

# THE ENERGY AND CLIMATE ROADMAP

Ukraine towards the EU

18 DECEMBER 2023

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# The Energy and Climate Roadmap

## Ukraine towards the EU

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# Why this Roadmap?

The [Green Deal Ukraine Roadmap](#) provides an overview and analysis of the energy and climate legislation that Ukraine must implement ahead of joining the EU. What needs to come first? What international support is required to accelerate the country's EU accession and Net Zero transition?

The Roadmap is a living document that will be updated every year. All feedback and comments will make it better. This first version will focus on essentials: how is the process of EU accession in general, and energy and climate in particular? Who are the actors? What are topics at stake of the Roadmap in 2023/2024?

Why is this Roadmap on Energy and Climate important? EU energy and climate legislation will be a significant cross-sectorial driver for the reconstruction of the country. This is for example reflected in the conditionality of NECP and NDC in the Ukraine Facility. The economic prosperity of Ukraine – its desire to become a clean energy hub- is depending on the country's capacity to align with the EU Green Deal. A better understanding of the process, and their efficiency, is the basis for delivering results.

## Context

The European Council has approved the formal opening of membership negotiations with Ukraine, in its meeting on 14 December 2023, following the recommendation by the European Commission of November 8<sup>th</sup>, 2023. One year before, in June 2022, Ukraine became a candidate country for the EU within just a few months.

For 2030,<sup>1</sup> a second 'Big Bang enlargement' is currently openly discussed by European policy makers: this would be the second after, in 2004, eight countries from Central Europe plus Malta and Cyprus joined the EU. The potential 2030 enlargement would include as the biggest country Ukraine, but also Moldova and countries from the Western Balkans. Accession is merit based, and no date can be given formally, as the 'more for more' principle applies: the deeper, faster and better a country implements the EU Acquis, the earlier it will be able to join. What is more, deep reforms of the EU are needed in parallel to ensure 'enlargement capability' on the blocks side.<sup>2</sup>

Ukraine rightly sees EU accession as a fate, as an opportunity, and much less as a constraint. It belongs to 'Europe', and there is no other future. Any kind of neutrality between an aggressive Russia and the EU would put the countries survival at risk. The process

1 See Charles Michel: [Get ready by 2030 to enlarge EU – POLITICO](#), August 28th, 2023; see also Ursula von der Leyen refusing to provide any date, insisting on the driver that is policy reform [President of the European Commission: Ukraine will be in the EU, and when exactly depends on reforms | European Pravda \(eurointegration.com.ua\)](#)

2 See for example on the institutional Reforms this publication of September 2023 [Fit for the future? Franco-German group presents ideas on EU reforms – Federal Foreign Office \(auswaertiges-amt.de\)](#)



of approaching the EU will guide, drive, and shape much of the policy development in Ukraine in the years to come and will ultimately transform the country. It is evident that the more progress Ukraine can deliver on its side, the more difficult it will be for individual Member-states to say “No”. Substantial resources on both sides will be tied to the process of joining.

### How is the Roadmap (2023 Edition) organised?

- Joining the EU has become even more important for Ukraine after Russia’s full-scale invasion. But it also makes it more challenging, because never before has a country at war joined the EU. The negotiations will run in parallel with support for Ukraine’s efforts on the battlefield and in rebuilding its energy sector after Russian shelling.
- This is the first Roadmap by the GDU project. For this reason, the 2023 edition will be kicked off with a general overview of the enlargement process for Ukraine and essential steps to take in the next years.
- It provides an overview of the energy and climate Acquis that Ukraine must adopt, and the current state of play. It analyses specific challenges and flags out needed priorities as well as opportunities.
- This year’s Roadmap specifically emphasises the National Energy and Climate Plan.
- It provides an overview of the involved actors in the process on both the Ukrainian and the EU sides.
- The paper provides recommendations for both Ukrainian and EU decision-makers.

The methodological basis of this roadmap is the review of secondary literature and background interviews with relevant players on both the EU and the Ukrainian side. The authors have been travelling to Brussels and Kyiv in May, July, October, and November 2023 continued through online exchange after. The authors would like to thank for the valuable background discussions DG ENER, DG NEAR, the EU Delegation in Kyiv, the Energy Community, the IEA, the Ministry of Energy of Ukraine, and NEURC. We also thank the partners from Helmholtz Center Berlin, Dixi Group, Ecoaction and Forum Energii for their deep review and comments. A special thanks goes to Daryna Kulaha, who has supported this Roadmap from the very beginning. The responsibility for the statements and positions reflected in this paper does not engage the interview partners, but solely the authors. Please provide feedback to [greendeal.ua@helmholtz-berlin.de](mailto:greendeal.ua@helmholtz-berlin.de)



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# Roadmap Recommendations

## I. Elements of Success for Ukraine's accession to the EU

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1. **Strive for high level of consensus across all political parties in Ukraine – and across all Member states for the Ukraine Accession. (2024 and beyond)**



Given the challenging and multi-year process of EU accession it is vital that both Ukraine and EU keep focus on concluding the process. A single negotiation framework based on the National Plan for the Adoption of the Acquis (NPAA)<sup>3</sup> and the Ukraine Plan<sup>4</sup> needs to be developed. It is also crucial that Ukraine and the countries supporting its accession work actively to sustain public and political support for the next EU enlargement.

2. **The EU needs to prepare an enlargement action plan 2030, addressing needed EU reforms. (2024 – 2025)**



Several areas of EU policy - stretching from decision-making to the allocation of funds - need to be addressed ahead of the next enlargement and should be high on the agenda of the next Commission. A first draft for discussion (consensus on scope needed) should be prepared in 2024, leading, in 2025, to a consistent strategic action plan to be prepared by the European Commission for discussion on further steps by both the Council and the European Parliament. A format for exchange on EU reform vision with the candidate countries should be set up by DG NEAR.

3. **Ramp up Administrative capacities (Throughout 2024)**



Key for a successful Ukraine accession process are high quality and important quantity of capacities in the administration. This is a challenge that other candidates faced before, yet the challenge is even higher for a country in war. For this reason, the allocation of important funds throughout the process as well as capacity building, twinning, and learning from others are crucial.

The EU should provide funding through the Ukraine Facility and promote learning through twinning, e.g. close cooperation between ACER and regulators from candidate countries, as well as collective learning among candidate countries, e.g. Ukraine from Serbia.



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<sup>3</sup> The NPAA is a self-screening on gaps and Acquis readiness, undertaken by the candidate country.

<sup>4</sup> The Ukraine Plan developed by the Ukrainian government details how Ukraine intends to allocate the 50bn EUR budget from the EU Ukraine Facility, in line with the Ukraine Facility Regulation.

## II. Recommendations for smoothening the implementation of the Energy and Climate Acquis

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### 1. Data availability and quality, transparency on assumptions on energy and climate. (Throughout 2024)

These are the basis for sound decision-making, investments, and democratic stakeholder interaction.

Transparency helps to insource civil society and other stakeholders' competence, and to ensure investors' confidence, to upscale investments. Ukraine could excel in Europe with well-established statistical and transparency rules to be fully implemented when the war is finished. Such rules already exist partially in Ukraine, yet they must be further implemented. **On energy and climate, State statistic service of Ukraine**<sup>5</sup> in collaboration with the Ministry of Energy, the Ministry of Environmental Protection and Natural Resources of Ukraine, NEURC and Ukrenergo should come up with a comprehensive overview of available data, their time series, their quality, as well as a methodology for improvement in line with the EU accession process ([chapter 18](#)), distinguishing between what needs to be done after war and what is possible today; and consult stakeholders on this overview.

### 2. Develop a Climate Law for Ukraine and a consistent approach to ETS (by October 2024)

The Ministry of Environmental Protection and Natural Resources of Ukraine submitted an action plan in 2021, according to which a Climate Law should be available in the first quarter of 2025. It is recommended to Ukraine to continue and step up this effort and to develop a climate framework law, with a first draft to be consulted in October 2024. The climate law should be consistent with the NECP and inform the next NDC.<sup>6</sup>

### 3. Develop a NECP that is consistent with other strategic documents and laws, including the 2050 Strategy and the future Climate Law (By June 2024)

The important transparency effort and consultation made by the NECP team including relevant Ministries, the National Academy of Sciences of Ukraine, as well as DixiGroup must be seen as Best practice.

The National Energy and Climate Plan (NECP) is a central document outlining Ukraine's 2030 energy and climate strategy in line with the governance regulation of the EU and must be submitted in Summer 2024, to the Energy Community. For this, the Ukrainian government and government bodies or state companies should provide the authors responsible with the needed documents and data.

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5 [Державна служба статистики України Derzhavna Sluzba Statistiki Ukraini \(ukrstat.gov.ua\)](https://ukrstat.gov.ua)

6 See also the European Commission Enlargement report November 8<sup>th</sup> 2023 on Ukraine, page 126 [Ukraine Report 2023 \(europa.eu\)](https://ec.europa.eu/eu_enlargement/ukraine-report-2023)



To connect the NECP with the Ukrenergo Ten-year network development plan Ukrenergo needs to grant access to relevant documents and data.

**4. Develop Ukraine as part of a regional and EU wide electricity market (2024)**

It is recommended to prioritize, throughout 2024, a special attention to be paid to decentralised energy and empowered consumers, as well as on the regional and European market integration. The Clean Energy Package that Ukraine is currently implementing, includes key provisions on these. Key point on the energy market in Ukraine remains the progressive introduction of cost-reflective energy prices, accompanied by targeted social measures. Combined with the independence and transparency of the regulator cost-reflective pricing is the basis for investable companies and investable energy assets altogether.

**5. Finalize Renewables Investment Framework (by June 2024)**

While the Renewables potential of Ukraine is high investors had the experience of unreliable RES support payments prior to war, which was partially solved, but remains in a war context.

For attracting new investments Ukraine adopted the so-called Green Transformation Law 3220-XI in July 2023 which introduced market-based support schemes for RES: auctions under CfD, feed-in premium for existing feed-in tariff projects, corporate PPA's, guarantees of origin for RES electricity and net billing model. Legislation framework for biomethane, including guarantees of origin, also has been developed. However, these initiatives have to be successfully implemented by adopting secondary legislation.



In war circumstances 3 new wind farms, 184 MW, were commissioned during the martial law, as well as the first biomethane plant connected to the gas network.

Derisking of investments in war time should be handled through guarantees by Member states and international institutions including the EU.

Market reforms in the RES field and potential projects should be presented at the Berlin Ukraine Recovery Conference 2024. Developing Renewables increases the energy security of the country, supports decentralised solutions, and takes the country one step further to its desired role as a Clean Energy Hub for Europe.



### III. Recommendations on Decision-Makers and Actors in the Accession Process

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**1. Transparency on roles and structures is required for an efficient accession process. (Throughout 2024).**

Numerous stakeholders are involved on the EU and Ukraine sides in the association and accession process. It is imperative for Ukraine to transparently outline the roles of institutions, decision-makers, and their interactions within the EU formal enlargement process, as part of the NPAA. This includes delineating lead roles, specifying the functions of bodies such as NEURC, and describing the consultation process with stakeholders as part of the National Program of Adoption of the Acquis (NPAA).

Drawing lessons from the experiences of other candidate countries can provide valuable insights and should be actively encouraged by the EU delegation in Kyiv.

**2. Effective Monitoring of the implementation of the law. (by June 2024)**

The authors strongly agree with the European Commission Enlargement Report (November 2023) recommendation that efficient monitoring of legislation implementation is needed. This should be done at the level of the Parliament (Rada), with the government and ministries developing comprehensive impact assessments on legislation.



### Priorities for the GDU project, resulting from Roadmap 2023

The annually revised roadmap should also serve to prioritise the work of the Green-DealUkraine project. This first issue in 2023 confirms the need for GDU to add value through data, facts, and models; to support capacity building; and to prioritise analysis on European market integration of Ukraine, Renewables uptake through appropriate measures, as well as contributing to the development of a robust Climate Strategy and ETS approach. GDU project will support decision makers on agreed priorities.



# I. The EU Association and Accession Processes for Ukraine

## I. Elements of Success for Ukraine's accession to the EU

### 1. Strive for high level of consensus across all political parties in Ukraine – and across all Member states for the Ukraine Accession. (2024 and beyond)

Given the challenging and multi-year process of EU accession it is vital that both Ukraine and EU keep focus on concluding the process. A single negotiation framework based on the National Plan for the Adoption of the Acquis (NPAA)<sup>7</sup> and the Ukraine Plan<sup>8</sup> needs to be developed. It is also crucial that Ukraine and the countries supporting its accession work actively to sustain public and political support for the next EU enlargement.



### 2. The EU needs to prepare an enlargement action plan 2030, addressing needed EU reforms. (2024–2025)

Several areas of EU policy – stretching from decision-making to the allocation of funds – need to be addressed ahead of the next enlargement and should be high on the agenda of the next Commission. A first draft for discussion (consensus on scope needed) should be prepared in 2024, leading, in 2025, to a consistent strategic action plan to be prepared by the European Commission for discussion on further steps by both the Council and the European Parliament. A format for exchange on EU reform vision with the candidate countries should be set up by DG NEAR.



### 3. Ramp up Administrative capacities (Throughout 2024)

Key for a successful Ukraine accession process are high quality and important quantity of capacities in the administration. This is a challenge that other candidates faced before, yet the challenge is even higher for a country in war. For this reason, the allocation of important funds throughout the process as well as capacity building, twinning, and learning from others are crucial.



The EU should provide funding through the Ukraine Facility and promote learning through twinning, e.g. close cooperation between ACER and regulators from candidate countries, as well as collective learning among candidate countries, e.g. Ukraine from Serbia.



<sup>7</sup> The NPAA is a self-screening on gaps and Acquis readiness, undertaken by the candidate country.

<sup>8</sup> The Ukraine Plan developed by the Ukrainian government details how Ukraine intends to spend the 50bn EUR budget from the EU Ukraine Facility, in line with the Ukraine Facility Regulation.

**Strive for high level of consensus both in Ukraine and EU on the Ukraine Accession.**

Accession to the European Union is a long and technically demanding process in which the applicant country plays a crucial role. The key factor for successful European integration is the political consensus within the candidate country to ensure continuity over the years. The ruling party may change several times during the accession process. Therefore, without a cross-party consensus in favor of the pro-EU course, integration is impossible. The very positive attitude of the public is an important Ukrainian asset: 78% of Ukrainian citizens supported the accession of their country to the EU in a poll in November 2023<sup>9</sup>.

There may also be a challenge from pressure from interest groups that lose out if, for example, clean targets are pursued, or other changes are made to their detriment. It is also important to effectively moderate the discussion on EU accession with civil society and interest groups of all kinds. The French philosopher Ernest Renan said: “A nation is the desire to live together”. Joining the EU must be such a common desire that it unites most citizens. Too much divergence among stakeholders or their misunderstanding of the requirements and benefits of European integration can negatively affect the process.

The second factor is also political - consensus among the EU Member States. Each enlargement is more complex (as more EU acquis has been accumulated) and requires more countries to be convinced at each step. After all, it is the EU Council, and thus the Member States, which make the final decisions on the candidate country. The candidate country should therefore work closely with the Member States, and even more so with the skeptical countries. Hungary, Slovakia and the Netherlands could play such a blocking role in the case of Ukraine, and Romania could make Ukrainian membership conditional on Moldova: a reason why special attention is needed here. However, even those countries that are most supportive of Ukraine’s membership in the negotiation process will be relentless in defending their interests, for example on agricultural issues. It is important to note that support for EU enlargement has never been higher: according to Eurobarometer 2023, 67% of the EU population are in favor of supporting Ukraine on its path towards EU integration, citing peace, geopolitics and prosperity as reasons for further enlargement. At the same time, key countries such as France and Germany are below 50%, with 32% and 42% respectively in favor of enlargement.<sup>10</sup>

**EU to develop an enlargement Action Plan, addressing the needed EU Reforms**

Further enlargement is a major challenge for the EU itself. The EU needs to reposition itself and prepare for this important geopolitical next step. The enlargement discussion highlights an already visible need for substantial institutional and organizational reform of the EU.

<sup>9</sup> Загальнонаціональне опитування #25: Динаміка ставлення українців до міжнародних союзів, Rating Group, [https://ratinggroup.ua/files/ratinggroup/reg\\_files/rg\\_ua\\_international\\_unions\\_112023\\_press.pdf](https://ratinggroup.ua/files/ratinggroup/reg_files/rg_ua_international_unions_112023_press.pdf)

<sup>10</sup> See [EU challenges and priorities in 2023 - September 2023 - Eurobarometer survey \(europa.eu\)](#)



In terms of decision-making, the process needs to be reformed, as it will become even more difficult to reach consensus. However, many Member States are reluctant to extend the use of qualified majority voting in the European Council<sup>11</sup>. Attempts by some Member States, including Germany, to make Ukraine's EU membership conditional on such far-reaching reforms could be a major obstacle, beyond Ukraine's control.

The EU will have to rethink its budget. Given Ukraine's high needs and its low GDP per capita (12% of the EU average<sup>12</sup>), the financial needs of the Union as a whole will increase significantly. It will therefore be necessary to find new sources of financing for European policies or to reduce expenditure. Finally, the reform of the Common Agricultural Policy and Cohesion Policy is of paramount importance. Under current conditions, Ukraine would be the largest beneficiary of EU agricultural and cohesion policies. This raises understandable concerns among current net-recipients of such support. Clashes over grain-transit already foreshadowed the political explosiveness of such conflicts. Therefore, a new study on the wider economic and political cost of non-Europe could be a way forward to assess the benefits of the next round of enlargement to arrive at a facts-based discussion on sharing cost and benefits.

The EU reform should be high on the agenda of the next Commission and the next European Parliament. A format for exchange on the EU reform vision could be set up in addition by DG NEAR with the candidate countries.

#### **Administrative capacities need to be ramped up all across 2024.**

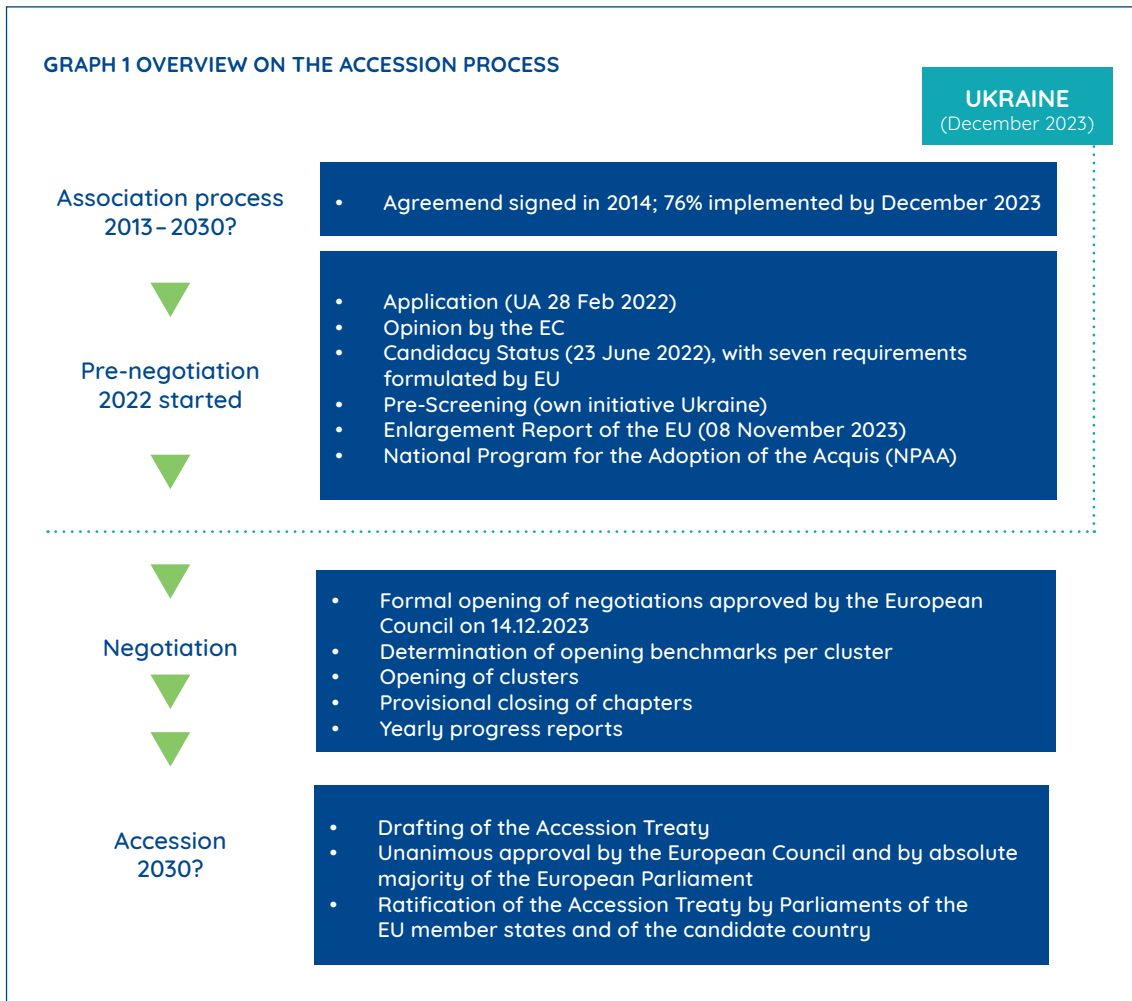
It is necessary to mobilise substantial human resources and trained administrative staff capable of implementing EU rules at home. This has been a challenge in earlier enlargements, especially for countries with weak public administrations. Strengthening administrative capacity must therefore be one of the first steps in European integration. Capacity building programs, twinning and exchanges, including with countries that have already "done it" or those that are doing particularly well in implementation (as is the case with Serbia in its current negotiations with the EU), are a common task with high added value. ACER could welcome the Ukrainian regulator NEURC, as well as other regulators from candidate countries, into a group of candidate countries that would benefit from closer interaction and learning by doing. ENTSO-E has already taken this step by welcoming the Ukrainian TSO Ukrenergo a full member starting from January 1, 2024.

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11 See here the already mentioned publication *Fit for the future? Franco-German group presents ideas on EU reforms* - Federal Foreign Office ([auswaertiges-amt.de](https://www.auswaertiges-amt.de))

12 Carlo Bastasin, Brookings, *Want Ukraine in the EU? You'll have to reform the EU, too*, <https://www.brookings.edu/articles/want-ukraine-in-the-eu-youll-have-to-reform-the-eu-too/>, June 2023.

## 1. European integration step by step



Source: GDU 2023

The following section explains the two processes of the Association Agreement and the proper accession negotiations: both processes are at the same time consecutive, intertwined and parallel, and both support the approximation between the EU and the candidate country.

### The Pre-Accession process: Copenhagen Criteria and Association Agreement

For a country to become a member of the European Union, it must meet the Copenhagen criteria. These were set up in 1993 and consist of three points<sup>13</sup>:

- **Political:** “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.”

<sup>13</sup> Treaty on European Union, Accession criteria (Copenhagen criteria), [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Aaccession\\_criteria\\_copenhagen](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Aaccession_criteria_copenhagen)



- **Economic:** “a functioning market economy and the ability to cope with competitive pressure and market forces within the EU.”
- **EU Acquis:** “the ability to take on the obligations of membership, including the capacity to effectively implement the rules, standards and policies that make up the body of EU law (the EU Acquis), and adherence to the aims of political, economic, and monetary union”.

The essence of the requirements is the adoption by the aspiring country of the **values guiding the EU, the economic system, and the alignment of national law with the EU Acquis**. This means that the entire effort of institution-building, administrative capacity and implementation of the EU Acquis must be undertaken before formal accession. The convergence of political, economic and legal systems is precisely what the association and accession process is all about.

#### **The Association Agreement (AA)**

An association agreement is a bilateral agreement between the EU and a third country.. Part of the pre-accession process is the **Association Agreement** between the EU and the aspiring country<sup>14</sup>. Ukraine signed an AA in 2014 and will progressively implement it all the way through full accession, possibly in the 2030s<sup>15</sup>. This binding international agreement holds the following elements:

1. Intention to set up close economic and political cooperation.
2. Creation of common bodies for the management of the cooperation, competent to take decisions that bind the contracting parties.
3. Offering most-favored-nation clauses.
4. Establishing a privileged relationship between the EU and its partner.
5. Respect of human rights and democratic principles.

The AA aims to deepen the relationship between the EU and the associated country, which is achieved, inter alia, through most-favored-nation clauses. Most importantly, the AA sets the framework for cooperation with the EU and obliges the aspiring state to take steps to meet the Copenhagen Criteria, i.e. to harmonize its laws with the EU Acquis.

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<sup>14</sup> It is called ‘Stabilization and Association Agreement’ in the Western Balkans.

<sup>15</sup> The date of Ukraine’s accession to the EU is not yet predictable.

### The highly symbolic meaning of the Association Agreement for Ukraine

Ukraine and the EU began discussing the Association Agreement in 2007. Technical work was expected to be completed by 2010. However, in January 2010, the presidential elections were won by Viktor Yanukovich, who abandoned the pro-European course of his predecessor. In addition, the Ukrainian government failed to meet the Copenhagen criteria on democracy and the rule of law, and the process stalled. In 2013, the Ukrainian government formally abandoned the highly symbolic process. Mass demonstrations in late 2013 and early 2014 – the so-called Revolution of Dignity – were the response, as the abandonment of the Association Agreement was rightly understood as the end of Ukraine’s EU integration. A pro-EU government won next elections. The new political determination was shared by the EU Member States and the European Commission, which allowed the Association Agreement<sup>16</sup> to be signed as early as 2014, with the political part endorsed later the same year and the trade part in 2016. By December 2023 76% of the obligations under the AA have been delivered<sup>17</sup>.

Table 1: Overview state of play Ukraine with respect to the implementation of the Association Agreement\*

Justice, freedom, security, human rights 92%	Technical barriers to trade 89%	Entrepreneurship 89%	Political dialogue, national security and defense 91%
Public health 75%	Taxation 89%	Energy 78%	Humanitarian policy 94%
Agriculture 69%	Education, training and youth 94%	Financial sector 67%	Public procurement 88%
Science, technology and innovation, space 65%	Statistics and information exchange 96%	Transport, transport infrastructure, postal and courier services 55%	Social policy and labor relations 77%
Management of public finances 90%	Environment and civil protection 80%	Customs issues 61%	Energy efficiency and housing 78%
Sanitary and phytosanitary measures 81%	Financial cooperation and fight against fraud 24%	Protection of consumer rights 80%	Intellectual Property 98%

Source: Pulse of the Deal (<https://pulse.kmu.gov.ua/en>) as of December 2023.

\*Progress in implementation of the AA on the schedule for the period 2014–2024

<sup>16</sup> About the Association Agreement see here [About the deal | Pulse of the Deal \(kmu.gov.ua\)](#)

<sup>17</sup> Analytics by Year | [Pulse of the Deal \(kmu.gov.ua\)](#)





mitted on March 3, 2022. In its opinion on Ukraine's application, the European Commission formulated seven requirements that Ukraine must first meet as part of the accession process. They relate to constitutional court reform, judicial reform, anti-corruption reforms, anti-money laundering legislation, anti-oligarchy legislation, media legislation and the protection of national minorities<sup>19</sup>.

Progress in their implementation is monitored and reviewed by the Commission. In its Opinion issued on November 8, the Commission states that Ukraine has met 4 of the 7 requirements – on the reform of the Constitutional Court and the judiciary, on the anti-money laundering law<sup>20</sup> and on the media law<sup>21</sup>.

Progress is still needed in the fight against corruption, by strengthening the inspection powers of the National Agency on Corruption Prevention. As regards anti-oligarchic legislation, Ukraine should first adopt a law regulating lobbying. However, the biggest challenge may be to meet the requirements for national minorities. Ukraine still needs to implement the recommendations of the Venice Commission on education, the state language and the media. Hungary's determination to press for Ukrainian concessions in this area makes this not only a technical but also a political issue.

A candidate country is also required to prepare a **National Program for the Adoption of the Acquis (NPAA)**. This is a detailed document outlining the steps and timetable for implementing the EU acquis, the responsible government bodies and the budget allocation. Emphasis is placed on administrative structures - their reform or the establishment of new ones necessary for the country to function within the new legal framework. The NPAA is based on the Commission's Analytical Report on Ukraine's alignment with the EU acquis. The NPAA will be updated during the accession process and is also based on the Commission's Screening Report ([see Phase 2](#)). **It should be noted that Ukraine prepared the NPAA already in 2023, although it was formally obliged to do so only when the European Council decided on the formal opening of negotiations.**

On November 8, the European Commission recommended the opening of accession negotiations with Ukraine, based on the progress report published the same day. The recommendation is also made for Moldova and Bosnia and Herzegovina. On December 14, the European Council decided to open negotiations with Ukraine.

<sup>19</sup> See the seven requirements in [Opinion on Ukraine's application for membership of the European Union \(europa.eu\)](#)

<sup>20</sup> (although it can still be challenged by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism – MONEYVAL)

<sup>21</sup> European Commission, [Ukraine Report 2023](#), November 2023.

## Phase 2 – Negotiations

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This phase begins with the Intergovernmental Negotiating Conference<sup>22</sup>. The EU then presents the Negotiation Framework, which has previously been prepared by the European Commission and approved by the Member States. The Negotiation Framework sets the agenda for the entire negotiation process. The conference also sets a schedule of meetings for the screening process. The latter aims to identify gaps – discrepancies between the EU acquis and the candidate country's legislation. It takes place in two stages. First, the EU delegation presents the EU acquis. According to the 2020 methodology, the acquis is divided into 35 thematic chapters, grouped in 6 clusters. The second step is the bilateral screening of discrepancies. The purpose of the screening is to identify the measures necessary to harmonize the candidate country's legislative framework with the EU acquis.

Based on this procedure, the European Commission prepares separate screening reports for each cluster. They consist of four parts: 1, 2 – factual, 3 – assessment and 4 – recommendations. The Commission may recommend to the European Council the opening of negotiations (within a particular cluster) or the setting of so-called opening benchmarks (for the whole cluster), which the country must meet before negotiations can start. Opening benchmarks usually include laws or policies that the country needs to adopt or refer to commitments in the Association Agreement. They aim to achieve a satisfactory initial level of convergence between national and EU legislation. Opening benchmarks are only recommended for areas where the European Commission considers that change is needed. The decision to open negotiations or to set opening benchmarks is taken by the Council (COREPER, after discussion in the Enlargement Working Group, which includes representatives of the EU Member States).

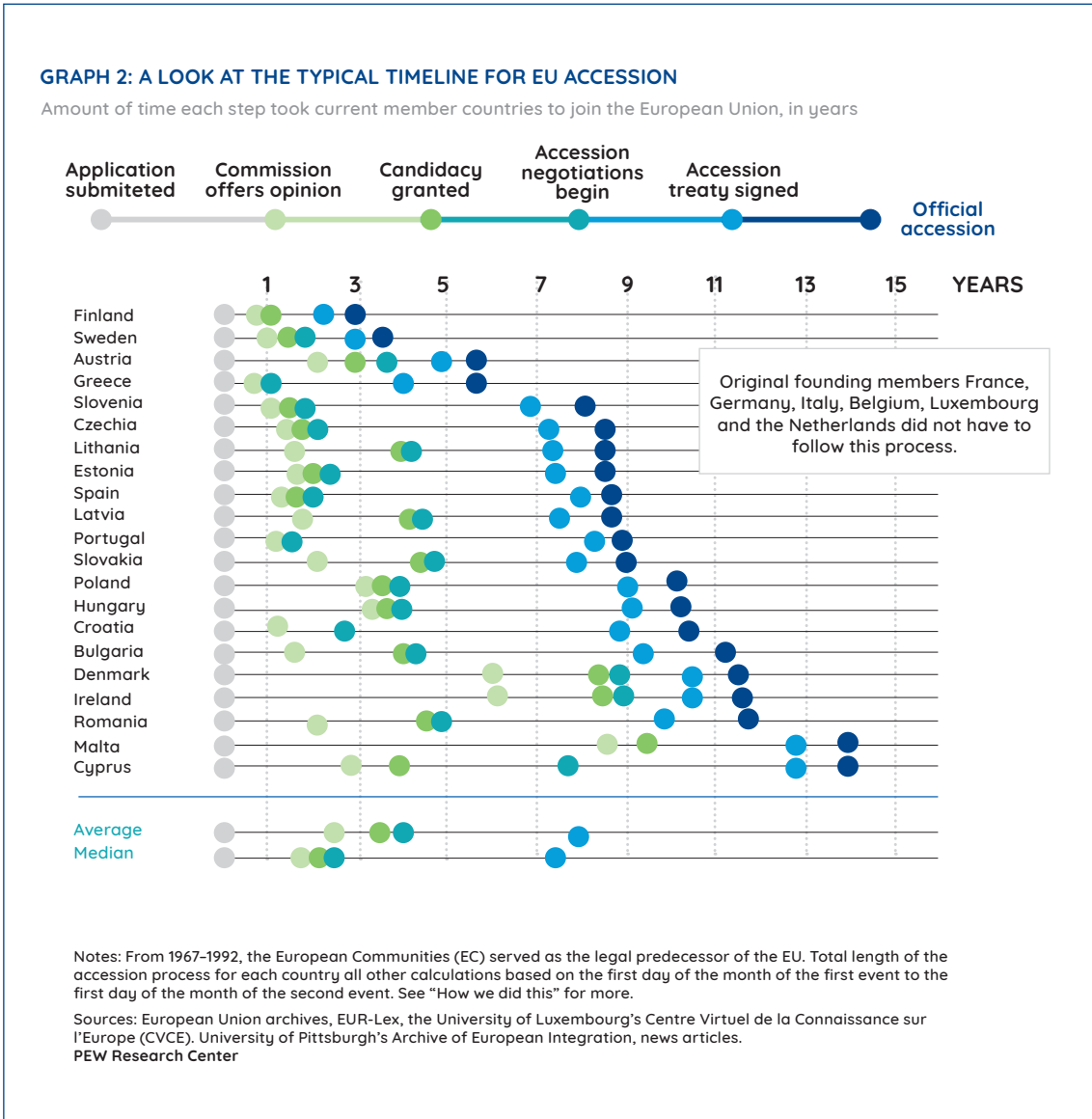
Once all opening benchmarks within the cluster (if any) have been met, the European Commission assesses progress. The Council then confirms the fulfilment of the opening benchmarks, and the Council Presidency invites the candidate to present a so-called negotiating position within the cluster. On the EU side, the Common Negotiating Position is proposed by the European Commission and approved by the Council (COREPER after discussion in the Enlargement Working Group). The key elements of the common negotiating position are the benchmarks. They indicate the steps that a country needs to take in each chapter to align its legislation with the EU acquis.

During the negotiations, the candidate country continues to align its legislation with the EU acquis, which is the essence of the entire process. Possible derogations are also subject to negotiations. The candidate can obtain a transitional period for certain aspects of the acquis or a complete exemption. However, the EU is reluctant to grant such derogations, especially when negotiations have just started.

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22 Ministry of Foreign Affairs of the Republic of Serbia, [The conduct of accession negotiations](#).

Negotiations are the longest part of the process, taking between 1.5 (Finland) and 6.5 (Portugal) years, with an average of 4 years (see Graph 2). Once a satisfactory level of legal harmonization has been achieved, the European Commission assesses the fulfilment of the closing benchmarks and prepares a Closing Draft Common Position. The formal provisional closure of a chapter (or chapters) takes place at the bi-annual Inter-governmental Accession Conference (once a year at ministerial level and once at the level of Heads of State or their deputies).



Source: Leppert R., [How exactly do countries join the EU?](#), Pew Research Centre, July 2022

Negotiations are opened by cluster and closed by chapter. The “Fundamentals” cluster will be opened first. Negotiations on this cluster will also be closed last. When all chapters are closed, the final round of negotiations will determine the date and financial terms of accession.



Source: European Commission 2023

### Phase 3 – After negotiations

The final phase involves the Accession Agreement and its ratification. The agreement contains the detailed rules under which the candidate country will become a member of the EU, including financial terms. It must be approved unanimously by the Council after being approved by the European Parliament (absolute majority).

Once signed, it must be ratified by the parliaments of the candidate country and all the Member States. The acceding country may also decide to hold a referendum on EU membership.



Once the accession agreement has been ratified by all parliaments, the acceding country becomes a full member of the EU on the date specified in the agreement. The third phase usually lasts from six months to two years. Phase 3 is the most political part of the entire accession process, as it requires the approval of the authorities of all Member States, their parliaments, and a nationwide consensus on membership in the acceding country. Indeed, a hidden political agenda of the actors can also affect the previously described phases. The success of the third phase depends on the educational and promotional work and effective diplomacy of the acceding country throughout the accession process, as well as the alignment of the European leaders, the Commission and the European Parliament. Neglecting the political aspect can undermine all the technical work done beforehand: a veto by just one country would be enough to make all the work redundant.

However, it is unlikely that membership will be blocked at the final stage. Political disagreements among Member States usually occur much earlier. Member states can prolong the negotiation process by having a say in approving the fulfilment of opening and closing benchmarks through their representatives in the Council.

**The Ukraine plan: Ukrainian specificity intertwined with the association and accession process.**

Ursula von der Leyen, President of the European Commission, announced the Ukraine Facility at the Ukraine Recovery Conference in London in June 2023: a total of EUR 50 billion will be made available to support Ukraine from 2024 to 2027. The draft regulation for the Ukraine Facility links the allocation of funds to the National Energy and Climate Plan<sup>23</sup>.

Yuliia Svyrydenko, First Deputy Prime Minister of Ukraine – Minister of Economy of Ukraine, has submitted the so-called Ukraine Plan, which outlines how Ukraine intends to use the funds, by the end of November 2023. This proposal is being iterated with DG NEAR, which is responsible for the facility, but is not yet publicly available. The Ukraine plan has yet to be endorsed by the European Council, with a decision expected for January 2024.

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23 [Carriages preview | Legislative Train Schedule \(europa.eu\)](#); on the contents of the UA facility related to the NECP see further in the section on NECP.

## II. EU Accession: Energy and Climate

### II. Recommendations for smoothening the implementation of the Energy and Climate Acquis

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#### 1. Data availability and quality, transparency on assumptions on energy and climate (Throughout 2024)

These are the basis for sound decision-making, investments, and democratic stakeholder interaction.

Transparency helps to insource civil society and other stakeholders' competence and to ensure investors' confidence to upscale investments. Ukraine could excel in Europe with well-established statistical and transparency rules to be fully implemented when war is finished. Such rules already exist partially in Ukraine, yet they have to be further implemented. **On energy and climate, State statistic service of Ukraine** in collaboration with the Ministry of Energy, the Ministry of Environmental Protection and Natural Resources of Ukraine, NEURC and Ukrenergo should come up with a comprehensive overview of available data, their time series, their quality, as well as a methodology for improvement in line with the EU accession process (chapter 18), distinguishing between what needs to be done after war and what is possible today; and consult stakeholders on this overview.

#### 2. Develop a Climate Law for Ukraine and a consistent approach to ETS (by October 2024)

The Ministry of Environmental Protection and Natural Resources of Ukraine submitted an action plan in 2021, according to which a Climate Law should be available in the first quarter of 2025. It is recommended to Ukraine to continue and step up this effort and to develop a climate framework law, with a first draft to be consulted in October 2024. The climate law should be consistent with the NECP and inform the next NDC.<sup>24</sup>

#### 3. Develop a NECP that is consistent with other strategic documents and laws, including the 2050 Strategy and the future Climate Law (by June 2024)

The important transparency effort and consultation made by the NECP team including relevant Ministries, the National Academy of Sciences of Ukraine, as well as DixiGroup must be seen as Best practice.

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<sup>24</sup> See also the [European Commission Enlargement report November 8<sup>th</sup> 2023 on Ukraine, page 126 Ukraine Report 2023 \(europa.eu\)](#)

The National Energy and Climate Plan (NECP) is a central document outlining Ukraine's 2030 energy and climate strategy in line with the governance regulation of the EU and it must be submitted in Summer 2024, to the Energy Community. For this, the Ukrainian government and government bodies or state companies should provide the authors responsible with the needed documents and data. To connect the NECP with the Ukrenergo Ten-year network development plan Ukrenergo needs to grant access to relevant documents and data.

**4. Develop Ukraine as part of a regional and EU wide electricity market (2024)**

It is recommended to prioritize, throughout 2024, a special attention to be paid to decentralised energy and empowered consumers, as well as on the regional and European market integration. The Clean Energy Package that Ukraine is currently implementing, includes key provisions on these. Key point on the energy market in Ukraine remains the progressive introduction of cost-reflective energy prices, accompanied by targeted social measures. Combined with the independence and transparency of the regulator cost-reflective pricing is the basis for investable companies and investable energy assets altogether.

**5. Finalize Renewables Investment Framework (by June 2024)**

While the Renewables potential of Ukraine is high investors had the experience of unreliable RES support payments prior to war, which was partially solved, but remains in a war context.



For attracting new investments Ukraine adopted the so-called Green Transformation Law 3220-XI in July 2023 which introduced market-based support schemes for RES: auctions under CfD, feed-in premium for existing feed-in tariff projects, corporate PPA's, guarantees of origin for RES electricity and net billing model. Legislation framework for biomethane, including guarantees of origin, also has been developed. However, these initiatives have to be successfully implemented by adopting secondary legislation.

In war circumstances 3 new wind farms, 184 MW, were commissioned during the martial law, as well as the first biomethane plant connected to the gas network.

Derisking of investments in war time should be handled through guarantees by Member states and international institutions including the EU.

Market reforms in the RES field and potential projects should be presented at the Berlin Ukraine Recovery Conference 2024.

Developing Renewables increases the energy security of the country, supports decentralised solutions, and takes the country one step further to its desired role as a Clean Energy Hub for Europe.



When starting to work on the Roadmap Energy and Climate the first challenge for the authors was to clearly define what is in – and what is out of scope: the Green Deal as launched in the end of 2019 – and impressively enforced during the 2022 Energy Security crisis in Europe – is indeed a comprehensive overarching and transversal ambition to achieve climate neutrality by 2050, and includes therefore all sectors: energy, industry, agriculture, transport etc. Yet the EU Acquis structure is somewhat different, organized in sectorial chapters in line with the 2020 enlargement methodology.

The authors decided to pragmatically prioritize chapters 15 (Energy) and 27 (Environment and Climate change) of the cluster 4 ‘Green agenda and sustainable connectivity.’ The GDU and the roadmap ambition to broaden the scope in the next years, so to also include chapters such as Trans-European Networks and transport policy.

**Data: the basis of sound decision-making in climate and energy**

The first point that should be reiterated at the very start of the section is the need to ensure access to high-quality data for all decision makers from various government levels, companies, researchers, and civil society. Data and transparency on energy and climate are crucial for sound decision making, investments and democratic stakeholder interaction.

Like in EU countries there are different data owners in Ukraine, such as Ukrenergo, Naftogaz, NEURC or the statistical authority Derzhstat.

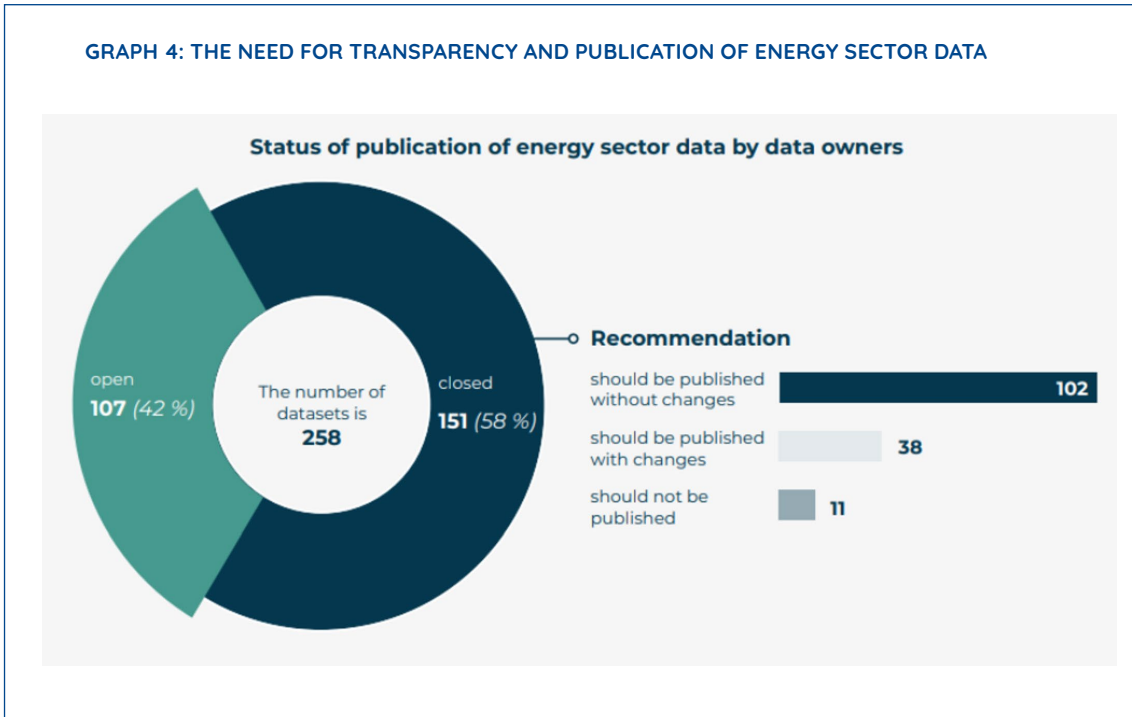
Ukraine under martial law should clarify which data should be classified, and which not.

The authors recognise the very positive consultations undertaken in the current NECP process. Dixi Group released a detailed analysis in Summer 2023, discussing access to public information in the energy sector during martial law.<sup>25</sup>

The following graph highlights the recommendation by the authors to publish data in Ukraine: 38% of the 58% currently classified documents should be published. As for the Energy Strategy 2050 the government can justify why some parts will remain disclosed; yet key chapters and underlying data need to be accessible.

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<sup>25</sup> [“Access to Public Information in the Energy Sector during the martial law” – Dixi Group study | Dixi Group, June 2023](#)



Source: DixiGroup 2023

## 1. Energy and Climate Acquis in Ukraine: advancing on Energy yet lagging on Climate.

This section describes the state of advancement of Ukraine with respect to [Chapters 15](#) and [Chapter 27](#). Recommendations are included in the text.

### Chapter 15 (Energy): good progress overall

According to the European Commission’s Enlargement Report of November 8th, 2023, as well as the Analytical Report of February 2023, Ukraine had already implemented the EU Acquis in Chapter 15 (Energy) at a good level.<sup>26</sup> The EC acknowledges some progress in Ukraine despite the challenging war conditions and means here to the implementation of the Clean Energy Package that has started, unbundling and some start in setting up markets. The role of the Energy Community must be mentioned here: without this structure that supported contracting parties on their legal alignment with the EU Ukraine would probably not be as advanced. The EC highlights in its last report that stakeholder interaction and transparency have decreased in the context of war.

EC recommends for the forthcoming year to focus on green recovery, with a key role for the National Energy and Climate Plan, as well as investments in clean generation, energy

<sup>26</sup> EC Enlargement Report Ukraine November 8th 2023: [Ukraine Report 2023 \(europa.eu\)](https://neighbourhood-enlargement.ec.europa.eu/document/download/59c236e7-5cc3-421e-b254-50ee2a9454b4_en?filename=SWD_2023_30_Ukraine.pdf), Commission Analytical report on Ukraine’s alignment with the EU acquis, [https://neighbourhood-enlargement.ec.europa.eu/document/download/59c236e7-5cc3-421e-b254-50ee2a9454b4\\_en?filename=SWD\\_2023\\_30\\_Ukraine.pdf](https://neighbourhood-enlargement.ec.europa.eu/document/download/59c236e7-5cc3-421e-b254-50ee2a9454b4_en?filename=SWD_2023_30_Ukraine.pdf)

efficiency measures, taking steps towards an effective energy market with cost-reflective prices and through phasing out public service obligations, and further working on the independence and effectiveness of the Regulator NEURC.

Table 2: Key energy and climate legislation adopted by Ukraine (state of play November 2023)

POLICY AREA	WHAT	STATUS (complete, in progress, not started)	
ENERGY STRATEGY 2030, 2050	NECP	NECP in Progress, Draft foreseen for 2024	
	2050 Energy Strategy	2023, not publicly available	
	NDC (UN)	Latest 2021; new version planned for early 2025	
GOVERNANCE	Independence Regulator	Need for further development of independence and work on effectiveness in 2024	
	Unbundling		
ENERGY EFFICIENCY	Energy Efficiency Law largely in line with EU Energy Efficiency Directive.	UA Energy Efficiency Action Plan 2021 measures have to be updated.	
	Priority investments for efficiency in transmission and distribution grids have to be identified	March 2023 law adopted on high efficiency co-generation	
MARKETS	Electricity Market	In progress, but still more to do, for example existing price caps	
	REMIT	Adopted May 2023 by Rada (EnC requirements)  Agreements with neighbouring countries on cross border capacity allocation are still pending	
	Nominated Electricity Market Operator (NEMO)	Not started	
	Market Codes	See below in the Electricity Integration Package	
	Renewables support RES legislation	Green Transformation law adopted July 2023: Power Purchase Agreements (PPA) and guarantees of origin, introduced June 2023;  July 2023 RES producers can directly sell production into market (day ahead, intraday; bilateral and balancing markets.  Prosumers can install up to 30 KW solar, up to 50KW of wind.	
	ENERGY SECURITY	Oil Stocks Directive	“Law adopted by Rada on 21.11.2023 № 9024-д”
		System Operations Guideline (SOGL) and Emergency and Restoration Guideline (EAR) (ENTSO-E)	Some progress, not implemented

to be contd.

Table 2: Key energy and climate legislation adopted by Ukraine (state of play November 2023)

POLICY AREA	WHAT	STATUS (complete, in progress, not started)
<b>SYNCHRONISATION CONDITIONS</b>	Requirements for synchronization on frequency stability and reserves	All requirements met by end 2023, with the exception of reserves 2023.  Increase of capacity for exports to UA/MD by ENTSO-E in November 2023 to 1700 MW (up by 500 MW); imports from UA /MD 400 MW
<b>ELECTRICITY INTEGRATION PACKAGE (EnC)</b>	Decided by Energy Community Ministerial December 2022 includes the following parts of the Clean Energy Package: <ul style="list-style-type: none"> <li>• electricity <a href="#">Directive (EU) 2019/944</a> (recast); Electricity <a href="#">Regulation (EU) 2019/943</a>; Risk-preparedness <a href="#">Regulation (EU) 2019/941</a> (recast); ACER <a href="#">Regulation (EU) 2019/942</a>.</li> <li>• 5 Network Codes and Guidelines: Forward Capacity Allocation <a href="#">Guideline</a>; Capacity Allocation and Congestion Management <a href="#">Guideline</a>; Electricity Balancing <a href="#">Guideline</a>; System Operation Guideline; <a href="#">Network Code</a> on Emergency and Restoration.</li> </ul>	in development
<b>CLIMATE and ENVIRONMENT</b>	Monitoring, Reporting and Verification of Emissions (MRV)	Not effectively implemented, and thus no basis for UA ETS
	Industrial Emissions Directive	At implementation level

Source: GDU 2023, based on EnC and EC, UA government

## 2. Focus areas energy in 2023: Clean Energy Package, unbundling, market functioning.

A priority for Ukraine is, until the end of the year 2023 and probably beyond, the implementation of the provisions of the **Clean Energy Package**, also labelled, by the Energy Community, **the Electricity Integration Package**. The aim is to transpose the legislation into national law by end 2023, in all contracting parties of the Energy Community, and overall to set up cost-efficient clean energy markets across Europe. A detailed table of provisions and timelines is to be found on the website of the EnC.<sup>27</sup> The Energy Community Ministerial Council decided the implementation in the December 2022 meeting,

<sup>27</sup> [The Electricity Integration Package - Energy Community Homepage \(energy-community.org\)](https://energy-community.org)

along with common 2030 targets for the contracting parties.<sup>28</sup> The implementation of the Network Codes and Guidelines, and here in particular the System Operation Guideline (SOGL) forms part of the tasks to 2023. To integrate into the internal electricity market Ukraine will need to become a member of a Regional Coordination Centre – that is responsible for regional market arrangements, joint dispatch optimization and adequacy. Joining TSCNET relatively quickly would have the advantage to speed up the integration of Ukraine into the sophisticated European market arrangements, with all neighbours (PL, SK, HU, RO are all members of TSCNET).

In June 2023, the **REMIT** law was adopted, increasing the transparency of electricity market operations. According to the Energy Community Secretariat, the law adopted by the Ukrainian Parliament meets the requirements of the Energy Community Acquis. However, this is the first step in the REMIT implementation. The next will be establishing regulation and processes (including reporting, monitoring, inter-institutional cooperation) by NEURC.<sup>29</sup>

Ukraine has **unbundled** and certified gas and electricity TSOs. In addition, both TSOs cooperate with their counterparts from neighbouring EU countries. Ukrenergo will become a member of ENTSO-E as of 01.01.2024 and gas TSO has observer status in ENTSO-G. However, no NEMO (nominated electricity market operator) has been designated, and concerns have been raised about state interventionism in the operation of TSOs and their governance.

Ukraine and Moldova (both countries' transmission networks form technically one system) have **synchronized** on 16.03.2022 with the electricity system of the Continental Europe Synchronous Area. Initially, electricity was mainly exported to Continental Europe, within the agreed frame of 400MW. Due to the large-scale destruction of generation and transmission capacity through Russian shelling, since the summer of 2023, cross-border connections have been used mainly for imports and inter-operator emergency assistance. It must be stressed that, despite the massive challenges and destructions caused by Russia Ukrenergo has been able to implement near to all requirements for the synchronization, and that all eight high voltage lines linking Ukraine and Continental Europe have been continuously in operation, which allowed the latter to support Ukraine in critical network stability situation. The entirety of the events and trusted collaboration have confirmed the effectiveness and validity of synchronization. ENTSO-E decided on 28 November 2023 that all technical requirements for the synchronous operation were met; therefore, exports to Ukraine could be increased further from 1200 to 1700 MW.

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28 [Clean Energy Package – Energy Community Homepage \(energy-community.org\)](https://energy-community.org)

29 Assessment of the Law of Ukraine “On Amendments to some laws of Ukraine regarding the prevention of abuse in the wholesale energy markets” of June 10, 2023, No. 3141-IX, [https://www.energy-community.org/dam/jcr:42be4f40-e842-430d-b7cb-40939ca935ed/20072023\\_UEMO\\_REMIT\\_Law\\_final\\_clean.pdf](https://www.energy-community.org/dam/jcr:42be4f40-e842-430d-b7cb-40939ca935ed/20072023_UEMO_REMIT_Law_final_clean.pdf)

Ukraine is still working on the implementation of the [Oil Stocks Directive](#).<sup>30</sup> This Directive was initially a reaction to the two oil crises in the 1970s and foresees that every OECD country has to hold 90 days of oil reserves. The detailed provisions of the law are being consulted with the Energy Community Secretariat. Ukraine has adopted the law 'About the minimum reserves of oil and oil products on 21.11.2023, waiting for the signature of the President as the remaining step. A provision that Ukraine could use foreign storage facility has not been included, which indeed goes along with the risk of shelling inside of the country.

The [electricity market](#), despite being designed on the European model, needs to be further developed.<sup>31</sup> Main challenges are the monopolistic structure of the supply sector (the dominant role of state-owned companies for low variable cost generation, and a single private company for coal-fired generation), and strong state interventions (price caps). While Ukraine has been able to start implementation on some aspects of the market, or also REMIT, some difficult aspects are yet ahead and need to be fully implemented.

A regulatory package introducing changes to the [renewable energy](#) market was adopted in July 2023.<sup>32</sup> Among other things, it introduces Power Purchasing Agreements (PPAs), net metering, guarantees of origin and reforms the so-called Green tariffs. Whether these reforms will improve Ukraine's notoriously unreliable investment framework for renewables will not least depend on a stringent adoption of secondary legislation to the law and the effective implementation of the reform. The difficult investment framework due to the additional risk in war time, but also to the situation witnessed before the war where RES producers received irregular or no payments by the Guaranteed Buyer (state company authorised to buy all RES-generated electricity under the "green tariff").

Setting up a reliable Renewables investment framework as part of broader energy market reform is therefore paramount.

## Chapter 27: State of play Climate and Environmental Legislation

[In terms of Chapter 27](#) (Environment and Climate change), Ukraine's performance is lagging behind the one on Energy. In its latest Enlargement Report dated 8 November 2023, as well as in the February Analytical Report, the European Commission is critical of the degree of implementation of the EU Acquis in this area. EC highlights that there is no consistent approach to climate legislation across ministries, and a low level of understanding of climate policies. What is more the need for cross sectoral mainstreaming of environmental and climate legislation on the reconstruction, as well as the adoption of a climate law have to be considered as a priority. Why are climate laws of individual countries important? The EU provides for a broad framework on climate that also reflects

30 Проект Закону про мінімальні запаси нафти та нафтопродуктів, <https://itd.rada.gov.ua/billInfo/Bills/Card/42196>

31 See also for a detailed discussion [OECD Market Study of the Electricity Sector in Ukraine - OECD, June 2023](#)

32 Про внесення змін до деяких законів України щодо відновлення та "зеленої" трансформації енергетичної системи України, <https://zakon.rada.gov.ua/laws/show/3220-IX#Text>. [Developing Renewable Energy in Ukraine \(csis.org\)](#)

its international commitments: the key document here is the European Green Deal, that covers a broad range of legal acts. There is no legal obligation for Member states to develop Climate laws. However, more than half of them have developed a climate framework, including several neighbouring countries.<sup>33</sup> The advantage of such laws, that are tightly linked to the mid-term planning of the mandatory NECP is to foster a holistic national approach to combat climate change.

Ukraine's so far biggest achievement on climate policies is the adoption in 2019 of the legal bases for **Monitoring, Reporting and Verification of emissions (MRV)**, which was to become the foundation for the introduction of the Ukrainian Emissions Trading System (**UA ETS**). However, due to the Russian invasion, the MRV could not be effectively implemented, although in part the industry has begun reporting under the new law. The real prospect of UA ETS implementation and the assumptions of the system are unclear today, and the level of knowledge is rather limited. Some decision makers believe for example that the introduction of ETS could diminish the consequences of CBAM for Ukraine; the introduction of a national ETS is discussed since the association agreement, while participation in the EU ETS would make much more sense in the future.

Ukraine has **ratified the Paris Agreement** and adopted a plan on nationally determined contribution (NDC) in 2021. The plan and its goals are outdated by now. Ukraine foresees to update the NDC in 2024, for finalisation in early 2025.

The implementation of the Industrial Emissions Directive is seen as a priority by Ukraine.<sup>34</sup>

To conclude: The work on NECP is an important 2030 focussed step on the medium-term climate framework. This work should be continued through the update of the NDC and a climate framework, including towards introducing the EU ETS. Deficiencies in the implementation of the EU Acquis in Chapter 27 (Environment and climate change) may undermine the efforts made by Ukraine in reforms implementing the requirements of Chapter 15 (Energy). Accession negotiations with the EU are opened by clusters, not chapters, as stated earlier. To begin negotiations regarding the Energy sector, the level of the compliance with the EU Acquis must also be satisfactory in the other areas covered by the Green Agenda Cluster – Environment and climate change, Transport policy, Trans-European networks. It is therefore highly recommended to focus on a consistent climate framework, including the introduction of EU-ETS.

<sup>33</sup> [Climate laws in Europe – essential for achieving climate neutrality – CAN Europe](#)

<sup>34</sup> [www.kmu.gov.ua/en/news/bahatovymirnyi-tekhnichnyi-dialoh-ukraina-ies-tryvaie-sered-nahalnykh-pytan-implementation-zakonodavstva-pro-promyslovi-vykydy](http://www.kmu.gov.ua/en/news/bahatovymirnyi-tekhnichnyi-dialoh-ukraina-ies-tryvaie-sered-nahalnykh-pytan-implementation-zakonodavstva-pro-promyslovi-vykydy)

### 3. NECP and Long-Term Strategy as part of the accession process

Planning of the energy and climate future of a country at short-, mid- and long-term is an important aspect of its transition, and its interaction within the broader EU framework, towards the Climate Law. The following section describes the EU provisions as well as the state of play and challenges in Ukraine.

#### **The provisions at EU Level: what are NECPs and Long-Term Strategies all about?**

The Clean Energy Package includes the so-called Governance Regulation that defines how the governance of the Energy and Climate Union should work.<sup>33</sup> National Energy and Climate Plans (further NECPs) are a central part here and streamline previously separate reporting objectives of Member States. Member States must explain here how they will develop energy efficiency, renewables, GHG emissions reductions, interconnections, research, and innovation. The goal of the NECPs is to put transparency into how EU countries deliver EU Green Deal climate goals, but also the new REPowerEU goals. They should further foster investments by providing a predictable forecast and should contribute to energy security and affordability.

All NECPs follow a common structure set by the European Commission: a first section provides an overview on the process how the plan is established and mentions for example if stakeholder consultation takes place. The second part covers national objectives and targets, as well as the policy framework in place. The third part highlights the current situation and projections based on existing policies and measures. The last and final part corresponds to an impact assessment of planned policies and measures.

Historically the first NECPs have been submitted by Member-states for the period 2021-2030 in 2019. A progress report must be submitted every two years. New and updated plans- taking stock of important changes such as the Green Deal, fit for 55, RePowerEU had to be submitted by June 2023. To date (December 2023) only 22 out of 27 countries have submitted their plans.<sup>35</sup> The European Commission had also prepared a Guidance document for the Member-states, adopted in December 2022.<sup>36</sup> This document has refined priorities in the plans. By end of 2023 the EC wants to issue an assessment of the plans, looking into how they help meet the collective energy and climate targets.

The first generation of NECPs were estimated to deliver the targets as below, on the Clean Energy Package. The new plans need to meet the Fit for 55 / REPowerEU 2023 targets.

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<sup>35</sup> The plans 2021 - 2030 and those submitted in June 2023 can be found on the EC website here: [National energy and climate plans \(europa.eu\)](https://ec.europa.eu/energy/clean-energy/necps/)

<sup>36</sup> [Guidance to MS for updated NECPs 2021-2030 \(europa.eu\)](https://ec.europa.eu/energy/clean-energy/guidance-to-ms-for-updated-necps-2021-2030/)

Table 3: Overview EU Targets Clean Energy Package, vs. Fit for 55 and REPowerEU

	Clean Energy Package 2019	Fit for 55/ REPowerEU (2023)	Targets for Ukraine (2022 EnC) <sup>36</sup>
GHG emission reductions (compared to 1990)	-40%	-55%	-65%
Renewables (share in gross final energy consumption)	32%	42,5%	27%
Energy Efficiency (reduce final energy consumption by at least compared to previous scenario)	-32,5% (compared to previous 2030 baseline)	-11,6% (compared to 2030 baseline)	-50,45%
Interconnection target (% of power produced in country to be transported across borders)	15%	15%	

Source: Authors GDU 2023

### The NECP of Ukraine

Ukraine, as a member of the Energy Community, shall follow the governance regulation as implemented by the EnC and develop an NECP 2021–2030. From an EnC perspective implementing such legislations facilitates the energy market integration between contracting parties and EU members. The European Commission DG ENER expects a consistent framework for 2030, resulting from the NECP. For Ukraine the plan is even more relevant than for other countries as it should be, according to DG ENER, at once a blueprint for reconstruction, and as it is a pre-condition for funding under the Ukraine Facility, as already mentioned.

Ukraine had already had one dry run on the NECP process, in 2021. As for a first version, started in 2021 and never implemented after, the government of Ukraine mandated the development of such a plan, by the Ministry of Energy, within 6 months. DiXiGroup and Low Carbon Ukraine supported the Ministry in the preparation of the draft. Yet, this plan has never been formally consulted, published, or adopted, as war started. A new NECP was hence required and shall be submitted by mid-2024.<sup>37</sup>

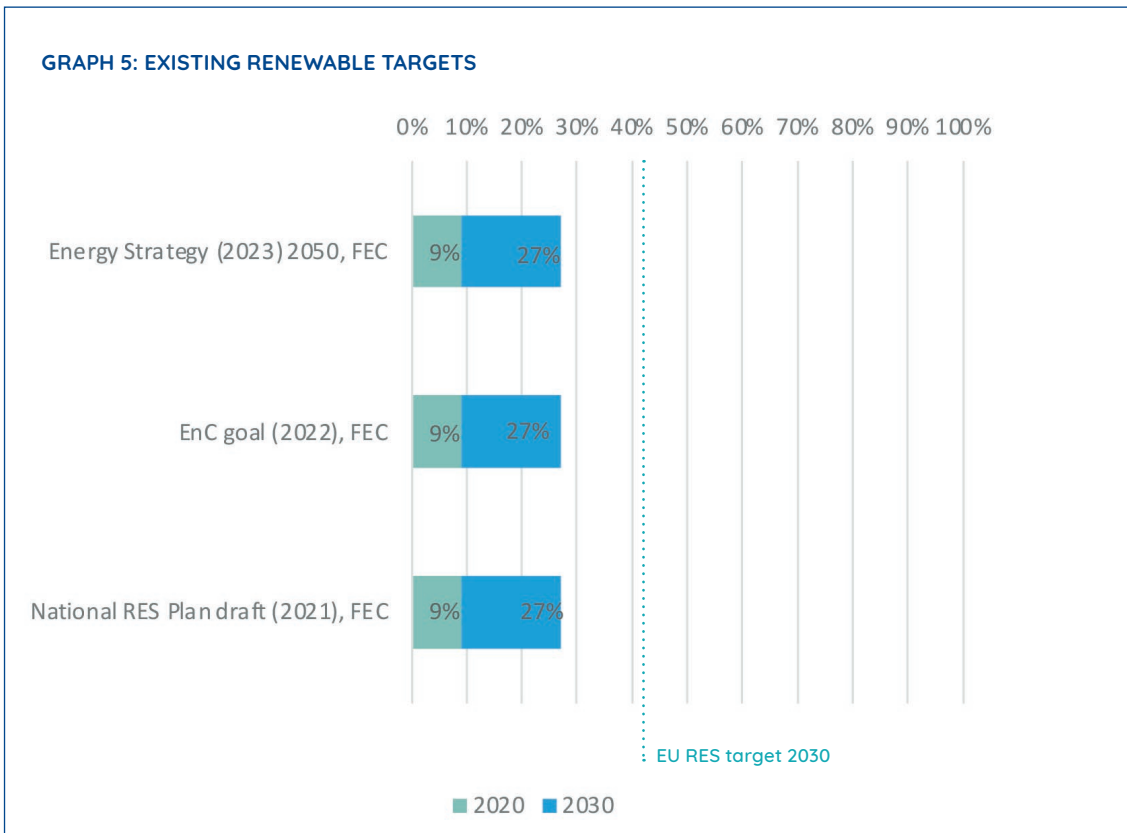
By end 2022, the Energy Community Ministerial Council in Athens agreed common targets and their distribution among contracting parties.<sup>37</sup> Ukraine, given the size of the country, has been assigned 27% of RES by 2030, and 65% of Emission reduction.

<sup>37</sup> Source UA data: Decision 2022/02/MC-EnC (Energy Community)

Table 4: Ukraine Targets for the NECP

	2020	2030
RES Share in final consumption	11%	27%
GHG Emissions (target net GHG emissions compared to 1990 levels)		-65% (309 MtCO <sub>2</sub> eq.)
Energy Efficiency: Maximum Share of <b>Primary</b> Energy Consumption	82,80	91,74
Energy Efficiency: Maximum Share of <b>Final</b> Energy Consumption	46,78	50,45
Interconnection target		

Source: Decision 2022/02/MC-EnC (Energy Community)



Source: GDU 2023

**The 2023–2024 NECP process**

After initial discussions at URC London, and the subsequent creation of a High-Level Advisory Group at Energy Community, the Cabinet of Ministers of Ukraine has created, end of August 2023, a Working Group on the preparation of proposals and recommendations for the development of the National Energy and Climate Plan under the chairmanship of the First Deputy Prime Minister of Ukraine – Minister of Economy of Ukraine Yuliia Svyrydenko.<sup>38</sup> It also includes representatives of the Office of the President, the Ministry

<sup>38</sup> [High-level Advisory Group on the Ukrainian NECP launched in London amid Ukraine Recovery Conference - Energy Community Homepage \(energy-community.org\)](https://energy-community.org)

of Energy, the Ministry of Environmental Protection and Natural Resources of Ukraine, the Ministry of Agrarian Policy and Food of Ukraine, and the Ministry of Infrastructure. The coordination is ensured by the the Ministry of Economy.

After the summer of 2023, a task force was set up, including ministries, DixiGroup, Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine, funded and supported by the US initiative NetZero World Initiative part of the National Renewable Energy Laboratory (NREL, US).<sup>39</sup> The NECP process has so far conducted 2 stakeholder consultations, on 17 and 30 November. A first draft of the results was shared at COP 28 in Dubai. As a methodological basis, the TIMES Ukraine model is used and was updated with the support of the US partners. Three scenarios are considered: WEM (with existing measures), WAM (with additional measures), and WAM+. Key targets are 27% Renewables by 2030 and 65% of Emission reductions by the same time.

### **The Link between NECP, NDC and the Energy Strategy 2050**

Under the governance regulation, the EU Member States are required to develop Long Term strategies, first by 2020 for 2050, being consistent with the short-term (10 years) NECP.

Ukraine has developed an Energy Strategy 2050 that was approved in April 2023 and is still largely classified: some slides with results were shown at the London URC in 2023, and EC reports some sharing at the end of 2023, after several requests. The Energy Strategy of Ukraine 2050 benefitted from modelling support by the British consultant KPMG and the UK government and is replacing Ukraine's Energy Strategy until 2035, issued in 2017.<sup>40</sup> The slides shared in London allow us to deduce the following: the focus of the strategy is how to address the consequences of a full-scale invasion and how to enhance energy security and increase the resilience of the energy system. It explores the consequences of synchronization with ENTSO-E (16 March 2022) and how to deepen Ukraine's integration with the EU system. It elaborates on new technologies such as hydrogen, small modular nuclear reactors, or storage. It elaborates on the requirements under EU standards, the implementation of the EU Green Deal as well as international obligations of Ukraine on energy efficiency and Renewables, or Greenhouse Gas (GHG) emission reductions. It discusses the decentralization of electricity generation to improve the system's reliability and the modernization and automation of transmission and distribution networks. Milestones of the 2050 Strategy are 2025, 2032 and 2050. The objective is carbon neutrality of the energy sector by 2050.

<sup>39</sup> [Net Zero World Initiative | International Activities | NREL](#)

<sup>40</sup> Про схвалення Енергетичної стратегії України на період до 2050 року, <https://zakon.rada.gov.ua/laws/show/373-2023-%D1%80#Text>

#### 4. EU conditionality: The Link between the NECP and the Ukraine facility<sup>41</sup>

The Energy Community sees the NECP of Ukraine as a ‘key reference document that should be in line with the Ukraine recovery vision, as well as the obligations of Ukraine under EC, EnC and UNFCCC’.<sup>42</sup> This plan is linked to the pledges of donors, including the European Commission’s proposal for a Ukraine Facility. Paragraph 5 of the regulation proposal states: ‘The Facility shall not support activities or measures which are incompatible with [Ukraine’s National Energy and Climate Plan](#), if available, with Ukraine’s Nationally Determined Contribution under the Paris Agreement, or that promote investments in fossil fuels, or that cause significant adverse effects on the environment or the climate, unless such activities or measures are strictly necessary to achieve the objectives of the Facility, taking into account the need to rebuild and modernize infrastructure damaged by the war in a resilient way, and they are accompanied, where relevant, by appropriate measures to avoid, prevent or reduce and, if possible, offset these effects.’<sup>43</sup>

It is also interesting to note that the same draft prescribes transparency and stakeholder involvement in the process, including local and regional authorities.<sup>43</sup> This should indeed be applied not only to the 2030 NECP but also to the 2050 strategy.

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41 [See Facility to support Ukraine \(europa.eu\)](#) and proposal for a regulation to establish the Ukraine facility. [COM\\_2023\\_338\\_1\\_EN\\_ACT\\_part1\\_v6.pdf \(europa.eu\)](#)

42 Regulation Ukraine Facility proposal 20 June 2023 [COM\\_2023\\_338\\_1\\_EN\\_ACT\\_part1\\_v6.pdf \(europa.eu\)](#)

43 Regulation Ukraine Facility, 4. [COM\\_2023\\_338\\_1\\_EN\\_ACT\\_part1\\_v6.pdf \(europa.eu\)](#)



# III. Actors and Roles in the Association and Accession Process

## III. Recommendations on Decision-Makers and Actors in the Accession Process

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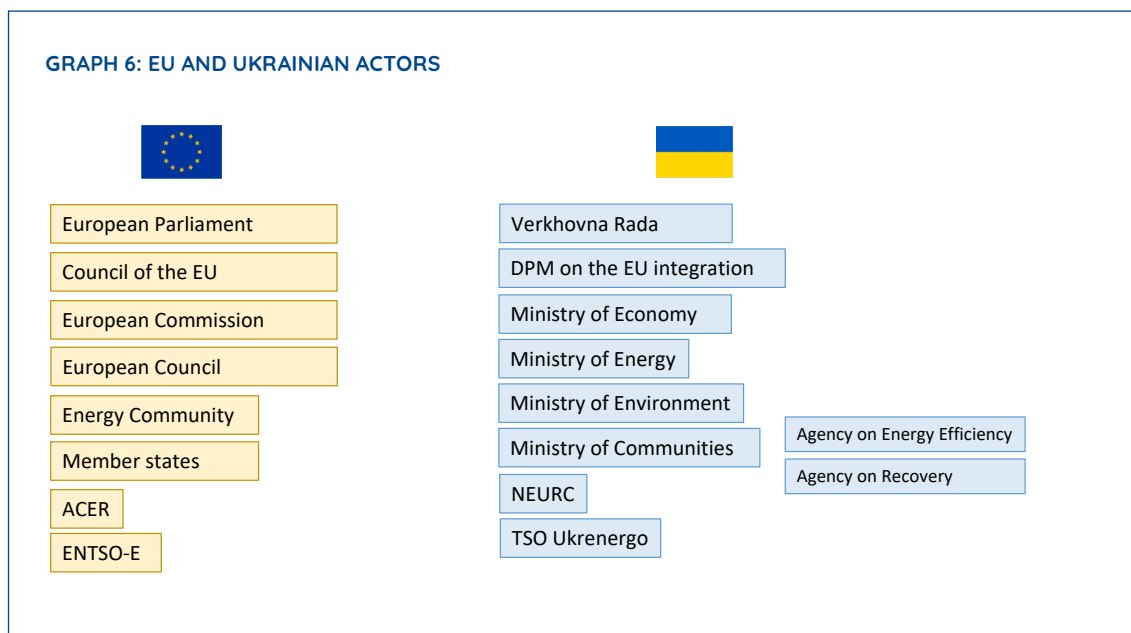
### 1. **Transparency on roles and structures is required for an efficient accession process. (Throughout 2024)**

Numerous stakeholders on the EU and Ukraine sides are involved in the association and accession process. It is imperative for Ukraine to transparently outline the roles of institutions, decision-makers, and their interactions within the EU formal enlargement process, as part of the NPAA. This includes delineating lead roles, specifying the functions of bodies such as NEURC, and describing the consultation process with stakeholders as part of the National Program of Adoption of the Acquis (NPAA).

Drawing lessons from the experiences of other candidate countries can provide valuable insights and should be actively encouraged by the EU delegation in Kyiv.

### 2. **Effective Monitoring of the implementation of the law. (by June 2024)**

The authors strongly agree with the European Commission Enlargement Report (November 2023) recommendation that efficient monitoring of legislation implementation is needed. This should be done at the level of the Parliament (Rada), with the government and ministries developing comprehensive impact assessments on legislation.



Source: GDU 2023

## 1. EU actors and institutions

Decision-making process in the EU is based on the institutional triangle of the European Commission, ‘the Guardian of the Treaties’ and initiator of new legislation, and the representatives of Member states (Council of the EU) and elected parliamentarians (European Parliament) that amend and adopt through so-called co-legislation, the proposals by the EC. The lead role in the negotiating phase is with the European Commission and its DGs, while the first and the last phase see high-level involvement by the Council of the EU and the European Parliament. The Energy Community plays an important role prior to the formal opening of negotiations and coordinates its support with DG ENER and DG NEAR in the negotiation phase, and here, indeed, on energy and climate matters.

### The Council of the European Union<sup>44</sup>

Plays a central role in the European Union (EU) enlargement process: decision-making; considering the screening results, approval of the negotiation framework, opening and closing of negotiating chapters, and accession agreements.

The Council is one of two legislative bodies and, together with the European Parliament, serves to amend and approve or veto the proposals of the European Commission, which holds the right of initiative. The Council is supported by the committee of permanent representatives of the governments of the Member States to the European Union (COREPER) and more than 150 highly specialised working parties and committees, known as the ‘Council preparatory bodies’. COREPER adopts a common position of Member States.

<sup>44</sup> <https://www.consilium.europa.eu/en/council-eu/what-is-the-council/>

A paramount role in enlargement falls on the Council Working Party on Enlargement and Countries Negotiating Accession to the EU. This Council working group is one of the preparatory bodies, responsible for overseeing the enlargement process and managing relations with candidate countries in negotiating their accession to the European Union (EU). Key responsibilities of this working party include preparing for accession negotiations with candidate countries and defining the EU's negotiating position; assessing the progress made by candidate countries in meeting the criteria required for EU accession; overseeing the financial instrument known as Pre-Accession Assistance (IPA), which provides financial support to candidate countries.

**The European Council**<sup>45</sup> the general political direction and priorities of the European Union. On 23 June 2022, the European Council granted Ukraine the status of a candidate for accession to the European Union, contingent on meeting the seven required reforms.

On the European Council meeting on 14 of December 2023 the 27 leaders of the European Union have decided to initiate accession negotiations with Ukraine.

Next meeting of the European Council is scheduled for 20 March 2024, **where possibly the European Council decides on negotiation framework with Ukraine** after looking into report of the European Commission on the progress and compliance in all areas related to the opening of negotiations of Ukraine, that should be submitted to the Council by March 2024.

### **EU Member States**

The EU Member States play also an important role in the accession process, mainly through the Council, but also individually. The Member States develop their own national positions, which are then combined into a single negotiating position towards the candidate country. This is done through consultations and joint work within the working groups of the Council. For the accession treaty to become effective, it must be ratified by all Member States.

Further Member States are in the process of bilateral negotiations with candidate countries. In the communication of the European Commission from 2022 regarding the accession process, Member States could decide that negotiations can be put on hold in certain areas or, in the most serious cases, suspended overall due to bilateral issues, including territorial disputes and minority issues. Already closed chapters could be re-opened or reset if issues need to be reassessed<sup>46</sup>. The opportunity of bilateral or even regional engagement between Ukraine and other Member States should not be underestimated: what to learn from previous enlargement processes? How to build capacity?

<sup>45</sup> <https://www.consilium.europa.eu/en/european-council/>

<sup>46</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0057>



Why not build twinning programs, such as the Denmark-Mykolaiv partnership<sup>47</sup>? How to convince a country that is more sceptical towards future enlargement?

The opinion polls show that the views in favour of the EU enlargement changed since February 2022 in all Member States. The Eurobarometer survey from Spring 2023 showed that half of respondents (53%, +1 percentage point since winter 2022 – 2023) are “for” further enlargement of the EU to include other countries in future years (in survey took part the EU 27 Member States + candidates country Albania, Montenegro, North Macedonia, Moldova, Serbia, Türkiye and Bosnia and Herzegovina without Ukraine).<sup>48</sup>

This year, along with the unification of the majority around the decision to open negotiations with Ukraine, there is also political pressure from separate Member States, namely Hungary and Slovakia, that have repeatedly made clear that they have an alternative view on voting in December 2023 at the European Council meeting. The strongest support from neighbouring countries Ukraine receives from Poland, despite recent grain and transport issues.

### **The European Parliament (EP)<sup>49</sup>**

The European Parliament is the co-legislator together with the European Council. As such, and in line with the Amsterdam Treaty Article 49, the Parliament must give its consent, by a qualified majority vote, to any new accession to the EU. Its role includes legislative oversight, monitoring, and political dialogue. The Parliament Committee on Foreign Affairs is leading the interaction with the candidate<sup>50</sup>.

### **The European Commission (EC)<sup>50</sup>**

As the EU’s executive branch, the European Commission holds primary responsibility for negotiating the terms of Ukraine’s EU accession. On the 8<sup>th</sup> of November 2023, the EU Commission published its “**Enlargement Package 2023**” – a set of documents explaining policy on EU enlargement. It examines the progress made by the candidate countries and potential candidates, the challenges encountered and reforms to be addressed and sets out proposals for the way forward. Recommendations and guidance accompany these assessments on the reform priorities; one could be a recommendation to open the accession negotiations with Ukraine. The role of the EC encompasses coordination, monitoring and reporting, and technical and financial support to the candidate country. The EC prepares negotiating positions for the Council, conducts the accession negotiations on behalf of the EU at the operational level and advises the candidate country to comply with the EU Acquis.

47 An association of state institutions and private companies of Denmark was established for the rebuilding of Mykolaiv | Embassy of Ukraine in the Kingdom of Denmark ([mfa.gov.ua](https://mfa.gov.ua))

48 <https://europa.eu/eurobarometer/surveys/detail/3052>.

49 <https://www.europarl.europa.eu/portal/en>

50 Highlights | Home | AFET | Committees | European Parliament ([europa.eu](https://europa.eu))

The European Commission is organised into policy departments, known as Directorates-General (DGs), responsible for different policy areas. DGs develop, implement, and manage EU policy, law, and funding programmes. DG NEAR holds the pen for all enlargement negotiations, with other DGs contributing on their respective topics – for example, DG ENER and DG CLIMA on energy and climate.

**The Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR)<sup>51</sup>: holding the pen.**

DG NEAR works closely with the External Action Service of the EU as well as the line DGs in charge of thematic areas. It assists countries intending to join the EU in meeting the criteria set out by the Treaty of the European Union and the European Council. The DG closely monitors the progress of enlargement countries towards EU membership and supports accession negotiations as required by the Council. DG NEAR manages the Union's bilateral relations with candidate and potential candidate countries on their path to EU membership, by prioritizing reforms related to the rule of law, economic governance, and public administration.

**The Directorate-General for Energy (DG ENER)<sup>52</sup>**

DG ENER develops and carries out the Commission's policies on Energy. DG ENER supports the work of DG NEAR on enlargement related energy matters and is also representing the European Commission in the Energy Community<sup>53</sup>.

**The Directorate-General for Climate Action (DG CLIMA)<sup>54</sup>**

DG CLIMA leads the European Commission's efforts to fight climate change at the EU and international levels. The key mission is to formulate and implement EU climate policies and strategies to achieve climate neutrality by 2050. DG CLIMA plays a leading role in developing and facilitating the implementation of cost-efficient policies and legislation to deliver the European Green Deal. It contributes to greening finance, ensuring the mainstreaming of climate action into the EU budget and EU and Member States policies. In the accession process, DG CLIMA assesses Ukraine's progress in implementing the climate chapter of the EU Acquis.

**European External Action Service (EEAS)<sup>55</sup>**

The European External Action Service is the combined diplomatic service and foreign and defence structure of the EU. It has six geographic departments, the one relevant for Ukraine being the Department for Europe and Central Asia<sup>56</sup>. The EU delegation in Kyiv

51 [https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/european-neighbourhood-and-enlargement-negotiations\\_en](https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/european-neighbourhood-and-enlargement-negotiations_en)

52 [https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/energy\\_de](https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/energy_de).

53 Mechthild Woersdoerfer, Deputy Director General of DG ENER, is currently representing the European Commission in the EnC

54 [https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/climate-action\\_en](https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/climate-action_en)

55 [The Diplomatic Service of the European Union | EEAS \(europa.eu\)](https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/eeas_en). Currently led ad interim by Angelina Eichhorst, Netherlands

56 Currently led ad interim by Angelina Eichhorst, Netherlands

is subordinated to the EEAS and supports the work of DG NEAR on enlargement, finally through the interaction with other international partners, institutions (like G7) or donors, like World Bank.

### **Energy Community Secretariat (EnC)<sup>57</sup>**

A specificity of Ukraine, but also of Moldova and Western-Balkan countries is their membership in the [Energy Community](#).

The Energy Community was founded in 2005 in Athens and seeks to promote legal compliance in the field of energy (and climate) between the so-called contracting parties on one hand, and the EU on the other. The aim is market integration and to facilitate future accession. Signatories to the Energy Community Treaty are nine contracting parties as well as the EU; Türkiye has opted to be an observer, considering that EnC would be the second-best option after joining the EU. Ukraine joined the EnC in 2011 and has benefited since the implementation of the EU Acquis in line with the agreed timelines. Therefore, Ukraine, as well as the eight other EnC contracting parties, have already vast experience with the EU Acquis in energy, while other areas of the acquis don't have an instrument like the EnC. At once, from the perspective of Ukraine or other contracting parties, the role of EnC in the formal accession process is also special: while the European Commission is leading (DG ENER), EnC plays a major role in the implementation and monitoring. The Energy Community Secretariat plays an important role for Ukraine in the current war situation: it has set up a Ukraine support fund and boosted its activities with respect to its contracting party and supports DG ENER and DG NEAR on the energy and climate-related EU Acquis work. Its functions include energy sector integration, legal harmonization, as well as monitoring and compliance.

The EnC will continue to play a strong role in the Association Agreement process of implementation yet does not take part in the screening process. The EU and EnC will work hand in hand: clarifying respective roles once the formal negotiations are opened is paramount for transparency towards the Ukrainian and other counterparts.

## **2. Roles and Actors in Ukraine**

It should be noted that war and consecutive martial law have led to an inevitable concentration of power at the level of the Ukrainian presidential administration. The process of reinforcing a more vertical approach in Ukrainian governance has been observed prior to the war<sup>58</sup>. It is important for Ukrainian policymakers to distinguish between areas where such verticality is paramount (e.g. military) and where it might hamper transitional progress (e.g. in energy- and climate transition). Secondly, power and roles are largely personalised in Ukraine rather than attributed to institutions. Clarifying this and moving to a

<sup>57</sup> <https://www.energy-community.org/>

<sup>58</sup> See for example [Waiting for the Storm? Ukraine's Political Situation before the Autumn of 2021 | Wilson Center](#)



more institutional approach is a key ingredient for efficiency. Finally, the regulator NEURC needs to unleash its potential through proper independence.

Generally, the actors on the Ukrainian side are in charge of the implementation of the energy and climate policy according to the EU Acquis, and their main responsibilities were defined in the Association Agreement, and responsibilities should be revised for the accession process.

### **Unclear responsibilities as a challenge**

An important challenge in the Ukrainian institutional set-up is that the administrative reform has been started yet is not complete, which puts the future accession process at risk. Reality shows that roles and responsibilities are often not clearly assigned or change over time, which makes it hard for the other partners on the table to understand the governance of the common process. Examples could be the NECP, which is coordinated by the Ministry of Economy, not the Ministry of Energy, while the Energy Strategy 2050 was under the responsibility of the Ministry of Energy. A survey of the National Civil Service Agency of Ukraine, released in May 2023, found that **in 12 of the 128 policy areas that are included in the negotiation sections, no leading state authority responsible for policy formation has been identified.** On the other hand, **in 27 areas, several bodies immediately defined their role as leading.**

As for the established work between ministries, currently, the effective forms are inter-institutional working groups on specific issues, but this work needs to be strengthened. Another issue is a creating additional incentives to strengthening capacity and attracting of professional, experienced mid-level management personnel in the central executive bodies.

### **Transparency on the state of play of EU integration**

Ukraine has assembled an impressive set of communication tools on the state of play of the EU integration process. Thus, the progress of implementing measures under the Association Agreement is monitored constantly and is transparently shared on platforms, such as the “Pulse of the Agreement”, which is a governmental online system with information about the implementation of measures related to energy<sup>59</sup> and on energy efficiency<sup>60</sup>. There is an additional European integration portal<sup>61</sup>, which is the official website dedicated to the European integration of Ukraine. Thirdly, the European integration digest<sup>62</sup> shares a selection of the leading news for the week about the European integration of Ukraine.

59 <https://pulse.kmu.gov.ua/ua/streams/energy-sector-and-energy-security>

60 <https://pulse.kmu.gov.ua/ua/streams/energy-efficiency-and-utilities>

61 <https://eu-ua.org/>

62 <https://eu-ua.kmu.gov.ua/digest/>

**The following section describes and analyses the main players on the Ukrainian side.**

Generally, the institutional structure in the sphere of European and Euro-Atlantic integration can be divided into a political and an implementing level.

On the political level, there are the President of Ukraine, the Government of Ukraine in terms of ensuring the implementation of state policy, the Prime Minister in terms of managing the directions of work, Deputy Prime Minister for European and Euro-Atlantic Integration of Ukraine in terms of coordination of this work, deputy ministers on European integration in terms of development and implementation of the policy within executive bodies, Parliament on defining the principles of state policy and parliament committees on interparliamentary relations, adaptation of the legislation and evaluation of draft laws.

On the implementing level, there is the Government Office for Coordination on European and Euro-Atlantic Integration, ministries on organisational, expert-analytical and information provision of activities of the Government, and the secretariat of the Ukrainian part of a bilateral dialogue on association.

The main actors in the EU accession are the Parliament and the Government.

**Parliament<sup>63</sup>**

The Ukrainian Parliament is unicameral and has 450 deputies, with the last election taking place in 2019. The work is organised through committees, with the main one for accession being the Committee of the Verkhovna Rada of Ukraine on the Integration of Ukraine into the EU, responsible for harmonising Ukrainian and EU legislation<sup>64</sup>. The committee's direct duties include assessing compliance of draft laws with Ukraine's international legal obligations in the European integration process.

The Committee on Energy, Housing and Utilities of the Rada deals specifically with Energy matters and with the implementation of energy regulation throughout the EU accession process, in close collaboration with the Committee on European Integration and the one on Environment and Nature Protection.

In April 2023, another coordination body was created - the Parliamentary Office for Support of the Adaptation of Ukrainian Legislation to the Provisions of EU Law<sup>65</sup>. The task of this institution is to provide expert, analytical, informational, and documentary support to the committees of the Ukrainian Parliament during the development of European integration laws. So far, it is difficult to say what the institution's activities will directly consist of since it is only in the staffing process and not much information about its work is yet publicly available.

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63 <https://www.rada.gov.ua/en>

64 <https://comeuroint.rada.gov.ua/>

65 <https://www.dw.com/uk/u-radi-vidkrili-ofis-z-adaptacii-ukrainskih-zakoniv-do-norm-es/a-65295569>

Acknowledging the Parliament's successful work, the European Commission recommended enhancing comprehensive impact assessments for proposed legislation and strengthening legislative oversight of the executive for effective governance. Emphasising the importance of successful legislation implementation, it is crucial to enhance Parliament's monitoring oversight, including comprehensive impact assessments for existing and developing legislation, and strengthen legislative oversight of the executive. The main obstacle here is the lack of capacity in the Parliament.

### **Government and Ministries, State Agencies**

#### **Government<sup>66</sup>**

The Cabinet of Ministers of Ukraine forms and implements the state policy. Following the resolution of the Government of Ukraine dated October 4, 2017, No. 759, the Government Office for the Coordination of European and Euro-Atlantic Integration is entrusted with the organisational, expert analytical and information support of activities in the field of European integration. The government office reports to the Vice Prime Minister of Ukraine for European and Euro-Atlantic integration.

#### **The Government Office for Coordination on European and Euro-Atlantic Integration<sup>67</sup>**

holds a pivotal role in Ukraine's European integration processes. Its primary responsibilities encompass the harmonization of Ukraine's legislation with the European Union's legal framework, the strategic management of international aid aimed at supporting European integration tasks, fostering public awareness through the development and execution of communication strategies and programs, facilitating accurate translation of the EU acquis into Ukrainian, coordinating joint meetings among Ukraine-EU association bodies and their secretariat, and conducting assessments to evaluate the performance of European integration tasks.

According to the approved regulation of the Government <sup>68</sup>, drafts of all legal acts of the Government of Ukraine must be agreed with the Government Office for compliance with the obligations of Ukraine in the field of European integration, including international law, and considering the law of the European Union (EU acquis).

#### **Ministries**

At the level of Ukrainian ministries, the tasks of European integration are taken care of by the Directorates of Strategic Planning and European Integration. Directorates in ministries coordinate the approximation of Ukrainian legislation to EU legislation under the direction of the relevant ministry and cooperate with the government office, which coordinates relevant processes at the general level.

<sup>66</sup> <https://www.kmu.gov.ua/en/team>

<sup>67</sup> <https://eu-ua.kmu.gov.ua/uryadovyy-ofis-koordinaciyi-yevropeyskoyi-ta-yevroatlantychnoyi-integraciyi>

<sup>68</sup> <https://zakon.rada.gov.ua/laws/show/950-2007-%D0%BF#Text>

**Ministry of Economy of Ukraine<sup>69</sup>**

In the association and accession processes, the Ministry is responsible for the economic, investment and trade cooperation between Ukraine and the EU. The Ministry of Economy is now in charge of preparing two strategic documents – NCEP and the overarching Plan for Ukraine Facility, a four-year €50 billion funding program for Ukraine in the form of grants and loans proposed by the European Commission.

**Ministry of Energy of Ukraine<sup>70</sup>**

The Ministry of Energy of Ukraine is the main body in the system of central executive bodies, which ensures the formation and implementation of state policy in the fuel and energy complex and in the field of renewable energy sources and alternative types of gas fuel.

**Strategic goals in the energy sector of Ukraine are determined by the Energy Strategy** (including the direction of integration into the EU), which was developed by the Ministry of Energy of Ukraine and approved by the government. The energy strategy of Ukraine considers the fulfilment of Ukraine's international and national obligations, including the achievement of climate neutrality, reduction of emissions, reduction of energy intensity, and the development of renewable energy sources.

**Ministry of Environmental Protection and Natural Resources of Ukraine<sup>71</sup>**

The Ministry is responsible for implementing measures to achieve climate neutrality. It takes part in the development of NECP and is in charge of the development of climate law and environmental legislation.

As mentioned above, Ukraine should enhance environmental initiatives and bolster the capacity of public administration to integrate environmental and climate actions across sectors into the country's reconstruction plans.

**Ministry for Communities, Territories, and Infrastructure Development of Ukraine<sup>72</sup>**

The Ministry ensures the formation and implementation of state policy in the fields of transport, development, construction and reconstruction, regional development and restoration, and energy efficiency in buildings.

The new Ministry requires building capacity, ensuring sufficient staffing for regional development, and fostering strong coordination with other key ministries.

Another example of an unclear division of responsibilities between the Ministries is that the Ministry for Communities is responsible for bringing the regulatory framework in the

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69 <https://www.me.gov.ua/?lang=en-GB>

70 <https://mev.gov.ua/en>

71 <https://mepr.gov.ua/>

72 <https://mtu.gov.ua/en/>

field of renewable energy sources into compliance with the requirements of the EU Directive by the order of the Cabinet of Ministries from July 2023<sup>73</sup> and not Ministry of Energy.

#### **State Agency for Energy Efficiency and Energy Saving (SAEE)<sup>74</sup>**

SAEE is subordinate to the Ministry for Communities, Territories and Infrastructure Development.

The state agency, which, together with the Ministry of Energy of Ukraine and the Ministry of Communities, is responsible for the implementation of the “National Action Plan on Energy Efficiency until 2030” and the “Plan of Measures for the Implementation of the National Action Plan on Energy Efficiency for the Period Until 2030 in 2021 –2023” (approved by the Government Order dated December 29, 2021, No. 1803-r) is the SAEE.

Among the main tasks of the SAEE is facilitating cooperation between Ukraine and the European Union, especially in implementing the Association Agreement on energy efficiency, conservation, and alternative fuels. Summary information on the implementation of the action plan, including the adoption of regulatory acts in the field of energy efficiency, the implementation of the Energy Community Treaty, the Paris Agreement, the EU Green Agreement (fulfilment of the requirements of Article 7 of Directive 2012/27/EU of the European Parliament and of the Council of October 25 2012 on energy efficiency, which amends Directives 2009/125/EC and 2010/30/EU and repeals Directives 2004/8/EC and 2006/32/EC) is submitted annually by April 15 to the Ministry of Energy<sup>72</sup>.

The SAEE is currently working on implementing the National Decarbonisation Platform and Decarbonisation Fund. Also, one of the main working directions is strengthening regional cooperation and capacity building – for that, Regional Offices on Decarbonisation and Energy Efficiency are about to be established.

#### **Regulator (NEURC)<sup>75</sup>**

The Regulator NEURC is the central executive body with a special status, subordinated to the Government. Together with the Government and the Ministry of Energy NEURC is one of the three main authorities that form and implement state policy in the field of energy<sup>76</sup>. The Regulator is responsible for the cooperation with the Council of Regulatory Bodies of the Energy Community and national regulators in the field of energy of other states that are parties to the Energy Community; for the establishing a competitive single market for electric energy within the Energy Community, as well as effectively opening the electric energy market to all buyers from Energy Community countries and ensuring the integration of the register of guarantees of origin for electric energy produced from renewable energy sources with the registers of Energy Community countries and the European Union.

73 <https://zakon.rada.gov.ua/laws/show/642-2023-%D1%80#Text>

74 <https://sae.gov.ua/en>

75 <https://www.nerc.gov.ua/>

76 <https://zakon.rada.gov.ua/laws/show/2019-19#Text>

The Regulator cooperates with the Energy Community and the Agency for the Cooperation of Energy Regulators (ACER) to ensure integrity and transparency in the wholesale energy market following their requirements.

A still unresolved issue is ensuring the full independence of the Regulator. The Energy Community Secretariat prepared a report on NEURC's independence and governance framework based on the Energy Community acquis from October 2023<sup>77</sup>, highlighting its concerns and provided recommendations about several provisions of Ukrainian legislation, including the NEURC Law, as they do not guarantee the functional and financial independence of NEURC. To implement the recommendations of the Energy Community, the Regulator has developed a plan of measures to ensure its independence under Ukraine's international obligations for 2024<sup>78</sup>, which is now under consideration by the government. So, changes in the implementation of the necessary reforms can be anticipated.

### Civil Society in Ukraine

Non-governmental institutions play a crucial role in advancing Ukraine's European integration efforts. They actively advocate for policy reforms aligning Ukraine's legislation with EU standards, providing valuable input into legislative development. These organisations closely monitor the government's progress in implementing EU-related reforms, offering transparent assessments of Ukraine's compliance with European commitments.

Ukraine boasts a rich and competent civil society<sup>79</sup>, particularly specialised in energy and climate matters. Leading Ukrainian NGOs, such as DiXiGroup or the Ukrainian Centre for European Policy<sup>80</sup>, regularly monitor the implementation of the seven requirements that were set for Ukraine after its candidate status was confirmed. Also, DiXi Group, EcoAction, and Razom We Stand collaborate closely with the government to support necessary reforms during times of war. While this collaboration is essential, a transparent approach to their roles is crucial, given capacity shortages.

Civil society and NGOs collaborate with government agencies and local authorities in EU integration-related areas, offering training, technical assistance, workshops, and information dissemination to enhance understanding. They play a pivotal role in raising public awareness about the benefits and challenges of the EU association through educational campaigns. Furthermore, they foster connections and partnerships between Ukrainian organisations and their EU counterparts, promoting the exchange of ideas, best practices, and experiences.

77 [https://www.energy-community.org/dam/jcr:4c176023-d2cf-4dda-956d-fe65308b7503/Note17\\_NEURC%2024102023.pdf](https://www.energy-community.org/dam/jcr:4c176023-d2cf-4dda-956d-fe65308b7503/Note17_NEURC%2024102023.pdf)

78 <https://www.nerc.gov.ua/news/nkrekp-rozrobila-plan-zahodiv-shchodo-zabezpechennya-svojeji-nezalezhnosti-vid-povidno-do-mizhnarodnih-zobovyazan-ukrayini>

79 See reports such as [The Role of Civil Society in Ukrainian Reconstruction | Development Dispatch | CSIS](#) ; [Civil Society in Ukraine During Wartime | RTI](#)

80 [https://ucep.org.ua/wp-content/uploads/2023/05/final\\_report\\_aa\\_ucep\\_2023\\_ukr-2.pdf](https://ucep.org.ua/wp-content/uploads/2023/05/final_report_aa_ucep_2023_ukr-2.pdf)



The European Commission Enlargement Report dated 8 November 2023 states that civil society should be better involved in decision-making. As mentioned above, the process around the 2050 Strategy – never publicly discussed – can serve as an example. A draft law on public consultation that has passed the first reading in the Verkhovna Rada already in 2021 should be adopted to increase transparency in the decision-making process.

#### **Bilateral bodies of the Ukraine – EU Association**

There are also **bilateral bodies of the Ukraine – EU Association**: Ukraine – EU summit, the highest level of the political and implementation dialogue, Council of the Association, control, and monitoring of the application and execution of the Agreement and periodic review of the operation of the Agreement in the light of its goals, Ukraine-EU Association Committee, a subsidiary body of the Association Council at the level of senior officials.

Within the scope of Chapter VII, “Institutional, General, and Final Provisions,” of the Agreement between Ukraine and the European Union concerning their association, the Parties regularly convene bilateral bodies for discussions. Throughout the year 2022, these meetings took place within the context of joint sessions involving relevant subcommittees of the Ukraine-EU Association Committee, including those about trade composition and dialogues. These meetings served as platforms for extensive deliberations on a wide array of topics, all closely tied to the implementation of the Association Agreement. Furthermore, these dialogues paved the way for the Parties to reach agreements on advancing their cooperation, with careful consideration given to Ukraine’s newly acquired status as a candidate for European Union membership.

According to the provisions of the Association, the Association Council monitors and controls the implementation of the Association Agreement, which is chaired alternately by the representatives of Ukraine and the EU.



## Abbreviations

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Abbreviation	Meaning
AA	Association Agreement
ACER	Agency for the Cooperation of Energy Regulators
CACM	Capacity Allocation and Congestion Management guideline
CBAM	Carbon Border Adjustment Mechanism
Derzhstat	Ukrainian Statistical Authority
DG CLIMA	Directorate-General for Climate Action
DG ENER	Directorate-General Energy
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EC	European Commission
EEAS	European External Action Service
EnC	Energy Community
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
EP	European Parliament
ETS	Emissions Trading System
EU Acquis	All existing EU rules and laws; European Legislation that a candidate has to implement
EU	European Union
EUROSTAT	EU Statistical Authority
GDU	Green Deal Ukraine
NDC	Nationally Determined Contribution
NEMO	Nominated Electricity Market Operator
NECP	National Energy and Climate Plan
NEURC	National Commission for State Regulation of Energy and Public Utilities of Ukraine
NGO	Non-governmental organisation
NPAA	National Plan for the Adaptation to the EU Acquis
OECD	Organisation for Economic Co-operation and Development
PPA	Power Purchase Agreement
REMIT	Regulation on Wholesale Energy Market Integrity and Transparency
SAEE	State Agency for Energy Efficiency
TSO	Transmission System Operator



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