

Comparative Analysis of Legislative Initiatives in Renewable Energy Sector

Issue	Draft Law with Registration Number No. 2543-1 dated 24/12/2019	Draft Law with Registration No. 2543 dated 06/12/2019	Draft Law presented by the Ministry of Energy and Environmental Protection on 28/11/2019 at X International Renewable Energy Investment Forum
Categories of electricity producers whose term and rate of Feed-in Tariff (FIT) remains unchanged	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned by 01 January 2020 2) From 01 January 2020 commission the facilities that are not obliged to participate in auction 3) Intend to construct the facility under the pre-PPA signed by 31 December 2019, subject to commissioning of the facility: <ul style="list-style-type: none"> • for SPPs – by 01 April 2020 • for WPPs – by 31 December 2020 • for other technologies – during 3 years from the date of pre-PPA conclusion 	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned by 01 January 2020 2) From 01 January 2020 commission the facilities that are not obliged to participate in auction 3) Intend to construct the facility under the pre-PPA signed by 31 December 2019, subject to commissioning of the facility: <ul style="list-style-type: none"> • for SPPs – by 01 April 2020 • for WPPs – by 31 December 2020 • for other technologies – during 3 years from the date of pre-PPA conclusion 	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned by 01 January 2020 2) From 01 January 2020 commission the facilities that are not obliged to participate in auction 3) Intend to construct the facility under the pre-PPA signed by 31 December 2019, subject to commissioning of the facility: <ul style="list-style-type: none"> • for SPPs – by 01 April 2020 • for WPPs – by 01 January 2021
Categories of electricity producers who get FIT extension with simultaneous reduction of FiT rate (subject to FiT restructuring under PPA at FiT)	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned from 01 January 2017 to 01 January 2020 with concluded agreement on FiT restructuring 2) Intend to construct the facility under the pre-PPA signed by 31 December 2019 with concluded agreement on FiT restructuring, subject to commissioning of the facility: 	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned from 01 January 2017 to 01 January 2020 with concluded agreement on FiT restructuring 2) Intend to construct the facility under the pre-PPA signed by 31 December 2019 with concluded agreement on FiT restructuring, subject to commissioning of the facility: 	RES electricity producers that: <ol style="list-style-type: none"> 1) Operate facilities commissioned from 01 January 2017 to 01 January 2020 with concluded agreement on FiT restructuring 2) Intend to construct the facility under the pre-PPA signed by 31 December 2019 with concluded agreement on FiT restructuring, subject to commissioning of the facility:

	<ul style="list-style-type: none"> • for SPPs – by 30 June 2020 • for WPPs – by 31 December 2022 	<ul style="list-style-type: none"> • for SPPs – by 30 September 2020 • for WPPs – by 30 June 2022 	<ul style="list-style-type: none"> • for SPPs – by 01 July 2020 • for WPPs – by 01 January 2021
Term of FiT extension (subject to FiT restructuring under PPA at FiT)	Term of FiT is by 31 December 2032 (same date for operating facilities and facilities under construction)	Term of FiT is 15 years from the date of commissioning of the facility (for operating facilities and facilities under construction)	For operating facilities – by 01 January 2035 For facilities to be built – 15 years from the date when the FiT was set by the Regulator
Level of FiT rate reduction (subject to FiT restructuring under PPA at FiT)	<p>FiT coefficient (according to the table in Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”) is reduced:</p> <p>For operating WPPs – by 5% from approved FiT</p> <p>For WPPs to be commissioned from 01 January 2020 to 30 June 2022 – by 7.5% from 2020 FiT level</p> <p>For WPPs to be commissioned from 01 July 2022 to 31 December 2022 – by 7.5% additionally (by 15% in total from 2020 FiT level)</p> <p>For operating SPPs – by 10% from approved FiT</p> <p>For SPPs to be commissioned from 01 January to 30 June 2020 – by 15% from 2020 FiT level</p>	<p>FiT coefficient (according to the table in Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”) is reduced:</p> <p>For operating WPPs – by 5% from approved FiT</p> <p>For WPPs to be commissioned from 01 January 2020 to 30 June 2022 – by 7.5% from 2020 FiT level</p> <p>For operating SPPs – by 10% from approved FiT</p> <p>For SPPs to be commissioned from 01 January to 30 September 2020 – by 15% from 2020 FiT level</p>	<p>FiT coefficient (according to the table in Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”) is reduced:</p> <p>For operating WPPs – by 10% from approved FiT</p> <p>For WPPs to be commissioned in 2020 – by 10%</p> <p>For operating SPPs – by 17% from approved FiT</p> <p>For SPPs to be commissioned from 01 January to 30 June 2020 – by 15%</p>
Condition for FiT restructuring under PPA at FiT	Consent of electricity producer, project developer to restructure FiT	Consent of electricity producer, project developer to restructure FiT	Consent of electricity producer, project developer to restructure FiT

Ground for FiT restructuring	Additional agreement on FiT restructuring under PPA at FiT	Additional agreement on FiT restructuring under PPA at FiT	PPA at FiT with prolonged term. Previously concluded PPA at FiT will be terminated
Form and scope of Agreement	<p>Additional agreement is standard. It shall be approved by the Regulator.</p> <p>Additional agreement shall stipulate the following:</p> <ul style="list-style-type: none"> • FiT rate • term of agreement and term of FiT • deadline for construction and commissioning of the facility • conditions/grounds for introduction of amendments to and termination of agreement • guarantees of application of the laws of Ukraine effective on the date of conclusion of the initial PPA at FiT 	<p>Additional agreement is standard. It shall be approved by the Regulator.</p> <p>Additional agreement shall stipulate the following:</p> <ul style="list-style-type: none"> • FiT rate • term of agreement and term of FiT • deadline for construction and commissioning of the facility • conditions/grounds for introduction of amendments to and termination of agreement • guarantees of application of the laws of Ukraine effective on the date of conclusion of the initial PPA at FiT • additional agreement shall come into force from 01 January 2020 	<p>Agreement is standard. It shall be approved by the Regulator.</p> <p>Agreement shall stipulate the following:</p> <ul style="list-style-type: none"> • FiT rate in UAH and EUR • term of Agreement • early termination of previously concluded agreement by mutual agreement of the parties
Deadline for FiT restructuring	01 April 2020	01 April 2020	01 April 2020
FiT restructuring procedure	<ol style="list-style-type: none"> 1) Statement shall be submitted to the Regulator by 01 March 2020 2) Regulator shall approve the Register of entities which agreed to FiT restructuring and submit it to the Guaranteed Buyer (GB) within 5 business days 3) GB shall send drafts of additional agreements for signing during 5 business days 	<ol style="list-style-type: none"> 1) Statement shall be submitted to the Regulator by 01 March 2020 2) Regulator shall complete the Register of entities which agreed to FiT restructuring and submit it to the GB within 5 business days 3) GB shall send drafts of additional agreements for signing during 5 business days 4) Business entities shall sign and send additional agreements back during 5 business days 	GB shall conclude the agreement within 14 days from the date of receipt of the statement from the electricity producer, project developer

	<p>4) Business entities shall sign and send additional agreements back during 5 business days</p> <p>5) Regulator shall approve/review FiT by 01 April 2020</p> <p>6) By 01 April 2020 Regulator shall publish the list of entities with concluded additional agreements</p>	<p>5) By 01 April 2020 Regulator shall publish the list of entities with concluded additional agreements</p>	
Stabilization clause	<p>Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”</p> <p>Articles 7 and 8 of the Law of Ukraine “On Foreign Investment Regime”</p> <p>The laws effective on the date of conclusion of the PPA at FiT shall be applied to electricity producers and project developers who agreed to FiT restructuring</p>	<p>Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”</p> <p>Articles 7 and 8 of the Law of Ukraine “On Foreign Investment Regime”</p> <p>The laws effective on the date of conclusion of the PPA at FiT shall be applied to electricity producers and project developers who agreed to FiT restructuring</p>	<p>Article 9-1 of the Law of Ukraine “On Alternative Energy Sources”</p> <p>The laws effective on the date of restructuring shall be applied to electricity producers and project developers who agreed to FiT restructuring</p>
Responsibility for imbalances	<p>For RES electricity producers that did not agree to FiT restructuring:</p> <p>by 31 December 2020 – 0%</p> <p>from 01 January 2021 – 100%</p> <p>For electricity producers that agreed to FiT restructuring:</p> <p>by 31 December 2020 – 0%</p> <p>from 01 January 2021 – 20%</p> <p>from 01 January 2022 – 40%</p> <p>from 01 January 2023 – 60%</p> <p>from 01 January 2024 – 80%</p> <p>from 01 January 2025 – 100%</p>	<p>For RES electricity producers that did not agree to FiT restructuring:</p> <p>according to the current schedule – from 01 January 2021 to 01 January 2030 – increase by 10% annually</p> <p>For electricity producers that agreed to FiT restructuring:</p> <p>by 31 December 2020 – 0%</p> <p>from 01 January 2021 – 20%</p> <p>from 01 January 2022 – 40%</p> <p>from 01 January 2023 – 60%</p> <p>from 01 January 2024 – 80%</p>	<p>For RES electricity producers that did not agree to FiT restructuring:</p> <p>by 31 December 2020 – 0%</p> <p>from 01 January 2021 – 35%</p> <p>from 01 January 2022 – 70%</p> <p>from 01 January 2023 – 100%</p> <p>For electricity producers that agreed to FiT restructuring:</p> <p>by 31 December 2020 – 0%</p> <p>from 01 January 2021 – 20%</p> <p>from 01 January 2022 – 40%</p> <p>from 01 January 2023 – 60%</p> <p>from 01 January 2024 – 80%</p> <p>from 01 January 2025 – 100%</p>

	<p>RES electricity producers who agreed to FiT restructuring shall pay for electricity imbalances in case of deviation of hourly schedules of electricity output of such producers:</p> <ul style="list-style-type: none"> • WPPs – more than by 15% • SPPs – more than by 10%* <p>Total amount of responsibility for imbalances of RES electricity producer that agreed to FiT restructuring shall not exceed 5% of the cost of actually delivered electricity at FiT in respective settlement period.</p>	<p>from 01 January 2025 – 100%</p> <p>RES electricity producers who agreed to FiT restructuring shall pay for electricity imbalances in case of deviation of hourly schedules of electricity output of such producers:</p> <ul style="list-style-type: none"> • WPPs – more than by 15% • SPPs – more than by 10%* 	
<p>Other issues</p>	<p>Final Provisions</p> <p>RES producers with WPPs and SPPs commissioned by 01 January 2017 are entitled to conclude FiT restructuring agreements under the conditions stipulated by the Draft Law for the facilities commissioned from 01 January 2017 to 31 December 2019. FiT coefficient set for the facilities commissioned from 01 January 2017 to 31 December 2019 will be applied for such producers.</p>		
	<p>Amendments to Article 9-3 of the Law of Ukraine “On Alternative Energy Sources”</p> <p>Annual quota at auctions may be allocated by renewable energy sources:</p>	—	—

	<ul style="list-style-type: none"> • Wind – not less than 30% • Solar – not less than 30% • Other RES types – not less than 15%** 		
	<p>Amendments to Article 65 of the Law of Ukraine “On Electricity Market”</p> <p>Regulator shall approve the cost of service of ensuring the increase of the share of energy production from RES by the 15th day of the month following the billing one***</p>	<p>—</p>	<p>—</p>

* According to the current Law, starting from the year following the year in which the share of RES in annual energy balance reaches 5% (we expect that this will happen already in 2020), payment of electricity imbalances will be made in case of deviation of hourly schedules of electricity producers:

- WPPs – more than by 10%
- SPPs – more than by 5%.

** According to the current version of the Law, quota is allocated in the following way:

- Wind – not less than 15%
- Solar – not less than 15%
- Other RES types – not less than 15%.

*** No respective deadline is stipulated in the current Law.