



UNITING
EUROPE'S ENERGY,
TODAY

2024 IMPLEMENTATION REPORT

The progress of Ukraine

Committee on Energy and Housing and Communal Services
Verkhovna Rada of Ukraine

MARCH 2025

OVERVIEW

- Outlook of Ukrainians' key achievements in 2024
- Ukrainians' Energy Community acquis implementation snapshot
 - Markets and Integration
 - Decarbonisation
 - Security of Supply
 - Improving the Environment
 - Performance of authorities
- The road ahead

KEY ACHIEVEMENTS IN 2024

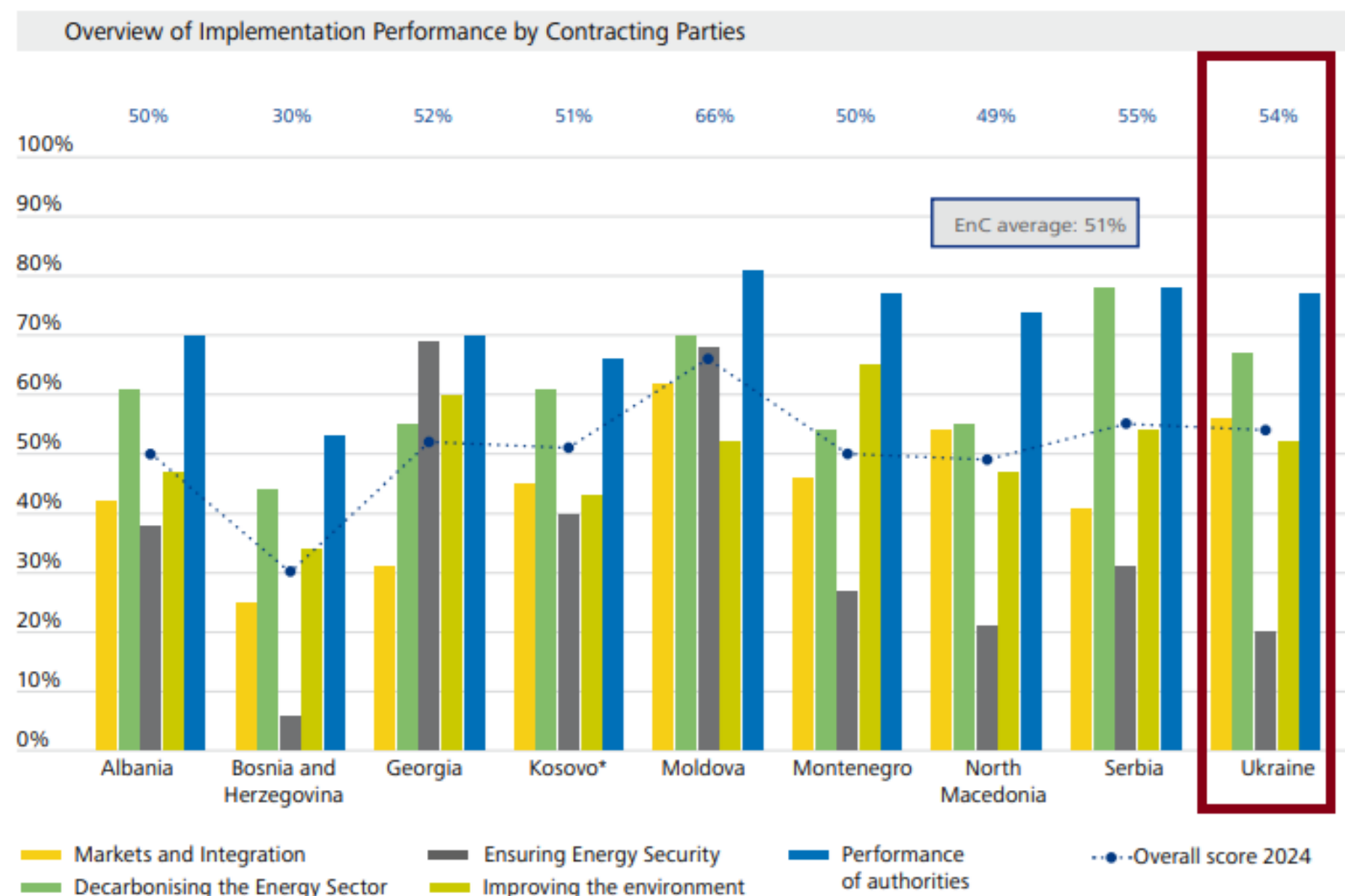


OUTLOOK

- The National Energy and Climate Plan adopted in June 2024
- The Climate Law with set targets for 2030 and climate neutrality up to 2050 has been adopted by the Verkhovna Rada on 8th October 2024
- REMIT Implementation progressed with all secondary legislation adopted and enforced by the Regulator (NEURC)
- The registration of two draft laws in October 2024 represents initial progress towards the transposition of the Electricity Integration Package
- Joint yearly, monthly, and daily capacity allocation on the interconnection with Moldova and daily allocation on the interconnector with Romania are performed by NPC “Ukrenergo”. The daily allocation of the interconnectors with Hungary, Slovakia, and Poland is conducted via JAO
- Ukrenergo joined the inter-TSO compensation (ITC) mechanism on 1 July 2024
- The appointment of the supervisory board of E-TSO NPC “Ukrenergo” with four independent SB members chosen on a competitive and transparent basis has been finalized in December 2024
- The electronic registry of Guarantees of Origin for electricity produced by RES was established, and the issuing process has been introduced by the Regulator
- The first RES auctions for market premium support were launched but concluded without interest from the market

IMPLEMENTATION PERFORMANCE

Ukraine vs other Contracting Parties



EnC ACQUIS IMPLEMENTATION



MAIN PRIORITIES

CLUSTER	IMPLEMENTATION STATUS
 Markets and integration	56%
 Decarbonising the energy sector	61%
 Ensuring energy security	20%
 Improving the environment	52%
 Performance of authorities	77%

- Transposition of the EIP and ensuring full compliance with TSO unbundling requirements
- Re-establishing of the gas market fundamentals, draft a phase-out plan for the PSO model, and abandon the gas export ban
- Adoption of remaining legislation to fully align the national legal framework with REDII
- Focus on the security of supply (transposition of Risk-preparedness regulation and Emergency and Restoration Network Code, the Security of Gas Supply Regulation)
- Transposition of the TEN-E updated Regulation (EU) 2022/869
- Ukraine shall secure the institutional strength, independence and capacity of its authorities (especially due to limitations of martial law):
 - NEURC's institutional independence and governance shall be further strengthened by legislative amendments
 - AMCU's investigations adequately address any potential abusive behavior in order to guarantee a level playing field in Ukraine's markets

MARKETS & INTEGRATION



Electricity

WHOLESALE MARKET

All market segments continue to operate despite the significant damage to the Ukrainian power system caused by the continuation of Russian military aggression. Ukraine must facilitate the work on the EIP transposition and be fully aligned with the EU legislation. The NEMO is not designated, and the national terms and conditions related to balancing are still to be aligned with Commission Regulation (EU) 2017/2195.

RETAIL MARKET

Electricity Directive (EU) 2019/944 still needs to be fully transposed. Provisions related to active customers and aggregation were transposed, and necessary secondary legislation was adopted by the NEURC. However, further clarifications are needed to ensure complete alignment with the Electricity Directive. Household PSO phaseout plan is needed. Clear criteria for identifying and supporting vulnerable and energy-poor consumers are still missing.

UNBUNDLING

Ukrenergo obtained full membership in ENTSO-E on 1 January 2024. Tasks of the distribution system operators still need to be aligned with Directive (EU) 2019/944.

ACCESS TO THE SYSTEM

In May 2024, NEURC adopted a simplified procedure for connecting generating facilities to the electricity distribution system grids to reduce the shortage of generating capacities. Connection codes have been implemented through the transmission and distribution system codes. As of January 2024, the transmission tariff for exporters and the dispatch tariff for importers and exporters have not been applied. TSO revenues resulting from the cross-border capacity allocation were used to cover costs not foreseen by Regulation (EU) 2019/943, such as debts on the balancing market and RES public service obligation.

REGIONAL INTEGRATION

Joint yearly, monthly, and daily capacity allocation on the interconnection with Moldova and daily allocation on the interconnector with Romania are performed by Ukrenergo. The daily allocation of the interconnectors with Hungary, Slovakia, and Poland is conducted via JAO. The cross-border capacity between neighboring EU MS and UAMD was increased by 2,100 MW in the direction from the EU to UAMD (starting from 1 December 2024) and by 550 MW in the direction from UAMD to the EU (starting from March 2024). Ukraine prepared a draft law for Regulation (EU) 347/2013, but, upon Secretariat advice, redirected efforts to transposing the revised Regulation (EU) 2022/869, the adoption of which was expected by the end of 2024.

MARKETS & INTEGRATION



Gas

WHOLESALE MARKET

The progress in wholesale gas market reform achieved in the past has been reversed since the start of the Russian aggression. The ban on gas exports continued

RETAIL MARKET

The Gas PSO scheme affects a broad range of gas consumers. Naftogaz became the dominant player. The gas price under PSO is fixed and does not necessarily reflect the market price, leading to the accumulation of customers' debts

UNBUNDLING

The Gas TSO, GTSOU, was unbundled and certified. The relevant amendments to GTSOU's constituent act (Charter) at the end of 2024 were pending. It has yet to be established whether the current legal unbundling of LLC "Gas Distribution Networks of Ukraine" complies with functional, information, and accounting terms according to Directive 2009/73/EC

ACCESS TO THE SYSTEM

Third-party access to transmission, storage, and distribution systems is in place based on regulated tariffs determined by the regulatory authority. A new transmission tariff methodology has been adopted for the next regulatory period, starting in 2025. Some pending transparency requirements have been further delayed due to the application of martial law, but the information needed to access the network is available. NEURC made amendments to the gas storage code, enabling more trading-friendly third-party access for storage

REGIONAL INTEGRATION

The UA transmission system is well interconnected, with vast capacity on all country borders. On 1 July 2024, auctions were held to allocate the bundled new (incremental) capacity at the specified interconnection points (IPs) between Poland and Ukraine (from Poland to Ukraine), as well as unbundled new (incremental) capacity at the Orlivka/ Isaccea IP (from Romania to Ukraine), at the Căușeni IP (from Ukraine to Moldova), and at the Grebenyky IP (from Moldova to Ukraine)

GENERAL

Implementation of the energy units across the whole gas chain is needed

DECARBONISATION



Governance & Climate

NATIONAL ENERGY AND CLIMATE PLANS

The Cabinet of Ministers adopted the NECP of Ukraine on 25 June 2024 defining the exact targets aligning with National Action Plans and trajectories of their achievement

GREENHOUSE GAS 2030 TARGET

Ukraine has defined the 2030 climate target in its national legislation (the adopted Climate Law), and it is aligned with the 2030 target set by the Energy Community

NATIONAL SYSTEM FOR CLIMATE REPORTING

There is a legal basis for a national greenhouse gas (GHG) inventory system and Ukraine has implemented a national system for estimating GHG. Ukraine has not nominated a lead reporter, and no report was submitted on the national system on policies and measures and projections

NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

Reporting obligations have not been transposed in legislation. Ukraine has not nominated lead reporters for the Governance Regulation reporting activities, and no reporting activity was initiated. MRV is supposed to be relaunched in 2025

LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

The legal basis for a long-term strategy has been adopted , and a 2050 climate neutrality target has been established in legislation (the adopted Climate Law). Ukraine should revise and update the strategy after five years as outlined in the adapted Governance Regulation. An update has not yet been made

DECARBONISATION



Renewable Energy

2030 RENEWABLE ENERGY TARGETS

The overall target of achieving a 27% share of renewable energy in the gross final energy consumption, as outlined in the adopted NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (25,4%), transport (17,2%), and heating and cooling (35%). The targets for both transport and heating and cooling are in line with the requirements of Renewable Energy Directive (REDII)

QUALITY OF SUPPORT SCHEME

Support renewable schemes continue to operate under an administratively determined feed-in tariff. In July 2023 the market-based model for support through a feed-in premium model was introduced, but is not popular at the moment. In September 2024, Ukraine launched its first solar PV auction, but it concluded in October without any expressed interest from stakeholders. Addressing longstanding payment issues with the GB is an essential step forward

SELF-CONSUMPTION AND ENERGY COMMUNITIES

Ukraine continues to provide self-consumers with feed-in tariffs that are determined administratively. The Green Transformation Law provides the legal basis for a shift to net-billing mechanism, while the feed-in tariff will apply only for households until the end of 2029

GUARANTEES OF ORIGIN

The electronic registry for guarantees of origin (GOs) was established for Ukraine and became operational by regulator in August 2024. NEURC became member of AIB

SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS/BIOMASS FUELS

The necessary secondary legislation has yet to be adopted by the relevant authorities. To comply fully with the REDII, all aspects of the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels, including verification provisions, must be transposed into Ukrainian legislation

RENEWABLE ENERGY IN HEATING AND COOLING (H&C)

The CMU approved a concept for the modernizing state- and community-owned thermal energy producers by improving their energy performance, which includes establishing centralized supply systems utilizing waste heat. However, the transposition of Article 24 of REDII, which promotes the use of renewable energy and waste heat in district heating and cooling systems remains necessary

DECARBONISATION



Energy Efficiency

2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

Ukraine's energy efficiency legislation is largely aligned with the amended Energy Efficiency Directive. In line with the Energy Efficiency Law, Ukraine's 2030 energy efficiency targets and National Energy Efficiency Action Plan (NEEAP) up to 2030 were adopted in December 2021. The adopted energy 2030 efficiency targets are aligned with the 2030 energy efficiency targets, also in the NECP adopted in June 2024

ENERGY EFFICIENCY IN BUILDINGS

Ukraine adopted the majority of by-laws to implement the Energy Performance of Buildings Law, including a national plan to increase the number of nearly-zero energy buildings. Furthermore, the Parliament passed a law fostering a conducive environment to comprehensive thermal modernisation of buildings in 2023. Further strengthening of implementation of minimum energy performance requirements is partially important to support building reconstruction needs in Ukraine.

ENERGY EFFICIENCY SCHEME AND FINANCING

The energy efficiency obligation scheme was not fully implemented due to inadequate procedures and monitoring. The Energy Efficiency Fund provides grants for renovations and renewables in residential buildings. The Decarbonisation Fund, established in 2023, will finance energy efficiency programs starting in 2024. Energy efficiency criteria have not been incorporated into public procurement procedures.

ENERGY EFFICIENCY PRODUCTS – LABELLING

All energy labelling regulations related to the Labelling Directive were adopted. Five new regulations completing the implementation of the Framework Labelling Regulation (EU) 2017/1369 were also adopted. Ukraine transposed the Eco-design Directive 2009/125/EC, as well as 36 product regulations on a voluntary basis

ENERGY EFFICIENCY IN HEATING AND COOLING (H&C)

The update of local heat supply schemes in approximately 40 municipalities, prioritizing sustainable and cost-effective heating solutions, was a step forward. However, the primary challenge remains the preparation of a comprehensive assessment of the potential for high-efficiency cogeneration and efficient district heating and cooling. Although this requirement, in line with EED Article 14, has already been transposed into national legislation, its implementation is still pending.

DECARBONISATION



Emission Trading Scheme (MRV)

FOUNDATIONS, INSTITUTIONS, PERMITS

Ukraine launched its emissions trading scheme in 2021 with the introduction of the Law on Principles of Monitoring, Reporting and Verification of Greenhouse Gas Emissions partly based on the EU ETS Directive. Part of the definitions were introduced, but the concept of a permit was replaced by an obligation to register, and the activities covered by the scheme were significantly reduced in relation to the EU ETS. The basic elements of an enforcement regime for failure to register or submit a monitoring plan have been introduced in the legislation. The competent authority designated to check the validity of the monitoring plans has started the process of identifying operators but the circulation of documents within the national ETS has been suspended due to the introduction of martial law. Ukraine is currently working on a long-term strategy to amend the national ETS to be fully in line with the requirements of the EU ETS Directive

MONITORING AND REPORTING

Ukraine partially transposed the Monitoring and Reporting Regulation, but omitted elements related to the monitoring of emissions from aviation operations and specific requirements for sustainable criteria for biomass or CO₂ transfers. Although there is no specific deadline for submitting applications for the approval of the monitoring plan, templates and examples of the application for registration and the monitoring plan itself have been made available. The national legislation introduces basic provisions on the estimation of emissions by the competent authority in the event of failure to submit a report by the operator of the installation

VERIFICATION AND ACCREDITATION

Ukraine has partially transposed the provisions of the Accreditation and Verification Regulation, particularly regarding the verification process, into the national legal system through the adoption of the Principles of GHG MRV Law and other secondary legal acts but some elements of accreditation requirements are missing like the activity related to scope of accreditation for GHG verifiers. The obligation to submit annual emissions reports verified by an accredited verifier has been introduced into the national law and National Accreditation Agency of Ukraine was appointed as a national accreditation body. Accreditation processes have been implemented and some verifiers have already been accredited and can provide verification services to installations operators. MRV is to be fully relaunched in 2025

ENSURING ENERGY SECURITY



ELECTRICITY SECURITY OF SUPPLY

Regulation (EU) 2019/941 has not been transposed yet. The security of supply rules in place are adopted based on Directive 2005/89/EC. Ukraine does not provide the Security of Electricity Supply Statements to the Secretariat as required under Article 29 of the Treaty. Although Commission Regulation (EU) 2017/2196 has not yet been fully transposed into Ukrainian legislation, the transmission system code requires the transmission system operator NPC “Ukrenergo” to develop both a defence plan and a restoration plan. These plans have to be reviewed regularly and updated at least every three years

GAS SECURITY OF SUPPLY

Transposition of Regulation (EU) 2017/1938 has not been transposed. Ukraine possesses risk assessment and preventive and emergency action plans, which still need to be aligned to a full extent with the gas acquis. Ukraine transposed Regulation (EU) 2022/1032, fulfilling the obligations regarding the storage system operator and the trajectory levels of gas in the storage

OIL SECURITY OF SUPPLY

In November 2023, the Verkhovna Rada of Ukraine adopted the Law on Minimum Reserves of Oil and Petroleum Products, the Law's implementation only began on 24 December 2024. The full achievement of the targeted volume of minimum oil reserves is expected over the course of eight years. This represents a significant delay in meeting the commitments under the Energy Community acquis. Due to martial law being in force, Ukraine has not reported data to the Secretariat during the reporting period

IMPROVING THE ENVIRONMENT



ENVIRONMENTAL ASSESSMENTS

The resolution exempting restoration projects of power plants from Environmental Impact Assessment (EIA) obligations under martial law remains unchanged still lacking the necessary case-by-case exemptions mandated by Article 1(3) of the EIA Directive and does not incorporate any exemptions under Article 2(4) for projects of mixed purposes

Ukraine has subjected its National Energy and Climate Plan (NECP) to a Strategic Environmental Assessment (SEA). The process was completed in June 2024, with the plan being adopted by the Cabinet of Ministers of Ukraine.

LARGE COMBUSTION PLANS

Ukraine ensured the timely submission of its emissions data for the 2023 reporting year and implementation of the NERP is being kept as a priority. Despite a slight increase in the reported emissions of all three pollutants, compliance with the NERP ceilings was comfortably met in 2023. This fact is however related to the unavailability of several plants that have suffered, in part serious, damage or uncertainties regarding the data of plants located in occupied territories.

Certain units have reached the end of their lifetime available under the opt-out rules. Considering the current situation and the utmost importance of every unit of the generation fleet in Ukraine, the Ministerial Council adopted a decision in early 2024, whereby it suspended the calculation of the operational hours for the Ukrainian plants subject to the opt-out regime

SULPHUR IN FUELS

The legislative framework in Ukraine is compliant with the Directive's requirements, its implementation however remains impossible under the conditions of the military aggression

NATURAL PROTECTION

Ukraine is prioritising biodiversity conservation by implementing its National Biodiversity Conservation Strategy and Action Plan, which focuses on the protection of vulnerable species and habitats. The draft Law on the Territories of the Emerald Network, tabled already in 2020 and aiming to establish the legal and organisational framework for identifying and managing Emerald Network sites in Ukraine to protect natural habitats, flora and fauna, is yet to be adopted

ENVIRONMENTAL LIABILITY

Administrative liability is regulated by the Code of Ukraine on Administrative Offenses, which partially transposes the Directive's provisions. The current situation, however, does not make implementation possible in practice

PERFORMANCE OF AUTHORITIES



REGULATORY AUTHORITY

NEURC's regulatory legal acts were excluded from the State registration procedures done by the Ministry of Justice of Ukraine. Other NEURC-related amendments are being finalised within the ongoing legislative process.

Due to the lack of the EIP implementation, NEURC is not equipped with the necessary EIP implementation powers.

One NEURC member position remains vacant as the appointment process has not been completed since summer 2023.

Under the conditions of martial law, NEURC continued to regulate network activities in electricity and gas by setting relevant tariffs and network development plans. NEURC progressed with the implementation of the REMIT Law and adopted or amended a set of regulations related to the registration of market participants, transaction data reporting, requirements for Registered Reporting Mechanisms (RRM) and Inside Information Platforms (IIP), and the requirements for ensuring transparency and integrity on the wholesale energy market. NEURC has started the registration of market participants and authorisation of IIPs and RRM. Due to martial law, NEURC limited the publication of insider information.

COMPETITION AUTHORITY

Ukraine adopted amendments to the Law on Protection of Competition and the Law on the Antimonopoly Committee of Ukraine (AMCU) to enable AMCU to more effectively investigate infringements. The AMCU is actively enforcing the competition acquis, however with a strong focus is on merger control. The AMCU should ensure that its investigations adequately address any potential abusive behaviour in order to guarantee a level playing field.

STATE AID AUTHORITY

Following the Russian invasion of Ukraine, the Law on State Aid for Business Entities was amended, providing that during the application of martial law, State aid is compatible and the obligation to notify State aid is suspended. The Ministry of Economy is working on a reform of the State aid control system, including amendments to the Law on State Aid to Undertakings aimed to take effect by Q3 of 2025.

STATISTICAL AUTHORITY

Due to martial law, individuals, businesses, institutions, and public bodies are exempt from reporting to the State Statistical Service of Ukraine (SSSU) from March 2022 until three months after martial law is lifted. As a result, the SSSU is currently unable to produce official statistics.

THE ROAD AHEAD

- Transposition of the Electricity Integration Package should be accelerated without further delay, as electricity market coupling is foreseen in Q1 2027 (deadline was 31.12.2023)
- The harmonization of the national tax legislation with the applicable EU legal framework is crucial to enable the coupling of the Ukrainian national electricity market with the EU single electricity market
- The new (revised) TEN-E Regulation 2022/869, as adopted in the Energy Community in December 2023, must be transposed without further delay
- Implementation of the long-term capacity allocation on EU-UA borders should be prioritised
- The roadmap for phaseout of electricity and gas PSO price regulation and DAM/IDM price caps is needed.



THE ROAD AHEAD

- Adoption of legal amendments enhancing institutional and operational independence of the Regulator is needed.
- Regulator is expected to seek the independence assessment by the Secretariat by April 2025. The Secretariat shall provide its assessment within a 6-month period.
- ETS facilitation and MRV relaunch is needed in 2025
- Secondary legislation on sustainability criteria for liquid biofuel/biogas to be implemented
- Implementation of the EnCS-developed RES Roadmap is preferable
- Implementation of Roadmap for RES surcharge separation from the transmission tariff is preferable
- Implementation of the EnCS-developed Natural Gas Market Roadmap is preferable



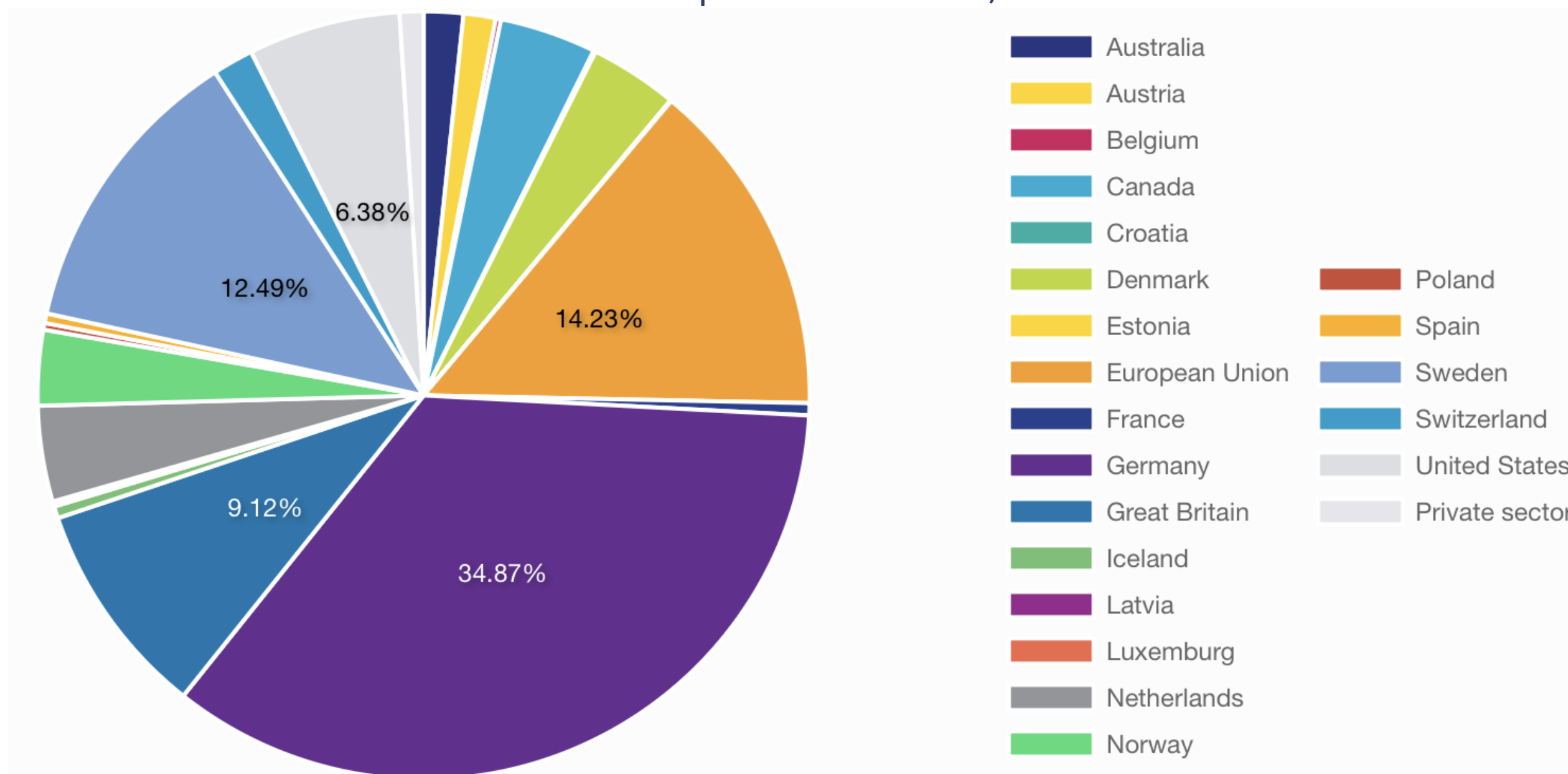
UKRAINE ENERGY SUPPORT FUND



Contributions by country

Total amount pledged EUR 1.150 million as of 2025 March 21

Total amount deposited EUR 1.055,52 million



■ Processed Support Requests: EUR 843 mn out of which –

■ Contracted: EUR 597 million out of which –

■ Approved SRs, not yet processes: EUR 678mn

■ **Needed funds to cover pending SRs: EUR 540mn**

*Available Narrowly Earmarked/project specific/otherwise not available: EUR 218 mn (incl. USAID ca. 48,7mn)

*Available Broadly or Not Earmarked: ca. EUR 20 mn

UKRAINE ENERGY SUPPORT FUND

Joint achievements



Contributions to the Fund have enabled financing:

- over 700 supply contracts;
- EUR 597 million contracted amount (EUR 483 million paid);
- over 56 Ukrainian energy companies received infrastructure recovery measures;
- in 21 regions of the country.

Equipment bought through Fund:

- Distributed generation – Gas Turbines, Engines, Transformers, High voltage equipment (switchgear, bushing, insulator, circuit breaker, control unit, wire, etc), RES, Energy storage Solar project for Social Infra-Hospitals, Passive Protection, Generators, Boilers, Special purpose vehicles, Building structures, Pipes, Valves, etc.

UKRAINE ENERGY SUPPORT FUND



Joint achievements



Source: www.turbomachinerymag.com



- **Restoration of power gen. in the *winterization* efforts** for the heating season 24/25 alone, based on priorities set by MinEnergy of Ukraine – the Fund has supported projects for the recovery of 2GW of power gen. capacity, incl 220 MW of highly manoeuvrable gas turbines and 1.8 GW of thermal-based generation
- Fund has **financed installing** generators, turbines, control units, high voltage and other **critical power gen. components**, passive protection, securing energy supply over the winter and going forward
- **Restoration of electricity and gas grids:** supply of the necessary equipment for the repair works of the transmission and distribution networks, including replacement of power transformers
- **Ray of Hope is an initiative**, that covers 101 healthcare facilities across Ukraine; 32 tenders launched, 25 evaluated, 9 currently open, 13 in prep. 22 contracts awarded, 18 signed. The numbers increases as new requests come in and each project develops further. First 3 solar PV installations are already generating electricity - pictured here. Donors contributed to the Project: UK, Germany, the EU, Sweden, Belgium and Canada
- **District Heating:** procurement of essential equipment for district heating operators to address emergencies caused by the destruction of heating systems in major cities



THANK YOU!



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