Kyiv ENERGY & CLIMATE Lab

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KECLab Energy and Climate Digest

Ukraine — Fourth Edition 2026

Dear Reader,

You are reading the fourth issue of the KECLab Energy and Climate Digest for 2026 — an analytical digest designed to navigate the key events, decisions, and market trends shaping Ukraine's energy and climate landscape.

The target group of this digest is, in particular, investors, banks and financial institutions assessing investment opportunities in Ukraine, analysts and journalists covering Ukrainian developments, and business representatives, government bodies, and international organisations making decisions in a fast-changing environment.

We combine market data, regulatory changes, investment news, international trends, and power-system recovery updates to cut through the noise and provide a holistic understanding of what is happening today — and why it matters for tomorrow.

KEY ANALYTICAL FOCUS

In April 2026, Ukraine's energy sector showed simultaneous signs of market stabilisation, regulatory acceleration, and deepening structural financial imbalances. On the electricity market, a seasonal drop in prices and trading volumes was observed: the BASE index on the Day-Ahead Market (DAM) for April stood at UAH 5,391.30/MWh — significantly below the March and February figures — while supply and demand fell in tandem, pointing to spring balance normalisation rather than a crisis deficit. At the same time, NERC's decision to raise the price caps on DAM/IDM to UAH 15,000/MWh and on the Balancing Market to UAH 17,000/MWh signals that the regulator anticipates flexible-generation scarcity risks and the need to keep gas and other flexible capacity economically viable.

The key event of April was the adoption and signing of Law No. 12087-d on market coupling. The so-called Electricity Integration Package (EIP) creates the legal foundation for integrating Ukrainian DAM and IDM markets with the European SDAC/SIDC platforms, as well as the development of aggregation, active consumers, and flexibility mechanisms. It constitutes an essential step for Ukraine's transition from physical synchronisation with ENTSO-E to full market integration with the EU. In parallel, the regulatory architecture is being strengthened: NERC is introducing REMIT-style market surveillance, prohibiting uncovered products, and preparing a wholesale market monitoring IT system with EBRD support.

From a financial stability point of view, the electricity market remains weak. Ukrenergo's debt to balancing market participants reached UAH 30.9 billion, while the market's debt to Ukrenergo reached UAH 46.3 billion — indicating a deepening liquidity crisis that may constrain investment, complicate settlements, and raise risks for new market entrants. On the investment side, positive signals are visible: the EBRD financed a 106 MW solar plant with storage for Kernel, banks have financed 1.5 GW of energy projects totalling UAH 41.5 billion, and Ukrnafta has announced a tender for 54 MW of gas-piston generating units.

Overall, April 2026 showed that Ukraine's energy system is moving towards a more European, flexible, and investment-oriented model. This movement, however, is taking place against a backdrop of significant debts, a shortage of flexible capacity, and an urgent need for distributed generation, storage, biomethane, REMIT infrastructure, and transparent grid-connection mechanisms. These are precisely the areas that will determine the system's ability not just to withstand the next peak periods, but to transition from emergency resilience to long-term market integration and modernisation.

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May 2026 consolidated the shift of Ukraine's energy sector from the logic of emergency recovery to the logic of market integration. Ukraine moved from technical synchronisation with ENTSO-E to practical preparation for market coupling: NERC approved a comprehensive plan for coupling the Ukrainian and EU energy markets, while Ukrenergo continues to develop cross-border infrastructure, including new transmission lines with Romania. The focus is gradually shifting towards harmonising trading rules, balancing, and cross-border capacity allocation.

The electricity market itself is beginning to move from a deficit model to a price-volatility model. April saw average DAM prices fall by almost 24%, trading volumes by more than 18%, and electricity imports by 40%. For the first 20 days of May, the BASE index on the DAM stood at just UAH 4,879/MWh. Rising solar generation, a seasonal drop in demand, and daytime surpluses are forming a structure typical of European systems with a high share of renewables: hourly price volatility and a growing need for flexibility.

Distributed generation and energy storage have become core resilience tools. Over 120,000 grid-connection applications, the growth of cogeneration, and simpler connection terms point to a large-scale shift towards a decentralised model, while storage moves from a promising segment to a necessary element of the power system. The renewables share in generation reached 11%, and the number of issued guarantees of origin approached 15 million — renewables have firmly become part of the country's security architecture.

The investment and regulatory blocks are moving in sync. Banks financed energy projects worth nearly UAH 46 billion, Ukraine announced a tender for 1.3 GW of new generation, and liberalisation is moving from concepts to practical solutions — businesses gain the right to buy electricity directly from producers. At the same time, preparation for the next heating season has already become a state policy priority against the backdrop of persistent risks of n
ew strikes on critical infrastructure.

10 KEY SIGNALS | UKRAINE ENERGY APRIL - MAY 2026

1. From synchronisation to practical market coupling

- NERC approved a comprehensive plan for coupling the Ukrainian and EU energy markets; Ukrenergo is developing cross-border lines with Romania.

Signal: The focus is shifting from technical synchronisation to real integration — harmonising trading, balancing, and cross-border capacity..

2. Market shifts from deficit to price volatility

- DAM prices in April −24%, volumes −18%, imports −40%. Over 20 days of May, BASE — UAH 4,879/MWh. Solar generation is rising and daytime surpluses are appearing.

Signal: Ukraine faces the challenges of high-renewables systems — hourly volatility and the need for flexibility.

3. Distributed generation — a key driver

- Over 120,000 grid-connection applications, growth of cogeneration and local generation, simplified connection.

Signal: Distributed generation is becoming a core tool of energy resilience under wartime risks.

4. Storage — from prospect to necessity

- Active financing of BESS continues, banks and investors are entering the segment more actively, and the regulatory base is adapting.

Signal: Storage is becoming critical for RES integration, balancing, and market coupling.

5. A new generation-building cycle

- A tender for 1.3 GW of new generating capacity has been announced.

Signal: After two years of emergency recovery, Ukraine is moving to build a more modern, flexible generation base.

10 KEY SIGNALS | UKRAINE ENERGY SECTOR | MARCH 2026

6. Renewables — part of the security architecture

- The renewables share in electricity generation reached 11%; nearly 15 million guarantees of origin were issued.

Signal: Renewables are seen not only as a climate tool but as a component of energy security and community autonomy.

7. Gas market integrates into the European space

- Increased gas import capacity from Poland, rule harmonisation, a switch to capacity accounting in MWh, and incentive regulation for Ukrtransgaz.

Signal: Ukraine's gas infrastructure is becoming more attractive to the European market.

8. Banks and international partners — a recovery driver

- Financed energy projects are approaching UAH 46 billion; IFIs continue grant and loan programmes.

Signal: The financial sector is entering RES, storage, cogeneration, and distributed generation in sync.

9. Liberalisation — from concepts to solutions

- Businesses gained the ability to buy electricity directly from producers; the number of licences is growing.

Signal: Preconditions are forming for corporate PPAs and new investment models.

10. Winter readiness — a state-policy priority

- The government allocated additional funds for boiler houses; cogeneration and recovery programmes continue.

Signal: The sector is preparing for possible winter challenges, including the risk of new strikes on critical infrastructure.

ELECTRICITY MARKET OVERVIEW AND PRICE SIGNALS

DAM and IDM Market Overview: Seasonal Market Cool-Down

April 2026
DAM BASE:
5,391.30 UAH/MWh
vs March: −23.80%
Buy/sell price (DAM+IDM):
5,791.59 UAH/MWh
IDM accepted price:
5,007.83 UAH/MWh
DAM volume:
2,771,923.9 MWh
Supply: −18.18%
Demand: −16.98%
IDM accepted vol: +9.65%

1–20 May 2026
DAM BASE:
4,879.31 UAH/MWh
Buy/sell price:
5,036.32 UAH/MWh
IDM accepted price:
4,990.06 UAH/MWh
DAM volume:
1,444,979.1 MWh
Supply: +2.29%
Demand: −12.79%

In April 2026, Ukraine's electricity market entered a seasonal cool-down after the winter consumption peak. The BASE price index on the DAM for April 2026 stands at UAH 5,391.30/MWh — 23.80% below the March figure and significantly below February (UAH 9,786/MWh). This points to spring balance normalisation rather than a structural deficit shock.

Average buy/sell price (DAM+IDM): UAH 5,791.59/MWh; accepted IDM price: UAH 5,007.83/MWh. Total DAM volume for April: 2,771,923.9 MWh. Supply fell 18.18%, demand fell 16.98% vs March. IDM volume fell 4.54%, while accepted IDM volume rose 9.65%. The synchronised decline on both sides points to organic seasonal contraction rather than structural deficit.

The first 20 days of May continued the downward price trend. The DAM BASE index fell further to 4,879.31 UAH/MWh, while demand continued to weaken compared with the same period in April. At the same time, supply slightly increased, suggesting that the system is moving from a deficit-driven market pattern towards a more volatility-driven structure.

Source**:** Market Operator

NEURC Sets Price Caps: DAM/IDM — UAH 15,000/MWh; BM — UAH 17,000/MWh

The National Energy and Utilities Regulatory Commission restored 24-hour maximum price caps: DAM/IDM — UAH 15,000/MWh, BM — UAH 17,000/MWh (effective 30 April 2026).

DAM/IDM: UAH 15,000/MWh
BM: UAH 17,000/MWh
Effective from: 30 April 2026
Min DAM/IDM: UAH 10
Min BM: UAH 0.01
Reason: rising gas prices + shortage risk

Minimum prices remain unchanged: DAM/IDM — UAH 10, BM — UAH 0.01. The decision effectively restores pre-April levels (with a slight increase for the balancing market). Reason: rising gas costs and deficit risks, making lower caps economically inadequate for generators. Raising the caps is an attempt to keep gas generation in the system and incentivise new capacity.

Source: NEURC

Market Operator Introduces New IDM Instruments: Block Orders and Iceberg Orders

Effective from:
01.05.2026

New instruments:
Block Orders
(Loop + Spread),
Iceberg Orders

Consultation deadline:
13.05.2026

From 1 May 2026, block orders (Loop blocks and Spread Block Orders) became available on the IDM, allowing market participants to set a minimum acceptance level and execute orders conditionally based on price. Iceberg Orders (iceberg bids) were also introduced: they display only a portion of the total volume and automatically renew after execution, enabling traders to conceal large positions and minimise market impact. The market is moving closer to European trading standards.

Source: Market Operator

ELECTRICITY MARKET INTEGRATION

Market Coupling Law No. 4834-IX: From Adoption to Implementation

Votes 'For': 245
Amendments accepted: 47
Amendments submitted: 1,358
Signed: 21 April 2026
Goal: SDAC/SIDC integration

The Verkhovna Rada adopted Law No. 12087-d at second reading (245 votes for; 47 of 1,358 amendments accepted). The law provides: a legal basis for coupling DAM and IDM markets with European trading zones; implementation of the European resource adequacy model; capacity mechanisms; aggregation and demand response; and enhanced consumer roles through community energy initiatives.

President Zelenskyy signed the law on 21 April 2026. It forms the legal foundation for integrating Ukraine into the EU electricity market (SDAC/SIDC) and transitioning from physical synchronisation to full market integration.

Source: Rada

NERC Approves Comprehensive Plan for Coupling Ukrainian and EU Energy Markets

Document: comprehensive plan
Covers: EU rules, market coupling
Goal: SDAC/SIDC participation

The regulator approved a set of measures for the further integration of Ukraine's electricity market into the EU market. The plan covers the implementation of European rules, the development of market coupling, and the harmonisation of the regulatory framework, and is a key element of Ukraine's preparation to participate in SDAC/SIDC.

Source: NEURC

Market Operator Hold Public Consultation on Market Coupling Auctions and Matching Platform Rules

On 20 May 2026, the Market Operator hold a public consultation on integration with the Market Coupling Matching Platform.

Date: 20 May 2026
Topic: Market Coupling Matching Platform
Format: public consultations

Topics include: auction procedures, price calculation methodology, the role of Nominated Electricity Market Operators (NEMOs), and conditions for platform participation. This is a practical implementation step following the signing of Law No. 4834-IX.

Source: Market Operator

First Import-Export Auction Held on the Ukrainian Energy Exchange

Date: 9 April 2026
Initiator: Ukrhydroenergo
Direction: Ukraine–Moldova
Volume: 1,920 MWh (night hours, 15–30 April)

On 9 April 2026, the first deal was concluded in a new section of the Ukrainian Energy Exchange. Initiator — Ukrhydroenergo: electricity sale in the Ukraine–Moldova direction. Volume — 1,920 MWh (night hours, 15–30 April). This marks the factual launch of exchange-based cross-border electricity trading.

Source: ExPro

Ukrenergo Plans New Cross-Border Transmission Lines with Moldova to Strengthen Regional Power-System Resilience

Direction: Ukraine–Moldova; future regional link with Romania

Object: new power transmission lines / interconnector capacity

Effect: stronger regional balancing, cross-border trade

According to Ukrenergo, increasing the technical capacity of interstate interconnectors between Ukraine and Moldova will require the construction of new power transmission lines. The discussed projects are intended primarily to strengthen interconnections between Ukraine and Moldova, with a possible future link to Romania. The parties also discussed emergency-assistance arrangements in case of electricity surplus in either power system, as well as maintenance of transmission lines crossing the Ukraine–Moldova border. The project should strengthen cross-border electricity trade and create additional opportunities for future market coupling.

Source: Ukrenergo

GRID, FLEXIBILITY AND DISTRIBUTED GENERATION

NEURC Extends Fast-Track Distributed Generation Connection to 2027

Application deadline:
1 May 2027
Connection by: 1 Oct 2027
Priority: distributed gen., gas, cogen.
Already connected: >1.4 GW

NEURC updated the rules: applications — by 1 May 2027, connection completion — by 1 October 2027. For current projects — completion possible if Phase 1 is fulfilled by October 2026. Priority: distributed generation, gas-fired and cogeneration units. Extension of the fast-track mechanism for rapid capacity additions ahead of the next heating season. Over 1.4 GW already connected under the simplified procedure.

Source: NEURC

NEURC Adopts Decisions to Strengthen Balancing Reliability of Ukraine's IPS

Focus: IPS balancing reliability
Develops: flexible capacity, reserves
Reason: attacks, generation losses, reserve needs
Effect: stronger balancing and local resilience

The regulator adopted decisions aimed at strengthening power-system balancing and improving the reliability of Ukraine's Integrated Power System (IPS). Particular attention is paid to developing flexible capacity, reserves, and adapting the system to the growing share of renewables. The changes are expected to help involve additional generating equipment in power-system balancing, reduce risks of capacity shortages, especially in vulnerable frontline regions, and give Ukrenergo more operational tools to respond to emergency situations and periods of higher system load.

Source: NEURC

From Cable Pooling to Flexible Connections: NEURC Updates Grid-Use Approaches

NEURC approved for public discussion a package of draft regulatory acts to implement provisions of Law No. 4777-IX on improving energy-market functioning, renewable-energy development and energy resilience.

Approach: cable pooling
Mechanism: flexible grid connections
Status: draft regulatory package / public discussion
Effect: more efficient grid use, RES + storage integration

The regulator is updating approaches to grid use, in particular regarding cable pooling and flexible mechanisms for connecting generation. Key elements include flexible grid connection, broader cable-pooling opportunities, separation of permitted capacity into withdrawal and injection capacity, and new possibilities for energy-storage operators to install generating units. This is expected to allow more efficient integration of new renewables projects and energy storage systems.

Source: NEURC

Businesses Will Be Able to Buy Electricity Directly from Distributed-Generation Producers

Decision: Cabinet of Ministers
Right: direct bilateral contracts with consumers
Scope: distributed-generation producers
Effect: corporate PPAs, local generation investment

The Cabinet of Ministers amended the rules for selling electricity generated by distributed-generation facilities. Under the updated rules, such producers will be able to conclude direct bilateral contracts with consumers without going through electronic auctions. The change should simplify contractual relations between producers and consumers, support more flexible electricity procurement by businesses, and create additional incentives for investment in local generation. In practical terms, it strengthens the basis for corporate PPAs and decentralised energy projects, especially where businesses seek more predictable supply arrangements and greater resilience under wartime risks.

Source: MinEnergo

Ministry of Energy Proposes Exemption from Power-Supply Restrictions for Consumers Buying from Distributed Generation

The Ministry of Energy proposed an incentive mechanism for consumers that cover at least 60% of their electricity needs by purchasing power from distributed-generation facilities. Under the proposal, such consumers would not be subject to electricity-supply restrictions during periods of capacity deficit.

Initiator: Ministry of Energy
Threshold: ≥60% of consumption from distributed generation
Status: proposal submitted to Government
Effect: incentive for direct PPAs and local generation

The initiative is part of the wider effort to develop direct PPAs and stimulate investment in local generation. For businesses, the measure could create a stronger economic reason to contract electricity directly from distributed-generation projects. For the power system, it supports decentralisation, reduces pressure on centralised generation during shortages, and strengthens local energy resilience.

Source: MinEnergo

DSOs Received Over 120,000 Grid-Connection Applications in 2025

Applications: over 120,000
Period: 2025
Level: pre-war
Temporary connections: 1.66 GW
Generation share: 1.34 GW, around 80%

In 2025, Ukrainian distribution system operators received over 120,000 grid-connection applications, effectively returning to the pre-war level of connection demand. NEURC also reported 72,439 standard connection services and 7,536 non-standard connection services during the year.
The more important signal for the energy sector is the scale of temporary connections: in 2025, DSOs concluded 4,020 temporary connection contracts with a total capacity of 1.66 GW. Around 1.34 GW of this capacity related to electricity-generation facilities, or roughly 80% of all temporary connections. This points to renewed economic activity, stronger demand for grid access, and the continuing expansion of distributed and local generation.

Source: NEURC

Ukrnafta Launches EBRD Tender for 54 MW of Flexible Distributed Generation

The company invited partners to participate in a tender on the ECEPP platform for turnkey installation of containerised gas-piston power plants totalling approximately 54 MW. The tender is open until 26 May 2026.

Capacity: ~54 MW
Type: containerised gas-piston units
Platform: ECEPP (EBRD)
Deadline: 26 May 2026
Role: flexible distributed generation

The project targets the development of flexible distributed generation that Ukrnafta had agreed with the EBRD as far back as 2024.

Source: Ukrnafta

Government Announces Tender for 1.3 GW of New Manoeuvrable Generation

Volume: 1.3 GW
Format: second-stage tender
Focus: manoeuvrable generation in energy-deficit regions
Goal: regional resilience, balancing support

The Cabinet of Ministers approved the launch of the second stage of a tender to build new generating capacity totalling 1.3 GW. The tender covers new manoeuvrable generation in the regions most affected by attacks and capacity shortages: 872 MW for Sumy, Kharkiv and Poltava oblasts; 250 MW for Kyiv and Cherkasy oblasts; and 100 MW each for Dnipro and Odesa oblasts.

The new capacity is intended to reduce pressure on the transmission system, strengthen regional energy resilience and support the development of distributed generation.

Source: KMU

Oschadbank Financed a BESS Project Worth €23.6 mn

Amount: €23.6 mn
Segment: BESS
Capacity: 50 MW / 131.2 MWh
Bank: Oschadbank
Role: balancing and frequency restoration

The development of energy storage systems continues in Ukraine. Oschadbank provided long-term project financing of €23.6 mn to LLC “Elektryka Ukraine” for the construction of a battery energy storage system with a capacity of 50 MW and storage capacity of 131.2 MWh. The project is relevant for Ukraine’s power-system flexibility because it will provide automatic frequency restoration reserve services under a long-term contract with Ukrenergo. Storage is increasingly becoming a key element of power-system balancing and renewables integration.

Source: ExPro

Distributed Cogeneration Facilities of 40 MW Built in Kyiv

Capacity: ~40 MW
Type: distributed cogeneration
City: Kyiv
Protection: second-level protection
Pipeline: >130 MW under development

New distributed-cogeneration projects with a total capacity of 40 MW have been completed in the capital as part of the city's energy-resilience plan. The facilities produce both electricity and heat and are equipped with second-level protection. Local generation is increasingly seen as one of the key tools for the energy resilience of cities. The city is also working on additional projects that could provide more than 130 MW of further capacity.

Source: Kyiv City State Administration

NEURC Licensing Data Shows Growth of Storage, Aggregation and Distributed Energy Activity in 2025

Licences: 335 new licences
Period: 2025
Electricity sector: 259 licences
Storage licensees: 2 → 26
Aggregation licensees: 2 → 7
Signal: more market participants, storage and aggregation

NEURC issued 335 new licences in the energy and utilities sectors in 2025, with the largest share in electricity. the number of energy-storage licensees increased from 2 to 26, while the number of aggregation licensees increased from 2 to 7.
Ukraine's energy market is slowly becoming more diversified. More participants are entering electricity supply, trading, storage, aggregation and heat generation, while simplified licensing rules are helping communities and businesses launch new generation and resilience projects faster.

Source: NEURC

RENEWABLES, STORAGE AND DECARBONISATION FINANCE

EBRD Provides Kernel with $45 mn Loan for 106 MW Solar Plant with Storage

EBRD loan: $45 mn
Solar capacity: 106 MW + co-located BESS
Project cost: $86 mn (EU guarantees via UIF)
Output: 141 GWh/year
CO_2: −82,500 t/year
Region: Southern Ukraine

The project includes a 106 MW solar plant with energy storage in southern Ukraine. Total cost — $86 mn (partially covered by EU guarantees via UIF). Once completed, the plant is expected to generate around 141 GWh of renewable electricity per year and reduce CO_2 emissions by approximately 82,500 tonnes annually. This is EBRD's first financing for Kernel since the start of the war — a signal of renewed investment in renewables.

Source: EBRD

Banks Finance Energy Projects Worth Nearly UAH 46 bn

Total: UAH 45.9 bn
Business: UAH 42.9 bn, 4,000+ loans
Population: UAH 3.0 bn, 16,500+ loans
Financed: 1.636 GW generation + 682 MW storage/heat
Portfolio: UAH 28.5 bn business + UAH 2.3 bn households

Under a joint memorandum, Ukrainian banks have provided financing to businesses and households for energy recovery after attacks. June 2024 – May 2026: UAH 42.9 bn to business (4,000 loans), UAH 3.0 bn to households (16,500 loans). Result: 1.6 GW of generation financed (solar, gas, hydro, bio, wind), plus 682 MW in storage and heat modernisation projects. Bank financing has become a key driver of energy recovery and decentralisation.

Source: National Bank of Ukraine

Renewables Share in Ukraine's Electricity Generation Reached 11% in 2025

According to NEURC, electricity generated from renewable energy sources accounted for 11% of Ukraine's total electricity generation in 2025. The share of RES in installed generating capacity reached 20.4%, including private households.

RES share: 11% of electricity generation
Period: 2025
Installed capacity share: 20.4%
New household RES: 748 MW
Trend: growth despite the war

The household segment remained an important driver of distributed generation, with 748 MW of new RES capacity commissioned during 2025.
Despite the war, the sector continues to develop, and distributed generation and renewables are increasingly viewed as an element of energy resilience.

Source: NEURC

Ukraine Issued Nearly 15 Million Guarantees of Origin for Green Electricity

Guarantees: ~15 million, 14,896,997 MWh
Period: 2025
Registered installations: 1,510
New RES installations: ~90
Role: green-power tracking, corporate PPAs, EU market integration

In 2025, NEURC issued 14.9 million guarantees of origin for electricity produced from renewable energy sources, corresponding to 14,896,997 MWh of green electricity.
The guarantees-of-origin register continued to expand during the 2025: around 90 new renewable-energy installations were added, bringing the total number of registered generating installations to 1,510.
The guarantees-of-origin system is an important element of integration into the European green-electricity market and of corporate PPA development.

Source: NEURC

Universal-Service Suppliers to Buy Household Solar Power Only During Daytime

Buy-back: daytime hours only
Object: household solar under green tariff
Status: draft regulatory changes / public discussion
Scope: active consumers, storage and distributed generation

NERC published a draft resolution under which universal-service suppliers would buy electricity from household solar plants only during daytime hours. The proposal is part of a broader package updating rules for active consumers, storage and distributed generation. The initiative relates to the growing load on balancing; the discussion continues, as market participants stress the importance of preserving incentives for prosumers.

Source: NEURC

GAS MARKET, BIOMETHANE AND REGIONAL SUPPLY ROUTES

Ukrnafta and Ukrgasvydobuvannya Complete First Joint Gas Well

Depth: 5,681 m
Drilling: Ukrgasvydobuvannya
Field: Ukrnafta's Operation: Ukrnafta
Plan: 8 additional wells under cooperation in 2026

A 5,681-metre well has been drilled on an Ukrnafta field: drilling was carried out by Ukrgasvydobuvannya, with Ukrnafta operating the well. This is the first case of intra-Naftogaz Group cooperation for gas production growth. Up to 8 more joint wells are planned by year-end.

Source: Ukrnafta

Ukraine Approves Biomethane Development Programme to 2035

By 2030: 1 bn m³/year
By 2035: 2.1 bn m³/year
Programme period: 2026–2035
Current (2026): 7 plants (~110 mn m³/year)
Phase 1: 8 new plants + EU integration
Focus: renewable gas, EU integration,

The Cabinet of Ministers approved a biomethane development programme to 2035: 1 bn m³/year by 2030 and 2.1 bn m³/year by 2035.

Planned measures: new plant construction, biogas unit modernisation, connection deregulation, and investment incentives. Phase 1: launch of 8 new plants and EU integration (origin guarantees, database access).

The bet is on biomethane as an export product and energy independence tool. As of 2026, 7 plants are already operating (~110 mn m³/year).

Source: Ministry of Energy, ExPro

NEURC Opens New Opportunities for Gas Imports from the EU

NEURC approved a project to increase guaranteed capacity at the cross-border gas interconnection with Poland. The decision was adopted in line with EU network-code rules and is intended to allow the Gas TSO to hold an auction for new incremental capacity.

Direction: imports from Poland
Mechanism: new incremental capacity at Ukraine–Poland interconnection
Condition: sufficient auction demand and positive economic test
Goal: EU gas-market integration and supply diversification

The planned increase would create additional opportunities for guaranteed access to gas from the European market and strengthen Ukraine's integration with the EU gas system. For Ukraine, the measure is important as part of long-term supply diversification and reduced dependence on riskier import routes.

Source: NEURC

NEURC Takes Another Step Towards Integrating Ukraine's Gas Market with the EU

Harmonisation: EU gas capacity-allocation rules
Mechanism: booking in MWh/day instead of m^3/day
Route: interstate gas interconnections, including the Trans-Balkan route
Effect: simpler booking, joint auctions, easier EU market access

NEURC adopted amendments to several regulatory acts to bring the allocation of interstate gas transmission capacity closer to EU market rules. The key practical change is that cross-border capacity will be booked and paid for in energy units, MWh/day, instead of cubic metres per day. For market participants, this matters because it makes Ukrainian cross-border gas products easier to compare and use alongside EU capacity products. This should improve transparency, competition, and integration into the European architecture, and creates preconditions for a biomethane market and cross-border trade in renewable gases.

Source: NEURC

NERC Introduces Incentive Regulation for JSC Ukrtransgaz

NEURC adopted decisions shifting Ukrtransgaz's gas storage, injection and withdrawal services from the previous "cost-plus" model to multi-year incentive regulation. This is expected to create incentives for modernising UGS infrastructure and attracting new investment.

Entity: JSC Ukrtransgaz
Tool: incentive regulation
Start: 1 June 2026
Focus: gas storage tariffs and long-term capacity booking
Goal: winter stockpiling and UGS infrastructure planning

The regulator is trying to make storage services more predictable before the next heating season, support gas stock accumulation and create clearer long-term signals for the operator and market participants. Ukraine's gas storage remains one of the largest sources of flexibility in the European gas market.

Source: NEURC

Cherkasyteplokomunenergo Buys Gas on the Exchange After NEURC Opens Market Access for Heat Producers

Buyer: Cherkasy-teplokomunenergo
Venue: exchange
Regulatory basis: NEURC Resolution No. 561
Effect: market-based gas procurement for heat producers

The municipal heating Cherkasyteplokomunenergo purchased natural gas on the Ukrainian Energy Exchange to cover its needs in May 2026. This opened a practical route for heat-generating enterprises to buy part of their gas on the competitive market rather than relying only on regulated supply arrangements. It shows a cautious move toward more market-based fuel procurement in the heating sector. It also gives district-heating companies more flexibility for the inter-heating period.

Source: NEURC

HEATING AND WINTER READINESS

Government Allocates UAH 3 bn for Block-Modular Boiler Houses Before Winter

Amount: UAH 3 bn
Source: state reserve fund
Equipment: 216 block-modular boiler houses
Focus: Kyiv and regional resilience plans
Goal: reserve heat supply before winter

The Cabinet of Ministers allocated UAH 3 bn from the state reserve fund to install 216 block-modular boiler houses before the next heating season. The decision aims to improve the resilience of thermal infrastructure under wartime risks.
Of the total amount, UAH 966 mn is to be directed to the Restoration Agency for projects in Kyiv, while more than UAH 2 bn will go to regions under local resilience plans.

Source: Energobiznes

Account Freezes at 69 District-Heating Enterprises Raise Winter-Readiness Risks

DH enterprises: 69
Action: court/enforcement account freezes
Reason: gas debts and unresolved tariff-difference compensation
Risk: winter preparation, resilience plans, operational continuity

Naftogaz reported freezing the accounts of 69 district-heating enterprises related to gas debts. Market participants warn that the sector's financial problems may create risks for winter preparation. Sector representatives also link the problem to unresolved compensation for tariff differences, arguing that many heating utilities accumulated debts because heat tariffs did not cover actual costs.

Source: Energobiznes

Centrenergo Appoints New Director as Winter Preparation Moves to New Management

Centrenergo's newly appointed supervisory board appointed the company's new director. Centrenergo's key priorities now include readiness for the next heating season, transparent restoration of damaged facilities, and stable operation of the company.

Company: Centrenergo
Decision: new director appointed
Focus: heating-season preparation and restoration

Centrenergo remains one of Ukraine's strategic thermal-generation companies, and its ability to restore damaged assets, complete repair campaigns and avoid inefficient procurement practices will directly affect the resilience of the power system during the next autumn-winter period.

Source: State Property Fund of Ukraine

Kyivvodokanal's Wastewater-Heat Pumps Show Municipal Heat-Autonomy Potential

Source:
wastewater heat
Operator:
Kyivvodokanal
Effect: lower heating costs, less reliance on centralised heat
Relevance: municipal heat autonomy and energy efficiency

Kyivvodokanal's sewage pumping stations use heat pumps to recover heat from wastewater and reduce dependence on centralised heat supply. Such solutions are seen as a promising direction for developing the circular economy and energy efficiency.

Source: Energobiznes

IMARKET DEBTS, GOVERNANCE AND INTEGRITY

Balancing-Market Debts Reach Record Levels, Exposing Liquidity Risk

Ukrenergo → market participants:
UAH 30.9 bn
Growth since Jan 2026: +40%
Market participants → Ukrenergo:
UAH 46.3 bn
Growth since Jan 2026: +9.5%
Risk: balancing-market liquidity stress

Ukrenergo's debt to balancing market participants has grown to a record UAH 30.9 billion, according to system operator data. Since the start of 2026, the debt has increased by 40%. The market's debt to Ukrenergo on the balancing market has reached UAH 46.3 billion — up 9.5% since the start of the year.

Ukrenergo owes substantial amounts to market participants, while market participants also owe even larger sums to Ukrenergo. This creates a circular liquidity problem inside the balancing market, where delayed settlements weaken the financial position of generators, traders and balancing-service providers.

Source: ExPro

Government Approves State Representatives to Ukrenergo and GTSOU Supervisory Boards

Bodies: Ukrenergo and GTSOU supervisory boards
Decision: state representatives approved
Selection: Nomination Committee process
Relevance: governance of strategic energy system operators

The Cabinet of Ministers approved candidates for state representatives to the supervisory boards of Ukrenergo and the Gas TSO of Ukraine. Building effective corporate governance remains an important element of energy-sector reform. The appointments are part of the government's wider process of renewing supervisory boards and executive bodies in state-owned energy companies.

Source: Ministry of Economy

Court Opens Proceedings on Guaranteed Buyer's UAH 1.9 bn Claim Against Ukrenergo

Claim amount: UAH 1.9 bn
3% annual interest: UAH 406.47 mn
Inflation losses: UAH 1.5 bn
Claimant: Guaranteed
Buyer Respondent: Ukrenergo
Issue: late settlement for RES support services

The claim relates to accrued 3% per annum (UAH 406 mn) and inflation losses (UAH 1.5 bn) due to late settlements for RES support services. This is not a new debt, but additional accruals on already recovered debt.

Source: ExPro

Guaranteed Buyer Becomes a Joint-Stock Company as Governance Reform Moves Forward

New form: JSC
Owner: state (Cabinet) — 100%
Acting chair: Vladyslav Novikov
Governance: statute and supervisory-board framework approved
Relevance: RES support-payment institution

The company officially changed its form to a JSC, with 100% of shares remaining in state ownership (Cabinet). Vladyslav Novikov was appointed acting CEO. Corporatisation of the key RES market player with a transition to a supervisory board governance model.

Source: Expro

NEURC and EBRD Launch Procurement for Ukraine's REMIT Market-Surveillance System

System: Energy Market Surveillance System, EMSS / REMIT
Procurement: ECEPP / EBRD procedure
Beneficiary: NEURC
Scope: wholesale energy-market monitoring
Goal: market integrity, transparency and manipulation detection

The project involves implementing a wholesale market monitoring system in line with REMIT requirements — to enhance transparency and prevent manipulation. Procurement will be conducted through the ECEPP platform under EBRD rules. Ukraine needs a practical tool to monitor wholesale energy markets, detect suspicious trading behaviour, support REMIT-style enforcement and build confidence that market liberalisation will be accompanied by proper oversight.

Source: NEURC

Thank you for reading!

If you would like to receive future editions or suggest topics for coverage, please contact us at **keclab@ukma.edu.ua.**

About KECLab

Kyiv Energy and Climate Laboratory (KECLab) is an independent research and education centre established jointly by Helmholtz-Zentrum Berlin (HZB) and the National University of Kyiv-Mohyla Academy (NaUKMA). KECLab conducts research, education, and advocacy to support Ukraine's green transition.

Contact: **LinkedIn** | keclab@ukma.edu.ua

Authors of this digest:

Olha Yevstihnieieva,
Vladyslav Mikhnych.