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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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List of Abbreviations and Acronyms

AIB – Association of Issuing Bodies

AS – ancillary services

bcm – billion cubic meters

CHP – combined heat and power plant

CMU – Cabinet of Ministers of Ukraine

DAM – day-ahead market

DBNs – State Building Norms

DSO – distribution system operator

EBRD – European Bank of Reconstruction and Development

ETS – emission trading system

GHG – greenhouse gas(es)

GoO – guarantees of origin of electricity from RES

GTS – gas transmission system

IDM – intraday market

IHS - individual heating substations

ITC – Inter-Transmission System Operator Compensation

Mt - million tons

MP(s) – member(s) of parliament

MRV – monitoring, reporting and verification

NDC – nationally determined contribution

NERP – National Emission Reduction Plan

NEURC – National Energy and Utility Regulatory Commission (Regulator)

NPP – nuclear power plant

NZEBs – near-zero energy buildings

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

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

RED III – 2023/2413 as regards promotion of the use of energy from renewable sources

RES – renewable energy sources

PFOA – perfluorooctanoic acid

PFHxS - perfluorohexane-1-sulfonic acid

SAEE - State Agency on Energy Efficiency and Energy Saving

SGD - Sectoral Guidance Document

SME – small and medium enterprises

TPP – thermal power plant

TSO – transmission system operator

TWh – Terrawatt hours

UAH – Ukrainian hrynia

VAT – value-added tax

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Executive Summary

- In the reporting period, the key event on the **wholesale electricity market** was the revision of price caps. During peak hours (17:00-23:00), the upper price cap was significantly raised from 9,000 to 15,000 UAH/MWh on the day-ahead and intraday markets and from 10,000 to 16,000 UAH/MWh on the balancing market. Price caps for other time blocks were kept unchanged.

- As regards the **renewable energy sector**, in Q3 2025, Ukraine adopted a number of acts to implement the roadmap on separating the RES surcharge from the electricity transmission tariff. The NEURC amended the Transmission System Code and provided for the mandatory indication in the bills for transmission system users of the charges used for the performance of public service obligations (PSO) aimed at increasing the share of RES. Amendments to the Procedure for Setting Electricity Transmission Tariffs provide for a separate calculation of the tariff component related to the RES-PSO performance. Another important development was the publication of a draft law transposing certain provisions of RED II and RED III, namely those related to sustainability criteria for biofuels and bioliquids, procedures for accelerating permitting for RES projects, as well as joint support schemes.

- In addition, the NEURC adopted a number of acts aimed at **streamlining connections to the electricity networks.** Resolutions No. 1144 and 1145 aim to align the Electricity Transmission and Distribution System Codes with the Law No. 4213-IX, introducing flexible connection options for multiple producers and storage systems, clearer differentiation of connection types, and simplified technical procedures. The changes also mandate the publication of detailed network data in geographic information systems to enhance transparency. Other resolutions (No. 1053, 1055, 1056) provide for the establishment of the Single Digital Connection Monitoring System, which will enable registering and tracking all connection-related documents, generating reports, and ensuring that fee calculations are transparent and non-discriminatory.

- With respect to the **regulation of natural monopolies**, the NEURC revised electricity distribution tariffs for 18 DSOs, transferring deferred positive adjustments to costs in 2021-2023 to the structure of current tariffs. Distribution tariffs for 5 DSOs operating close to the frontline have also been increased to compensate for the lost income related to hostilities. As for the gas sector, the Regulator amended the methodology for calculating gas distribution tariffs, reporting forms, and monitoring procedures for license compliance. The changes expand inspection indicators for DSOs to include income and expenses from gas quality violations and unauthorized withdrawals, requiring that at least 65% of any identified additional revenues be used to finance investment programs.

- Besides, some of the new NEURC acts were aimed at **improving commercial metering in the electricity sector.** Resolution No. 1103 introduces standard contracts for providing commercial metering services, guarantees the consumers' right to freely choose the provider of such services, and sets the rules for separate metering of several generators or storage facilities connected to one metering point. Another regulation establishes a clear framework for certifying commercial metering data, including the formation of consolidated energy balances by region and trading zone based on validated data within the DataHub platform of TSO. Another draft resolution amends the Methodology for calculating fees for commercial metering services provided by DSOs, updating the list of such services. In particular, DSOs will be required to display hourly consumption data at least once a month in the personal accounts of households with remotely readable smart meters.

- In Q3 2025, Ukraine **expanded its energy efficiency policy tools** by adopting several key government programs and legislative acts. The

Cabinet of Ministers updated state building codes, prepared the launch of the Energy-Efficient Schools program, and expanded financial mechanisms under the State Fund for Decarbonization and Energy Efficient Transformation. Major long-term initiatives were approved, including the Thermal Modernization of Buildings Program and the Program for Energy Modernization of Heat Supply Enterprises, both set to run until 2030 with a combined focus on large-scale buildings retrofitting, renewables integration, and efficiency upgrades in the district heating sector.

- Also, Ukraine **advanced the implementation of the Law "On Integrated Prevention and Control of Industrial Pollution**" by adopting a series of secondary legislation. The government approved key regulations, including the unified requirements for applications and permits, the structure and content of the integrated environmental permit, and the procedure for transmitting real-time emissions monitoring data to public authorities via the EcoSystema platform. In parallel, the list of regulated pollutants was expanded to include not only chemical but also physical and biological factors, the risk-based inspection system for industrial installations was updated, and procedure for the Single State Register of Integrated Environmental Permits was set. Together, these measures established the practical framework for launching integrated permits, digitalizing oversight, and ensuring continuous emissions monitoring in line with EU standards.

- Legislative alignment was further reinforced by the adoption of amendments to the Tax Code to introduce fiscal instruments consistent with integrated pollution prevention. At the same time, preparatory work continued on future instruments, including the draft procedure for the assessment, monitoring, and verification of greenhouse gas emission reductions, intended to underpin Ukraine's decarbonization policy and support the development of a national emissions trading system.

- **The establishment of ETS, however, is still not approached even on the level of primary legislation.** The new government's priority action plan provides for development of a relevant draft law by December, to be submitted for government consideration.

1 Energy Generation

1.1 Adopted acts

1.1.1. Market regulation

On July 14, the Cabinet of Ministers approved a procedure according to which funds transferred to special accounts of protected consumers and critical infrastructure facilities' operators are automatically distributed as follows: 50% of the amount received on the special account is used to cover debts to the supplier of last resort, the TSO and DSOs, while the rest is transferred to protected consumer. The document was adopted pursuant to clause 15-2 of the transitional provisions of the Law 'On the Electricity Market' and is intended to guarantee transparent and timely payments for electricity by protected consumers and critical infrastructure operators.

On July 14, the Cabinet of Ministers amended the Procedure for the Functioning of the Biomethane Register to synchronize it with Law No. 4017-IX and EU Directive 2018/2001 on the promotion of the use of energy from renewable sources. The biomethane register will now operate 24/7 (with a reservation for technical work). The act also introduces the term "technical failure" and stipulates that the guarantees of origin are formed free of charge, the next business day after production data confirmation, and in the event of a system failure, no later than three days after the system is restored.

On July 15, within REMIT implementation, the Regulator updated the Requirements for Integrity and Transparency in the Wholesale Energy Market to align the rules for disclosing inside information with the amendments to Law 4213-IX. According to new provisions, for the duration of martial law, fines for non-disclosure will not be applied, inside information platforms will operate in a test mode without open access, while full inside information disclosure and reinstatement of sanctions will start one month after the martial law is lifted. At the same time, the list of inside data for the electricity and gas markets has been expanded and detailed, and the wording "restrictions" has been replaced with "prohibitions" to remove ambiguity. Additionally, the NEURC amended the Procedure for the Functioning of Inside Information Platforms: the term "disclosure" is replaced by "publication" throughout the Resolution. At the same time, the content of the term "publication" is clarified, which includes the disclosure of inside information on special platforms, and if it is not available, on the market participant's website or on a 'transparency platform' (which, for example, the gas TSO has). At the same time, in the event that the administrator of the inside information platform is suspended, market participants are obliged to ensure that information is published on their own websites in compliance with martial law security requirements. The regulator justifies the changes by the need to bring the Procedure in line with Law No. 4213-IX and to guarantee continuous, equally understandable dissemination of inside information, which increases transparency and reduces the risk of market abuse.

On July 22, the regulator updated the Code of Commercial Metering of Electricity by Resolution No. 1103 to bring it in line with Law No. 4213-IX and make metering more transparent during the wartime period. The document:

- introduces mandatory standard contracts for information interaction and metering services, which the DataHub administrator must conclude with metering service providers according to a clear schedule;
- guarantees consumers the right to freely choose a metering service provider and allows DSOs to offer a public contract to this end on their websites;
- introduces new roles of "main producer" and "sub-producer" and specifies in detail how to keep separate records for several generators or energy storage facilities at one metering point to avoid discrimination.

On July 22, by Resolution No. 1104, the NEURC updated the Temporary Procedure for Calculating Electricity Purchase Volumes: for Group A metering points with incomplete data, a new algorithm for generating hourly schedules until December 31, 2025, and price incentives to motivate consumers to install smart meters starting in 2026, were introduced. The regulator justifies the

changes by the need to extend the transition period for launching the consumption load profiling, increase the reliability of commercial metering, and create economic incentives for the installation of smart meters so that the market receives accurate and transparent data even during martial law period.

On July 22, the NEURC approved a new version of the Compliance Program of the Ukrainian gas TSO. The document details mechanisms for preventing discrimination in access to the grid, establishes separate accounting and transparent rules for the company's temporary gas-fired electricity generation activities (allowed by January 1, 2027, due to military damage to the power system), and provides for reporting on compliance with these requirements. The regulator obliged TSO to submit a phased plan for the termination of electricity generation activities by December 31, 2025, justifying the decision by the requirements of Article 31 of the Law on the Natural Gas Market, transitional provisions of the Law on the Electricity Market, and the need for enhanced control and transparency under martial law to ensure non-discriminatory functioning of the gas transmission system.

On July 25, the regulator revised the price caps on the wholesale electricity market: during peak hours (17:00-23:00), the price cap was raised from 9,000 to 15,000 UAH/MWh on the day-ahead and intraday markets and from 10,000 to 16,000 UAH/MWh on the balancing market. Price caps for other time blocks were left unchanged. The new price caps came into force on July 31. The regulator explained the decision by high price volatility and the risk of power capacity shortages due to shelling: higher evening caps should bring prices closer to import parity, incentivize maximum commercial imports, and guarantee uninterrupted electricity supply to consumers during the 2025/26 winter season.

On July 29, the NEURC adopted a resolution approving the rules for the long-term allocation of capacity at Ukraine's interconnectors with Slovakia, Hungary, and Romania. Ukrenergo reported that the TSOs of the four countries have already agreed to launch monthly auctions on the Joint Allocation Office (JAO) platform, which will expand the possibilities of importing and exporting electricity with EU member states.

On August 5, the NEURC approved amendments to the Market Rules, which introduce the possibility for ancillary service (AS) providers to transfer their obligations to provide ancillary services to other ancillary service units, subject to compliance with technical requirements and approval by the TSO. The decision was made to ensure compliance with the requirements of Regulation (EU) 2017/2195 on electricity balancing, to increase market flexibility, integrate with the EU power system, and improve the mechanisms for the AS provision.

On August 5, the NEURC adopted Resolution No. 1182, which amends the Gas Transmission System Code, the Gas Supply Rules, standard transmission and supply agreements, and the methodology for calculating the transmission tariff. The goal is to complete the implementation of the requirements of EU Regulations No. 312/2014, No. 703/2015, No. 2017/459, and No. 2017/460 (network codes), optimize the procedures for capacity allocation, in particular at internal interconnection points, and increase the accuracy and speed of data provision. The amendments also provide for the replacement of the term "license revocation" with "license termination" and clarify the procedure for the operation of the restricted capacity regime.

On August 13, the Cabinet of Ministers adopted resolutions on holding tenders for the conclusion of hydrocarbon sharing agreements at Mezhyhirska and Svichanska fields located in Lviv, Ivano-Frankivsk, and Chernivtsi regions. The terms of the tenders provide for the right of the American partner to buy out the products and guarantees of equal conditions for other participants. According to Prime Minister Yuliia Svyrydenko, this decision is part of the implementation of the US-Ukraine agreement on the establishment of an investment fund for reconstruction and is aimed at attracting new investments in the domestic oil and gas sector.

On August 19, the regulator issued a resolution approving amendments to the Code of Commercial Metering of Electricity. The decision is aimed at creating a clear regulatory framework for the process of certification of commercial metering data, in particular, the formation of a consolidated energy balance by regions and trading zones based on validated data using the DataHub platform. Such changes were initiated by Ukrenergo to increase transparency and controllability of metering.

On September 16, the NEURC adopted two resolutions operationalizing the separation of the renewable energy surcharge from the electricity transmission tariff. Thus, amendments were made to the Transmission System Code, which provide for the mandatory indication in the bills for transmission system users (except for green metallurgy enterprises) of the charges that go towards the performance of public service obligations aimed at

ensuring an increase in the share of electricity production from RES. Amendments to the Procedure for Setting Electricity Transmission Tariffs provide for a separate calculation of the tariff component related to the performance of public service obligation to increase the share of RES when setting the transmission tariff.

On September 16, the Regulator approved the rules for the intraday allocation of transmission capacity between Ukraine and Romania. This decision will expand cross-border trade and contribute to strengthening the energy security of Ukraine and power system stability.

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

On July 2, the Cabinet of Ministers, by its Resolution № 777, allowed Ukrnafta to attract a EUR 160 million loan from EBRD under the state guarantee to build a new 250 MW cogeneration plant in Kamianske district of the Dnipropetrovs'k region. The government set the guarantee fee at 0.5% per annum, defined flexible collateral requirements (property rights to the company's revenue or assets in the amount of 150-170% of the loan amount), and instructed the Ministry of Finance to conclude an agreement on reimbursement of potential budget expenditures.

On July 25, the Cabinet of Ministers amended Resolutions No. 1010 (2017) and No. 1320 (2023) to simplify the procedure for obtaining the right to perform preparatory and construction work for gas and electricity transmission system facilities. During martial law, gas and electricity TSOs may immediately begin construction or restoration of power lines and gas transmission facilities, as well as work on increasing the capacity of the relevant infrastructure without certain permits (subject to obtaining them later). The effect of Resolution 1320 on the exemption from a number of permits was extended to power lines, and the criteria for environmental impact assessment (Resolution 1010) were adjusted for GTS facilities. The decision is justified by the need to quickly restore the war-damaged energy infrastructure and diversify gas transmission routes.

On August 27, the government allocated over UAH 46 million from the Fund for the Elimination of the Consequences of Armed Aggression to complete the reconstruction of the water heating boiler room at the Okhtyrka CHP. The work is to be completed in 2025. This will enable the restoration of heat supply to 102 residential buildings and 42 social facilities, including kindergartens, schools, hospitals, cultural institutions, etc. The Okhtyrka CHP was destroyed in March 2022 as a result of aerial bombing. The total budget for the reconstruction project is over UAH 157 million, of which almost UAH 111.5 million has already been used.

On August 29, the Ministry of Economy, Environment, and Agriculture of Ukraine announced that the Strategic Investment Council has approved the Single Project Portfolio of Public Investments for 2026, formed on the basis of the medium-term plan for 2026–2028. It includes 89 projects and 60 programs (including 74 new projects and programs) that have been duly evaluated and are eligible for funding. The single project portfolio covers the environment, energy, housing, municipal infrastructure, education, healthcare, transport, digitalization, etc. According to Minister Oleksii Sobolev, the approval of the portfolio increases the transparency of the use of funds for public investment purposes and creates new opportunities for investment, including through public-private partnerships.

On September 2, the government adopted the resolution, clarifying the obligation to publish information in the Prozorro system about the prices of materials purchased during repairs and construction works. A new act stipulates that even if a procurement contract related to repairs or construction is concluded without using the electronic procurement system, documents containing information on the prices of material resources in a machine-readable format must be attached to the report on such a contract. In the event of changes to procurement contracts, customers will also be obliged to publish updated prices. In addition, to speed up the restoration of the power system, the government has extended the exemptions from the use of electronic procedures for the procurement of gas engines, gas turbines, cogeneration plants, and other equipment. At the same time, there is still an obligation to publish prices and reports on such purchases. Also, with the adoption of the new resolution, gas market participants will be able to purchase compressors, gas engines, and gas turbine pumping units, including those that have been in use, without conducting electronic procurement procedures.

On September 12, the Government Action Program for 2025-2026 was adopted, which envisages a number of measures to ensure a stable energy supply in the face of Russian attacks, including:

- completion of engineering and technical protection at critical energy infrastructure

facilities (it is planned to complete the first level of protection and complete the construction of the second level of protection at 14 facilities of Ukrenergo);

- strengthening the participation of critical energy infrastructure operators in air defence measures (procurement of electronic warfare and active defense equipment worth UAH 427 million);
- repair and restoration of power generation and grids (repair of 13 GW of NPP, TPP, CHP, HPP/HSP and over 20000 km of overhead lines; restoration of 3 GW of generation);
- creating and maintaining an emergency stock of electrical equipment;
- attracting EUR 150 million to the Ukraine Energy Support Fund;
- improving the mechanism for granting loans under the state program 'Energy Independence of Individuals - Household Owners';
- implementation of the Ray of Hope project for hospitals (installation of solar panels in more than 50 hospitals);
- extending the exemption from import duties and value-added tax for energy equipment;
- supplying liquefied natural gas to the households of the frontline regions;
- priority supply of equipment for energy companies in the frontline regions worth more than EUR 20 million.

In the **electricity sector,** the Plan provides for:

- development of distributed generation (+200 MW by the end of the year);
- increasing the capacity of interconnectors (increase the maximum permitted export capacity by 200 MW);
- launching new auctions for the allocation of RES support quotas in 2026;
- adoption of a draft law on the integration of Ukraine's electricity market into the EU's one;
- adoption of a draft law on strengthening the independence of the NEURC;
- adoption of the draft law on simplification of permitting procedures for RES in accordance with the requirements of Directive 2018/2001.

In the **gas sector,** priorities include:

- ensuring sufficient gas reserves in storage facilities for the upcoming heating season (target - 13.2 bcm in UGS facilities and 4.6 bcm of imports);
- creating conditions for the recognition of Ukrainian biomethane as a sustainable renewable gas in accordance with the requirements of EU legislation;
- development and submission of the draft Hydrogen Strategy of Ukraine to the Cabinet of Ministers;
- implementation of EU legislation on security of natural gas supply, in particular Regulation 2017/1938.

On September 22, the Cabinet of Ministers allocated UAH 840 million from the Reserve Fund of the State Budget for the construction of protective structures at the substations of the distribution system operator Kharkivoblenergo. This will protect the transformers at substations that provide electricity to more than 220,000 residents of the Kharkiv region from Russian attacks. A similar decision to allocate UAH 630 million to Zaporizhzhiaoblenergo was made on **September 15.**

On September 25, the Cabinet of Ministers adopted Resolution No. 1196, which amended the Resolution on the specifics of public procurement during martial law. The document supplements the list of exceptions when it is permissible to change the essential terms of procurement contracts concluded in accordance with this resolution. In particular, this applies to contracts of the electricity TSO if they are financed by loans or grants from IFIs with a co-financing share of at least 75%. The exception also applies to existing contracts concluded before the entry into force of Resolution No. 382 of the Cabinet of Ministers of Ukraine dated April 2, 2024.

1.1.3. Network development and connection

On July 15, the NEURC comprehensively updated the rules for connection to power grids, inter alia, amended the Codes of Electricity Transmission and Distribution Systems (Resolution No. 1053), approved methodological recommendations for the functioning of the connection monitoring system (No. 1056), and adjusted the methodology for calculating the fee for connection to the distribution and transmission systems (No. 1055). According to these acts, the Single Digital Connection Monitoring System was to be launched on August 1, 2025: TSO and DSOs are to register all applications, technical specifications and acts related to connections; the system will automatically assign unique identifiers to documents, generate monthly and annual reports and identify violations. All connection agreements must be uploaded within 30 days from the date of entry into force the resolutions. The updated methodology for connection fees obliges TSO and DSOs to submit all data for fee calculation through the monitoring system. In the event of discrepancies, the regulator will prioritize the records in the system, which will help eliminate manipulations and make the calculation of connection fees transparent and non-discriminatory.

On July 29, the Regulator approved two resolutions to bring the Distribution System Code (No. 1145) and the Transmission System Code (No. 1144) in line with Law No. 4213-9. The new provisions:

- allow the sharing of a single connection point by several producers and the connection of a "sub-producer" to the main producer's networks;
- regulate the connection of storage systems, allowing energy to be taken from their own generators and the grid;
- simplify the procedure for extending the technical conditions for grid connection.

Additionally, for the Distribution Systems Code, Resolution No. 1145:

- clearly differentiates standard connections by voltage levels and power ranges by establishing a "maximum connection capacity";
- gives customers of non-standard connections with a capacity of more than 1 MW the right to independently design and build the linear part of connection;
- obliges DSOs to publish detailed network data in a geographic information system to increase transparency and facilitate connection planning.

Additionally, for the Transmission System Code, Resolution No. 1144:

- provides for the possibility of booking capacity for connection of wind farms with a capacity of more than 20 MW;
- introduces a preliminary fee for the connection of other electrical installations to the transmission system;
- obliges Ukrenergo to publish detailed data on the networks, including their typology, in a geographic information system.

The NEURC justifies the resolutions by the need to harmonize technical procedures with the new requirements of the law, provide businesses with flexible connection mechanisms, and increase the transparency of network data. For the Distribution Code, some provisions will come into effect on October 1, 2025 or January 1, 2026. The provisions on the functioning of geographic information systems will come into force six months after the date of lifting martial law.

On August 5, the NEURC issued a resolution amending the Methodology for Formation of the Fee for Connection to the Transmission and Distribution System to bring it in line with Law No. 4213-9. The document clarifies the procedure for determining the cost of standard and non-standard connections, in particular for facilities with a capacity of more than 1 MW, with the customer's right to independently perform design, construction, installation, and commissioning works. The Act establishes updated formulas for calculating fees, regulates the terms of connection under multilateral agreements, electricity withdrawal in excess of the contractual capacity, capacity reservation, and mutual settlements in case of changes in the estimated cost.

On August 12, the NEURC issued a resolution amending the methodology for calculating gas distribution tariffs, reporting forms, and the procedure for monitoring compliance with license conditions. The amendments

are aimed at expanding the list of indicators during inspections of gas DSOs, in particular, the inclusion of income and expenses related to non-compliance with gas quality parameters and unauthorized withdrawals. The positive difference between such revenues and expenses should be used to finance investment programs (at least 65% of additional revenues should be spent within two years following the respective reporting period). The rules for using cost savings from cost optimization have also been regulated: such savings can be used to increase staff salaries or for capital investment.

On August 19, the NEURC amended Ukrenergo's Investment Program for 2025, increasing its volume from UAH 2.98 billion to UAH 3.77 billion. The decision was made on the basis of the company's requests and a preliminary open discussion. The regulator justifies this by complying with the Transmission System Code and the procedure for approving investment programs, as well as the updates to the projects approved by Ukrenergo.

On August 26, the Regulator approved two resolutions amending the structure of Ukrenergo's tariffs for 2025 for transmission and dispatching. The decision is aimed at redistributing costs within the current tariffs, inter alia, expenses under the items "ITC Agreement costs" (UAH 1.25 billion within the transmission tariff) and "costs of purchasing ancillary services" (UAH 363 million within the dispatching tariff). The funds were directed to increase the wage fund, social contributions, payment for information and consulting services, the services of a settlements administrator and commercial metering administrator. Despite the changes, the tariff level remains unchanged.

On August 26, the NEURC adopted resolutions on the recalculation of electricity distribution tariffs for 18 DSOs from September 1, 2025, transferring deferred positive adjustments to costs in 2021-2023 to the structure of current tariffs. The resolutions also determine the priority use of additional revenues: for settlements with the TSO and preparation for the 2025/26 winter season. On average, tariffs increased by 13.5% for voltage level 1 and by 23% for voltage level 2. **On September 16,** the NEURC adopted resolutions on changing electricity distribution tariffs for 5 frontline DSOs from October 1, 2025 (for three months (October–December) 2025). On average, tariffs will increase by 11.2% for voltage level 1 and 17.2% for voltage level 2. The changes are justified by the need to take into account the results of inspections for 2021-2023 and compensate for the lost income of DSOs in regions affected by hostilities, as well as to ensure the stability of settlements with Ukrenergo and prepare for the 2025/26 heating season.

1.1.4. Other issues

On July 4, the NEURC adopted Resolution № 996, according to which all reporting forms of electricity market participants must be submitted through a new automated reporting module: the schedule for connecting to the module (network operators and guaranteed buyer - by August 2025, producers and aggregators - by October 2025, suppliers and traders - by January 2026), the form of the registration card, and amendments to structure of data have been approved. The Regulator explains the decision by the need to automate the collection of information for market monitoring, increase the efficiency and reliability of reports, and reduce email exchanges.

On July 15, the Regulator adjusted the Methodology for Calculating Tariffs for Gas Storage Services and the quarterly form No. 7b-NEURC-gas-monitoring (Resolution No. 1051). Gas storage operator can use savings from staff optimization or reduction of gas losses to increase salaries and invest in security of assets or cushion gas, but only with the regulator's approval and without reducing the average salary. Also, the relevant reporting form now separately identifies expenses and income related to non-compliance with gas quality parameters. The NEURC justifies the decision by the need to harmonize the tariff methodology with the procedure for controlling additional/non-received revenues, stimulate the operational efficiency of storage facilities, and increase the transparency of tariff monitoring.

On August 15, the NEURC adopted Resolution № 1241, which establishes a mechanism of external control to prevent conflicts of interest during the voting of the NEURC members. In case such a conflict may threaten the quorum, the NEURC member voting under conditions of a potential or actual conflict of interest has the right to vote only under the external control of an authorized person (head of the NEURC's unit for the prevention and detection of corruption). This person will verify the content of decisions, compliance with the conditions for avoiding conflicts of interest, and certify the decision-making process by signing the minutes of the Regulator's meeting. The purpose of the document is to prevent violations of anti-corruption legislation and to avoid situations in which the Regulator would not

be able to make decisions due to the lack of the required number of votes.

On September 18, the government extended a pilot project to distribute humanitarian aid in the form of liquefied petroleum gas to households in frontline areas. The program was in effect during the 2024-2025 heating season and has been extended by May 1, 2026, and expanded to the Zaporizhzhia region. Supplies will be provided by state-owned companies and international partners.

1.2 Acts under consideration

1.2.1. Market regulation

On July 3, the Cabinet of Ministers submitted to the Verkhovna Rada the draft law №13444, which amends Article 9-7 of the Law "On Alternative Energy Sources" to fully align the Ukrainian system of guarantees of origin of electricity (GoO) with the requirements of Directive (EU) 2018/2001 (RED II) and the technical rules of the Association of Issuing Bodies (AIB). The draft:

- enshrines the principle of reciprocity in the recognition of GoO issued by the Member States of the EU and the Contracting Parties to the Energy Community;
- gives the NEURC the right to approve and update the "Ukraine Domain Protocol", which regulates the issuance, circulation, and cancellation of GoO according to AIB standards;
- obliges to calculate and publish the residual energy mix annually in accordance with the procedure determined by the Regulator to inform consumers about the energy supply mix.

The explanatory note emphasizes that the adoption of the amendments will allow Ukraine to fulfill its international obligations under the Association Agreement and the Treaty Establishing the Energy Community and will pave the way for the integration of Ukrainian register of GoG into the European AIB Hub, expand demand for Ukrainian GoOs and, in the long run, reduce the need for budget support for renewables.

On July 11, the Ministry of Energy published a draft government decree approving the Program for the Activities of State Coal Mining Enterprises until 2030, which proposes to merge promising mines into a national joint-stock company, reduce management costs, modernize production, and bring the industry to breakeven by the end of 2027. The ultimate goals of the program also include the termination of state subsidies in 2028, the attraction of non-state investment, and the privatization of enterprises. The Ministry of Energy justifies the initiative by the critical state of the mines (production has dropped 14 times, equipment is worn out, and debt and subsidies are growing) and the need to guarantee energy security through domestically produced coal. The program, which will run from 2025 to 2030, should reduce the burden on the budget, create up to 12,000 jobs, and increase the investment attractiveness of the industry.

On July 22, the Verkhovna Rada supported in the first reading the draft law No. 12087-d, which is based on nine acts of EU energy acquis and should create a legal basis for the full integration of the Ukrainian electricity market into the single European market. The document enshrines market coupling with the EU in the spot and balancing segments, harmonizes risk preparedness rules, strengthens the role and interaction of the national regulator with European counterparts, introduces additional mechanisms for transparency and consumer protection, etc. The adoption of the law will allow market coupling in early 2027, increasing competition, security of supply, and investment attractiveness of the energy system.

On July 23, the NEURC published a draft resolution introducing two groups of amendments. The first group is related to the Procedure for Functioning of the Guaranteed Buyer and determines how renewable electricity sellers pay contributions to the arbitration fund if they lose the status of an enterprise with foreign investment. This is necessary to ensure that the Guaranteed Buyer still has funds for possible international arbitrations. The second group of amendments pertains to the Market Rules and standard contracts, clarifying the calculation of the weighted average price of balancing electricity, harmonizing the documents with the new Law on Administrative Procedure.

On July 23, the regulator submitted for discussion a draft resolution amending the Rules of the day-ahead and intraday markets (DAM/IDM) and the Procedure and Algorithm for the distribution of funds: it is proposed to add a mechanism for uninterrupted

payments in case of arrest of escrow accounts, clarify the method of VAT transfer, etc. The regulator justifies the changes by the need to increase the financial stability and liquidity of the DAM/IDM, minimize tax risks, and guarantee the proper functioning of the electricity market.

On August 6, the regulator published a draft resolution amending the Code of Commercial Metering of Electricity aimed at bringing it in line with other acts of the regulator in electricity. The proposed amendments detail the conditions for the initial parameterization of multi-zonal meters for household consumers, clarify the metering procedure for connecting several generating units at one metering point, determining the terms for installing metering devices after verification, etc.

On August 7, the NEURC published draft amendments to the Rules of the Retail Electricity Market to improve payment discipline and preventing abuses by non-household consumer-debtors. The proposed rules stipulate that a court order to initiate debt proceedings will no longer stop the procedure for disconnecting a facility from electricity supply in case of debt under a supply or restructuring agreement, provided that the consumer is notified of disconnection at least 10 business days in advance. At the same time, the changes do not apply to protected consumers and critical infrastructure facilities (medical institutions, water and district heating utilities, defense facilities, etc.), for which the law preserves guarantees of uninterrupted power supply. The regulator justifies the decision by the need to strengthen the financial stability of the market, ensure responsible consumption, and protect bona fide participants.

On August 11, the Ministry of Energy published a draft law amending certain laws on the implementation of EU legislation in the field of RES to fulfill Ukraine's international obligations, in particular under the Energy Community Treaty and the Association Agreement with the EU. The draft law aims to harmonize national legislation with Directive (EC) 2018/2001 and provides, in particular, for the harmonization of terminology, acceleration of permitting procedures for renewable energy projects, determination of rules for calculating energy consumption from RES, statistical transfer mechanisms and joint support schemes, the establishment of sustainability criteria for biofuels and bioliquids. The rationale is the insufficient level of implementation of the Energy Community requirements (61% in 2024) and the need to provide a regulatory framework for further development of renewables in line with European standards.

On August 22, the Government registered in the Verkhovna Rada a draft law № 13679, which provides for amendments to the Law of Ukraine "On the Electricity Market" to settle the tax debt of the state-owned enterprise Ukrinterenergo (supplier of last resort). The initiative is driven by the fact that the functioning of such a supplier since 2019 has led to the accumulation of a significant tax debt (UAH 487.1 million as of July 2025), which the company cannot repay due to the current restrictions on the use of funds from accounts with a special regime of use. The draft law proposes to temporarily, until the end of 2028, allow 10% of revenues to be transferred to a special non-budget account for the gradual repayment of tax liabilities and VAT arising from the payment of the debt, which should allow the company to solve the financial problem without attracting budgetary funds.

On September 10, the Regulator published a draft law amending the laws "On the Electricity Market," "On Alternative Energy Sources," and "On the NEURC" to implement the Roadmap for separating the renewable energy surcharge from the transmission tariff in 2025–2026. The document introduces a separate RES surcharge, which will be administered by the TSO through a special agreement and a separate account to transparently and sustainably finance support for RES producers (support quota auction winners since July 1, 2026) without cross-subsidization in the transmission tariff. According to the draft act, the methodology for calculating the surcharge is to be developed by the NEURC. The decision is justified by the need to comply with CMU Order No. 612-r and Ukraine's European integration commitments (Directive 2019/944, Directive 2018/2001, Regulation 2019/943) and is aimed at attracting investment in RES.

On September 18, the NEURC published a draft resolution amending the Methodology for calculating fees for commercial electricity metering services provided by the DSOs. The act provides for an update of the list of services: in particular, at least once a month, the operator will be required to display information on the hourly consumption of electricity in the personal account of each household consumer who has a meter with hourly measurement and remote data reading. The draft resolution also provides for a new mechanism for determining the cost of services for unscheduled technical inspection, sealing (unsealing) of metering units or their components, and parameterization of multifunctional electricity meters.

On September 24, the Ministry of Energy published a revised draft resolution of the Cabinet of Ministers entitled "Certain Issues Concerning the Creation of a Natural Gas Reserve." The document establishes a new approach to the formation of mandatory gas reserves for all gas suppliers, determining their size (0.5% of monthly supply volumes, and in the event of a crisis situation – 10%) and the requirement to store them in domestic underground gas storage facilities. The Ministry of Energy justifies the resolution by the need to increase the reliability of gas supplies during crises, harmonize Ukrainian rules with EU's ones (Directive 2009/73/EC), introduce a transparent mechanism for creating reserves, and reduce social risks by ensuring uninterrupted supply to consumers even in the event of import disruptions.

On September 25, the NEURC published a draft resolution amending the Market Rules, which provides for the possibility of integrating several contracts for ancillary services (AS) concluded as a result of special long-term auctions. According to the draft act, such integration is possible provided that the relevant contracts are concluded for the same AS product and for the same period. The regulator justifies this decision by the need to improve the conditions for the provision of ancillary services, simplify the procedures for the construction and certification of new capacities, and accelerate their commissioning.

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

On July 4, draft law №13450 "On Infrastructure Projects of Public Interest in the Energy Sector", transposing Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure (TEN-E), was submitted to the Verkhovna Rada. The Act:

- introduces a national mechanism for selecting priority infrastructure projects in the energy sector,
- entrusts the Ministry of Energy with the functions of a competent authority that supports project promoters, in particular, coordinates the issuance of permits for project purposes;
- introduces a "comprehensive decision" mechanism for issuing all permitting documents within a shortened timeframe;
- introduces the possibility of cross-border allocation of investment costs of a project.

The adoption of the law is necessary to remove regulatory barriers, attract private and European investment, and accelerate the construction of critical infrastructure facilities essential for energy security and Ukraine's integration into the EU energy space.

On August 4, the Ministry of Energy published a draft law on amendments to the Customs Code, which proposes to extend the import duty exemption for goods imported to restore energy infrastructure at the expense of the Energy Community Secretariat until January 1, 2028. This decision is justified by the need to maintain cooperation with international donors of the Ukraine Energy Support Fund, which financed the purchase of equipment and fuel worth over EUR 1 billion since 2022, and to ensure the rapid and continuous restoration of energy facilities damaged by Russian attacks.

On August 6, the Ministry of Energy published a draft resolution of the Cabinet of Ministers of Ukraine, which proposes to amend the Rules for the Protection of Main Pipelines and approve the Procedure for Decision-Making on Approval of the Placement of Power Generating Units within the Protection Zones of Main Pipelines. The document was developed to bring the Rules in line with part four of Article 22 of the Law of Ukraine "On the Legal Regime of Land within the Protection Zones of Main Pipeline Facilities" and to regulate the procedure for granting permits for the placement of power-generating units. The explanatory materials emphasize that this will allow the use of existing infrastructure territories for the installation of generation capacities, promote the development of distributed generation, diversification of energy sources, and increase energy security in the context of military risks and energy supply interruptions.

1.2.3. Network development and connection

On July 25, the Verkhovna Rada registered draft law No. 13536, which proposes to supplement the basic law on rural development with a provision on state co-financing of the construction of gas networks to supply rural settlements. The act stipulates that at least 20% of

centralized state investments to strengthen the technical basis of the social sphere of rural areas and the agricultural sector should be directed to the construction of gas networks. The initiative is motivated by the need to improve socio-economic conditions in villages where insufficient infrastructure and a lack of gas supply hinder development and encourage migration.

On August 13, the regulator published a draft resolution amending the Methodology for Determining and Calculating the Tariff for Natural Gas Distribution Services and the Methodology for Determining Technological Gas Losses. The document is aimed at improving the rules for setting tariffs and calculating losses: in particular, it is envisaged that the review of the annual amount of normative losses will be carried out simultaneously with the review of distribution tariffs, and their amount shall not exceed the arithmetic average of actual losses over the past 5 years.

On September 16, the NEURC adopted amendments to the Methodology for calculating tariffs for natural gas distribution, which provides for the introduction of a transition period with a gradual increase in tariffs (through uniform coefficients for all licensees) to the target level. The initiative aims to avoid a sharp surge in the tariffs, reduce the financial burden on consumers, and ensure the stability of gas DSOs. The decision is based on an analysis of the practice of applying the Methodology, with current amendments recognized as the most effective option that does not require additional budget expenditures.

On September 17, the regulator published draft resolutions proposing changes to the investment programs of 11 gas DSOs that are part of Gas Distribution Networks of Ukraine LLC. The changes provide for the inclusion of total additional expenses in the amount of UAH 42.4 million in the investment programs, which will be used to prepare design documentation and replace combined building pressure regulators. The changes will not lead to an increase in the distribution tariffs.

1.2.4. Other issues

N/A

1.3. Deep dive: draft law transposing TEN-E Regulation

On July 4, five Members of the Verkhovna Rada's Committee on Energy and Utilities, registered the draft law №13450 'On Energy Infrastructure Projects of Public Interest', which transposes provisions of the Regulation 2022/869 on the guidelines for trans-European energy infrastructure (TEN-E Regulation). This piece of legislation is important with regard to the restoration of the Ukrainian energy sector, as it enables fast-tracked implementation of priority energy infrastructure projects through a number of policy measures. This includes:

- **designation of competent authority** (its functions will be performed by the Ministry of Energy), which will be tasked with proposing a list of priority energy projects ('energy infrastructure projects of public interest) based on the objective criteria reflecting how projects in question foster energy security, market liquidity, integration of renewable energy in the system, etc.

- **streamlining of permitting procedures** for priority energy projects by introducing the concept of 'comprehensive decision' (a set of decisions taken by authorities that determines whether a project promoter is authorised to build the energy infrastructure). The comprehensive decision should be issued not later than 42 months following the application by the project promoter. To streamline the process, the draft law provides for the creation of an inter-departmental commission, which will adopt the schedule of issuing permitting documents and oversee its timely implementation.

- **supporting promoters** in implementation of the projects by developing a manual of procedures, which exhaustively describes all permits and other documents, which are required to be obtained by the promoter when implementing a certain type of project. Preparation and duly updating of the manual of procedures is the responsibility of the competent authority.

- providing for **preparation of annual reports on the progress of priority projects** to ensure early

indication of delays in implementation and undertake mitigation measures if necessary.

- providing **incentives** for those projects which incur higher risks with respect to their implementation (for example, if the project requires a significant increase in tariffs). Such incentives should be granted by the national regulatory authority (NEURC) in the form of anticipatory investment, recognition of efficiently incurred costs before commissioning of the project, and provision of additional return on the capital invested in the project. The methodology for identifying higher risks incurred by project promoters is also to be developed by the NEURC.

- procedures for **cross-border allocation of investment necessary for the project**. In some cases, the project may bring net benefits to the countries in which such a project is not implemented (third countries). To ensure that third countries bear fair share of the project implementation, the project promoter may initiate cross-border investment allocation, which is subject to approval by national regulatory authorities of respective countries. The allocation should be based on detailed cost-benefit assessment.

These measures combined should ensure that important energy infrastructure projects are not unduly delayed by the red tape or lack of information on the applicable procedures, while respecting legislative requirements in the field of environment, spatial planning, and construction. Adoption of this draft act is especially important given that one cross-border project, which includes Ukraine, has already obtained the status of a project of 'mutual interest' under the TEN-E Regulation and was included in the respective EU-wide list. This project is 'Generic corridor aiming to transmit hydrogen from Ukraine to Slovakia, Czechia, Austria and Germany' known as Central European Hydrogen Corridor (CEHC). As of October 1, the draft law was approved by the Verkhovna Rada's Committee on Energy and Utilities and is being prepared for a vote in the first reading. By its adoption, Ukraine will also fulfill its obligations under the Treaty establishing the Energy Community, as the TEN-E Regulation is part of the Energy Community acquis.

2 District Heating

2.1 Adopted acts

On July 7, the NEURC published a draft resolution amending the Methodology for Setting Tariffs for Heat Generated by CHPs, TPPs and Cogeneration Plants: the document clarifies the procedure for using tariff funds for repairs, improves the mechanism for accounting for specific fuel consumption and brings respective calculations in line with the current methodology GKD 34.09.100-2003 based on the analysis of actual data from previous years. **On August 12, the** Resolution was adopted.

On July 15, the NEURC amended the Resolution on monitoring the heat energy market (Resolution No. 1061). The new provisions extended the reporting procedure to cover not only funds transferred on non-budget accounts, but also all revenues and expenses of heat supply and heat generating enterprises related to the production, transportation, and supply of heat and hot water. Companies are required to submit detailed cash flow and debt forms by the 20th of each month, and Naftogaz Trading (gas supplier under PSO) is required to submit a separate certificate of gas debts. The decision is motivated by the need to align monitoring with the Resolution of the Cabinet of Ministers No. 812 on public service obligations in the gas market, to increase the transparency of the finances of heat producers, and to provide the regulator with complete data to control payment discipline.

2.2 Acts under consideration

On August 22, the Verkhovna Rada registered a draft law № 13680, which provides for amendments to the Law of Ukraine "On Heat Supply" in order to legislatively regulate the powers of the Ministry of Energy and the State Energy Supervision Inspectorate regarding state control in the field of heat supply. The initiative is justified by the need to eliminate legal uncertainty in this area, as currently, supervision is mostly carried out on the basis of bylaws, that does not meet the requirements of the Constitution and the relevant law on state supervision. The document provides for the definition of unified approaches to the technical control of thermal installations and networks, the elimination of duplication of powers between supervisory authorities, and the introduction of transparent procedures similar to those already in place in the electricity sector. This is expected to increase the safety and reliability of heat supply, reduce accidents, and increase the responsibility of market players.

On September 16, the Government supported a draft law that provides for the mandatory installation of individual heating substations (IHS) in buildings connected to district heating systems. According to the draft act, the maintenance of IHSs will be the responsibility of organizations that transport heat. The draft law also provides for the improvement of the tariff formation procedure so that the costs of installing IHSs are included in the tariff for heat energy transportation. In addition, the following bylaws will be developed: the procedure for installing and maintaining IHSs, a model contract for consumers, and rules for determining the technical feasibility of their installation. The document was developed in accordance with the Government's Priority Action Plan for 2025-2026 and the EU's Ukraine Facility initiative.

3 Energy Efficiency

3.1 Adopted acts

3.1.1 Gerneral policy matters

On September 10, the Cabinet of Ministers approved the Government's Priority Action Plan for 2025. In the area of energy efficiency, the plan outlines two key measures to be implemented by the end of the year. First, five building codes (DBNs) will be updated to strengthen requirements for buildings and structures with a focus on safety, comfort, and energy efficiency, ensuring compliance with modern standards and technologies, and improving living and working conditions. Second, the list of projects shall be approved under the first stage of the Energy Efficient Schools program. This initiative envisages the installation of solar panels and other energy performance upgrades in schools across Ukraine.

On September 25, the Cabinet of Ministers adopted Resolution No. 1210 "On Amendments to the Procedure for Using the State Fund for Decarbonization and Energy Efficient Transformation." The decision expands the scope of public support and clarifies financing mechanisms for energy efficiency projects. In particular, it introduces the concept of "energy efficiency measures," broadens the list of financial instruments (including loans, leasing of equipment, and factoring), and provides for funding the installation of data transmission devices for smart metering of natural gas consumption by households and public institutions. The resolution also specifies eligibility requirements for legal entities, strengthens the role of local authorities in implementing energy management systems and local energy plans, and introduces new definitions (such as project, facility, domestically produced equipment). It establishes a mechanism for subsidies on interest rate - 12% per annum, and 14% for projects using domestically produced equipment. Furthermore, the procedure was detailed for concluding voluntary agreements on energy efficiency and decarbonization, the conditions for receiving and using public support, and the obligations of institutions and gas distribution system operators in projects implementation.

On October 1, the Cabinet of Ministers adopted Order No. 1083-r approving the State Targeted Economic Program for the Energy Modernization of Heat Supply Enterprises in State and Municipal Ownership until 2030. The Program aims to enhance the efficiency and sustainability of district heating companies through modernization measures, contributing to reduced energy consumption and lower GHG emissions. Enterprises will be selected for participation on a competitive basis, with the selection procedure to be approved by the Ministry for Development of Communities and Territories of Ukraine.

3.1.2. Energy performance of buildings

On July 14, the Government approved the State Target Economic Program to Support Thermal Modernization of Buildings until 2030, which aims to massively retrofit residential and public buildings, develop energy management systems, and provide financial incentives to increase the share of near-zero energy buildings (NZEBs). Other measures supported by the Program include the installation of heat pumps and solar facilities in residential buildings, public and municipal buildings. The program also aims to support the development of energy efficiency equipment manufacturers and data collection on the energy performance of buildings. The total amount of funding under the Program is UAH 205.1 billion, of which UAH 58.6 billion will be allocated from the state budget and UAH 44 billion from local budgets. Expected energy savings from the implementation of the Program: for natural gas - 518.7 mcm, for thermal energy - 16,806.9 GWh, for electricity - 866.73 GWh.

On August 27, the Cabinet of Ministers adopted Resolution No. 1056 on the use of unallocated funds from the State Budget. Part of these resources, originating from the European Investment Bank (EIB) loans, will be directed to projects under the Energy Efficiency in Public Buildings in Ukraine program. This decision ensures the continued financing of measures aimed at improving energy performance and reducing energy consumption in public sector facilities.

On September 11, the Ministry for Development of Communities and Territories of Ukraine signed a letter amending financial agreements with the EIB, ensuring the continuation of financing for projects such as the

Energy Efficiency in Public Buildings in Ukraine program. This step makes €908 million available for the restart of projects aimed at restoring critical infrastructure damaged by Russian aggression.

3.1.3. Energy labeling, ecodesign, standards and certifications

On September 30, another indicator of the Ukraine Plan under Ukraine Facility was achieved by adopting harmonized standards for three groups of industrial products. According to State Enterprise "Ukrainian Scientific Research and Training Center for Standardization, Certification and Quality Problems" (UAS), a number of harmonized standards on three groups of industrial products (electromagnetic compatibility, machinery, and low-voltage equipment) have been adopted as national ones by translation method and entered into force, ensuring further alignment with the EU acquis and facilitating safer products and easier market access for Ukrainian producers.

3.1.4. Other issues

On July 3, the Cabinet of Ministers approved Ukraine's first Medium-Term Priority Public Investment Plan for 2026-2028, which encompasses 170 areas, 51 of which are prioritized. The plan envisages the allocation of over UAH 581 billion of public funds and international assistance, which will be directed primarily to transport (UAH 198 billion), energy (UAH 120 billion), education and science (UAH 82 billion), and healthcare (UAH 43 billion). All projects must meet four cross-cutting priorities: energy efficiency, climate change adaptation, gender equality, and barrier-free access. All projects will be pre-selected under the public investment procedures framework. A single project pipeline will be formed, which will include only those initiatives that meet the approved priorities.

On July 17, the State Agency on Energy Efficiency and Energy Saving, together with Ukrgasbank and Sens bank, signed cooperation agreements that launched a new program to reduce the cost of loans for the implementation of energy-efficient solutions, energy modernization, and RES facilities development. The program is being implemented under the State Fund for Decarbonization and Energy Efficient Transformation through a mechanism of voluntary agreements between the state and businesses: companies undertake to improve energy efficiency and reduce emissions, and the government provides compensation for part of the loan interest rate (12% standard, 14% if Ukrainian equipment is used). The maximum loan term is up to 10 years and the amount is up to UAH 60 million for businesses and UAH 90 million for municipal utilities. The initiative is aimed at reducing energy dependency, developing sustainable energy production, and supporting the transition to a low-carbon economy.

On July 24, the Ministry of Education and Science of Ukraine reported that starting from the next school year, the topic of energy efficiency will be integrated into the existing programs for grades 4-11.
This will not imply an additional workload, but will offer materials on the topic for existing curricula to make them more relevant. To integrate the topic of energy efficiency, teachers already have access to methodological manuals and online courses developed under the Energy Efficiency Lessons project supported by the World Bank.

On September 3, the government, by decrees No. 947-r and 948-r, approved draft Additional Agreements No. 3 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission to the Agreements on the financing of Energy Efficiency Support Program in Ukraine - EE4U and EE4U-II. Both agreements provide for the prolongation until 2031 to ensure further implementation of the administrative agreement between the European Commission and the International Finance Corporation, which manages the EE4U multi-donor trust fund.

3.2. Acts under consideration

3.2.1. General policy matters

On August 18, the Ministry for Development of Communities and Territories of Ukraine launched work on the National Plan for the Modernization and Decarbonization of District Heating Systems. The purpose of the anticipated plan is to define strategic priorities for the sector's development in line with European requirements on renewable energy and energy efficiency. It will serve as the foundation for future public programs and projects aimed at upgrading district heating networks and ensuring a gradual transition to renewable energy sources.

3.2.2. Energy performance of buildings

N/A

3.2.3. Energy labeling, ecodesign, standards and certifications

On August 8, the SAEE submitted the draft Cabinet of Ministers resolution "On approval of the Technical Regulation on Requirements for Motor Alternative Fuels" for approval to the relevant public authorities and to the Government Office for Coordination of European and Euro-Atlantic Integration for review. The draft had previously been returned in line with §40(2) of the Rules of Procedure of the Cabinet of Ministers, following the resignation of the government. Public authorities have already provided their approvals along with similar comments. To address the remarks made by the Ministry of Economy, the Ministry of Energy, the Ministry of Digital Transformation, and the Ministry of Justice, SAEE has scheduled a reconciliation meeting. Based on its results, a protocol of agreed positions and a coordination note will be prepared, after which the draft resolution will be resubmitted to the Cabinet for consideration.

On August 26, the SAEE submitted a draft resolution of the Cabinet of Ministers "On approval of the Technical Regulation on eco-design requirements for external power supplies." The primary goal is to improve the energy and environmental performance of external power supplies by introducing eco-design requirements consistent with updated EU legislation. The regulation is expected to gradually phase out the most energy-intensive products and those with the greatest negative environmental impact, thereby promoting more sustainable consumption and production patterns in Ukraine.

On August 26, the SAEE submitted a draft resolution of the Cabinet of Ministers "On approval of the Technical Regulation on eco-design requirements for servers and data storage products." The aim is to enhance the energy and environmental performance of servers and data storage equipment by introducing eco-design standards aligned with updated EU legislation. The regulation is expected to gradually phase out the most energy-intensive and environmentally harmful products from the Ukrainian market, fostering more efficient and sustainable digital infrastructure.

3.2.4. Other issues

On August 6, the Ministry for Development of Communities and Territories of Ukraine published the draft State Targeted Environmental Program for the Technical Modernization of Wastewater Disposal and Treatment Enterprises in State and Municipal Ownership until 2034, along with the strategic environmental assessment report. The program aims to modernize wastewater infrastructure, improve treatment efficiency, and reduce environmental impacts, while the consultation process ensures transparency and the incorporation of feedback into the final version of the program.

3.3. Deep dive: the State Target Economic Program to Support Thermal Modernization of Buildings until 2030

The State Targeted Economic Program for Building Thermal Modernization until 2030, approved by the Cabinet of Ministers in July 2025, is designed to substantially improve the energy efficiency of Ukraine's residential and public building stock. Its overarching goal is to increase the pace of thermal modernization (retrofitting), expand the share of buildings with near-zero energy consumption, and thereby reduce dependence on imported natural gas, strengthen national energy security, and contribute to climate objectives.

The Program responds to a number of systemic challenges. Buildings in Ukraine still consume excessive amounts of energy due to high heat losses through outdated structures, inefficient internal engineering systems, and natural ventilation. Decades of underinvestment have left much of the housing and public building stock in poor condition, with capital repairs and modernization postponed well beyond their intended lifetime. Existing support mechanisms, such as the Energy Efficiency Fund's Energodim program, cover only a fraction of the total need, while financing for accompanying works (safety upgrades, accessibility measures, compliance with building norms) remains absent.

The government therefore opted for a comprehensive national program as the optimal solution. It combines financial incentives, regulatory reforms, institutional strengthening, and awareness raising. The Program aims to stimulate demand for modernization from

households, local governments, and public institutions by expanding access to support and long-term planning instruments, building local energy management capacity, and fostering domestic markets for energy-efficient services and technologies. It also emphasizes the exemplary role of public institutions, requiring them to retrofit their buildings and adopt energy management systems.

The Program foresees a **total budget of UAH 205.1 billion**, sourced from **the state budget (UAH 58.6 billion), local budgets (UAH 44 billion**), and other financing including loans, grants, and public-private partnerships (UAH 102.5 billion). State budget allocations will start after the martial law is lifted, ensuring phased implementation in line with Ukraine's fiscal capacity.

4 **Key tasks of the Program:**

1. **Stimulating energy efficiency in the residential sector** – modernization of individual and multi-apartment buildings, including war-damaged homes, with the installation of heat pumps, solar PV systems, efficient lighting, and ventilation;

2. **Ensuring the exemplary role of public authorities** – certification, thermal modernization, and construction of state-owned buildings to near-zero standards, alongside renewable energy and efficient systems integration;

3. **Encouraging local governments to modernize municipal buildings** – thermal modernization, NZEBs construction, installation of renewables and energy efficient technologies, and certification;

4. **Introducing energy management systems** – in both state institutions and municipalities, with certification to ensure accountability;

5. **Improving data collection and analysis** – establishment of a national buildings database, typology studies, and installation of metering systems in public buildings;

6. **Creating a supportive market environment** – fostering SMEs and manufacturers of energy-efficient equipment and construction products through guarantees and concessional finance;

7. **Raising public awareness** – conducting information campaigns, education programs, and outreach to promote the benefits of energy efficiency and support schemes.

By 2030, the Program expects to deliver large-scale results: over 51,000 individual homes and nearly 6,000 multi-apartment buildings thermally modernized, close to 1,000 war-damaged houses rebuilt to near-zero standards, and thousands of installations of heat pumps, solar systems, and efficient ventilation and lighting in both residential and public buildings. In parallel, around 1,000 state-owned and 1,200 municipal buildings will be certified for energy efficiency, 1,500 municipal energy plans developed, and a national buildings database created.

The anticipated impact is substantial. **Annual savings are projected at nearly 519 million cubic meters of natural gas, 16.8 TWh of heat, and 0.87 TWh of electricity. CO_2 emissions are expected to drop by 5.5 Mt per annum. Economically, the Program should generate around 100,000 jobs in construction, equipment manufacturing, and related sectors**, while socially it will enhance comfort, safety, and accessibility of buildings and increase public awareness of the benefits of energy efficiency.

Strategically, this Program serves as a cornerstone of Ukraine's green recovery, fully consistent with the EU acquis. It lays the foundation for channeling international financial resources into long-term modernization, reinforcing Ukraine's decarbonization trajectory and its integration into the European energy and climate policy framework.

4 Industrial emissions

4.1 Adopted acts

4.1.1 Gerneral policy matters

On July 16, the Verkhovna Rada adopted the Law "On Amendments to the Tax Code of Ukraine and Other Legislative Acts in Connection with the Adoption of the Law of Ukraine 'On Integrated Prevention and Control of Industrial Pollution' and for the Improvement of Certain Provisions of Tax Legislation." The law introduces adjustments to the tax framework to ensure coherence with the legislation on integrated industrial pollution prevention and control, aligning fiscal instruments with environmental objectives and strengthening the legal basis for compliance and enforcement.

On September 1, the Cabinet of Ministers adopted Resolution No. 1064 amending Resolution No. 1598 of November 29, 2001, which establishes the list of the most common and hazardous pollutants subject to regulation of emissions into the atmosphere. The updated regulation expands the scope of pollutants to include not only chemical substances but also physical and biological factors. The revised list now covers substances such as ozone, formaldehyde, suspended particulate matter, volatile and persistent organic compounds, bromine compounds, freons, dicofol, and hazardous "forever chemicals" like perfluorooctanoic acid (PFOA) and perfluorohexane-1-sulfonic acid (PFHxS), along with other pollutants specified in the Law on the National Pollutant Release and Transfer Register. It also introduces regulation of physical factors such as vibration, noise, ultra- and infrasound, and various forms of radiation, as well as biological agents including certain fungi, bacteria, viruses, and their by-products. The resolution, aligned with the Law "On Integrated Prevention and Control of Industrial Pollution," strengthens Ukraine's environmental regulation framework and brings national standards closer to the EU requirements.

On September 10, the Cabinet of Ministers approved the Government's Priority Action Plan for 2025. In the area of emissions, the plan foresees several regulatory steps. By December, a draft law on the establishment of a national emissions trading system (ETS) is to be developed and submitted for government consideration. In September, three draft resolutions are scheduled for submission: (1) procedure for transferring real-time emissions monitoring data; (2) mechanism addressing the excessively high costs of achieving maximum allowable emissions standards; and (3) procedure for maintaining the Single State Register of Integrated Environmental Permits.

4.1.2 Emission limits and standards, MRV requirements

On July 2, the Cabinet of Ministers adopted Resolution No. 780 approving unified requirements for the form and content of the application to be submitted by operators of industrial facilities to the Ministry of Environment to obtain or adjust an integrated permit: the document contains a complete list of information - company profile, technologies, raw materials, energy consumption, emissions, water use, waste and monitoring measures to be entered into the electronic Register of Integrated Permits. The resolution was also adopted to implement the Law "On Integrated Industrial Pollution Prevention and Control" so that immediately after it comes into force, companies can obtain integrated permits without delay, and the industrial pollution control system harmonized with EU requirements can be launched.

On July 15, the Cabinet of Ministers approved the Resolution 'On Requirements to the Form and Content of the Integrated Environmental Permit', a key bylaw which unifies the structure of such permit and defines the list of mandatory data to be submitted. Starting from August 8, 2025, companies subject to the law will be able to apply through the Single State Register of Integrated Environmental Permits (the Ministry of Environment will issue such permits).

On September 10, the Cabinet of Ministers, by Resolution No. 1128, approved the procedure for maintaining the Single State Register of Integrated Environmental Permits – a web module of the EcoSystema platform. The register will enable electronic

interaction between operators and public authorities, facilitate the creation and storage of information and documents related to integrated permits, and ensure open access for both the public and operators. It also provides for electronic identification/signatures, integration with other government resources, and special publication rules for critical infrastructure facilities during the martial law. The decision aims to digitalize and unify permitting procedures, while enhancing transparency, accessibility, information security, and data disclosure.

On September 25, the Cabinet of Ministers adopted Resolution No. 1181 approving the procedure for transmitting real-time emissions monitoring data. It sets detailed rules for operators of installations with integrated permits, as well as those who voluntarily install automated monitoring systems, to record, process, and automatically transmit data to the Ministry of Economy and the State Environmental Inspectorate. The monitoring covers emissions, soil contamination, and groundwater pollution, ensuring verification, compliance control, and continuous oversight by public authorities. This measure strengthens environmental monitoring, enhances transparency, and aligns Ukraine's practices with EU standards.

4.1.3. Other issues

On July 7, the Cabinet of Ministers adopted Order No. 666-r approving Ukraine's draft letter to the Organisation for Economic Co-operation and Development (OECD) requesting accession to the OECD Council Recommendation on Integrated Pollution Prevention and Control. By initiating this step, Ukraine seeks to align its regulatory framework with advanced international standards on comprehensive pollution prevention and oversight, reinforcing its commitment to sustainable development and closer cooperation with the OECD.

On September 25, the Cabinet of Ministers adopted a resolution updating the risk criteria and frequency of scheduled inspections by the State Environmental Inspectorate. The frequency of oversight for installations with integrated environmental permits will now be determined through systematic risk assessments for each facility individually: high-risk installations will be inspected annually, while medium- and low-risk facilities will be inspected once every three years. The government justified the decision as a step toward risk-based, transparent, and EU-aligned environmental oversight to more effectively prevent industrial pollution.

4.2. Acts under consideration

4.2.1. General policy matters

On August 29, the SAEE submitted a draft resolution of the Cabinet of Ministers "On approval of the Procedure for the assessment, monitoring, and verification of greenhouse gas emission reductions." The purpose of the draft is to introduce a standardized procedure for assessing, monitoring, and verifying emission reductions achieved through projects in the fields of energy efficiency, renewable energy, and decarbonization implemented under the Decarbonization and Energy Efficiency Transformation Fund. The procedure establishes unified approaches for the preliminary assessment of projects, regular monitoring of progress toward planned targets, and verification of actual results. These mechanisms are essential for informed decision-making on support and for advancing national decarbonization policy. The draft also lays the groundwork for ensuring transparency and reliability of emission reduction data, thus indirectly supporting the future launch of the national emissions trading system.

4.2.2. Emission limits and standards, MRV requirements

N/A

4.2.3. Other issues

N/A

4.3. Deep dive: industrial emissions and the implementation of integrated control

In 2025, Ukraine moved to the practical implementation of the Law "On Integrated Prevention and Control of Industrial Pollution" (No. 4536-IX), harmonized with the EU Industrial Emissions Directive (2010/75/EU). This law establishes a modern system of integrated environmental regulation covering all types of

industrial impacts on the environment - from air emissions and water discharges to waste management, noise, and vibration. In Q3 2025, the government adopted several secondary legislative acts that made this framework operational in practice.

In particular, the Cabinet of Ministers approved the requirements to the form and contents of the integrated permit. This document defines a unified structure for permits that consolidate multiple previous authorization procedures and set comprehensive operational conditions for enterprises. The permit includes obligations on emissions monitoring, waste management, soil and groundwater protection, energy efficiency, and civil protection measures. It also regulates the procedure for appeals, specifies which permits become invalid once an integrated permit is issued, and makes environmental and energy audits mandatory. In practice, the integrated permit becomes the central regulatory tool for ensuring a holistic approach to industrial installations' impact on the environment.

Another landmark decision was the adoption of the procedure for transmitting real-time emissions monitoring results. This resolution requires operators of installations covered by integrated permits, or those that voluntarily install automated measuring systems, to transmit data directly to the Ministry of Economy and the State Environmental Inspectorate via the EcoSystema digital platform. This ensures constant state monitoring of emissions, improves transparency, and guarantees public access to environmental information. The resolution further specifies requirements for equipment registration, data formats, transmission channels, and legal statuses of monitoring equipment ("test mode," "operational mode," "decommissioned"), while assigning responsibility to operators for data accuracy.

A key complement to these regulatory acts was the adoption, on July 16, 2025, of amendments to the Tax Code and other legislative acts related to the Law "On Integrated Prevention and Control of Industrial Pollution". It aligns the taxation system with the new environmental framework and introduces financial incentives for industrial modernization, particularly through environmental taxation. It provides a foundation for not only administrative, but also economic tools for the uptake of best available techniques.

Taken together, these developments establish conditions for a new model of industrial emissions governance in Ukraine. It combines rules for transparent permitting, digital real-time monitoring, and financial instruments embedded in tax policy. This comprehensive approach brings Ukraine's environmental governance closer to EU standards, creating the conditions for reducing industrial pollution, strengthening business accountability, and enhancing the country's environmental security.

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