generation	<a href="#">Link</a>
EBRD provides Ukraine with a €75 million loan for the modernisation and rehabilitation of hydroelectric power plants	<a href="#">Link</a>
Restoration, sustainability, modernisation – Denys Shmyhal announced priorities at the head of the Ministry of Energy	<a href="#">Link</a>
Ministry of Energy: G7+ countries confirmed readiness to accelerate assistance to Ukraine's energy sector	<a href="#">Link</a>
In January, the maximum capacity of electricity import from the EU to Ukraine and Moldova increased to 2,450 MW	<a href="#">Link</a>
Investing in the future of energy: leading companies in the industry join efforts to train new specialists	<a href="#">Link</a>
Naftogaz increases electricity imports from Europe to stabilise the energy system	<a href="#">Link</a>
Ukraine and Poland held consultations on the construction of Khmelnytska NPP Units 5 and 6	<a href="#">Link</a>
DTEK: Energy is the new frontline of security: Lessons from Ukraine's battle-	<a href="#">Link</a>

tested system	
CMU elected the candidates of the winners of the competitive selection for the positions of members of the Supervisory Board of the Joint Stock Company "National Atomic Energy Generating Company "Energoatom"	<a href="#">Link</a>
2025: Annual report on the operation of the Ukrainian Electricity Spot market	<a href="#">Link</a>
JANUARY 2026: BASE ELECTRICITY PRICE INDEX ON DAM IS 8,253.26 UAH/MWh. The electricity price index for the BASE period on the Ukrainian DAM in January 2026 is 8,253.26 UAH/MWh. The weighted average price of electricity purchase and sale on the DAM for this period is 8,381.08 UAH/MWh, and the weighted average price in IDM is 8,692.26 UAH/MWh.	<a href="#">Link</a>
UEEX: Results of energy and electricity trading on the UEEX in January 2026	<a href="#">Link</a>
Guaranteed Buyer: INFORMATION ON SETTLEMENTS WITH RENEWABLE ENERGIES AS OF DECEMBER 31, 2025	<a href="#">Link</a>
Green Deal Ukraine: Electricity and gas supply in Ukraine: Winter 2025/26. Update January 2026	<a href="#">Link</a>
DIXIGROUP: Weekly electricity imports to Ukraine reached the highest level in a year and a half	<a href="#">Link</a>
DIXIGROUP: Monitoring implementation of the IMF program and EU assistance (January 2025)	<a href="#">Link</a>
<b>February 2026</b>	
The Ministry of Energy and the European Commission continue to coordinate efforts to accelerate Ukraine's European integration	<a href="#">Link</a>
Ministers of Energy of Romania and Ukraine discussed key energy and cross-border infrastructure initiatives between Ukraine and Romania	<a href="#">Link</a>
The Ministry of Energy and the Secretariat of the Energy Community will form a list of urgent needs of energy professionals to mobilise foreign aid	<a href="#">Link</a>
Ukraine initiates the establishment of the Energy Task Force – a unified coordination architecture on energy security issues	<a href="#">Link</a>
1.4 GW of gas-fired generation has been commissioned in Ukraine since the start of the full-scale invasion	<a href="#">Link</a>

The country's energy sustainability: how distributed generation is growing in the regions	<a href="#">Link</a>
The Ministry of Energy and the World Bank have begun work on the Long-Term Energy Strategy of Ukraine	<a href="#">Link</a>
Ukraine will receive over 600 million euros for energy and decommissioned equipment from 6 European CHPs and TPPs	<a href="#">Link</a>
Ukraine will need \$90.6 billion to restore and modernise the energy sector	<a href="#">Link</a>
Polish and Ukrainian Gas Transmission System Operators Strengthen Regional Cooperation	<a href="#">Link</a>
Ukraine received the first shipment of American LNG in 2026	<a href="#">Link</a>
Nataliya Boyko has been appointed Acting General Director of the Gas TSO of Ukraine	<a href="#">Link</a>
FEBRUARY 2026: BASE ELECTRICITY PRICE INDEX ON DAM IS 9,785.72 UAH/MWh. The electricity price index for the BASE period on the DAM of Ukraine in February 2026 is 9,785.72 UAH/MWh. The weighted average price of electricity purchase and sale on the DAM for this period is 10,048.28 UAH/MWh, and the weighted average price of accepted electricity on the intraday market is 10,282.29 UAH/MWh.	<a href="#">Link</a>
UEEX: Natural gas trading results in February 2026	<a href="#">Link</a>
Guaranteed Buyer: State of payment with RES producers, as of 28 February 2026	<a href="#">Link</a>
Naftogaz Signs €85 Million Grant Agreement with EBRD for Imported Gas	<a href="#">Link</a>
DTEK thermal power stations across multiple Ukrainian regions came under attack on 7th February, marking the tenth large-scale assault on the company's facilities since October as Russia intensifies its campaign against Ukraine's energy infrastructure	<a href="#">Link</a>
DIXIGROUP: Weekly electricity imports to Ukraine reached a historic maximum	<a href="#">Link</a>
DIXIGROUP: Monitoring implementation of the IMF program and EU assistance (February 2026)	<a href="#">Link</a>
Ukraine's power system will require approximately 9,5 GW of new generation	<a href="#">Link</a>

capacity in the near future	
OGTSU presents Ukraine's hydrogen initiatives at the CEE Hydrogen Summit	<a href="#">Link</a>
In 2025, Russia carried out 229 attacks on Naftogaz Group facilities	<a href="#">Link</a>
<b>March 2026</b>	
CMU elected the candidates of the winners of the competitive selection for the positions of members of the Supervisory Board of the Joint Stock Company "National Joint Stock Company "Naftogaz of Ukraine"	<a href="#">Link</a>
In February, energy companies restored power to over 3.1 million consumers	<a href="#">Link</a>
Denys Shmyhal: Ukraine has gone through the most difficult winter in the history of its independence	<a href="#">Link</a>
Four years of integration: the Ukrainian and European power systems synchronised on 16 March 2022	<a href="#">Link</a>
Ukraine and Austria will develop cooperation in the field of renewable hydrogen	<a href="#">Link</a>
The German-Ukrainian Energy Day was held in Kyiv	<a href="#">Link</a>
Denys Shmyhal presented key lessons from the functioning of Ukraine's energy system during the war in Brussels	<a href="#">Link</a>
Ukraine has signed a number of agreements with American companies to deepen cooperation in the energy sector	<a href="#">Link</a>
Slovak System Operator (SEPS) sent Ukrenergo an official letter terminating the Mutual Emergency Assistance Agreement	<a href="#">Link</a>
Supervisory Board of the GTSOU reviewed the annual report and updated the composition of the Directorate	<a href="#">Link</a>
GTSOU presented the capabilities of Ukraine's GTS in strengthening Europe's energy security at a forum in Belgium	<a href="#">Link</a>
Agreement between TSOs and the European Commission on the Vertical Corridor	<a href="#">Link</a>
MARCH 2026: BASE ELECTRICITY PRICE INDEX ON DAM IS 7,074.76 UAH/MWh. The electricity price index for the BASE period on the DAM of Ukraine	<a href="#">Link</a>

in March 2026 is 7,074.76 UAH/MWh, which is 27.70% less than in February. The weighted average purchase and sale price of electricity on the DAM for this period is 7,359.65 UAH/MWh, and the weighted average price of accepted electricity on the IDM is 6,684.63 UAH/MWh.	
New Danish-backed alliance launched to support training for rebuilding Ukraine's energy sector	<a href="#">Link</a>
Green Deal Ukraine: Only ~13 GW of Ukraine's power generation capacity remains fully operational as of late January 2026.	<a href="#">Link</a>
DIXIGROUP: Use of energy resources by Ukrainian enterprises in 2025 was up to 55% lower than before the full-scale war	<a href="#">Link</a>
DIXIGROUP: Ukraine resumes electricity exports at minimal volumes, imports down by 30%	<a href="#">Link</a>
DIXIGROUP: Ukrainians' debt for heating and hot water exceeds UAH 35 billion	<a href="#">Link</a>
DIXIGROUP: Holding the Grid- Ukraine's Energy Resilience Playbook	<a href="#">Link</a>
DIXIGROUP: Monitoring implementation of the IMF program and EU assistance (March 2026)	<a href="#">Link</a>



Energy Community Secretariat  
Am Hof 4, Level 5, 1010 Vienna, Austria

**energy-community.org**  
info@energy-community.org  
0043 (0)1 535 2222

