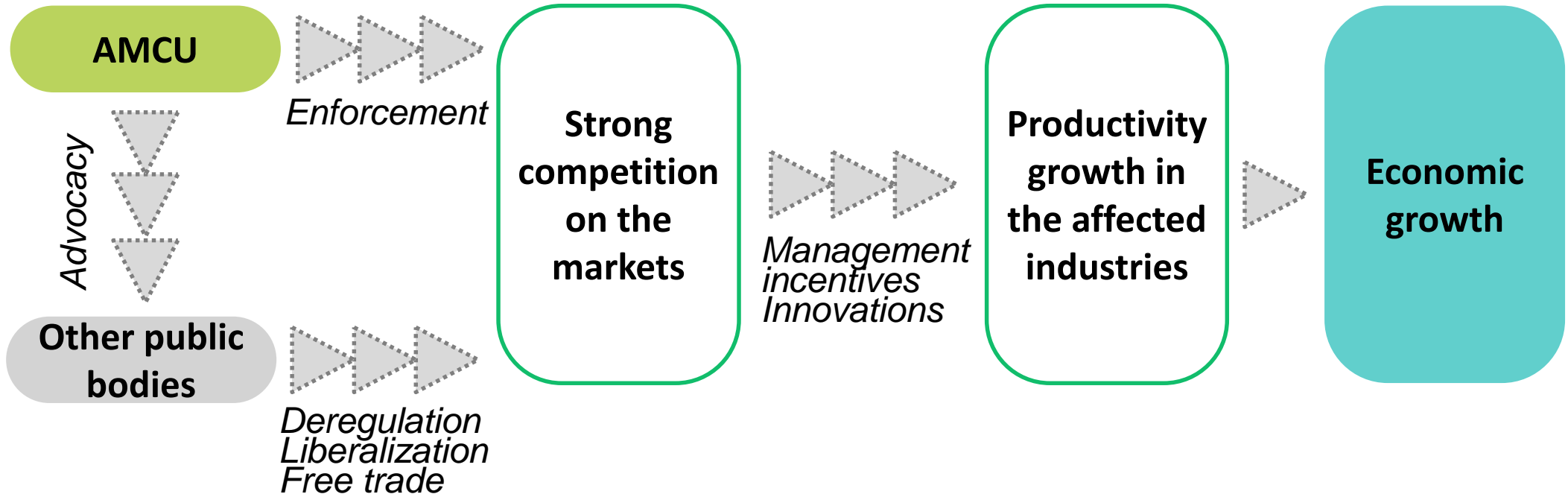




Avoiding market distorting by the incumbents

***Mariya Nizhnik,
First deputy Head,
Antimonopoly
Committee of Ukraine***

Impact of Competition Law and Policy



MAIN COMPONENTS:

Public policy:

- fair competition development;
- "level playing field" establishment

Effective market regulation:

- institutionally capable regulator;
- regulation for sustainable development of market and competition

Effective system of competition protection:

competition law and institutions that protect "level playing field"

Electricity market research: advocacy



Main goals of the work undertaken:

1

assess the state of competition on exhaustive list of electricity markets

2

determine main barriers

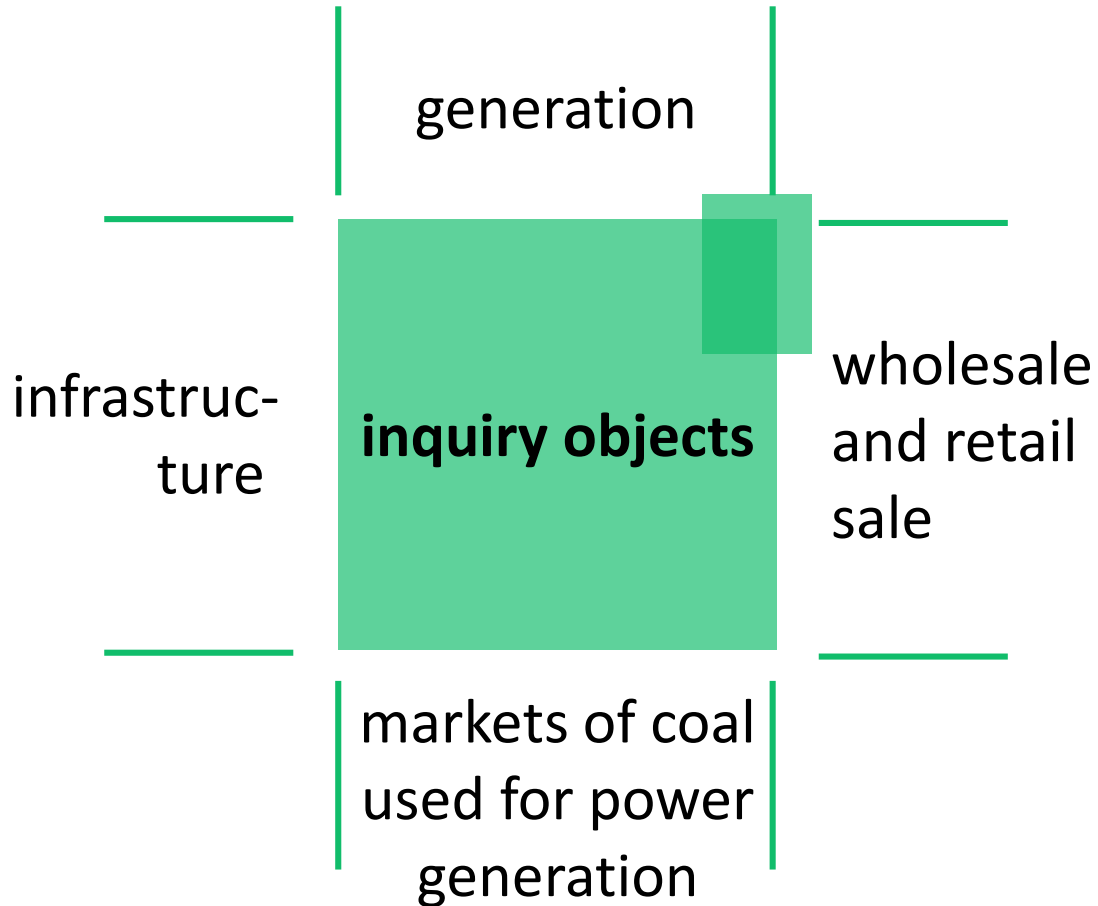
3

draft proposals focused on barriers elimination

4

- create optimum conditions for the implementation of the EU Third Energy Package;
- establish full-scale electricity market in Ukraine

Sectors involved and product analyzed



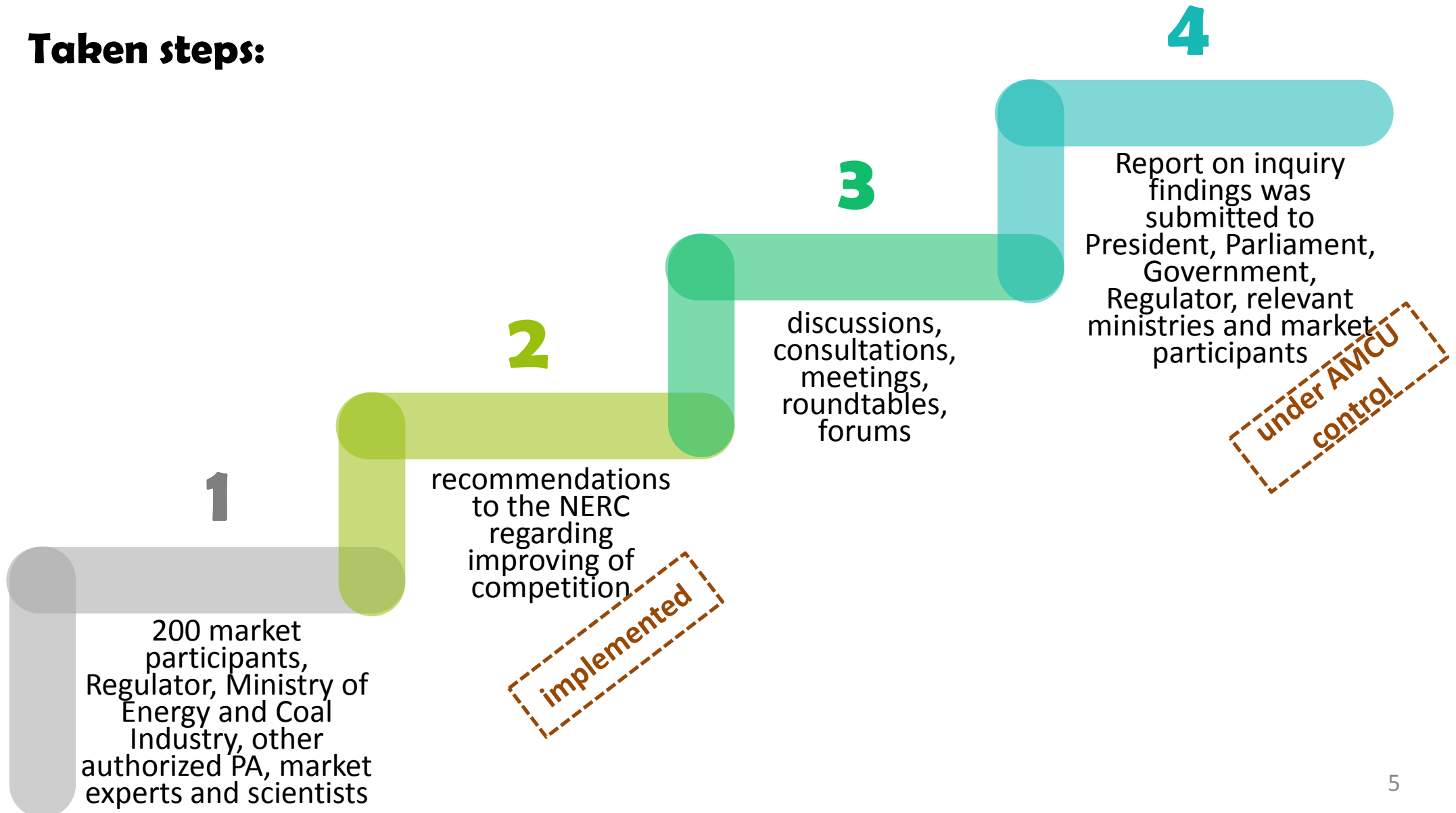
State aid



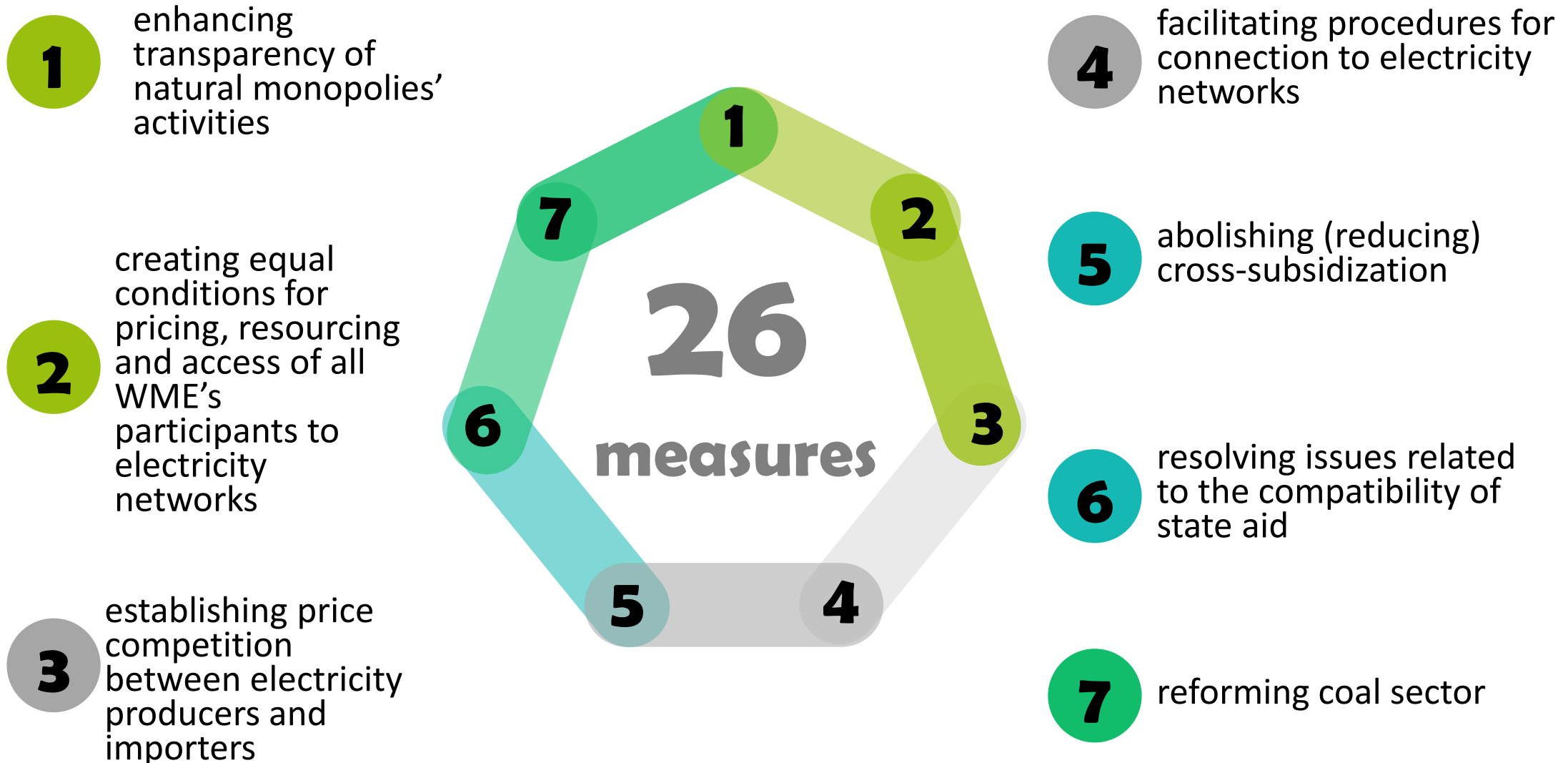
Sectors involved and product analyzed



Taken steps:



Main messages and recommendations





6 months

objective forecasted wholesale market pricing for electricity and tariffs for thermal power stations (TPS);

obviated TPS prices for electricity;

equal pricing conditions for TPS;

system of market indicators for coal costs;

SE “NNEGC “Energoatom”: haven't influence on compiling electricity forecast balance and squeeze competitors;

preconditions for establishment of a new model of competition environment in the market were set up

EU Third Energy Package: reform and implementation



22.09.2016
Law "On Energy and utilities
the national regulatory commission"



ACCEPTED

13.04.2017
Law "On Electricity Market"



ACCEPTED

09.04.2015
Law "On natural gas market"



WAS ACCEPTED

BUT IT IS COMPETITIVE ONLY IN PART

Factors that hinder competition development:

- ineffective mechanism of subsidy compensation for market participants - barriers for new players;
- special responsibilities for exclusive circle of entities, absence of criteria for involvement of other entities to carry out such duties;
- pivotal supplier receives benefits in the form of tax exemptions on import - provides competitive advantage in price;
- corporate relations between pivotal supplier and entities operating in related markets

Dominant position on distribution market, negative effect on supply market



**PJSC
Kyivenergo**



**OJSC
Cherkasygas**

- dominant company on distribution market;
- active market player on supply market (gas/electricity);
 - abuse of dominant position on distribution market:
onerous/unreasonable contact conditions;
- negative effect on supply market: barriers for independent suppliers - no choice for customers.

Dominant position on distribution market, negative effect on supply market



**OJSC
Zaporizhyaoblenergo**



- Dominant company on distribution market. Grid owner and operator. No alternatives.
- Refusal of application for the grid connection filed by renewable energy market player.
- Negative effect on generation market.



ANTIMONOPOLY COMMITTEE OF UKRAINE

Thank you