

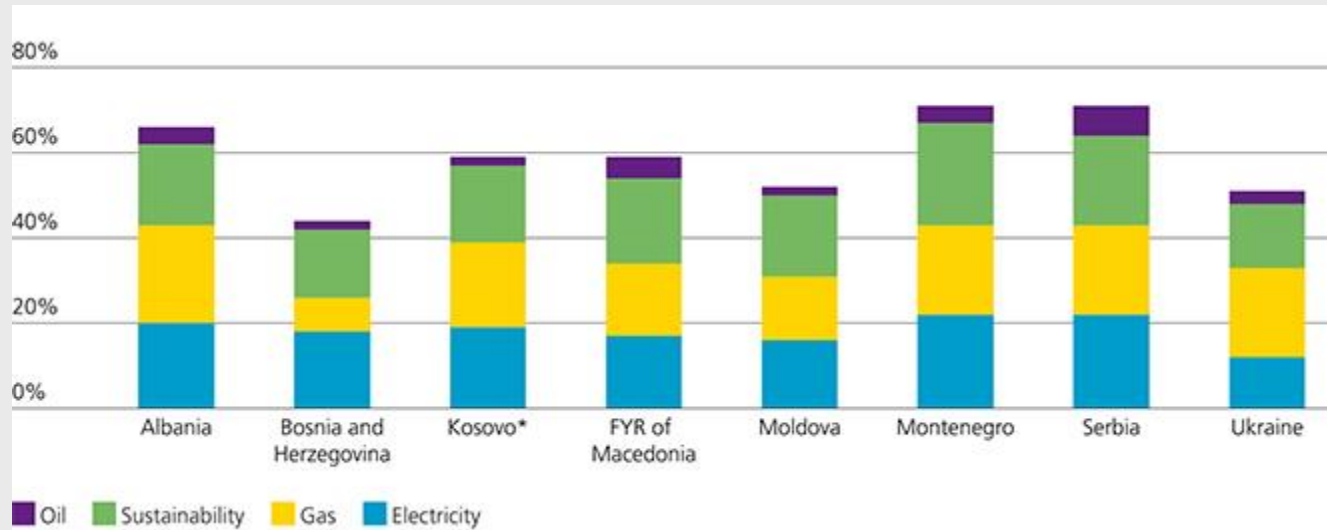


# *Latest Reforms under the Energy Community Treaty*

Adam Smith conference

28 February, 2017

# Overview of Implementation Performance by Contracting Parties





- **Adoption of the draft Electricity Market Law** in compliance with the Third Package is already for two years the highest priority
- Secondary legislation prepared
- Prohibited import
- Regulated prices – destroy the market environment and form a large chain of cross-subsidization;
- New trading mechanisms and electronic platforms – to be developed for balancing, day-ahead and intraday trading and settlement in the electricity market
- Cross-border capacity auctions – coordinated rules and mechanisms to be applied, DTEK wants to adapt
- Available transmission capacity distributed according to the indigenous generation capacity ignores possibility for import and transit flows – incompliant (infringement).



- Following entry into force of the Law on Natural Gas Market on 1 October 2015, secondary legislation was developed, adopted and assessed (Energy Community Secretariat called for improvements in some cases – Gas Storage Network Code)
- The update of secondary acts is still on going
- Beside Naftogaz, around 20 new traders entered the Ukrainian gas market by importing gas from the EU using physical reverse flow via Slovakia, Poland and Hungary
- Naftogaz unbundling - Government adopted the action plan in July – constant delay (new TSO established but not functional, no legislation for real unbundling prepared, no transfer of electricity generation from the Ministry)
- PSO prolonged, amendments to the law contrary to market opening
- **negative effects before the Stockholm court**





- **Independence, organisation and competences of NEURC ranked among the worst 3 performers in the Energy Community**
- **Adoption of the Law on the Regulator in September 2016 positively changed the situation, but**
  - Rotation scheme not respected – law not implemented
  - Adoption of very problematic Connection Fee Methodology

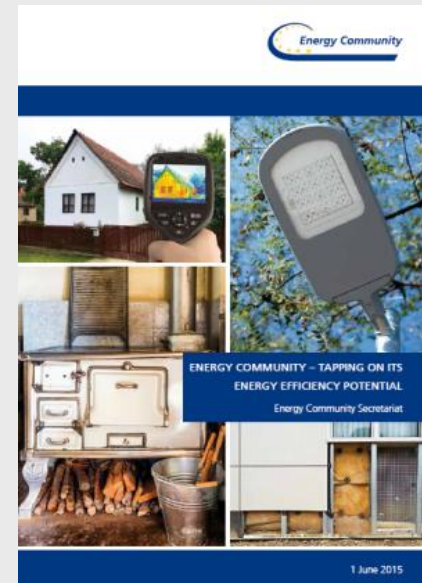
# Implementation Report Conclusions – Oil



- There is no legal framework in place for the establishment of emergency oil stocks
- In 2015, the Government tasked the State Reserves Agency to lead a Working Group to develop the long term Action Plan (2016 – 2022) for creating an emergency oil stockholding system to meet the Directive's obligations
- A model for projecting key calculations for Ukraine's emergency stockholding and a preparatory paper for drafting the Ukrainian Action Plan were developed in Oct/Nov 2015. No visible progress since then.



- **Energy Performance of Buildings Law** rejected for the third time in Rada – new proposal from MPs not compliant with the acquis
- **Energy Efficiency Law** (compliant with Directive 2012/27/EU) prepared but not sent into inter service consultation
- **Metering Law** (two articles of Directive 2012/27/EU) ready to be adopted in March 2017





- **Environmental Impact Assessment Directive** – infringement case launched September 2016, new Law adopted in October 2016 – rejected by the President – will be resubmitted
- **Sulphur in Fuels Directive** - not transposed; Both thresholds (heavy fuel oil, gas oil) are not in line with Directive. Roadmap adopted in 2012 with deadlines up to 2017 not in line with Accession Protocol (open infringement procedure, Reasoned Request and MC Decision)
- **Large Combustion Plants Directive** - Preparations for implementation are ongoing, National Emission Reduction Plan adopted
- **Industrial Emissions Directive (more stringent successor of the Large Combustion Plants Directive)** - deadline: 1 January 2018 for new plants exclusively and 1 January 2028 for existing plants



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

*Thank you  
for your attention!*

[www.energy-community.org](http://www.energy-community.org)