

KECLab Energy and Climate Digest

Ukraine — Special Summer Edition 2026



Dear Reader,

You are reading the special summer edition of 2026 — the KECLab Energy and Climate Digest: Summer Edition — in which we take stock of three summer months: June, July and August 2026.

In this issue, we have gathered the key events, decisions and market trends that shaped Ukraine's energy and climate policy over the summer.

The digest is particularly useful for investors, banks and financial institutions assessing investment opportunities in Ukraine, for analysts and journalists covering the Ukrainian energy sector, and for representatives of business, public authorities and international organisations taking decisions in a rapidly changing environment.

We combine market data, regulatory changes, investment news, international trends and updates on the recovery and transformation of the power system — in order to reduce information noise and build a coherent picture of what Ukrainian energy lived through in the summer of 2026 and what changes the sector carries into the autumn.

The issue is arranged in reverse chronological order: we begin with August and move back through July to June, so that the most recent decisions come first. Feel free to navigate to the topics you are most interested in.



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KEY TAKEAWAYS · SUMMER 2026

WHAT CHANGED OVER THREE MONTHS

The electricity market remains highly volatile

After a substantial fall in prices in July, the BASE index rose by 34% in August, PEAK by almost 44% and OFFPEAK by roughly 30%. At the same time, traded volumes continued to grow.

Ukrainian energy is shifting from a capacity deficit to a need for flexibility

The development of distributed generation, BESS and new dispatchable capacity shows a change of priorities: what matters increasingly is not only the number of new megawatts, but the system's ability to balance generation and consumption.

Investment is returning to the energy sector

New renewable and storage projects, more active bank financing, and international energy agreements point to a gradual shift from emergency restoration towards investment in new energy infrastructure.

Financial imbalances remain a systemic risk

Total market debt continues to grow, primarily on the balancing market and at Ukrenergo. At the same time, debt to renewable generators fell substantially over the period under review.

The new Grid Connection Fee Methodology changes the economics of new energy projects

The regulator's amendments to the Methodology for determining the grid connection fee introduce a new approach to calculating connection costs, in particular for facilities with simultaneous offtake and injection of electricity. For renewables and BESS, the cost and model of grid connection are increasingly becoming a distinct factor in project economics.

Market Operator became Ukraine's first NEMO

Obtaining Nominated Electricity Market Operator status is an important institutional step towards market coupling and the integration of Ukraine's electricity market with the EU internal market. The next challenge is the practical readiness of Ukraine's regulatory and market infrastructure to operate under European rules.



Competition and market design are back at the forefront

The debate over the enlargement of lots at state generation auctions showed how far trading rules can affect participants' access to the resource, market concentration and price formation.

European integration is moving from legislation to the practical restructuring of the market

NEMO, new cross-border trading rules, regulatory changes and the European focus on grids and flexibility show that Ukraine's integration into the EU energy market is increasingly moving from legislative commitments to changing the architecture of the market itself.



02 MARKET OVERVIEW · DAY-AHEAD INDICES AND TRADED VOLUMES

JUNE – AUGUST 2026

Day-ahead market indices, UAH/MWh

Index	Jun 2026	Jul 2026	Aug 2026	June → August
BASE	5,599.19	4,443.89	5,969.92	+6.60%
m/m change	+ 10.47%	-20.63%	+34.34%	
PEAK	3,410.27	2,841.63	4,085.66	+19.80%
m/m change	+15.61%	-16.67%	+43.78%	
OFFPEAK	7,788.10	6,046.15	7,854.18	+0.80%
m/m change	+8.35%	-22.37%	+29.90%	

Traded volumes, MWh

Segment	Jun 2026	Jul 2026	Aug 2026	June → August
Day-ahead	2,425,413.8	2,457,397.3	2,516,902.2	+3.80%
m/m change	+4.22%	+1.32%	+2.42%	
Intraday	212,326.8	214,785.0	231,939.9	+9.20%
m/m change	+1.67%	+1.16%	+7.99%	

Source: [Market Operator](#)

What this means

1. The summer followed a V-shaped pattern. July brought a sharp fall in all three indices: BASE declined by more than 20% and OFFPEAK by 22.4%. Already in August, the market recovered that fall with room to spare: BASE rose by 34.3% and PEAK by almost 44%. As a result, the level at the end of summer turned out higher than in June, but the path between those two points was not gradual — it was a step change.
2. Volumes grew regardless of the direction of prices. Day-ahead trading increased in all three months in a row, and so did the intraday market, which added almost 8% in August. This is an important signal: liquidity in the organised segments is growing even when prices move sharply and in different directions.
3. The widest swing is in the PEAK segment. The gap between the July low and the August high is almost 44%. For generators selling electricity at market prices, this means substantial unpredictability of monthly revenue.

Overall conclusion

Over the summer, day-ahead prices ended above the June level, while traded volumes grew in each of the three months. The decline in indices in July was not accompanied by a contraction in trading activity, and the August price increase came together with a further rise in volumes on both the day-ahead and intraday markets.



During 2026 Ukraine adopted two strategic laws that effectively launch a new stage in the integration of the Ukrainian energy sector into the European market. This is not merely about technical changes to individual procedures. A new system of energy regulation is taking shape, in which the Ukrainian market moves from an isolated, administratively managed model towards an integrated European system based on market pricing, flexibility, storage and digital metering.

In the summer of 2026 these laws began to produce concrete consequences — which is why we bring their analysis and the chronicle of the summer together in a single issue.

Law No. 4777-IX · renewables support, storage, guarantees of origin

Full title. Law of Ukraine “On amendments to certain legislative acts of Ukraine regarding the improvement of the functioning of energy markets, competitive conditions for the production of electricity from alternative energy sources and the strengthening of energy resilience”

Bill No. 13219 Adopted 10.02.2026 Signed 09.03.2026 In force from 11.03.2026 [Text on zakon.rada.gov.ua](https://zakon.rada.gov.ua)

The law substantially updates the renewables support system and brings the Ukrainian market closer to the European model, in which renewable generation operates as a full part of the electricity market. The Cabinet of Ministers had two months to bring its acts into line, and NEURC six. It is precisely this six-month deadline that explains why the regulator’s main package of decisions appeared in August.

Auctions: key changes

beginning of the table

Area	What changed
Support mechanism	Auctions were explicitly tied to the “market premium” mechanism — previously absent from the definition.
Quotas	The Cabinet of Ministers may now set an additional annual quota during the year and change the auction schedule, rather than only approving the annual quota by 1 December.



Area	What changed
Quota structure	Minimum shares for solar, wind and other renewables were cut from 10% to 5%. A separate “solar + storage” segment was added with a share of at least 10% and strict technical requirements: storage capacity $\geq$ 80% of the solar plant’s capacity, energy capacity $\geq$ 2 kWh per 1 kW.
Participation security	An alternative to a bank guarantee — “financial security”: a guarantee deposit of €5/kW in hryvnia equivalent placed in a separate Guaranteed Buyer account or in escrow.
Contract security	Reduced from €15/kW to €10/kW, with a choice between a bank guarantee and financial security.
Duration of the mechanism	Extended from 31.12.2029 to 31.12.2034.
Price cap	The limit of 12 eurocents/kWh was extended to the “solar + storage” segment as well.
Grid connection	The contract must cover not only construction and commissioning but also connection to the grid. For “other renewables” the deadline during martial law was extended to 42 months. A key requirement is to provide a connection agreement or a capacity reservation agreement within 12 months.
Deviation tolerance	It is not deemed a breach if the commissioned capacity differs by no more than 10%.

Cable pooling and the single connection point

Before. A customer could connect generating units from any sources at a single connection point. Total installed capacity could exceed the permitted level, but actual injection into the grid was not to exceed the contracted capacity.

Now. Energy storage facilities have been added to the list — meaning that at the same point it is possible to connect not only generation but also storage.



At the same time a restriction appeared: the right to “add on” further units does not extend to facilities covered by support mechanisms or by a market premium contract with the Guaranteed Buyer. The requirement for commercial metering to comply with the Commercial Metering Code is separately emphasised.

The rationale

Hybridisation with storage is legalised and encouraged — a battery at the same connection point smooths the profile, reduces peaks and optimises grid constraints. At the same time, a loophole for supported facilities is closed, so as to avoid a situation where a 10 MW plant is built under the feed-in tariff and another 10 MW is then added without a tender, benefiting from the same infrastructure.

Guarantees of origin and preparation for AIB

Provision	Substance of the change
Part 15 · Inspections	NEURC inspects the business entities it regulates, as well as entities in the special consumer group whose facilities are entered in the GO register — under a procedure approved by the regulator.
Part 19 · GO circulation	The direct reference to export and import under foreign trade contracts was removed; free circulation and sale and purchase on market terms remain.
Part 20 · Transfer to the GB	Producers transfer GOs to the Guaranteed Buyer in full for facilities under the feed-in tariff within the GB balancing group and under market premium contracts. It is separately stipulated that such GOs have no value.
Part 21 · Households	GOs pass to universal service suppliers for the entire volume of electricity supplied under a feed-in tariff contract.
Part 24 · Residual mix	For disclosure purposes the residual energy mix is applied, excluding the share covered by cancelled GOs. It is calculated by NEURC and published annually.
Parts 27–29 · Recognition	Recognition of GOs is based on reciprocity and regulatory mechanisms rather than solely on an international treaty. NEURC receives the right to refuse recognition where there are well-founded doubts.
Law “On NEURC”	The regulator receives the right to approve Ukraine’s domain protocol in order to obtain full membership of the AIB (Association of Issuing Bodies).



The rationale

The GO validity period was changed to 12 calendar months after the month of production, and the rule on cancellation within 18 months was removed. The overall logic is to avoid double monetisation of support and to align the Ukrainian GO system with the European AIB/EECS infrastructure.

Law No. 4834-IX (bill No. 12087-d) · integration of the electricity market with the EU

Full title. Law of Ukraine “On amendments to certain laws of Ukraine regarding the implementation of European law on the integration of energy markets, enhancing security of supply and competitiveness in the energy sector”

Bill No. 12087-d Act No. 4834-IX Adopted 07.04.2026 (245 votes) Signed 20.04.2026
[Text on zakon.rada.gov.ua](https://zakon.rada.gov.ua)

The law’s main purpose is the gradual integration of the Ukrainian electricity market into the common European market. This is no longer only about the physical export of electricity, but about Ukraine joining a single trading system in which the markets of different countries operate synchronously, prices are formed under common rules, cross-border flows are allocated automatically and balancing follows uniform principles.

NEMO: from a legal provision to the first designation

One of the law’s key innovations is the introduction of the concept of NEMO — a nominated electricity market operator. This is an exchange operator that organises trading on the day-ahead and intraday markets in line with EU rules. It is precisely through such operators that the integration of different countries’ markets into a single system takes place in Europe. NEMO functions include collecting bids, transmitting them to the pan-European price coupling mechanism, participating in market price formation and coordinating the allocation of cross-border capacity.

Without a fully functioning NEMO, Ukraine will not be able to integrate fully into the European electricity market. On 18 August 2026 NEURC designated Market Operator as the first NEMO.

Timelines, the 15-minute interval and digitalisation

The law is based on the regulations of the EU’s Fourth Energy Package and establishes the legal framework for market coupling in the day-ahead and intraday segments. According to its initiators, technical coupling requires at least 12–18 months; the dates mentioned as possible are 1 January 2028 or 1 January 2029. The law is also on the list of laws on which the unlocking of financing under the Ukraine Facility programme depends.



A fundamental change is the transition to 15-minute trading and balancing intervals. Previously most operations were carried out on an hourly basis, but a power system with a large share of solar and wind generation requires more flexible management. Shorter intervals make it possible to forecast renewable generation more precisely, react to changes faster, reduce imbalances, use storage more efficiently and cut the need for expensive reserve capacity.

A separate block concerns smart meters: the law provides that, where economically justified, smart meters must be installed for at least 80% of consumers. This is not simply about “new meters”, but about creating the digital infrastructure of a modern energy market — hourly tariffs, demand management and better balancing.

Price caps and market-based pricing

The law provides for the abolition of price caps: full removal of price limits on the wholesale market is planned from 1 May 2027. The date was chosen taking into account seasonal specifics, when consumption is relatively low and generation high. At the same time the law retains safeguards: in the event of a sharp deficit NEURC will have the right to reapply price caps. The implementation of REMIT mechanisms is intended to serve as an additional instrument of protection against abuse of market power.

Risks of rigid price caps

- weaker incentives to build new generating capacity;
- obstacles to the development of energy storage;
- constraints on the development of flexibility services;
- worse conditions for the integration of renewables;
- reduced investor interest in new projects;
- complications for coupling with the European market.

What market price signals deliver

- incentives to invest in new generation;
- storage becomes economically viable;
- motivation to shift consumption away from peak hours;
- incentives for balancing capacity;
- greater efficiency of cross-border flows.

A key challenge for Ukraine in the coming years will be finding a balance between protecting consumers during the war and gradually moving to a market-based pricing model compatible with EU rules.



THE NEW GRID CONNECTION FEE METHODOLOGY: NEW OPPORTUNITIES AND COSTLIER BESS ECONOMICS

On 11 August 2026 NEURC approved a package of amendments to the Transmission System Code, the Distribution Systems Code, the Commercial Metering Code and the Methodology for determining the grid connection fee. The changes take effect from 1 September 2026 and align secondary legislation with Law No. 4777-IX.

- Flexible connection — a new mechanism for connecting to electricity grids.
- Splitting the permitted capacity into offtake capacity and injection capacity.
- Extended cable pooling — connecting different electrical installations at a single connection point.
- Rights of storage operators to install generating units.
- Updated connection fee procedure, in particular where offtake and injection capacity are ordered simultaneously and in the case of flexible connection.

Splitting the permitted capacity: new opportunities and costlier BESS economics

One of the fundamental innovations is the splitting of the previously single concept of permitted capacity into offtake capacity and injection capacity. The changes are of particular significance for energy storage systems and hybrid renewables + BESS projects.

If a facility orders both injection and offtake capacity at the same time, the connection fee is calculated separately for each direction, with a line component additionally taken into account. Yet a BESS charging and discharging through a single connection point operates in mutually exclusive modes — a storage unit cannot charge and inject energy simultaneously. The new approach may therefore lead to a substantial increase in upfront investment costs.

37.858 UAH mn excl. VAT. non-standard connection of solar + storage: 10 MW offtake and 10 MW injection

19.843 UAH mn difference. compared with the solar-only option in NEURC calculation
≈47% increase in connection cost. estimate based on NEURC calculation

The cost of grid connection is thus becoming one of the factors capable of materially affecting the CAPEX and payback periods of new BESS and hybrid projects.

What improves

- cable pooling — connecting different types of electrical installations, for example solar and storage, through a shared connection point;



- flexible connection — potentially faster connection of new facilities to constrained grids in exchange for the operator's right to curtail offtake or injection during certain hours;
- bringing Ukrainian regulation closer to European approaches to connecting distributed resources.

What needs further work

- the fee calculation model for BESS: charging twice, for offtake and injection, ignores the mutual exclusivity of the modes;
- the connection fee should reflect the real additional costs to the grid;
- the risk of an excessive investment barrier to the development of storage.

UARE assessment

Analysts at the Ukrainian Association of Renewable Energy give the changes a mixed assessment: the introduction of cable pooling and flexible connection brings Ukrainian regulation closer to European approaches, yet the fee calculation model for BESS requires further refinement so that the connection cost reflects the real additional costs to the grid and does not create an excessive investment barrier to the development of storage.

Based on analysis by the Ukrainian Association of Renewable Energy (UARE).



05 DEBT ON THE ELECTRICITY MARKET NEURC DATA AS OF JUNE 2026

67.95 UAH bn total debt. June 2026 · +18% vs January 2025

46.17 UAH bn balancing market. up from UAH 34.66 bn

11.92 UAH bn debt to renewables. down from UAH 20.80 bn

NEURC published updated data on debt in the electricity market as of June 2026. Total debt grew from UAH 57.69 billion in January 2025 to UAH 67.95 billion in June 2026 — that is, by UAH 10.26 billion, or almost 18%.

The largest increase was recorded on the balancing market, where debt rose from UAH 34.66 billion to UAH 46.17 billion. At the same time, debt to renewable electricity producers fell from UAH 20.80 billion to UAH 11.92 billion, while debt for the service of increasing the share of renewable electricity provided by universal service suppliers dropped from UAH 3 billion to UAH 0.03 billion.

The growth of Ukrenergo's debt deserves separate mention: from UAH 40.90 billion in January 2025 to UAH 46.12 billion in June 2026. This indicates that systemic settlement problems on the electricity market persist.

Measures proposed to reduce the debt

- channelling part of Ukrenergo's surplus revenue from dispatch activities in 2023–2024 towards repayment of debts to the Guaranteed Buyer, balancing market participants and universal service suppliers;
- using part of Ukrenergo's 2025 cross-border capacity revenue for settlements with the Guaranteed Buyer, renewable producers, Energoatom, balancing market participants and universal service suppliers;
- applying a netting mechanism to reduce mutual obligations between Ukrenergo and market participants.

Overall conclusion

Despite a substantial reduction in debt to renewable producers, total market debt continues to grow because of the deteriorating situation on the balancing market and the increase in Ukrenergo's financial obligations. The problem is gradually concentrating in other market segments, and solving it requires not only one-off sources of funds but systemic changes in settlement mechanisms, financial guarantees and the prevention of new arrears.



06 KEY TAKEAWAYS · AUGUST 2026

Key takeaways of the month

Market Operator became the first NEMO

The designation on 18 August is a concrete institutional step towards market coupling. The law allows several NEMOs to operate, so the decision does not close the market to other operators.

New connection rules rewrite project economics

The amendments to the codes and the Grid Connection Fee Methodology approved on 11 August take effect from 1 September. Alongside flexible connection and cable pooling, they introduce separate fee calculation for offtake and injection capacity, which substantially increases the cost of connecting renewables + BESS hybrids.

The auction committee again failed to decide on lot enlargement

The question of lot size at special state generation auctions remained unresolved, even though it directly affects the pool of bidders and market concentration.

Regulatory instability showed at the level of NEURC leadership

After Yuriy Vlasenko's term ended, Ruslan Slobodian was elected chair of the commission, and on 21 August Vlasenko was re-elected. The leadership changed twice in three weeks against the backdrop of preparations for the year's most important decisions.

The Energy Community recorded both progress and delays

Achievements included raising the green auction quota to 1 GW, an updated National Energy and Climate Plan to 2030 and a biomethane development programme. Among the problems: no progress on legislation to strengthen NEURC's independence.

Private capital is entering wind power

The €100 million EIFO loan for Kernel's first wind project of 94.5 MW with storage signals that large private investment projects in Ukraine are feasible even during the war.

Event of the month

Market Operator became Ukraine's first NEMO

First NEMO | 18 August 2026 | Market Operator

NEURC designated Market Operator as Ukraine's first nominated electricity market operator, to perform the functions required for the future single coupling of Ukraine's day-ahead and intraday markets with the corresponding EU markets.



At the same time, designating the first NEMO does not preclude the designation or passporting of other operators: the Law “On the Electricity Market” provides for several NEMOs to operate provided they meet the established criteria. This approach ensures market openness and non-discriminatory operating conditions.

Source: [NEURC](#)

New connection rules: what changes for renewables, storage and project costs

In force from 1 September | NEURC amendment package | Flexible connection

The regulator approved amendments to the Transmission System Code, the Distribution Systems Code, the Commercial Metering Code and the Methodology for determining the grid connection fee. The innovations: a flexible connection mechanism; splitting the permitted capacity into offtake and injection capacity; extended application of cable pooling; and the right of storage operators to install generating units.

The procedure for determining the connection fee was separately refined — in particular where offtake and injection capacity are ordered simultaneously and in the case of flexible connection. The changes align secondary legislation with Law No. 4777-IX.

Source: [Enerhobiznes](#)

Competition and market design

The auction committee again failed to decide on lot enlargement

No decision taken | Second time running | Auction committee

The auction committee considered for a second time the question of limiting lot enlargement at special electricity sale auctions, but again no decision was taken.

The debate concerns the effect of large lots on competition. A high minimum volume of electricity required to take part in trading may narrow the pool of potential buyers, since mainly large traders are able to purchase such volumes. The issue came to a head after Energoatom’s July trading, where one participant bought a significant volume at UAH 4,205/MWh while others purchased the resource at around UAH 4,700/MWh on average — a difference of about 11.8%.

The problem of lot enlargement had already arisen on the Ukrainian market before 2021: the sale of significant volumes of state generation to individual large traders at below-market prices subsequently became the subject of criminal proceedings and NABU investigations.

Source: [Andriy Gerus · Facebook](#)



Why this matters for renewables

Lot size determines how wide a pool of traders and suppliers can compete for state generation resource. Greater concentration of significant volumes of cheap electricity among a limited circle of traders potentially strengthens their market position. For independent renewable producers, competition between traders and offtakers matters for the terms of electricity sales, the conclusion of PPAs and operation under market models outside the feed-in tariff mechanism.

Regulation and institutions

Yuriy Vlasenko was re-elected chair of NEURC

Leadership changed twice | 5 and 21 August | NEURC

Yuriy Vlasenko's two-year term as chair of NEURC ended on 2 August, after which Ruslan Slobodian took over on 5 August. On 21 August, members of NEURC re-elected Yuriy Vlasenko as chair by secret ballot; Ruslan Slobodian relinquished the chairmanship and continues to serve as a member of the commission. The chair is elected by commission members from among their own number, and regulatory decisions are taken collegially.

Source: [ExPro](#)

The Energy Community pointed to delays in a number of electricity market reforms

Progress assessment | Energy Community Secretariat | Progress and delays

Among the second quarter's achievements the Secretariat named the increase of the green auction support quota for 2026 to 1 GW, the adoption of the updated National Energy and Climate Plan to 2030, the approval of a biomethane production development programme to 2035, and a tender for more than 1.5 GW of new generating capacity under the new market-based support mechanism.

At the same time, no progress was made on adopting legislation aimed at strengthening NEURC's independence.

Source: [ExPro](#)



Green auctions: allocation of the support quota announced

Quota: 1 GW | Auctions: September | Updated procedure

The Guaranteed Buyer announced green auctions. At the end of May 2026 the Cabinet of Ministers tripled the annual support quota for renewable projects, to 1 GW, and on 13 August the government updated the auction rules. The innovations include the option of providing financial security directly to the Guaranteed Buyer as an alternative to a bank guarantee, which follows directly from Law No. 4777-IX.

Source: [ExPro](#)

The feed-in tariff settlement rate for 2026 reached 83%

Settlement rate 83% | As of 27 August | For 2026

By the end of August the Guaranteed Buyer's settlement rate with renewable producers for 2026 had reached 83%. The trajectory over the summer: 82% as of 22 June, above 81% at the end of July, and 83% as of 27 August. Despite the seasonal peak of solar generation, which accounts for over 95% of feed-in tariff purchases, the payment rate returned to the June level by the end of summer.

Source: [ExPro](#)

Investment and financing

Kernel raised €100 million from Denmark's EIFO to build a wind farm

€100 million | Lender: EIFO (Denmark) | Wind 94.5 MW + BESS

The agricultural holding Kernel signed a €100 million loan agreement with the Export and Investment Fund of Denmark (EIFO) to finance its first wind project — a 94.5 MW wind farm with energy storage in central Ukraine. The plant will comprise 21 turbines; Vestas is the supplier and installation contractor.

The financing is provided under EIFO's special programme supporting investment in Ukraine. Since the start of the war the fund has financed more than 30 projects in Ukraine, and the Kernel project became the second wind generation project in its portfolio.

Source: [ExPro](#)



Banks financed energy projects worth more than UAH 60 billion

> UAH 60 billion | Since June 2024 | 21 regions of Ukraine

According to the National Bank of Ukraine, as of early August 2026 banks had financed energy projects worth more than UAH 60 billion: UAH 56.1 billion to businesses and UAH 4.3 billion to households. The funds went towards supporting the energy resilience of enterprises and households in 21 regions of Ukraine.

The financed generation restoration projects have a combined capacity of 1.938 GW. Separately, banks are financing energy storage and heating equipment modernisation projects with a capacity of 813 MW.

Source: [ExPro](#)



07 KEY TAKEAWAYS · JULY 2026

Key takeaways of the month

Long-term bilateral contracts became a real instrument

The first special sessions selling electricity under long-term contracts on the Ukrainian Energy Exchange sold out the volumes offered in full. For state generation this means predictable revenue; for buyers, the ability to plan purchases in advance.

Lot enlargement turned into a question of market design

Alongside the successful long-term auctions, a debate arose over the effect of large lots on price: according to the head of the relevant parliamentary committee, lot enlargement at Energoatom's July trading led to a lower sale price.

Feed-in tariff settlements remain under pressure

The settlement rate with renewable producers for 2026 exceeded 81% in July, against 82% in June. The seasonal peak of solar generation, which accounts for over 95% of feed-in tariff purchases, increases the volume of obligations precisely in summer.

The legislative conflict around Ukrenergo's tariff was resolved

The President signed a law allowing NEURC to revise the transmission tariff. On 28 July the regulator raised it by 25% from 1 August — the deferred June decision was finally implemented

Connection of new generation is accelerating

In the first half of 2026 Ukraine connected almost 1.3 GW of new generation. The largest contribution came from wind farms — over 457 MW — followed by cogeneration units (over 332 MW) and solar generation.

The flexibility market is gaining new participants

The launch of the Gecko VPP aggregator following the entry into force of NEURC's new rules for aggregated groups shows that the institution of the aggregator is moving from the regulatory sphere into commercial practice.

Market and finance

NEURC raised Ukrenergo's electricity transmission tariff from 1 August

Tariff +25% | From 1 August 2026 | UAH 928.45/MWh

At its meeting on 28 July the regulator revised Ukrenergo's transmission service tariff. For most transmission system users the tariff was set at UAH 928.45/MWh excluding VAT — roughly 25% above the previous level.

For green metallurgy enterprises the tariff is UAH 563.26/MWh excluding VAT, almost 49% above the previous level

The new tariff includes a component for public service obligations to support renewable electricity generation of UAH 365.19/MWh. Total PSO costs within the tariff amount to UAH 32.52 billion, of which UAH 19.69 billion is earmarked for supporting renewable producers (excluding private households).

The revision became possible after the legislative conflict over including PSO costs in the transmission tariff was resolved — the relevant amendments were introduced by the law on supporting the development of efficient and sustainable district heating. It was precisely this conflict that prevented the regulator from introducing the new tariff from 1 July, even though the draft decision had been approved back in May. Distribution tariffs for distribution system operators were revised at the same time.

Source: [ExPro](#)

First long-term auctions: results of state generation trading

Volumes fully sold | 13–14 and 20–21 July | Energoatom + Ukrhydroenergo

The first special sessions selling electricity under long-term bilateral contracts on the Ukrainian Energy Exchange ended with the full sale of the volumes offered. Energoatom sold 405.7 thousand MWh at weighted average prices ranging from UAH 5,012.53 to UAH 6,255.64/MWh depending on the delivery period; Ukrhydroenergo sold 56.5 thousand MWh at prices from UAH 4,700 to UAH 6,336.07/MWh.

Delivery periods are August–September and August–December 2026. The Ministry of Energy stresses that long-term auctions give participants the opportunity to plan purchases in advance and allow state producers to forecast revenue.

Source: [ExPro](#)

MPs claimed lot enlargement affected the electricity price

Debate over price | Position of the committee chair | Lot enlargement

In parallel with the long-term auctions, a debate continued over Energoatom's regular trading. According to Andriy Gerus, chair of the Verkhovna Rada energy committee, at the auction selling 2,000 MW for the last ten days of July the enlargement of lots led to lower prices: bidding started at UAH 4,900/MWh, and after the price fell, 400 MW was sold considerably cheaper. The issue became the subject of separate public discussion.

Source: [Nashi Hroshi](#)



The feed-in tariff settlement rate for 2026 exceeded 81%

Settlement rate > 81% | For 2026 | July 2026

The Guaranteed Buyer's settlement rate with renewable producers for 2026 exceeded 81% in July, against 82% as of 22 June. For comparison, as of 20 April the figure stood at 92.7% — at the start of the year the accrual base was substantially smaller. The seasonal peak of solar generation, which accounts for over 95% of feed-in tariff purchases, increases the volume of obligations precisely in summer.

Source: [ExPro](#)

Banks financed 1.9 GW of new generation in Ukraine over two years

1.9 GW over two years | UAH 52 bn to business | BESS and heat: 751 MW

Banks party to the Memorandum on financing the restoration of Ukraine's energy infrastructure have over two years financed business projects restoring and building generating capacity totalling 1.9 GW. As of early July, the largest volumes went to solar construction, gas generation, hydro, bio and wind installations, and the purchase of generators.

Separately, banks are lending to projects installing energy storage systems, purchasing inverters and batteries, and modernising heating equipment — combined capacity in this segment has reached 751 MW. In total, over the memorandum's lifetime businesses have received more than 5,000 loans worth UAH 52 billion, and individuals almost 20,000 loans worth UAH 4 billion. Financing is taking place in 21 regions of Ukraine.

Source: [ExPro](#)

Generation, flexibility and distributed energy

Ukraine connected almost 1.3 GW of new generation in six months

~1.3 GW | First half of 2026 | Wind — largest contribution

In the first half of 2026 almost 1.3 GW of new generating capacity was connected to the power system, said Viktor Mykyta, deputy head of the Office of the President. The largest contribution came from wind farms — over 457 MW. They were followed by cogeneration units (over 332 MW), solar power plants (over 274 MW) and household solar installations (over 160 MW).

Source: [ExPro](#)



Ukraine has installed about 1.8 GW of distributed gas generation

~1.8 GW | Leader: Kyiv region, 219 MW | Storage: over 600 MW

As of mid-July 2026 Ukraine had about 1.8 GW of distributed gas generation installed. The largest volumes of cogeneration units are concentrated in Kyiv region — over 219 MW; more than 100 MW has also been installed in Cherkasy (129.3 MW), Dnipropetrovsk (118.2 MW), Volyn (113.6 MW), Ivano-Frankivsk (108.8 MW), Sumy (103.6 MW) and Zakarpattia (100.3 MW) regions. Since March 2026, 388.8 MW of new capacity has been commissioned under regional resilience plans, with a further 247 units totalling 532.2 MW under construction.

In parallel, 414.8 MW of new wind capacity (70 turbines) was commissioned in the first half of the year, bringing total wind capacity to 1.115 GW. Total solar capacity stands at 7.3 GW, of which 5.4 GW belongs to industrial producers and 2.25 GW to active consumers. Energy storage capacity has grown more than 300-fold over the past year and exceeded 600 MW.

Source: [ExPro](#)

A new aggregator, Gecko VPP, began operating on Ukraine's electricity market

New aggregator | Gecko VPP | Virtual power plant

A new aggregator, Gecko VPP, has appeared on the market. The emergence of commercial virtual power plant operators became possible after amendments to the Market Rules (NEURC resolution No. 660, in force from 8 May 2026) gave aggregators a clear legal status, the right to buy and sell electricity for the whole group, and balancing obligations.

Source: [ExPro](#)

Gas, PSO and the external context

The Ministry of Energy named the factors behind the return of the gas PSO for electricity producers

Two factors | Artem Nekrasov, Ministry of Energy | Preferential UAH 19,000/th-d m³

The return of the gas PSO for electricity producers will depend on gas accumulation at the start of the heating season and on the overall situation in the power system, said First Deputy Minister of Energy Artem Nekrasov at the VI Energy Law Conference. In his words, a number of issues, including the gas PSO, will be handled promptly, “in online mode”, while the return of the PSO for small gas generation is periodically raised at a working group with industry representatives.



As a reminder, in mid-March the government removed gas turbine and gas engine units producing electricity only from the scope of the PSO — since 12 March 2026 they have purchased gas on the free market. The same resolution abolished preferential gas prices for all electricity producers, including thermal power plants and CHPs. The preferential price of UAH 19,000 per thousand m³ including VAT remained only for facilities first commissioned from 1 December 2025 and located in the front-line regions: Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kherson, Mykolaiv and Odesa.

Source: [ExPro](#)

Ukraine plans to resume partial gas exports

Up to 15% of output | 250–260 mn m³/month | Ban lasted 4.5 years

Ukraine intends to partially resume exports of domestically produced natural gas, banned since March 2022. Among the arguments is a surplus in the commercial segment: industrial consumption fell almost by half with the start of the full-scale war, while output by private companies remains relatively stable (over 330 million m³ in May 2026). According to ExPro monitoring, in July the gap between gas prices in Europe (TTF) and Ukraine exceeded €20/MWh — gas in Ukraine trades more than 30% cheaper, making imports economically unviable.

Gas reserves in Ukrainian storage facilities exceeded 13 billion m³ in the second half of July — more than 40% above last year and the highest fill level in five years. By the start of November Ukraine could accumulate more than 15 billion m³.

The mechanism, drafted for adoption by the Cabinet of Ministers, would allow companies to export up to 15% of their own output; the monthly ceiling would be set by the Ministry of Energy and may not exceed 15% of actual output in the previous month. ExPro estimates this at 250–260 million m³ per month. Gas would be sold through the Ukrainian Energy Exchange on a highest-bid basis, with Naftogaz as a possible buyer. Exports would be carried out under licences from the Ministry of Economy, unsold volumes could not be carried over to subsequent months, and the government would be able to suspend the export permit immediately in the event of threats to energy security.

Source: [ExPro](#)



The share of renewables in EU electricity generation reached 45.5%

Renewables in the EU: 45.5% | Q1 2026 | +2.8 pp year on year

In the first quarter of 2026, 45.5% of all electricity generated in EU countries came from renewable sources — 2.8 percentage points more than a year earlier (42.7%). Wind remained the largest source of green electricity with a share of 44.9%, against 42.3% a year earlier. Hydropower came second (28.0%) and solar third (17.3%); a further 9.4% came from plants running on renewable fuels.

The highest renewables share was recorded in Denmark at 90.0%, mainly thanks to wind. The top three also included Portugal (82.9%, largely hydropower) and Lithuania (75.7%, dominated by wind). The lowest figures were in Czechia (12.7%), Malta (13.0%) and Slovakia (17.2%).

Source: [ExPro](#)

Ukrenergo announced a competition for two management board positions

Announced 3 August | Two board positions | Search: Korn Ferry

Ukrenergo's supervisory board announced a competition to fill two positions on the company's management board: a board member responsible for grid operation and development, and a board member responsible for market and regulatory matters. Applications were accepted until 14 August 2026, with the selection run by the international recruitment firm Korn Ferry.

Source: [ExPro](#)



08 KEY TAKEAWAYS · JUNE 2026

Key takeaways of the month

Electricity grids became the main priority of European energy policy

The EU Council's agreement on its negotiating position on the European Grids Package confirmed a shift of priorities: further decarbonisation now depends less on building new renewables and more on developing grids, digitalisation and energy storage systems.

Ukraine is moving into a stage of flexible generation development

June saw continued active development of gas engine generation, while DTEK and GE Vernova announced plans to build a modern 650 MW CCGT plant. Dispatchable capacity is increasingly becoming a key element of energy security.

Investors are betting more and more on BESS

Ukraine entered the top five European energy storage markets, and major BESS investments continue in Europe. This confirms that storage is becoming one of the main directions of energy development in the years ahead.

Regulatory certainty remains a key factor of investment attractiveness

The debate around the revision of Ukrenergo's tariff and PSO funding once again demonstrated the importance of predictable regulatory policy for stable market operation and for attracting new investment

Financial imbalances on the electricity market continue to accumulate

Despite rising day-ahead prices, debt on the balancing market and between key market participants remains one of the main systemic risks to the functioning of Ukraine's power system.

The electricity market shows growing liquidity

In June both the weighted average day-ahead price and traded volumes increased. This points to a gradual revival of trading activity and more active use of the organised market segments.

Distributed generation continues to develop rapidly

The capacity of distributed gas generation exceeded 1.8 GW, and the number of contracts under the self-generation mechanism passed 1,300. Distributed generation is increasingly becoming an integral component of power system resilience.

European integration of the Ukrainian energy market is accelerating

June saw continued implementation of European rules on cross-border electricity transmission, the development of cross-border auctions and the harmonisation of the regulatory framework with EU legislation.



International support is shifting from emergency aid to long-term investment

URC 2026 confirmed a gradual shift from financing the restoration of damaged facilities to large-scale investment in new energy infrastructure, generation, grids and digital technologies.

Ukrainian energy is increasingly integrating into the new European model

June's key decisions — from the development of smart grids and BESS to grid modernisation, digitalisation, new market rules and investment in flexible generation — show that the sector's transformation is proceeding in step with the main trends of European energy policy.

Market and finance

Ukraine increased electricity exports in May

Exports ×2.8 | 94 thousand MWh | Hungarian route: 64%

In May 2026 Ukraine increased electricity exports 2.8-fold compared with April, to 94 thousand MWh. The largest growth was recorded on the Romanian route: more than fivefold, to 16.2 thousand MWh. The largest volumes traditionally go via Hungary, which accounted for 64% of all exports abroad. Since the start of 2026 Ukraine has exported 157.5 thousand MWh, with no exports at all in January and February. Imports fell by 29% in May compared with April, to 398 thousand MWh. Despite the substantial growth in exports, Ukraine remains a net importer: import volumes exceeded exports more than fourfold.

Source: [ExPro](#)

Electricity consumption in Ukraine rose sharply because of the heat

Consumption peak | Cause: heatwave | Hardest hit: Sumy region

The Ministry of Energy reported a substantial increase in consumption driven by high air temperatures. The most difficult situation was in Sumy region, where the load is further complicated by the consequences of Russian strikes on energy infrastructure.

Source: [Enerhobiznes](#)

Ukrenergo filed a UAH 333 million claim against the Guaranteed Buyer

Claim: UAH 333.07 mn | Case No. 910/6795/26 | Dispute over imbalances

The Commercial Court of Kyiv opened proceedings on Ukrenergo's claim against the Guaranteed Buyer for the recovery of UAH 333.07 million.



The claim was filed over what Ukrenergo alleges to be improper performance of obligations under the electricity imbalance settlement agreement of 25 June 2019. The claim comprises UAH 328.95 million of principal debt, UAH 1.08 million in 3% annual interest and UAH 3.04 million in inflation losses. The preparatory hearing was scheduled for 20 August 2026.

Source: [ExPro](#)

The feed-in tariff settlement rate for 2026 reached 82%

Settlement rate 82% | As of 22 June | UAH 14.57 bn paid

As of 22 June 2026 the Guaranteed Buyer had paid producers UAH 14.57 billion under the feed-in tariff for electricity generated in 2026. The total value of renewable electricity purchased as of the end of May stood at UAH 18.84 billion — bringing the settlement rate for the current year to 82%. For May the payment rate was 77.3%, against 75.5% in April; the year's highest figure was February, at 99.8%.

In the January–May purchase mix, 95.2% (about 1.88 million MWh) came from solar generation, 2.2% from small hydro, 2.0% from bioenergy and 0.6% from wind. Ukrenergo's total overdue debt to the Guaranteed Buyer reached UAH 14.34 billion.

Source: [ExPro](#)

Nuclear reserve funds invested in government bonds for the first time in almost 20 years

First in ~20 years | Nuclear reserve → bonds | Public funds management

The Ministry of Energy reported the first investment in almost two decades of state nuclear reserve funds into domestic government bonds. This is expected to allow more efficient management of public funds while preserving their designated purpose.

Source: [Enerhobiznes](#)

Generation and investment

DTEK and GE Vernova agreed to build a 650 MW CCGT plant

CCGT: 650 MW | Partners: DTEK + GE Vernova | Site: Burshtyn TPP

The companies signed a memorandum of cooperation on a modern 650 MW combined-cycle gas turbine plant at the Burshtyn TPP site. The project envisages the use of modern gas turbines and international financing and is intended to become one of the key elements in the development of Ukraine's dispatchable generation.

Source: [RBC-Ukraine](#)



Ukraine entered the top five European BESS markets

Top 5 EU BESS markets | Based on 2025 results | Driver: system flexibility

Based on 2025 results, Ukraine joined the five largest energy storage markets in Europe. The segment's rapid growth is explained by the power system's need for flexibility, capacity reserves and the integration of new renewable facilities.

Source: [Forbes Ukraine](#)

DRI raised ~\$127 million to build a BESS in Poland

Financing: ~\$127 mn | BESS: 133 MW | Location: Poland

DRI, DTEK's European division, secured approximately \$127 million (~PLN 470 million) in financing for a 133 MW energy storage project in the Polish town of Trzebinia. It is one of the largest BESS investment projects in Central Europe.

Source: [LIGA.net](#)

Distributed gas generation capacity exceeded 1.8 GW

> 1.8 GW | Distributed gas generation | Power system resilience

The total installed capacity of distributed gas generation facilities in Ukraine exceeded 1.8 GW. This segment is today one of the key avenues for increasing power system resilience under wartime conditions and growing demand for dispatchable capacity.

Source: [Forbes Ukraine](#)

A 6.2 MW wind farm is planned in Lviv region

Wind: up to 6.2 MW | Zolochiv district, Stinka | LLC "INVEST SOLAR"

An environmental impact assessment procedure has begun for a project involving a single wind turbine of up to 6.2 MW in the Zolochiv urban hromada, outside the village of Stinka.

Tower height is up to 140 metres, rotor diameter up to 162 metres, and the plot area up to 1.5 hectares. Developers estimate the turbine will generate up to 20 thousand MWh per year. The applicant is LLC "INVEST SOLAR" (registered in Vinnytsia in 2018); the ultimate beneficial owner is Oleksandr Kapitan.

Source: [ExPro](#)



A 15 MW wind farm is planned in Zhytomyr region

Wind: up to 15 MW | Yemilchyne wind farm | Up to 46 GWh per year

Public consultations have begun on the Yemilchyne wind farm project of up to 15 MW in the Yemilchyne settlement hromada of Zviahel district. The project envisages up to three wind turbines of up to 5 MW each, tower heights of up to 140 metres and rotor diameters of up to 193 metres; expected annual output is up to 46 GWh. The applicant is LLC “Yemilchyne Wind Farm”; its owner and ultimate beneficiary is Mykola Herasymenko, CEO of MCL Group.

Source: [ExPro](#)

A biomethane complex producing 6 million m³ per year is planned in Rivne region

Biomethane: up to 6 mn m³/yr | Dubno district, Ridkiv | 35 jobs

Public consultations have begun on a bioenergy complex for the production of biomethane and electricity outside the village of Ridkiv in the Krupets territorial hromada of Dubno district. The applicant is LLC “Energy Company Tekhnolohiya”.

The complex will have a capacity of up to 15 million m³ of biogas and up to 6 million m³ of biomethane per year, plus up to 25 thousand MWh of electricity. Design throughput is up to 1,200 m³ of biogas or 710 m³ of biomethane per hour. Feedstock will be cattle manure, poultry litter and maize silage, with total requirements exceeding 230 thousand tonnes per year. The project is expected to create 35 jobs.

Source: [ExPro](#)

DTEK presented a new energy transition strategy

New DTEK strategy | Energy security + decarbonisation | Flexible generation, BESS

The company presented an updated energy transition plan whose key directions are energy security, decarbonisation, the development of flexible generation and energy storage, and the integration of modern technologies.

Source: [Enerhobiznes](#)

Renewables and distributed generation

Renewable electricity generation in Ukraine exceeded 1 million MWh in May

1.052 million | MWh May 2026 | +17% vs April

Renewable electricity generation in May 2026 amounted to 1.052 million MWh — 17% more than in April and 6.6% more than in May 2025.



At the same time, over January–May 2026 renewable generation totalled 3.63 million MWh, 4% less than in the same period last year.

Source: [ExPro](#)

Ukrainian households generated more than 544 million kWh of green electricity

> 544 million kWh | Household green electricity | Since the start of 2026

Since the start of 2026 private households with solar installations have generated more than 544 million kWh. The figure demonstrates the growing role of distributed generation and the active development of small-scale solar.

Source: [NEURC](#)

More than 1,300 contracts concluded under the self-generation mechanism

> 1,300 contracts | Self-generation mechanism | Active consumer

As of June, more than 1,300 contracts had been concluded in Ukraine under the electricity self-generation (active consumer) mechanism. This points to growing consumer interest in own generation and in new models of market participation.

Source: [NEURC](#)

NEURC opened a new section with data on renewables development

New data section | Renewables development data | Market transparency

A new section dedicated to the development of renewable energy has gone live on NEURC's official website. It contains up-to-date data on installed capacity, the generation mix, the number of producers and other sector indicators.

Source: [NEURC](#)

Regulation and EU integration

The Cabinet published new rules for long-term auctions by Energoatom and Ukrhydroenergo

Resolution No. 799 | Minimum 5 participants | Quarterly, semi-annual, annual

The government amended the Procedure for electronic auctions for the sale of electricity under bilateral contracts, launching special auction sessions for quarterly, semi-annual and annual products from state generators. Energoatom and Ukrhydroenergo must offer 2% of forecast quarterly output and 1% each for the semi-annual and annual periods.



Auctions will run over three trading days: 50% of the planned volume is offered on the first day, with the unsold remainder from the second. The starting price for quarterly and semi-annual products may not exceed the weighted average day-ahead baseload index for the same period of the previous year, and for annual products the index for the last 12 months. The guarantee deposit is up to 5% of the resource value for quarterly products, up to 10% for semi-annual and up to 15% for annual contracts; part of the security may be provided as a bank guarantee. An auction will be deemed to have failed if fewer than five participants take part.

Source: [ExPro](#)

JAO held the first monthly auctions for electricity exports from Ukraine

JAO platform | July 2026 capacity | Hungary: 167 MW

The Joint Allocation Office (JAO) platform hosted the first monthly auctions allocating cross-border capacity for electricity exports from Ukraine, for July 2026. The largest volume was allocated on the Ukraine–Hungary interconnection: 167 MW at an average access price of €3.21/MW. On the Slovak and Romanian routes participants received 44 MW each, at average prices of €0.36/MW and €1.89/MW respectively.

Winners included Axpo Solutions, GEN-I, D. TRADING, CEZ and other traders. Monthly import auctions were held at the same time: the largest volume was allocated on the Hungarian route (431 MW), with 112 MW each on the Slovak and Romanian interconnections.

Source: [ExPro](#)

NEURC is introducing European rules for cross-border capacity allocation

European HTS rules | Cross-border capacity | Harmonisation with ENTSO-E

The regulator has begun implementing European rules on capacity allocation and tariffication at cross-border interconnections (HTS). This is another step towards integrating the Ukrainian market with the EU internal market.

Source: [NEURC](#)

New laws strengthen NEURC's role in the European integration of energy markets

Expanded powers | NEURC + EU integration | Energy Community

Legislative changes have entered into force expanding NEURC's powers in the process of integrating Ukrainian energy markets into the EU market. The documents are aimed at implementing European energy legislation and fulfilling Ukraine's commitments.

Source: [NEURC](#)



NEURC published a new dashboard on electricity trading

New dashboard | Electricity purchases and sales | Data by market segment

An interactive dashboard with data on electricity purchases and sales in the main market segments has been published on the regulator's website. The tool allows the structure of trading to be tracked promptly and key indicators to be analysed.

Source: [NEURC](#)

More than 24 million MWh withdrawn from the market through non-public orders — media

24.64 million MWh | Ministry order No. 132 | 2022–2025

More than 24.6 million MWh of electricity from state producers was sold outside the competitive market segments in 2022–2025 through a mechanism introduced by Ministry of Energy order No. 132 of 21 March 2022. Under it, the Guaranteed Buyer received the right to purchase unsold volumes from Energoatom and Ukrhydroenergo and resell them to universal service suppliers under direct bilateral contracts — outside exchange auctions and outside the open data of the organised market.

According to Enerhobiznes estimates, the mechanism handled 7.126 million MWh in 2022, 8.167 million in 2023, 5.814 million in 2024 and 3.533 million in 2025. In the first quarter of 2026 Energoatom generated 15.34 million MWh, yet only 7.51 million MWh (about 49%) was sold in competitive market segments.

Source: [ExPro](#)

NEURC declined to revise Ukrenergo's transmission tariff from 1 July

Transmission tariff | Decision: no revision | Cause: legislative conflict

At its meeting on 30 June NEURC decided not to revise Ukrenergo's electricity transmission tariff from 1 July. The reason was a legal conflict following the adoption of the market coupling law: under European rules a transmission system operator's tariff may cover only costs directly related to its activity, and compensation to renewable generation is not among them.

The feed-in tariff law, by contrast, requires Ukrenergo to pay for renewables support precisely through its own tariff. Consideration was postponed until the Verkhovna Rada resolved this conflict.

Source: [NV Business](#)



International support and external context

The United Kingdom will continue supporting Ukrainian nuclear power

Nuclear support | Donor: United Kingdom | Energy security

The UK government announced a new package of financial support to ensure the safe and stable operation of Ukraine's nuclear power plants. The aid is aimed at strengthening Ukraine's energy security under wartime conditions.

Source: [Glavcom](#)

URC 2026: Ukraine secured more than €550 million and signed 28 energy agreements

> €550 mn before winter | 28 deals worth ~€2 bn | URC 2026

Following the Ukraine Recovery Conference 2026, international partners announced more than €550 million to prepare Ukraine's energy sector for the next heating season. In addition, 28 energy agreements worth almost €2 billion were concluded.

Source: [Enerhobiznes](#)



FEATURE · THE EU IS CHANGING THE PARADIGM OF THE ENERGY TRANSITION

Electricity grids become the main priority

The Council of the European Union agreed its negotiating position on the European Grids Package — a legislative initiative intended to modernise the approach to developing the EU's electricity infrastructure. Although the document still has to go through negotiations with the European Parliament, the political signal is already unambiguous: electricity grids are becoming one of the main priorities of European energy policy.

In effect the European Union is changing the paradigm of the energy transition. Whereas over the past decade the main question was how to increase the installed capacity of solar and wind generation, the key challenge now is the power system's ability to integrate that new capacity.

Key changes in the European Grids Package

- Grids as a strategic priority. Grid development is officially recognised as being as much a priority as the development of renewables: without large-scale grid modernisation, climate targets cannot be achieved.
- Simplified permitting. Approval timelines are to be shortened and the delivery of projects building new lines, modernising grids and developing interconnectors accelerated. The EU acknowledges that the main barrier is no longer a shortage of financing but the length of administrative procedures.
- Pan-European planning. The European Commission receives a broader role in shaping the long-term vision for grid infrastructure development — a shift from national planning to a single European plan.
- Digitalisation and smart grids. The new approach covers not only building infrastructure but also digital grid management, the development of storage, greater flexibility and the electrification of transport and industry.
- Financing. It was agreed that part of unused congestion revenues will be channelled into joint grid projects: 10% from 2028 and 25% from 2031.



What this means for Ukraine

For Ukraine this initiative is of strategic importance. Further integration into the EU internal electricity market will require not only the development of new solar and wind plants but also large-scale modernisation of grid infrastructure.

The priority areas are grid development, construction of new cross-border interconnectors, digitalisation of power system management, simplified permitting for grid projects, and investment in smart grids, energy storage systems and other flexibility technologies.

The change of approach to strategic planning is particularly important: for Ukraine, the development of transmission grids and cross-border connections will increasingly be viewed as part of a single European power system rather than solely as a matter of national infrastructure.

The EU is thus moving from a policy of “build more renewables” to a policy of “build the grids that will make the energy system of the future work”.



PRIMARY SOURCES AND MATERIALS

Law No. 4777-IX (bill No. 13219)

- [Text of the law · zakon.rada.gov.ua](#)
- [NEURC: practical implementation of Law No. 4777-IX](#)
- [EUEA: what changes in renewable energy regulation](#)
- [ExPro: the energy market under new rules](#)

Law No. 4834-IX (bill No. 12087-d)

- [Text of the law · zakon.rada.gov.ua](#)
- [Bill record · Verkhovna Rada](#)
- [Parliamentary committee: market coupling and the Fourth Energy Package](#)
- [Forbes Ukraine: what the law changes](#)
- [UNIAN: Gerus on abolishing price caps from 1 May 2027](#)

Regulatory decisions of summer 2026

- [NEURC: designation of Ukraine's first NEMO](#)
- [New grid connection rules from 1 September](#)
- [NEURC raised Ukrenergo's transmission tariff from 1 August](#)
- [Energy Community on delays in reforms](#)
- [UARE analysis of the new Grid Connection Fee Methodology](#)

Market data

- [Market Operator · day-ahead and intraday indices](#)
- [NEURC · data on market debt](#)
- [Council of the EU · European Grids Package](#)

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



About KECLab

KECLab (Energy and Climate Laboratory) is an scientific centre researching the development of the energy and climate sectors in Ukraine and Europe, providing structured analysis for investors, business, public authorities and international organisations.

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About this digest

The special summer edition of the KECLab Energy and Climate Digest covers June — August 2026 and combines the monthly market chronicle with a regulatory review of the key laws of 2026.

The material is informational and analytical in nature and does not constitute legal advice. For the application of these provisions to a specific project we recommend seeking individual guidance.

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