

Ukraine: stabilisation clause introduced for renewable energy feed-in tariffs

Law-Now Ukraine
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The Parliament of Ukraine has recently amended the Law "On Electric Power Industry" No. 575-97-BP, dated 16 October 1997 (the "**Law**"), by introducing into Article 17(1) of the Law, an additional state guarantee of renewable energy off-take. This amendment has been perceived by industry experts as another preparatory step towards sector reform, bilateral contracts and balancing the electricity market. The Law is now awaiting the President's signature and will become effective on the day after its official publication.

This so-called 'stabilization clause' provides that the State shall guarantee that for the whole duration of the feed-in tariffs (i.e. until 2030), that there will always be legislation in place which provides for:

- a mandatory off-take obligation that would apply feed-in tariffs to all volumes of the electricity generated from eligible renewable energy sources (e.g. excluding blast furnace, coke gas and 10 MW+ hydro), and which volumes have not been sold to consumers or power distribution companies directly; and
- full and timely monetary settlements for such electricity, as per procedure established by the law.

To this effect, the National Electricity Regulatory Commission of Ukraine (the "**NERC**") will now be entitled to implement the state policy aimed at boosting renewable energy production by virtue of, inter alia, the approval of renewable energy power purchase agreements with the Wholesale Electricity Market of Ukraine.

Legislation: Law of Ukraine: "On Introducing Amendments to the Law of Ukraine "On Electric Power Industry" (Guaranteeing the State's Obligations to Encourage the Utilisation of the Alternative Energy Sources)"

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