The key objective of the Energy Community Treaty is to harmonise and integrate the energy markets in Ukraine with those of the EU.

- The country has started the process of energy market reform in 2017.
- Starting from 2019 electricity generation, distribution and supply are being unbundled and the markets for energy supply liberalised.

**Current Electricity Market Structure (until mid-2019)**

- Nuclear power plants 54%
- Thermal power plants (incl. CHPPs) 36%
- Hydropower 8%
- Renewable energy 2%

**Milestones in Energy Market Reform**

- 2018: Full scale gas auction implementation
- 2019: New model of Energy market
- 2020: Free coal market
- 2021: Unbundling in gas sector
- 2023: Synchronization with ENTSO-E
- 2025: Compliance with EU environmental requirements on SOx and dust
- 2029: Emissions trading system (Possible start date of work)
- 2030: Target share of RES to reach up to 30%
- 2035: Full compliance with EU environmental NOx requirements
Decarbonisation in Ukraine: Taxation or Emissions Trading?

Ratification by Ukraine

- In accordance with the provisions of the Paris Climate Agreement, each party independently determines quantified emission reduction commitments in the form of Nationally Determined Contributions (NDCs) revised every five years to set more ambitious targets. At present, the NDC of Ukraine (being the process of updating) is not to exceed 60% of the level of GHG emissions in 1990.
- Within the framework of the Association Agreement, Ukraine is obliged to implement Emissions Trading Scheme (ETS) aimed at reducing greenhouse gas emissions. ETS provides for trading/allocation of GHG emission allowances at the national level among major emitting parties in the market.

Road map for the adoption of regulatory acts on ETS (expert assessment):
- 2023 – 3-year testing procedures for monitoring and reporting. Data collection for the configuration of the future ETS
- 2024 – adoption of the Law of Ukraine On the Functioning of the ETS and the corresponding by-laws
- 2025 – launch of ETS in Ukraine

Dynamics of GHG emissions in Ukraine, million t CO₂ equivalent

- In 2018 the Strategy for low carbon development of Ukraine through to 2050 was adopted, which provides for a significant reduction of GHG emissions due to the reduction of electricity generation with the use of traditional energy resources.

Ukraine has a tax on CO₂ emissions. Companies participating in the ETS are exempt from carbon tax. In November of 2018 amending the Tax Code of Ukraine, the carbon tax has significantly increased since 2019.

Source: UKRAINE’S GREENHOUSE GAS INVENTORY 1990-2016, Annual National Inventory Report

* LULUCF – Land-Use, Land-Use Change and Forestry

In 2018 the carbon tax has significantly increased since 2019.
In 2018 DTEK approved Environmental Strategy aimed at reducing the environmental impact of DTEK enterprises.

- DTEK is a leader in upgrading of power units in Ukraine.
- DTEK has upgraded 21 power units, while only 3 power units have been upgraded in Ukraine.

94% of all enterprises that have upgraded the equipment are owned by DTEK.

DTEK is the largest producer of renewable energy in Ukraine.

DTEK promotes the use of electric vehicles and owns the largest fleet of electric vehicles in Ukraine.