

## Energy storage regulations kiev

The Ukrainian government, supported by key industry players such as the local TSO, is eager to take on this important challenge: the country has signed the Paris Agreement; it has decided to support the European Green Deal; and it aims to have 80% of RES in the energy mix by 2050.

incentives for energy storage systems in the Ukrainian electricity market. LCU" analysis of the draft law text shows that while providing certain incentives for energy storage, it may also undermine competition on the ancillary services market.

Since 2014, the United States has provided over \$160 million in technical support to strengthen Ukraine's energy security, including to strengthen EU interconnectivity, increase energy supply diversification, and promote investments in energy efficiency, renewable energy, and clean energy technologies and innovation.

The Draft Law develops the legal framework for the deployment of energy storage facilities ("ESF"), which has been very limited until now, and introduces relevant concepts and requirements into the laws of Ukraine "On the Electricity Market" and "On the National Energy and Utilities Regulatory Commission" aligned with the EU ...

The Draft Law introduces ESF operators as the new participants in the electricity market. Individuals and legal entities (except for pumped hydro power plants) can become ESF operators and use ESF to sell electricity and/or provide balancing or ancillary services with the use of ESF.

The Draft Law does not establish any special incentives in relation to ESF, which would thus have to operate in the merchant market. However, one important advantage is that ESF operators would be able to pay for the transmission, distribution or dispatch services based on the difference between the monthly consumption and monthly output of electric power.

If a RES producer deploys ESF in accordance with Ukrainian law, this would not entail a review of the support scheme entertained by such producer (whether the feed-in tariff, or the auction price). However, in the event of curtailment ordered by the dispatch operators, compensation payable to a RES producer will be reduced, since the amount of electricity undersupplied by a RES producer due to such curtailment (which is used for the calculation of compensation) will be reduced by the amount of electricity feeding such producer's ESF for the duration of such curtailment.

The preliminary (optimal) network connection points of ESF should be outlined by Ukrenergo in the transmission system development plan, without limiting the right of ESF owners to be connected, on a transparent and non-discriminatory basis, to other points in accordance with procedures established by the network codes.

Certain participants of the electricity market cannot engage in energy storage activities. These include the network operators; the market operator; the administrator of payments and the commercial metering administrator (currently, the TSO); and the guaranteed buyer (the off taker purchasing electricity from RES producers at the feed-in tariff or the auction price). This prohibition is aimed at preventing cross-subsidisation between ESF activity and the regulated functions of the market participants, and distortion of competition.

When granting any of the above rights to the TSO, the Regulator will have to report its justified decision to the Energy Community Secretariat. In order to ensure the fair tendering procedure, the Regulator will approve the guidelines for the procurement of ESF for the network operators.

The Draft Law has to be signed by the President of Ukraine and officially published, and it will take effect two months after its publication. While the final text will be available only after the official publication, certain adjustments of the Draft Law can still be expected.

On a related note, it is expected that the new legislative framework will soon be presented, which would regulate the feed-in premium as the new support mechanism for renewables in Ukraine, as well as virtual (financial) corporate power purchase agreements.

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