

UA gas market:








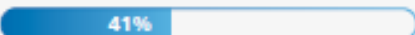


- status
- regulation
- TSO role

Roman Nitsovych, DiXi Group

Workshop 'Competitive gas market. 10 years since unbundling in EU'

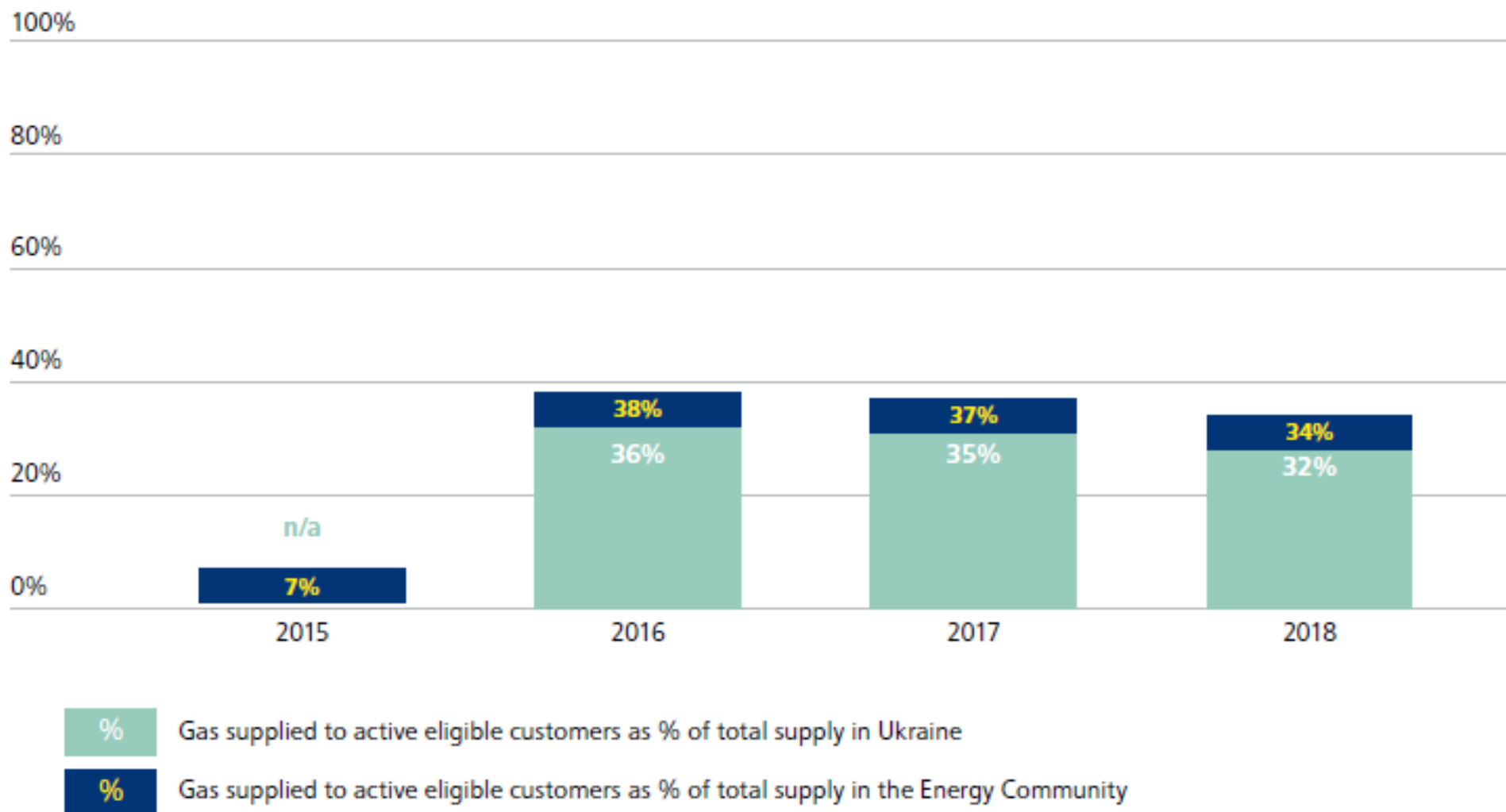
5.12.2019

State of the market

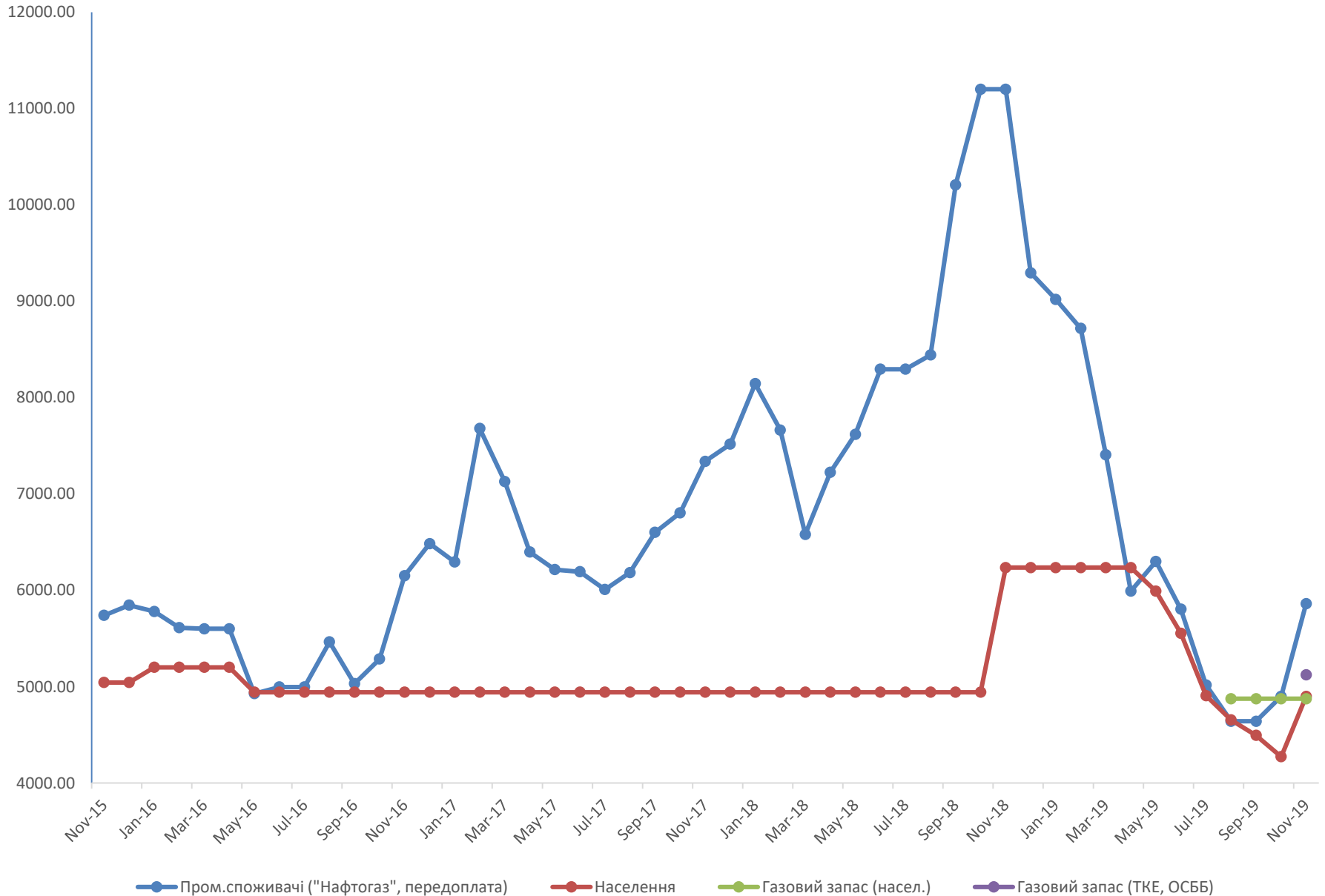
Gas Indicators	Transposition Assessment	Implementation Status
Unbundling		
Access to the networks		
Wholesale market		
Retail market		
Interconnectivity		

Market split (1)

Retail Market Opening



Market split (2)

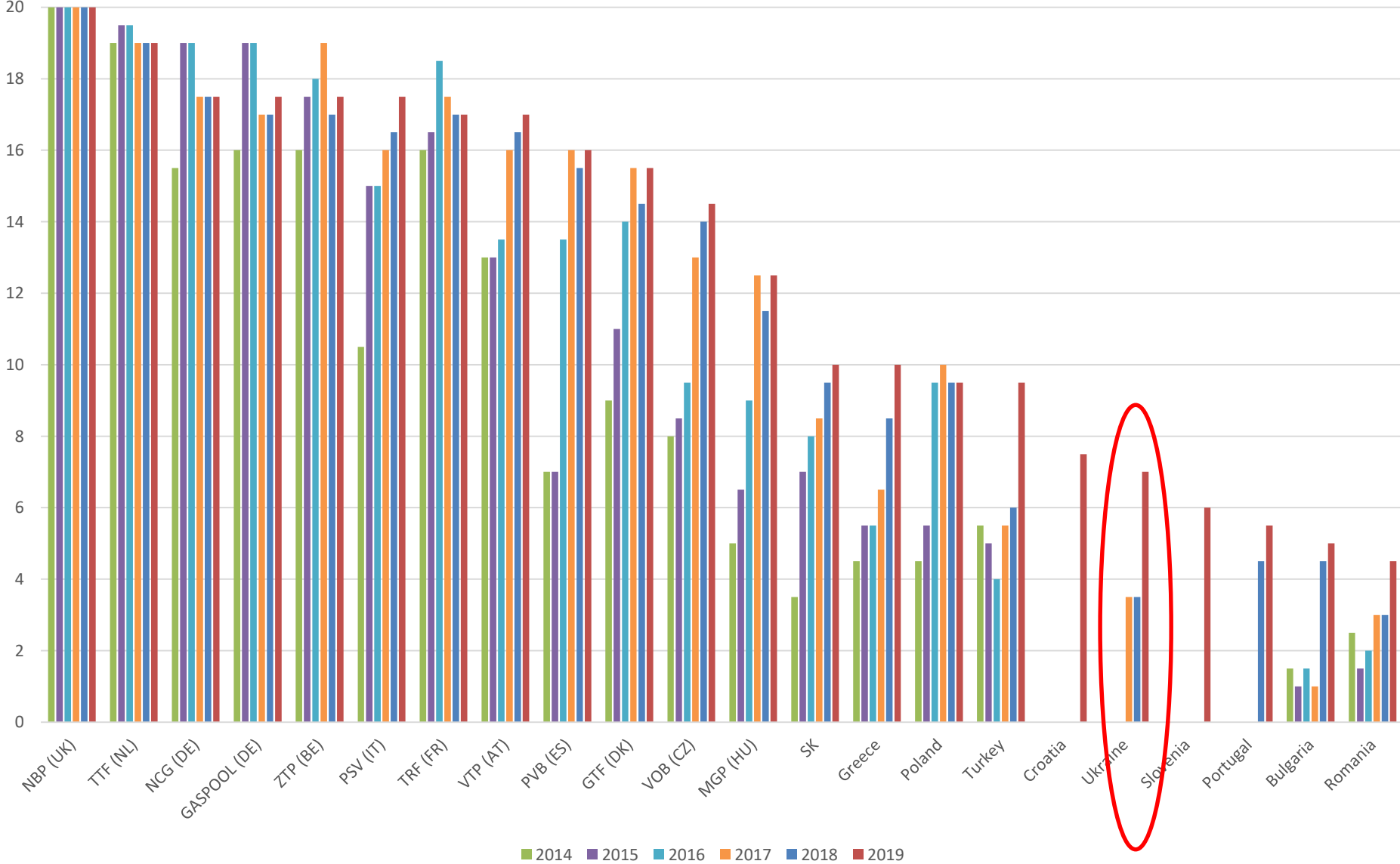


Source: Naftogaz, own calculations

Market status

- Legislative initiatives on
 - trading (exchange, OTC), clearing house, brokerage, risk management
 - transfer to energy units
- NEURC amending network codes and tariff methodologies
- Regulator's quarterly market monitoring reports
- Daily balancing in place, accelerated TSO unbundling
- Traders more active in exchange trading
- Commercial gas exports
- EFET Gas Hub Assessment score – growth from 3.5 to 7

EFET 2019 Gas Hub Benchmarking Study



Case: PSO and wholesale gas price



some market benchmarks, yet still detrimental to market opening

	Imports (M-1)	UEEX (M+1)	Naftogaz (adv., M-1)	PSO regulation
May 19	-	-	5990,00	7184,80
Jun 19	5681,54	5553,89	6299,00	7184,80
Jul 19	5160,51	4905,68	5803,00	7184,80
Aug 19	4811,78	4653,54	5017,00	7184,80
Sept 19	4493,64	4558,24	4640,00	7184,80
Oct 19	4272,76	4400,45	4640,00	7184,80
Nov 19	4988,46	4926,19	4899,00	7184,80

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Case: PSO and wholesale gas price



	Imports (M-1)	UEEX (M+1)	Naftogaz (adv., M-1)	PSO regulation	Gas stock (households)	Gas stock (heat producers)
May 19	-	-	5990,00	7184,80		
Jun 19	5681,54	5553,89	6299,00	7184,80		
Jul 19	5160,51	4905,68	5803,00	7184,80		
Aug 19	4811,78	4653,54	5017,00	7184,80	4874,42	
Sept 19	4493,64	4558,24	4640,00	7184,80	4874,42	
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Nov 19	4988,46	4926,19	4899,00	7184,80	4874,42	5121,09
Dec 19	tbd	tbd	5861,00	7184,80	4874,42	5121,09
Jan 20		5685? 7400? 9000+?			4874,42	5121,09

w/o VAT and network costs

Case: PSO and wholesale gas price



	Imports (M-1)	UEEX (M+1)	Naftogaz (adv., M-1)	PSO regulation	Gas stock (households)	Gas stock (heat producers)	Fixed price
May 19	-	-	5990,00	7184,80			
Jun 19	5681,54	5553,89	6299,00	7184,80			
Jul 19	5160,51	4905,68	5803,00	7184,80			
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Dec 19	tbd	tbd	5861,00	7184,80	4874,42	5121,09	
Jan 20		5685? 7400? 9000+?			4874,42	5121,09	5800,00

w/o VAT and network costs

What will happen on Jan 1, 2020?
(zero transit or new deal)

What will happen on May 1, 2020?
(further liberalization or PSO extension)

Which products will be offered to
(former) PSO consumers?

Legislation and regulation status

Natural Gas Law

- very stable, major amendments related to unbundling

Gas Transmission System Code + Model Contract

- purchase from several suppliers at single exit point, allocation agreement
- capacity booking at entry/exit points by TSO customers (not consumers)
- short-haul services offering

Gas Transmission Tariff Methodology

- capacity weighted distance (CWD) reference price each entry/exit point, grouped into clusters (NC TAR compliant)
- EnCS: 'cost reflectivity and differentiation of short and long-term products should be better reflected within the methodologies'

Key developments in 2019 (2)



Gas Storage System Code + Model Contract

- short-haul services offering, 'customs warehouse' improved

Gas Distribution Systems Code + Model Contract + Distribution Tariff Methodology

- new approach based on ordered capacity

Gas Supply Rules

- purchase from several suppliers at single commercial point, allocation agreement
- non-application of charges for negative imbalances to municipal heating companies, housing associations

Dispute Settlement Procedure

- new one, includes disputes regarding access / connection to gas networks

NC TAR

- new methodology compliant
- draft tariffs published (w/o cross-border points with RU)

NC BAL

- much improved, yet issue of negative imbalances
- neutrality charge from 1.01.2020

NC CAM

- being implemented
- no standard capacity products, no auctions offered

NC INT

- quality management and data exchange practice compliant
- most interconnection agreements still need alignment

CMP GL

- not implemented (unused capacity not reallocated to the market)

New TSO and challenges

TSO-related activity

- Delayed switch from monthly ex-post to daily balancing
 - yet issue of negative imbalances not solved
- Switch from monthly to daily marginal price reporting
- Higher transparency (availability of firm and interruptible capacities)
- TSO unbundling – from clinch to ‘turbo-regime’ under ISO model
- New transmission tariffs

‘Jan 1 syndrome’?

legal unbundling

end of transit deal (flows/tariffs)

change of rules

interaction with Ukrtransgaz

corp. governance issues

Thank you!

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