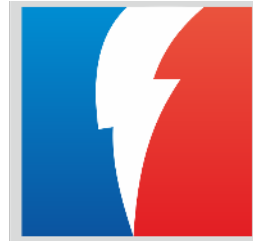


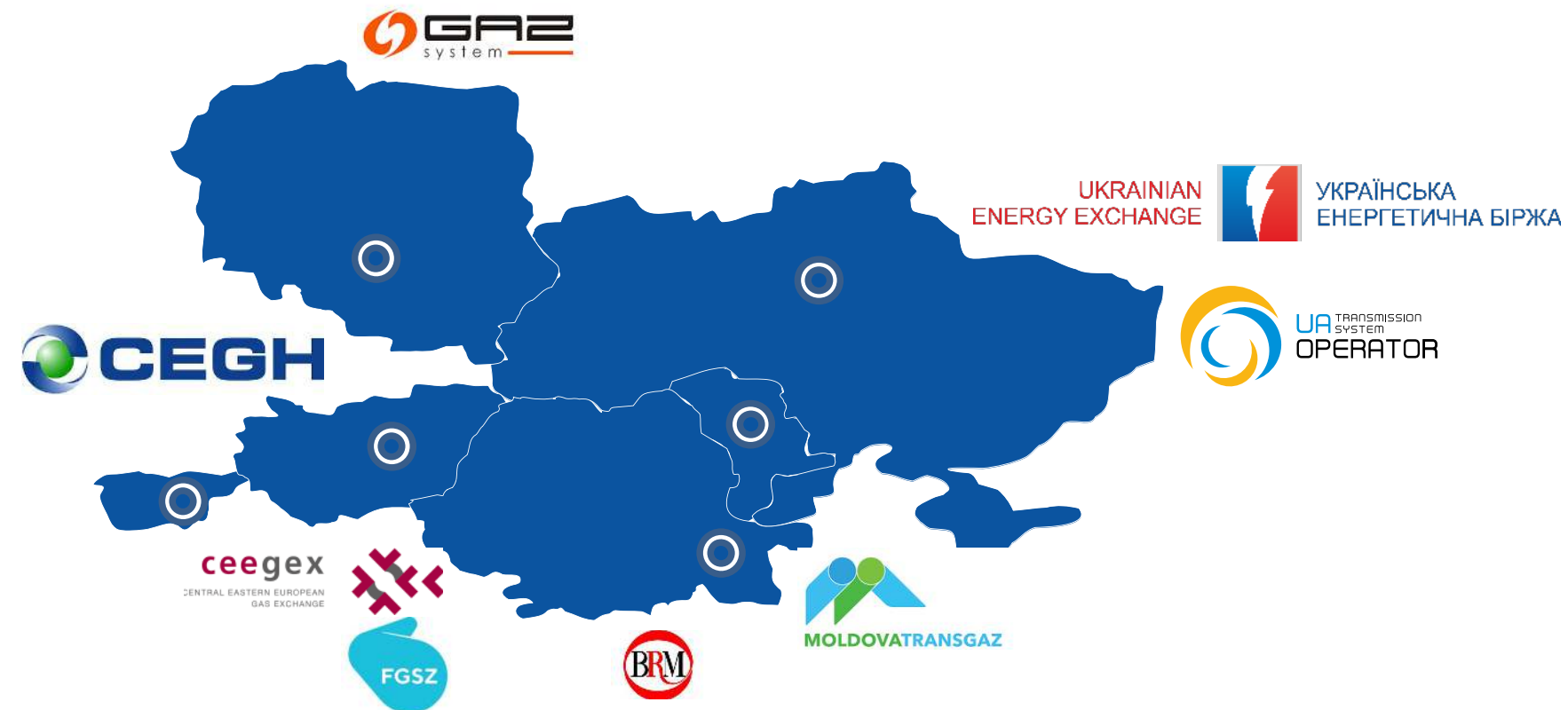
UKRAINIAN
ENERGY EXCHANGE



УКРАЇНСЬКА
ЕНЕРГЕТИЧНА БІРЖА

ENERGY TRADE IN UKRAINE

prospects for expanding horizons



1st SEEGAS Joint-Steering Committee Meeting

September 16-17, 2021,
Vienna, Austria

WE ARE CREATING A MARKET

WE REPRESENT THE MARKET



11 years of activity
11 market segments

FOR THE LAST 5 YEARS:

280+

billion UAH
of trading volume

50+

thousands
of concluded agreements

3000+

participating
companies

UEEX -

- the first and only NSSMC licensed commodity exchange in Ukraine
 - ✓ License for activities on the organization of trade in products on commodity exchanges
 - ✓ License for clearing activities to determine liabilities
- operates the electricity market in the segment of bilateral contracts
- operator of the trading platform on the within-day gas market and the day-ahead market
- trades in all types of energy resources
- is the official and main source of market prices in Ukraine

Electricity
BCM
66,6%

from the free market

Gas
20,5%

LPG
35,0%

from production

Oil products
15,1%

from production

Oil and Gas
condensate
73,2%

from production

Untreated timber
and lumber
85,0%

from production since July 2021

Coal products

Fertilizers

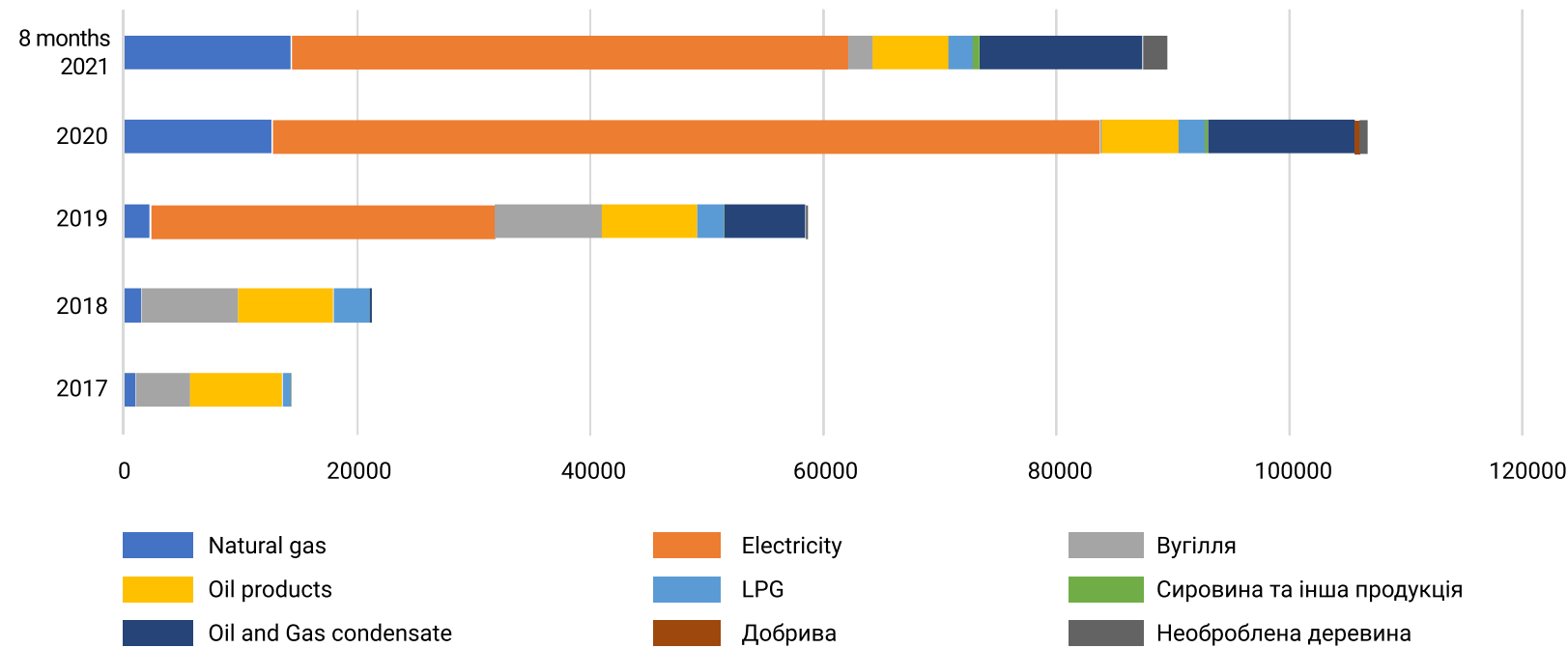
Raw materials and
other products

Tax lien

Prozorro.Sale

TRANSPARENT AND COMPETITIVE MARKET IN NUMBERS

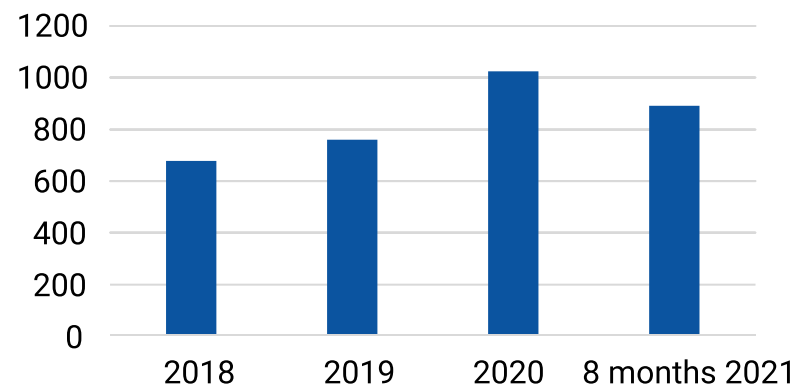
Volumes of trades by directions, UAH million



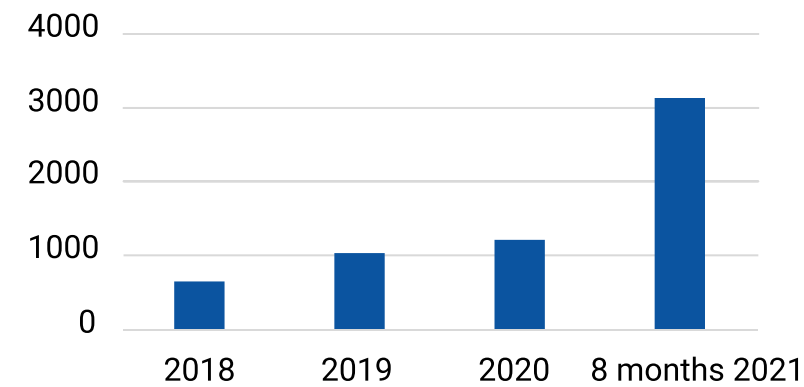
	2019	2020	2021 8 months	
Electricity (without PSO)	5,29	43,5	31,54	million MWh
Natural gas	0,39	2,51	1,64	billion cubic m
Oil products	306	369	241,09	thou tons
LPG	130	144	90,71	thou tons
Oil and Gas condensate	602	1756	974,98	thou tons

Number of trading sessions

In the form of a unilateral auction

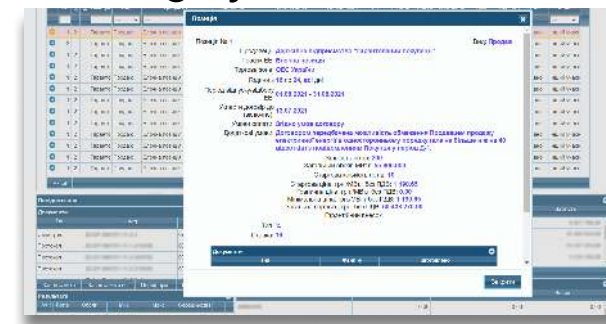


Number of accredited participants

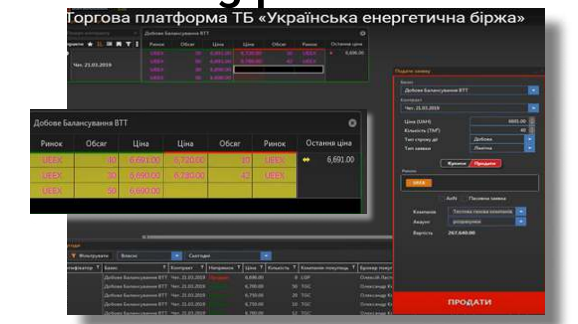


			Natural gas	Electricity	Other energy resources
Spot	Medium and long-term market	Auctions	-	+	+
		Exchange trading (non-standardized forward contracts)	+	+	+
		Exchange trading (standardized forward contracts)	+	+	-
	Short-market	Day-Ahead Market	+	-	-
		Intraday market	+	-	-
Derivatives	Futures	Weekly	-	in developing	-
		Monthly	in developing	in developing	at the planning stage
		Quarterly	in developing	in developing	at the planning stage
		Seasonal	in developing	in developing	at the planning stage
		Annual	in developing	in developing	at the planning stage

Trading system PP BETS



ETP trading platform



Trading on the UEEEX exchange market of bilateral contracts

In 2021:

(8 months)

370

Number of participants

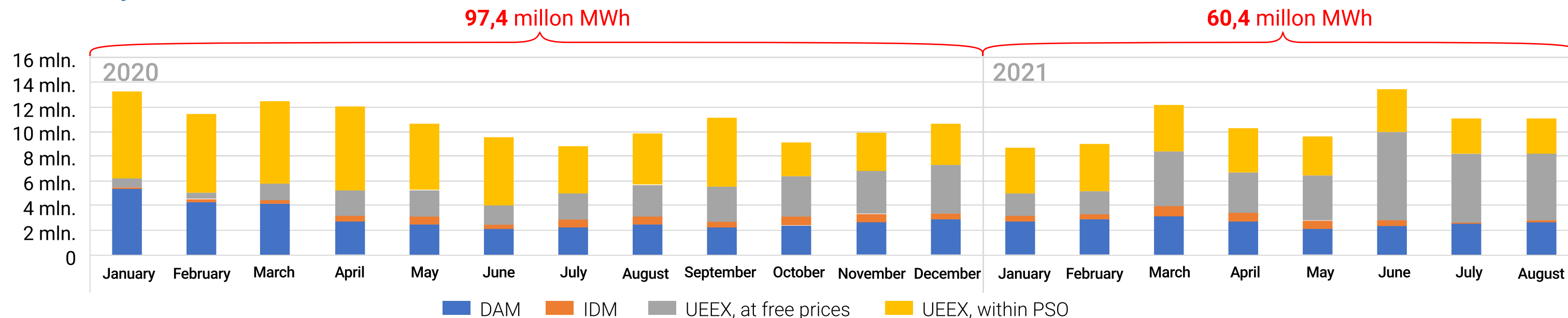
388

Number of auctions

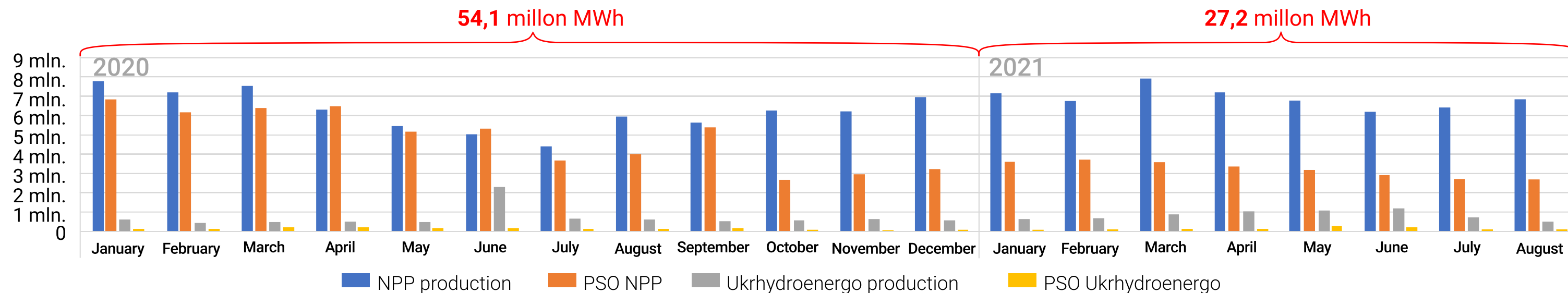
1972

Number of exchange certificates

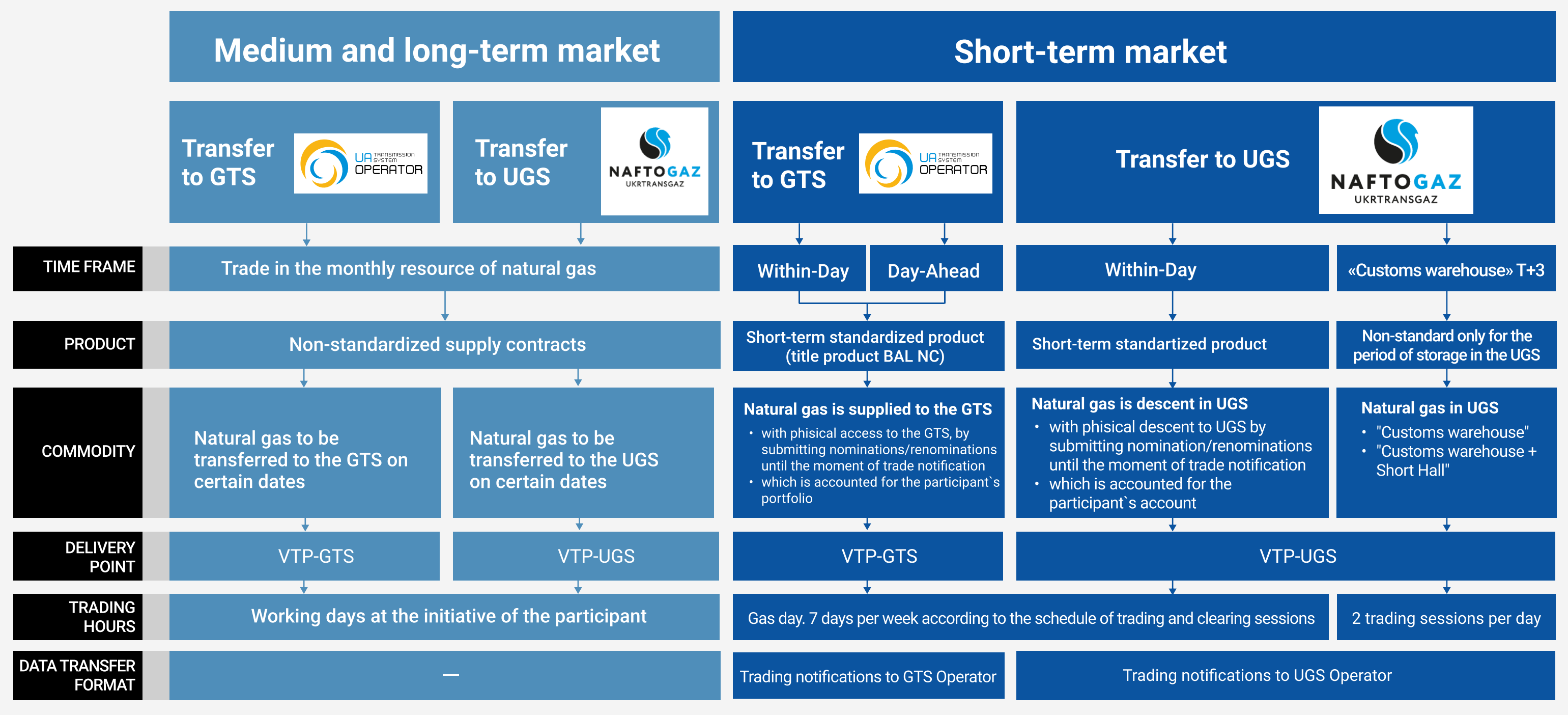
Electricity sales volume, MWh



Electricity sales volume according to PSO



UEEX natural gas market 1/2



UEEX natural gas market 2/2

In 2021:
(8 months)

436
Number of participants

171
Number of trades on the long-term market

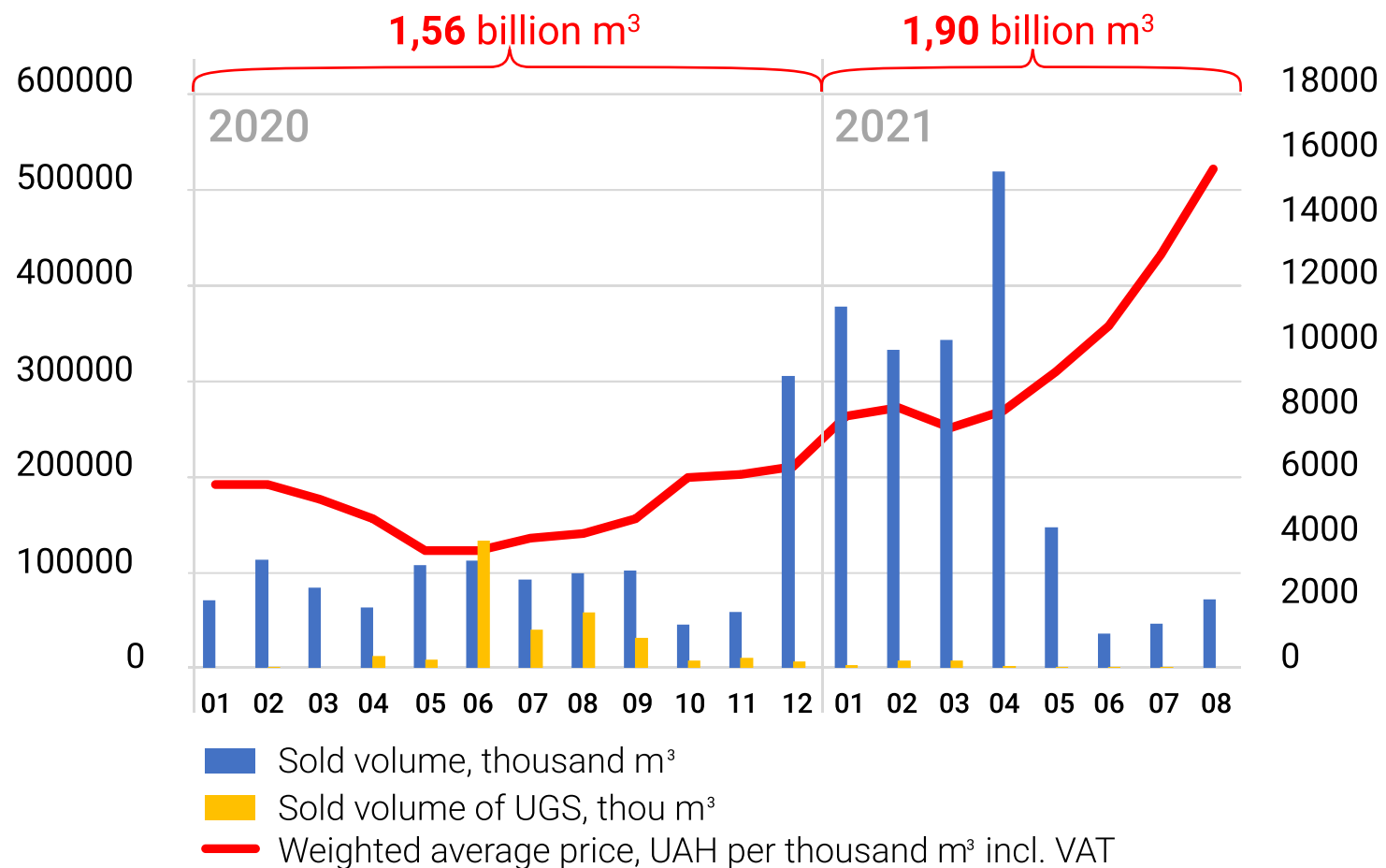
4
trading sessions on the short-term market every day

435
Number of exchange certificates on the long-term market

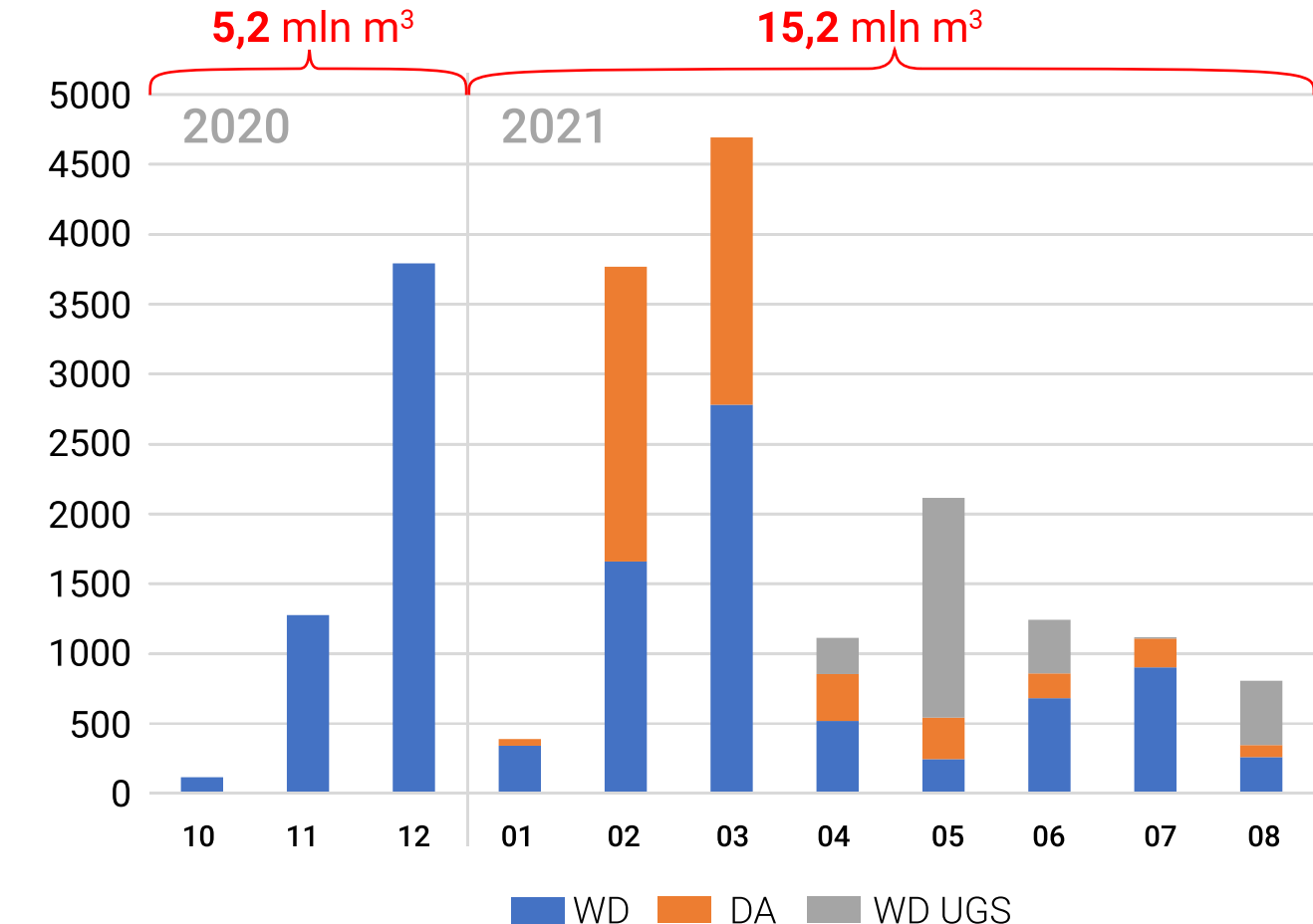
449
Number of agreements on the short-term market

Medium and long-term natural gas market

Except for trades using differentials



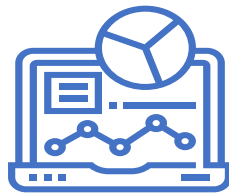
Short-term natural gas market, thou m³



The exchange market of Ukraine is regulated in accordance with eu standards



- New legislation has been adopted in line with EU standards for regulating exchanges.
- The NSSMC carries out licensing and regulation of exchanges, provides a unified approach to the organization of trade, guarantees transparency of pricing and prevention of manipulation.
- Other state authorities are also involved in the regulation: the NEURC, the AMCU, the Ministry of Energy and others



- UEEEX promptly publishes all information about bidding and their results within the law.
- There are a number of analytical services for participants on the website.
- Analytics, reviews and reports are published.

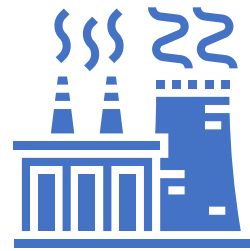


- Reporting to the Auction Committee for the sale of electricity and the Auction Committee for the sale of crude oil, gas condensate of own production and liquefied gas.
- Reporting to the NEURC within cooperation for the effective development and transparency of electricity and natural gas markets.
- Interaction with government, law enforcement and antimonopoly authorities.

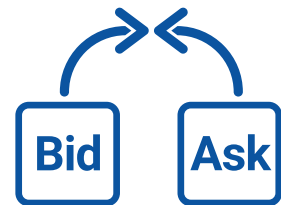


REGULATORY, TRANSPARENCY AND REPORTING

What is new



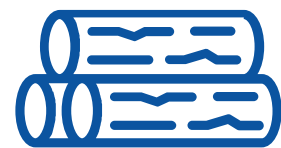
According to the Law № 1639-IX dd 14.07.2021 and private producers of electricity must sell it on BCM of UEEEX



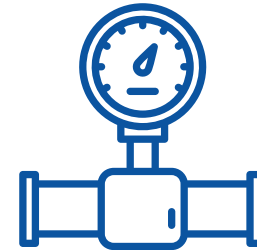
Electricity trading is launched according to the exchange order book technology and on the basis of a standard agreement



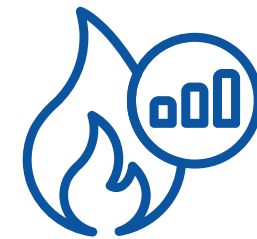
UEEX has started publishing its own electricity price index in accordance with the request of the Ukrainian authorities, which should become a benchmark for the market



According to the new legislation, the sale of untreated timber and lumber is carried out through UEEEX (about USD 715 million annually, or 25.2 million cubic meters)



GTS Operator of Ukraine LLC began to carry out balancing actions by buying/selling STSP (s)



Launch of trade in natural gas in the customs warehouse mode and with the simultaneous use of the short haul service. Access to bidding by non-residents



We have created Section Councils at UEEEX, which include market participants to better hear the voice of the market and meet its needs

Standardization of products and practices

Project "Assistance to the National Securities and Stock Market Commission (NSSMC) on improvement of energy commodity markets and commodity products organized trading in Ukraine"

- Standardization of products for electricity and gas (spot and futures)
- Standardization of contracts according EFET
- Development of an energy clearing model

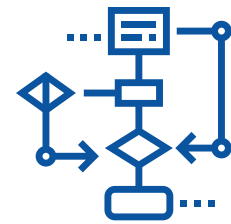
UEEX is a part of relevant working groups to move to standards adopted in EU

Only standards approaches will ensure the success of the single market within SEEGAS



SEEGAS

Next steps of the UEEEX



Further adaptation of all business processes in accordance with the NSSMC regulation, which is implemented



- Further standardization and unification of products and practices.
- Launch of futures in the areas of "Electricity" and "Natural Gas".



Increasing the liquidity of the short-term gas market, including due to the more active participation of OGTSU and as a buyer, not just a seller.



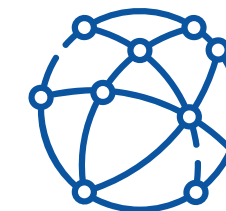
- Establishing full-fledged clearing and risk management.
- Central Counterparty - as a mandatory element of the exchange energy market.



Promoting the establishment of standards of transparency and reporting of the energy market of Ukraine



- Formation of marginal prices on the basis of trading platform indicators, as required by the target balancing model of BAL NC.
- Launch of gas trade with a transfer point at the border.
- GAS RELEASE PROGRAM support in Ukraine



Strengthening international integration, including on the natural gas market within the SEEGAS project. Providing opportunities for cross-border trade in natural gas through UEEEX.

Providing clearing and CCP

Under the current license, UEEX may continue to conduct clearing activities until January 1, 2023, if no legal entity (including UEEX) receives a license from the CCP and further, if such CCP will be unable to provide the services of the central counterparty to the commodity exchange.

Creation of a central counterparty in Ukraine within the project of the Government, USAID and EBRD

Creation by UEEX a separate CCP





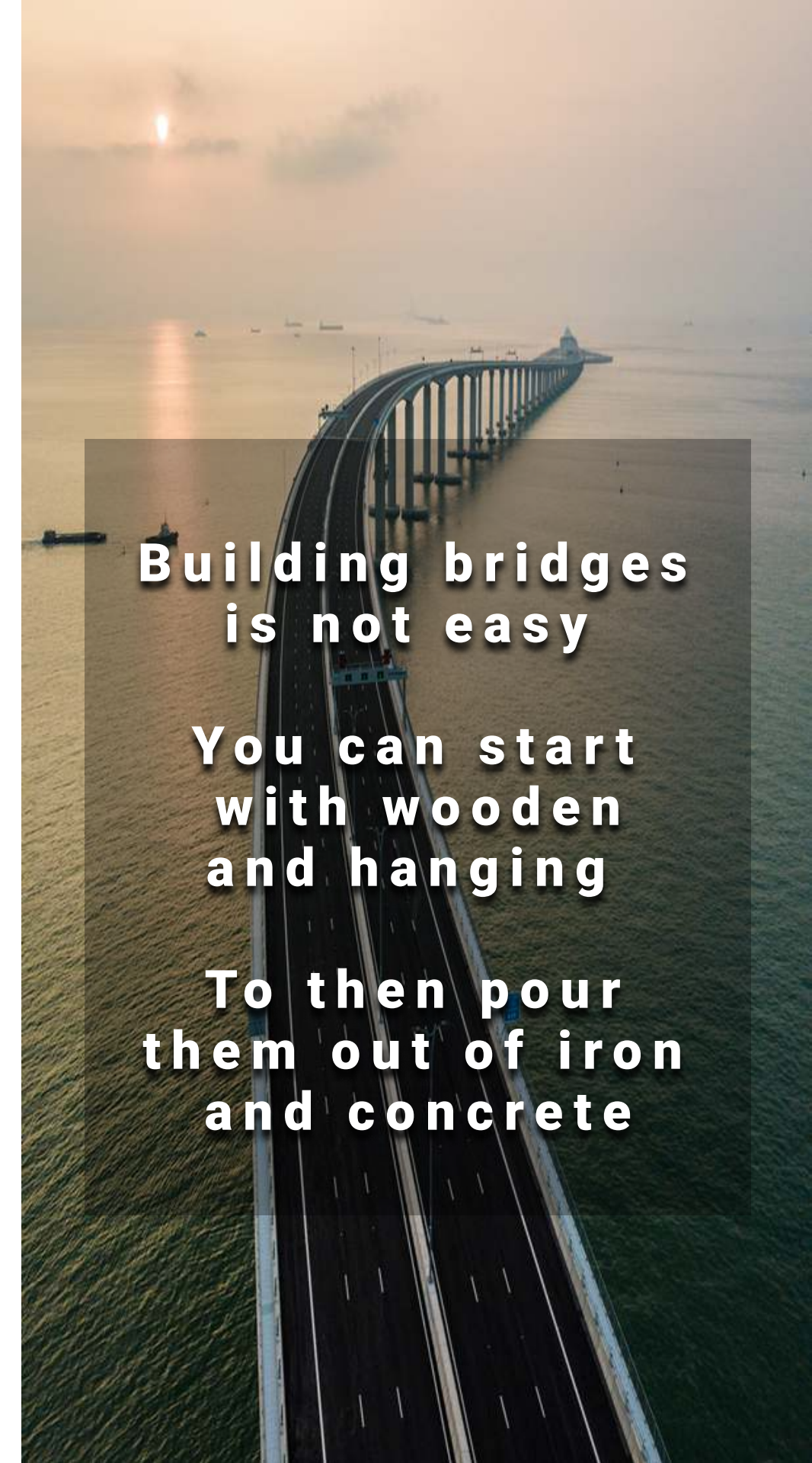
Why does Ukraine need SEEGAS?

1. Opportunity not to become «monomarket» under conditions of limited transit.
2. Increasing market volumes.
3. Ensuring transparent pricing.

ERASING THE BOUNDARIES

What can be the contribution of exchanges?

- 1 stage. UEEEX is ready to open gas trading with a transfer point at the border to enable non-residents to trade gas on the exchange.
- 2 stage. Opening information windows to view the trading spaces (markets) of other exchanges in one interface.
- 3 stage. Unification of products and processes of exchanges.
- 4 stage. Creating single trading windows where the participant can trade in several markets simultaneously on one screen.
- 5 stage. Creating a powerful trading hub that provides its own reliable price signals for Europe.



**Building bridges
is not easy**

**You can start
with wooden
and hanging**

**To then pour
them out of iron
and concrete**



**No one plays against us.
Only our move**

1. Transfer of gas supply points from western to the eastern border of Ukraine

Ukraine has introduced European reforms, but is losing the opportunity to create its own market.

A trade point on the western border will not increase the liquidity of the Ukrainian market.

Only the eastern point will allow Ukraine to fully become part of the European gas market, and European traders to order the capacity of the Ukrainian GTS.

What do we need and what prevents us

2. What can be the contribution of exchanges?

There are no single recipes and one cannot say: “take the tracing paper of this country and go make reforms at your place”. Hearing, understanding, looking for solutions and compromises, helping - this is what we are here for. We are at different distances from the start, but we run in the same team and the first - paves the way for those who follow him.

3. Are we populists or are we reformers?

When we shook hands after signing the Memorandum it means that:

- we have the same goal – to build a market that will benefit everyone;
- we do not take a position of an observer just to be aware of the process, but to have other conflicting plans;
- we cannot build joint projects and destroy partner capacities at the same time;
- we are ready to allocate resources and time to do the right things.

- ✓ *If you tick each square - SEEGAS – a new super-powerful market that WE will create .*
- ✓ *If not – we just gathered to talk and drink delicious Viennese coffee.*

THANK YOU FOR
YOUR ATTENTION

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