

AD-HOC TECHNICAL ASSISTANCE PROJECT

AHEF No. UA 32

Project Title

Recommendations for the ancillary services pricing based on the existing provisions and relevant draft regulations

Country (s) Ukraine

Timescale for implementation April – May 2010

Beneficiary(s)

NPC Ukrenergo

Main and specific objectives

The **overall objective** of the assignment was to assist the National Power Company (NPC) in preparing proposals to the NERC with respect to procurement of ancillary services in the Ukrainian electricity market.

The **specific objectives** of the project were (1) a review of best practices with respect to the definition of ancillary services costing principles as well as charging principles to the consumers and (2) to propose, on the basis of the above review, appropriate secondary legislation background documents (benchmarking study, draft model contracts, billing verification, etc) to be submitted to National Electricity Regulatory Commission of Ukraine (NERC) for consultation.

Results achieved

During the project the SEMISE experts made a benchmark with a number of EU countries in order to put the Ukrainian situation in perspective. In conclusion the SEMISE Experts proposed two different options for ancillary services. **Option A** comprises the establishment of a transitional mechanism that would allow the Transmission Services Operator to procure the required ancillary services under the present Single Buyer Model. **Option B** advocates the streamlining of the process for procurement of ancillary services as it is provided in the draft Market Rules. After having analysed the “pro and cons” of the two options, the final recommendation is in favour Option B and implementation of this option in seven steps.

Useful information/ relevant documents

Selected references:

1. ENTSO-E (ex-UCTE) Operational Handbook [<http://www.entsoe.eu/index.php?id=57>]
2. Vademecum of the Italian Power Exchange (Iplex) [<http://www.mercatoelettrico.org/En/MenuBiblioteca/Documenti/20091112VademecumofIplex.pdf>]
3. Romanian Energy Regulatory Authority (ANRE) annual report 2008 to the European Commission, July 31, 2009

For further information about this project, please contact the representative of the beneficiary **include name and e-mail** and/or the SEMISE office in Kiev.

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