

Restructuring of the FiT in Ukraine

On 21 July 2020, the Parliament passed the law “On Amendments to Certain Laws of Ukraine on the Improvement of Support for the Production of Electricity from Alternative Energy Sources” (the “Law”). The Law came into force on 1 August 2020

- The Law is based on the Memorandum of Understanding for the Resolution of Problematic Issues in the Renewable Energy Industry of Ukraine dated 10 June 2020. The Law reflects the arrangements reached by the Government and two associations of RES producers with respect to the restructuring (reduction) of the feed-in tariff support mechanism (the “FiT”):
- From the perspective of the investors and RES producers, terms of the Law may be viewed as follows:

Favourable

Stabilization clause for RES producers / investors

“Green” auctions to be launched in 2021 and the model of holding auctions is being improved

Curtailement compensation mechanism

Certain measures are envisaged to improve settlements with RES producers going forward

GoU is instructed to develop law on mechanisms for settlement of the Guaranteed buyer’s historical debt (approx. UAH 16 billion as of July 2020)

Unfavourable

Reduction of FiT rates without extension of the FiT validity period

Strengthening liability for imbalances



Key terms of the FiT mechanism restructuring



Solar power plants



Wind power plants

Commissioned before July 2015

Not more than circa € cents 24,55

Commissioned in July 2015 – Dec 2019

SPPs ≥ 1 MW: 15%

WPPs*: 7.5%

*consisting of wind turbines with a unit installed capacity of 2 MW and more

SPPs < 1 MW: 7.5%

Commissioned since 1 January 2020

SPPs < 1 MW: 2.5%

SPPs ≥ 1 MW, commissioned:

in Jan 2020 – Oct 2020: 2.5%

in Nov 2020 – Mar 2021: 30%

since 1 Apr 2021: 60%

all WPPs: 2.5%

SPPs > 75 MW, commissioned

60%

since 1 Nov 2020

until 1 Jan 2030

FiT validity

Commissioning deadline (pre-PPAs)

2 years

3 years

pre-PPA signed before 31 Dec 2019

pre-PPA signed before 31 Dec 2019

Imbalances liability**

50% since 1 Jan 2021

100% since 1 Jan 2022

**applies to RES facilities, the installed capacity of which exceeds 1 MW

Tolerance margin

5%

10%

Stabilization clause

The state guarantees that from 1 July 2020 to 31 Dec 2029 FiT mechanism will not be changed or cancelled. This does not apply to changes in tax legislation and in matters of defence, national security, public order and environmental protection

Curtailment

TSO can place curtailment orders on RES producers and should compensate FiT or auction price. Relevant TSO costs should be included in the transmission tariff set by the NEURC

Contacts

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