

# Ukraine: New electricity market model raises fierce opposition

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Since the beginning of the new market model, amounts of electricity annually at the regulated tariff should not exceed 75% of the working nuclear power and 40% of the average annual production of electric energy in the HPP.

According to the new model, market should expect a rapid increase in electricity prices for end consumers.

March 2, 2016 Ministers of Ukraine approved the draft law "On electric power market of Ukraine." Decision came after a public scandal during a round table dedicated to the reforms in the power sector. Minister V. Demchishin accused Deputy Cabinet B. Glamazdin on his deliberate delay in the passage of the bill in the Secretariat of the CMU (with further showdowns on internet resources and social networks).

This bill is the same as the current Law "On the basis of functioning electricity market", provides transition to the new market model: instead of one customer (represented by GP "Energy") for all producers is now planned to create several markets, namely:

market of bilateral contracts;

"Day-ahead" market;

intra-day market;

balancing market;

the retail market;

market support services.

Law plans to reform the electricity market

It is expected that the market "day-ahead" will be indicative. DAM will form the market price of electricity, and, accordingly, the prices on the balancing market and bilateral contracts.

The main objective of ancillary services market will be enabling the system operator to procure competitively priced frequency and voltage regulation. It is planned that the new market price will be determined on the basis of the contract, except those that the regulator will determine the "universal provider" and the provider "of last resort".

It is also planned to create on the basis of "Ukrenergo" "system operator", which will carry out supervisory control of United Energy, as well as the "transmission system operator" with 100% state ownership. In turn, the "Energy" should be reformed, and created on the basis of its "guaranteed buyer" and "market operator". Oblenergo converted into "distribution system operator" and sales companies.

The consumer will also work with the electricity providers. In the case of a full-fledged operation of the new market model, it will provide certain advantages to the consumer, namely the possibility to choose:

electricity supplier;

tariff plans and conditions for supply of electricity, due to competition for the supply;

get better service.

This is the ideal. Manufacturers same energy will receive a fair price. However, not all.

Who benefits

Significant limitations on the rights of producers in a competitive market relating to nuclear and hydro (except of small ones). This refers specially for plants which until January 1, 2019 will be obliged to carry out special duties for electric power and guaranteed buyer at regulated prices and volumes.

It should be noted that the regulation takes place after consultation with the Secretariat of the Energy Community. This rule of "consultation" - a disgrace to the national legislation as a whole, and in particular NKREKU that shows their incompetence and lack of professionalism.

Since the beginning of the new market model, amounts of electricity annually at the regulated tariff should not exceed 75% of the working nuclear power and 40% of the average annual production of electric energy in the HPP.

Guaranteed buyer is obliged to redeem the entire amount of electricity by "green" tariff and the one that was produced at thermal power plants. Thus, there remains interlining cross-subsidization. At the same time a guaranteed buyer for such a scheme, will receive about 60% of the electricity market, which is almost twice the threshold (35%), fixed at the legislative level.

The proposed mechanism virtually eliminates a competitive market producers that offer cheap electricity. Among them: the state nuclear and hydro. This plays into the hands of companies that produce electricity in thermal power plants, and are privately owned. Such as DTEK, which owns 75% of thermal installed capacity.

According to the new model of the market, we should expect a rapid increase in electricity prices for end consumers.

Of course, the obligatory sale of nuclear and hydro volumes of electricity is the norm discriminatory (and accurately falls under Art. 15 of the Law "On Protection of Economic Competition"). In the manual control will be a huge amount of the electricity market and, accordingly, the financial flows.

Representatives of Ministry responsible for the preparation of the bill, at every opportunity, say that the text is fully approved and coordinated with the World Bank, the EBRD, the EU representative in Ukraine, again, the Energy Community. Moreover, in social networks argue that discriminatory rules proposed by the World Bank.

It's not true, because the international organizations will never stoop to the specific details and numbers, but simply write conceptual notes.

Ukrainian legal know-how

In the transitional provisions of the Law on the budget our MPs practiced provisions of other laws: the benefits from certain categories of citizens to the electronic declaration. Therefore, the validity of restrictions on the rights of state-owned companies ( "Energoatom" and "Ukrhydroenergo") in favor of private "green" heating businesses to January 1, 2019 does not guarantee its annual migration. Such restrictions will be valid until 2030, inclusive, is in force will be "green" tariffs.

At the same time taxpayers fund up to 2030 are the state nuclear power plants, hydroelectric and pumped storage (except for small hydro power plants), and the recipients of compensation payments (recipient) - owners of CHP, renewable (alternative) energy sources, as well as suppliers of electricity to consumers, who are entitled to preferential tariffs, and in most cases are in private ownership.

To ask the question why such generation should be supported by the state, the leaders of National Commission on Energy and "Energy Market" in one voice answered: "Well, as state-owned companies they have to fulfill the obligations of the state.", transmits Serbia-energy.eu