Ukrainian gas storage market:
regulatory overview

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Key developments up to date – Natural Gas Market Law

Law of Ukraine on Natural Gas Market – adopted on 9 April 2015

- Third party access rights to storages
  - Contractual or regulated access
  - Access guaranteed subject to compliance with technical requirements and safety standards
  - Financial guarantee may be required by SSO (has to be proportionate and non-discriminatory)
  - Access can be denied as an exception and has to be reported to the Regulator
Natural Gas Market Law – SSO

SSO to be unbundled from production and supply activities.

Ownership of the SSO (for UGSs that are in the state property and are not subject to privatisation):

- 100% owned by the State and/or SOE, or
- not less than 51% owned by the State or SOE and UGS Partner

UGS Partner:

- may not be controlled by a party-resident of a country that is not a member of the Energy Community or USA
- competitive selection procedure to be carried out by the Cabinet of Ministers
- to be approved by the Parliament

Regulation of the CMU – 1.07.2016, No. 496

Storage to be transferred to the SSO separately from the GTS

- UGSs are operated by Naftogaz / UTG
- Pending unbundling (delayed due to Stockholm decision)
- Procedures on selection of the GTS partner delayed
- UGSs may be transferred to MGU together with the GTS
Key developments up to date – Secondary Legislation

Gas Transmission and Storage Codes
Regulator adopted on 30 September 2015
Amendments of 2017 – a step away from non-discrimination principle – a privileged position of public service suppliers

Criteria for Regulated or Contractual Access to UGSs
Regulator adopted on 30 September 2015

Template Gas Storage Agreement
Regulator adopted on 30 September 2015

Gas Security Stock Requirement
CMU Regulation of 21 March 2018
In case of a crisis, suppliers shall create reserves in the amount of 10% of planned monthly supplies (for the following month)
Regulated Tariffs

Methodology for Defining and Calculating the Tariffs for Gas Storage Services (injection, withdrawal) for Gas Storages with Regulated Access Regime – Regulator adopted on 13 June 2016

Effective tariffs have not been revised since mid 2013
- Injection EUR 1.1 per 1000 m³
- Storage EUR 1.5 per 1000 m³
- Withdrawal EUR 1.1 per 1000 m³

Draft decision of the Regulator of 6 March 2018
- 95.7% increase to EUR 2.1 per 1000 m³
- 35.4% increase to EUR 2.1 per 1000 m³
- 104% increase to EUR 2.2 per 1000 m³ – Overall tariff increase for 73.5%
to EUR 6.4 per 1000 m³

✓ New members of the Regulator announced on 30 May
Customs Warehouse Regime

Since June 2017 UTG operates 10 UGS as CUSTOMS WAREHOUSE

- up to 14 bcm
- up to 1095 days (previously - transit regime for 31 days)

UTG signed a number of agreements with international energy traders

Export quotas lifted for 2017; licensing requirement abolished
Next Steps

- Entry/exit points tariffs review
- Currency control regulations liberalization
- Regulator’s independence guarantee
Thank you for your attention