

UKRAINE'S ENERGY SECTOR IN MARCH 2026

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Formulating the first of ten «lessons Ukraine has learned while strengthening its energy system» during the 2025-2026 heating season, experts from the International Energy Agency noted that, although the measures taken by the Cabinet of Ministers demonstrated that «daily life can be maintained even during energy shortages», in many cases they «were improvised rather than the result of long-term planning».

Unlike energy-sector specialists, who restored electricity supplies after each Russian attack according to pre-developed response algorithms, government actions often appeared inconsistent and ineffective. Instead of developing an adequate policy – including through the creation of legal framework to address existing problems – the Cabinet of Ministers tended to issue numerous directives at endless meetings.

PREPARATION FOR THE NEXT HEATING SEASON

Ukraine's heating season has ended. Reporting to the Verkhovna Rada, the First Deputy Prime Minister **stated** that «Ukraine has come through the most difficult winter in its history... We endured, we held out, and the energy system remained operational.» The state now faces «six key challenges in the energy sector».

1. *Fuel availability.* To avoid a repeat of the situation seen in spring 2022, the government plans to hold talks with partners on additional fuel supplies. Three priority consumer groups have been identified:

✓ the Defence Forces, which must be fully supplied with fuel under all circumstances;

✓ agricultural producers, which have already begun spring field operations but currently have «fuel reserves purchased or contracted for several weeks»;

✓ businesses and the retail sector, where «problems were observed at the beginning of the month».

The government considers the situation manageable, as supplies are arriving from more than ten countries, primarily Poland, Lithuania, Romania and Greece. During the first ten days of March, Ukraine imported 250,000 tonnes of fuel, while reserves increased to 200,000 tonnes of petrol and diesel fuel.

2. *Situation in the power system.* Despite continued Russian attempts to destroy Ukraine's generation, transmission and distribution capacity, the situation has «largely stabilised», while outages have been reduced to a minimum. Unlike the previous month, electricity deficits were observed only during evening peak hours and did not exceed 1 GW. This made it possible to begin the maintenance campaign at Ukrainian NPP power units on 7 March.

3. *Restoration of energy infrastructure.* The government has already restored 3.5 GW of thermal and hydropower generation capacity. Another 4 GW is expected to come back online during the off-season, including 2 GW as early as May. Once these works are completed, it will become possible to place all NPP power units into scheduled maintenance in line with the approved timetable.

The commissioning of 0.9 GW of new distributed generation capacity is also expected to support the system. According to the First Deputy Prime Minister: «Our ambitious goal for 2026 is to launch another 1.5 GW of distributed generation capacity», including 392 MW by Naftogaz Group companies and 92 MW by GTS Operator of Ukraine. The government says the necessary conditions are already in place: grid and system connection procedures have been «maximally» simplified, while state preferential lending programmes are available for businesses, citizens and condominium associations.

As of 5 March 2026, 617 applications had been submitted for 0% loans to purchase energy equipment, with a total value of UAH 835 million. Under the «Affordable Loans 5-7-9» programme, 154 businesses received UAH 2.2 billion for the construction of new generation capacity. Another 932 apartment buildings received financing totalling UAH 240 million under the «SvitloDIM» programme.

The National Bank of Ukraine reported that 20 domestic financial institutions helped finance the restoration of 1.4 GW of generation capacity and the construction of 0.6 GW of energy storage and heat-generation facilities. Since June 2024, energy infrastructure restoration projects in 21 regions of Ukraine have received total financing of UAH 38.7 billion.

4. *Security of energy sector.* The Ministry of Energy reports that all «priority facilities» have already been equipped with first-level engineering protection designed to protect against debris and submunitions. Work on second-level protection – against drone strikes, debris and the blast waves of cruise and ballistic missiles – has been completed or remains underway at 84 substations and 134 critical facilities. However, at least UAH 35 billion more is needed to provide full engineering protection for energy infrastructure.

5. *Resources for next winter.* The government aims to ensure that underground storage facilities contain at least 13 bcm of natural gas by 1 November 2026. As of 31 March, storage facilities held 9.5 bcm,

including 4.1 bcm in long-term storage and 0.6 bcm reclassified as buffer gas. This means the target could be reached even without imports, provided Ukrainian gas production and the gas transmission system remain adequately protected.

6. *Finances and cooperation with partners.* During the off-season, including within the framework of the «Energy Ramstein» format, the Cabinet of Ministers plans to:

- ✓ attract €5 billion for the restoration, protection and modernisation of Ukraine's energy sector, while allocating UAH 278 billion to finance regional and municipal energy resilience plans (including UAH 62 billion for Kyiv);

- ✓ create a threefold strategic reserve of particularly vulnerable equipment, with available funding already reaching €197 million;

- ✓ increase the maximum cross-border transmission capacity from the current 2.45 GW (for Ukraine and Moldova) to 3.5 GW;

- ✓ use decommissioned and dismantled units from six European CHPPs in Ukraine.

The First Deputy Prime Minister argues that the Cabinet is capable of addressing all six challenges, since «each has a solution plan, responsible implementers and deadlines». Unfortunately, there is little confidence in the government's capacity for «operational management and systematic work».

ENERGY BALANCE

During the reporting period, Ukraine's Integrated Power System (IPS) operated with a small electricity deficit of around 1 GW during peak consumption hours. As a result, scheduled hourly outages affecting 0.5-1.5 consumer groups were introduced in some regions, mainly between 17:00 and 21:00, alongside power restrictions for businesses. Emergency outages were imposed on four occasions – following two large-scale Russian attacks on 7 and 14 March, as well as after protection systems were triggered on 18 and 23 March. Nevertheless, increased generation from renewable energy sources allowed Ukrenergo to restore a fragile balance between

electricity production and consumption by the end of the month.

In March, the base capacity of Ukraine's IPS was provided by seven nuclear units, generating up to 5.7 GW. Two reactors remained under maintenance. This year's maintenance campaign began on 7 March. Manoeuvrable capacity was provided by 7–9 units at TPPs and CHPPs, as well as HPPs and PSPPs, with a combined output of up to 2.4–2.8 GW. Renewable energy facilities produced 1.8–2.0 GW.

Spring flooding increased generation at Ukrhydroenergo facilities to 1.0–1.2 GW. Hydropower supplies were directed primarily toward peak consumption hours. Water levels in the Dnipro and Dniester reservoirs remained in line with operating regimes approved by the interagency commission under the State Water Resources Agency of Ukraine.

Nuclear power plants accounted for around half of total generation in the energy balance. The share of TPPs and CHPPs did not exceed 15%, while renewables accounted for 14–16% and HPPs for 8–10% of generation. Overall, Ukraine produced 11–12 GW of electricity per hour against demand of 13–14 GW (compared with up to 18 GW during the same period in 2021).

As average air temperatures rose, state-owned companies were no longer required to purchase electricity imports. The [obligation](#) was therefore [lifted](#) on 13 March, reducing [import](#) volumes from the six-year high of 1.2 million MWh to 0.9 million MWh (averaging 28 GWh per day and up to 2 GW during peak hours). Most imports came from Hungary and Slovakia. Imported electricity accounted for 7–8% of consumption, compared with [up to 12%](#) at the beginning of March.

Emergency assistance involving transfers of surplus electricity to Poland was used on four occasions between 3 and 6 March.

There were no commercial electricity exports in March, although incorrect data entered by Moldova periodically generated such information in the ENTSO-E information system. In reality, [no electricity exports](#) have taken place since 11 November 2025.

At the initiative of the Slovak side, reciprocal emergency assistance between SESP and NEC Ukrenergo will be [discontinued](#) from 1 May 2026 (the last such operation took place on 23 January). Commercial operations will remain unaffected.

Thermal coal reserves declined to 1.9 million tonnes in March (–5% month-on-month). As damaged units at TPP and CHPPs remained largely unavailable, existing reserves are sufficient for the off-season period.

Warmer weather reduced daily gas consumption in Ukraine from 100 mcm to 60–65 mcm. No supply shortages were observed thanks to the recovery of domestic production (44–46 mcm/day) and imports from Poland, Hungary and Slovakia (21–23 mcm/day, or [700 mcm over the month](#)).

Gas withdrawals from underground [storage](#) remained minimal in March (5–10 mcm/day during the first ten days of the month). As a result, 4.8 bcm remained available at the end of March, down 2% from 28 February, excluding 4.1 bcm classified as long-term storage and 0.6 bcm formally reclassified as buffer gas. This figure exceeds last year's level by 4 bcm, although it remains 15% below the levels recorded in 2015–2018.

Although the gas injection season has yet to begin, storage volumes have in fact been increasing by around 9 mcm/day since 11 March. However, the process could become more complicated after the Hungarian government, citing a «state of emergency in the energy sector», prohibited the local operator FGSZ from holding capacity-booking auctions for gas supplies to Ukraine for July–October 2026.

Despite elevated fuel prices and widespread [misinterpretation](#) of the President's statement that «90% of the deficit we could face would be diesel», no shortages of petroleum products have been observed or are expected. [According](#) to the Energy Minister, «supplies are coming from more than ten countries, so the current resource situation remains under control.»

SECTOR'S FINANCIAL SITUATION

In the balancing electricity market, its participants — primarily state-owned ones — still [owe](#) the Ukrainian transmission system

operator the record-breaking UAH 45.2 billion. Almost one-third of the debt is attributable to non-payments by the supplier of last resort (around UAH 13 billion). Over the past year, the debt increased by more than UAH 10 billion.

Ukrenergo, in turn, owes UAH 26.6 billion to balancing market participants, including UAH 13.2 billion to the Guaranteed Buyer. A further UAH 1.2 billion will be [recovered](#) from Ukrenergo pursuant to the court decision.

The debt problem is primarily [driven](#) by non-payment for electricity by protected consumers. Some cannot pay because of tariff imbalances, while others benefit from the ban on disconnections. Debtors are transferred to the supplier of last resort, which continues supplying them with electricity for years rather than only for the statutory three-month period. Unpaid consumption is recorded as operators' technological losses. As a result, NEC Ukrenergo lacks sufficient funds to settle payments with generators (primarily renewable energy producers) and is, in effect, subsidising certain categories of consumers.

[According](#) to the European Business Association, «Resolving the debt problem in the balancing market is a necessary precondition for the resilience of the power system... and the provision of reliable electricity supply both during the war and in the post-war recovery». Yet the government has largely [avoided](#) addressing the issue publicly.

Nonetheless, while reporting to parliament on 13 March, the First Deputy Prime Minister stated that he would «ask parliament to support [six small but important legislative changes] so that, by summer, we can, let us say, correct the situation with the accumulation of financial debts linked to certain distortions in our markets».

TRANSIT

During the reporting period, Gas Transmission System Operator of Ukraine LLC [ensured](#) the transit of around 85 mcm of mostly Romanian gas to Moldova. Transit of russian gas was [suspended](#) from 1 January 2025.

The transit of russian oil continued until 27 January 2026, when as a result of targeted

russian attacks, key facilities of the main oil pumping station near the town of Brody in Lviv Oblast were significantly [damaged](#). Following this, [transportation](#) of up to 26 kt of crude per day to refineries in Slovakia and Hungary (operated by the private Hungarian company MOL Group) ceased.

Transit via the southern branch of the Druzhba oil pipeline (9.7 mt in 2025) to the Fényeslitke and Budkovce pumping stations was expected to [resume](#) on 26 February. However, this did not happen, despite loud [threats](#) from the Hungarian side to halt gas supplies to Ukraine.

Officials have yet to explain why this transit continues in 2026, although Article 472 of the [EU-Ukraine Association Agreement](#) provides for the possibility of terminating the contract between Ukrtransnafta and Transneft on the grounds of «essential security interests... in time of war».

PRICE SITUATION

The end of the heating season, rising air temperatures and, consequently, the reduced capacity deficit significantly lowered price [indices](#). In March, the day-ahead market (DAM) price for base-load power (BASE) fell to UAH 7,044/MWh, peak load (PEAK) to UAH 6,261/MWh, and off-peak load (OFFPEAK) to UAH 7,831/MWh (down 28%, 42% and 11%, respectively, compared with February).

The weighted average [price](#) on the intraday market (IDM) amounted to UAH 6,620/MWh, while on the Ukraine IPS DAM it was UAH 7,326/MWh (-36% and -27% compared with February).

The government has also [maintained](#) the tariff for households at UAH 4.32/kWh (including VAT). A preferential tariff of UAH 2.64/kWh (including VAT) also remains in place for the first 2,000 kWh/month consumed by households living in buildings equipped with electric heating installations, not connected to the gas network, or lacking access to district heating.

In the natural gas market, which has remained volatile since the outbreak of the war in Iran, the weighted average [price](#) of April

gas, based on the trading results on the Ukrainian Energy Exchange (UEEX), rose in March to UAH 24,288/1,000 m³ (+27.2% compared with February; excluding VAT). The **price** of gas at the TTF hub, adjusted to the Ukrainian border, ended the month at UAH 35,265/1,000 m³ (+56% compared with 28 February; excluding VAT).

Naftogaz of Ukraine **gas tariffs** for non-household consumers with valid supply contracts, amount to UAH 30,300/1,000 m³ starting from 1 April 2026 (UAH 24,600 in March; including VAT). **Prices** for household consumers and budgetary institutions are **fixed** until 30 September 2026 at UAH 7,420/1,000 m³ and UAH 16,390/1,000 m³, respectively (without consultations with the Energy Community Secretariat). This means that, taking into account transmission and distribution tariffs, the price per cubic metre of gas offered to households by Naftogaz of Ukraine will remain unchanged at UAH 7.96.

For business entities engaged in electricity generation and holding supply contracts with Naftogaz of Ukraine, the gas price will remain **fixed** at UAH 21,000/1,000 m³ (including VAT) until 30 September 2026 (inclusive).

The only **exception** to this rule applies to newly built TPPs, CHPPs, gas turbine and gas piston units commissioned for the first time from 1 December 2025 onwards in Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kherson, Mykolaiv and Odesa oblasts. For these facilities, gas supplied by Naftogaz of Ukraine will cost UAH 19,000/1,000 m³ (including VAT) at least until 30 September 2026.

The cold winter demonstrated the risks of ignoring the EU requirement to fill national gas storage facilities to 90% capacity at any point between 1 October and 1 December. Meanwhile, the only exception allowing this indicator to be adjusted downward by 10 percentage points could have been «difficult market conditions», which were not declared at any time between October and February.

Had the heating season lasted longer, the 30 bcm remaining in storage facilities (-6%

compared with 28 February) might not have been sufficient to maintain normal living conditions across the EU. This **volume** was one-third below the five-year average and 6 bcm (or 15%) lower than last year's level. Rising air temperatures provided significant relief for European consumers, as **spot prices** at the TTF hub – driven higher by the war in Iran – nearly doubled, reaching the range of \$550–650/1,000 m³.

Instead, **futures** for thermal coal (API2) CIF ARA (ARGUS-McCloskey) dropped in March to \$110/t. A year earlier, they stood at \$94/t. Coal stocks at ARA (Amsterdam–Rotterdam–Antwerp) terminals predictably declined to 2.4 million tonnes (-11% over the month).

Following the partial blockade of the Strait of Hormuz and Iranian strikes on the production infrastructure of Middle Eastern exporters, oil **futures** firmly entered the \$95–105/bbl range, while the 30-day average Brent quotation rose to \$97.6/bbl (+41% compared with February). Based on trading in contracts for difference (CFDs), benchmark quotations were also 54.7% **higher** than a year earlier.

The war in Iran altered the balance between supply and demand. While global oil overproduction **reached** 2.6 million bpd in 2025 and was expected to exceed 4.1 million bpd in 2026 (4% of global consumption), the market is now **facing** a temporary shortage of 8 million bbl.

Nevertheless, although the scale of changes in the oil market will depend on the duration of the conflict, a supply surplus is still expected by year-end, albeit **reduced** to «only» 3.1 million bbl.

SITUATION IN UKRAINE'S PETROLEUM PRODUCTS MARKET

These reports have twice pointed out that, under the Global Risks to the EU (RISK-EU) **methodology**, the RS **risk** indicator for the Ukrainian fuel market reached the maximum possible 25 points in the diesel segment and 21 points in the petrol segment. Since any RS score above 17 required urgent intervention, the government's failure to «notice» coordinated anti-competitive practices, record

mark-ups and the growing market power of «premium» retail chains is particularly striking.

Even now, with indicative [prices](#) for Euro-5 diesel fuel and A-95 Euro-5 petrol having risen by 38% and 13%, respectively (to UAH 85.23/l and UAH 75.41/l), the Cabinet of Ministers' only response has been the [launch](#) of «E-Bachok» (*e-tank*) – a partial fuel cost compensation scheme.

From 20 March to 1 May 2026, drivers purchasing fuel at selected filling stations [listed](#) on the official National Cashback programme platforms will be eligible for refunds of 15% on diesel purchases, 10% on petrol and 5% on LPG, up to UAH 1,000 per person per month.

As a result, the government has not only «forgotten» about citizens who rely on public transport, including suburban bus services. In practice, it has endorsed further price increases by «premium» operators and included their filling stations in the official list of «E-Bachok» participants, thereby strengthening the market power of these chains.

Moreover, by [claiming](#) in parliament that fuel prices in Ukraine were «fully correlated» with global oil prices, the Prime Minister demonstrated a complete misunderstanding of how the market works.

First, the correlation coefficient between the two price series is below 0.3, indicating only a weak connection. Suffice it to recall that, after the end of the «Twelve-Day War» between Iran and Israel, oil quotations quickly retreated from the \$75–78/bbl range recorded on 17–23 June 2025 to their usual \$68–70/bbl corridor, before falling further to \$60–62/bbl in October. Yet this trend had no effect on the behaviour of Ukraine's «premium» retail chains, which continued selling A-95 Euro-5 petrol and DT-Z-Euro-5 diesel at prices effectively corresponding to «\$80 oil» until January (averaging UAH 63.20/l and UAH 58.30/l, respectively).

Second, higher prices at filling stations can only partly be explained by more expensive imports. The market works in anticipation: today's pump prices represent an «advance payment» for future costs, as companies

respond to news and rumours faster than to actual increases in the cost of fuel deliveries.

Even during the most difficult period for retailers – the second ten-day period of December 2025 – leading market players maintained an additional margin of more than UAH 4/l on top of the «fair» 10% margin. By early February, this additional margin had reached UAH 12/l, and during the price spike it climbed to UAH 19/l. In other words, «premium» retail chains not only avoided losses but earned an additional UAH 4–19/l above the «fair» level on every litre of fuel sold.

Admittedly, higher margins during periods of market stress help protect major operators from losses. However, in the absence of effective state oversight, companies with significant market power are able to build an excessive risk premium into prices that is not justified by higher costs.

As a result, during crises the «premium» segment pulls furthest away from discount retailers, setting price benchmarks for the entire market and fuelling further increases. Operator margins therefore continue to rise, shifting economic risks onto consumers even before they affect import costs, despite the existence of long-term supply contracts and reserves purchased at earlier prices.

Meanwhile, under the [law](#) on minimum oil and petroleum product reserves, domestic consumers should have had [permanent access](#) since 2025 to 300,000 tonnes of motor petrol and diesel fuel reserves (3% of the volume of petroleum products placed on the market in 2024). On 16 January, the government [claimed](#) that «we currently have more than 20 days of fuel reserves», yet it later emerged that «as of 1 February this year, reserves [stood](#) at 64,000 tonnes of petrol and 83,000 tonnes of diesel fuel».

CHANGES IN THE REGULATORY FRAMEWORK

The President of Ukraine has finally signed a draft law aimed at improving competitive conditions for electricity generation from renewable sources. The document proposes introducing a support mechanism until 31 December 2029 for winners of renewable

energy support quota auctions in the form of a «net» premium instead of contracts for difference; allowing financial security to be provided directly to the Guaranteed Buyer as an alternative to a bank guarantee; extending the validity of renewable energy support quota auctions until 31 December 2034; reducing the financial burden on auction participants by lowering the bank guarantee from €15 to €10/kW prior to concluding a contract with the Guaranteed Buyer, and from €30 to €10/kW when extending the construction and commissioning period of a project; allowing a deviation of up to 10% between the actual installed capacity of a project and the capacity for which support was awarded, while limiting support under the market premium mechanism to the awarded capacity; facilitating the recognition of Ukrainian guarantees of origin in the EU; and enabling the connection of energy storage facilities to the grid under the cable pooling mechanism.

At the same time, the law also introduced provisions unrelated to electricity generation, namely:

- ✓ increasing the mandatory ethanol content in motor petrol to 7%;
- ✓ granting local self-government bodies the authority to set water supply and wastewater tariffs for the duration of martial law;
- ✓ allowing active consumers to remain under the simplified taxation system and retain single-tax payer status.

The Cabinet of Ministers:

- ✓ **established** a Coordination Centre for implementing comprehensive **resilience plans** for regions and individual cities. Its priority areas of work include: protecting critical infrastructure, including through engineering protection measures; developing distributed generation; ensuring uninterrupted heat supply, water supply and wastewater services; and creating conditions for greater business involvement in implementing regional resilience plans, including through simplified procedures and relevant regulatory decisions.
- ✓ **launched** a two-year pilot for the construction and/or installation of independent backup power systems in apartment

buildings in Kyiv. The government defines such systems as sets of equipment «(inverters, hybrid battery energy storage systems and/or liquid- or gas-fuelled generators, as well as other equipment and installations) designed to ensure guaranteed backup power supply for essential apartment-building systems». The systems will be installed in buildings: higher than nine storeys, where essential systems cannot operate without electricity supply; where the technical feasibility of participation in the project has been confirmed; and where participation has been approved by general meetings and/or co-owners. Naftogaz Bioenergy-A has been designated as the project operator, with financing to be provided from the state budget;

- ✓ **allocated** UAH 3.46 billion and UAH 9.40 billion from the state budget reserve fund to the State Agency for Restoration and regional administrations respectively for construction, reconstruction, major repairs and other protective measures for facilities included in regional and municipal resilience plans under the **pilot** project aimed at preventing man-made emergencies;

- ✓ **expanded** the list of eligible economic activities for recipients of one-off financial **assistance** aimed at strengthening the energy independence of small businesses by adding five additional KVED activity codes: water abstraction, treatment and supply; retail trade in hardware, construction materials and sanitary equipment in specialised stores; retail trade in sporting equipment in specialised stores; retail trade in flowers, plants, seeds, fertilisers, pets and pet food in specialised stores; and support activities for education;

- ✓ **removed** electrical transformers (HS code 8504) from the **list** of goods exempt from import duty and VAT when imported into Ukraine under agreements financed by the Energy Community Secretariat. The decision followed **amendments** to the Tax and Customs Codes adopted «to support defence industry enterprises»;

- ✓ **prohibited** distribution system operators from applying hourly **outage** schedules to lines connected to distributed generation facilities, provided such facilities cover at least 80% of consumers' needs during operating hours;

✓ **allowed** distribution system operators, after 13 March 2026, to impose forced electricity supply **restrictions** on non-household consumers whose imported electricity accounts for at least 90% of hourly consumption, or whose own generation covers at least 60% of demand;

✓ **shortened**, from 31 March to 13 March 2026, the period during which **Ukrzaliznytsia**, **Ukroboronprom**, **Naftogaz of Ukraine** and their subsidiaries were required to purchase imported electricity covering at least 50% of total consumption.

✓ **fixed gas prices** for household consumers and budgetary institutions until 30 September 2026 at UAH 7,420 and UAH 16,390/1,000 m³ respectively (without consultations with the Energy Community Secretariat). Including transmission and distribution tariffs, the retail gas price offered by Naftogaz of Ukraine to households will remain unchanged at UAH 7.96 per cubic metre at least until the end of the off-season;

✓ **increased** the **fixed** natural gas price, effective until 30 September 2026, for TPPs and CHPPs generating electricity in condensing cycle mode, as well as for gas turbine and gas piston units producing electricity only, from UAH 16,000 to UAH 21,000/1,000 m³ (including VAT);

✓ **extended** until 30 September 2026 the fixed natural gas prices for newly built TPPs, CHPPs, gas turbine and gas piston units commissioned after 1 December 2025 in Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kherson, Mykolaiv and Odesa oblasts at UAH 19,000/1,000 m³ (including VAT);

✓ **allowed** heat producers to increase the fixed volumes of gas **supplied** under contracts with Naftogaz Trading in March by up to 10%, provided that outdoor temperatures during a given month of the heating season were lower than the average for the corresponding months over the previous three years;

✓ **imposed** public service **obligations** on Ukrnafta to purchase imported gas in the event of a crisis situation during 2026 using borrowed funds «for subsequent sale at a price ensuring full reimbursement to Ukrnafta of costs

associated with the purchase of imported natural gas»;

✓ **extended** in 2026 one-off financial assistance of UAH 6,500 for the 2025-2026 winter period to children under guardianship or care; children with disabilities living in family-type orphanages and foster families; internally displaced children and persons with Group I disabilities; as well as single pensioners who became eligible for one-off financial assistance in 2025 but did not receive it during that year;

✓ **clarified** the mechanism for implementing the pilot project on involving business entities – legal persons – in the formation of air defence groups, particularly with regard to the transfer and return of air defence assets and related ammunition;

✓ **required** personnel **responsible** for maintaining the stable operation of electronic communications networks under martial law to undergo training on the technical operation of consumer electrical installations, occupational safety and fire safety;

✓ **approved** the final report on the implementation of the joint project with the International Bank for Reconstruction and Development entitled «Improving Energy Efficiency in Ukraine's District Heating Sector»;

✓ **launched** the reorganisation of the State Enterprise Energorynok into Energorynok ORE LLC, 100% of whose authorised capital will remain state-owned. A draft reorganisation plan is to be submitted «in accordance with the established procedure», although neither preparation deadlines nor the timeline for completing the transformation have been specified;

✓ **appointed** members of the Supervisory Board of Naftogaz of Ukraine and **approved** the terms of the civil law contracts to be concluded with them.

NEURC:

✓ **amended** the Market **Rules** and the Day-Ahead and Intraday Market **Rules** by removing provisions already covered by the **Requirements** for Integrity and Transparency in the Wholesale Energy Market, including

the obligation of JSC Market Operator to report identified market violations;

- ✓ **expanded** the grounds for establishing an energy island (upon **instruction** of a distribution system operator, Clause 10.9) from emergency situations in the Integrated Power System of Ukraine to include emergency operating conditions, emergency outage schedules and emergency demand reduction measures;

- ✓ **prohibited** trading in unsecured products on the wholesale energy market; clarified requirements for entities professionally organising transactions involving wholesale energy products; and authorised such entities to request explanations from market participants regarding suspicious behaviour;

- ✓ **reduced** the administrative burden on business entities **operating** in the energy and utilities sectors;

- ✓ **clarified** the **Procedure** for submitting information on commercial transactions involving wholesale energy products, including the list of data to be provided at the request of the NEURC, obligations regarding the submission of fundamental data in the natural gas market, and the titles and descriptions of the relevant reporting fields;

- ✓ **aligned** the methodologies for calculating excess or shortfall revenues from activities in the electricity market, as set out in the annexes to the control **procedure**, with other regulatory acts;

- ✓ **approved** a methodology for setting tariffs for natural gas storage services (injection and withdrawal) based on incentive regulation (replacing the previous «cost-plus» model). By establishing long-term parameters – including return on assets and efficiency targets – the methodology is intended to encourage storage operators to improve service quality while gradually reducing inefficient costs;

- ✓ **required** the market-based electricity purchase price to be calculated using the arithmetic average of ten-day baseload indices on the bilateral contracts market for the month preceding the settlement month, while also increasing the coefficient reflecting price

fluctuation risks in the balancing market and the day-ahead market from 1.30 to 1.45;

- ✓ **introduced** requirements to record and assess, during state control measures, the fulfilment by distribution system operators of their obligations and performance indicators for the first regulatory period under incentive regulation;

- ✓ **amended** the **procedure** for connection to heating networks by introducing electronic document exchange between customers and operators, as well as customer notification on the status of connection services for their facilities;

- ✓ **introduced** quarterly reporting by electricity market participants through an automated module in accordance with the updated schedule, while also improving the relevant reporting forms and clarifying procedures for recording revenues, expenses and reporting adjustments;

- ✓ **repealed**, effective from 1 April 2026, the temporary rules allowing electricity market participants to conduct transactions resulting in a negative net position exceeding 1 MWh per hour;

- ✓ **approved** the 2026 investment programme of Ukrenergo with a total budget of UAH 2.59 billion, while excluding UAH 0.20 billion from the programme as «unsupported by appropriate measures»;

- ✓ **approved** the Gas Transmission System Development Plan for 2026–2035, which provides for UAH 43.6 billion in financing, including UAH 2.74 billion allocated for 2026;

- ✓ **approved** the 2025 Generation Adequacy Assessment Report on the sufficiency of generating capacity to meet projected electricity demand and maintain the required reserve margin (not published);

- ✓ **approved**, effective from 1 April 2026, the return to previous price cap levels following a period of temporary increases. From 17 January to 1 April, price caps – particularly during evening peak hours – had been raised to UAH 15,000/MWh, creating economic incentives for electricity imports amid the winter

deficit. The subsequent return to lower caps during other hours reduced the commercial attractiveness of imports and led to a decline in import volumes. As of 1 April 2026, maximum price limits on the DAM and IDM were set at: UAH 5,600/MWh from 00:00–07:00 and 11:00–17:00; UAH 6,900/MWh from 07:00–11:00 and 23:00–24:00; and UAH 15,000/MWh from 17:00–23:00.

PROJECTS AND INTENTIONS

The Verkhovna Rada:

✓ For unclear reasons, consideration at second reading of [Draft Law](#) No.12087-d of 27 June 2025 has been delayed despite its inclusion on the parliamentary agenda: a revised draft law supported by the relevant committee, aimed at implementing EU rules on energy market integration and strengthening energy supply security and competitiveness. Since this document – initially adopted at first reading on 22 July – has still not been finalised, Ukraine is expected to [lose](#) €500 million in EU support for 2025 due to [failure](#) to meet Indicator 10.5 of the Ukraine Plan. The draft law introduces several new concepts into Ukrainian legislation, including aggregation, flexibility, citizen energy communities, the matching algorithm and nominated electricity market operators. It also aligns the functions of market operators with EU acquis requirements; defines the conditions for participation in day-ahead market (DAM) and intraday market (IDM) trading; establishes rules for the operation, certification and market oversight of nominated electricity market operators; sets out mechanisms for cooperation between market operators and ACER, ENTSO-E and EU regulatory authorities; and clarifies provisions on cross-zonal capacity allocation and revenue calculation;

✓ Included on the session agenda and awaiting second reading:

- adopted at first reading only on the fourth attempt, a government [Draft Law](#) No.14067 of 22 September 2025 on supporting the development of efficient and sustainable district heating. Delays in finalising the draft law – submitted by the government on 22 September – [resulted](#) in Ukraine losing €273 million in EU support for 2025 due

to [failure](#) to meet Indicator 10.14 of the Ukraine Plan. The draft law defines district heating as a sector of state interest and proposes measures to promote cogeneration and renewable energy in the sector, support investment programmes, and introduce individual heat substations in buildings connected to district heating systems. It also establishes responsibilities for their maintenance and allows installation costs to be included in heat transmission tariffs. The document also provides for the development and approval of rules governing heat generation, transmission, supply and use, as well as procedures for installing and operating individual heat substations;

- [Draft Law](#) No.14030 of 11 September 2025, aimed at shifting the system of state supervision (control) from a punitive model to a preventive and risk-based one. The document – already accompanied by a third comparative table prepared for second reading – proposes introducing business activity audits as a separate supervisory tool to allow companies to prevent violations of legal requirements before a scheduled inspection; reducing the frequency of state supervision (control) measures for businesses classified as medium- and low-risk; and eliminating ineffective and burdensome regulatory provisions.

- [Draft Law](#) No. 13450 of 4 July 2025 on energy infrastructure projects of public interest, [supported](#) by the relevant committee, aimed at implementing Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure. The document – for which a comparative table for second reading has finally been [released](#) – updates provisions of the [draft law](#) previously withdrawn by the Cabinet of Ministers of Ukraine in order to align them with EU requirements revised in 2022–2023;

- first reading postponed of an urgent government [Draft Law](#) No.14271 of 3 December 2025 aimed at implementing EU legislation on renewable energy. The proposal provides for aligning national terminology with the terminology of the EU acquis; defining the methodology for calculating the share of renewable energy in gross final energy consumption and setting the national target

indicator; and establishing the concept and regulatory framework for renewable energy communities. The draft law also introduces mechanisms for statistical transfers with EU member states or Energy Community Contracting Parties, the implementation of joint projects and the introduction of joint support schemes. In addition, it defines the rules for establishing dedicated zones for the development of renewable energy, energy storage installations and network infrastructure, and sets out the core principles of permitting procedures for renewable energy investments. The proposal further introduces sustainability and greenhouse gas emission reduction criteria for biofuels, bioliquids and biomass fuels, as well as requirements for verifying compliance with these criteria. It also identifies the secondary legislation that will need to be adopted following the law's adoption to ensure further implementation of the EU acquis, including provisions of Directive (EU) 2018/2001 and related delegated and implementing regulations. The preparation of this draft law is provided for in the [Ukraine Plan](#) and the government's priority [action plan](#) for 2025 (Step 400). Delays in finalising the draft law submitted by the government on 3 December [resulted](#) in Ukraine losing €273 million in EU support for 2025 ([failure](#) to meet Indicator 10.3 of the Ukraine Plan).

✓ Submitted by the government more than six months ago, included on the parliamentary agenda, but still not considered by the relevant committees:

- [Draft Law](#) No.13595 of 1 August 2025 improving the electronic fuel administration system by recording the owners of fuel in order to prevent fictitious transactions, including the registration of excise invoices for non-existent fuel volumes that are simultaneously sold for cash to other consumers;

- [Draft Law](#) No.13643 of 15 August 2025 granting the State Service on Food Safety and Consumer Protection powers to conduct state supervision (control) in the field of commercial metering of utility services;

- [Draft Law](#) No.13679 of 22 August 2025 providing for the temporary transfer of 10% of the funds received from electricity buyers to the supplier of last resort's current special-regime account and further to its non-budget

account with the State Treasury, with these funds used to repay tax arrears and the VAT liabilities arising in the process, while the remaining funds are transferred to the transmission system operator's special-regime account until the outstanding payment for electricity imbalances purchased by the supplier of last resort is fully settled. According to the government, this mechanism would allow the tax debt of Ukrinterenergo to be repaid by 31 December 2028;

- [Draft Law](#) No.13680 of 22 August 2025 eliminating the duplication of powers between the Ministry of Energy and the State Energy Supervision Inspectorate in exercising state supervision (control) in the district heating and utilities sectors;

- [Draft Law](#) No.13681 of 22 August 2025 strengthening the role of the state in ensuring reliable, uninterrupted and safe electricity supply to consumers, including compliance with measures to limit and/or suspend electricity supply, such as consumption restriction schedules, emergency disconnections and emergency demand reduction systems. Among the proposed amendments are requirements for energy market participants to comply with plans and schedules approved by the Ministry of Energy, provide the Ministry with the information necessary to perform its statutory functions, coordinate distribution system development plans with the Ministry, and ensure unhindered access for state supervisory authorities to enterprises regardless of ownership.

✓ Included on the session agenda:

- [Draft Law](#) No.14282 of 8 December 2025, submitted by the group of MPs, clarifying the status of the National Energy and Utilities Regulatory Commission (NEURC), defining the principles for determining its structure and staffing levels, and streamlining procedures for selecting members of the competition commission, conducting competitive selection, appointing commissioners, determining the maximum terms of office and rotation of NEURC members, and improving the organisation of the regulator's work and its rule-making procedures. Although on 20 December the Parliament received another draft [law](#) which, according to its authors, addresses the shortcomings of the previous

draft, the government failed to submit its version, despite approving relevant draft [law](#) on 27 December 2023. Such delays resulted in Ukraine losing €273 million in EU support for 2025 ([failure](#) to meet 10.11 of the Ukraine Plan and the Cabinet of Ministers' action [programme](#) (para. 407);

- [Draft Law](#) No.13258 of 5 May 2025, supported by the relevant committee and aimed at «resolving inconsistencies» in the regulation of the energy service market, particularly regarding payments under energy service contracts by entities operating under regulated tariffs. The proposal also extends the scope of energy service contracts to include the construction of energy facilities using renewable sources and energy storage facilities;

- [Draft Law](#) No.14164 of 29 October 2025 on the basic principles for introducing small modular reactors (SMRs) in Ukraine, aimed at establishing the legal framework for private companies to participate in the construction and operation of SMRs under state supervision and in compliance with nuclear and radiation safety requirements;

- [Draft Law](#) No.14293 of 11 December 2025 amending the criminal offence defined in Part 2 of Article 292 of the [Criminal Code](#) of Ukraine («Damage to main or industrial oil, gas, condensate and petroleum product pipelines») by introducing an aggravating circumstance – committing such acts during martial law or a state of emergency;

- [Draft Law](#) No.14329 of 24 December 2025 abolishing the requirement for consumers whose premises are equipped with individual heat distribution meters to pay the difference between the readings of those meters and the minimum specific share of heat consumption determined under the [methodology](#) for allocating the volume of utilities consumed in a building among consumers (para. 5, part 2, Article 10 of the [Law of Ukraine](#) «On the Commercial Metering of Heat Energy and Water Supply»);

- [Draft Law](#) No.14332 of 24 December 2025 postponing until 1 January 2027 the recovery of tax arrears from the state-owned enterprises Eastern Mining and Processing Plant, Dobropillia Coal Mining and Lvivuhillia;

✓ Awaiting first reading:

- government [Draft Law](#) No.15007 of 6 February 2026 requiring entities operating in the field of nuclear energy to pay imposed fines within one month from the date the relevant decision enters into force;

- [Draft Law](#) No.15012 of 6 February 2026 abolishing the increased military tax and advance corporate income tax [payments](#) for entities engaged in the retail sale of petroleum products, and introducing a moratorium on tax increases until the end or lifting of martial law;

- [Draft Law](#) No.15016 of 9 February 2026 exempting petrol (up to 7.5 kW) and diesel power generators from import duty and VAT;

✓ Documents ignored by the parliament:

- [Resolution](#) No.14069 of 23 September 2025 on the Programme of Activities of the Cabinet of Ministers of Ukraine, [approved](#) by the government as early as 10 September and submitted to the parliament Rada with a 37-day delay. The Verkhovna Rada was required by [law](#) to consider the document within 15 days but failed to do so. This [created](#) «a vicious circle of irresponsibility», making any systematic assessment of political decisions impossible. Since the Cabinet of Ministers' programme serves as the basis for the government's annual reporting to parliament, the absence of such reporting effectively prevents any meaningful evaluation of government performance;

- [Resolution](#) No.14173 of 30 October 2025 on the report by the Verkhovna Rada Temporary Investigative Commission examining possible violations of Ukrainian legislation in the formation and implementation of pricing and tariff policy in the energy and utilities sectors. Unlike the commission's earlier and relatively balanced [report](#), the new document is overloaded with judgments that appear to substitute for evidence supporting its conclusions. For example, for the system disturbance in Ukraine's IPS on 23 November 2022, the commission blamed not the Russian armed forces but the management of Ukrenergo, alleging that it had failed to take «comprehensive measures to prepare the transmission system for operation under

wartime conditions». Moreover, MPs attempted to shift responsibility for the «weakening of Ukraine's energy security» to the «personnel of all companies in the sector», which they claim «proved incapable» of preventing the disturbance;

✓ Registered drafts:

- [Resolution](#) No.15062 of 9 March 2026 «on the need to establish a Coordination Headquarters for the coordination of coordination headquarters – a supreme managing body responsible for working with all coordination bodies established under the President of Ukraine and the Cabinet of Ministers of Ukraine»;

- [Resolution](#) No.15065 of 10 March 2026, obliging the government to develop measures to compensate consumers for losses caused by rising energy prices due to «external (force majeure) circumstances»; establish indicative retail fuel prices and limits on the volume of fuel sold to individual consumers; and investigate the petroleum products market for possible «cartel or other collusive practices» among sellers;

- [Resolution](#) No.15074 of 11 March 2026, supported by the parliamentary Rules Committee, concerning the report of the Verkhovna Rada Temporary Investigative Commission (TIC) on investigating possible unlawful actions by public officials, other state bodies and state-owned enterprises that may have harmed Ukraine's economic security.

TIC members [stated](#) that annual budget losses from the illegal production and trade of fuel reach UAH 9-10 billion (p. 12). In response, the commission established cooperation with «producers' associations ... and civil society organisations» to obtain systematic information on illegal fuel sales points and forwarded the relevant lists to the Bureau of Economic Security, the State Tax Service and the National Police. Together with sector experts, it also developed a methodology for quarterly assessments of the shadow market share and tax burden, while introducing monthly monitoring of regional fuel sales volumes «based on data from the Cash Register Data Recording System».

The report further states that «according to estimates by the Economic Expert Platform»

(which, incidentally, [does not conduct](#) such research), the shadow share of the petroleum products market declined from 34% to 14% in 2022–2024, rose to 21% in mid-2025, and fell back to 14% by the end of the year (p. 16). The document also indicates that more than 50 (!) filling station chains operate in Ukraine, while the owners of ten of them «pay all employee wages close to the minimum level».

No conclusions are drawn from this information in the report.

The Ministry of Energy [published](#) a revised draft order approving the Methodology for Calculating Minimum Oil and Petroleum Product Stocks, updated following comments from relevant public authorities. The document sets out procedures for calculating the total volume and market value of oil and petroleum products held in such reserves to ensure compliance with minimum stockholding obligations.

NEURC published:

- ✓ a draft [resolution](#) harmonising licensing conditions in the electricity market with the requirements of the recently signed [law](#) introducing a support mechanism until 31 December 2029 for winners of renewable energy support quota auctions in the form of a «net» premium instead of contracts for difference; allowing financial security to be provided directly to the Guaranteed Buyer as an alternative to a bank guarantee; extending the validity of renewable energy support quota auctions until 31 December 2034; reducing the financial burden on auction participants by lowering the bank guarantee from €15 to €10/kW prior to concluding a contract with the Guaranteed Buyer, and from €30 to €10/kW when extending the construction and commissioning period of a project; allowing a deviation of up to 10% between the actual installed capacity of a project and the capacity for which support was awarded, while limiting support under the market premium mechanism to the awarded capacity; facilitating the recognition of Ukrainian guarantees of origin in the EU; and enabling the connection of energy storage facilities to the grid under the cable pooling mechanism;

- ✓ a draft [resolution](#) approving a methodology for setting tariffs for natural gas

transmission services at entry and exit points based on incentive regulation (replacing the previous «cost-plus» model). By establishing long-term parameters – including return on assets and efficiency targets – the methodology is intended to encourage the operator to improve service quality while gradually reducing inefficient costs;

✓ a draft [resolution](#) amending the [Market Rules](#) in relation to: defining cases in which the transmission system operator is required to unilaterally reinstate standard agreements or is entitled to terminate them; introducing a mechanism for information exchange between the platforms of the transmission system operator and auction organisers regarding the registration of bilateral contracts; and revising the debt adjustment coefficient applied when providing financial guarantees by balance responsible parties;

✓ a draft [resolution](#) aligning the methodologies for calculating excess or shortfall revenues from activities in the electricity market, as set out in the annexes to the control [procedure](#), with other regulatory acts;

✓ a draft [resolution](#) amending the Retail Electricity Market [Rules](#) by requiring consumers to independently cease electricity consumption in the absence of a valid supply agreement, while allowing operators to unilaterally draw up reports on unauthorised electricity consumption and send them to consumers;

✓ a draft [resolution](#) clarifying the [procedure](#) for determining and paying for services under the market premium mechanism and services supporting an increased share of electricity generation from renewable sources provided by the Guaranteed Buyer and/or universal service suppliers for the settlement month; streamlining the accounting and use of additional revenues received by the Guaranteed Buyer; and requiring sellers to issue and register tax invoices in the Unified [Register](#);

✓ a draft [resolution](#) introducing a unified approach to the provision of services related to the disconnection and reconnection of consumer electricity supply;

✓ a draft [resolution](#) introducing a unified approach to setting charges for commercial

electricity metering services provided by distribution system operators within their licensed areas of operation;

✓ a draft [resolution](#) retaining procedures for disconnecting retail consumers' electrical installations exclusively within the Retail Electricity Market [Rules](#), while regulating the disconnection of other electrical installations under the Distribution Systems [Code](#); and supplementing the latter with requirements for targeted notification of users regarding supply interruptions.

INTERNATIONAL COOPERATION

The Presidents of Ukraine and Romania signed a framework [agreement](#) on cooperation in the energy sector. The document provides for the implementation of joint projects, including the construction of the 400 kV Chernivtsi–Suceava transmission line, the commissioning of the 110 kV Porubne–Siret transmission line, and the expansion of the Vertical Gas Corridor with the possible use of Ukrainian underground gas storage facilities.

The Steering Board of the Ukraine Investment Framework – the investment pillar of the Ukraine Facility – [approved](#) a package of eight programmes worth €1.5 billion aimed at addressing Ukraine's urgent challenges, including in the energy sector. Their implementation is expected to mobilise up to €3.4 billion in new investment over the next three years.

Ukraine [received](#) the first \$1.5 billion tranche under the new four-year International Monetary Fund Extended Fund Facility (EFF) programme worth \$8.1 billion.

In February 2026, the Ukraine Energy Support Fund [received](#) contributions totalling €0.2 billion from Norway, Ireland, Netherlands, Australia and Sweden. In the first half of March, the fund was further [replenished](#) through contributions from Iceland and the Swedish International Development Cooperation Agency (Sida) amounting to a total of €59 million.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

In the final days of the heating season, the Ministry of Energy [reported](#) that «we

endured, we held out, and the energy system remained operational». The state now faces «six challenges, each with its own action plan, responsible executors and deadlines».

Unfortunately, the loss of half of Ukraine's available generation capacity before the beginning of 2026, unfulfilled plans for the construction of new capacity and its engineering protection, the substantial deficit in the Ukraine Energy Support Fund, and the government's contradictory [actions](#) during the fuel crisis leave little room for optimism regarding such statements.

Efforts to implement the course announced in 2023 to transform the architecture of Ukraine's energy system have once again been reduced to meetings of numerous headquarters and coordination bodies, which rarely produce formally adopted decisions. Deadlines for commissioning, grid connection and the protection of equipment – much of it purchased with international partner funding – continue to slip. Decisions on many issues remain pending for months, including on:

- ✓ developing distributed generation capable of operating both when connected to distribution systems and in isolated emergency mode;

- ✓ transferring responsibility for the reliability, flexibility and balancing of distribution networks to distribution system operators, together with introducing interaction protocols between them and the transmission system operator;

- ✓ introducing application-based connection to distribution networks;

- ✓ ensuring the institutional and operational independence of NEURC;

- ✓ opening domestic energy markets to foreign investment and electricity trading across all market segments;

- ✓ ensuring Ukraine's full participation in ENTSO-E and ENTSO-G, alongside further development of joint crisis-response mechanisms;

- ✓ encouraging end consumers and producers of non-guaranteed generation to participate in frequency-regulation mechanisms;

- ✓ ensuring that non-guaranteed generation complies with declared production volumes and supply schedules;

- ✓ balancing supply and demand exclusively through market-based mechanisms;

- ✓ creating strategic and reserve gas stocks and organising exchange-based gas trading;

- ✓ creating and maintaining decentralised petroleum product reserves sufficient to overcome possible supply crises;

- ✓ maintaining strict payment discipline in energy markets;

- ✓ ensuring exclusively monetary settlements between consumers and energy suppliers;

- ✓ reducing the list of protected consumers, two-thirds of which are not critical infrastructure enterprises;

- ✓ encouraging rational energy consumption and greater consumer energy autonomy rather than mass purchases of photovoltaic panels and «energy separatism».

The off-season is an ideal period for rebuilding trust within the «government-business-community» triangle and jointly strengthening the country's energy security. Ukraine must not simply repair what has been damaged by the aggressor, but – guided by the Build Back Better principle – become a self-sufficient and independent state no longer reliant on any single supplier.