



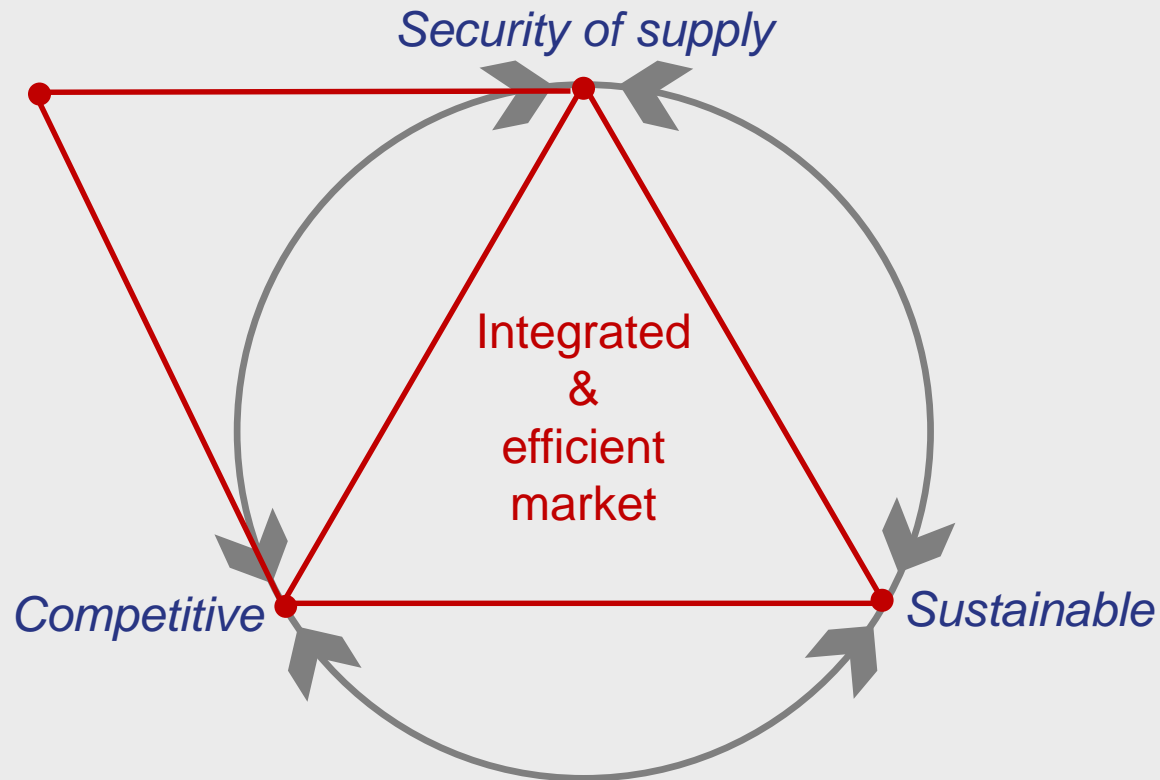
*A step towards the European
internal market*

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Athens Forum, 7 June 2018*

The common ground!

... + affordable



Main pillars of an efficient market

ITC
mechanism

xxx

Cross-border
mechanisms

xxx

Common capacity
allocation

National market
design

Background: Ukraine

- Ukraine is a full member of the Energy Community
- 3rd Energy Package is applicable
- Requirements regarding cross-border trading apply (non-discriminatory access, abolish import/transit/export fees, etc.)
- **Interconnections:**
 - “Burstyn Island”: part of Ukrainian electric system synchronously connected to the system of Continental Europe (ENTSO-E)
 - The other part of Ukrainian system is not connected to ENTSO-E (this part connected with Moldovan system + Russia and Belarus)

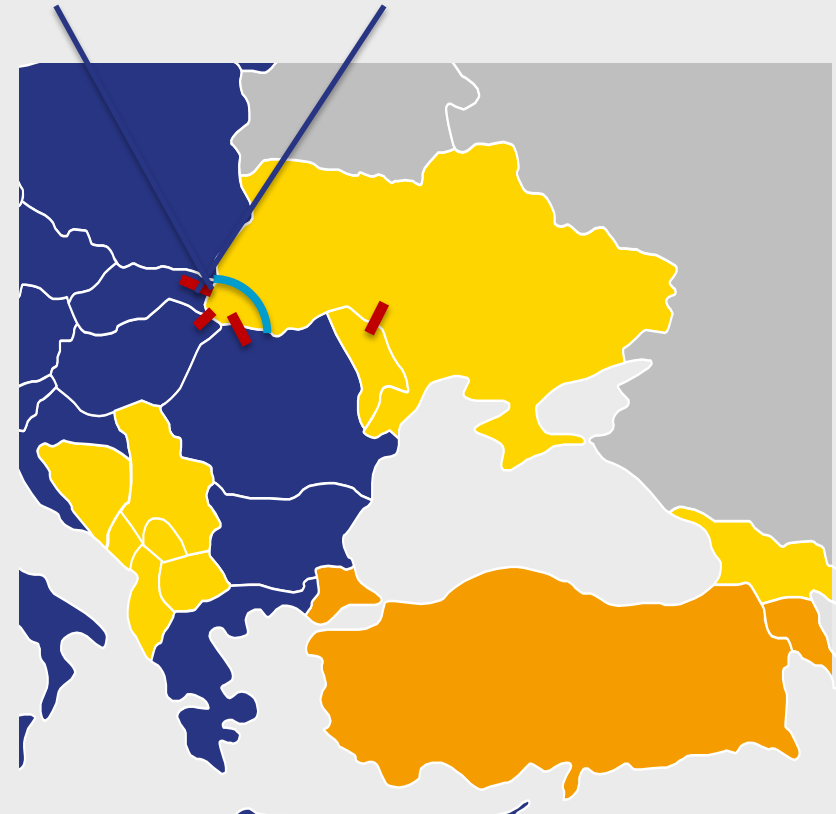


Cross border allocation – existing

- Current cross-border allocation
 - Unbundled/unilateral capacity allocation: 2 parallel allocation for same flow (exit-entry)
 - Not coordinated
 - Participants get one side and then find the party that has been allocated the other side
 - Two congestion fees based on separate auctions
 - Even worst on UA-MO border

Auction by
SEPS/...

Auction by
UKRENERGO



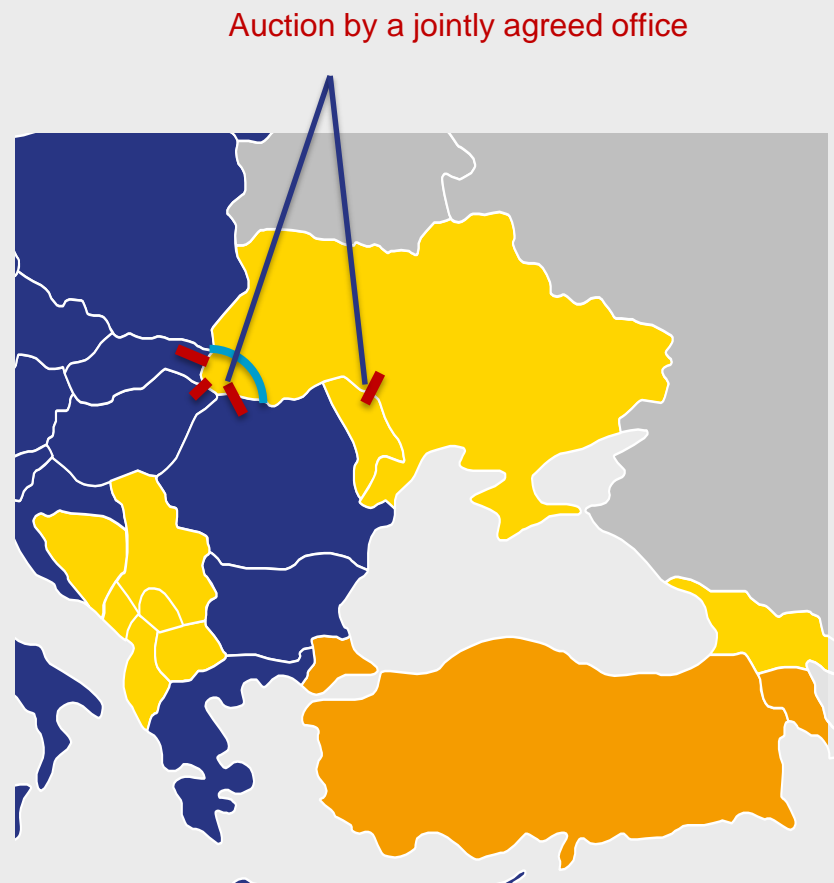
Cross border allocation – progress

- Early 2018 TSOs bordering Bursthyn Island initiated to the process for implementation of common auction
- Ukrenergo initiative / preliminary decision:
- Ukrenergo to preform daily auctions on all borders (including forward for SK-UA)
- Yearly and Monthly the other TSOs

Not fully coordinated but a good step forward

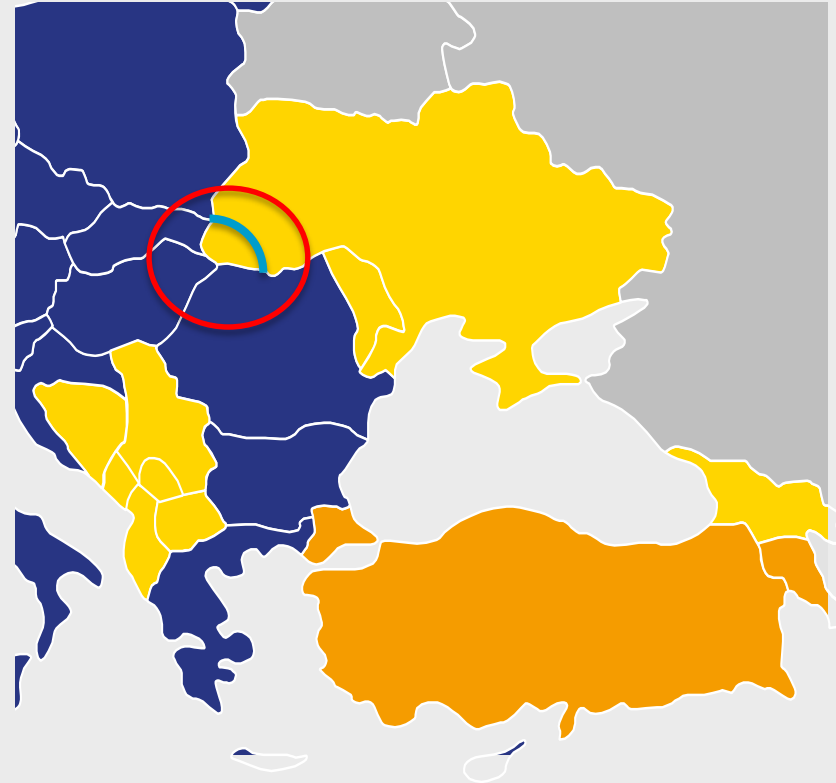
Aim and 2019

Perspective through a coordinated AO



ITC mechanism – existing

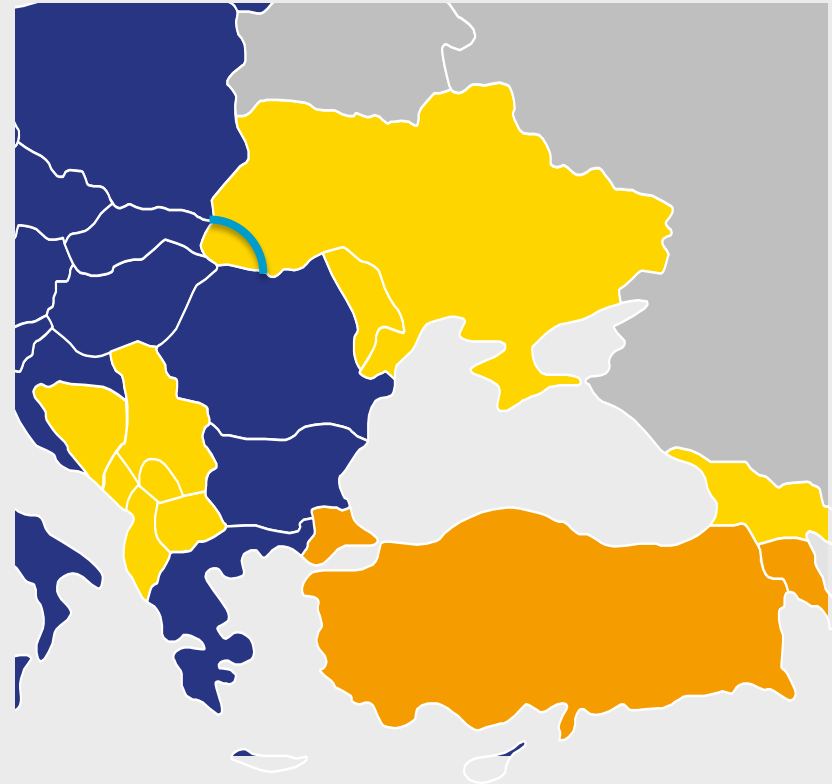
- Currently transit cross-border fee applies for each commercial flow on UA-SK/HU/RO
 - Paid by market participants to both TSOs on each side of the border
- Legal basis regarding the ITC implementation
 - EnC Law: Articles 13,14 and 18 of the Regulation 714/2009, and Regulation 838/2010
 - UA national Energy Law: Article 6 (3), Article 6 (10) and Article 33 (3.14)
 - ITC requirements can only be implemented in the Bursthyn Island



ITC mechanism – progress

- Summer 2017 initiated discussions with ENSTO-E and Ukrenergo
 - Exchange of data
 - Review of contracts by Ukrenergo
 - Formal request submitted by Ukrenergo to ENTSO-E
 - Support letter by ECS
 - Discussed at Market Committee of ENTSO-E. A decision is expected by ENTSO-E General Assembly end of June.

Aim as of 1 Jan 2019



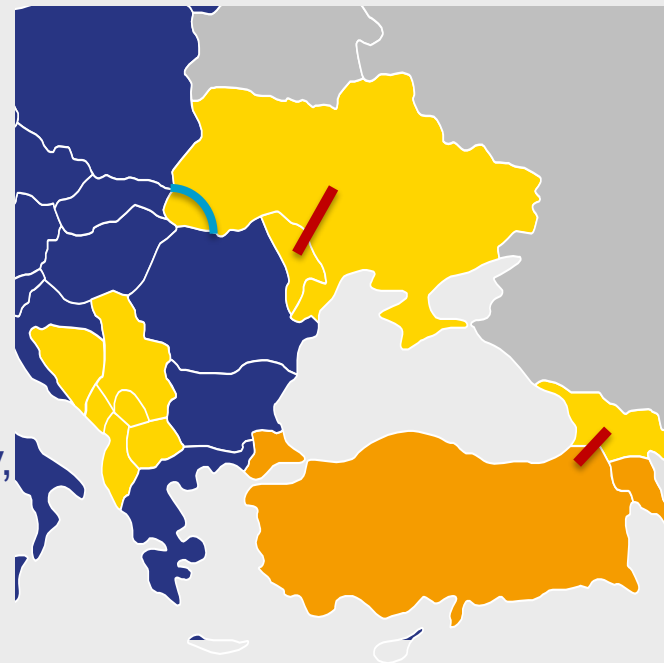
Moldova

- Expectation to have a joint allocation on the border with UA (which is their only electrical border)
- Discussion on using Ukrenergo auction office services

Perspective SEE CAO

Georgia

- The only link with European markets is through Turkey, by joining SEE CAO
- Unfortunately not successful so far!



- Integration into ITC and common auctions are two important steps
 - But ... real efficiency comes only after implementation of reforms on national market (both pillars)
- Participation into the first cross-border mechanisms
- **From this point of view a significant milestone could be achieved in 2019**



A step towards in the European internal market

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and intersect across the globe, representing a global energy network.

Thank you!

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