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UKRAINE'S ENERGY SECTOR IN APRIL 2026

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Lessons learned from wartime heating seasons have demonstrated the vulnerability of the overly centralised post-Soviet energy model. Ukraine must therefore move as quickly as possible from the reactive approach of «dealing with the consequences» to the proactive principle of «building back better». Political consensus around this idea has taken shape in the form of comprehensive resilience plans for regions and individual cities — the regulatory framework underpinning preparations for the next winter, identified as Ukraine's key challenge at the April meeting of the Ukraine Energy Coordinating Group («Energy Ramstein»). These initiatives are a logical continuation of decentralisation efforts and are intended to help local communities adapt to energy shortages and the growing threat to generation, transmission and distribution infrastructure.

PREPARATION FOR THE NEXT HEATING SEASON

The priorities for preparing the energy sector for the 2026–2027 heating season were identified as protecting energy infrastructure, accelerating the procurement of equipment and materials for repair works, expanding distributed generation, carrying out a large-scale repair campaign, and building up gas reserves.

The government has already reported the restoration of 3.5 GW of thermal and hydropower generation since the beginning of the year (including 1 GW in April), the commissioning of 1 GW of new generating capacity (including 102 MW in March), and the installation of second-level protection at 84 substations and 134 critical facilities to protect against UAV strikes, missile debris and the blast effects of cruise and ballistic missiles.

A further 6 GW of capacity is expected to come online during the off-season, allowing maintenance of NPP units to proceed in accordance with the approved schedule.

The government's objective is to commission 1.5 GW of distributed generation by the end of the year (including 392 MW by Naftogaz Group companies and 92 MW by Gas TSO of Ukraine LLC) and to establish a threefold strategic reserve of energy equipment, supported by a budget of €197 million.

The Affordable Loans 5–7–9 programme has already been used by 145 businesses to develop new generating capacity. Together, they have received UAH 2.5 billion in financing. Banks have also issued 341 zero-interest loans worth UAH 531 million for the purchase of energy equipment. Under the SvitloDIM programme, co-owners of 1,533 apartment buildings received UAH 389 million in support. Twenty domestic financial institutions have financed the restoration of 1.52 GW of generation capacity, as well as the construction of 0.63 GW of energy storage and heat-generation facilities. Overall, since June 2024, energy infrastructure projects in 21 regions of Ukraine have received UAH 41.5 billion in financing.

IMPLEMENTATION OF COMPREHENSIVE RESILIENCE PLANS FOR REGIONS

In April, most issues discussed by the coordination headquarters focused on resilience plans designed to ensure the operation of energy networks and systems under both interconnected and island-mode conditions. Achieving this objective will require the rapid

deployment of a large number of small-scale generating units (from 1 MW), primarily cogeneration facilities, including gas-piston and gas-turbine units. These installations will generate electricity close to consumption centres, operate as part of smart networks, and remain connected to Ukraine's IPS.

One of the most important components of these plans is the seamless integration of renewable energy capacity into existing systems. According to the plans, all hub hospitals and water-supply facilities will be equipped with autonomous power sources and battery energy storage systems (BESS), ensuring that their connection does not undermine overall network and system resilience.

Another key objective of the resilience plans adopted in March is the construction of engineering protection structures. In Kharkiv, Poltava and Donetsk oblasts alone, 660 facilities require protection against russian attacks. The first-level protection to be installed at all energy facilities is designed to protect against debris, submunitions and blast effects. The second level, intended for key infrastructure elements, provides protection against direct UAV strikes, as well as debris and blast effects from cruise and ballistic missiles. The third level — the costliest and least widespread — protects critical infrastructure nodes against missile attacks. According to the government, «most regions have already begun constructing protective structures».

However, despite broad political consensus around the need to strengthen the energy resilience of local communities, implementation faces a number of serious challenges.

1. *Financial and fiscal risks*. The estimated cost of implementing the resilience plans exceeds UAH 278 billion. Even Kyiv — the objectively wealthiest municipality in Ukraine — faces a critical imbalance: while the city's resilience plan is valued at UAH 61.6 billion, the local budget can provide only UAH 10.6 billion. As government officials have noted, Ukraine requires «at least €5.4 billion» to prepare for the heating season.

Budgetary pressures also vary considerably across the country. Large cities have better access to international grants and financing programmes, while smaller communities remain almost entirely dependent on state budget support. As a result, despite generally positive progress in implementing resilience plans, «the pace remains uneven» across regions. In the absence of a clear long-term financing mechanism, local authorities will likely be forced to divert resources from other sectors, including education and healthcare, increasing social tensions.

2. *Technological and logistical constraints*. The global market for energy equipment is showing signs of overheating. Owing to both the worldwide decarbonisation drive and conflicts elsewhere, delivery times for cogeneration units, transformers and energy storage systems have increased to 9–14 months. Equipment ordered in April may therefore not arrive before the start of the heating season — or even before the end of the year. Communities are estimated to require «228 modular boiler houses with a combined capacity of 999 MW». Compatibility between new generating facilities and existing transmission and distribution networks also remains a challenge, requiring additional investment in grid connections.

3. *Regulatory and bureaucratic constraints*. Current urban-planning and land-use legislation was not designed to accommodate the accelerated construction of a large number of energy facilities. Local communities face lengthy procedures for allocating land, obtaining technical specifications, securing approvals, connecting facilities to networks and systems, and completing other regulatory requirements. Even under the special arrangements introduced through pilots, coordination among the Ministry of Energy, the Ministry for Development, NEURC, DIAM, transmission and distribution system operators, and local authorities remains insufficient, causing delays, particularly at the design stage.

4. *Skilled labour shortages*. The large-scale transition to protected distributed generation requires qualified designers, engineers, electricians, and specialists capable of operating and maintaining gas-fired peaking

and photovoltaic facilities. Against the backdrop of mobilisation and significant migration flows, contractors report an acute shortage of field personnel. This increases project costs and implementation timelines while reducing quality standards, potentially contributing to equipment failures and accidents in the future.

Ultimately, the security factor remains decisive. Any facility under construction becomes a potential target for enemy attacks. The need to build energy infrastructure while simultaneously providing engineering protection increases project costs by 30–45% and requires a degree of secrecy that may conflict with donor requirements regarding transparency and oversight of fund utilisation.

ENERGY BALANCE

During the first half of the reporting period, Ukraine's Integrated Power System (IPS) experienced a persistent power deficit (up to 1 GW during the morning and, less frequently, evening demand peaks). As a result, capacity restrictions for industrial consumers remained in place across most regions, while hourly outages for households were introduced on 3 and 8–11 April. Emergency outages were imposed on three occasions — in response to large-scale russian attacks (3 and 16 April) and following equipment failures (6 April) — affecting several oblasts. Adverse weather conditions, particularly strong winds, disrupted electricity supply five times during the month. On 27 April alone, nearly 700 settlements lost power, with more than 100 remaining without electricity for almost two days.

From mid-April, the system operator was able to restore the balance between generation and consumption, thanks to the postponement of scheduled maintenance of the third NPP unit and increased output from hydropower plants and renewable energy facilities.

Ukrenergo explained the «forced introduction of restriction measures» by six factors: extensive use of electric heaters; reduced available capacity due to scheduled maintenance at NPPs; a «noticeable decline» in generation at CHPPs, only a small proportion of which are «capable of generating electricity ... independently of district-heating operations»; «significantly lower» electricity imports during the spring period; an increase in non-guaranteed capacity from SPPs; and continued russian attacks causing damage to generation, transmission and distribution facilities.

However, the operator's explanation omitted what were arguably the principal causes of the deficit: the collapse of imports following the NEURC's reinstatement of maximum price caps and the withdrawal of preferential gas pricing for owners of TPPs, CHPPs, gas-turbine and gas-piston generating units. As a result, the April supply balance lost around 1.5 GW of available capacity, forcing Ukrenergo to impose consumption restrictions.

In April, the base capacity of Ukraine's IPS was provided by seven nuclear units, generating up to 5.5 GW. Two reactors remained under maintenance. A third unit had been scheduled to enter maintenance on 19 April, but the start of repair works was postponed due to a shortage of available generation in the market. From 1 May, six of the nine NPP units will remain in operation, later reducing to five. The schedule for maintenance outages between May and August will be aligned with the seasonal demand curve.

Manoeuvrable capacity was provided by up to 10 units at TPPs and CHPPs, as well as HPPs and PSPPs, with a combined output of up to 3.5 GW. Renewable energy facilities produced 1.8–2.0 GW. Seasonal factors increased output from renewable energy facilities to almost 3.5 GW, creating a need for curtailment during daylight hours.

Spring runoff increased generation at Ukrhydroenergo facilities to 2.0 GW in April. However, no further increase in output is expected, as water inflows have begun to decline. Hydropower generation continued to be dispatched primarily during peak-demand 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.

NPPs accounted for approximately 47–49% of total generation. The share of TPPs and CHPPs did not exceed 15–17%, while renewable energy facilities contributed up to 22% and HPPs accounted for 14–16% of generation.

Overall, electricity production in Ukraine reached 12 GW, compared with 11 GW a year earlier — when air temperatures were higher — and up to 15 GW during the corresponding period in 2021.

The reinstatement of maximum price caps by NEURC reduced imports from 0.9 million MWh to 0.6 million MWh (up to 1.7 GW during peak hours and averaging 19 GWh). Hungary remained the largest source of imported electricity. Imports accounted for 6–7% of consumption, compared with up to 12% at the beginning of March.

Ukrenergo drew on emergency assistance from the Polish system operator on six occasions (1, 2, 8, 11, 12 and 21 April).

During the reporting period, commercial electricity exports resumed for the first time since 11 November 2025. However, volumes exported to Hungary and Moldova remained modest, totalling 37 MWh in April. Exports were concentrated primarily during daylight hours.

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 stayed at around 2 million tonnes. As damaged units at TPP and CHPPs remained largely unavailable, existing reserves are sufficient for the off-season period.

Gas consumption in Ukraine declined from 60–65 mcm/day to 35 mcm/day. No supply shortages were observed, owing to the recovery in domestic production, which reached 44–46 mcm/day. Imports virtually ceased, totalling just 16 mcm during the month.

The surplus natural gas began flowing into underground gas storage facilities. On certain days in April, injections reached 24–29 mcm. As a result, gas inventories increased to 5.5 bcm (+14% compared with 31 March, excluding 4.1 bcm of long-term storage gas, 0.6 bcm formally reclassified as buffer gas, and 0.1 bcm owned by non-residents). This level exceeds last year's figure by 4.8 bcm, although it remains 15% below the levels recorded in 2015–2018.

Under the baseline scenario, gas stocks in underground storage facilities are expected to reach 14.6 bcm by the start of the heating season. According to the forecast, this target may be adjusted depending on the security situation. The minimum volume considered critically necessary is 13.2 bcm.

Despite the difficult situation on global markets following the blockade of the Strait of Hormuz, no shortages of petroleum products have been observed on the domestic market, nor are any expected. According to the Energy Minister, «supplies are sourced from more than ten countries, and the availability of fuel 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 46.3 billion (+9.5% since the beginning of 2026). Almost one-third of the debt is attributable to non-payments by the supplier of last resort (around UAH 13 billion).

Ukrenergo, in turn, owes UAH 30.9 billion (+40% since the beginning of the year) to balancing market participants. A further UAH 1.2 billion will be recovered from Ukrenergo pursuant to the court decision.

The situation in this segment is expected to improve somewhat in May following the resolution of differences between Ukrenergo and its international creditors.

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, Ukrenergo lacks sufficient funds to settle payments with generators (primarily renewable energy producers) and is, in effect, subsidising certain categories of consumers.

In March, the First Deputy Prime Minister stated that he would ask Parliament to support «six small but important legislative changes»

in order to «address the growing debt problem by the summer». However, no relevant proposals have yet been submitted to the Verkhovna Rada by the government.

TRANSIT

During the reporting period, Gas Transmission System Operator of Ukraine LLC ensured the transit of around 10 mcm of Romanian gas to Moldova. Transit of russian gas was suspended from 1 January 2025.

Officials have yet to explain why transit via the southern branch of the Druzhba oil pipeline (9.7 mt in 2025) 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».

The transit of russian oil, which had been suspended on 27 January 2026 following targeted russian attacks damaging key facilities of the main oil pumping station near the town of Brody, resumed on 22 April after repair works were completed ahead of schedule.

The first volumes of russian oil reached refineries in Slovakia and Hungary (operated by the private Hungarian company MOL) on the morning of 23 April. By the end of the month, Ukrtransnafta had resumed average throughput of 32,000 tonnes of crude oil per day.

Since 9 September 2024, all oil transported via the southern branch of the Druzhba pipeline to the Fényeslitke and Budkovce pumping stations has been purchased by MOL Plc. at the Belarus–Ukraine border.

PRICE SITUATION

Lower electricity demand and the resulting restoration of a balanced supply-demand position throughout most of the day sustained the downward trend in the electricity market. In April, baseload (BASE) prices on the day-ahead market (DAM) fell to UAH 5,391/MWh, peakload (PEAK) prices to UAH 4,072/MWh and off-peak (OFFPEAK) prices to UAH 9,710/MWh (-24%, -36% and -14% compared with March, respectively). The unusual relationship between night-time and evening indices resulted from the artificial suspension of imports due to the reinstatement of the maximum price caps that remained in effect until 1 May 2026.

The weighted average price on the intraday market (IDM) amounted to UAH 5,008/MWh, while on the Ukraine IPS DAM it was UAH 5,792/MWh (-25% and -21% compared with March).

The government has maintained the tariff for households at UAH 4.32/kWh (including VAT) until 31 October 2026, while discontinuing the preferential tariff of UAH 2.64/kWh (including VAT) 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, the weighted average price of May gas, based on the trading results on the Ukrainian Energy Exchange (UEEX), dropped in April to UAH 22,986/1,000 m^3 (-5.4% compared with March; excluding VAT). The price of gas at the TTF hub, adjusted to the Ukrainian border, ended the month at UAH 30,406/1,000 m^3 (+13.8% compared with 31 March; excluding VAT).

Naftogaz of Ukraine gas tariffs for non-household consumers with valid supply contracts, amount to UAH 29,850/1,000 m^3 starting from 1 May 2026 (UAH 30,300 in March; including VAT). Prices for household consumers and budgetary institutions are fixed until 30 September 2026 at UAH 7,420/1,000 m^3 and UAH 16,390/1,000 m^3, 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 m^3 (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.

Rising gas prices driven by the war in the Middle East have made EU member states reluctant to replenish underground storage facilities, which held 34.7 bcm of gas on 1 May. This was 28% below the five-year average and 8 bcm (20%) lower than a year earlier.

The previous winter demonstrated the risks of failing to meet the EU requirement to fill storage facilities to 90% capacity at any point between 1 October and 1 December. This year, however, compliance will be more difficult due to the war, which has reduced global LNG supply by 7 bcm per month. Especially given that spot prices at the TTF hub remain in the range of $420–520/1,000 m³. This is below the March peak of $600 but well above the February level of $300/1,000 m³. If the war with Iran drags on, the EU may be forced to invoke the «difficult market conditions» provision, which allows the storage-filling target to be reduced by 10 percentage points.

Instead, futures for thermal coal (API2) CIF ARA (ARGUS-McCloskey) dropped in March to $95/t. A year earlier, they stood at $96/t. Coal stocks at ARA (Amsterdam–Rotterdam–Antwerp) terminals increased to 2.8 million tonnes (+17% over the month).

Despite the ceasefire announced by the United States, the Strait of Hormuz remains too risky a route for tanker traffic. As a result, oil derivatives have stabilised in the $95–105/bbl range, while the 30-day average Brent price rose to $102/bbl (+4.1% compared with March). Based on trading in contracts for difference (CFDs), benchmark quotations are now 82% higher than a year earlier.

The war in the Middle East has fundamentally 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 current disruption has temporarily removed 10 million bpd of exports from the market.

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 bpd, primarily due to the forecast decline in consumption of 1.5 million bpd in the second quarter of 2026 — the sharpest contraction since the COVID-19 pandemic.

SITUATION IN UKRAINE'S PETROLEUM PRODUCTS MARKET

In late April 2026, the Antimonopoly Committee of Ukraine «recommended that the largest fuel retail chains ensure that retail prices for petrol, diesel fuel and LPG are set and adjusted based on objective economic factors, including fluctuations in procurement costs, in compliance with competition law».

However, speaking before the Verkhovna Rada, the Committee's Chair effectively undercut his own authority's recommendations, stating that traders' arguments «regarding the rapid increase in inventory replenishment costs have found some confirmation». His remarks suggest that operators of «premium» fuel retail chains increased prices far more slowly than would have been justified by the dynamics of import costs. Platts quotations in Europe rose by 86% between 26 February and 31 March, while diesel prices at Ukrainian filling stations increased by «only 39%».

One might conclude that the Chair of the Antimonopoly Committee does not fully appreciate that the procurement cost of diesel fuel accounts for only about one-third of the retail price. The remainder consists of taxes and duties (around 40%), transportation and storage costs (up to 5%), the largely fixed operating costs of filling stations (15–17%), and the retailer's margin. Had the margins of operators of «premium» fuel retail chains been comparable to those in Poland, Slovakia or Germany, diesel prices at Ukrainian filling stations would have risen not by «only 39%» in March, but by no more than 26%.

It is difficult to describe as «economically justified» the behaviour of market participants whose margin on diesel fuel sales has reached $735/t (higher margins were recorded

only in June 2022; on 1 May 2021, the figure stood at just $40/t).

Lost in what it calls the «facts available», the Antimonopoly Committee fails even to mention 2025, when, following the end of the twelve-day war between Iran and Israel, «premium» fuel retail chains conveniently neglected to return the synchronised 6–8% increases in fuel prices to their previous levels.

Although correlation coefficients in the «premium» segment stand at 0.96 for petrol and 0.98 for diesel fuel, the Committee nevertheless insists that «most fuel retail chains acted, and continue to act, differently, which does not justify premature conclusions regarding anti-competitive concerted practices».

The difficulty the Committee's Chair appears to have in drawing conclusions is reflected in his claim that, in EU member states, «competition authorities do not intervene in this area. Certain regulatory processes are carried out by public institutions, or rather through mechanisms applied either by governments or by the state». Perhaps that is why the only state response to rising fuel prices has been the introduction of the E-Bachok *(e-tank)* programme.

Until 31 May 2026, drivers will still be able to receive cashback through participating filling stations listed on the official National Cashback programme website: 15% on diesel fuel purchases, 10% on petrol and 5% on LPG, up to a maximum of UAH 500 per person per month.

Meanwhile, indicative prices for Euro-5 diesel fuel and Euro-5 A-95 petrol increased by a further 3.3% and 0.5% during the month, reaching UAH 88.07/litre and UAH 75.76/litre, respectively.

CHANGES IN THE REGULATORY FRAMEWORK

The President of Ukraine signed:

✓ the law aimed at implementing EU energy legislation on market integration, security of supply and competitiveness in the energy sector (Indicator 10.5 of the Ukraine Plan). The document 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;

✓ the law aimed at shifting the system of state supervision (control) from a punitive model to a preventive and risk-based one. The document 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.

The Cabinet of Ministers:

✓ extended until 31 October 2026 the public service obligations (PSOs) imposed on Energoatom and Ukrhydroenergo to safeguard public interests in the electricity market. Under the PSO mechanism, the retail electricity tariff for households remains unchanged at UAH 4.32/kWh (including VAT). At the same time, following the end of the heating season, the preferential tariff of UAH 2.64/kWh (including VAT) for the first 2,000 kWh/month was suspended for households using electric heating systems, households not connected to the gas network, and households without access to district heating;

✓ expanded procurement mechanisms available to the centralised procurement organisation under the State Agency for Restoration and Infrastructure Development of Ukraine through framework agreements for the procurement of goods and services valued at UAH 100,000 or more, current repair services valued at UAH 200,000 or more, and works valued at UAH 1.5 million or more.

Under the pilot project, framework agreements will be concluded following a qualification-based selection process conducted through the electronic procurement system, involving at least three candidates;

✓ required Centrenergo to transfer 30% of its 2025 net profit to the state budget as dividends and allocate 45% to the restoration and repair of assets destroyed or damaged as a result of russian armed aggression. Based on its 2025 financial results, the amount concerned totals UAH 4.06 billion;

✓ required Gas Transmission System Operator of Ukraine LLC to transfer 50% of its 2025 net profit (approximately UAH 8.4 billion) to the state budget as dividends, provided that 25% of net profit is allocated to «tasks related to the operation of critical infrastructure facilities, including capital investments, construction of protective facilities for the gas transmission system, and the restoration of assets destroyed or damaged as a result of russian armed aggression». Of the total amount, 30% is to be paid by 1 July and the remaining 20% by 31 December 2026;

✓ provided for the establishment, under the Ministry of Economy, of the National Greenhouse Gas Emissions Registry Centre, a budget-funded institution responsible for the organisational, informational, logistical and analytical support of the Scientific and Expert Council on Climate Change and Ozone Layer Protection;

✓ approved the Biomethane Production Development Programme through 2035 and the Action Plan for its implementation. The documents envisage, among other things: increasing biomethane production in Ukraine from 52 mcm in 2025 to 1 bcm in 2030 and 2.1 bcm in 2035; constructing eight plants with a combined annual capacity of 0.1 bcm in 2026–2028; exempting biomethane produced entirely within Ukraine from export duties; encouraging investment in biomethane production, transportation and consumption infrastructure through purchase guarantees, a guaranteed tariff and interest-rate compensation; introducing a domestic greenhouse gas emissions trading system; and integrating Ukrainian and European biomethane tracking and certification systems. However, the programme does not explain how biomethane production is expected to increase from 0.15 bcm in 2028 to «more than 1 bcm per year» in 2030;

✓ clarified the list of critical infrastructure facilities subject to construction, reconstruction, repair and protection measures, including those envisaged by the comprehensive resilience plans for regions and individual cities, as well as the funding allocated for their implementation (amounts not disclosed);

✓ limited to the 2025–2026 heating season the provision of additional support to recipients of benefits and housing subsidies for the payment of electricity supply and distribution services or the reimbursement of costs associated with alternative energy sources;

✓ excluded from the list of State Reserve-managed organisations scheduled for reorganisation into state-owned enterprises those entities that had previously been responsible for storing petroleum products in the state reserve;

✓ allocated UAH 281.3 million from the state budget reserve fund to provide state assistance for February 2026 to employees of fuel and energy sector enterprises, housing and utility service providers, and public railway transport operators involved in emergency recovery works following russian missile and drone attacks;

✓ allocated UAH 732.5 million from the state budget reserve fund for the implementation of comprehensive regional and municipal resilience plans, including the construction, reconstruction, major repair and installation of modular boiler houses and cogeneration units already available within local communities (the distribution of funds has not been disclosed);

✓ set the 2026 support quota for electricity producers using renewable energy sources at 33 MW for solar generation (maximum bid price: €0.08/kWh; limited to Left-Bank Ukraine), 250 MW for wind generation (€0.08/kWh), and 47 MW for other renewable energy sources (€0.12/kWh). The quotas will be allocated through three closed auctions scheduled for June;

approved indicative annual support quotas for 2027, 2028 and 2029 for electricity producers using renewable energy sources at 340 MW, 350 MW and 375 MW, respectively. In the solar segment, priority will be given to facilities located on the left bank of the Dnipro River and equipped with energy storage systems;

✓ increased the authorised capital of the Energy Efficiency Fund by UAH 629.7 million using funds allocated under the 2026 State Budget of Ukraine;

✓ allocated to the State Agency for Restoration the remaining UAH 27.9 million in the special fund of the state budget, sourced from unused European Investment Bank loans, for infrastructure development and recovery;

✓ amended the requirements for the Methodology for Calculating Minimum Oil and Petroleum Product Stocks, to be developed by the Ministry of Energy, by requiring it to include a mechanism for calculating the market value of crude oil and petroleum products held in such stocks for the purpose of fulfilling participants' obligations under the system;

✓ extended to Kharkiv Oblast the first phase of a two-year pilot project providing state assistance for the purchase of independent electricity sources for apartment-building co-owners. In 2026, such assistance may be provided on a non-repayable basis from the state budget reserve fund. Eligible equipment includes petrol, diesel and gas generators, inverters, high-voltage battery management units, batteries, solar photovoltaic modules (panels) and other equipment listed on the official website of the Ministry for Development. Grants ranging from UAH 100,000 to UAH 300,000 (depending on the number of storeys and entrances in a building), with a total allocation of UAH 800 million, will be available until 20 December 2026. Financing will be administered through Oschadbank;

✓ extended until 1 October 2026 the period during which goods and services required for the construction, repair and engineering protection of critical infrastructure and essential-service systems under comprehensive regional and municipal resilience plans may be procured without open tenders or the use of the electronic procurement catalogue;

✓ approved the methodology for calculating the maximum price per kWh of electricity (including VAT) that participants in capacity-construction tenders may submit as part of their bids. It also recommended that Ukrenergo include in contracts with successful bidders a provision requiring payments to be made in hryvnia equivalent to the euro-denominated amount, calculated using the average official exchange rate set by the National Bank of Ukraine for the month in which the relevant service period falls. In addition, it specified that available capacity means the permitted (contracted) electricity export capacity of the generating unit covered by the contract;

✓ approved draft Additional Agreement No. 1 to the Production Sharing Agreement between the state and WELL CO LLC concerning hydrocarbons to be produced within the Uhnivska licence area. The amendments are linked, among other things, to the adoption of a new version of the model subsoil-use agreement, which establishes additional obligations for subsoil users under the Agreement on the Establishment of the US–Ukraine Reconstruction Investment Fund;

✓ clarified the terms of the civil-law contracts to be concluded with members of the Supervisory Board of Naftogaz of Ukraine, which had been approved one month earlier;

✓ for the second time amended the requirements for the comprehensive review of the activities of «certain state-owned enterprises», launched following the publication of the NABU and SAPO investigation under Operation Midas. Under the revised requirements, the supervisory boards of Naftogaz of Ukraine, Ukrhydroenergo, Energoatom, Centrenergo, Ukrenergo and the Gas Transmission System Operator of Ukraine must, by 31 December 2026, review compliance with anti-corruption programmes, corporate ethics codes, procurement procedures, financial discipline, decision-making procedures for transactions, and the functioning of internal control systems; submit reports; and ensure implementation of the resulting recommendations;

✓ approved the National Programme for the Adaptation of Ukrainian Legislation to European Union Law (the EU acquis). The programme provides, among other things, for the implementation of:

• by 1 May 2026 — Regulation (EC) No 1099/2008 on Energy Statistics; requirements relating to the independence and transparency of NEURC;

• by 31 December 2026 — Regulation (EU) No 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT); Regulation (EU) 2022/869 on Guidelines for Trans-European Energy Infrastructure; Council Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products;

• by 1 July 2027 — Regulation (EU) 2019/941 on Risk-Preparedness in the Electricity Sector and Commission Regulation (EU) 2017/2196 establishing a Network Code on Electricity Emergency and Restoration;

• by 1 October 2027 — EU directives and regulations on public procurement, including those applicable to entities operating in the energy sector;

• by 31 December 2027 — Regulation (EU) 2022/1032 concerning Gas Storage and Regulation (EU) 2017/1938 concerning Measures to Safeguard the Security of Gas Supply; Regulation (EU) 2019/943 on the Internal Market for Electricity and Directive (EU) 2019/944 on Common Rules for the Internal Market for Electricity; Regulation (EU) 2023/1804 on the Deployment of Alternative Fuels Infrastructure; EU energy-efficiency legislation; Directive (EU) 2018/2001 on the Promotion of the Use of Energy from Renewable Sources;

• by 31 December 2028 — Directive 94/63/EC on the Control of Volatile Organic Compound (VOC) Emissions Resulting from the Storage of Petrol and Its Distribution from Terminals to Service Stations and Directive 2009/126/EC on Stage II Petrol Vapour Recovery during Refuelling of Motor Vehicles at Service Stations;

• within six months after the termination of martial law — Directive 98/70/EC relating to the Quality of Petrol and Diesel Fuels (including the restoration of mandatory conformity assessment requirements for motor fuels);

• within 12 months after the termination of martial law — Commission Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks and Directive (EU) 2024/1788 on Common Rules for the Internal Markets for Renewable Gas, Natural Gas and Hydrogen (including the abolition of PSOs imposed to ensure services of general economic interest).

The Ministry of Energy approved sector-specific security profiles for systems processing official information, as well as open or confidential information within Ukraine's fuel and energy sector. The profiles define information-security controls and their content, the required protection measures, and the minimum configuration parameters for their implementation in accordance with ND TZI 3.6-006-24.

NEURC:

✓ increased from 1 May 2026 the maximum price caps on the day-ahead market (DAM), intraday market (IDM) and balancing market to UAH 15,000/MWh and UAH 17,000/MWh, respectively. The minimum price caps remained unchanged;

✓ increased from 1 May 2026 electricity distribution tariffs by 1–10% and 4–8% for the first and second voltage classes, respectively. For the first voltage class, the highest and lowest tariffs were set for Khersonoblenergo and Zaporizhzhiaoblenergo at UAH 932/MWh and UAH 313/MWh, respectively. For the second voltage class, the highest and lowest tariffs were established for DTEK Donetsk Electromerezhi and DTEK Kyiv Electromerezhi at UAH 3,764/MWh and UAH 1,003/MWh, respectively;

✓ introduced the possibility of expedited grid connection for generating facilities implemented under the comprehensive resilience plans of regions and cities. The deadline for applications for temporary connection was extended until 1 May 2027, while the provision of the relevant service and the validity of associated agreements were extended until 1 October 2027. Until

that date, derogations from certain requirements of the Transmission System Code and the Commercial Metering Code were also maintained, including those relating to meter accuracy, metering infrastructure and the preparation of technical documentation;

✓ amended the methodology for setting and calculating tariffs for heat energy produced by CHP plants, thermal power plants and cogeneration facilities in the following areas:

• introducing an «expected period» — a rolling 12-month period preceding the year for which the tariff is set. Actual costs incurred during this period serve as the basis for calculating the projected costs reflected in the tariff;

• allowing savings generated through energy-efficiency measures to be used for reducing material costs, restoring assets, incentivising employees and paying remuneration under energy service contracts;

• establishing separate tariffs for each community in which the licensee operates;

• including the costs of maintaining and operating protective infrastructure at critical infrastructure facilities, as well as costs incurred under energy service contracts, within the category of «other costs» eligible for recovery through the tariff;

• allowing the profit component of the tariff to include expenditures on production development, repayment of principal borrowing, a 10-day reserve fuel stock, and working capital of up to 4% of the planned full cost of heat production;

• introducing a tariff revenue adjustment mechanism — a separate tariff component that may be either positive or negative and may be applied following inspections or reviews of the licensee's reporting;

✓ approved a revised methodology for setting and calculating tariffs for heat energy produced by nuclear power plants, aligning it with the methodology applicable to CHPPs, TPPs and cogeneration facilities;

✓ amended the procedure for registering wholesale energy market participants with regard to the appointment of a representative authorised to act on behalf of a non-resident entity that is registered, or intends to register, as a market participant. Such representatives must possess sufficient and duly documented authority, resources and capacity to obtain clarifications, comply with NEURC decisions and provide information in response to its requests;

✓ approved a new methodology for setting natural gas transmission tariffs at entry and exit points based on incentive-based regulation, replacing the previous cost-plus approach. By establishing long-term regulatory parameters, including the rate of return on assets and efficiency targets, the methodology is intended to encourage the gas transmission system operator to improve service quality while gradually reducing inefficient costs;

✓ established a procedure for the electronic submission by gas transmission and distribution system operators, as well as the gas storage operator, of development plans and supporting materials substantiating their individual components;

✓ amended the Rules for the Use of Thermal Energy by introducing recalculation mechanisms for: the cost of heat energy sold under supply contracts in the event of monthly changes in the price of natural gas used for its production; and charges levied by heat supply companies in the event of changes in the cost of purchased heat energy;

✓ amended the rules for issuing gas distribution service bills from 1 October 2026, establishing the information to be included in billing documents for household consumers (Directive (EU) 2024/1788); defining the template, format and model bill; and allowing gas supply charges to be billed jointly with gas distribution charges, while giving consumers the option to receive bills in either paper or electronic form;

✓ extended until the end of 2026 the application of a coefficient of 1 to annual booked gas distribution capacity overruns for electricity and heat producers participating in the balancing market or aggregated balancing groups. Without this decision, such overruns would have been subject to a coefficient of 1.5 applied to the distribution tariff;

✓ approved the allocation of guaranteed monthly capacity at the Hrebenyky (entry, Republic of Moldova–Ukraine), Căușeni (exit, Ukraine–Republic of Moldova) and Orlivka/Isaccea (entry, Romania–Ukraine) interconnection points through capacity-allocation auctions to be held on the RBP platform between May and September 2026 for transmission services provided by the Gas Transmission System Operator of Ukraine jointly with the gas transmission system operators of Greece, Bulgaria, Romania and Moldova. The decision enabled the use of spare capacity on the Trans-Balkan Pipeline to import up to 3 mcm of gas per day at a competitive tariff. Previously, use of the pipeline, which provides access to Greek LNG terminals, had been uneconomic because it required the simultaneous application of five regulated tariffs;

✓ approved Ukrtransgaz's Gas Storage Development Plan for 2026–2035, with total planned funding of UAH 37.2 billion. In 2026, UAH 620 million is to be invested in maintaining, reconstructing and restoring gas storage facilities, including compressor units damaged by russian attacks, as well as in the procurement of vehicles, specialised equipment, and diagnostic and inspection tools;

PROJECTS AND INTENTIONS

The Verkhovna Rada:

✓ Included on the session agenda and awaiting second reading:

• endorsed by the relevant parliamentary committee and adopted as a basis at the second attempt, an urgent government Draft Law No.14271 of 3 December 2025 aimed at implementing EU legislation on renewable energy. Delays in adopting the legislation could jeopardise €2.1 billion in EU support in 2026, as this would prevent fulfilment of Indicator 10.3 of the Ukraine Plan and Step 400 of the government's 2025 priority action plan. The draft 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;

• adopted as a basis 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. Further delays in finalising the draft law – submitted by the government on 22 September – may result in Ukraine losing €2.1 billion in EU support for 2026 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;

• endorsed by the relevant committee, Draft Law No. 13450 of 4 July 2025 on energy infrastructure projects of public interest is 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;

• 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. The proposed amendments include 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 Lvivvuhillia;

✓ Awaiting first reading:

• endorsed by the relevant committee, 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;

✓ Registered drafts:

• government Draft Law No. 0374 of 23 April 2026 on the ratification of the Grant Agreement (Ukraine Facility II) between the Government of Ukraine and the Government of the French Republic on support for critical infrastructure and priority sectors of the economy. The agreement provides for €71 million in grant funding, including for energy-sector projects;

• government Draft Law No. 15136 of 7 April 2026 on the implementation of Regulation (EU) 2017/1938 concerning Measures to Safeguard the Security of Gas Supply. The draft law provides, among other things, for: introducing new terminology and harmonising existing terms; designating the competent authority for security of supply and defining its risk-assessment responsibilities; establishing target gas-storage filling levels and related compliance mechanisms; regulating the declaration and termination of crisis situations; developing, approving and monitoring Preventive Action Plans and Emergency Plans; defining information-sharing obligations for security-of-supply purposes; establishing procedures for cooperation with the Energy Community Secretariat; and introducing liability for breaches of security-of-supply requirements;

• government Draft Law No. 15122 of 1 April 2026, aimed at transforming the Eastern Mining and Processing Plant State Enterprise into a joint-stock company wholly owned by the state;

• Draft Law No. 15132 of 3 April 2026, submitted by a group of MPs, provides for: abolishing the minimum share of average specific heat consumption used in the allocation of heating costs; revising the methodology for determining and allocating heat consumption for space heating based on the characteristics of different categories of premises; regulating the allocation of heat used for common-building needs; and including the heat energy required to operate internal hot-water supply systems within the tariff for hot-water supply services, without a separate charge for heat energy.

✓ 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 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;

• 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 draft Cabinet resolution providing for the recalculation of payments for the service ensuring the availability of electricity for household consumers for previous billing periods where commercial metering data on consumption volumes are revised. It also provides for reflecting in the cost calculation any adjustments made by universal service suppliers to charges for electricity actually consumed where household consumers are found to have used electricity for non-household purposes or where final court decisions require such recalculations.

NEURC published:

✓ a draft law implementing in Ukraine the requirements of Article 13(2) of REMIT, granting NEURC additional powers required to investigate potential market manipulation, including collecting evidence during on-site inspections and obtaining information from

suppliers and electronic communications operators;

✓ a draft resolution clarifying the distinction between the «discontinuation (restoration) of electricity supply» and the «disconnection (reconnection) of a consumer's electrical installations», while specifying the actions to be taken where supply is deemed discontinued but electricity continues to be delivered. In such cases, electricity consumed after the date specified in the supplier's disconnection request would be classified as system losses incurred by the operator;

✓ a draft resolution establishing licensing conditions for the provision of LNG terminal services. The proposed rules would apply to facilities with a total capacity exceeding 1 mcm per year or 200 m^3 per hour. To obtain a licence, applicants would be required to submit information on the locations and means of carrying out the activity, a document confirming the facility's readiness for operation, a tariff calculation, and evidence that the undertaking is not controlled by residents of states engaged in armed aggression against Ukraine. Licensees would be prohibited from engaging in gas production or supply activities; ensuring equal and non-discriminatory access to their infrastructure; developing and implementing a compliance programme; submitting a 10-year development plan to NEURC annually by 31 October; and providing an implementation report by 31 March of the following year;

✓ a draft resolution harmonising gas transmission system capacity-allocation rules with European practice, providing for: allocating capacity at cross-border interconnection points in energy units (MWh/day); harmonising measurement units for bundled-capacity products; and recalculating tariffs in energy units using a conversion factor of 10.64 kWh/m^3.

INTERNATIONAL COOPERATION

The Council of the European Union adopted the final decision required to launch the new financial instrument for Ukraine — the Ukraine Support Loan, worth up to €90 billion in 2026–2027. Financing will be raised through EU borrowing on international markets and backed by the EU budget reserve.

Despite Ukraine's failure to meet 11 targets under the Ukraine Facility in 2025, including four in the energy sector, the European Commission approved the programme's next €2.75 billion tranche. This was made possible by the flexibility of the funding methodology, which allows progress on targets scheduled for subsequent periods to be taken into account.

Under the investment component of the Ukraine Facility's Ukraine Investment Framework (UIF), the European Commission:

✓ signed a guarantee agreement with Slovakia's Eximbanka to implement the €101 million Ukraine–Slovakia Energy Security and Grid Stability Investment Programme. The funding will support projects implemented by Ukrenergo and Ukrhydroenergo aimed at strengthening transmission system stability, enhancing energy security and supporting gradual integration with European energy markets;

✓ signed two guarantee agreements with the European Bank for Reconstruction and Development (EBRD) worth a combined €363 million to support Ukrainian start-ups, small businesses and mid-cap companies. The guarantees are expected to unlock up to €2.9 billion in new lending to these borrowers. The funding will support, among other things, projects related to preparations for the next heating season.

EBRD also provided Kernel JSC with $45 million in financing for the construction of a 106 MW solar power plant, which will also be equipped with an energy storage system.

Key partners reaffirmed their commitments to provide Ukraine with €1.95 billion in financial assistance for the restoration of energy infrastructure. Most of the funding will be channelled through the Ukraine Energy Support Fund (UESF), administered by the Energy Community Secretariat. However, an additional €830 million is still required to finance already approved priority needs and related procurement activities. Around €100 million of this amount will be provided by partners following the latest meeting of the Ukraine Energy Coordinating Group (the «Energy Ramstein»).

The Declaration on Strategic Partnership between Ukraine and Germany, signed in April 2026, states that the parties will support a «decentralised, sustainable, efficient and resilient Ukrainian energy system» and continue to integrate «environmental and climate aspects into the reconstruction process». The declaration identifies the following priorities for German-Ukrainian energy cooperation:

✓ attracting private investment for the restoration of a more decentralised, resilient and stable Ukrainian energy system;

✓ strengthening the exchange of information on the resilience of critical infrastructure, including through the international Lessons-Learned in Energy Security Conference in Berlin (May 2026), as well as on a targeted basis between energy providers within the German-Ukrainian Energy Partnership;

✓ enhancing cooperation on biomethane and hydrogen, including through the activities of the Hydrogen Diplomacy Office in Ukraine and the organisation of the first H_2 Conference in Lviv (autumn 2026);

✓ strengthening energy resilience at the local and regional levels, including through the Energy Security in Ukraine programme, the Resilient Energy in Municipalities initiative, and continued support for Ukrenergo;

✓ supporting green recovery efforts, including the development of a programme of action for investments in environmental infrastructure and a strategic biodiversity assessment aimed at integrating biodiversity considerations into Ukraine's green recovery process.

Further advancing international cooperation, the Cabinet of Ministers of Ukraine:

✓ signed an agreement with the EBRD on the provision of €30 million for the first phase of repairs to the Chornobyl NPP New Safe Confinement, damaged in a russian attack in February 2025. The total cost of the works is estimated at €500 million;

✓ approved the Agreement on Cooperation between the Government of Ukraine and the Government of the French Republic on the implementation of priority projects in strategic sectors to support Ukraine's resilience and recovery;

✓ approved the Grant Agreement for the Emergency Recovery Programme (Phase 5) between the Government of Ukraine and the Japan International Cooperation Agency (JICA);

✓ approved the draft Additional Agreement No. 3 (via an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Financing Agreement for the Technical Cooperation Programme for Ukraine 2025.

The permission granted in April to the seventh IAEA mission to assess the condition of «14 Ukrainian electrical substations that ensure the stable operation of nuclear power plants» appears questionable. The government still seems not to have noticed the apparent link between such visits and subsequent russian attacks, which somehow take into account every change made to the protection of facilities previously visited by these «missions».

GENERAL CONCLUSIONS AND RECOMMENDATIONS

Rapid transformation of Ukraine's energy architecture is the only way to ensure the normal functioning of the national economy and preserve social stability under prolonged martial law. However, the success of this transition will depend on the ability of public authorities to reduce the likelihood of the identified risks materialising and/or mitigate their adverse effects.

To this end, it is necessary to:

✓ introduce rapid-financing mechanisms and expand public-private partnerships. Local authorities should engage businesses more actively through the Energy as a Service (EaaS) model. This would enable private companies to install generation facilities at municipal sites, with communities acting as guaranteed buyers of the electricity produced. Such an approach would reduce budgetary pressure associated with capital

investment. Consideration should also be given to establishing a dedicated revolving energy-resilience fund to provide interest-free loans to smaller communities;

✓ promote clustering and joint procurement of equipment. To overcome logistical constraints, communities should be encouraged to form energy clusters and conduct joint tenders. This would improve their position with equipment suppliers and reduce unit costs. Wider use of standardised modular-station designs could also reduce design and approval timelines by 40–50%;

✓ simplify permitting procedures through the introduction of a «green corridor» regime. This would allow permits to be issued on a declaratory basis, while land allocation and grid-connection procedures could be handled through accelerated processes;

✓ establish regional centres of technical expertise. Mobile engineering teams should be created under oblast military administrations to provide technical support to communities that lack in-house specialists. Educational institutions should also be engaged in delivering short-term certification programmes for specialists responsible for operating and maintaining new equipment;

✓ strengthen information security and promote the physical decentralisation of energy infrastructure. Excessive concentration of generating capacity should be avoided, and facilities should be distributed as widely as possible. Access to information on the precise location of new installations should be restricted, while operational monitoring should be conducted through secure communication channels to reduce vulnerability to cyberattacks;

✓ digitalise energy-consumption management. Communities should integrate energy-management systems and automated commercial metering systems (ASKOE). This would enable real-time balancing of electricity supply and demand, which is particularly important when operating in island mode.

However, compliance with the recommendations outlined above will not, in itself, guarantee the resilience of the energy system unless central and local authorities succeed in:

✓ preserving system integrity, whereby all elements operate within a single technological framework, maintaining a continuous balance between generation and consumption while meeting reliability and flexibility requirements;

✓ incorporating at the design stage and maintaining during operation: the N–1 criterion for high- and medium-voltage systems; the N–2 criterion for power evacuation from large generating sources, as well as for first-category reliability consumers and critical infrastructure facilities, ensuring reliable supply through network redundancy, autonomous power sources and distributed-generation systems;

✓ making decisions on the development of networks and systems, including under comprehensive regional and municipal resilience plans, solely on the basis of ensuring: guaranteed availability of generation capacity in base-load (45–50%), flexible (30–35%) and peak-load (20–25%) modes; primary frequency-control reserves (65–75% rotating (inertial) generation and 35–25% inverter-based generation); and the ability of non-guaranteed generation to comply with declared output volumes and supply profiles;

✓ transferring to distribution system operators the functions and responsibilities for ensuring the reliability, flexibility and balancing of distribution networks, while introducing interaction protocols between DSOs and the transmission system operator for the dispatch of distributed-energy systems;

✓ encouraging end-users and generators using non-guaranteed energy sources to participate in frequency-regulation mechanisms, with the balancing of supply and demand relying exclusively on market-based instruments.