

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, connecting various points across the globe.

## *Energy Community experience in Ukrenergo certification*

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- 1. Transmission system operators (TSO) unbundling**
- 2. Criteria for unbundling applied by the Energy Community Secretariat**
- 3. Issues raised in Ukrenergo certification so far**

- ❑ **Ministerial Council Decision** 2011/02/MC-EnC, 6 October 2011
  - Adopted & adapted the Third Energy Package in the Energy Community
  - Deadline for Contracting Parties to transpose and apply - **1 January 2015**
  - Deadline for TSOs unbundling – **1 June 2016**
  
- ❑ **Unbundling is a condition to enter ENTSO-E and ITC mechanism**

## Unbundling objectives

- Ensure confidentiality of sensitive commercial information of network users
- No influence of affiliated suppliers / generators
- Reduction of barriers for third party access
- No political interference into investment decisions
- Professional autonomy of a company with public competences

## Unbundling models

- Ownership unbundling (OU)
- Independent System Operator (ISO)
- Independent Transmission Operator (ITO)

# Assessment of Ukrenergo's compliance with unbundling requirements

## Applicant undertaking performs tasks of TSO

- Planning, construction, operation, financing and maintenance of the entire infrastructure as well as the conclusion of transmission contracts
- YES

## Ownership of transmission system

- Management of state owned assets through economic management rights, but not possessing transmission assets, no right to pledge
- NO

## Separation within the state

- TSO is not engaged in generation / supply
- Competences are effectively separated
  - Between public bodies
  - Independence from third public body
- Necessity for additional safeguards
  - Within TSO – compliance officer and compliance program
  - Within public bodies (Ministries) or Government
- NO

**7 Oct 2019 – NEURC’s preliminary decision**

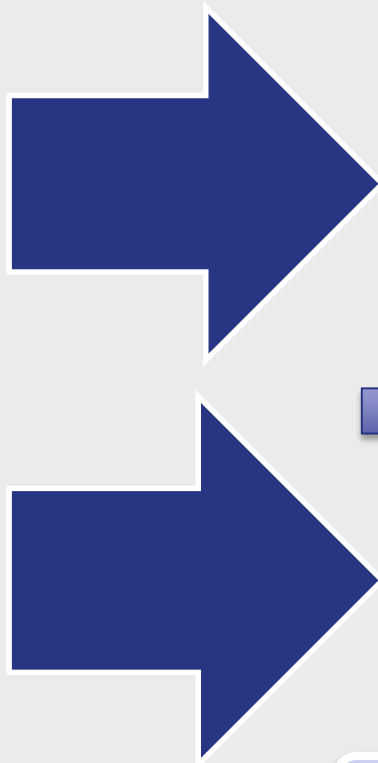
**5 Feb 2020 – EnCS negative Opinion 1/20**

**5 April 2020 – Deadline for NEURC to take final decision according to UA Law (not respected)**

## **ISSUE:**

**No ownership of assets**

**Few other issues** (two of the Supervisory Board members are also members of governing bodies of other energy companies; Ministry of energy competence in approval of investment program, CMU approval for loans...)



**OU not possible** (politically not acceptable)

**ISO model** requires smaller changes of Electricity Market Law, Economic Code, Law on Management of State Owned Objects and Law on the Cabinet of Ministers

**Confusing process => 4 draft laws in procedure** (No. 3364 – Gerus & co., 3364-1 Zhupanin and Gerus, 3364-2 Yefimov and Moroz, No. 3364-3 Kamalchuk & co.)



**Ministry of Energy interfering in independence**

- insists on possibility to have an **influence on investment plan** of the TSO through assessment of NEURC's & TSO's investment related decisions
- tasks the TSO to **prioritise in dispatching coal power plants** according to the list designed by the Ministry (CMU Resolution from 17 June 2020)

***Certification – not feasible in near future!***

# OECD/Energy Community compatible findings



- *Heavy overregulation*
- *Non compliant PSOs*
- *Unclear and non-cost recovery structure of the transmission (and dispatch) tariffs*
- *Non completed DSO unbundling*
- *Issues in functioning of the new market model – no end-users' price reform (HH tariffs much below costs); non functioning ancillary services market and problems in balancing market, not resolved debts from old market model + accumulating new ones.*

*OECD analysis very helpful – on dividends, on investments, on interference by CMU and other public bodies into the TSO work – will be taken into account when certifying next time.  
Centralised state ownership entity would be problematic from unbundling point of view.*



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*Thank you  
for your attention!*

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