



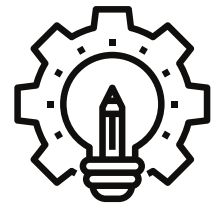
# IMPROVING MARKET FUNCTIONING IN THE ENERGY COMMUNITY

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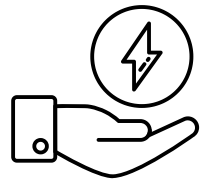
38TH MADRID FORUM  
25 & 26 APRIL 2024, MADRID

# IMPROVING MARKETS

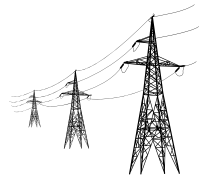
## case studies



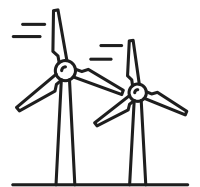
Launching reforms of the gas market in Ukraine – when and how to re-establish the domestic market (Market Observatory)



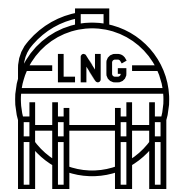
Storing gas in Ukraine – risks (military and regulatory) and de-risking measures: stress tests and responses



Opening of Trans Balkan Pipeline – focus on Ukraine and Moldova



Reforming the market in Moldova – addressing no transit issues



LNG and the Energy Community

### UKRAINE ENERGY MARKET OBSERVATORY REPORT



Q3

#### KEY DEVELOPMENTS

**ELECTRICITY**  
Cross-border transactions are not subject to the transmission and dispatch tariffs in Ukraine as of 01 January 2024.

**GAS**

- Existing PSDs on natural gas market prolonged till 15 April 2024;
- GSO "Naftogaz of Ukraine" appointed (without a tender) as supplier of "last resort" for the whole period of martial law and within 6 months after its termination;
- Neutrality fee on gas market now to be applied by Gas TSO starting from 2024/2025 gas year based on monthly balancing results.

**OIL**  
Transposition of Oil Stocks Directive progressed with the draft Law No. 9024-d voting in first reading.

**NEURC**  
Interdependence of national regulator is under concern after several new legal interventions related to financial (draft Law No. 8222 and No. 10000) and operational (e.g. Law No. 3354-D) independence of the Regulator. The new Board Member not appointed after selection process closed as required by the NEURC Law. The Secretariat's assessment of NEURC's independence released illustrating serious structural concerns and providing recommendations to guarantee the independence of the Regulator in compliance with the Energy Community acquis.

#### IN FOCUS

**JOINT X-BORDER CAPACITY ALLOCATION**  
Regulatory framework for start of joint capacity allocation on borders between Ukraine and EU Member States approved in Ukraine. For UA-RO border joint allocation platform is Ukrenerg, for UA-SK, UA-HU, and UA-PL – JMO. Joint auctions on UA-RO border started since 2 November 2023.

**GAS TSO CORPORATE REFORM**  
Started with the adopted Law # No 3293-IX, GTSO moved under the control of Ministry of Energy. The new charter of GTSO approved respecting the Binding Opinion of the Secretariat. The candidates for the Supervisory Board agreed by the Government.

**REMIT IMPLEMENTATION**  
Started timely; NEURC adopted first three acts regulating registration of wholesale market participants, investigation procedure and methodology for calculation of penalties for market abuse. The registration of WEM participants started in mid October 2023.

**DELAY IN TRANSPOSITION OF ELECTRICITY MARKET INTEGRATION PACKAGE EXPECTED**  
Required amendments to the primary legislation of Ukraine still at the drafting phase. The Secretariat calls for action on NEMO designation till December 2023 and provides support in drafting the relevant draft law.

RELEASED FOR JULY-SEPTEMBER 2023

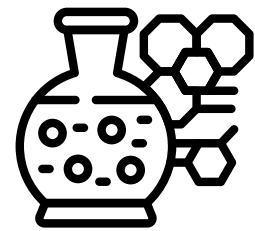
**ACTIVITY HIGHLIGHT**

**Q2 REPORT AND 5 ASSESSMENTS**

RELATED TO OIL STOCKS ACQUIS TRANSPOSITION, REMIT LAW, STORING GAS IN UKRAINE, AND NEW LEVELS OF PRICE CAPS ON ORGANISED MARKET SEGMENTS **IN UKRAINE**

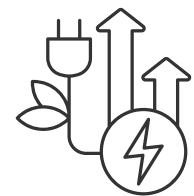
NEED FOR ACTION

# DECARBONISATION AGENDA



The Secretariat organised a Business-to-Business Forum in Vienna on renewable gases and H2 in September 2023 - how to unlock untapped biomethane potential in Ukraine:

- the Customs Code amended in March 2024
- the establishment of the Register is still pending



All Contracting Parties signatories to the Global Methane Pledge - Support in the reducing methane emissions



Educating the Contracting Parties on new gas/H2 Package - acceptance of renewable gases, gas quality, DSO-TSO relationships



# STORAGE TARGETS AND NEW TEN – E REGULATION

- ECS adopted the decision on filling targets on 13 November 2023
- Intermediate gas storage filling targets were met and fulfilled in 2022, 2023 and February 2024

Contracting Party	Feb 1 <sup>st</sup>	May 1 <sup>st</sup>	July 1 <sup>st</sup>	Sep 1 <sup>st</sup>
	Intermediate target	Intermediate target	Intermediate target	Intermediate target
Serbia	23%	30%	62%	93%
Ukraine*	74%	41%	61%	80%

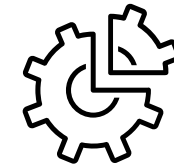
\*For Ukraine, the filling target is reduced to 35% of its average annual gas consumption. Thus, the intermediate targets of the filling trajectory shall be reduced accordingly by 35% multiplier

- The Energy Community Secretariat has released its annual report on the implementation of the Storage Regulation
- The new TEN – E Regulation adopted in the Energy Community, for PECL projects only – no eligible projects

# REGULATORY ISSUES - ECRB in 2023



- Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Moldova
- Revision based on more accurate capacity and revenue forecasts recommended



Annual Report on Gas Wholesale Markets in the Energy Community



- Annual report on contractual congestions at interconnection points of the EnC CPs
- Contractual congestions on IPs not identified



Annual Retail Market Monitoring Report



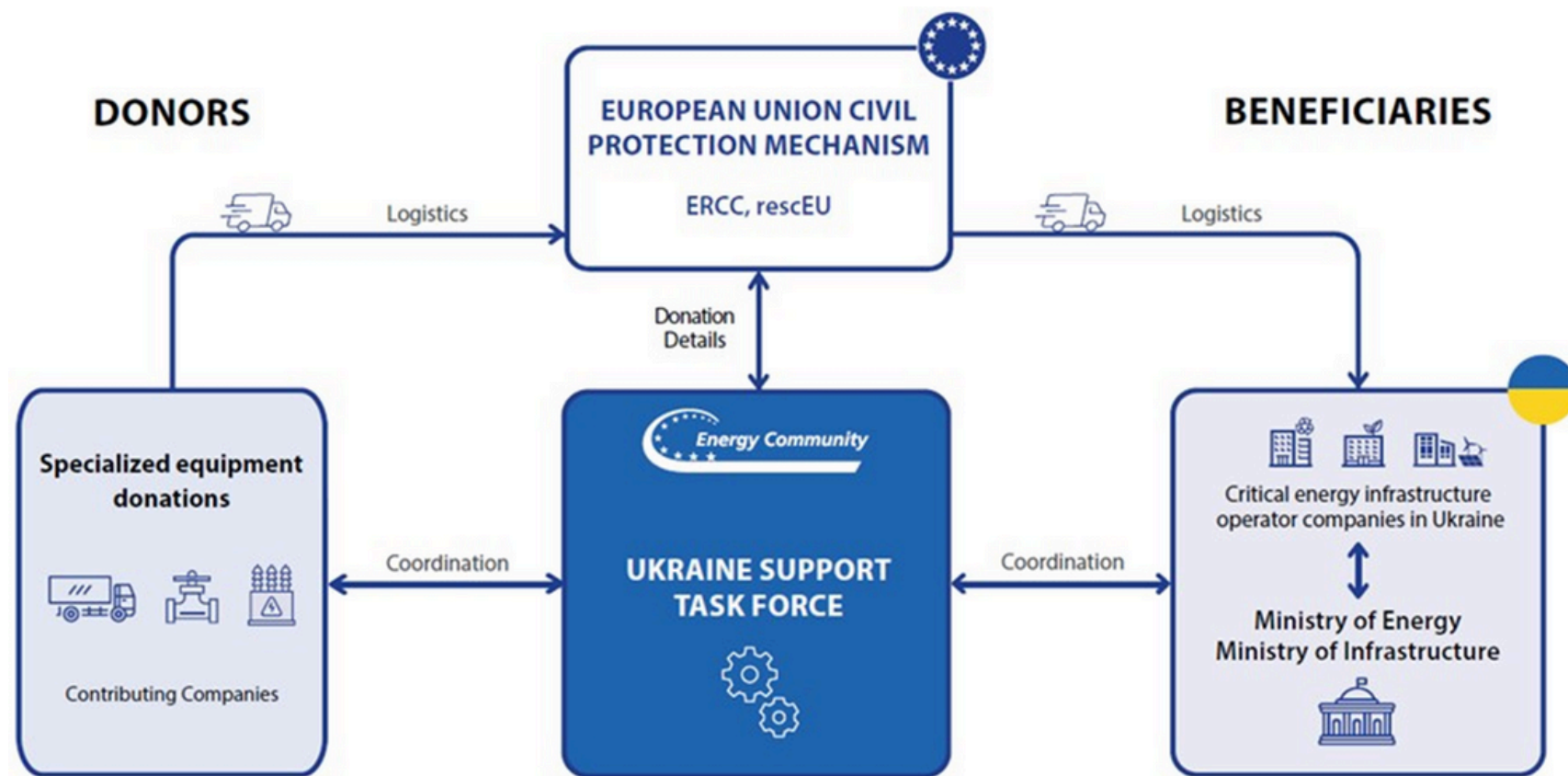
- Position on setting the level of the multipliers used for the calculation of gas transmission tariffs applied for daily and within-day standard capacity products
- Full implementation of the Tariff Network Code recommended

# UKRAINE ENERGY SUPPORT FUND - UESF



- Established in collaboration with the European Commission and the Ministry of Energy of Ukraine to counteract Russian attacks targeting critical energy infrastructure
- Provides a platform for governments, international financial institutions, international organizations, and corporate donors to offer financial assistance
- Focused towards addressing the most immediate needs of Ukrainian energy companies, including equipment, spare parts, technical resources, fuels, and services essential for restoration and maintenance

# UKRAINE ENERGY TASK FORCE - USTF





- Developed a rapid and efficient system with the valuable support of the European Commission (DG ENER, ECHO, NEAR), building upon the Union Civil Protection Mechanism (UCPM)
- Coordinates door-to-door delivery of specialized energy equipment, fuels, and materials for post-war infrastructure repair
- Facilitates transportation of equipment from private companies
- Delivers specialized equipment to address pressing needs of Ukraine's energy infrastructure operator companies


# ENERGY COMMUNITY SECRETARIAT

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**THANK YOU!!!**