

AD-HOC TECHNICAL ASSISTANCE PROJECT

AHEF No. UA 16-17

Project Title

Recommendations to the SE “Energorynok” at the stage of preparation to day-ahead market (energy exchange) implementation

Country (s) Ukraine

Timescale for implementation May – October 2011

Beneficiary(s)

The State Company “Energorynok”, Kiev

Main and specific objectives

The **overall objective** of this application was to facilitate the process of liberalisation of the power market in Ukraine. The background for this was the need for assistance during a long period of time in establishing the setup of a competitive power market to take place in the next few years. The **specific objectives** were to (1) familiarize the beneficiary with EU experience in energy exchanges (2) familiarization with preparation and conducting tenders for procurement of energy exchange software and hardware (3) capacity building actions in the form of on-the-job training and further (4) summarization of relevant EU experience in order to create a detailed implementation plan for the transmission systems operators (TSO).

Results achieved

The following recommendations were developed:

- *Creating a real reference price for electricity* – meaning removal of artificial low regulated tariffs, use the day-ahead market (DAM) to establish a real reference price for electricity that is based on the real cost.
- *Stepwise approach* – starting with DAM and balancing market as key markets and develop from there
- *Balance responsibility* – participants shall be obliged to try to be in balance and if not face an imbalance cost.
- *Establishing of the operational market organisations* – it is vital to have the future key personnel for the market operator(s) to be part of the implementation project.
- *Creating a common plan and approach* for the introduction of the markets
- *Political support* is important as well as support and direct involvement from the TSO in the development of the physical markets.

Useful information/ relevant documents

For further information please contact the SEMISE Secretariat in Kiev.

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