



National Commission for State Energy and Public
Utilities Regulation, Ukraine

36th ECRB Meeting

The latest regulatory developments in Ukraine

Mr. Valerii Tsaplin

Director
Department for Strategic Development and Planning
NEURC, Ukraine

19/04/2017

Implementation of 3-d energy package in Electricity

- 22/09/2016 - Parliament of Ukraine adopted the Law of Ukraine "On the National Energy and Utilities Regulatory Commission of Ukraine" and it came into force since Nov 26.
- 13/04/2017 – Parliament of Ukraine adopted the Electricity Market Law
- Both Laws are to implement provisions of the 3-d Energy Package in electricity into Ukrainian energy legislation
- Electricity Market Law was drafted with the support of Energy Community Secretariat, EU institutions and IFI
- Implementation of the Law will require full revision of existing secondary legislation, adoption of up to 70 legal acts

Main provisions of the Law

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

Connection Fees

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

Natural gas sector

In accordance with the requirements of the Natural Gas Market Law:

- License conditions for gas transmission and storage, distribution and supply activities were adopted by regulator and came into force.
- The NEURC's Regulation on introduction of energy units for measuring natural gas consumption (in kWh) instead of volumetric units (in m³) came into force. This Regulation foresees 2 stages:
 - Parallel use in consumer's bills energy units (kWh) as well as volumetric units (cubic meters) just for information of consumers.
 - Full implementation of energy units in tariff setting and paying for gas consumed (planned for 2018).

.

New gas distribution tariffs

- The new approach to DSOs' tariffs calculation was implemented. DSO tariff consists of 100% capacity charge (according to size of gas meter).
- Starting from the 1st of April the payments for household's natural gas consumption was separated into 2 bills: bill for distribution service (includes also the transmission service) and bill for natural gas.

Thank you for attention!