

## ERU Trading's experience in electricity export-import transactions





<b>Export</b>	Hungary, Romania, Slovakia	Poland	Belarus, RF	Moldova
Old market model	Significant competition	No competition	Commercially unattractive	Competition
New market model	Competition	No competition	Commercially unattractive	Competition
Increase in caps	Competition	No competition	Commercially unattractive	Commercially unattractive
Synchronization	Competition	Competition	-	Competition?

Import	Hungary, Romania, Slovakia	Poland	Belarus, RF	Moldova
Old market model	-	-	-	-
New market model	Competition	Technically impossible	Competition/ Prohibition	Competition?
Increase in caps	Competition	Technically impossible	Competition/ Prohibition	Competition?
Synchronization	Competition	Competition	-	Competition?

## Notes

### Old market model

- Prohibition of import
- High competition in export in the Burshtyn power island means that up to 95% of the forecast margin from export was sent over the border, considering the impossibility of purchase except on DAM, the money was earned only due to mistakes made by other exporters.
- Towards Poland, export transaction may be carried out only by DTEK by switching units to the dedicated line.
- It means that had it not been an export from the Burshtyn power island, it would be entirely sad.

### New market model

- Why did the Ukrainian electricity market remain uninteresting for European traders after the transition to a new market model?
- The uncertainty of a situation with payments for transmission services in export significantly affected traders' behavior. Only on February 7, 2020, NEURC issued a Resolution No. 360 concerning amendments to the Transmission Network Code by specifying the obligation to pay for transmission services in export, and only on September 8, 2021, the Supreme Court legitimized this resolution, and on September 22, 2021, this matter was transferred to the Grand Chamber of the Supreme Court.
- Uncertainty over the parties responsible for supply on the border territories of Ukraine via lines through Belarus.

## New caps

- With increased caps, Moldova direction became for traders economically inexpedient due to a competitive price of the Moldavian HPP at the level of 50 \$, that corresponds to 1,335 UAH/MWh. Potentially, VIC can export, building on the cost price of fuel while it is in excess, or Energoatom can do it, justifying additional up regulation of the down-regulated power units, that will not be logical as the price for Moldova's customers will be 50% lower.
- Increased caps did not affect export from the Burshtyn power island as the caps have not been changed within the Burshtyn TPP that is not quite logical, even regarding the monopoly of DTEK generation in this zone.

## Synchronization

- After synchronization, export to Belarus / Russia will be possible only through a direct current link or system G-E (Generator-Engine).
- The export/import possibility towards Poland opens for all market participants
- The possibility of export from the IPS zone to Europe.

## Annex1

PJSC «DTEK Zakhidenergo» contract clauses concerning a tender of September 23, 2021

**3.5.** In case of emergency at the Seller's generating facilities, the Seller shall be entitled to reduce unilaterally electricity output/offtake in the amount that equals to or less than the maximum amount of electricity that may be output by the Seller's generating facilities where emergency occurred.

**9.2.** The Seller shall be entitled to early terminate this Contract unilaterally by notifying the Buyer about that 3 (three) calendar days before the expected date of termination.

The grounds for early termination of this Contract are as follows (including but not exhaustive):

- 1) Own decision by the Seller and /or
- 2) The Buyer delayed payment for electricity under the Contract, and/or
- 3) The Buyer significantly violated conditions of this Contract in a different manner.

In this case, the Seller shall return to the Buyer, within 5 (five) working days from the unilateral termination of the Contract, the received funds in the amount of an advance payment formed as on the date of the Contract termination.