Енергетичне Партнерство
Energy Partnership
Ukraine – Germany

Quarterly Monitoring Report: Legal developments in the areas of energy generation, district heating, energy efficiency and industrial emissions

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German-Ukrainian Energy Partnership
6B Antonovycha Str 01025 Kyiv, Ukraine
Tel. +38 044 594 07 68
info@energypartnership-ukraine.org www.energypartnership-ukraine.org

Authors:
DiXi Group

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List of Abbreviations and Acronyms

ASP – ancillary services provider

CEAs - central executive authorities

CHP – combined heat and power plant

DAM – day-ahead market

DSO – distribution system operator

ESCO - energy service contract

ETS – emission trading system

GHG – greenhouse gas(es)

GTS – gas transmission system

IDM – intraday market

JSC - joint stock company

LLC - limited liability company

LT-LEDS - 2050 Long-Term Low-Emission Development Strategy of Ukraine

MP(s) – member(s) of parliament

MWh - Megawatt-hour

MRV – monitoring, reporting and verification

NABU - National Anti-Corruption Bureau

NDC – nationally determined contribution

NECP - National Energy and Climate Plans

NEINERP – National Emission Reduction Plan

NEINEURC – National Energy and Utility Regulatory CorCommission (Regulator)

NZINZE scenario - Net-Zero Emissions scenario

PJSPJSC - Public Joint Stock Company

PSCPSO – public service obligation

REIREMIT – Regulation (EU) 1227/2011 on the Wholesale WhEnergy Market Integrity and Transparency Transparency

RED II – Directive 2018/2001 on the promotion of the REIuse of energy from renewable sourcesiotion of the use of energy from renewable sources

RES – renewable energy sources

RES – renewable energy sources

SMRs - small modular reactors

SMRs - small modular reactors

SAEE - State Agency on Energy Efficiency and Energy SAISavingate Agency on Energy Efficiency and Energy Saving

SAPO - Specialized Anti-Corruption Prosecutor's SAIOfficepecialized Anti-Corruption Prosecutor's Office

SEA - Strategic Environmental Assessment

SEA - Strategic Environmental Assessment

TPP – thermal power plant

TPP – thermal power plant

TSO – transmission system operator

TSO – transmission system operator

UAH – Ukrainian hrynia

UAH – Ukrainian hrynia

VAT – value-added tax

VAT – value-added tax

Content

Executive Summary

- The government extended the application of regulated prices on gas and electricity markets until March 31 and April 30, respectively. Also, the Cabinet of Ministers introduced a separate preferential gas price of 19 UAH/cm for thermal power plants, combined heat and power plants, gas turbine and gas engine installations in frontline regions (in the Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kherson, Mykolaiv, and Odesa regions).

- In response to the intensification of Russian attacks on Ukrainian energy infrastructure, the competent authorities have adopted several decisions that incentivize the accelerated deployment of new generation capacities. Inter alia. The government extended the procedure for the accelerated construction, placement, and launch of gas engine and gas turbine installations, as well as energy storage units, to installations with a capacity of 1 MW or less. Additionally, the Cabinet of Ministers permitted the lease of energy equipment that is not in use and owned by state-owned companies (power transformers, high-voltage switches, breakers, and power cables) to electricity distribution system operators without holding an auction.

- At the end of the reporting year, the NEURC revised regulated tariffs for natural monopolies in gas and electricity markets, including electricity transmission, dispatching, and distribution tariffs, as well as gas distribution tariffs, which haven't changed since 2021. All tariffs (except for dispatching) will be revised gradually in two stages (January-March and April-December 2026).

- Several laws aimed at aligning with EU legislation and implementing innovative energy technologies have been registered in the Verkhovna Rada. One of them provides for the transposition of the provisions of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (including mechanisms for renewable acceleration areas, joint support schemes, statistical transfers, etc.). The other one establishes the legal basis for implementing small modular reactor (SMR) technologies in Ukraine, namely, by private investors. The third draft aims to enhance the independence of the national energy regulatory authority, NEURC.

- Ukraine adopted state target programs for the modernization of heat supply and wastewater infrastructure, set an annual end-use energy savings target and mandatory energy saving targets for public buildings, as well as adopted 2026 action plan for improving the energy efficiency of public buildings. Regulatory changes were introduced in the areas of ecodesign, energy labelling, energy management systems, and alternative fuels, while budgetary decisions and amendments to financing procedures provided for the continuation of existing support schemes and the use of international financial resources.

- Ukraine advanced strategic and regulatory work on industrial emissions and climate policy, including updates to long-term frameworks and measures to ensure regulatory continuity under martial law. Key steps included the approval of the updated Long-Term Low Emission Development Strategy until 2050, aligned with the Second Nationally Determined Contribution. Regulatory amendments extended the operation of large combustion plants until the end of 2028 following Energy Community derogations, while secondary legislation was aligned with the Law on Integrated Prevention and Control of Industrial Pollution. Preparations began on piloting Article 6 market-based mechanisms under the Paris Agreement and amendments to the 2030 State Environmental Policy Strategy.

1 Energy Generation

1.1 Adopted acts

1.1.1. Market regulation

On October 10, the Cabinet of Ministers, by its Resolution No. 1306, extended the imposition of public service obligations on the gas market (gas PSO) until March 31, 2026. The act also provides for an increase in the preferential gas prices for electricity producers:

- for CHPs in the heating cycle and gas engine/gas turbine plants that produce electricity and heat – from 18,000 to 21,000 UAH/tcm (including VAT),
- for thermal power plants and gas engine/gas turbine plants that produce only electricity – from 14,000 to 16,000 UAH/tcm (including VAT).

At the same time, the government left fixed prices for the sale of resources to Naftogaz unchanged (7,240 UAH/tcm for Ukrgazvydobuvannya and Chornomornaftogaz and 12,000 UAH/tcm for Ukrnafta). Additionally, the new resolution requires the Operator of the Gas Transmission System of Ukraine LLC to purchase 340 million cubic meters of imported gas on the exchange by March 31, 2026.

On October 22, the Cabinet of Ministers decided to extend the PSO (public service obligations) mechanism in the electricity market until April 30, 2026. This means that electricity prices for households will remain unchanged: a fixed price of 4.32 UAH/kWh and a preferential price for consumers with electric heating systems of 2.64 UAH/kWh (applied during the heating season if consumption of the household is less than 2,000 kWh per month).

On November 18, the Regulator approved amendments to the Market Rules, which grant the right to ancillary service providers (ASPs) who have concluded several contracts for the provision of ancillary services in the future to combine the terms of such contracts. The combination of contracts shall be implemented by concluding a corresponding additional agreement that amends one of the contracts and terminates the others.

On December 1, the government issued a resolution establishing a new preferential gas price for thermal power plants, combined heat and power plants, gas turbine and gas engine installations in frontline regions (in the Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kherson, Mykolaiv, and Odesa regions). The amendments made to the resolution imposing PSO on certain gas market participants stipulate that the relevant installations will be able to purchase gas at a price of UAH 19 per cubic meter (including VAT). The list of entities engaged in electricity production and eligible for a preferential price will be approved by the Ministry of Energy upon submission by Ukrenergo.

On December 5, the Cabinet of Ministers amended the Procedure for conducting electronic auctions for the sale of electricity under bilateral contracts. The decision grants the TSO, Ukrenergo, the right to participate in special sessions for the sale of electricity lot packages in order to cover network losses during martial law. This will enable the TSO to purchase electricity at special auctions at more predictable prices. The implementation of the decision helped reduce the electricity transmission tariff in 2026 and, accordingly, lowered the cost of electricity for consumers, particularly industrial ones.

On December 9, the Cabinet of Ministers adopted a resolution on measures to ensure electricity supply during the autumn-winter period of 2025/26, which provides for:

- local authorities to review lists of critically important facilities with guaranteed electricity supply in order to reduce them and redistribute electricity to household consumers;
- strengthening energy saving measures, in particular limiting outdoor lighting of buildings, parks, outdoor advertising, and street lighting;
- taking measures to ensure the fastest possible supply of electricity by distributed generation facilities that have been built but not yet commissioned;
- creating conditions for state-owned enterprises to import electricity in order to reduce the load on the power system.

On December 26, the NEURC published amendments to NEURC Resolution No. 332 of February 25, 2022.

According to this act, during the period of martial law in Ukraine, electricity traders and suppliers do not receive "Default" status, and the measures associated with such status did not apply to them if the amount of debts receivable for electricity of the market participant exceeded the amount of its debts payable in accordance with the imbalance settlement agreement. With the adoption of the new provisions, the relevant relaxations also apply to electricity producers.

On December 30, the NEURC adopted a resolution approving the Procedure for Monitoring the Activities of Active Consumers (Prosumers) in the Retail Electricity Market. The document outlines how the Regulator will monitor trends in the active consumer segment, contractual practices, and pricing policies of respective market players, as well as the mechanisms for collecting data from distribution system operators (DSOs) and electricity suppliers. Among the indicators that the NEURC plans to monitor are the number of electricity purchase and sale contracts under the self-production mechanism (net-billing), the volume of electricity supplied to/withdrawn from the grid by active consumers, the weighted average price of purchased electricity, the total installed capacity of active consumers' generating facilities, and the level of settlements with private households under the feed-in tariff.

On December 31, the Cabinet of Ministers adopted a resolution approving the lists of goods whose export and import are subject to licensing, as well as the corresponding import and export quotas for 2026. Among other things, the act establishes a zero quota for the export of domestically produced natural gas in 2026.

1.1.2. Policies on restoration of generation capacities and rollout of distributed generation

On October 22, the Cabinet of Ministers adopted Resolution No. 1330, which updated the Rules for the Protection of Main Pipelines. The changes introduce a clear procedure for approving the placement of power-generating facilities and related equipment in gas pipeline protection zones. The placement of such facilities is only possible by decision of the government or the gas TSO, upon submission of a package of documents (including land use rights, technical specifications, safety assessments) and confirmation of the absence of control by residents of aggressor states.

On November 5, the Cabinet of Ministers adopted Resolution No. 1407, which modified the mechanism for state support to households that install generating facilities. Instead of monthly interest compensation, the government has introduced a one-time compensation of 30% of the loan, which makes support simpler, more predictable, and beneficial for borrowers. The Ministry of Energy explains the decision by citing the high demand for the program (over 3,000 loans totaling over UAH 1 billion) and the need to expand citizens' access to hybrid power supply systems, which is crucial in the context of damage to energy infrastructure due to Russian aggression.

On November 28, the Cabinet of Ministers amended Resolution No. 1320 of December 7, 2023, which, during wartime, allows for the accelerated construction, placement, and launch of gas engine and gas turbine installations and energy storage units without a number of procedures (in particular, environmental impact assessments and obtaining urban planning documentation). The new provisions remove the restriction that previously applied only to installations with a capacity of 1 MW or more. Thus, smaller facilities are also eligible for streamlined procedures.

In Resolution No. 1546 of **November 28, 2025**, the Cabinet of Ministers amended paragraph 60 of the Procedure for Conducting a Competition for the Construction of New Generating Capacity and the Implementation of Demand Response Measures. The changes stipulate that if, due to the dismissal of the chair or a member of the competition commission, no decision on determining the winner of the competition is signed, and no proposal for a new representative is received within the established time frame, the Ministry of Energy shall form a new commission, which must review the documents already submitted within 10 calendar days and decide on the winner of the competition or declare its results invalid. Additionally, **on December 24,** the Cabinet of Ministers amended the Procedure for Conducting a Competition for the Construction of New Generating Capacity and the Implementation of Demand Response Measures. This decision enables the completion of competitive procedures for creating additional reserves of highly flexible generation, thereby strengthening the balance and security of the power system, attracting investment, and stimulating competition in the electricity market. The changes stipulate that the new composition of the commission will be able to consider the tender proposals already submitted without re-reviewing them, which will enable Ukrenergo to conclude contracts with the tender winners.

On December 3, the Verkhovna Rada passed a law extending the VAT exemption on imports of energy equipment until the end of 2028. The relevant exemption applies to transactions under agreements financed by the Energy Community Secretariat.

On December 10, the NEURC published draft amendments to Ukrtransgaz's gas storage facility development plan for 2025-2034. The updated investment plan for 2025 allocates an additional UAH 20.1 million for the implementation of projects to reconstruct gas storage facilities, including the restoration of gas pumping units damaged by Russian attacks.

On December 23, the Cabinet of Ministers issued a resolution amending the Procedure for the Alienation and Lease of State-Owned Companies' Property, stipulating that during the period of martial law and for six months after its termination, the state-owned energy equipment (power transformers, high-voltage switches, disconnectors, power cables) that is not used for its intended purpose shall be leased to electricity DSOs without holding an auction. The monthly rent for such state property shall be 1 UAH for each leased object. The equipment can be used for the rapid restoration of infrastructure facilities after shelling.

1.1.3. Network development and connection

On October 7, the NEURC adopted Resolution No. 1586, which amended the Methodology for Calculating Natural Gas Distribution Tariffs. The document provides for the possibility of introducing a transition period for a gradual increase in tariffs to the target level, which will prevent a sharp price increase and reduce financial burden on consumers. As the regulator explains, this mechanism will ensure the financial stability of gas DSOs while maintaining a balance between the economic interests of consumers and the needs of the industry.

On October 28, the NEURC approved amendments to Resolution No. 352, extending the simplified mechanism for temporary connection to electricity distribution networks during wartime. In particular:

- applications for connection under the temporary mechanism may be submitted until May 1, 2026, and the connection service must be completed by October 1, 2026;
- the act details the schedule for the performance of connection works, and provides for the provision of monthly reports by the customer of the connection service to the DSO;
- the obligation of the DSO to terminate the connection agreement in case of delays in the implementation of the schedule;
- until October 1, 2026, temporary derogations from certain provisions of the Commercial Accounting Code are permitted (in particular, from the obligation to install separate metering units for each electrical installation on the same site, except in cases of RES electricity metering).

On November 25, the NEURC amended the transmission tariff structure of Ukrenergo. The regulator increased the TSO's expenses for feed-in tariff settlements with domestic solar power plants by UAH 1.8 billion, offsetting the same amount in expenses for settlements with industrial RES installations. In addition, the resolution provides for an increase in expenses for compensating the curtailments of RES producers by UAH 1.33 billion, accompanied by a reduction in expenses for servicing bonds and returning borrowed funds by UAH 0.66 billion and UAH 0.67 billion, respectively. Thus, changes in the structure of TSO expenses didn't result in an increase in the transmission tariff.

On December 2, the Regulator amended the rules for the temporary connection of generating facilities during the period of martial law. The new provisions stipulate that:

- in the absence of metering units at the electrical installations of electricity producers, the actual volumes of electricity at the commercial boundary may be determined on the basis of the results of electricity metering at the metering point closest to the commercial boundary (the existing commercial metering point) in the networks of the system operator, taking into account losses in the network elements between the metering point and the commercial boundary, determined in accordance with the relevant methodological recommendations;
- in case of a justified need to carry out a significant amount of construction and installation work to create capacity, the DSO shall issue, at the request of the customer, technical conditions indicating the order of their implementation: Stage I – minimum necessary measures to ensure the parallel operation of generating facilities with the power system (including the commercial metering); Stage II – other measures provided for in the technical conditions, including those to ensure the security of electricity supply.

The procedure and terms for implementing technical conditions in stages are to be determined by the parties in the temporary connection agreement.

On December 5, the NEURC set tariffs for Ukrenergo for transmission and dispatching services for 2026. From January 1 to March 31, the transmission tariff will be 713.68 UAH/MWh (+4% compared to 2025), and the special transmission tariff for green metallurgy will be 373.93 UAH/MWh (+4%). As of April 2025, the transmission tariff will increase to 742.91 UAH/MWh (+8.3%), and the special tariff for green metallurgy will be 378.49 UAH/MWh (+5.2% compared to 2025).

On December 5, the Regulator approved distribution tariffs for 31 electricity DSOs. As in the case of Ukrenergo, different distribution tariffs were set for January-March and April-December 2026. In the first quarter of 2026, the tariff will vary between 137.12 and 866,71 UAH/MWh for voltage class 1 (average rate – 461.88 UAH/MWh) and between 470.71-5435.74 UAH/MWh for voltage class 2 (average rate – 2378.7 UAH/MWh). From April 1, the tariff range for voltage class 1 will be 137.24-867.84 UAH/MWh (average – 462.4 UAH/MWh), for voltage class 2 – 471.35-5441.9 UAH/MWh (average – 2383 UAH/MWh). The tariff for voltage class 1 will increase for all operators in the range of 1-599% (on average by 35.7%), while for voltage class 2, the dynamics will be mixed: in 18 DSOs, the tariff will increase by 2.7-61.6%, and in 13, it will decrease by 0.9-46%.

On December 19, for the first time since 2021, the NEURC revised natural gas distribution tariffs for 34 gas DSOs. The increase in 2026 will be implemented in two stages: from January 1 and April 1. From the beginning of 2026, the weighted average tariff for 34 gas DSOs will increase from 1.18 UAH per cubic meter (excluding VAT) to 1.56 UAH, i.e., by 32%. As of April 1, the weighted average tariff will increase by an additional 21% to 1.89 UAH per cubic meter (excluding VAT). Among the "large" gas DSOs (with an annual distribution over 100 mcm), the highest tariffs will be in Mykolaiv (from January 1 - 2.92 UAH per cubic meter, from April 1 - 3.6 UAH per cubic meter), Dnipropetrovsk (from January 1 - 2.79 UAH per cubic meter, from April 1 - 3.46 UAH per cubic meter) and Kharkiv (from January 1 - 2.65 UAH per cubic meter, from April 1 - 3.23 UAH per cubic meter) branches of Gas Distribution Networks of Ukraine LLC (part of the Naftogaz Group). The lowest tariffs are set for Kyivgaz JSC (from January 1 - 0.32 UAH per cubic meter, from April 1 - 0.36 UAH per cubic meter), the Kharkiv city branch of Gas Distribution Networks of Ukraine LLC (from January 1 - 0.43 UAH per cubic meter, from April 1 - UAH 0.65 per cubic meter).

On December 23, the Regulator adopted a resolution "On Approval of Amendments to Certain Resolutions of the NEURC." The act provides for amendments to the Gas Transmission System Code regarding the approval of the gas transmission system development plan. Thus, if the Regulator has significant comments on the development plan, it may suspend its consideration and return it for revision. Accordingly, when the plan is resubmitted, the countdown for its consideration is reset. The act also provides for the possibility of urgent amendments to the GTS development plan in case of force majeure circumstances. Such changes may be proposed by the operator until September 30 of the calendar year in which the plan is implemented. Similar changes are being introduced to the Gas Distribution System Code regarding the development plans of gas DSOs and to the Gas Storage Code regarding the development plan for underground gas storage facilities.

1.1.4. Other issues

In response to investigations by the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) into corruption in the energy sector, state authorities initiated a series of decisions to relaunch the management of the industry.

On November 11, the Cabinet of Ministers approved amendments to the Procedure for Evaluating the Activities of Supervisory Boards of State-Owned Enterprises, which stipulate that during the period of martial law, the relevant evaluation must be carried out by the management body or the general meeting. Prior to these amendments, for state-owned companies that are particularly important to the economy (including Ukrenergo, LLC Operator of the Gas Transmission System of Ukraine, and Energoatom), an independent external consultant had to be involved in the assessment of supervisory boards on a mandatory basis.

On November 11-12, the government adopted a set of decisions regarding Energoatom, which found itself at the center of an energy corruption case. The Cabinet of Ministers announced a “restart” of the company: the removal of part of the management, an urgent audit of procurement (within 15 working days), and a full audit of activities (up to 90 days), as well as the early termination of the powers of the supervisory board. The Ministry of Economy, together with G7 partners, initiated the selection of a new composition of the company's supervisory board, which should ensure crisis management and interaction with anti-corruption bodies. Candidate nominations must be submitted by the

Ministry of Economy within a week. Also, draft law No. 14206 on lifting the moratorium on the opening of enforcement proceedings against Energoatom was registered in the Verkhovna Rada. The moratorium was abused by participants in the corruption scheme to blackmail Energoatom's suppliers.

On November 13, the Cabinet of Ministers instructed the supervisory boards of several companies, including Naftogaz and Ukrhydroenergo, to conduct a comprehensive review of their activities. The supervisory boards are to check the functioning of the companies' internal control systems and the implementation of their anti-corruption policies and procurement procedures, as well as compliance with financial discipline. The companies must report the results of the analysis to the Cabinet of Ministers within two weeks and subsequently inform the Government on relevant issues on a monthly basis. If necessary, enterprises must take measures to strengthen control.

In addition, personnel changes were initiated in the Ministries of Energy and Justice. **On November 10**, MP Yaroslav Zheleznyak registered draft resolutions in the Verkhovna Rada on the dismissal of Ministers of Justice and Energy Herman Halushchenko and Svitlana Hrynychuk. Similar submissions were made **on November 12** by Prime Minister Yulia Svyrydenko. Earlier that day, the government suspended Herman Halushchenko from his duties as Minister of Justice. **On November 14,** by presidential decree, Halushchenko and Hrynchuk were removed from the National Security and Defense Council. On the same day, the Verkhovna Rada Committee on Energy and Utilities supported the Prime Minister's proposal to dismiss S. Hrynchuk, rejecting an alternative draft resolution by MP Zheleznyak. A similar decision to dismiss Minister of Justice Herman Halushchenko was adopted by the Verkhovna Rada Committee on Legal Issues **on November 17**. Both officials were fired by the decision of the Verkhovna Rada **on November 19**.

On November 17, the Cabinet of Ministers approved a list of measures to renew the composition of supervisory boards and executive bodies of state-owned energy companies. With regard to enterprises in the electricity and gas sector, the plan provides for:

- the formation of a new supervisory board for Energoatom (by November 24, 2025); and the appointment of a new executive body (within one month of the formation of the supervisory board);
- appointing a state representative to the supervisory board of Ukrhydroenergo (by December 10, 2025), and holding a competitive selection process for the position of head of the company's executive body (by February 1, 2026);
- renewal of state representatives on the supervisory board of Ukrenergo (December 10, 2025)
- formation of a new composition of the supervisory boards of Centrenergo PJSC and ECU JSC (by December 15, 2025);
- transformation of the state-owned enterprise Guaranteed Buyer into a joint-stock company and formation of its supervisory board (by December 31, 2025);
- formation of the supervisory boards of Ukrainian Distribution Networks, Regional Electric Networks, and Market Operator JSC (all measures to be exercised by December 31, 2025);
- announcement of a competition for members of the supervisory board of NJSC Naftogaz of Ukraine (until November 21, 2025) with the subsequent formation of a new supervisory board (until January 20, 2026);
- ensuring the formation of the full composition of the executive bodies of the Naftogaz Group companies, in particular JSC Ukrgazvydobuvannya, JSC UkrTatNafta, PJSC Ukrnafta, LLC Gas Distribution Networks of Ukraine (until December 31, 2025);
- renewing the state representatives on the supervisory board of LLC "Gas Transmission System Operator of Ukraine" (by December 10, 2025) and completing the competition for the company's CEO (by December 31, 2025).

On November 25, the NEURC approved amendments to a number of its resolutions, agreeing on a new structure for the allocation of interconnection capacity with Romania, Slovakia, and Hungary: 0% on annual auctions, 50% on monthly auctions, and 50% on daily auctions, starting from January 1, 2026. The decision was made based on a submission by Ukrenergo, which agreed on these structures with electricity TSOs in neighboring countries and held public consultations on compliance with the requirements of the Law "On the Electricity Market" regarding joint coordinated allocation procedures.

On November 25, the regulator approved changes to the rules for allocating interconnection capacity between Ukraine and Slovakia at daily auctions. The decision provides for a change in the date of daily auctions from D-2 to D-1. As justified by the NEURC, the relevant change is necessary for the further implementation of long-term allocation of available cross-border transmission capacity at the border between Ukraine and Slovakia.

On November 25, the NEURC approved the rules for intraday allocation of transmission capacity at the Ukraine-Slovakia and Ukraine-Hungary interconnections. The decision was made based on a proposal by Ukrenergo, which had agreed on these rules with the TSOs of Slovakia and Hungary and conducted public consultations. The introduction of joint, coordinated intraday capacity allocation on the JAO platform complies with the requirements of the Law "On the Electricity Market" and ensures synchronization of procedures with those of EU countries.

On December 24, the government amended the Procedure for Determining and Applying Maximum Electricity Consumption Limits. These limits are set by the TSO for each DSO in conditions of reduced security of electricity supply (in particular, power deficits due to Russian attacks). The new provisions stipulate that:

- the lists of critically important consumers who should be provided with priority electricity supply in conditions of maximum limits application have been clarified: thus, with regard to the infrastructure of security and defense forces, it is specified that only facilities with a connected capacity of at least 100 kW may be added to the list of critically important consumers; a similar clarification now applies to electronic communications facilities;
- the information content of the relevant lists has been expanded: they must now also include information on the availability of backup power sources at the facility, the connected contractual capacity, the number and load of sub-consumers connected to the same power line as the facility in question, etc.
- facilities will not be included in the lists of critically important consumers if the associated load of other consumers supplied from the same line exceeds 100 kW.

By December 30, 2025, regional military administrations were required to align their own lists of critically important consumers with the changes in the Procedure.

The Resolution of the Cabinet of Ministers No. 1525-r dated **December 30**, 2025, amends the plan of measures to renew the composition of supervisory boards and executive bodies of certain state and municipal enterprises, previously approved by Resolution No. 1258. The main changes concern the postponement of the deadlines for the implementation of certain measures to renew the governing bodies: in most items, the deadlines have been moved from December 31, 2025, to January 31, 2026, in item 14 — to March 1, 2026, and item 16 has been deleted. Thus, new deadlines were established for renewing the governing bodies of enterprises.

1.2 Acts under consideration

1.2.1. Market regulation

On November 28, the Cabinet of Ministers approved a draft law transposing the provisions of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources. The draft law "On Amendments to Certain Laws of Ukraine Regarding the Implementation of European Union Legislation in the Field of Renewable Energy Sources" provides, among other things, for:

- harmonization of the terminology of Ukrainian legislation on RES with the EU acquis;
- determination of the specifics of calculating the share of RES in final energy consumption and setting the corresponding national target;
- introduction of renewable energy communities as participants in the electricity market;
- optimization of licensing procedures for RES projects;
- introduction of mechanisms for statistical transfers and joint projects with EU countries;
- creation of special zones for the development of RES, storage systems, and networks;
- introduction of sustainability criteria for biofuels, bioliquids, and biomass fuels.

On December 8, the Verkhovna Rada registered Draft Law No. 14282, proposing amendments to several Ukrainian laws aimed at strengthening the independence and capacity of the energy regulator, NEURC. The act provides for:

- clarification of the status of the National Energy and Utilities Regulatory Commission;
- clarification of the specifics of determining the structure and staff number of the Regulator;
- regulating the selection of members of the Competition Commission, conducting competitive selection and appointing members of the NEURC;
- regulation of the issue of the maximum term of office and rotation of members of the Regulator.
- improving the mechanism of the Regulator's rule-making activities.

1.2.2. Policies on restoration of generation capacities and rollout of distributed generation

On October 10, the Verkhovna Rada registered draft law No. 14115, initiated by the Cabinet of Ministers, which provides for the simplification of procedures for reconstruction, overhaul, repairs, and other technical measures to protect critical infrastructure facilities in the energy sector. It is proposed to amend the Land Code and the Law "On the Regulation of Urban Development" to allow the relevant work to be carried out on state and communal property without registering ownership or use rights, developing land management documentation, and making changes to the State Land Cadastre for the period of martial law or emergency and for one year after its cancellation. The permission will be granted in agreement with the central or local authority that is the administrator of the land plot. The only grounds for refusing to grant such permission may be the non-compliance of the facility's placement with the requirements of the law.

On October 29, the Verkhovna Rada Committee on Energy and Utilities registered a draft law on the introduction of small modular reactors (SMRs), which opens the way for private investment in the sector. The draft abolishes the state monopoly on the appointment of nuclear facility operators (private SMR owners will be able to independently select a licensed operator), allows private ownership of nuclear fuel while maintaining the state monopoly on radioactive waste management, simplifies procedures (abolishing licensing for pre-project work and the requirement to submit three alternative sites for installation, allowing the conversion of TPPs/CHP plants to SMRs), and incentivizes the placement of SMRs at the sites of destroyed heat generation facilities and near large consumers (including for heating utilities and data centers).

1.2.3. Network development and connection

On October 9, the regulator published a draft resolution proposing amendments to the Transmission System Code to introduce a "Personal Account of the Connection Service Customer" at Ukrenergo. This digital service will enable customers to submit connection applications, exchange documents, and track the service's status online, similar to the existing service for DSOs. The regulator justifies the decision by the need to digitize connection processes, increase transparency and quality of the service, and eliminate regulatory gaps in the current code. The adoption of the amendments will oblige the TSO to ensure the full functioning of the account by December 31, 2025.

1.2.4. Other issues

N/A

1.3. Deep dive: draft law transposing RED II

On December 3, 2025, the draft Law 'On Amendments to Certain Laws of Ukraine Regarding the Implementation of European Union Legislation in the Field of Renewable Energy Sources' was registered in the Verkhovna Rada. The draft transposes the main provisions of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (hereinafter RED II). The adoption of the act is among the measures provided by the Ukraine Plan, on implementation of which depends Ukraine's financing within the framework of the EU Ukraine Facility Programme. It should be noted that in accordance with the plan, the law should be adopted by Q3 2026. The draft provides for:

1. **General provisions:**

- Harmonization of terminology related to renewable legislation with the RED II. Namely, the draft introduces definitions for 'biohydrogen', 'bioliquids', 'recycled carbon fuels', and others.

2. **Sustainability criteria and greenhouse gas emission reductions for biofuels, bioliquids, and biomass fuels:**

- adoption by the Cabinet of Ministers of sustainability criteria for biofuels, bioliquids, and biomass fuels;
- adoption by the Cabinet of Ministers of rules for ensuring compliance with sustainability criteria for biofuels, bioliquids, and biomass fuels, which should include rules for calculating the impact of biofuels on greenhouse gas emissions, a list of raw materials for the production of biofuels for use in the transport sector, and criteria for identifying raw materials with a high risk of land use change;
- development by the Cabinet of Ministers of other bylaws important for proving the sustainability of biofuels, in particular the Procedure for determining land plots covered with perennial grass vegetation that are of increased importance for biodiversity.

3. **Setting RES targets:**

- development by the Cabinet of Ministers of rules for calculating gross final energy consumption from renewables and rules for determining the national

target in the field of RES, which should be taken into account in the development of the National Energy and Climate Plan (NECP).

4. **Improvement of RES support schemes:**

- clarification of the principles on which support schemes for RES electricity producers should be based, in particular promoting the integration of electricity from RES into the power system on a competitive market basis, avoiding excessive distortions of the electricity market, and taking into account the possible costs of system integration of RES and ensuring grid stability;
- the Ministry of Energy's obligation to prepare and publish a report assessing the effectiveness of support schemes for electricity generated from RES, which should include, in particular, an assessment of the impact of support schemes on different consumer groups and investment, and the potential impact of changes to support schemes. The findings of the report should be taken into account in the long-term planning of support schemes and the revision of the NECP;
- the possibility for renewable energy communities to participate in auctions for the allocation of support quotas for RES electricity producers;
- basic rules and principles for the functioning of renewable energy communities (voluntary and open participation, creation of environmental, economic, or social benefits as the main goal of functioning, the right to participate in the electricity market on a non-discriminatory basis);

5. **Streamlining of permitting procedures for RES projects:**

- obligation of the Ministry of Energy to map areas suitable for RES development in Ukraine in order to determine the domestic potential for the installation of RES facilities and related infrastructure necessary to achieve the national target;
- based on the mapping mentioned above, approval by the Cabinet of Ministers, upon the proposal of the Ministry of Energy, of zones for the accelerated development of RES, which should be taken into account when developing zoning plans of territories;
- acceleration of the issuance of permits and technical conditions for connection to the grid for RES projects, in particular by applying the principle of tacit consent, provided that the relevant document is not issued within the time limits specified in the draft law (30 calendar days for a project located in an area of RES accelerated development and 45 days for all other projects)
- the obligation of the Cabinet of Ministers to designate a contact body in the field of RES project implementation, which will interact with the competent authorities in the preparation and issuance of the related permits, and assist RES project implementer throughout the implementation of procedures, and develop and approve a manual of procedures;
- the manual of procedures shall contain references to the relevant regulatory and legal acts governing the procedure and conditions for granting permits, information on the list and structure of documents to be submitted at the stages of RES project implementation, and a list of permits, approvals, agreements, and other documents that must be obtained for the implementation of RES projects;
- the Ministry of Energy shall develop guidelines for the implementation of RES projects, including projects with an installed capacity of up to 1 MW and consumers of renewable energy produced in-house:
- the completion of all permitting procedures in areas of RES accelerated development should not exceed 12 months, for offshore wind farm projects - 24 months, for RES installations with an installed capacity of 150 kW and less - up to 6 months;
- for projects that are not located in areas of RES accelerated development, the duration of all permitting procedures should not exceed 24 months, for offshore wind farm projects - 36 months, for RES installations with an installed capacity of 150 kW or less - up to 6 months;
- the duration of permitting procedures for projects involving the reconstruction, overhaul, or restoration of RES facilities shall not exceed 3 months, provided that this does not result in an increase in installed capacity of more than 15 percent.

6. **International cooperation in the field of renewable energy**

- introduction of a mechanism for statistical transfers of energy from RES (transfer of statistical values, without the need for physical transfer, of the volume of energy from RES by Ukraine to one or more Contracting Parties of the Energy Community or vice versa, which is taken into account when calculating the share of RES in the energy mix;
- introduction of joint projects and joint support schemes in the field of RES with EU Member States and Contracting Parties to the Energy Community.

2 District Heating

2.1 Adopted acts

On November 25, the Regulator adopted a resolution simplifying the development of electricity and heat production facilities under martial law. According to this document:

- the requirement to obtain a license for heat production by cogeneration facilities is abolished if the heat produced is sold to a heating utility at a price not exceeding 50% of the single-rate tariff or 50% of the variable part of the two-rate tariff applied to heat supplied to the households, established for the heating utility in question;
- the number of documents to be submitted to obtain a license for the heat production is reduced;
- confirmation of the readiness for operation of electric power and heat facilities (gas engine and gas turbine plants, in particular cogeneration plants, modular boiler houses with a capacity of 1 MW and above) is simplified: it is sufficient to provide a copy of the comprehensive test report or other document provided for by Resolution of the Cabinet of Ministers No. 1320 of December 7, 2023.

On December 3, the Cabinet of Ministers adopted a resolution allowing an additional USD 116 million in grant funds to be allocated to restore critical heat supply infrastructure in frontline regions and ensure a stable passage of the winter period. This is the second phase of a joint project with the World Bank, "Restoration of energy infrastructure during winter and supply of energy resources". Seven cities in frontline regions will receive new equipment to restore and protect critical infrastructure: Kharkiv, Chernihiv, Sumy, Mykolaiv, Kryvyi Rih, Kremenchuk, and Slavuta. Prior to the project's expansion, assistance was focused solely on Kharkiv. The list of equipment to be received by municipal enterprises includes mobile and stationary water heating boilers, mobile mini-cogeneration units, pumping units, pipes and components for repairing heating networks, and equipment for alternative heat sources.

On December 3, the Cabinet of Ministers decided to allocate UAH 224 million from the state budget for the purchase of modular boiler houses necessary to maintain a stable heating in the Sumy region. The new reserve equipment will ensure a reliable heating for the communities of Sumy and Shostka.

On December 2, the government extended the simplified public procurement procedure to a range of new energy equipment. Thus, during the war, heat pumps and boiler house equipment can be purchased without using the Prozorro system. In addition, the procurement of services necessary for connecting to artesian and other types of production wells has been simplified. Previously, public procurement conditions were changed for steam turbines, gas engine and gas turbine cogeneration plants, and modular boiler houses.

On December 16, the Regulator adopted amendments to the Resolution "On the peculiarities of providing services for connection to gas distribution systems during martial law," which extended the effect of the act to modular boiler houses. This means that they can be connected to gas networks under a fast-tracked procedure. Also, applying the resolution to modular boilers will allow for a 24-month delay in formalizing land issues regarding the route of gas networks, obtaining permits for the completion of construction work, and commissioning newly built or reconstructed gas networks.

On December 29, the government amended the Resolution on Imposing Public Service Obligations (PSO) on Certain Natural Gas Market Participants, which establishes preferential gas supplies to heat producers. The new provisions stipulate that if a heating utility uses purchased heat (and the corresponding costs are included in its tariff structure), the funds received by such a heating utility in its non-budgetary account with the Treasury must first be used to cover the costs of such purchased heat, and only then distributed between Naftogaz Trading (gas supplier within the PSO) and the company itself in a 65%/35% ratio. The resolution is also supplemented by Appendix 2, which lists 9 heating utilities that use purchased heat. According to the Ministry of Development, the adopted changes create the conditions for improving settlements for purchased heat, developing a competitive heat market, and attracting new producers to it.

2.2 Acts under consideration

On December 10, the regulator published a draft resolution on amendments to the Methodology for the formation, calculation, and approval of tariffs for heat produced by CHPs, TPPs, and cogeneration plants. The new provisions provide for:

- introduction of an "expected period" - a shifted period of 12 calendar months preceding the year for which the tariff is set. The licensee's actual expenses within the expected period may be used as a basis for calculating projected expenses (e.g., for material resources), which will be included in the heat tariff;
- funds saved as a result of energy saving measures may be used by the company to encourage the reduction of the use of energy and other material resources, asset renewal, material incentives for employees, and payments under energy service contracts;
- if the licensee operates within several territorial communities, the licensee may establish separate tariffs for heat production for each such community;
- the costs of maintaining and operating the engineering protection of critical infrastructure facilities and the costs of energy service contracts have been added to the category "other expenses" as eligible costs reimbursable by the tariff;
- the profit included in the tariff may cover expenses for production investments, coverage of the principal amount of borrowings, a 10-day fuel reserve, and working capital in an amount not exceeding 4% of the planned total cost of heat production.

3 Energy Efficiency

3.1 Adopted acts

3.1.1 Gerneral policy matters

On October 2, the Cabinet of Ministers approved the 2030 State Target Program for Energy Modernization of Heat Supply Enterprises, aimed at improving energy efficiency and reducing dependence on natural gas. Over the next five years, it is planned to update the heat supply schemes of municipalities, ensure 100% commercial heat metering in 15,000 buildings, modernize 35,000 heat inputs, and reconstruct 2,500 km of district heating networks. The program also provides for major repairs of boiler rooms and modernization of heating sources. The Program will be funded by international donors, local budgets, and the state budget (after the end of martial law), which will ensure the uninterrupted operation of district heating systems even in frontline communities.

On October 10, the Cabinet of Ministers approved a target for annual end-use energy savings at 304,000 tons of oil equivalent. The target will remain in effect until December 31, 2030, and sets a benchmark for the government, businesses, and communities in the field of energy efficiency. The decision was made in accordance with Article 9 of the Law of Ukraine "On Energy Efficiency" and is aimed at reducing energy consumption, increasing the country's energy security, and bringing it closer to European standards in the field of sustainable development.

On December 3, the Cabinet of Ministers adopted a resolution on the implementation of the project "Improving Energy Efficiency in Ukraine's District Heating Sector". The decision allocates loan amounting to 18.7 million UAH to finalize the project, financed through agreements with the International Bank for Reconstruction and Development and the Clean Technology Fund, with the disbursement deadline extended to January 31. The resolution ensures the continuation of investments in energy efficiency upgrades in district heating systems, supporting emissions reductions in the heat supply sector and contributing to Ukraine's broader decarbonization objectives.

3.1.2. Energy performance of buildings

On October 8, the Cabinet of Ministers approved a 2026 action plan to improve the energy efficiency of public buildings and obliged ministries and other central executive authorities (CEAs) to implement it within their own budgets and with international technical assistance, as well as to submit a report on its implementation to the Ministry for Development of Communities and Territories by November 30, 2026. The plan includes the following measures:

- continuous entry/update of data in the national database of energy and operational performance of buildings;
- introduction of energy management systems in all CEAs (by July 2026);
- certification of the energy performance of central government buildings (by October 2026);
- preparation and distribution of information materials and training programs for employees (by November 2026);
- ongoing methodological support from the State Agency for Energy Efficiency.

On October 22, the Cabinet of Ministers approved amendments to the conditions for providing state financial support in the fields of energy efficiency and renewable energy. The changes clarify the timelines for launching financing for the installation of gas consumption data transmission devices for households and budgetary institutions, and introduce a fixed application schedule twice a year, in October and March, under the procedure established by the State Agency on Energy Efficiency. The decision aims to ensure more efficient and predictable use of the State Fund for Decarbonization and Energy Efficient Transformation resources, strengthening energy consumption monitoring and supporting demand-side energy efficiency measures within Ukraine's broader decarbonization agenda.

On October 29, the Cabinet of Ministers adopted a resolution establishing mandatory energy saving targets for public buildings, in accordance with the requirements of the Law "On Energy Efficiency of Buildings." The document stipulates that public institutions must ensure annual energy savings at 133,800 kWh of, which corresponds to 253,300 kWh in terms of primary energy.

On October 31, the State Fund for Decarbonization and Energy Efficient Transformation, together with the Energy Efficiency Fund, signed the first joint agreement on support for the energy modernization of a multi-apartment building in Lutsk. The project provides for insulating the facade, insulating the roof, and replacing the entrance doors. The total budget is 12.7 million UAH, with 30% covered by a preferential loan from the Decarbonization Fund at 9% per annum with a one-year deferral of payments, and the remaining 70% compensated by the Energy Efficiency Fund under the EnergoDim program. After the modernization, residents will be able to save more than 682,000 UAH each year on energy. Ukrainian materials will be used to implement the project, which will further support domestic production.

On November 20, the Cabinet of Ministers approved a decision to increase the authorized capital of the state-owned Energy Efficiency Fund by 240 million UAH. The goal is to continue energy modernization and housing renovation programs aimed at insulating buildings, installing metering devices, repairing damaged buildings, and introducing modern energy technologies. The Energy Efficiency Fund operates on a 20/80 co-financing model: 20% comes from the Fund's own resources and 80% from international donors. Thus, increasing the authorized capital by 240 million UAH will allow attracting about 20 million EUR in donor funds. As reported, this move will also allow financing 328 projects in 2025, including 144 projects under the EnergoDim program (124.8 million UAH), 112 projects under the VidnovyDim program (49.05 million UAH), and 72 projects under the GreenDim program (66.09 million UAH).

3.1.3. Energy labeling, ecodesign, standards and certifications

On October 18, ten technical regulations entered into force in Ukraine, strengthening energy efficiency requirements for household appliances and aligning national legislation with EU standards. The regulations introduce mandatory ecodesign and energy labelling requirements for a wide range of products, including washing machines, dishwashers, refrigerators, lighting products, electronic displays, and light sources, covering both product design and consumer information on energy consumption. The measures aim to reduce household energy use, improve market transparency, enhance the competitiveness of Ukrainian manufacturers, and support demand-side energy efficiency as a key component of Ukraine's decarbonization and EU accession efforts.

On November 13, the Cabinet of Ministers approved the Procedure for monitoring and maintaining a list of state and local authorities that have implemented energy management systems. The act specifies the list of information to be collected by the State Agency for Energy Efficiency as part of its monitoring activities, as well as the deadlines for verifying the accuracy of the data provided. Based on the information received, the Agency is to create a list of state and local authorities that have implemented energy management systems and prepare a summary report with proposals for the further development of the energy management system in Ukraine.

On November 19, the Cabinet of Ministers adopted the Technical Regulation setting requirements for alternative motor fuels placed on the market for use in adapted internal combustion engines. The Regulation aligns national fuel quality and sustainability requirements with EU legislation, including the Renewable Energy Directive and the EU rules on petroleum and diesel fuel quality, and introduces a framework to support GHG emissions reductions in the transport sector. Entering into force in November 2026, the Regulation strengthens regulatory certainty for alternative fuels, supports decarbonization of road transport, and advances the harmonization of Ukraine's energy and climate legislation with EU acquis.

3.1.4. Other issues

On October 22, the Cabinet of Ministers approved a list of public investment projects that can be implemented in 2025 using funds from the State Regional Development Fund (SRDF). The total amount of funding available is 1 billion UAH, which also includes energy saving projects, in particular, the overhaul of an educational institution in Lviv region (8.3 million UAH) and a regional hospital in Rivne region (10.2 million UAH).

On November 6, the Cabinet of Ministers approved the allocation of a second tranche from the European Investment Bank (EIB) at 100 million EUR for communities under the Ukraine Recovery Program III (Tranche B). The funds will be provided under the guarantees of the Ukraine Facility financial instrument (Ukraine Investment Framework). The funding is intended for the restoration of social and critical infrastructure, including the repair of schools, kindergartens, hospitals, utilities, and the modernization of district heating systems. The decision will provide communities with direct access to investments for the rapid implementation of recovery projects, with the new version of the Procedure clearly regulating the use of funds to ensure transparency and efficiency for the international partners of Ukraine.

On November 11, the State Agency for Energy Efficiency, together with Ukrgazbank, launched a program to reduce the cost of loans for energy efficiency and decarbonization projects, which provides for compensation of up to 12% on interest rate (up to 14% if Ukrainian-made equipment is used). Loans will be available to private entrepreneurs, legal entities with residents of Ukraine as ultimate beneficiaries, and state-owned and municipal enterprises – for the modernization of heat generation, water supply, ESCO projects, and the development of renewable energy generation. The maximum amounts are up to 5 million UAH for private entrepreneurs, 60 million UAH for businesses, and 90 million UAH for district heating and water supply companies. The first loan has already been used to finance a 12 MW solar power plant, and two more solar installation projects with a total capacity of 25 MW are currently under implementation. The program is aimed at reducing CO_2 emissions, increasing energy efficiency, and reducing energy costs.

On November 28, the Cabinet of Ministers approved a resolution on the distribution of the first tranche of subsidies to local budgets for the implementation of renewable energy projects. This program provides for the allocation of 1.1 million EUR for the supply of energy-efficient equipment to eight schools in the Kharkiv, Dnipropetrovsk, Poltava, and Vinnytsia regions. The subsidy is provided as part of a joint project with the European Investment Bank (EIB) aimed at improving the energy efficiency of social infrastructure. The total budget of the project, as provided for in the agreement with the EIB, is 16.5 million EUR. The funds will be transferred to communities gradually as new projects are approved.

On December 4, the Verkhovna Rada adopted the 2026 State Budget Law which allocates 2.75 billion UAH to energy efficiency and energy saving. This amount includes 2.12 billion UAH on improvement of the energy efficiency in public buildings, and 0.63 billion UAH to replenish the authorized capital of the Energy Efficiency Fund. This is necessary to continue state programs for energy modernization and housing renovation, including insulation of buildings, installation of metering devices, restoration of damaged buildings, and introduction of modern energy technologies. 1.88 billion UAH shall be allocated via the State Fund for Decarbonization and Energy Efficient Transformation.

On December 17, the Cabinet of Ministers amended the Procedure for the use of funds provided in the state budget for the functioning of the Energy Efficiency Fund. Inter alia, the amendments define main tasks of th eMinistry for Development of Communities and Territories as main administrator of budget funds within the Fund, which include also "the restoration of regions, territories, and infrastructure affected by the Russian Federation's armed aggression against Ukraine." In addition, the updated act establishes the obligation for the Ministry for Development of Communities and Territories to report quarterly to the Ministry of Finance on "the use of funds intended to replenish the Fund's authorized capital."

On December 24, the Cabinet of Ministers approved the 2034 State Target Environmental Program for the Technical Modernization of Wastewater Collection and Treatment EnterprisesThe Program establishes a long-term framework for upgrading publicly owned water supply and wastewater infrastructure through competitive project selection aligned with river basin management plans, regular performance evaluation, and program-level governance at national and regional levels. Financing is to be integrated into public investment planning in line with budgetary rules, with state budget funding envisaged starting from the second budget period after the end of martial law, supporting pollution reduction, resource efficiency, and climate-resilient infrastructure as part of Ukraine's decarbonization and EU accession efforts.

3.2. Acts under consideration

3.2.1. General policy matters

On October 24, the Ministry for Development of Communities and Territories announced the start of

development of a Concept for State Policy on the Development of Charging Infrastructure for Electric Transport, as provided by the 2030 National Renewable Energy Action Plan. The document is intended to create conditions for the development of a convenient and safe charging infrastructure throughout the country (in particular, within international transport corridors) and to harmonize Ukrainian standards with the Regulation (EU) 2023/1804 on the deployment of alternative fuels infrastructure. The Concept development will involve the Ministry of Energy, business representatives, communities, and business associations. The need to adopt the document is justified by Ukraine's EU accession commitments and the shortage of infrastructure (as of July 2025, over 470 charging stations along national roads are deployed, as compared to a significantly greater need).

On January 6, 2026, the Ministry of Economy, Environment and Agriculture published the Strategic Environmental Assessment (SEA) Report and opened public consultations on the draft 2035 Strategy for the Development of Circular Economy and its 2026-2028 Operational Action Plan. The draft Strategy sets out objectives and priorities for transitioning to a circular economic model, focusing on improved resource efficiency, waste reduction, and minimization of environmental and health impacts across key economic sectors. The accompanying Action Plan specifies measures, responsible authorities, timelines, and expected outcomes, positioning circular economy policies as a structural component of Ukraine's decarbonization pathway and alignment with EU environmental and sustainability frameworks.

3.2.2. Energy performance of buildings

N/A

3.2.3. Energy labeling, ecodesign, standards and certifications

N/A

3.2.4. Other issues

On December 3, the Ministry for Development of Communities and Territories published a draft resolution of the Cabinet of Ministers aimed at reducing heat and water losses in district heating networks. The proposal introduces amendments to tariff-setting rules and the methodology for compensating tariff-related debt, establishing limits on allowable losses and strengthening requirements for investment programs to prioritize loss reduction and energy efficiency measures. By linking tariff formation and compensation mechanisms to specific loss-reduction actions, the draft regulation seeks to incentivize infrastructure modernization in the district heating sector, contributing to lower fuel consumption, improved system efficiency, and progress toward Ukraine's decarbonization and energy efficiency objectives.

On December 18, the Ministry for Development of Communities and Territories outlined the results of its activity in the field of energy efficiency and priorities for the coming period. Looking ahead in 2026, the focus will be on scaling up existing programs, accelerating the pace of thermal modernization of residential and public buildings, and increasing the number of projects financed through public and international resources. Planned actions include continued implementation of renewable energy and public buildings energy efficiency projects, mobilization of additional loan and grant financing for multi-apartment building renovation, and further alignment with updated EU energy efficiency directives.

3.3. Deep dive: energy efficiency targets in Ukraine's public sector

In October 2025, the Cabinet of Ministers of Ukraine adopted a set of regulatory acts defining quantitative energy efficiency targets and implementation mechanisms in the public sector. These decisions are based on the Law on Energy Efficiency and the Law on Energy Efficiency of Buildings and form part of a policy framework relevant to reducing energy consumption and associated GHG emissions.

The adopted acts establish a national energy savings target, define specific benchmarks for buildings of state authorities and approve an action plan setting out implementation steps for 2026.

Order No. 1125-r of October 10, 2025, sets the **annual end-use energy savings target at 304 toe** until the end of 2030. The target serves as an aggregate benchmark for energy savings across sectors and energy sources. The resolution does not specify sectoral allocation or instruments, leaving further operationalisation to subsequent policy measures.

Order No. 1181-r of October 29, 2025, introduces **mandatory energy saving targets for public buildings at 133.8 thousand kWh of final energy** and **253.3 thousand kWh of primary energy**. The use of both indicators establishes a methodological basis for monitoring savings in public buildings, while the scope of application is limited to central state authorities.

Operational implementation is supported by Order No. 1104-r of October 8, 2025, which approves an action plan for improving the energy efficiency of public buildings in 2026. The plan defines a set of ongoing and time-bound measures, responsible institutions and indicators for monitoring progress.

Ministries and other central executive authorities are required to continuously update information on their buildings in the national database of energy and operational performance, while the State Agency on Energy Efficiency is responsible for monitoring data completeness and consolidation. By July 2026, all central executive authorities are to introduce and ensure the functioning of energy management systems. By October 2026, energy performance certification is to be completed for buildings subject to statutory requirements. By November 2026, informational materials on efficient energy use are to be developed, disseminated and placed in public buildings, alongside the delivery of training programmes for staff. Methodological support and consultations on energy efficiency measures shall be provided on an ongoing basis.

4 Industrial emissions

4.1 Adopted acts

4.1.1 Gerneral policy matters

On December 9, the Ministry of Economy, Environment and Agriculture established a working group to prepare amendments to the Law "On the Basic Principles (Strategy) of the State Environmental Policy of Ukraine until 2030". The decision launches a structured process to update the national environmental policy framework, reflecting evolving priorities in climate action, environmental protection, and sustainable development. The establishment of the working group signals the start of preparations to align the environmental policy strategy with latest decarbonization objectives and Ukraine's international and EU accession-related commitments.

On December 23, the Interagency Working Group on Climate Change Response Coordination approved the updated 2050 Long-Term Low Emission Development Strategy of Ukraine (LT-LEDS). The Strategy sets medium-term climate policy targets and indicators, reaffirming Ukraine's strategic goal of achieving climate neutrality by 2050, as enshrined in the national climate legislation. It is fully aligned with Ukraine's Second Nationally Determined Contribution, approved by the Cabinet of Ministers in October 2025, which sets a 2035 target of reducing GHG emissions by more than 65% compared to 1990 levels. LT-LEDS provides a science-based framework for economic transformation, estimates investment needs, and outlines financing pathways, including green finance instruments, emissions trading, and Article 6 mechanisms under the Paris Agreement, reinforcing alignment with EU climate acquis in the context of post-war recovery and EU accession.

On December 24, the Cabinet of Ministers amended the National Emission Reduction Plan for Large Combustion Plants, extending the operation of covered facilities until December 31, 2028. The decision aims to align national regulation with Ukraine's international commitments as a member of the Energy Community, while ensuring sufficient generation capacity under conditions of ongoing attacks on the energy system. The extension follows the approval of temporary derogations by the Energy Community Ministerial Council, allowing continued operation of large combustion plants during the martial law, but no later than the end of 2028. While postponing full implementation of EU emissions standards, the measure prioritizes short-term energy security and system reliability, particularly for electricity and heat supply to critical and social infrastructure.

4.1.2 Emission limits and standards, MRV requirements

On December 10, the Cabinet of Ministers adopted a resolution bringing 12 governmental regulatory acts in the field of air and water protection and waste management in line with the Law "On Integrated Prevention and Control of Industrial Pollution." The new provisions, in particular:

- clarify the procedure for public accounting in the field of atmospheric air protection;
- establish the obligation of business entities to initiate the procedure for obtaining a new permit for emissions of pollutants into the atmosphere and a permit for special water use in connection with obtaining an integrated environmental permit;
- supplement the list of economic activities that cannot be performed on the basis of a declaration with activities that require an integrated environmental permit;
- provide for a derogation to the moratorium on state supervision measures for inspections and surveys of facilities to verify that their actual condition complies with the information contained in applications for integrated environmental permits;
- provide for the application, from January 1, 2026, of the provisions of the Procedure for the

introduction of mandatory automated systems for emissions monitoring to business entities operating on the basis of an integrated environmental permit.

4.1.3. Other issues

On December 18, following an appeal by the Ministry of Energy of Ukraine, the 23rd Energy Community Ministerial Council adopted a decision allowing Ukraine to continue operating large combustion plants included in the National Emission Reduction Plan for Large Combustion Plants for the duration of martial law, but no later than December 31, 2028. The main reason for the decision was damage to the Ukrainian power system's generating equipment as a result of Russian attacks.

4.2. Acts under consideration

4.2.1. General policy matters

N/A

4.2.2. Emission limits and standards, MRV requirements

N/A

4.2.3. Other issues

On December 24, the Cabinet of Ministers published a draft resolution launching an experimental project to implement selected provisions of Article 6 of the Paris Agreement. The initiative envisages a two-year pilot phase to test procedures for the authorization, issuance, and transfer of climate change mitigation outcomes, alongside the establishment and operation of a National Carbon Registry. Coordinated by the Ministry of Economy, Environment and Agriculture, the project aims to build practical experience with market-based cooperation mechanisms, strengthen institutional capacity, and lay the groundwork for future legislative and regulatory development of carbon markets as part of Ukraine's decarbonization framework.

4.3. Deep dive: updated Long-Term Low-Emission Development Strategy of Ukraine until 2050

On December 23, 2025, the Interagency Working Group on Coordination of Climate Change Response approved the updated **Long-Term Low-Emission Development Strategy of Ukraine until 2050 (LT-LEDS)**.

The approval of the updated Strategy **represents a formal step in aligning Ukraine's long-term climate planning with its international commitments under the Paris Agreement, national climate legislation and the evolving EU climate acquis.** The document is developed in accordance with the Law "On the Basic Principles of State Climate Policy". The Strategy is explicitly aligned with the Second Nationally Determined Contribution (NDC), approved by the Cabinet of Ministers of Ukraine on October 29, 2025, which commits Ukraine to reducing GHG emissions by 2035 by more than 65% as compared to 1990 levels. The medium-term targets set out in the LT-LEDS are fully consistent with the updated NDC.

In accordance with Article 15(6) of the Regulation (EU) 2018/1999, long-term low-emission development strategies are required to be consistent with Integrated National Energy and Climate Plans (NECPs). The updated Strategy explicitly builds on Ukraine's NECP for the period by 2030, approved in June 2024, and uses it as a baseline for long-term modelling. The Strategy incorporates updated versions of the NECP scenarios and extends their analytical horizon to 2050.

Three scenarios are used to assess possible pathways of emission reductions and increased absorption. The scenario "with existing measures" (WEM) reflects policies and measures already implemented or formally adopted, serving as a baseline. The scenario "with additional measures" (WAM) includes planned policies that are under discussion and likely to be adopted. The "Net-Zero Emissions" (NZE) scenario, developed specifically for the LT-LEDS, models a pathway in which total GHG emissions in 2050 are fully balanced by removals, primarily from the LULUCF (land use, land-use change and forestry) sector.

Scenario modelling is based on a combination of sectoral and economy-wide tools, including the TIMES-Ukraine model for the energy and industrial processes sectors, dedicated models for waste, agriculture and land use, and

a general equilibrium model (UGEM) to assess macroeconomic impacts. The results are visualised and analysed using the VEDA Online platform.

The **modelling results** indicate that the **implementation of existing and currently planned measures, as reflected in the WEM and WAM scenarios, is not sufficient to ensure climate neutrality by 2050.** Under the WAM scenario, emission reductions by 2030 are assessed as broadly compatible with the climate neutrality trajectory in the short term, but additional policies and measures would be required to sustain deeper reductions after 2030.

According to the modelled scenarios, **total GHG emissions in 2030 could range between 18.1% and 26.6% of 1990 levels, while by 2035 emissions could range from 15.0% to 29.5%**. Achieving climate neutrality under the NZE scenario would require emissions to fall below 10% of 1990 levels by 2040 and reach net-zero by 2050, with remaining emissions are offset by increased absorption.

The LT-LEDS operationalises the objectives of the Law "On the Basic Principles of State Climate Policy", which establishes both the long-term target of climate neutrality by 2050 and a 2030 target of reducing GHG emissions by at least 65% compared to 1990 levels. Taking into account the updated NDC and modelling results, the Strategy defines a medium-term target of reducing anthropogenic GHG emissions, including removals, by more than 65% by 2035 across all sectors of the economy.

This medium-term target is intended to guide state climate policy in planning, budgeting, monitoring and evaluation, and applies to emissions accounted for under the national GHG inventory. At the same time, the LT-LEDS acknowledges that, due to the full-scale war and ongoing military aggression against Ukraine, the defined medium-term target does not yet fully represent a trajectory compatible with net-zero emissions by 2050. The document therefore envisages a future review and adjustment of medium-term targets following the restoration of territorial integrity and the availability of verified data, with the aim of ensuring consistency with the NZE pathway and the principles of just transition.