

# Ukraine's Energy Markets Reforms: The Priorities and Challenges for the Transition to the New Model of Electricity Market

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**Razumkov Centre**  
possesses relevant expertise  
to provide solutions

# Competitive Energy Markets Formation

## Natural Gas

Gas Market Law, 2015

## Electricity

Electricity Market Law, 2017

Progress	Challenges		Progress
<ul style="list-style-type: none"><li>• Legislation almost in place</li><li>• Competitive wholesale market</li><li>• NCG price method</li><li>• Supply diversity</li><li>• Incentives for domestic production</li></ul>	<ul style="list-style-type: none"><li>• No choice of supplier in retail</li><li>• Networks wear and tear</li><li>• Property rights issues</li><li>• PSO approach</li><li>• Debt growth</li><li>• No incentive price for distribution</li><li>• No D2D balancing</li></ul>	<ul style="list-style-type: none"><li>• Price discrepancy</li><li>• Debt growth</li><li>• Energy coal shortage, need of import</li><li>• Need for TPP modernization</li><li>• Grids wear and tear</li><li>• No incentive price for distribution</li><li>• Not meeting eco-standards</li><li>• RES expanding, no network capability</li></ul>	<ul style="list-style-type: none"><li>• Legislation: basic OK, secondary in progress</li><li>• ARA indicator for coal price</li><li>• Grids Interconnection Agreement (2017)</li><li>• Emissions Reduction Plan (2017)</li></ul>

**There are no easy solutions for Ukraine**



Well-grounded and balanced decisions should be made



Forecasting and optimization instruments should be used



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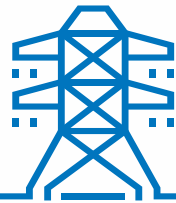
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# Introduction of the Incentive Tariff Policy for the Power Grids Business

Priorities of reforms:

## Introduction of incentive-based tariffs

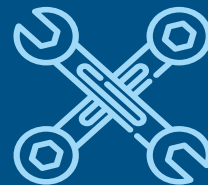
# 40 years



average  
lifetime  
of electricity  
grids

# 70%

the wear  
and tear level



«Cost plus»

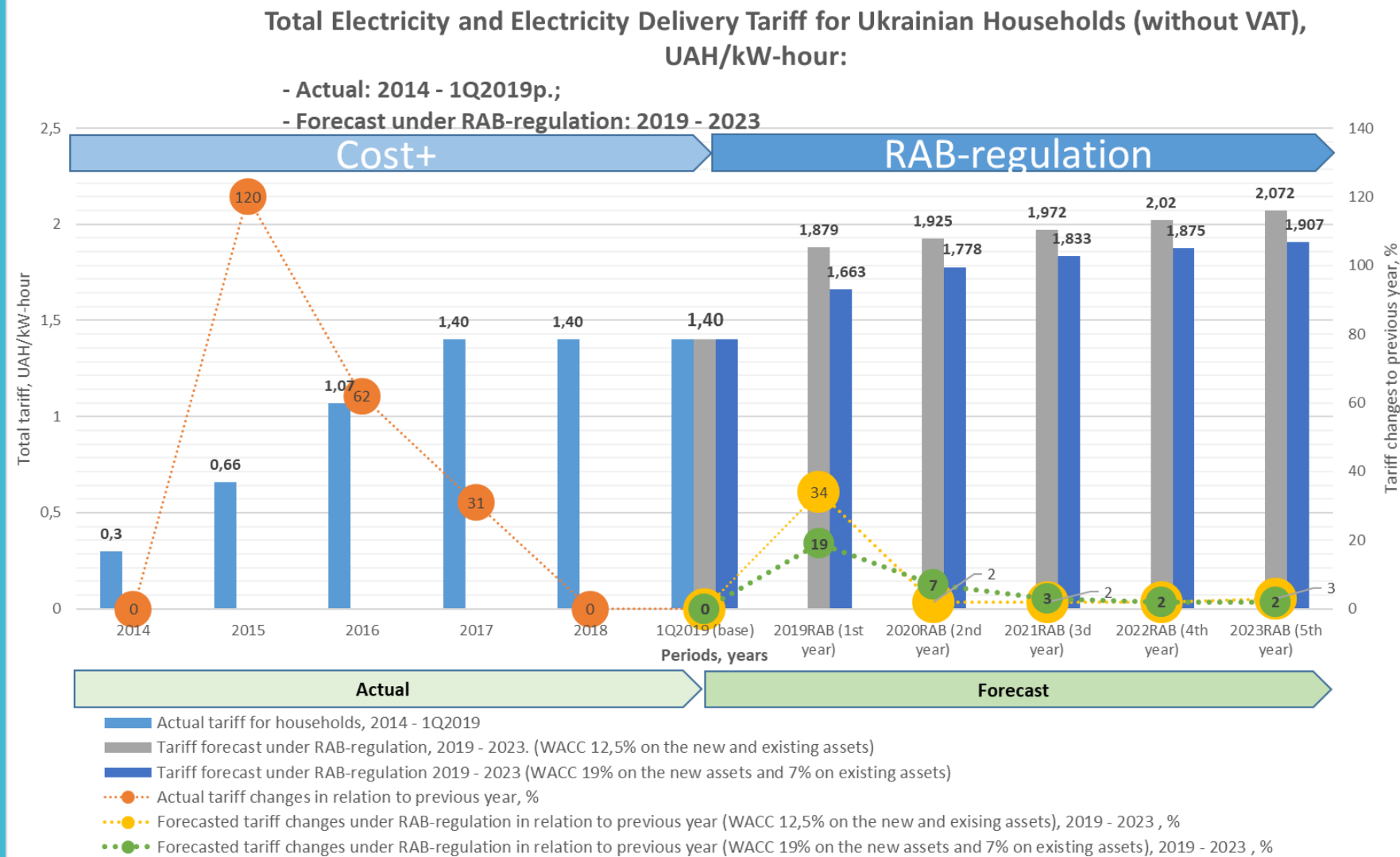


**RAB-  
regulation**  
(2019-2020)



**Investment  
interest**

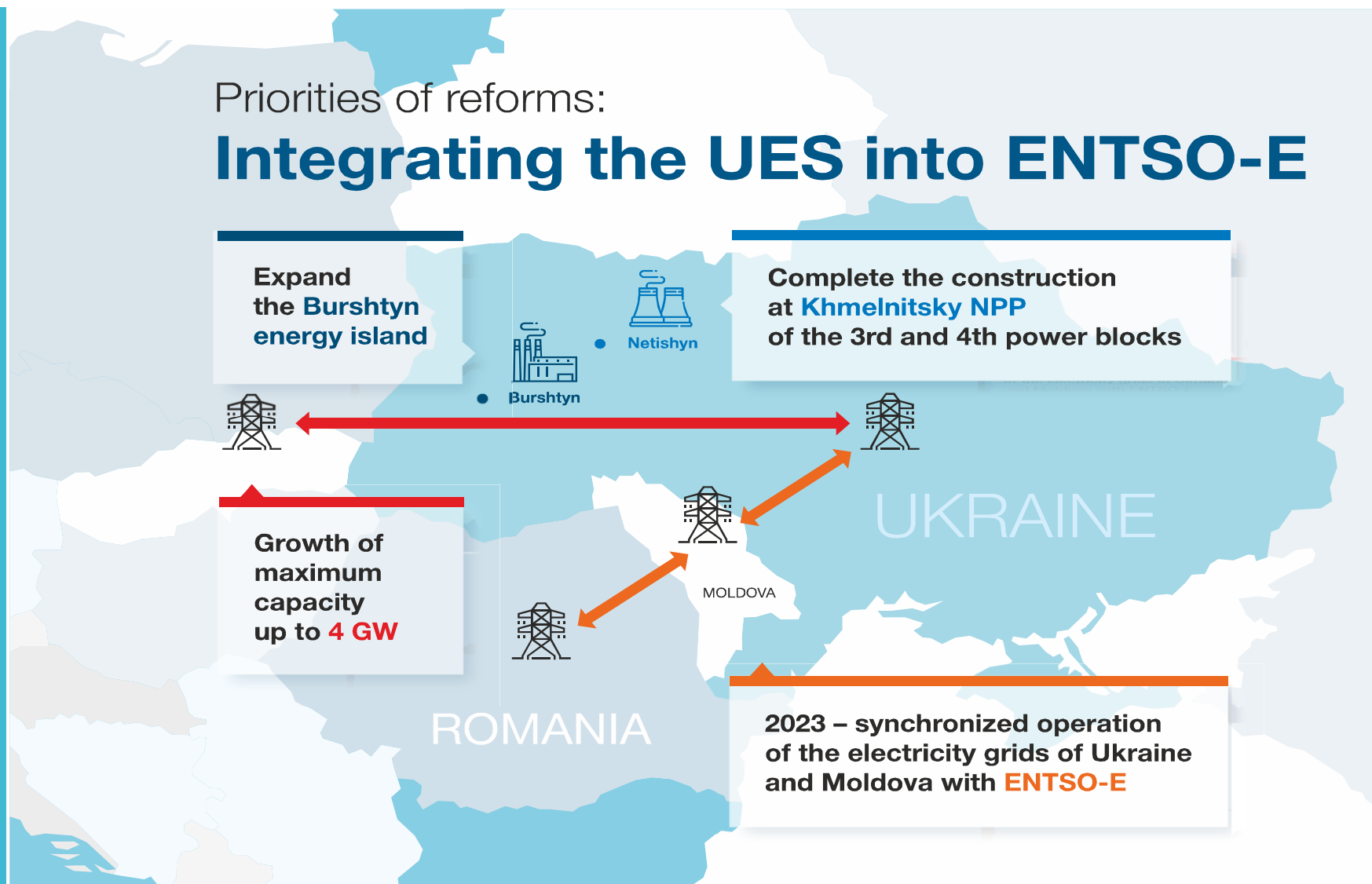
# Incentives Tariffs Introduction: the Challenges of Transition



# EU-UA Power Systems Integration

Priorities of reforms:

## Integrating the UES into ENTSO-E



# Advanced Tariff Policy for the RES

Priorities of reforms:

## Upgrading the tariff system for RES

Factors hindering RES  
development

The highest green tariffs in Europe



Consumers can reduce demand



Hard to attract investments

**SOLUTION:**

**Open tariff auctioning for  
the new projects after 2020**

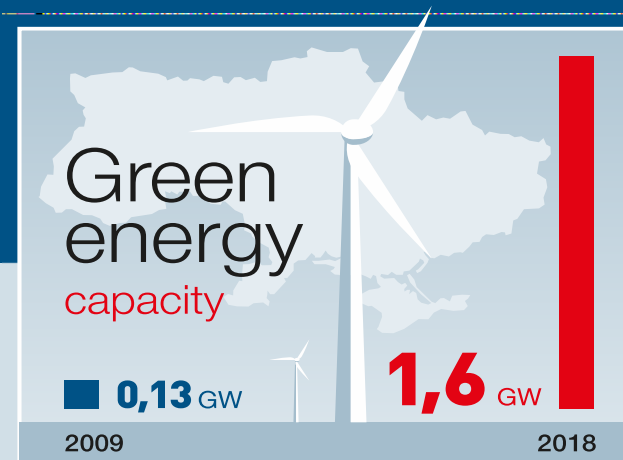
Shortage of maneuvering capacities



Increasing the proportion of coal  
generation

**SOLUTION:**

**2.5 GW of additional capacities  
by 2025**



Thank You  
for Your  
Attention!

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