

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

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List of Abbreviations and Acronyms

ACER – Agency for the Cooperation of Energy Regulators

BATs – best available techniques

BCM – bilateral contracts market

bcm – billion cubic meters

BM – balancing market

CHP – combined heat and power

CMU – Cabinet of Ministers of Ukraine

DAM – day-ahead market

DSO – distribution system operator

ECRB – Energy Community Regulatory Board

EIA – environmental impact assessment

ETS – emission trading system

FCR – frequency containment reserve

GDP – gross domestic product

GHG – greenhouse gas(es)

GO – guarantees of origin of electricity from RES

HOA – homeowners' association

IDM – intraday market

IDP(s) – internally displaced person(s)

IPS – Integrated Power System of Ukraine

MP(s) – member(s) of parliament

MRV – monitoring, reporting and verification

Mtoe – million tons of oil equivalent

NDC – nationally determined contribution NECP – National Energy and Climate Plan

NEMO – Nominated Electricity Market Operator under the Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management

NERP – National Emission Reduction Plan

NEURC – National Energy and Utility Regulatory Commission (Regulator)

NPP – nuclear power plant

PASP – potential ancillary service providers

PrJSC – private joint-stock company

PSO – public service obligation

REMIT – Regulation (EU) 1227/2011 on the Wholesale Energy Market Integrity and Transparency

RES – renewable energy sources

SB – Supervisory Board

SE – state enterprise

SEA – strategic environmental assessment

SME – small and medium enterprises

SoLR – Supplier of Last Resort

TCM – terms, conditions and methodologies

tcm – thousand cubic meters

TPP – thermal power plant

TSO – transmission system operator

VAT – value-added tax

VVER – water-water energetic reactor

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Executive Summary

- The Government extended the resolutions providing for public service obligations (PSO) on gas and electricity markets by October 31, 2025.
- The Ministry of Energy amended the charters of Ukrenergo and Gas Transmission System Operator of Ukraine (GTSOU). According to the new provisions, the appointment of the CEO of respective companies will require a qualified majority of votes of the supervisory board, which must include the vote of at least one state representative, whereas previously a simple majority of independent members was sufficient.
- The NEURC extended the current price caps on the day-ahead, intraday, and balancing markets.
- The Regulator amended the Rules of the retail electricity market to allow the supplier of last resort to continue supplying electricity to protected consumers and critical infrastructure for a period exceeding 90 days until January 1, 2028.
- The Cabinet of Ministers extended Resolution No. 1320 of December 7, 2023, to all gas producers and investors under production sharing agreements. It allows for the period of martial law to carry out restoration works without obtaining urban planning documentation, the right to carry out construction work, and without conducting an environmental impact assessment.
- The NEURC approved the 2025–2034 Network Development Plan for GTSOU, which envisages investments of UAH 34.1 billion, excluding VAT.
- The Verkhovna Rada registered a revised draft law No. 12087–d, which comprehensively transposes the provisions of EU and Energy Community legislation into the Law ‘On the Electricity Market’ and related acts to ensure the coupling of Ukrainian day-ahead, intraday, and balancing markets with the EU ones, providing further Ukraine’s electricity market liberalization and empowering consumers.
- The NEURC approved amendments to improve the recognition of guarantees of origin for renewable electricity and adopted regulations excluding electricity storage volumes from feed-in premium calculations.
- Ukraine advanced its energy efficiency policies and further aligned regulations with EU standards. Nearly-zero energy buildings (NZEB) certification requirements entered into force on April 1, supporting sustainable construction. Also, the national database to track energy performance of public buildings was launched. Other decisions expanded the powers of the State Agency on Energy Efficiency and updated rules for managing decarbonization funding.
- The Cabinet of Ministers approved Technical Regulation on ecodesign requirements for refrigerating appliances, effective from September 2026. A draft Technical Regulation on alternative motor fuels was published to align fuel quality with EU standards.
- At the same time, proposals were submitted to the Verkhovna Rada to reform support schemes for renewable electricity producers and extend energy service agreements to include renewable and storage projects. New initiatives targeted district heating modernization and wastewater treatment upgrades.
- The Green Platform was launched to centralize access to information on sustainable financing for businesses and other stakeholders, while the Ministry of Education announced the integration of energy efficiency lessons into schools curriculum from the new academic year.

- The government presented Ukraine's draft Second Nationally Determined Contribution (NDC2), targeting a 68–73% emissions reduction by 2035 as compared to 1990 levels. However, some business associations called for a more 'realistic' goal and mechanisms for future revision due to war-related constraints.
- Ukraine advanced implementation of the Law on Integrated Prevention and Control of Industrial Pollution. Parliament adopted draft amendments to the Tax Code to align environmental tax administration with integrated permits. The Ministry of Environment published drafts to establish the Unified Register of permits, simplify reporting for low-impact installations, and set procedures for real-time emissions monitoring. Additional proposals updated regulations on permitting, monitoring, and derogation procedures to reflect EU practices.

1 Energy Generation

1.1 Adopted acts

1.1.1. Market regulation

On April 15, the Regulator approved [amendments](#) to Resolution No. 332 of February 25, 2022, limiting the preferential regime under which electricity producers operating in the balancing market were exempted from the risk of default status. The exemption will not apply to those producers whose electricity offtake exceeded their generation in the last ten-day period and who violated the terms of timely and full payment for imbalances to Ukrenergo. This decision was made to prevent free electricity offtake and stabilize the financial state of the market under martial law.

On April 18, the Auction Committee for the Sale of Electricity under Bilateral Contracts approved [amendments](#) to the Rules for Holding Auctions for the Sale of Electricity at the Ukrainian Energy Exchange (UEEX). The amendments introduced a mandatory guarantee fee of 5% of the starting price of the lot, which is kept for the entire term of the bilateral contract. The decision was made because in March 2025, some buyers refused to fulfill the contracts following a sharp drop in prices on the day-ahead market compared to the bilateral contract market.

On April 29, the Cabinet of Ministers [extended](#) the Regulation on the imposition of public service obligations (PSO) on electricity market participants by October 31, 2025. Thus, a single fixed electricity price of 4.32 UAH/kWh remains in place for individual and collective household consumers, while the nighttime tariff is 2.16 UAH/kWh (only for those households equipped with smart meters and using time-of-use prices).

On May 6, the NEURC [issued a resolution](#) approving the Procedure for Aggregation of Inside Information in the Wholesale Energy Market and its Disclosure, which, starting from June 1, 2025, and for the entire period of martial law (plus a month after its termination), establishes which data on the unavailability of capacities in the electricity and natural gas markets are considered closed and how the NEURC should collect them from inside information platforms on a daily

basis, aggregate and publish them in the Integrity and Transparency (REMIT) section of its website.

On May 13, the government [approved](#) the Regulation on the Information Database of Natural Gas Consumption, which will provide automated accounting of consumers, their facilities, and the actual volumes of imported and domestic gas used, allowing enhanced resource control. The owner of the database and intellectual property rights will be the state, represented by the Ministry of Energy, and the administrator will be Gas Transmission System Operator of Ukraine LLC.

On May 19, the Ministry of Energy amended the charters of Ukrenergo and Gas Transmission System Operator of Ukraine LLC. According to the new provisions, the appointment of the CEO of respective companies will require a qualified majority of votes of the supervisory board, which must include the vote of at least one state representative, whereas previously a simple majority of independent members was sufficient. MP Maksym Khlapuk [said](#) that due to these changes, the EBRD has already warned of the possibility of stopping financing Ukrenergo and demanding early repayment of loans already granted. In his turn, Minister of Energy Herman Halushchenko [stated](#) that such changes were justified, as they ensure the decisive voice of state representatives in the management of critical state-owned enterprises.

On May 27, the NEURC [issued a resolution](#) extending the current price caps on the day-ahead market (DAM), intraday market (IDM), and balancing market. Thus, the upper price caps on the DAM and IDM will remain at the following level:

- from 00:00 to 07:00 and from 11:00 to 17:00 – 5,600 UAH/MWh;
- from 07:00 to 11:00 and from 23:00 to 24:00 – 6,900 UAH/MWh;
- from 17:00 to 23:00 – 9,000 UAH/MWh.

The minimum price for the DAM and IDM will remain at UAH 10/MWh.

The following maximum price caps will remain on the balancing market

- from 00:00 to 07:00 – 6,600 UAH/MWh;
- from 07:00 to 17:00 and from 23:00 to 24:00 – 8,250 UAH/MWh;
- from 07:00 to 23:00 – 10,000 UAH/MWh.
- The minimum price will remain at UAH 0.01/MWh.

On May 27, the Regulator approved [amendments](#) to the resolution on the peculiarities of the electricity market functioning during martial law, narrowing the grounds for suspending trading operations in the electricity market during martial law. Thus, trading will be suspended only in the event of a systemic failure that caused a loss of more than 50% of consumption in the regulated area, which also falls under criterion 5 of paragraph 14.2 of the updated Transmission System Code. The decision [is justified](#) by the need to harmonize national rules with EU regulations 2017/1485 and 2017/2196, adapted to the Energy Community member countries.

On May 27, the NEURC adopted Resolution [No. 756](#), which launches monthly auctions on the RBP platform for booking guaranteed capacity at the Grebenyky, Kaushany, and Orlivka/Isaaccea interconnection points on the Trans-Balkan Corridor starting in June, using the "single price" algorithm and tariff reduction factors. This allowed the Ukrainian gas TSO, together with operators in Greece, Bulgaria, Romania, and Moldova, to offer a single transit product, ROUT1, with a 25% tariff discount.

On June 3, the Regulator [issued a resolution](#) supplementing the Procedure for Monitoring Licensees' Compliance with the Law with two new indicators that the electricity TSO must report on during scheduled and unscheduled inspections. In particular, the actual amounts of funds allocated by the operator during the year to repay debts to the Guaranteed Buyer and universal service suppliers under the feed-in tariff, as well as funds allocated to cover Ukrenergo's debt in the balancing market, must be recorded.

On June 3, the NEURC issued Resolution No. [840](#) implementing a new procedure for the period of martial law: if a supplier has not paid for network services by the 15th day, the transmission or distribution system operator shall notify the settlement administrator by 17:00 of the second business day, and from 00:00 of the next day, the supplier receives the status of "Pre-default" (with further transition to "Default" in case of

prolonged non-payment). Sanctions related to the acquisition of the respective status are not applied if the respective supplier has no overdue debts to Ukrenergo. The purpose of the [amendments](#) is to promptly discipline mutual settlements for network services during martial law and limit the growth of arrears.

On June 3, the NEURC [adopted](#) regulations that harmonize support of renewable energy producers with the requirements of Law No. 4213-IX. Thus, the Procedure for the Purchase of Electricity Generated from Renewable Energy Sources by a Guaranteed Buyer was supplemented with a provision stipulating that the feed-in premium is not charged for volumes supplied by storage systems connected to the networks of RES producers. A similar exclusion of volumes was introduced in the formulas for calculating the feed-in premium.

On June 18, the Regulator [amended](#) the Rules of the Retail Electricity Market to improve the provisions prohibiting the consumption of electricity for non-household purposes at fixed prices for household consumers. In particular, the definition of a "private household" was clarified, mandatory separate metering and settlements at universal service prices for energy consumed for non-household purposes were implemented, and procedures for detecting violations and recalculating payments were detailed.

On June 18, the NEURC [amended](#) the Rules of the retail electricity market to allow the supplier of last resort (SoLR) to continue supplying electricity to protected consumers and critical infrastructure for a period exceeding 90 days until January 1, 2028. This extension can be made following the consumer's application, the creation of a bank account with a special regime of use, and the restructuring of existing debts. The new provisions establish clear grounds for the termination of electricity supply by the SoLR and the obligation of the SoLR to publish monthly information on its expenses and income from its activities as a SoLR.

On June 24, the Regulator adopted four complementary resolutions on the allocation of the cross-border capacity between Ukraine and Moldova, which form a single system of capacity allocation and revenue accounting agreed with Moldelectrica:

- № [963](#) – the Rules for intraday capacity allocation;
- № [964](#) – [amendments](#) to the Rules for the allocation of the Ukraine-Moldova cross-border capacity (updating long-term and daily

- procedures);
- № 965 – the [structure](#) of capacity allocation through auctions: 35% for annual auctions, 35% for monthly auctions, 30% for daily auctions, 0% for intraday auctions;
- № 966 – the [procedure](#) for allocating revenues from congestion management in the ratio of 50%/50% between Ukrenergo and Moldelectrica.

These decisions will expand the potential of electricity trading across the Ukraine–Moldova border.

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

On May 14, the Cabinet of Ministers [extended](#) Resolution No. 1320 of December 7, 2023, to all gas producers and investors under production sharing agreements. The resolution allows for the period of martial law to carry out restoration works without obtaining urban planning documentation, the right to carry out construction work, and without conducting an environmental impact assessment.

1.1.3. Network development and connection

On May 6, the NEURC adopted Resolution [No. 678](#), by which it updated the Transmission System Code and the Distribution System Code to improve the procedure for the formation and review of five-year distribution system development plans (DSDPs). In particular, a new Annex 15 was introduced with a standard form of the TSO's opinion on the compliance of the DSDP with regulatory and technical documents. The act also clarifies the list of data to be submitted by DSOs as part of their development plans (in particular, information on measures to implement and develop smart grids). In addition, the act stipulates that draft DSDPs must be submitted to the State Energy Supervision Inspectorate for approval.

On May 20, the NEURC approved the Ten-Year [Development](#) Plan for the Ukrainian GTS for 2025–2034, which [envisages](#) investments of UAH 34.1 billion excluding VAT: UAH 1.22 billion in 2025, UAH 10.85 billion in 2026–2027, and UAH 22.04 billion in 2028–2034. The main source of funding for the Plan in the first year of its implementation is to be depreciation charges of the GTS operator (UAH 1.12 billion).

On June 4, the Government changed the [procedure](#) for using budget funds to expand the areas of funding for two energy projects: "Restoration of energy supply in the winter period" and "Second electricity transmission project". Thus, the International Bank for Reconstruction and Development grants can be used not only to install STATCOM systems for reactive power regulation but also to reimburse Ukrenergo for the costs of building protective shelters for substations from its own budget, which increases the grid's resilience to missile and drone attacks. [The amount](#) of relevant grant funding is USD 200 million.

On June 24, the NEURC [issued a resolution](#) clarifying clause 11.1.5 of the Distribution Systems Code: DSOs can no longer refuse to connect an applicant unless the lack of capacity in networks above 20 kV is officially recorded and confirmed in the approved Network Development Plan. Even then, DSOs are obliged to explain the reason in writing, provide objective technical and economic criteria, indicate the minimum available capacity, the required timeframe for removing the bottleneck, and simultaneously inform the Regulator and the State Energy Supervision Inspectorate.

1.1.4. Other issues

On May 6, the Regulator adopted a [resolution](#) amending the Transmission System Code to bring it into full compliance with the adapted Regulation 2017/1485 establishing guidelines for the operation of the electricity transmission system and Regulation 2017/2196 establishing a network code on energy emergencies and restoration. [Amendments](#):

- establish the criteria for declaring an emergency in the integrated power system (IPS) of Ukraine and the procedure for applying forced consumption restrictions;
- clarify the rules for grid operation in emergency situations and during restoration and the requirements for the Power System Protection Plan;
- harmonize terminology with European acts.

On May 13, the NEURC approved amendments to [the Procedure](#) for Setting Tariffs for Electricity

Transmission Services, which, among other things, provide for an exception to prevent cross-subsidization when calculating projected revenue and setting transmission tariffs. Previously, the procedure stipulated that the tariff calculation should not take into account the operator's expenses and income from other activities. The new provisions add the condition "unless otherwise provided by law" to this rule.

1.2 Acts under consideration

1.2.1. Market regulation

On April 14, the Verkhovna Rada registered [a draft law](#) (No. 13171) amending the Law "On the Electricity Market" to strengthen state control over compliance with technical requirements and safety standards for electricity supply. In particular, it is proposed to clearly define the powers of state bodies to control the technical condition of electrical installations, as well as to introduce a system of fines (up to 100 thousand non-taxable minimum income of citizens) for violation of the established norms, including for non-compliance with emergency and hourly outage schedules. Thus, the Ministry of Energy will be granted a number of new powers, including

- approval of power plant repair schedules;
- approval of the schedule of coal accumulation at TPPs and CHPs;
- approval of the repair program for electrical distribution networks;

The draft law also stipulates that before an electricity DSO submits a five-year network development plan to the Regulator, the Ministry of Energy must provide an opinion on the priority of technical solutions for the development of distribution networks provided for in such a plan.

On April 28, the Verkhovna Rada [registered](#) draft law No. 13219, which aims to improve auctions for the allocation of support quotas for RES electricity producers and provides, among other things, for the replacement of the support mechanism from contracts for difference (CfD) to a feed-in premium, as well as a reduction in the bank guarantee provided by auction participants from EUR 15 to EUR 10 per kW of generation capacity. Additionally, on May 21, the Verkhovna Rada Committee on Energy, Housing and Utilities [recommended](#) its adoption in the first reading.

On May 23, the NEURC submitted for public discussion a draft [resolution](#) proposing to transfer the submission of all reporting forms of electricity market participants from e-mail to a special automated reporting module. The document also introduces technical changes to Resolutions No. 450 and No. 282, approves a schedule for submitting reports through the module, etc. The Regulator justifies the initiative by the need to digitalize reporting, simplify its circulation, and improve the efficiency and quality of market monitoring.

On May 26, the Regulator published a draft [resolution](#) that proposes to improve the rules for the provision of ancillary services (AS). The draft act allows the supplier of ancillary services to postpone the provision of such services for three months from the date set by a special auction for ancillary services. In order to obtain such a deferral, an AS provider must properly justify it and increase the financial safeguard for the fulfillment of the AS contract.

On June 4, the Regulator [published](#) a draft resolution proposing to update the GTS Code and the methodology for determining transmission tariffs. The draft introduces a requirement to put up capacity with restrictions at general auctions and simplifies the allocation of capacity at internal interconnection points through the gas TSO's platform using a qualifying electronic signature.

On June 20, the Regulator submitted for public discussion draft [amendments](#) to the Market Rules (Resolution No. 307) - the document introduces a European practice whereby an ancillary services provider can transfer its obligation to another provider or other ancillary services unit. This could increase the flexibility of system balancing and harmonize Ukrainian rules with EU Regulation 2017/2195 establishing guidelines for electricity balancing.

On June 27, the Verkhovna Rada registered draft law No. [12087-d](#), prepared by the Committee on Energy, Housing and Utilities, which comprehensively transposes the provisions of EU and Energy Community energy legislation into the Law 'On the Electricity Market' and related acts to ensure the coupling of Ukrainian day-ahead and intraday markets with the European ones, introduce new tools for balancing, aggregation, flexibility and participation of citizens energy communities, and strengthen the protection of vulnerable consumers. See more details in the Deep Dive section.

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

N/A

1.2.3. Network development and connection

On April 30, the Verkhovna Rada registered two complementary draft laws to support state-owned DSOs in the frontline and occupied territories. Draft law [No. 13231](#) proposes to write off all penalties and fines on tax debts and give 36 months to repay them without authorization. The second draft law ([No. 13230](#)) suspends enforcement actions, ceases seizures of DSO assets, and defers DSO debts for five years (except for payments to employees, alimony, and social contributions) until January 1, 2027, to avoid blocking accounts and bankruptcies of operators.

On May 8, the NEURC submitted for discussion a draft [resolution](#) "On Approval of Amendments to the Code of Distribution Systems" that implements Law No. 4213-IX and

- clarifies the technical parameters and power capacity levels of standard connections and the maximum power capacity of connection of electrical installations to the distribution system, taking into account the voltage at the point of connection;
- provides customers of non-standard connections of over 1 MW with the right to independently design grid equipment, perform construction, installation and commissioning;
- allows for the joint connection of several electrical installations at one point;
- gives electricity producers with energy storage capacities the right to withdraw electricity both from their own generating facilities and from the IPS of Ukraine;

On May 30, the Regulator published a draft [resolution](#) proposing to update the Distribution Systems Code, the DSO reporting forms, and the Procedure for Ensuring Electricity Supply Quality Standards to strengthen control in the respective areas. The act stipulates that the list of grounds for rejecting consumer complaints is supplemented by the provisions of DSTU EN 50160:2023 (force majeure, power shortage in the system). The new provisions also detail the types of work required to

eliminate the causes of inadequate electricity quality and change the schedule of deadlines for their implementation, while the amount of compensation for non-compliance with deadlines by the DSOs increases significantly. The decision is motivated by the regulator's detection of systemic errors by DSOs in classifying the complexity of work and failure to meet the guaranteed deadlines for their implementation provided for by law.

1.2.4. Other issues

N/A

1.3. Deep dive: Updated draft law transposing the Electricity Integration Package

On June 27, draft law №12987-d was [registered](#) in the Verkhovna Rada. This law transposes provisions of the EU acquis on energy market integration. It paves the way for coupling certain segments of the Ukrainian electricity market (day-ahead, intraday, balancing markets) with those of the EU market.

The updated draft law was developed on the basis of previously submitted drafts No. [12087](#) and No. [12087-1](#), which aimed to transpose key provisions of the European Clean Energy Package into Ukrainian legislation. These include Directive (EU) 2019/944 on common rules for the internal electricity market, Regulation (EU) 2019/943 on the internal electricity market, Regulation (EU) 2019/941 on risk preparedness in the electricity sector, and Regulation (EU) 2019/942 establishing the EU Agency for the Cooperation of Energy Regulators (ACER).

The draft law sets out several key directions for regulatory and legal alignment with EU standards. One of the central pillars is **regional market integration and regulatory cooperation**, which involves defining the role of ACER in the Ukrainian electricity market. This includes making ACER decisions binding for the National Energy and Utilities Regulatory

Commission (NEURC) and market participants, particularly in matters related to cross-border interconnections with EU Member States. The draft also provides for legal mechanisms to consider and appeal ACER's conclusions and recommendations, mandates

the implementation of decisions issued by ACER and the Energy Community Regulatory Board (ECRB), and entrusts NEURC with additional responsibilities for overseeing regional energy system operation and coordination centers. Additionally, it introduces the concepts of pan-European, regional, and national terms, conditions, and methodologies (TCMs), as adopted or developed by transmission system operators (TSOs) or nominated electricity market operators (NEMOs), and approved by ACER, ECRB, or NEURC.

In the area of **market coupling**, the draft law establishes the legal, organizational, and technical conditions for integrating Ukraine's day-ahead and intraday electricity markets with those of the EU. It defines the roles, rights, and obligations of NEMOs and sets requirements for their designation.

In terms of market liberalization, the draft law envisages **replacing price caps in the electricity market with technical price limits** harmonized with those applied within the EU electricity market.

To enable **cross-border balancing and capacity reserve sharing**, the draft law introduces provisions that allow for the exchange and joint use of frequency containment reserves (FCR) with neighboring countries. It also clearly defines the responsibilities and rights of the TSO in this context.

In terms of **risk preparedness**, the law proposes a mechanism for national-level planning to address potential electricity supply disruptions, including the appointment of a central executive authority responsible for crisis prevention and response.

To ensure **resource adequacy**, the draft allows for the introduction of capacity mechanisms to address potential electricity shortfalls identified through resource adequacy assessments.

Consumer interests are also a significant focus. The draft law enhances **consumer protection** by introducing the concept of energy poverty and shifting the approach to supporting vulnerable consumers. This includes promoting energy efficiency, facilitating access to renewable energy sources, outlining conditions for state intervention in electricity pricing, and setting minimum standards for billing information.

Finally, the law aims to **empower consumers and enhance their market participation** by expanding opportunities to participate in demand response—either individually, through aggregators, or via

flexibility services. It also promotes the use of dynamic pricing contracts and integrates the concepts of citizen and renewable energy communities into the national legislative framework.

According to the head of parliamentary committee on Energy, Utilities and Housing Services [Andrii Herus](#), the full adoption of the draft law may be expected by Q4 2025.

2 District Heating

2.1 Adopted acts

On April 11, the Government extended until October 31, 2025, public service obligations (PSO) on natural gas market participants to supply gas to heat producers and budgetary institutions. The price of gas for these categories of consumers remains unchanged: for budgetary institutions – 16.39 UAH per cubic meter (including VAT), for heat producers (for the purpose of supplying household consumers) – UAH 7.42 per cubic meter (including VAT).

On June 11, the Cabinet of Ministers of Ukraine [decided](#) to allocate over UAH 2.3 billion from the state budget reserve fund to implement two large-scale projects. One of them, worth UAH 1.129 billion, provides for the installation of 18 modular boiler houses in Mykolaiv. This will help provide the city with heating in the coming cold season.

On June 25, the Cabinet of Ministers [approved](#) the allocation of funds for projects to be implemented at the expense of a subvention from the state budget. The list includes 35 projects worth over UAH 700 million. They are aimed at strengthening the energy resilience of local communities. The projects are funded by the European Investment Bank under the Ukraine Recovery Program III. In particular, in the Kharkiv region, projects totaling over UAH 182 million will receive funding for the construction of cogeneration units, reconstruction of boiler houses, installation of solid fuel boilers, and construction of new modular boiler houses. The Zaporizhzhia region will receive UAH 170 million for a project to reconstruct the district heating system and install gas-engine cogeneration units. All projects are to be implemented by October 2025.

2.2 Acts under consideration

On June 19, the Regulator published draft [amendments](#) to its Resolution No. 1825 to harmonize the mechanism for monitoring the funds of heat supply and heat generating enterprises with the updated CMU Resolution No. 812 (PSO Resolution). The document expands the Regulator's control over finances of heat

supply enterprises: in addition to special non-budgetary accounts for the distribution of preferential gas, the NEURC will monitor the use of funds on current accounts, transfers and other financial assistance to ensure that they are transparently allocated to the production, transportation and supply of heat and hot water. The draft law is intended to strengthen state regulation of natural monopolies in heating.

2.3. Deep dive: New Rules on the Use of Heat Energy

On June 16, the NEURC [approved](#) the Rules for the Use of Heat Energy. The new act fully substitutes the outdated Resolution of the Cabinet of Ministers of Ukraine, which was [adopted](#) back in 2007. New rules establish the prerequisites for the creation of a competitive heat market. Inter alia, the legislative act governs relations between market players, including producers, network operators, suppliers, and consumers. To this end, the document lays out model contracts to be concluded on the heat market, including contracts for purchase, supply, and transportation of heat energy. These templates will contribute to greater legal certainty in interactions between different market participants.

The new act provides for free access of independent heat producers to the networks. To this end, new rules stipulate a clear methodology for the allocation of heat losses between several producers connected to the same network system. Such allocation follows the postal stamp principle (allocation of losses proportional to the amount of heat produced, irrespective of the distance at which the heat is transported). In the previous version of the Rules, the issue of allocation was not regulated, which effectively meant that independent heat producers weren't able to connect to the grids.

New rules enable different models of interaction between market players. It allows a single buyer model, under which one wholesale market participant purchases heat on a competitive basis from producers of its choice and then supplies the heat to all consumers. In parallel, the model with multiple suppliers is also

possible, as well as direct purchase of heat from the producer.

The document also provides for:

- the rights, obligations, and responsibilities of heat users (in particular in terms of rates of heat carrier losses);
- the settlement of disputes between parties to contractual relations on the heat market;
- the specifics of calculating payments for heat energy, its losses in heating networks, and heat carrier leaks between users;
- principles of heat energy metering;
- recalculation of costs for non-compliance with contractual relations;
- introduction of a competitive heat supply system to determine the specifics of the functioning of the centralised heat supply system of independent producers.

The document establishes that during martial law and for six months after its termination or cancellation, the penalties provided for in the Rules shall not apply to users of heat who produce and/or transport, and/or supply, and/or consume heat using supply systems in communities located in territories where hostilities are taking place or which are temporarily occupied by the Russian Federation. Heat market participants are obliged to bring legal relations between themselves into compliance with the Rules within six months from the date of their entry into force.

3 Energy Efficiency

3.1 Adopted acts

3.1.1 General policy matters

On April 22, the NEURC [approved](#) the draft law amending the Law ‘On Alternative Energy Sources’, which aims to create a basis for expanding demand for Ukrainian guarantees of origin of electricity from renewable energy sources by ensuring their recognition in the Contracting Parties to the Energy Community and in the EU Member States. The document, in particular, [provides](#) for the application of the principle of reciprocity in the recognition of guarantees of origin issued by the EU Member States and the Contracting Parties to the Energy Community and clarifies the provisions on disclosure of information on the origin of electricity using the annual estimated residual energy mix.

3.1.2. Energy performance of buildings

On April 2, the Ministry for Communities and Territories Development of Ukraine [announced](#) that requirements for nearly-zero energy buildings (NZEB) entered into force on April 1. The new rules, approved by Order No. 168 of February 6, 2025, establish criteria for certifying buildings with very high energy efficiency and a significant share of renewable energy use. Although NZEB certification is voluntary, it marks an important step towards Ukraine’s energy independence, European integration, and the development of sustainable construction practices.

3.1.3. Energy labeling, ecodesign, standards and certifications

On May 2, the CMU [adopted](#) Resolution No. 512 “On approval of the Technical Regulation on ecodesign requirements for refrigerating appliances with a direct sales function”. The resolution approves the Technical Regulation setting ecodesign requirements for such appliances and specifies that products placed on the market before its entry into force may continue to be used and sold. The State Agency on Energy Efficiency and Energy Saving is tasked with implementing the

Regulation. The resolution will enter into force on September 1, 2026.

3.1.4. Other issues

On April 24, the Ministry of Energy and the International Energy Agency (IEA) [signed](#) a Joint Work Program for 2025–2026. The document provides for the IEA to support Ukraine in achieving the goals of strengthening energy security, ensuring post-war recovery and reconstruction, while investing in the transition to green energy. In particular, it provides for cooperation in implementing the Energy Strategy of Ukraine by 2050 and the Energy and Climate Plan by 2030, as well as updating national plans and commitments under the Paris Agreement. In addition, cooperation is envisaged in the areas of energy efficiency and development of RES; infrastructure restoration and reconstruction; energy sector reform; development of markets for biomethane, hydrogen, offshore energy and small generation; and support for the roll-out of renewable energy.

On April 29, the CMU [adopted](#) Resolution No. 525 “On amendments to the Regulation on the State Agency on Energy Efficiency and Energy Saving of Ukraine”. The resolution significantly expands the Agency’s functions in the areas of energy management, energy audits, energy service development, promotion of energy efficiency measures, and support for renewable and alternative fuels, including biogas and biofuels. It also introduces provisions for monitoring, reporting, certification, and information disclosure to improve transparency and implementation of national energy efficiency policies.

On April 29, the CMU [adopted](#) Resolution No. 485 “On amendments to the Procedure for the use of funds of the State Decarbonization and Energy Efficient Transformation Fund”. The resolution updates the rules for using budget funds by means of expanding eligible financing streams to include public investment projects, loan and leasing compensation for businesses and households implementing energy efficiency, renewable energy, and carbon reduction measures, and repayment of state debt obligations for such projects. It also clarifies the distribution of funds between direct project

support and compensation mechanisms, as well as procedures for financing and reporting.

On June 11, the CMU [adopted](#) Resolution No. 683 “On amendments to the Regulation on the State Agency on Energy Efficiency and Energy Saving of Ukraine”. Yet the second resolution on this matter is more formal, introducing provisions to establish and ensure the functioning of internal control and internal audit within the Agency’s apparatus, as well as in enterprises, institutions, and organizations under its management.

On June 27, the Ministry for Communities and Territories Development of Ukraine [announced](#) that, since March 2025, the National Database of Energy and Operational Performance of Buildings has been operational. The database collects and analyses data on building conditions and energy use to support thermal modernization planning, monitor national energy efficiency targets, and improve resource management. Its creation, although focused mainly on public buildings, is part of Ukraine’s commitments to implement EU energy efficiency directives.

3.2. Acts under consideration

3.2.1. General policy matters

On May 5, draft Law No. 13258 was [registered](#) in the Verkhovna Rada, which expands the list of activities that can be carried out under energy service agreements, with projects for the development of renewable energy, distributed generation and energy storage facilities. The draft law proposes to amend the Law of Ukraine "On Energy Efficiency" to update the definition of measures that may be implemented within the framework of energy service contracts, in particular to enable the implementation of alternative energy projects, distributed generation, and energy storage installations through such contracts.

3.2.2. Energy performance of buildings

N/A

3.2.3. Energy labeling, ecodesign, standards and certifications

On April 30, the State Agency on Energy Efficiency and Energy Saving of Ukraine [published](#) a draft resolution of the Cabinet of Ministers “On approval of the Technical

Regulation on requirements for alternative motor fuels”. The draft sets out technical requirements for the quality and safety of alternative motor fuels to promote their use and ensure compliance with European standards. It is [proposed](#) that the resolution will enter into force six months after its official publication.

3.2.4. Other issues

On May 5, the Ministry for Communities and Territories Development of Ukraine [published](#) a draft Law of Ukraine “On amendments to certain laws of Ukraine to support the development of efficient and sustainable district heating”. The draft proposes to improve legislation on district heating by recognizing it as a sector of public interest, promoting investment programmes, and introducing mechanisms for mandatory installation of individual heat substations (IHS) in buildings connected to district heating networks. It also aims to encourage the use of renewable energy and cogeneration, modernize infrastructure, improve tariff setting (including costs of IHS installation), and strengthen competition in the sector.

On May 8, the Ministry for Communities and Territories Development of Ukraine [published](#) a draft order of the Cabinet of Ministers “On approval of the State Targeted Environmental Programme for Technical Modernization of Wastewater Collection and Treatment Enterprises by 2034”. The draft aims to improve environmental protection and expand access to centralized wastewater services by modernizing state- and municipally-owned wastewater infrastructure, introducing innovative solutions, and creating favorable conditions

for investment. The Programme sets targets such as increasing household access to wastewater services to 70%, expanding biological treatment, enabling reuse of treated wastewater and sludge, and creating new jobs. The initiative supports commitments under the EU-Ukraine Association Agreement and national legislation.

On May 21, the Ministry of Economy of Ukraine, together with DiXi Group think tank and the Green Transition Office [started](#) working on creation of the Green Platform, a digital catalogue of available green financing programs for businesses, utilities, state-owned enterprises, and local communities. The platform will help to find relevant opportunities for implementing energy-efficient solutions, resource saving and sustainable modernization.

On June 10, the Ministry of Education and Science of Ukraine [announced](#) the launch of the “Energy Efficiency Lessons” project, which will integrate energy efficiency topics into the school curriculum from the new academic year. The initiative aims to help students develop habits of energy saving and practical skills in rational energy use. Over 2,000 teachers have already completed training and are ready to deliver these lessons. The project provides methodological recommendations, interactive materials, and guidance for teachers of grades 4–11.

3.3. Deep dive: Overview of Recent Technical Regulations Adopted and Drafted

On May 2, 2025, the Cabinet of Ministers of Ukraine [adopted](#) Resolution No. 512 “On approval of the **Technical Regulation on ecodesign requirements for refrigerating appliances with a direct sales function.**”

This regulation sets **mandatory requirements for energy efficiency, performance, and environmental impact** of electrical refrigerating appliances used to display goods for direct sale to consumers. It aligns Ukrainian legislation with the relevant EU framework, particularly Commission Regulation (EU) 2019/2024, adopted under Directive 2009/125/EC.

The regulation applies to equipment designed for the preservation and presentation of food or non-food products at specified temperatures and requires manufacturers to comply with ecodesign criteria related to energy consumption, technical parameters, and labelling.

Certain categories of appliances are explicitly excluded, including units powered exclusively by non-electric sources, remote refrigeration systems with external condensers or compressors, equipment intended for food processing or scientific use, and professional storage cabinets or blast chillers regulated by other national technical standards.

Implementation of the regulation falls under the responsibility of the State Agency on Energy Efficiency and Energy Saving. Importantly, products introduced to the market before the effective date will not be subject to retroactive restrictions. The **regulation will come into force on 1 September 2026.**

On April 30, 2025, the State Agency on Energy Efficiency and Energy Saving [published](#) for public consultation a draft resolution “On approval of the **Technical Regulation on requirements for alternative motor fuels.**”

The draft regulation **establishes quality and safety requirements for the production, import, and sale of alternative motor fuels and liquid biofuels** intended for use in internal combustion engines. It incorporates provisions from several EU directives, notably Directive 98/70/EC on fuel quality, Directive 2009/30/EC introducing obligations to reduce greenhouse gas emissions from fuel, Directive (EU) 2016/802 on sulphur content of certain liquid fuels, and Directive (EU) 2018/2001 promoting the use of renewable energy sources.

It applies to fuels such as automotive petrol with more than 10% bioethanol content (e.g., E85), diesel fuel blends with over 7% biodiesel (including B10, B20, B30, and pure biodiesel B100), as well as other liquid biofuels like hydrotreated vegetable oils.

The regulation does not cover conventional fuels within established bio-component thresholds regulated separately, gaseous fuels including natural gas, biogas, and LPG, or electricity used as a vehicle energy source. Additionally, fuels produced or stored for state reserves, defence needs, or exclusive use in internal processes in oil and gas production facilities are exempt.

Under the draft, entities circulating fuels not covered by this or the conventional fuel regulation must maintain detailed records of their quantities, and such fuels may not be sold at retail filling stations.

It is proposed that this regulation will enter into force **six months after its official publication.**

4 Industrial emissions

4.1 Adopted acts

4.1.1 General policy matters

On June 4, the Verkhovna Rada of Ukraine [adopted](#) in the first reading with further refinement the draft Law "On amendments to the Tax Code of Ukraine in connection with the adoption of the Law of Ukraine "On Integrated Prevention and Control of Industrial Pollution." The draft aims to align the Tax Code with the new legislation introducing integrated environmental permits, which will replace existing emission, water use, and waste permits. The amendments ensure that tax authorities will continue to receive the necessary data for administering environmental taxes and fees once the new system enters into force.

4.1.2 Emission limits and standards, MRV requirements

N/A

4.1.3. Other issues

N/A

- other public bodies, local governments, and the public during permit issuance and installation operation;
- collection, storage, processing, publication, and access to documents and data related to integrated environmental permits and pollution control;
- user access via the Register's web portal, electronic cabinet, and notifications.
- The Register aims to guarantee transparency, facilitate electronic document flow, and provide open access to information in line with the requirements of the Law.

On June 6, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On amendments to certain resolutions of the Cabinet of Ministers of Ukraine in the field of prevention, reduction, and control of industrial pollution". The draft aims to align existing regulations with the Law On Integrated Prevention and Control of Industrial Pollution. It [proposes](#) amendments to multiple resolutions, including:

- the list of pollutants regulated in water discharges,
- procedures for state accounting in air protection,
- rules for issuing air emissions and special water use permits,
- requirements for environmental impact assessment exemptions,
- rules on declaring certain business activities,
- criteria for determining significant changes in operations,
- suspension of state oversight during martial law,
- procedures for introducing automated emissions monitoring,
- waste treatment monitoring and permitting,
- technical requirements for waste incineration installations,
- procedures for restricting water use rights.

4.2. Acts under consideration

4.2.1. General policy matters

On April 21, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On approval of the Procedure for maintaining the Unified State Register of Integrated Environmental Permits". The draft establishes the procedure for maintaining the Register. The draft was developed in accordance with the Law On Integrated Prevention and Control of Industrial Pollution.

The document establishes procedures for creating and maintaining the Register, which will ensure:

- electronic interaction between installation operators, the Ministry, competent authorities,

On June 11, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft decree of the Cabinet of Ministers of Ukraine approving Ukraine's Second Nationally Determined Contribution (NDC2) to the Paris Agreement at 68–73% reduction from 1990 levels in 2035. See more details in the section below.

4.2.2. Emission limits and standards, MRV requirements

On April 8, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On amending paragraph 1 of the Procedure for submission and publication of reports by business entities on compliance with emission permits and implementation of measures to control compliance with established emission limit values". The draft was developed in accordance with the Law On Atmospheric Air Protection. It clarifies that annual reporting is required only for business entities holding emission permits for stationary sources classified as Group I and Group II. The amendment is proposed to reduce unnecessary administrative and financial burdens, as operators of Group III installations – due to their minimal impact on air pollution – currently submit largely formal reports without substantive information.

On May 16, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On amending paragraph 7 of the Procedure for submission and publication of reports by business entities on compliance with emission permits and implementation of measures to control compliance with established emission limit values". The draft introduces a simplified annual reporting format for business entities holding emission permits for stationary sources classified as Group III under the Law of Ukraine On Atmospheric Air Protection.

On June 4, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On approval of the Procedure for transmitting real-time emissions monitoring results". The draft [establishes](#) the procedure for transferring emissions data collected by automated measuring systems to the Ministry and the State Environmental Inspectorate in real time. It applies to operators of installations operating under integrated permits requiring automated emissions monitoring, as well as operators who have voluntarily installed such equipment. Operators must record, process, and report

monitoring results on emissions, soil contamination, and groundwater pollution to ensure verification and compliance control by the State Environmental Inspectorate.

On June 17, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft resolution of the Cabinet of Ministers "On approval of requirements for the development, form, and content of the assessment of derogation and the indicators of the criterion of disproportionately high costs of achieving emission limit values defined in the conclusions on best available techniques, compared to environmental benefits, as well as the methodology for calculating such costs relative to environmental benefits." The draft aims to establish procedures for determining less stringent emission limit values (derogation) for specific installations when compliance with best available techniques would lead to disproportionately high costs.

4.2.3. Other issues

N/A

4.3. Deep dive: Draft Second Nationally Determined Contribution (NDC2) of Ukraine to the Paris Agreement

On June 11, the Ministry of Environmental Protection and Natural Resources of Ukraine [published](#) a draft decree of the Cabinet of Ministers approving Ukraine's Second Nationally Determined Contribution (NDC2) to the Paris Agreement, marking the start of public discussion of the document. Comments and suggestions on the draft document are being collected until mid-July.

Draft NDC2 [sets a new national target](#) to reduce greenhouse gas (GHG) emissions, currently suggested at **68–73% reduction compared to 1990 levels by 2035**. This target demonstrates Ukraine's continued commitment to international climate goals despite the full-scale war unleashed by the Russian Federation.

Ukraine already made a **significant cumulative contribution**, reducing GHG emissions by **15.2 billion tons of CO₂-equivalent** between 1990 and 2022. This reduction was accompanied by major economic and structural transformations, demographic decline, and social challenges.

The new target is **more ambitious** than previous commitments:

- the *Intended Nationally Determined Contribution* (INDC) originally aimed to **not exceed 60%** of 1990 emissions by 2030;
- the *Updated NDC* submitted in 2021 raised ambition to a **65% reduction by 2030**;
- NDC2 further increases this ambition with a **68–73% reduction target by 2035**, even under war conditions.

The draft NDC2 is aligned with:

- Article 2 of the Paris Agreement to keep global warming well below 2°C;
- Ukraine's objective to achieve **climate neutrality by 2050** (as enshrined in the Law on the Fundamentals of State Climate Policy).

Ukraine's draft NDC2 sets an economy-wide target covering all greenhouse gases and sectors. Its development relied on the first Global Stocktake of the Paris Agreement (decision 1/CMA.5) and was aligned with Ukraine's Long-Term Low Emission Development Strategy – which currently is also being revised.

At the same time, the full-scale aggression of the Russian Federation and the associated high level of uncertainty about current and projected greenhouse gas emissions have negatively affected the ability to set ambitious and achievable NDC targets for Ukraine by 2035. Therefore, after the restoration of Ukraine's territorial integrity within its internationally recognised borders, Ukraine's NDC2 will be adjusted based on verified information

Several modelling tools were used to assess emission pathways up to 2050. The TIMES-Ukraine model provided projections for energy and industrial sectors, mass balance modelling was applied for the waste sector, and dedicated simulation tools were used for agriculture and LULUCF. The 1990 emissions baseline was taken from the National Inventory Report to ensure consistency.

Three forecast scenarios were developed to explore different decarbonisation paths. However, **limited statistical data**, especially from occupied territories, means there is still significant uncertainty about current and future emissions. This uncertainty has constrained the ability to set more detailed and ambitious targets for 2035 at this stage.

Draft NDC2 reflects Ukraine's determination to pursue climate action despite the war. The target of reducing emissions by 68–73% by 2035 **demonstrates progress beyond previous commitments and aligns with the goal of achieving climate neutrality by 2050**. It also confirms Ukraine's contribution to keeping global warming well below 2°C, while ensuring that emission cuts support food security and sustainable economic development.

According to the [explanatory note](#), adoption of the draft decree will enable Ukraine to fulfil its obligations under the UN Framework Convention on Climate Change and Article 4 of the Paris Agreement. Implementation is expected to have a positive impact on the environment by

reducing pollution, preserving natural resources, and supporting decarbonisation in energy, construction, industry, transport, and agriculture. It will also contribute to achieving climate neutrality by 2050 and improve public health through better environmental quality. Additionally, the act will strengthen the market environment, protect the rights of businesses and citizens, support regional development, and attract investment in low-carbon technologies.

Separately, Ukrainian business associations have called on the government to adjust the draft NDC2 target in light of the war's impact on the economy. On 19 June 2025, the European Business Association (EBA) [noted](#) that the proposed 68–73% emissions reduction by 2035 is highly ambitious given current conditions. The EBA stressed that many enterprises have lost production capacity or suspended operations, placing the burden of implementing decarbonisation measures on the companies that remain active. The Federation of Employers of Ukraine has also [proposed](#) setting a 'more realistic' target of **65.1% reduction** by 2035 instead of the current range, emphasising the lack of financial estimates and funding mechanisms.

Both organisations have recommended that Ukraine consider introducing a mechanism to **review and adjust the climate target three years after the end of martial law**, to balance international commitments with the country's economic capacity. They underlined that achieving ambitious climate goals will require substantial external support, including access to EU grants, concessional loans, and dedicated decarbonisation funding instruments.

