



Ukraine Energy Market Observatory

QUARTERLY REPORT Q4 2025

February 2026

Table of Contents

EXECUTIVE SUMMARY	3
KEY LEGISLATIVE DEVELOPMENTS IN THE UKRAINIAN ENERGY MARKETS	4
ELECTRICITY	4
NATURAL GAS	7
NRA.....	11
CORPORATE GOVERNANCE.....	12
ENERGY EFFICIENCY	14
ENVIRONMENT.....	15
THE UKRAINIAN ENERGY MARKETS.....	16
ELECTRICITY	16
REMIT	22
ENERGY MARKETS REFORM PROGRESS	23
UKRAINE FACILITY	23
IN FOCUS OF THIS REPORT	30
TEN-E TRANSPOSITION (DRAFT LAW NO.13450)	30
CORPORATE GOVERNANCE OF UKRENERGO AND GTSOU	31
ANNEX: ENERGY OUTLOOK	34

This publication is produced exclusively in digital format, in line with the Secretariat's [EMAS](#) commitment to reducing CO₂ emissions and material use.

EXECUTIVE SUMMARY

The Ukraine Energy Market Observatory quarterly reports serve interested stakeholders, including those in the EU, Ukraine and other Contracting Parties, to have a broader picture of recent developments in the energy markets in Ukraine, including transposition of the Electricity Integration Package (hereinafter, the EIP), development of the associated regulatory framework, and impacts of martial law conditions on the energy markets development.

This report provides an overview of the key energy-market developments in Ukraine from October to December 2025, covering the new legislative framework (Chapter 1) and significant events (Chapter 2) in the operation of electricity and gas markets.

Chapter 3 presents recent developments in Ukraine's energy sector reforms. Draft legal initiatives strengthening the NRA's governance and independence, as well as those related to RES development, are now under consideration by the Verkhovna Rada. Updates on the status of EIP transposition and NEMO designation are presented.

Chapter 4 presents the Secretariat's assessment of the draft law No.13450, aiming to transpose the TEN-E Regulation in Ukraine. It also includes insights into the latest Secretariat's recommendations regarding the corporate governance of transmission system operators in electricity and gas.

KEY LEGISLATIVE DEVELOPMENTS IN THE UKRAINIAN ENERGY MARKETS

ELECTRICITY

Keywords: TEN-E, PSO Act, electricity supply to households, temporary connection for generation units.

On 4 November 2025, the Verkhovna Rada of Ukraine adopted in the first reading the **draft Law on Energy Infrastructure Projects of Public Interest** (No.13450 of 04.07.2025)¹, developed to transpose the Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure². A more detailed review of Law No.4213 is presented in Chapter 4 of this report.

At the end of October 2025, the Cabinet of Ministers of Ukraine (hereinafter, the CMU) prolonged³ for another half a year, until 30 April 2026, **the end-user electricity prices for household** customers established by the PSO Act in electricity⁴. The electricity price levels have remained unchanged since June 2024.

In December 2025, following the emergency situation in the energy system caused by the armed aggression of the Russian Federation against Ukraine, the CMU adopted⁵ **measures to ensure the supply of electricity during the autumn-winter period of 2025-2026**. Specifically, the relevant administrations reviewed the lists of critically important facilities⁶ under the priority electricity supply to redistribute the released volumes of electricity to domestic consumers. Also, the verification of distributed generation facilities (such as gas-piston and gas –turbine, cogeneration, diesel/gasoline, and gas generators), which have been put into operation but do not supply electricity to the power grid, as well as units that have been fully constructed but are

¹ <https://itd.rada.gov.ua/billInfo/Bills/Card/56716>

² https://kompek.rada.gov.ua/news/main_news/75593.html

³ CMU Resolution No, 1331 of 22.10.2025, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-postanovy-kabinetu-ministriv-ukrainy-vid-5-chervnia-2019-r-483-1331-221025>

⁴ CMU Resolution dated June 5, 2019, No. 483 "On Approval of the Regulation on Imposing Special Obligations on Electricity Market Participants to Ensure General Public Interests in the Process of Operating the Electricity Market" (PSO Act).

⁵ CMU Decree No.1391-r of 09.12.2025 - <https://www.kmu.gov.ua/npas/pro-zakhody-shchodo-zabezpechennia-postachannia-elektrychnoi-enerhii-protiahom-osinno-zymovoho-periodu-202526-roku-1391-091225>

⁶ These measures do not apply to medical, educational, life support, and the defence-industrial facilities

not yet officially commissioned, shall be conducted, and production of electricity by those facilities shall be ensured. State-owned companies are permitted to purchase imported electricity to alleviate the strain on Ukraine's power system. Measures are to be taken by respective administrations to reduce the electricity consumption of outdoor lighting for buildings and streets (except streets and highways with high accident rates) by the end of the autumn-winter period of 2025-2026.



In November 2025, the CMU amended the Procedure for providing financial state support to individuals who install generating plants in their own households that produce electricity from alternative energy sources⁷. The procedure is complemented by a mechanism for providing financial state support to repay part of the principal amount of the debt on loans to individuals who install generating units in their own households that produce electricity from alternative energy sources. State support is provided for the purchase and installation of PV modules and/or

⁷ CMU Resolution No.1407 of 05.11.2025, <https://zakon.rada.gov.ua/laws/show/1407-2025-%D0%BF#n2>

wind power plants with an installed capacity of 1 kW to 10 kW, together with hybrid inverters capable of operating both in autonomous and synchronous mode with the external network, and energy storage units with a capacity of 1 kWh for every 1 kW of the installed capacity of the generating unit. At the same time, this procedure does not apply to the installations intended for the production of electricity from solar radiation and/or wind energy at a “green” tariff.

The National Energy and Utilities Regulatory Commission (hereinafter, the NEURC), by several rounds of amendments, extended and refined the **Procedure for temporary connection of generation facilities** to distribution networks during the period of martial law⁸ (hereinafter, temporary connection procedure). Decisions aim to accelerate commissioning of new capacity ahead of the 2025/2026 heating season. The simplified connection rules, originally introduced in 2022 and updated in 2024, are now extended until 1 October 2026. New applicants for the simplified connection procedure may submit requests to relevant DSOs until 1 May 2026. The relevant amendments to the temporary connection procedure⁹ require the installation of energy storage systems for solar and wind projects, with storage capacity at least equal to the requested connection capacity and ensuring 4-hour power output at the respective level. With another decision¹⁰, current procedure allows for a staged approach in the implementation of technical conditions for connection to ensure early power injection while completing the remaining works¹¹. Moreover, a set of temporary derogations (by 1 October 2026) was introduced: a) derogations from selected technical requirements of the Transmission System Code; b) derogations from certain commercial metering requirements, including installation of separate metering points and full compliance with Metering Code¹²; c) permission to use simplified metering arrangements and existing infrastructure on a temporary basis. The TSO is mandated to publish a list of minimum technical requirements necessary for safe parallel operation of generating units with the power system.

⁸ NEURC Resolution No. 352 of 26.03.2022, <https://zakon.rada.gov.ua/rada/show/v0352874-22#Text>

⁹ NEURC Resolution No.1730 of 28.10.2025, <https://zakon.rada.gov.ua/rada/show/v1730874-25#n2>

¹⁰ NEURC Resolution No.1949 of 02.12.2025, <https://zakon.rada.gov.ua/rada/show/v1949874-25#Text>

¹¹ Stage I – minimum measures necessary to ensure parallel operation of generating units with the power system (including the organisation of commercial metering) after which the installation may be put into operation; Stage II – other measures stipulated by the technical conditions, including those to ensure the security of electricity supply.

¹² However requires bringing commercial metering in line with the requirements of the Metering Code within one year after termination or cancellation of martial law

NATURAL GAS

Keywords: gas PSO, capacity allocation, Trans-Balkan Gas Corridor the During October-December 2025, the CMU amended the acts governing the conditions of **public service obligations** in the gas market.

PSO	Introduced changes
Supply of Natural Gas to Thermal Energy Producers and Budgetary Institutions (Resolution No. 812 of July 19, 2022) ¹³	Prolonged until 31 March 2026. ¹⁴
General Public Interests in the Process of Operating the Natural Gas Market (CMU Resolution No.222 of March 6, 2022 No. 222) ¹⁵	<p>October 2025¹⁶:</p> <p>1) imposed PSO on LLC “GTS Operator of Ukraine” - regarding the purchase of imported natural gas for its own needs and production, and technological losses: GTSOU until March 31, 2026 is obliged to purchase exclusively imported natural gas in the amount of 340 million cubic meters by concluding contracts for the purchase and sale of natural gas based on the gas price under exchange agreements with a delivery point at the border of Ukraine and EU member states and/or with a delivery point in underground gas storage facilities on the territory of Ukraine in the “Customs Warehouse” mode.</p> <p>2) increased the gas PSO sale price for producers:</p> <p>a) for thermal power plants that produce electricity in the heat and power cycle, - 21.000 UAH (~17% increase), including VAT per 1.000 cubic meters of gas;</p> <p>b) for thermal power plants and thermal power plants that produce electricity in the condensation cycle, - 16.000 UAH (~14% increase), including VAT, per 1.000 cubic meters of gas;</p> <p>c) for gas turbine and gas piston plants that produce exclusively electrical energy – 16.000 hryvnias (~14% increase), including VAT, per 1.000 cubic meters of gas;</p>

¹³ <https://zakon.rada.gov.ua/laws/show/812-2022-%D0%BF#Text>

¹⁴ CMU Resolution No.1267 of 08.10.2025, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-postanovy-kabinetu-ministriv-ukrainy-vid-19-lypnia-2022-r-s1267081025>

¹⁵ <https://zakon.rada.gov.ua/laws/show/222-2022-%D0%BF#Text>

¹⁶ CMU Resolution 1306 of 10.10.2025, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-polozhennia-pro-pokladennia-spetsialnykh-oboviazkiv-na-s1306101025>

d) for gas turbine and gas piston plants that produce electric and thermal energy in a combined manner – 21.000 hryvnias (~17% increase), including VAT, per 1.000 cubic meters of gas.

3) prolonged the validity of PSO until 31 March 2026. December 2025¹⁷:

Introduced special conditions for gas supply for new generation units, which conclude the gas supply contract with Naftogas for the first time. The LLC “Gas Supply Company “Naftogaz Trading” shall conclude natural gas supply contracts starting from 1 December 2025 with new producers of electricity at thermal power plants, gas turbine and gas piston plants in defined regions, according to the list approved by the Ministry of Energy upon submission by NPC “Ukrenergo”, and shall supply them with natural gas until 1 December 2026 (inclusive) at a price of UAH 19.000 (including VAT) per 1.000 cubic meters of gas.

NEURC amended regulatory methodologies for calculating the **gas transmission and distribution tariffs**. NEURC introduced a transitional (phased) period for gas distribution tariff increases by gradual adjustment to avoid sharp price increases and, at the same time, ensure the financial stability of DSOs during tariff convergence to cost-reflective levels.

The final stage may include compensation for revenue shortfalls arising from the phased approach¹⁸. Additionally, amendments¹⁹ were introduced to the Methodology for Determining Distribution Normative and Technological Gas Consumption/Losses, providing that the annual review of gas DSOs normative and technological losses be carried out concurrently with tariff revisions. The cap for the normative and technological losses for the next period was introduced as a five-year average value of the operator’s actual recorded losses.

By amending the Gas Transmission System Code and Gas Transmission Tariff Methodology, NEURC introduced²⁰ a **new capacity product with restrictions** for supplying domestically produced natural gas to end consumers located within the same gas distribution zone. For such

¹⁷ CMU Resolution No.1556 of 01.12.2025, <https://www.kmu.gov.ua/npas/priektiv-rynku-pryrodnoho-hazufunktsionuvannia-rynku-pryrodnoho-hazu-i-1556>

¹⁸ NEURC Resolution No.1586 of 07.10.2025, <https://www.nerc.gov.ua/acts/pro-vnesennya-zmini-do-metodiki-viznachennya-ta-rozrahunku-tarifu-na-poslugi-rozpodilu-prirodnogo-gazu>

¹⁹ NEURC Resolution No.1587 of 07.10.2025, <https://www.nerc.gov.ua/acts/pro-vnesennya-zmin-do-metodiki-viznachennya-ta-rozrahunku-tarifu-na-poslugi-rozpodilu-prirodnogo-gazu-ta-metodiki-viznachennya-rozmiriv-normativnih-ta-virobnichno-tehnologichnih-vtratvitrat-pr>

²⁰ NEURC Resolution No.2228 of 30.12.2025, <https://zakon.rada.gov.ua/rada/show/v2228874-25#Text>

consumers, the discount coefficient (which ranges from 0 to 0,5) applies to entry/exit tariffs for this product. According to the explanatory note²¹ changes respond to recommendations of the Antimonopoly Committee of Ukraine concerning unjustified capacity allocation and charging at a virtual exit point without physical connection and aim to prevent undue capacity allocation and tariff application. The decision aims to improve non-discriminatory access to the gas transmission system and address issues related to virtual exit points to gas distribution systems. It enters into force from 1 March 2026 (with selected provisions effective earlier).



When preparing the decision, NEURC approached the Secretariat on the consultations regarding the allocation of capacity and the application of tariffs for natural gas transportation services at the point of exit from the gas transmission system to the gas distribution system, where there is no physical connection to the gas transmission system. Based on the Secretariat' understanding of the Ukrainian entry-exit system in place and the relevant capacity booking process as well as the transmission tariff calculation procedure, the Secretariat confirmed that the system users connected to the distribution network without physical connection to the transmission system are subject to the third-party terms and conditions established for the flow of natural gas from transmission to distribution network. It is important that, for such a booking and tariffication

²¹ <https://www.nerc.gov.ua/storage/app/uploads/public/694/bf9/420/694bf94203eca778771885.pdf>

system, the forecasted amounts of capacity booked by the system users connected to the distribution network without physical connection to the transmission system are included in the tariff calculation.

The rules for possible adjustments to the reference price methodology are clearly stipulated in Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas (hereinafter, TAR NC). While discounts are allowed only for entry and exit points to/from storage, and entry points to LNG and infrastructure ending isolation, the design of homogenous groups of entry and exit points and the relevant tariffs are the responsibility of the regulator, which shall ensure cost-reflectivity of transmission tariffs and non-discrimination of system users.

At the same time, the Secretariat was not consulted on the final proposal.

In October 2025, **NEURC extended the validity of the joint capacity allocation mechanism (“Route 1”) under the Trans-Balkan Gas Corridor** for the 2025/2026 gas year (November 2025 – September 2026). As stated in the Energy Community 2025 Implementation Report²² this product diverges from the requirements of Regulation (EU) 2017/459 (hereinafter, CAM NC) and TAR NC.

Also, the transmission service customers are permitted to transfer (fully or partially) the right to use entry capacity at the Hrebinky interconnection point (Moldova–Ukraine) to another customer, subject to approval by the Gas TSO. Such a transfer may be questioned, as it seems to involve the unbundling of bundled capacity. It raises issue of its compliance with CAM NC, which allows bundled capacity to be transferred only as a bundle product.

Further amendments were adopted in November 2025²³, expanding the joint capacity allocation framework beyond “Route 1” to enable the implementation of additional joint products (“Route 2” and “Route 3”) with TSOs in Greece, Bulgaria, Romania, Moldova, and the Greece–Bulgaria interconnector (ICGB). Thus, the Gas TSO of Ukraine (GTSOU) to conduct monthly auctions for guaranteed capacity at interconnection points with Moldova and Romania via the Regional Booking Platform (RBP), under the uniform-price auction, on the fourth Monday of the month preceding the month of capacity use for the period November 2025 - April 2026. The measure was supposed to increase the energy security of Ukraine. The product is not fully aligned with

²² https://www.energy-community.org/dam/jcr:ee52fae5-11ae-49f5-b731-3f82f9178e73/ECS_IR2025.pdf

²³ NEURC Resolution No.1865 of 18.11.2025, <https://www.nerc.gov.ua/acts/pro-vnesennya-zmin-do-postanovi-nkrekp-vid-27-travnya-2025-roku-756-2>

regulatory requirements. In addition to the above-mentioned CAM NC, the product also involves a problematic interpretation of TAR NC.

NRA

Keywords: NEURC independence and governance, Regulator's strategy

In December 2025, two proposals for the **Draft Law on Amendments to Certain Laws of Ukraine on Strengthening Guarantees for the Exercise of the Powers of the National Energy and Utilities Regulatory Commission** (Draft Law No.14282²⁴ of 08.12.2025 and Draft Law No.14282-1²⁵ of 22.12.2025) were registered in the Verkhovna Rada²⁶. A more detailed review of Law No.14282 is presented in Chapter 3 of this report.

In December 2025, NEURC determined the main priorities of its activities for a 5-year period, having approved the corresponding NEURC Strategy until 2030²⁷. Among the priorities, the Regulator targets the stability of the energy and utility sectors during the ongoing Russian armed aggression, creating conditions for the prompt post-war restoration of the regulated sectors, focusing on maximising the potential of the Ukrainian energy sector in the common European market.

The expected results include the development of transparent and competitive markets, strengthening consumer protection and expanding consumer rights, incentives to the “green” transition, increasing investments, and improving the Regulator's institutional capacity²⁸.

²⁴ <https://itd.rada.gov.ua/billinfo/Bills/Card/59323>

²⁵ <https://itd.rada.gov.ua/billinfo/Bills/Card/59406>

²⁶ For more details, please refer to Chapter 3 of this Report.

²⁷ NEURC Order No.146-od of 30.12.2025, <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-strategiyi-nacionalnoyi-komisiyi-shcho-zdijsnyuye-derzhavne-regulyuvannya-u-sferah-energetiki-ta-komunalnih-poslug-do-2030-roku>

²⁸ <https://www.nerc.gov.ua/news/strategiya-nkrekp-2030-posilennya-stijkosti-energosisitemi-rozshirennya-prav-spozhyvachiv-ta-integraciya-rinkiv-ukrayini-ta-yes>

CORPORATE GOVERNANCE

Keywords: supervisory boards

During November and December 2025, the CMU adopted several decisions related to the **corporate governance of state-owned companies**, including those in the energy sector. In particular, the CMU approved the action plan to **update the composition of supervisory boards** and executive bodies of certain business entities²⁹, including Electricity TSO (NPC "Ukrenergo"), Gas TSO (OGTSU), Market Operator JSC, JSC "NNEGC "Energoatom", JSC "NJSC "Naftogaz of Ukraine", PJSC "Ukrhydroenergo", PJSC "Centrenergo", JSC "Ukrainian Distribution Network", JSC "Energy Company of Ukraine" (state-owned trader), and other companies (distribution system operators and producers). The powers of state representatives in the supervisory boards of some companies have been terminated, and the selection processes for new candidates have been launched.



²⁹ CMU Decree No.1258-p of 17.11.2025, <https://zakon.rada.gov.ua/laws/show/1258-2025-%D1%80#n11>

The CMU approved the new Procedure for the selection of candidates for the position of an independent member of the supervisory board and state representatives who are elected (appointed) to the supervisory boards of business entities³⁰. At the same time, according to this decision, the new procedure is not applied to the selection of independent members of the supervisory boards for NPC "Ukrenergo", PJSC "Ukrhydroenergo", JSC "NJSC "Naftogaz of Ukraine", JSC "NNEGC "Energoatom", LLC "Gas Transportation System Operator of Ukraine", which shall be done according to the existing procedure approved by the CMU Resolution No. 142 dated March 10, 2017 "Some issues of management of state unitary enterprises and business companies, in the authorized capital of which more than 50 percent of the shares (shares) belong to the state".

Consequently, the CMU announced a competitive selection of candidates for four positions of independent members of the Supervisory Board of the Joint-Stock Company "National Joint-Stock Company "Naftogaz of Ukraine"³¹ and for two positions of independent members of the Supervisory Board of the Joint-Stock Company "National Nuclear Power Generating Company "Energoatom".³²

On 10 December, the State Enterprise "Guaranteed Buyer", which implements the RES support schemes in Ukraine, was transformed into a joint-stock company, with a new Charter, Regulations on the Supervisory Board, and principles for its formation adopted³³. Its supervisory board shall be formed by 1 March 2026.

³⁰ CMU Decree No. 1596 of 03.12.2025, <https://www.kmu.gov.ua/npas/pytannia-upravlinnia-deiakymy-subiektamy-hospodariuvannia-1596-031225>

³¹ <https://www.kmu.gov.ua/npas/pro-oholoshennia-konkursnoho-vidboru-kandydativ-na-posady-nezaleznykh-chleniv-nahliadovoi-rady-aktsionernoho-tovarystva-natsionalna-aktsionerna-kompaniia-naftogaz-ukrainy-1265-181125>

³² <https://www.kmu.gov.ua/npas/pro-oholoshennia-konkursnoho-vidboru-kandydativ-na-posady-nezaleznykh-chleniv-nahliadovoi-rady-aktsionernoho-tovarystva-natsionalna-atomna-enerhoheneruiucha-kompaniia-enerhoatom-1266-181125>

³³ CMU Resolution No.1633 of 10.12.2025, <https://www.kmu.gov.ua/npas/pro-utvorennia-aktsionernoho-tovarystva-harantovanyi-s1633101225>

ENERGY EFFICIENCY

Keywords: energy efficiency of governmental buildings, target energy savings indicators

In October 2025, the CMU approved the **Action plan to increase the energy efficiency of governmental buildings for 2026**³⁴. The action plan provides for the operation of energy management systems in central executive bodies, energy efficiency certification of buildings, and the formation of a national database of energy and operational characteristics of relevant buildings.



By another governmental decision, in accordance with the Law of Ukraine “On Energy Efficiency”, the target indicator for annual energy consumption reduction is set at 304 thousand tons of oil equivalent for the period until 31 December 2030³⁵. According to the Law of Ukraine “On Energy Efficiency of Buildings”, for government buildings, the target indicator for energy savings is set at 133,8 thousand kWh (expressed in primary energy units at 253,3 thousand kWh).³⁶

³⁴ CMU Decree No.1104-r of 08.10.2025, <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-z-pidvyshchennia-rivnia-s1104081025>

³⁵ CMU Decree No.1125-r of 10.10.2025, <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-tsilovoho-pokaznyka-shchorichnoho-skorochnia-spozhyvannia-enerhii-1125-101025>

³⁶ CMU Decree No. 1181-r of 29.10.2025, <https://www.kmu.gov.ua/npas/pro-vstanovlennia-tsilovoho-pokaznyka-ekonomii-enerhii-u-budivliakh-orhaniv-derzhavnoi-vlady-1181-291025>

ENVIRONMENT

Keywords: large combustion plants

In late December 2025, the CMU amended the **National Plan for Reducing Emissions from Large Combustion Plants** and extended the operating period for large combustion plants, which should have ceased operation by the end of 2025, until 31 December 2028³⁷. The decision was made to ensure the sufficiency of generating capacities in the context of the difficult situation in the power system due to Russia's aggression and to form the necessary reserves. As a Contracting Party to the Energy Community, Ukraine must comply with Directive 2010/75/EU. On 18 December 2025, the Energy Community Ministerial Council considered the appeal by the Ministry of Energy of Ukraine, and agreed on appropriate critical derogations for Ukraine, allowing it to continue operating large combustion plants included in the National Plan for the period of martial law, but no later than 31 December 2028.



³⁷ CMU Decree No.1499 of 24.12.2025, <https://zakon.rada.gov.ua/laws/show/1499-2025-%D1%80#n4>

THE UKRAINIAN ENERGY MARKETS

ELECTRICITY

DAM/ID/BM price caps

At the end of December 2025, the NEURC initiated³⁸ the procedure for the review of price caps in the Day-Ahead (hereinafter, DAM), Intraday (hereinafter, IDM), and Balancing Markets (hereinafter, BM), according to the Methodology for determining significant price fluctuations and setting limit prices on the day-ahead market, intraday market and balancing market³⁹ (hereinafter, the Price Caps Methodology). The review is initiated based on notifications from the Market Operator and the TSO (NPC "Ukrenergo") regarding significant price fluctuations on relevant market segments; however, the Regulator's initial proposal was to maintain the price caps at the levels set in July 2025⁴⁰.

Follow up

On 15 January 2026, the CMU adopted the resolution "On some issues of overcoming the consequences of a state-level emergency in electric power systems".⁴¹ Among other measures, the CMU recommended NEURC to ensure, as soon as possible, the revision of price caps on the DAM, IDM, and BM for night- and daytime hours at the level of price caps established in the relevant segments of the electricity market for evening peak hours⁴² by the end of the autumn-winter period of 2025-2026.

Following the relevant governmental resolution, NEURC approved the new price caps in DAM, IDM and BM.⁴³ The single maximum price caps (differentiated for Day-Ahead, Intraday and Balancing Market segments)⁴⁴ which set for the evening-peak hours now are applied to all hours of the day. Thus, the increase affected most hours of the day, except the evening peak hours, and is temporary as, according to the NEURC decision, it should be applied only by 30 March 2026. Since 31 March 2026, the price caps are back at the same levels and differentiated by periods of the day as they were before 17 January 2026 (see Figure 1 for more details).

³⁸ p.71 of the agenda, <https://www.nerc.gov.ua/agendas/30-grudnya-2025-roku-vidbudetsya-zasidannya-nkrekp>

³⁹ NEURC Resolution No. 1221 of 27.09.2022, <https://zakon.rada.gov.ua/rada/show/v1221874-22#Text>

⁴⁰ <https://www.nerc.gov.ua/storage/app/uploads/public/694/bf9/4aa/694bf94aa0664866893322.pdf>

⁴¹ CMU Resolution No.39 of 15.01.2026, <https://www.kmu.gov.ua/npas/deiaki-pytannia-podolannia-naslidkiv-nadzvychainoi-sytuatsii-derzhavnoho-rivnia-v-elektroenerhetychnykh-systemakh-39-150126>

⁴² from 17:00 to 23:00 EET

⁴³ NEURC Resolution No.70 of 15.01.2026, <https://www.nerc.gov.ua/acts/pro-granichni-cini-na-rinku-na-dobu-napered-vnutrishnodobovomu-rinku-ta-balansuyuchomu-rinku-6>

⁴⁴ 15.000 UAH/MWh for DAM and IDM, and 16.000 UAH/MWh for BM

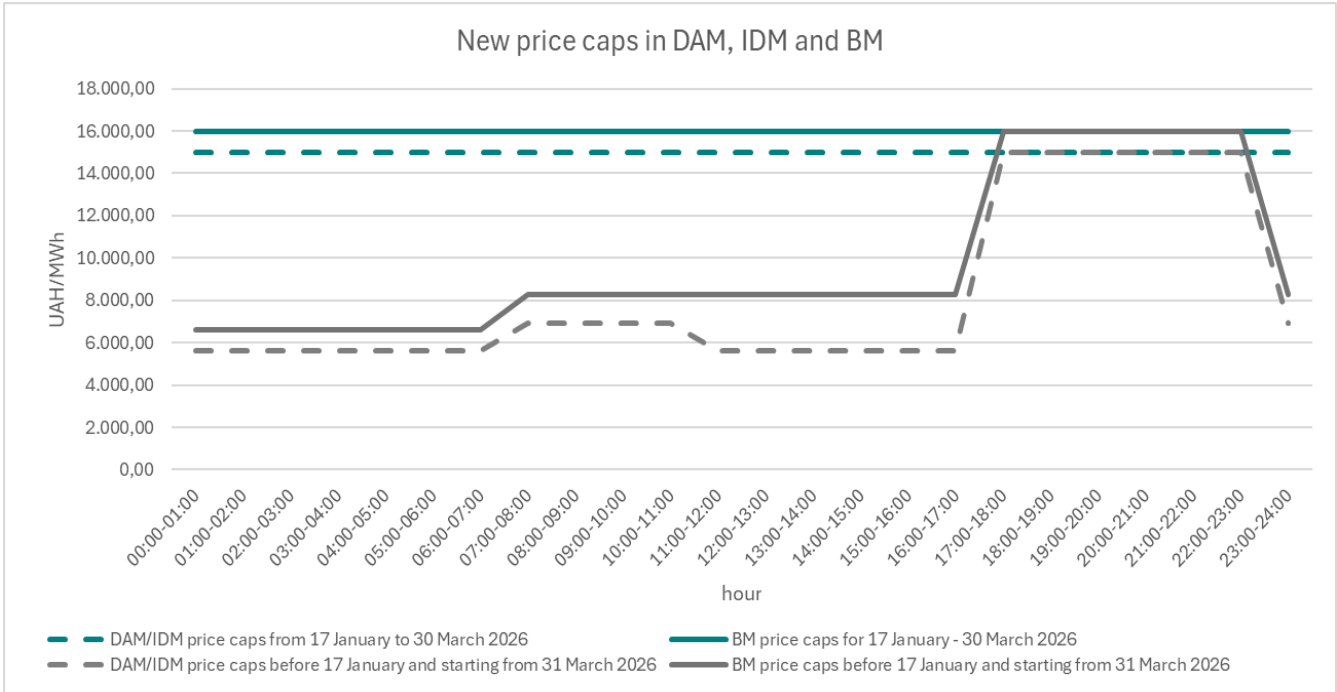


Figure 1. Illustration of new DAM, IDM and BM price caps according to the NEURC decision on 16 January 2026

The existence of price caps in the electricity market of Ukraine remains non-compliant with the EIP, namely, Regulation 2019/943. While the latest approach of a single level of price caps for all hours is a reasonable methodological improvement, allowing the market to absorb imports when needed, its effect is undermined by its temporary nature (limited to the autumn-winter season 2025-2026). What is more, the decision NEURC was induced by the Governmental decision beyond the general policy guidelines and directly related to the regulatory powers and duties. This constitutes a reasonable concern regarding NEURC's independence and compliance with the Energy Community acquis. The impact of the NEURC decision on trading behaviour in the electricity market sparked discussions about transparency and integrity of transactions. The relevant facts need proper investigation by the appropriate authorities.

The Secretariat has consistently reiterated that the NEURC's DAM/IDM/BM market Price-Caps Methodology requires improvements to allow automatic adjustments of the price caps based on clearly defined criteria, data, and calculation parameters related to price fluctuations, and to eliminate restrictions on market price formation. The practical application of the Price Cap Methodology demonstrates its unpredictability and lack of transparency. Relevant deficiencies

have been repeatedly highlighted by the Secretariat, including through the [Ukraine Energy Market Observatory 16/2024](#), however, remain unresolved.

Bilateral contracts for transmission losses

In December 2025, the CMU amended⁴⁵ the Procedure for conducting electronic auctions for the sale of electricity under bilateral contracts (hereinafter, the Procedure for bilateral contracts), allowing the electricity TSO (NPC "Ukrenergo") to participate in special sessions at Ukrainian Energy Exchange (hereinafter, the UEEX) for electricity sales under bilateral contracts to purchase the transmission losses. For the period of martial law, the CMU obliged the producer of electricity from nuclear power plants (SC "NNEGC "Energoatom")⁴⁶ to initiate special auctions upon the TSO's request and sell electricity under the defined conditions⁴⁷:



⁴⁵ <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-poriadku-provedennia-elektronnykh-auksioniv-z-prodazhu-elektrychnoi-enerhii-za-dvostoronnimiy-dohovoramy-1597-051225>

⁴⁶ p. 49 of the Procedure for bilateral contracts

⁴⁷ with amendments by the CMU Resolution No.1597 of 05.12.2025 and CMU Resolution No.1 of 02.01.2026

The electricity sale price for such bilateral contracts shall correspond to the weighted average market price of electricity sales under bilateral contracts (excluding those concluded within the PSO for households) for the last three months preceding the month of the relevant special session, with a 30 % discount. UEEX (as an organiser of such auctions) organises special sessions with a performance period (period of electricity supply/withdrawal) of up to three months. The required volume shall be notified to the auction initiator (i.e. Energoatom) by the TSO (i.e., NPC "Ukrenergo"); the TSO may request up to 400MW/h base load.⁴⁸

According to the Ukrainian officials⁴⁹, the initiative aims to make the electricity price more predictable for TSO and reduce the procurement costs of transmission losses, thus decreasing the impact of these costs on the transmission tariff.

Cross-border capacity calculation

In January 2026, the maximum cross-border capacity for importing electricity from the European Union to the Ukraine-Moldova control block increased to 2.450 MW. This marks an increase by 300 MW compared to the previous agreed import capacity for the Ukraine-Moldova control block (2.150 MW).

This was the result of cooperation among transmission system operators of the Eastern Europe Capacity Calculation Region (hereinafter, the EE CCR), ENTSO-E and the TSCnet Regional Coordination Centre. The technical capacity of interconnectors for importing electricity to Ukraine and Moldova from the EU is determined by transmission system operators of the EE CCR on a monthly basis.⁵⁰

Cross-border capacity allocation

On 15 December 2025,⁵¹ the TSOs of Hungary, Romania, Slovakia, and Ukraine successfully launched long-term (monthly) auctions for the cross-border capacity allocation on the Ukrainian borders for January 2026. The allocation is performed by the Joint Allocation Office (hereinafter, JAO). This is an awaited development in the electricity market, contributing to the predictability of cross-border transactions for market participants, thus supporting the cross-border exchanges between the EU and Ukraine and the security of supply.

⁴⁸ p.48 of the Procedure for bilateral contracts

⁴⁹ <https://www.kmu.gov.ua/news/uriad-stvoriuie-umovy-dlia-stabilizatsii-taryfu-na-peredachu-elektroenerhii-dlia-promyslovosti>

⁵⁰ <https://ua.energy/general-news/in-january-the-maximum-capacity-of-electricity-import-from-the-eu-to-ukraine-and-moldova-increased-to-2-450-mw/>

⁵¹ <https://www.jao.eu/news/go-live-monthly-auctions-ukraine-hungary-ukraine>

Results of the monthly auctions for January and February 2026 demonstrated high interest among market participants (for January 2026, the requested capacity on all three borders in direction to Ukraine was more than ten (10) times higher than the offered capacity). In the direction from Ukraine, no capacity was offered. For details, see Table 1 with auctions results.

Table 1. Monthly auctions for January and February 2026

MONTHLY 2026								
Border/ direction	JANUARY				FEBRUARY			
	Offered capacity (MW)	Requested capacity (MW)	Allocated capacity (MW)	Price (€/MWh)	Offered capacity (MW)	Requested capacity (MW)	Allocated capacity (MW)	Price (€/MWh)
SK->UA	172	1826	172	16	180	1578	180	21
HU->UA	460	4625	460	13.4	491	3255	491	16.22
RO->UA	172	1815	172	10.82	180	1099	180	14.38

Source: JAO

Moreover, as of 15 December 2025, TSOs from Ukraine and Moldova successfully launched the intraday capacity allocation on the Ukraine-Moldova border. The allocation is conducted by the NPC "Ukrenergo" on its allocation platform (EAP). According to the auction results, the allocation has been conducted only in the direction from Moldova to Ukraine.⁵²

Tenders for generation capacity and demand management

The CMU amended the Procedure for conducting a tender for the construction of generating capacity and implementing demand management measures.⁵¹ These amendments address procedural issues to finalise the tender process initiated in 2024,⁵³ and enable NPC "Ukrenergo" to conclude contracts with the winners of the competition.⁵²

On 30 December 2025, a meeting of the updated competition commission was held, at which the winners of the 2024 tender were defined, with a total declared 316,4 MW of capacity to be constructed⁵⁴.

⁵² https://ua.energy/uchasnikam_rinku/auksioniy/rezultaty-auksioniv-z-dostupu-do-mizhderzhavnyh-peretyniv/#1734940362763-1c022c4f-5f46

⁵³ CMU Order No.756-r of 13.08.2024, <https://zakon.rada.gov.ua/laws/show/756-2024-%D1%80#Text>

⁵⁴ https://ua.energy/uchasnikam_rinku/konkurs-na-budivnytstvo-generuyuchoyi-potuzhnosti/

Electricity transmission and dispatch tariffs

In December 2025, NEURC approved Ukrenergo's tariffs for transmission⁵⁵ and dispatch services⁵⁶ in 2026.

The transmission tariff is increased in two stages, with 4% increments for 1 January and 1 April 2026:

- 713,68 UAH/MWh from 1 January to 31 March 2026, and
- 742,91 UAH/MWh from 1 April to 31 December 2026⁵⁷.

The RES PSO tariff component accounts for approximately 50% of the total transmission tariff and is set at 352 UAH/MWh for the first stage (effective until 1 April 2026), which rises to 360,34 UAH/MWh for the second stage of increase.

The dispatch services tariff is set at 110,03 UAH/MWh, an 11,2% increase compared to 2025. The largest share of costs from the dispatch tariff is dedicated to costs for balancing and purchasing fast reserves (ancillary services).

According to the NPC "Ukrenergo"⁵⁸ the tariffs for 2026 consider underfunding from 2023, totalling UAH 2,68 billion, allowing TSO to partially repay debts to market participants.

Supplier of last resort in electricity

SFTC "Ukrinterenergo" was re-appointed as a supplier of last resort in electricity (hereinafter, the SoLR) for 2026.⁵⁹ On 30 December 2025, the NEURC approved the cost estimate (budget) of the SFTC "Ukrinterenergo" for its operational activities to fulfil the function of the SoLR for 2026.⁶⁰ According to amendments to the PSO Act⁶¹, NPC "Ukrenergo" (TSO) shall cover the budget of the SoLR for 2026, as approved by NEURC, through the transmission tariff. The approach to cover the PSO costs through the transmission tariff remains non-compliant with Article 18 of Regulation 2019/943.

⁵⁵ NEURC Resolution No.2009 of 05.12.2025, <https://www.nerc.gov.ua/acts/pro-vstanovlennya-tarifu-na-poslugi-z-peredachi-elektrichnoyi-energiyi-nek-ukrenergo-na-2026-rik>

⁵⁶ NEURC Resolution No.2010 of 05.12.2025

⁵⁷ Excluding for green metallurgy

⁵⁸ <https://ua.energy/general-news/neurc-approves-ukrenergo-s-tariffs-for-2026/>

⁵⁹ CMU Resolution No. 1620 of 10.12.2025, <https://www.kmu.gov.ua/npas/pro-vnesennia-zmin-do-rozporiadzhennia-kabinetu-ministriv-ukrainy-vid-12-hrudnia-2018-s1620101225>

⁶⁰ NEURC Resolution No.2232 of 30.12.2025, <https://zakon.rada.gov.ua/rada/show/v2232874-25>

⁶¹ CMU Resolution NO.1620 of 10.12.2025, <https://zakon.rada.gov.ua/laws/show/1620-2025-%D0%BF#n13>

REMIT

In November 2025, NEURC completed an investigation concerning erroneous orders submitted on the balancing market (1–5 November 2024) by LLC ENERGIYA-1, which sent misleading price signals by offering downward-regulation energy at maximum prices⁶². The investigation concluded that these actions constituted market manipulation under Article 11-2 of the Electricity Market Law, despite the absence of intent. Applying the penalty methodology (including seriousness, damage caused, duration of misconduct, and mitigating factors), NEURC set the final fine at UAH 1,079,976 (or ~EUR 22,000), corresponding to the cap of 10% of the company's annual revenue.

NEURC additionally recommended that ENERGIYA-1 implement an internal compliance and control system by 1 April 2026 to prevent future breaches of market integrity rules and report back to the regulator on its implementation.

The decision was consulted with the Energy Community Secretariat, demonstrating NEURC's commitment to cooperation and to aligning its REMIT enforcement with European regulatory practice⁶³.

In December 2025, NEURC approved the Methodological Recommendations on Integrity and Transparency in the Wholesale Energy Market⁶⁴, which are based on the ACER Guidance on REMIT (6th Edition) and the Manual of Procedures (MoP) on Data Reporting, adapted to Ukraine's national legislation. Recommendations provide non-binding guidance to market participants on registration, disclosure of insider information, prevention of market manipulation, use of exemptions, and internal compliance arrangements.

⁶² NEURC Resolution No.1823 of 11.11.2025, <https://www.nerc.gov.ua/acts/pro-prijnyattya-rishennya-za-rezultatami-rozsliduvannya-provedenogo-na-pidstavi-postanovi-nkrekp-vid-18-lyutogo-2025-roku-225>

⁶³ <https://www.energy-community.org/news/Energy-Community-News/2025/11/26.html>

⁶⁴ NEURC Resolution No.2195 of 23.12.2025, <https://zakon.rada.gov.ua/rada/show/v2195874-25#Text>

ENERGY MARKETS REFORM PROGRESS

UKRAINE FACILITY⁶⁵

Energy Sector	Reform 2. Improved regulatory framework for increasing renewable energy and ensuring stable operation of the energy system	10.3 Improvement of permit procedures for RES investments
---------------	--	---

On 12 December 2025, the CMU submitted the draft Law on Amendments to Certain Laws of Ukraine Regarding the Implementation of European Union Legislation in the Field of Renewable Energy Sources (hereinafter, the Draft Law No. 14271 of 03.12.2025)⁶⁶ to the Verkhovna Rada. The draft law was developed by the Ministry of Energy and finalised after the intergovernmental consultations. The document aims to implement the provisions of the EU Renewable Energy Directives 2018/2001 (RED II) and 2018/2001 (RED III), taking into account the Energy Community Recommendations 2024/1/MCEnC of December 11, 2024. Particularly, the introduction of transparent permitting procedures for investments in RES.

The Secretariat was approached to provide an assessment of the compliance of the draft law with the relevant acquis, which was prepared and sent to the Ministry of Energy on 29 October 2025. The assessment provides a set of conclusions and recommendations, particularly in the areas of renewable energy in the transport sector and sustainability issues, renewable energy communities, mainstreaming renewable energy in heating and cooling, as well as renewables acceleration areas and permitting. It concludes that while Draft Law marks important progress towards the transposition of RED II and RED III, significant gaps remain. The recommendations, therefore, call for refining definitions and secondary legislation to ensure alignment with RED II, extending renewable energy community provisions beyond electricity, prioritising renewables and waste heat in third-party access frameworks and strengthening environmental safeguards and procedural clarity in the designation of Renewables Acceleration Areas and permitting processes to achieve full compliance with EU and Energy Community requirements.

⁶⁵ On 1 August 2025, the CMU approved amendments to the order approving the Ukraine Plan for the Ukraine Facility. After the assessment, the European Commission adopted and submitted a proposal for amendments to the Plan to the EU Council, which is pending as of the time of this report.

⁶⁶ <https://itd.rada.gov.ua/billinfo/Bills/Card/59237>

The Secretariat was not subsequently requested to assess the law following its submission to the Verkhovna Rada and is therefore not in a position to confirm whether its recommendations were taken into account in the final version.

Energy Sector	Reform 2. Improved regulatory framework for increasing renewable energy and ensuring stable operation of the energy system	10.4 Introduction of the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff
---------------	--	--

NEURC approved the RES PSO tariff component of the transmission tariff for 2026. The RES PSO tariff component is introduced by NEURC into the Methodology for the transmission system tariff calculation, implementing the transitional period as defined by the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff (hereinafter, Roadmap)⁶⁷. Namely, while the transmission tariff includes funds for RES PSO support for existing RES producers until the end of 2029, starting from 1 January 2026, relevant RES PSO costs are defined according to the methodology and shall be displayed in the bill.

At the same time, the main aim of the Roadmap is to improve the regulatory framework for the introduction, starting from 1 July 2026, of a surcharge for renewable energy separately from the transmission tariff for electricity, as well as a new billing and settlement mechanism. This stage of the reform requires amendments to the primary law and the relevant **draft Law of Ukraine “On Amendments to Certain Laws of Ukraine Regarding the Implementation of the Roadmap for Separating the Renewable Energy Surcharge from the Tariff for Electricity Transmission Services for 2025 and 2026”** was prepared by NEURC⁶⁸ and underwent the public consultation in October 2025. The finalisation and adoption of the draft law by the CMU is pending, going beyond the deadline stipulated in the relevant action plan (Q4 2025).

⁶⁷ CMU Decree No.612-p of 25.06.2025, Roadmap for decoupling the renewable energy surcharge from the electricity transmission service tariff and the action plan for the implementation of the Roadmap for decoupling the renewable energy surcharge from the electricity transmission service tariff for 2025 and 2026

⁶⁸ Details on Secretariat’s assessment of this draft law are presented in Ukraine Energy Market Observatory 4/2025 and in Q3 2025 Quarterly Report

Energy Sector	Reform 3. Electricity market reform	10.5 Adoption of the Electricity Integration Package
---------------	-------------------------------------	--

Draft Law (Reg. No. 12087-д) of Ukraine “On Amendments to Certain Laws of Ukraine Regarding the Implementation of European Law on Energy Market Integration, Improving Security of Supply and Competitiveness in the Energy Sector”, adopted in the first reading in the Parliament on 22 July 2025, is still being finalised by the Committee of the Verkhovna Rada of Ukraine on Energy and Housing and Communal Services. It aims to largely transpose the Electricity Integration Package⁶⁹, including the Electricity Directive, Electricity Regulation, Risk-preparedness Regulation, and ACER Regulation, as well as some provisions from the CACM Regulation (related to the NEMO designation).

Following the comments and suggestions to the draft Law No.12087-d, provided by the Secretariat in August–September 2025, the most critical issues were thoroughly discussed during consultations held between October and December 2025 involving representatives of the Energy Committee of the Verkhovna Rada of Ukraine, the Ministry of Energy, NEURC, the European Commission (DG ENER and DG ENEST), and the Secretariat.

The consultations focused on clarifying the details of the market model proposed by the draft Law No.12087-d and its expected impact on the fulfilment of the EIP’s objectives. Key priorities include establishing a legal framework fully compatible with EU legislation to enable the integration of Ukraine’s electricity market into the EU internal electricity market, most notably through participation in the EU single day-ahead and intraday market coupling (SDAC/SIDC). Furthermore, the reform aims to improve competition, strengthen the security of supply and ensure comprehensive consumer protection and empowerment. By promoting a solid investment environment, it will support a stable and continuous energy supply, facilitate the decarbonization, the development of renewable and flexible sources and critical infrastructure required for Ukraine’s sustainable recovery.

Specifically, the discussions highlighted the need to ensure market-based price formations by the elimination of price caps in the wholesale market. This measure is required to align with Article 10 of the Electricity Regulation, which prohibits maximum or minimum limits to the wholesale electricity price in all timeframes, ensuring that prices reflect real-time supply and demand. Principles of the bilateral market shall also ensure fair competition and non-discrimination between auction participants, transparency, objectivity, and impartiality to prevent market manipulation and abuse, and ensure free price formation on the basis of supply and demand.

⁶⁹ As adopted by the Ministerial Council Decision in 2022

When considering the national electricity market design, it is of utmost importance that both cross-zonal and intra-zonal trade fully complies with the rules and principles stipulated in the Energy Community acquis, and that nothing hampers cross-border electricity trade. Non-discriminatory participation for all market participants in cross-zonal and intra-zonal trade, as close to real time as possible, should be ensured. Furthermore, the day-ahead and intraday markets shall be organised to ensure liquidity sharing between all NEMOs at all times, both for cross-zonal and intra-zonal trade. Thus, the provisions related to the intra-zonal and cross-zonal day-ahead trading should be aligned with the listed principles.



The Law should eliminate outdated tender procedures for new generating capacity and instead properly address provisions related to resource adequacy and capacity mechanisms that comply with Articles 20-27 of the Electricity Regulation (i.e., any capacity mechanisms should be market-based, technology-neutral, and implemented only as a last resort following a comprehensive adequacy assessment).

Provisions on the designation of nominated electricity market operator (hereinafter, NEMO), including definitions of market operator and NEMO, also require further alignment to ensure its compliance with the requirements of Articles 4-6 of the CACM Regulation and Article 1 of the Electricity Regulation.

Applicable provisions on tariffs for transmission and dispatch services, as well as the recovery of various PSO costs via transmission service charges, should be further clarified and improved in Ukrainian legislation to ensure their compliance with Article 18 of the Electricity Regulation. The framework for grid tariffs for storage and active customers, as well as the phase-out of the net metering system, was also in focus of the discussion to secure compliance with Article 15 of the Electricity Directive and Article 18 of the Electricity Regulation. Among the critical topics discussed were also provisions on NEURC's independence and tasks, which should be in line with provisions of the Electricity Directive and NC&GLs, and should allow NEURC to perform its tasks and duties in line with the EIP.

The comments provided to the Ukrainian stakeholders are not limited to those discussed during the dedicated meetings, and all comments from the Secretariat should be taken into account and addressed during the finalisation of the draft Law No. 12087-d.

The initiation of the market coupling process entirely depends on the completeness and compliance of the EIP transposition, to be confirmed by the European Commission during the verification process, which will be conducted jointly by the Secretariat and the European Commission once all nine legal acts of the EIP are fully transposed into Ukrainian national legislation. A prerequisite for launching verification is confirmation that all national measures have been repealed or amended to eliminate any conflicts with EU law and ensure full legal and regulatory compliance.

Energy Sector	Reform 3. Electricity market reform	10.7 Appointment of a Nominated Electricity Market Operator
----------------------	--	--

While the **designation of the NEMO is pending**, the legal basis for this process is currently being established through the partial transposition of the CACM Regulation within draft Law No.12087-d.

The NEMO designation procedure was drafted by the NEURC and was shared with the Secretariat in December 2025 by the European Commission. Following its review, the Secretariat identified several non-compliances with the CACM Regulation.

To ensure alignment with the CACM framework, the Secretariat suggested that the criteria for NEMO designation strictly adhere to those prescribed by Article 6 of CACM Regulation. Specifically, the national legal framework should neither introduce additional requirements nor omit any of the criteria prescribed by the CACM Regulation. The Secretariat further recommended removing barriers to the application of non-resident market operators for NEMO status in Ukraine (such as the requirement to submit an application in Ukrainian or to be registered in Ukraine's national registry) and alignment with Article 4(4) of CACM Regulation.

Moreover, the Secretariat underlined that the procedure for revoking the NEMO designation shall fully comply with the provisions of Article 4(8) of CACM Regulation, including the prescribed deadlines and conditions for revocation. In this regard, introducing an intermediary suspension step after six months, rather than proceeding directly to revocation, is deemed non-compliant. Finally, the Secretariat emphasised that the procedure should set out provisions regarding the monitoring of passporting NEMO(s), as well as the conditions for suspending their activities in Ukraine.

Energy Sector	Reform 5. Ensuring the independence of the National Energy and Utilities Regulatory Commission	10.11 Defining the special status of the National Energy and Utilities Regulatory Commission
---------------	--	--

In December 2025, two proposals for the Draft Law on Amendments to Certain Laws of Ukraine on Strengthening Guarantees for the Exercise of the Powers of the National Energy and Utilities Regulatory Commission (Draft Law No.14282⁷⁰ of 08.12.2025 and, alternative to it, Draft Law No.14282-1⁷¹ of 22.12.2025) were registered in the Verkhovna Rada by different groups of Members of Parliament. Both drafts, according to the explanatory notes, aim to strengthen the operational and financial independence of NEURC, including in staff policy and budget allocations. Propose to clarify the status of NEURC and its relationships with the CMU and other state authorities. Both drafts propose changes to the procedure of competitive selection of NEURC Board Members, including a new approach for the composition of the Competition Commission and the selection procedure.

The Secretariat has been approached by the authors of Draft Law No. 14282 with a request for a compliance assessment with the Energy Community acquis. The Secretariat concluded⁷² that

⁷⁰ <https://itd.rada.gov.ua/billinfo/Bills/Card/59323>

⁷¹ <https://itd.rada.gov.ua/billinfo/Bills/Card/59406>

⁷² Letter of 23 January 2026

proposed amendments aim to enhance NEURC's institutional independence in line with the recommendations previously communicated by the Energy Community Secretariat. Provisions related to institutional independence, financial autonomy, internal organisation and staffing, transparency, and the improvement of appointment procedures are improved and integrated into the draft law. The draft law also envisages that upon NEURC's request, the Secretariat conducts regular assessments of NEURC's independence based on corresponding provisions of the legislation of the Energy Community.

At the same time, the Secretariat found that several aspects of the draft law require further revision, as they risk undermining institutional stability and regulatory independence.

The transitional provisions on the early rotation of the current NEURC composition within 6–12 months lack transparent criteria and raise serious concerns, as they are incompatible with Article 57(5)(g) of the Electricity Directive.

Additional safeguards appear necessary to ensure the effective independence of the Competition Commission responsible for the selection of the candidates to the NEURC Board. Further protection from any potential influence and conflict of interest is needed to ensure an independent and impartial procedure for the appointment of NEURC Board Members in compliance with acquis.

The Secretariat also highlights that the draft law lacks sufficient clarity regarding the scope of NEURC's tariff-setting authority, as provided by Articles 57 and 59 of the Electricity Directive and Articles 39 and 41 of the Gas Directive. Clear and consistent confirmation of NEURC's exclusive competence to establish or approve network tariffs and methodologies, within the limits of the law, would enhance legal certainty and prevent overlapping competences. At the same time, provisions granting NEURC authority to establish price caps in the wholesale electricity markets need to be removed as incompatible with the Energy Community acquis, namely, Article 10(1) of the Electricity Regulation.

IN FOCUS OF THIS REPORT

TEN-E TRANSPOSITION (DRAFT LAW NO.13450)

On 4 November 2025, the Verkhovna Rada of Ukraine adopted in the first reading the **draft Law on Energy Infrastructure Projects of Public Interest** (No.13450 of 04.07.2025), developed to transpose the Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure. The draft Law was reviewed by the Secretariat, and the feedback was provided to the Chairman of the Verkhovna Rada Committee on Energy, Housing and Utilities Services on 15 January 2026.

This Law partially transposes Regulation (EU) 2022/869, incorporating most of its key provisions. The remaining TEN-E provisions are expected to be transposed in the act by the Cabinet of Ministers, “The procedure and criteria for the selection of energy infrastructure projects”, which will follow the adaptation of the Law. The Law recognises PEI and PMI projects and defines the national competent authority, as well as the duties and obligations of project promoters and the regulatory authority. It also establishes the main principles governing regulatory support and cross-border cost allocation requests.

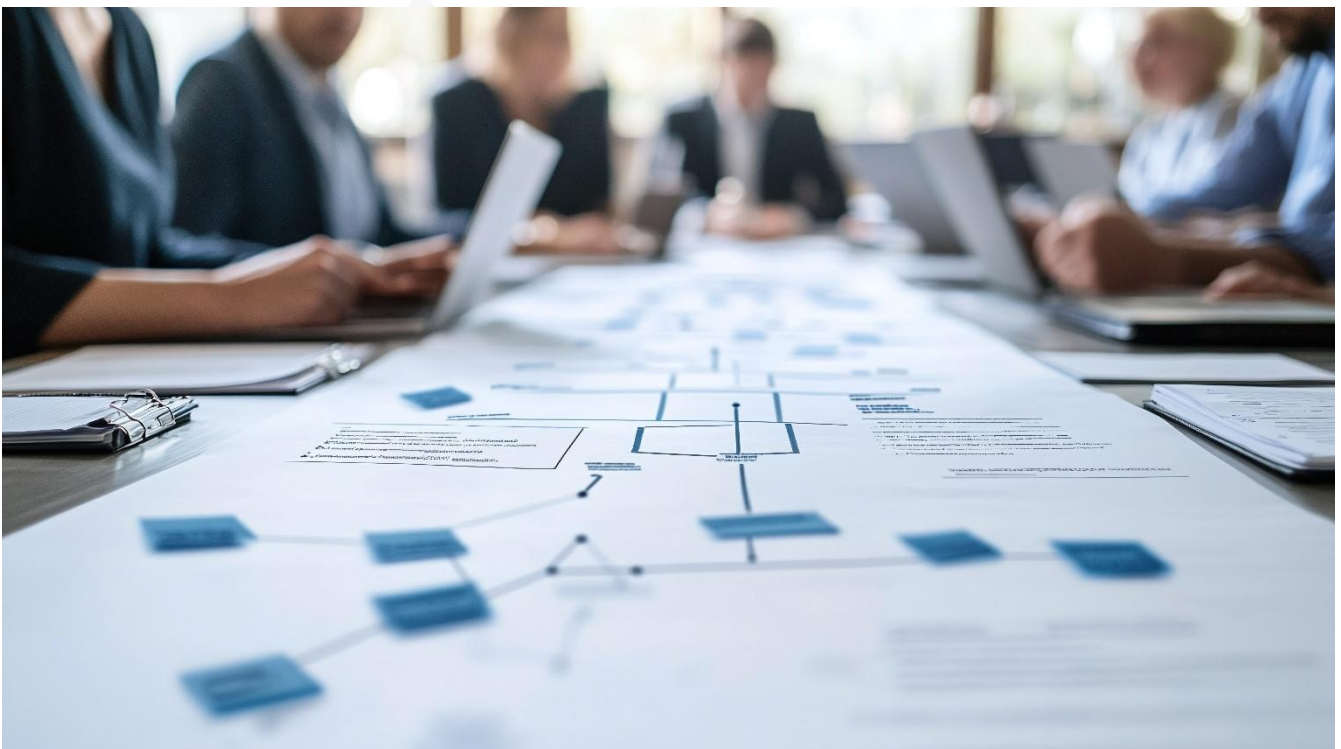
However, the Law does not clearly differentiate between eligible categories of energy infrastructure with respect to PEI and PMI projects. It is intended to apply to Projects of Energy Community Interest (PEI) and Projects of Mutual Interest (PMI), as well as to other energy infrastructure projects that do not hold PEI or PMI status. In particular, natural gas and oil infrastructure, although not eligible under the TEN-E Regulation, remains subject to the Law. Relevant provisions of the revised TEN-E Regulation are transposed in a flexible manner, without closely following the wording of the original Regulation, however, in most cases, the Law preserves its underlying intent. Certain provisions of the Law are not aligned with the TEN-E Regulation, including those allowing for possible state support for infrastructure projects of public interest, such as PEI and PMI projects, as well as specific rules concerning financial support from EU funds and instruments.

Additional concerns arise from the overlapping competencies of the Cabinet of Ministers, the Ministry of Energy, and the Interagency Working Group, particularly with respect to their respective roles and responsibilities in the permit-granting process. Nevertheless, the key obligation to complete this process within 42 months has been adequately transposed.

Provisions concerning transparency and public participation during the project development phase have also been sufficiently addressed.

CORPORATE GOVERNANCE OF UKRENERGO AND GTSOU

The Draft Law of Ukraine “On Amendments to Certain Laws of Ukraine regarding the Certification of the Electricity Transmission System Operator and the Gas Transmission System Operator” was consulted with the Energy Community Secretariat in December 2025. The Secretariat reviewed the draft Law and, for its most part, found it conducive to ensuring compliance with the Energy Community unbundling acquis. The Secretariat submitted to the regulator several suggestions for improvement, meant mainly to strengthen the independence of the deputy minister in charge of the management of state-owned objects used in the process of carrying out natural gas transmission activities, electricity transmission activities, and/or state’s corporate rights in the authorised capital of economic entities operating of the basis of a license for natural gas transmission and/or electricity transmission. The draft Law is currently being reviewed by the Ministry of Justice of Ukraine.



Also in December 2025, the regulator NEURC submitted to the Secretariat draft amendments to the Ukrenerg Charter. The Secretariat reviewed the amendments and welcomed the fact that the problematic clause 11.37 of the Ukrenerg charter is to be deleted, and the Supervisory Board

will decide in all matters with a simple majority. This is a significant improvement compared to the current version of the charter, in which some decisions of the Supervisory Boards (especially on the appointment of the chairman of the management board) required a qualified majority in which state-appointed Supervisory Board members were able to block the appointment process. The Secretariat also recommended that the clause “violation by a Supervisory Board member of the restriction whereby officials of the Company may not serve as officials of another business entity (including a foreign business entity) engaged in the production and/or supply of electricity or natural gas, exercise sole or joint control over such an entity, or enjoy any rights in respect thereof” remains included in the Charter as a ground for the dismissal of Supervisory Board members.

The deadline for amending the Ukrenergo Charter is 31 January 2026. In December 2025, the regulator NEURC submitted to the Secretariat draft amendments to the **GTSOU Charter**. According to the draft amendments, the problematic clause 11.37 of the GTSOU charter is to be deleted, and the Supervisory Board will decide on all matters with a simple majority. This is a significant improvement compared to the current version of the Charter, in which some decisions of the Supervisory Boards (especially on the appointment of the chairman of the management board) required a qualified majority in which state-appointed Supervisory Board members were able to block the appointment process.

The Secretariat submitted suggestions for improvement with the aim of further strengthening the independence of the Supervisory Board:

- that the termination of the powers of Supervisory Board members only if a court verdict or decision enters into force, sentencing a member to a punishment that excludes the possibility of performing the duties of a Supervisory Board member, may expose the Supervisory Board and the TSO itself to significant reputational risks. The Secretariat recommended retaining the original wording of the clause, under which any court decision or verdict sentencing a Supervisory Board member would result in the immediate termination of that member’s powers.
- provision requiring that *“where the Supervisory Board adopts a decision on the conclusion by the Company of a transaction in which there is an interest, members of the Supervisory Board who are interested persons shall not have the right to vote and shall not otherwise participate in the consideration of the matter”* should not be

deleted. While the independence of Supervisory Board members is assessed prior to their appointment, this provision remains necessary, as it addresses interests that may not constitute obvious incompatibilities but can still impact the decision-making process. Moreover, it is advisable to maintain a dual system of checks and balances that remains effective throughout the entire duration of the Supervisory Board members' mandates, which is precisely what the original clause ensures.

The deadline for amending the GTSOU Charter is 31 January 2026.

In parallel, the Secretariat initiated consultations with GTSOU representatives concerning the **separation of gas-to-power production facilities**, currently under GTSOU's control, from its core transmission activities. This separation must be completed by 31 December 2026.

ANNEX: ENERGY OUTLOOK

This Annex contains the outlook of noticeable events and publications related to Ukraine's energy markets in the fourth quarter of 2025:

October 2025	Reference
The Ministry of Energy has created an interactive map of favourable locations for charging stations for electric vehicles	Link
Partnership for Transatlantic Energy Cooperation (P-TEC) Ministerial Meeting in Athens: Ukraine, Lithuania, Poland, Slovakia and the US confirmed their commitment to diversifying gas supplies to Europe	Link
Meeting of the NEURC with representatives of the IBRD, EBRD and IFC: opportunities for cooperation in the energy sector were discussed	Link
Russia has switched to “burned earth” tactics against the Ukrainian energy system	Link
GTSOU joined the creation of a national emissions trading system	Link
GTSOU has implemented an updated policy for resolving conflicts of interest	Link
Market Operator: The electricity price index for the BASE period on the Ukrainian DAM in October 2025 is 5.987,71 UAH/MWh. The weighted average purchase and sale price of electricity on the DAM for this period is 6.395,70 UAH/MWh, and the weighted average price of accepted electricity on the intraday market is 6.688,41 UAH/MWh.	Link
UEEX: Natural gas trading results in October 2025	Link
Ukraine has resumed cross-border electricity trade with Slovakia	Link
DIXIGROUP: Natural gas imports to Ukraine increased more than 19 times over the past six months, with the main volumes purchased from companies in Switzerland and Germany	Link
DIXIGROUP: Monitoring of the implementation of the IMF program and the Ukraine Plan (September 2025)	Link
DIXIGROUP: Monitoring the implementation of the IMF program and EU	Link

assistance (October 2025)	
November 2025	
Ministry of Energy: published for public consultations the draft resolution of the Cabinet of Ministers of Ukraine "On Amendments to the Procedure for the Creation, Management and Operation of the System of Minimum Reserves of Oil and Petroleum Products in Ukraine"	Link
Ministry of energy: Attracting investment for the reconstruction of the energy sector: results of the second day of ReBuild Ukraine 2025	Link
Winter 2025-2026: Ukraine will import gas from Greece. Naftogaz Group and the Greek state-owned company DEPA Commercial signed a letter of intent to supply natural gas to Ukraine in the winter period of 2025-2026.	Link
Ukrenergo initiated consultations on amendments to the Market Rules regarding the implementation of re-dispatching	Link
Market Operator: The Base electricity price index in the Day-Ahead Market (DAM) of Ukraine in November 2025 amounts to 6.387,89 UAH/MWh. The weighted average purchase and sale price of electricity on the DAM for this period amounts to 6.830,49 UAH/MWh, and the weighted average price of electricity accepted on the Intraday Market (IDM) amounts to 6.658,85 UAH/MWh.	Link
Natural gas trading results in November 2025	Link
Naftogaz signs €127 million grant agreement with EIB for gas purchase	Link
Russia strikes DTEK thermal power plant as temperatures drop below freezing	Link
DIXIGROUP: In November, Ukraine recorded the highest electricity imports of the year	Link
December 2025	
Ministry of Energy: published for public consultations the draft order of the Ministry of Energy of Ukraine "On approval of the Methodology for calculating the level of minimum reserves of oil and petroleum products".	Link
Russia again attacked Ukraine's gas infrastructure	Link
Donors reaffirm commitment to Ukraine's energy resilience and set priorities for 2026	Link
Restoration of the Arch of the New Safe Confinement: The Assembly of Donors	Link

of the International Cooperation Account coordinated further steps	
Coordination of further steps for EU accession: meeting of the Energy Cluster of the Ukraine-EU Association Committee held	Link
The G7+ Coordination Group confirmed its readiness to continue supporting Ukraine's energy sustainability.	Link
Statement of the Co-Chairs of the G7+ Ukraine Energy Coordination Group – Ministerial Meeting	Link
Ukraine's Energy Security in Wartime: The 78th Meeting of the Permanent High-Level Group Was Held	Link
Ministry of Energy: on the results of the meeting of the Energy Community Ministerial Council in Vienna, the operating life of large combustion plants and the validity of the Regulation (EU) on gas storage were extended	Link
IAEA experts assess consequences of Russian attacks on Ukrenergo's key substations	Link
The Supervisory Board of Ukrenergo established the Committee on Ethics and Corruption Prevention and approved the Anti-Corruption Plan	Link
Market Operator: The electricity price index for the BASE period on the Ukrainian DAM in December 2025 is UAH 6.648,95/MWh. The weighted average purchase and sale price of electricity on the DAM for this period is UAH 6.880,55/MWh, and the weighted average price of accepted electricity on the intraday market is UAH 6.893,16/MWh.	Link
Ukraine Wind Energy Association Summarises 2025 Results at a thematic press conference	Link
Announcement of the Competitive Selection for the Positions of Independent Members of the Supervisory Board of Joint Stock Company "National Joint Stock Company "Naftogaz of Ukraine"	Link
The EU Delegation to Ukraine hosted the first strategic stakeholder meeting in the field of sustainable finance	Link
DIXIGROUP: Ukraine has begun updating its National Energy and Climate Plan – proposals for changes have been presented to international partners	Link



Energy Community Secretariat
Am Hof 4, Level 5, 1010 Vienna, Austria

energy-community.org
info@energy-community.org
0043 (0)1 535 2222

