



USAID
FROM THE AMERICAN PEOPLE



ENERGY TRANSPARENCY INDEX



2ND WARTIME EDITION

2023



This study is made possible by the support of the American People through the United States Agency for International Development (USAID) within the framework of the Energy Sector Transparency project implemented by the NGO DiXi Group. The contents are the sole responsibility of DiXi Group and do not necessarily reflect the views of USAID or the United States Government.

CONTENTS

ACKNOWLEDGEMENTS	3
EXECUTIVE SUMMARY	4
INTRODUCTION	10
ANALYSIS BY CATEGORY	12
SECTORAL PART	12
1. Balances	12
2. Natural monopolies	14
3. Supply	16
4. Reliability and security	19
5. Consumption	21
CROSS-SECTORAL PART	24
6. Reporting	24
7. Policy	27
8. Public authorities	29
METHODOLOGY	32
Annex A. Potential indicators to be included in future editions of the Energy Transparency Index	37

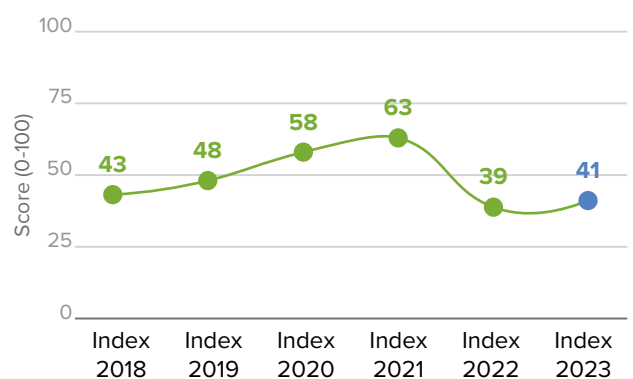
ACKNOWLEDGEMENTS

When presenting findings of the 2018–2023 issues of the Energy Transparency Index, we aimed at getting extensive feedback from experts in various fields of the energy sector: policy-making, regulation, market monitoring, energy security, investments, competition, and pricing, empowering consumers, etc. Discussions with international and Ukrainian experts helped improve the Energy Transparency Index tool.

We would like to sincerely thank all the experts for their critical remarks, valuable comments, and suggestions, which we took into consideration when preparing the 2023 Energy Transparency Index

SUMMARY

- **The Energy Transparency Index** has been developed to comprehensively assess the actual state of play with the availability and quality of information in the sector, diagnose gaps, make an in-depth analysis of transparency, and track progress.
- The Index's ultimate **beneficiaries** are *consumers*, as their awareness improves the possibility of protecting their rights and helps rationalize economic behavior in the market. More transparent and competitive energy markets promote improving services for consumers and fair pricing. The Index will be helpful to *companies* and *potential investors* seeking an open, competitive environment, a better relationship with the government and communities, and reducing business risks. The Index will help *public authorities* responsible for information disclosure improve their transparency and related regulations. *Foreign partners* will get a deeper understanding of Ukraine's energy policy and markets.
- **As it was in 2022, a key feature of the 2023 Index, is the assessment of transparency during the martial law in Ukraine.** The introduction of the legal regime of martial law caused a significant limitation of the availability of information and data in the country due to national security considerations¹. Moreover, because of the war, the opportunities for the full-fledged collection, systematization, and publication of data by administrators were partially lost due to several restrictions. Particularly personnel losses, legislative changes in terms of allowing economic entities not to submit reporting during martial law², providing public authorities, state-owned companies, institutions, and organizations with the right to stop or limit the operation of information systems/services, public electronic registers³, cancellation of the competitive selection procedure for civil service positions⁴ as well as other war-related factors and force majeure circumstances. Among **the main goals** of the second wartime Index edition are to 1) objectively reflect and analyze the impact of the war and martial law on information openness in the energy sector 2) define the potential for restoring transparency during martial law
- **The 2023 Index covers 229 indicators grouped into eight categories and based on specific regulatory requirements and best global practices for information disclosure.** This year's edition of the Index is supplemented with only one new indicator related to the Energy Strategy of Ukraine until 2050 adopted in 2023. Changes in the assessment framework were minimized to track the "net" progress in transparency as compared to 2022 and to answer the question of whether it is possible to improve transparency in the circumstances of war and martial law⁵. At the same time, the content and legal basis of the Index indicators have been updated based on up-to-date EU legislation, and best European and global practices of information disclosure and reporting. The assessment results from **processing the open source data on the functioning and development of the energy sector** along the chain "from producer to consumer".
- **Ukraine's final score in the 2023 assessment increased to 41 points (as compared to 39 in 2022). This slight progress (+2 points or 5.1%) proves that it is possible to improve transparency of the sector even in the context of war and martial law.** The full-scale war with Russian Federation and the introduction of martial law caused a drastic decline in the energy sector's information transparency – in 2022 the indicator fell by 24 points and dropped to the "unacceptable" transparency zone according to the Index scale. In 2023, despite the divergent dynamics of individual dimensions and components of the Index, the overall score moved to the "insufficient" transparency zone but did not reach the 2018 baseline (43 points).



¹ For example, [Resolution of the National Energy and Utilities Regulatory Commission \(NEURC\) No. 349 dated 26 March 2022](#) "On the protection of information that, under martial law, may be categorized as information with restricted access, including data related to critical infrastructure facilities"

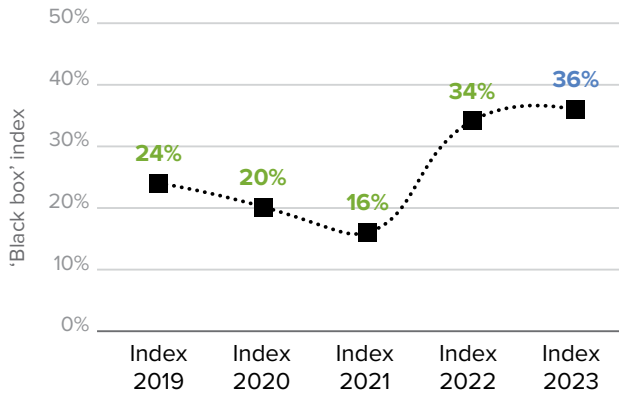
² [Law of Ukraine No. 2115-IX dated 3 March 2022](#) "On Protecting the Interests of Entities Submitting Reports and Other Documents during the Period of Martial Law or a State of War"

³ [Resolution of the Cabinet of Ministers of Ukraine \(CMU\) No. 263 dated 12 March 2022](#) "Certain issues of ensuring the functioning of information and communication systems, electronic communication systems and public electronic registers under martial law"

⁴ [Law of Ukraine No. 2259-IX dated 12 May 2022](#) "On Amending Certain Laws of Ukraine on the Functioning of the Civil Service and Local Self-Government During Martial Law"

⁵ The list of potential indicators to be used in future editions of the Index is given in Annex A.

- **Despite a slight overall progress in transparency identified by the study, the number of “black boxes”⁶ in the sector continued to grow.** The index of “black boxes”⁷ increased by 2 p.p. from 34% to 36%. Thus, information remains closed or completely unavailable for more than a third of indicators.



- **The key factors behind the low level of transparency are the following:** a directive prohibition on publishing data and discretionary decisions of data administrators or reporting entities to limit the scope of public data or stop publication thereof during martial law. Both factors are of a legislative nature and are caused by relevant amendments to legislation and regulation, due to which the state has prohibited the publication of specific data or allowed to limit its disclosure. The third factor, which is synthetic and not directly related to legislative changes, is a set of destabilizing shifts caused by the war, which led to the loss of the ability of data

administrators (government authorities, business entities, etc.) to publish information (*the “fog” of war*).

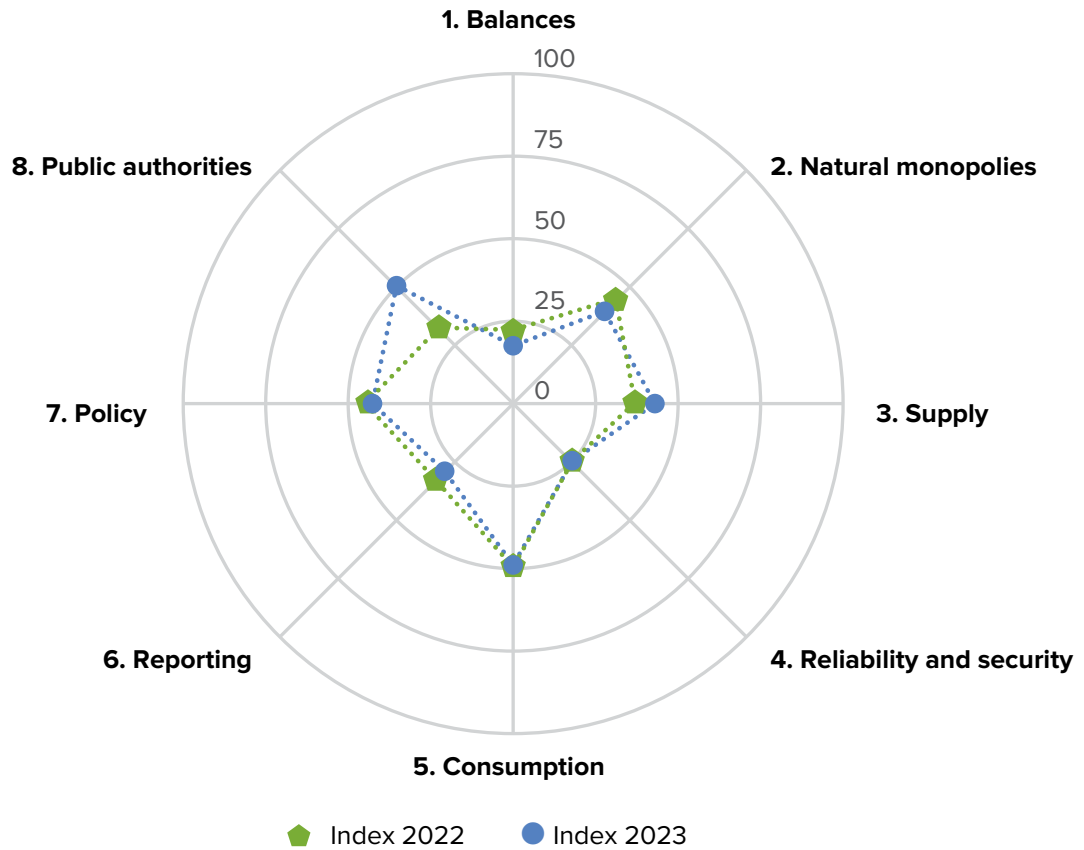
- **More than a third of indicators of the 2023 Index (79 out of 229) are subject to legal restrictions on publicity.** In particular, a directive prohibition on data disclosure affected the scores of 26 indicators (11.4%), while the discretionary decision of data administrators impacted 53 indicators (23.1%). Thus, **legislative and regulatory factors will be vital in restoring the sector’s information transparency after the end and even during martial law.**
- **The assessment showed divergent dynamics of transparency across the Index categories.** Some improvements took place in two categories – “Supply” (+6 points) and “Public authorities” (+18 points). In two other categories (“Reliability and security”, and “Consumption”), the overall score remained unchanged. In the remaining categories (“Balances”, “Natural monopolies”, “Reporting”, and “Policy”), the downward trend continued with a decrease in scores ranging from 1 to 5 points. As a result, all categories remained in the two bottom zones of the Index assessment scale – 4 categories in the “insufficient” and “unacceptable” transparency zones, respectively. Also, information openness decreased in 9 out of 24 subcategories of the Index, while in 7 subcategories it remained at the same level as last year and in 8 subcategories it improved. Such divergent dynamics indicate the advisability of applying selective/targeted approach to the restoration of the sector’s transparency taking due account of the potential threats stemming from data disclosure.

Scores by category:

Category	Number of indicators	Score	Compared to 2022 Index	Grade	Characteristic
1. Balances	9	17	-4	F	Unacceptable transparency
2. Natural monopolies	71	39	-5	F	Unacceptable transparency
3. Supply	36	43	+6	D-	Insufficient transparency
4. Reliability and security	18	25	0	F	Unacceptable transparency
5. Consumption	43	49	0	D	Insufficient transparency
6. Reporting	12	30	-3	F	Unacceptable transparency
7. Policy	24	43	-1	D-	Insufficient transparency
8. Public authorities	16	50	+18	D+	Insufficient transparency
Total 2023 Index score	229	41	+2	D-	Insufficient transparency

⁶ “Black boxes” are indicators for which there is no public data at all; their score is zero.






⁷ The index of “black boxes” is calculated as the ratio of the number of indicators with a “zero” score to the total number of indicators.

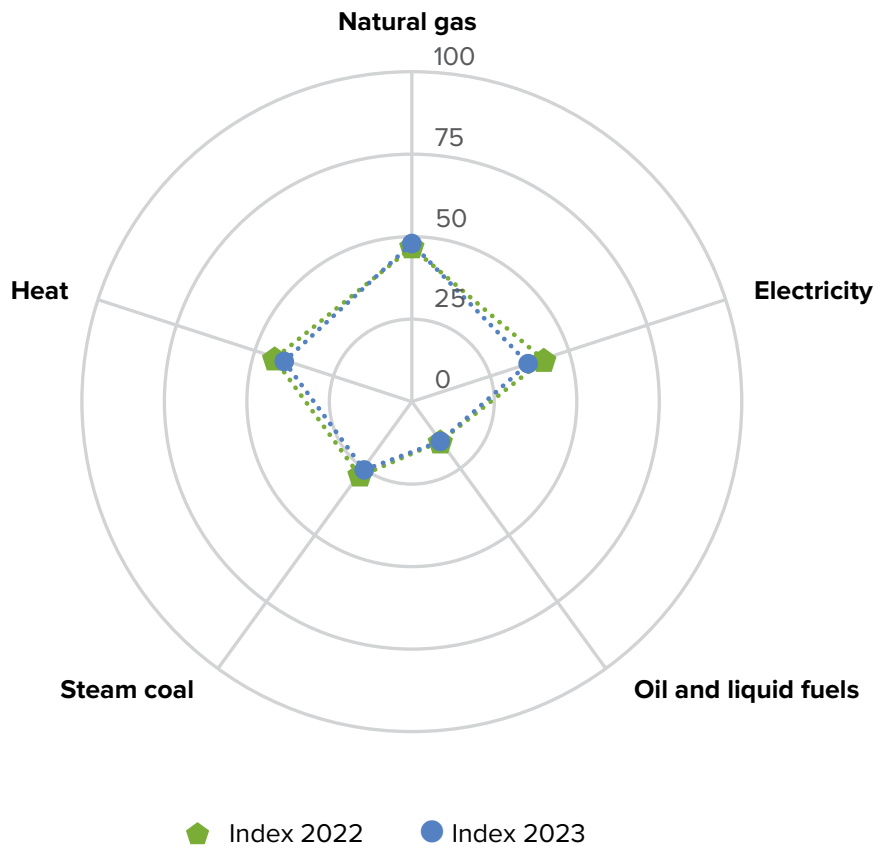


- The Index assesses transparency by *five energy markets* and cross-sectoral issues. **After a gradual improvement in 2018-2021, driven mainly by the development of the legal framework and regulation, the information openness of energy markets has significantly decreased during the war and remains low.** In particular, among 79 indicators related to legislative restrictions of publication, 56

indicators (or 71%) are sectoral. In 3 out of 5 markets, transparency has further deteriorated (electricity, steam coal, and heat markets). The oil and liquid fuel market traditionally remains the least transparent. Only the natural gas market has seen a slight progress (+1 point).

Scores by energy market:

	 Natural gas	 Electricity	 Oil and liquid fuels	 Steam coal	 Heat
Category					
1. Balances	16	16	16	16	31
2. Natural monopolies	52	32	10	n/a	0
3. Supply	44	44	27	31	75
4. Reliability and security	66	20	0	n/a	0
5. Consumption	41	52	18	n/a	42
Sectoral sub-indexes	48	37	14	25	42
Compared to the 2022 Index	+1	-4	0	-1	-1



Energy sector	Natural gas	Electricity	Oil and liquid fuels	Steam coal	Heat	Cross-sectoral
Number of indicators	61	68	22	5	14	59

● The 2023 Index continued the practice of **assessing transparency of public authorities** that are responsible for policymaking and related to the energy sector regulation. They were evaluated via individual indicators related to their activities and spheres of responsibility. 2 out of 6 authorities demonstrated noticeable progress compared to last year's study: the Regulator (NEURC, +6 points)

and Antimonopoly Committee of Ukraine (AMCU, +15 points). At the same time, transparency continued to decline in the other 4 institutions assessed. Among key factors of such dynamics are legislative restrictions introduced during martial law; the loss of the capability of some data administrators to publish information also had a partial impact.

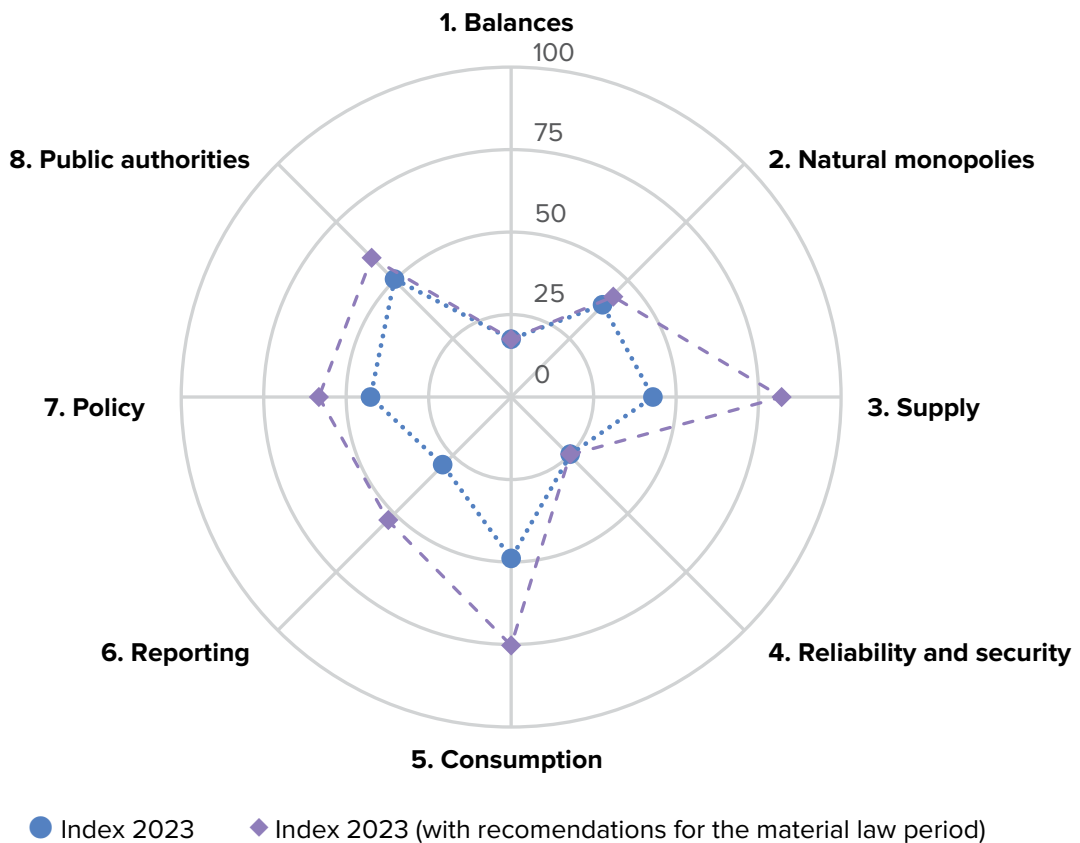
Scores by public authorities

Public authority	Number of indicators	Score	Compared to the 2023 Index	Grade	Characteristic
Regulator (NEURC)	58	48	+6	D	Insufficient transparency
Ministry of Energy	30	39	-6	F	Unacceptable transparency
Antimonopoly Committee	18	55	+15	C-	Medium transparency
State Statistics Service	14	18	-2	F	Unacceptable transparency
State Agency on Energy Efficiency and Energy Saving	12	55	-1	C-	Medium transparency
Ministry of Ecology and Natural Resources	8	59	-4	C-	Medium transparency

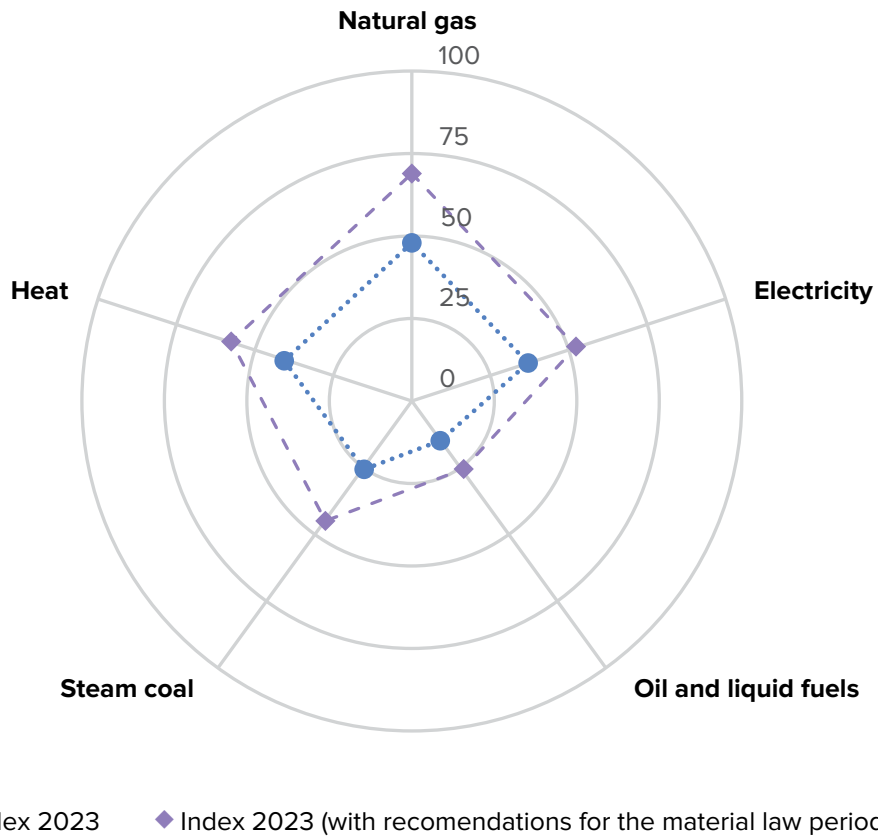
- The “black boxes” and gaps in transparency and accountability identified by the assessment provided the basis for specific recommendations to public authorities and companies, outlined at the end of each Index section. Given the specifics of the war and martial law’s impact on information openness, the recommendations were grouped into three groups: 1) general (regardless of martial law), 2) recommendations for the martial law period allowing to partially improve the energy sector transparency, while avoiding security risks, and 3) recommendations for restoring transparency in the energy sector after termination or cancellation of martial law.
- After two years of full-scale war, and given the future recovery of Ukraine’s economy and energy sector, it is advisable to revise approaches to closing data for security reasons. In particular, relevant public authorities should develop **clear criteria and an approach to assessing the level of sensitivity/riskiness/threat of information**, as well as determine the possibilities and conditions for its full or partial disclosure. Potential criteria and approach are proposed by the think tank DiXi Group in the separate study⁸. Also, it is advisable **to instrumentalize the currently inoperative “three-component test”** provided for in Article 6 of the Law of Ukraine “On Access to Public Information”,

which defines a set of conditions for restricting access to public information. To this end, a clear mechanism should be developed to assess and justify the existence of a set of conditions defined by this law.

- Even if information is identified as sensitive/risky/threatening to national security, **it is advisable to apply methods to minimize the level of its sensitivity/riskiness/threat**. In particular, data may be disclosed in modified formats: in aggregated form (in space or time), with a certain time lag, with a reduced frequency of disclosure, without part of data that poses a security threat, or in any other form that will ensure disclosure or partial disclosure of information of public interest.
- In the second wartime edition of the Index, **the scenario calculations of the potential restoration of information openness in Ukraine’s energy sector were conducted**. In particular, implementation of the Index recommendations for the period of martial law will allow for a “quick effect” and significant improvement of the sector’s transparency – from 41 (D-, insufficient transparency) to 59 points (C-, medium transparency). Thus, this will help to improve transparency in 6 out of 8 categories and 3 out of 5 energy markets.



⁸ “Access to Public Information in the Energy Sector during the martial law”, https://dixigroup.org/wp-content/uploads/2023/05/doslidzhennya_-dostup-do-informacziyi-v-enrgetyczi_final-vid-08.05-1.pdf



- Detailed results of the study, particularly the assessment table with all scores and comments, can be found on the Energy Transparency Index website <https://index.ua-energy.org/en>.

INTRODUCTION

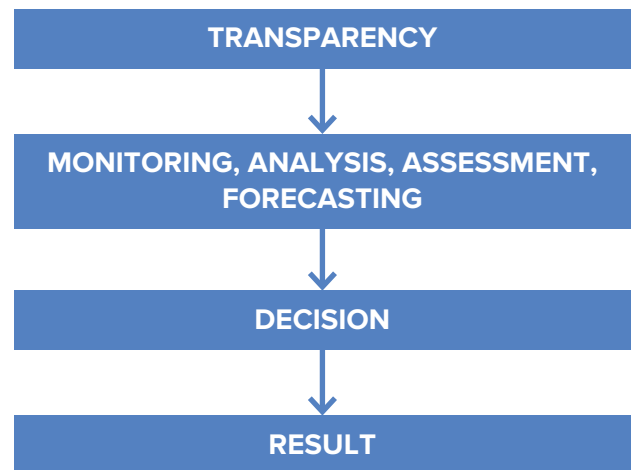
The Energy Transparency Index, on the one hand, is a *final product* providing a comprehensive assessment of the information disclosure of the country's energy sector and its components, and on the other hand, a *universal tool* enabling an in-depth analysis with a breakdown into categories and subcategories, individual energy markets, public authorities, transparency indicators, and criteria, as well as tracking progress both in time and in comparison with other countries.

The Index provides a quantitative assessment and characterizes the ability of consumers, public authorities, energy companies, foreign institutional partners, potential investors, media, and experts to obtain necessary information regarding energy sector performance along the value chain, i.e., production to consumption.

Purpose of the Index

The purpose of developing and publication of the Index is to promote greater transparency in the energy sector, which should include indispensable and sufficient conditions for stakeholders to regularly receive comprehensible, complete, up-to-date, usable information they need to make evidence-based decisions.

The Index is intended to lessen informational asymmetry in the sector to reduce prospects of unfair competition, discriminatory behavior, and corruption and promote the proper operation and performance of energy markets based on best European and global practices.



The information gaps and so-called “black boxes” identified by the Index provided the basis for practical recommendations for public authorities to increase the energy sector's transparency as one of the critical preconditions for its sustainable, reliable, and safe operation and development.

In addition, the transparency of the sector will play a decisive role in the process of post-war reconstruction of Ukraine's economy, as it will significantly affect the possibilities of attracting investments and new technologies, the effectiveness of the development and implementation of energy policy, the regulation and operation of markets as well as the acquisition of Ukraine's membership in the EU and NATO.

Target audience

The Index's ultimate beneficiaries are *consumers*. More transparent and competitive energy markets promote the improvement of services for consumers and fair pricing. Better awareness would allow consumers to act more economically reasonably while minimizing expenses and increasing benefits. They will have better opportunities to protect their interests using the mechanisms of monitoring and public control over energy companies and public authorities' activity. Empowering consumers with better awareness of processes in the energy sector would help achieve global sustainable development goals.

For *companies in the energy sector*, greater transparency promotes more efficient and innovative activity, open competition, and better relations with investors, government, and communities. New and potential participants of energy markets, banks and other financial institutions will receive better instruments for risk assessment, making decisions on investment or market entry, and designing a corporate policy with reduced risks. At the same time, less risky business conditions would improve the investment climate and attract additional resources to the sector.

Public authorities receive targeted practical recommendations concerning information disclosure. Assessing the transparency will encourage opening "black boxes", which distort competition and breed corruption.

Foreign institutional partners will have better opportunities to understand energy markets and the energy policy of Ukraine, the effectiveness of its implementation, Ukraine's compliance with its obligations under the Association Agreement with the EU, the Treaty establishing the Energy Community, the Paris Agreement, and other international treaties.

2023 ENERGY TRANSPARENCY INDEX OF UKRAINE

41 (D-, insufficient transparency; +2 compared to the 2022 Index)

ANALYSIS BY CATEGORY

SECTORAL PART

1. BALANCES

17 F, unacceptable transparency; -4 compared to the 2022 Index

The “Balances” category defines the transparency of annual and monthly energy statistics and covers 9 indicators grouped into two subcategories:

- balance annual statistics (5 indicators);
- balance monthly statistics (4 indicators).

The calculation of the Transparency Index for the “Balances” category is based on establishing the extent to which an authorized public authority in the field of statistics (State Statistics Service) meets the requirements of **Regulation (EC) 1099/2008** on energy statistics, as amended on 28 January 2022.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Annual balance statistics	31	-7	F	Unacceptable transparency
Monthly balance statistics	0	0	F	Unacceptable transparency

On November 30, 2023, the State Statistics Service announced that due to the loss of capacity caused by the permission given to respondents not to submit statistical reports during martial law⁹, the energy balance data for 2021 will be published only after the date set by law. This decision resulted in the decrease of the transparency score for the category “Balances” by another four points as compared to last year. However, even without restrictions imposed after the outbreak of war, the score would have remained at the level of 2019, as the State Statistics Service (SSS) has not yet initiated a revision of the methodology for processing statistical information as provided in amendments to Annexes B and C of *Regulation (EC) 1099/2008*. As a result, after termination or cancellation of martial law, SSS will be unable to publish the product energy balance by October 31 of the year following the reporting one.

At the same time, the Cabinet of Ministers of Ukraine has not granted the State Statistics Service the exclusive and full-fledged authority for preparing energy statistics, which is currently dispersed

between SSS, the Ministry of Energy, the Ministry for Regional Development, the NEURC, and transmission and distribution system operators. The State Statistics Service does not have a regulatory basis and necessary resources to collect information on the volumes and composition of production (extraction), use (consumption), loss (by the entire chain of transformations), exports and imports, location and changes in the reserves for all energy resources. The statistical reporting forms do not include data on energy production by prosumers, energy storage systems, new capacities and decommissioned capacities, technological processes used at enterprises, and other data required by Annex C of *Regulation (EC) 1099/2008*.

Before the war, some statistical data were published by other governmental authorities (Ministry of Energy) and economic entities (Ukrenergo NPC PrJSC). However, *Regulation (EC) 1099/2008* imposes corresponding duties on the public authority in statistics.

⁹ [Law of Ukraine No. 2115-IX dated 03.03.2022](#)

Due to national peculiarities of statistical information processing, which include long collection and processing of primary data in the territorial units, the State Statistics Service does not meet the deadlines

for publishing annual balance statistics¹⁰. At the same time, the comprehensiveness and structure of data in this category no longer comply with the amended Annex B of *Regulation (EC) 1099/2008*.

Delays in adapting the best practices: the case of the State Statistics Service

The 2019 Index (p. 9) noted the systemic work¹¹ of the State Statistics Service to bring its methods in line with the requirements of *Regulation (EC) 1099/2008* on energy statistics. Although even then the timing of publication of annual balance statistics did not meet the requirements set out in this document, and the lack of resources did not allow for high transparency of monthly statistics, the State Statistics Service quickly and consistently adopted the best European practices.

However, first the COVID-19 restrictions, and then the war stopped positive changes. Despite the fact that significant changes were made to Annexes B and C of *Regulation (EC) 1099/2008*, the State Statistics Service has not initiated a review of existing methods. Therefore, after the restrictions imposed by martial law are lifted, SSS will be unable to ensure transparency of annual and monthly energy statistics.

Information on oil and liquid fuel remains a “black box” in the “Balances” category, which was removed yet before the war due to the need to comply with the requirements of the Law of Ukraine “On State Statistics” regarding confidentiality of statistical information (similar provisions are contained in a new Law of Ukraine “On Official Statistics” adopted in 2022).

However, this removal is becoming increasingly questionable given changes in the structure of relevant markets and owners of market participants, as well as provisions of the Law of Ukraine “On Minimum

Stocks of Crude Oil and Petroleum Products” (Part 9 of Article 6) requiring to submit monthly reports starting from 2025: to Eurostat – on oil statistics (Eurostat’s Monthly Oil Statistics Questionnaire); to Energy Community Secretariat – on the volume of commercial reserves stored in Ukraine, as well as the volume of crude oil imports or deliveries, taking into account the requirements set out in Council *Regulation (EC) 2964/95*.

In general, four “black boxes” were revealed in the “Balances” category; the “black boxes” index for the category amounted to 44%.

Recommendations

general:

- ▶ the Cabinet of Ministers should provide the State Statistics Service with full-fledged authority to form monthly product balances of energy resources (natural gas, steam coal, oil, and liquid fuel, electricity, and heat) to the extent relating to compliance with the requirements of Annex C to *Regulation (EC) 1099/2008* on energy statistics, as amended as of 28 January 2022;
- ▶ the State Statistics Service should bring statistical information processing methods into compliance with the updated *Regulation (EC) 1099/2008* on energy statistics and ensure that the annual product energy balance is made public by 31 October of the year following the reporting one;

during martial law:

- ▶ the State Statistics Service should check whether the prohibition on the publication of monthly statistics in the “Oil and liquid fuel” sector meets the requirements of the Law of Ukraine “On Official Statistics” in terms of the confidentiality of statistical information;

after the termination or cancellation of martial law:

- ▶ the State Statistics Service should resume the publication of balance annual and monthly statistics in accordance with the updated *Regulation (EC) 1099/2008* on energy statistics and ensure the publication of product energy balance by 31 October of the year following the reporting one;

¹⁰ The product energy balance for 2020 was prepared on October 12, 2022.

¹¹ [2019 Energy Transparency Index](#)

2. NATURAL MONOPOLIES

39 F, unacceptable transparency; -5 compared to the 2022 Index

The “Natural monopolies” category defines the transparency of operators of the transmission (transportation) and distribution systems, primarily in electricity and natural gas.

Given the clearly defined data publication requirements to be met by public authorities, transmission (transportation) and distribution system operators, this Index category covers the largest number of indicators (71) grouped into four subcategories:

- operation of transmission and distribution system operators (47 indicators);
- independence of transmission and distribution system operators (5 indicators);
- development of transmission and distribution systems (8 indicators);
- tariffs setting (11 indicators).

The calculation of the Transparency Index for the “Natural monopolies” category is based on establishing to what extent public authorities, operators of transmission (transportation) and distribution systems meet the requirements of:

- **Regulation (EU) 2019/943** on the internal market for electricity;

- **Directive (EU) 2019/944** on common rules for the internal market for electricity and amending **Directive 2012/27/EU**;
- **Directive 2009/73/EC** concerning common rules for the internal market in natural gas;
- **Regulation (EC) 715/2009** on conditions for access to the natural gas transmission networks;
- **Regulation (EU) 543/2013** on submission and publication of data in electricity markets;
- **Regulation (EU) 2016/631** establishing a network code on requirements for grid connection of generators;
- **Regulation (EU) 312/2014** establishing a network code on gas balancing of transmission networks;
- **EU, US, and Canadian best practices** for reporting on transmission and distribution system operators.

The requirements of these documents are reflected in the laws “On the Natural Gas Market”, “On the Electricity Market”, network codes (electricity transmission and distribution systems, gas transmission system, gas distribution systems, and gas storage facilities) as well as decisions of the Regulator (NEURC) aimed at streamlining the activities of natural monopolies

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Operation of transmission and distribution system operators	45	-8	D	Insufficient transparency
Independence of transmission and distribution system operators	18	-5	F	Unacceptable transparency
Development of transmission and distribution systems	4	0	F	Unacceptable transparency
Tariffs setting	48	+2	D	Insufficient transparency

A year ago, an analysis of the level of transparency in the “Natural monopolies” category showed that in the absence of regulatory restrictions due to the introduction of martial law in 2022, the overall score in this category should have reached 75-78 points, which is 29-32 points higher than in 2019. This was due to the activities of Ukrenergo NPC PrJSC, Gas TSO of Ukraine LLC, and Ukrtransgaz JSC, whose official websites in 2020-2021 provide most of the information that should be made public in accordance with the EU best practices. Additionally,

during the war, Ukrtransgaz JSC developed a compliance program, as required by Article 15(2d) of *Directive 2009/73/EC*.

Due to martial law, NEURC Resolution No. 349 of 26.03.2022, as amended by NEURC Resolution No. 384 of 20.04.2022, prohibited the publication of information covered by at least 22 indicators. The restrictions primarily concerned the operation of transmission and distribution system operators (15 indicators) and the development of transmission and

distribution systems (4 indicators). For another seven indicators, the publication of data was stopped by the discretionary decision of gas transmission and distribution system operators. Although there are no regulatory grounds for this, such a reduction in transparency can be justified by the prohibition on the publication of similar information by TSO and DSOs in electricity. However, the rationale behind closing at least seven data sets (including data on the quality of electricity and natural gas on domestic routes, their capacity, and lists of entry/exit points) requires clarification by data administrators.

In addition, some operators failed to comply with transparency requirements even before the war began:

- Ukrenergo NPC PrJSC – *Regulation (EU) 543/2013* in terms of congestion management, in particular, forecasted available transmission capacity;
- Gas TSO of Ukraine LLC – *Regulation (EC) 715/2009* in terms of informing on supply and demand (ex-ante and ex-post) of transmission capacity, as well as the cost, frequency, and volume of balancing measures applied (short-term products, balancing services, balancing in adjacent zones);
- Ukrtransgaz JSC – *Directive 2009/73/EC* in terms of publishing the storage operator’s compliance program and reports on its implementation.

The procedure for connecting to systems remains inconvenient and sometimes incomprehensible for customers. The rules on the operators’ websites usually do not contain direct links to the forms of the required documents. At the same time, not all operators provide connection algorithms and forms of necessary documents. The ill-prepared transfer of 23 city and regional gas distribution system operators into the management of Gas Distribution Systems of Ukraine LLC (a subsidiary of Naftogaz of Ukraine JSC) resulted in a two-point decrease in the level of transparency of the natural gas market.

However, while the previous progress in the electricity and natural gas markets (before the introduction of martial law) was obvious, the “Oil and liquid fuel” sector remains a “black box”. As before, there is no information on the conditions of access and use of crude oil and petroleum product pipelines; no oil and liquid fuel transmission and storage systems development plans have been developed. The website of the oil transmission system operator, Ukrtransnafta JSC, has not been working since the beginning of the war.

Meanwhile, there are a number of practices in the EU, the USA, and Canada, the application of which can significantly increase the transparency of the sector. Particularly, the database of the International Energy Agency (IEA) on the available capacities of main pipelines; the guideline of the U.S. Federal Energy Regulatory Commission on the regulation of pipelines (in terms of ensuring equal conditions of access); recommendations of the energy regulator to the Ministry of Natural Resources of Canada for the distribution of main pipeline capacities; the practice of reporting on the implementation of natural gas and electricity transmission systems development plans, etc.

However, to prevent a decrease in transparency in the “Development of transmission and distribution systems” subcategory in 2024, the Ministry of Energy and the NEURC should pay attention to the requirements of *Regulation (EU) 2022/869* on guidelines for trans-European energy infrastructure¹², in particular in terms of developing and publishing a manual of procedures for granting permits for implementation of infrastructure projects in the electricity and gas sectors, reference values for comparing unit investment costs and methodology for assessing investments.

In total, 34 “black boxes” were identified in the “Natural monopolies” category; the “black boxes” index for this category is 48%.

Recommendations:

general:

- ▶ The Ministry of Energy and the NEURC should pay attention to the need to comply with the requirements of *Regulation (EU) 2022/869* on guidelines for trans-European energy infrastructure in terms of developing and implementing infrastructure projects in the electricity and natural gas sectors;
- ▶ Naftogaz of Ukraine JSC should pay attention to the inconsistency of information to be provided on the official website of Ukrtransnafta JSC with the best practices of transparency of oil transmission system operators;

¹² [Potential basis in national legislation is draft Law of Ukraine “On Projects of National Interest in the Energy Sector” \(No. 9138\)](#)

during martial law:

- ▶ Ukrtransnafta JSC should develop a plan for the post-war development of the oil transmission system and restore the functioning of its official website, including informing customers on the conditions of access to pipelines;
- ▶ Gas TSO of Ukraine LLC should restore the publication of information on the quality of gas on domestic transportation routes;

after the termination or cancellation of martial law:

- ▶ Ukrenergo NPC PrJSC should ensure compliance with the requirements of Articles 8, 13, and 14 of *Regulation (EU) 543/2013* regarding the publication of data on capacity reserve for the year ahead and congestion management measures;
- ▶ Gas TSO of Ukraine LLC should ensure compliance with the requirements of Articles 18 (6) and 21 (2) of *Regulation (EC) 715/2009* for the publication of data on supply and demand (ex-ante and ex-post) as well as the balancing status of system users, including the actual and forecasted gas volumes in the system for each balancing zone with a frequency of twice a day;
- ▶ distribution system operators should publish the forms of documents necessary for network connection and develop auxiliary online services to simplify this procedure;
- ▶ the NEURC and network operators should ensure compliance with the requirements for timely and regular publication of compliance programs, transmission, distribution, and storage systems development plans, investment programs of licensees as well as reports on their implementation in machine-readable formats.

3. SUPPLY

43 **D-, insufficient transparency; +6 compared to the 2022 Index**

The “Supply” category defines the transparency of rules and competition in the markets for natural gas, electricity, steam coal, oil and liquid fuel, and heat, as well as prices and pricing in these markets. The category covers 36 indicators grouped into three subcategories:

- market barriers (12 indicators);
- market concentration and level of competition (4 indicators);
- prices and pricing (20 indicators).

The calculation of the Transparency Index for the “Supply” category is based on determining the extent to which the public authorities and economic entities operating in the energy markets meet the requirements of:

- **Directives (EU) 2019/944 and 2009/73/EC** concerning common rules for the internal markets in electricity and natural gas;
- **Directive (EU) 2018/2001** on the promotion of the use of energy from renewable sources;

- **Regulation (EU) 1227/2011** on wholesale energy market integrity and transparency (REMIT);
- **Regulation (EU) 2016/1952** on European statistics on natural gas and electricity prices;
- **ACER and CEER best practices** for monitoring and analyzing the functioning of energy markets.

The requirements of the above documents are reflected in the laws “On the National Energy and Utilities Regulatory Commission”, “On the natural gas market”, “On the electricity market”, “On Peculiarities of Access to Information in the Spheres of Electricity, Natural Gas, Heating, Centralized Hot Water Supply, Centralized Drinking Water Supply and Drainage”, “On State Regulation of Production and Circulation of Ethyl Alcohol, Cognac and Fruit, Alcoholic Beverages, Tobacco Products and Fuels”, the Tax Code of Ukraine as well as decisions of the public authorities aimed at enhancing competition and ensuring transparency of pricing in energy markets.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Market barriers	51	+2	D+	Insufficient transparency
Market concentration and level of competition	14	+1	F	Unacceptable transparency
Prices and pricing	43	+8	D-	Unacceptable transparency

Comparison with last year's scores shows that there has been some improvement in transparency for all subcategories assessed. The main contributors to this increase are the Regulator's decisions to disclose some important information about the sector and the gradual implementation of the requirements of the recently adopted Law of Ukraine implementing *Regulation (EU) 1227/2011* (REMIT). The score for the "Market barriers" subcategory in 2023 increased by 2 points to 51, mainly due to the development and publication of the Register of Wholesale Energy Market Participants, as provided for by the Law of Ukraine "On Amendments to Some Laws of Ukraine on Prevention of Abuse on Wholesale Energy Markets".

Transparency in the "Concentration and competition level" subcategory increased by only 1 point as compared to the previous year. A slight improvement is mainly caused by the NEURC's decision to restore disclosure of quarterly reports on monitoring the natural gas market, which

contain some (but incomplete) information on competition in the wholesale and retail segments of the gas market. Transparency in the "Prices and pricing" subcategory showed the largest increase as compared to 2022 from 35 to 43 points. The improvement was caused by the update of "The Procedure for determining compensation provided to natural gas market participants subject to special obligations". Another important factor was the start of trading by Naftogaz JSC on a transparent trading platform, the Ukrainian Energy Exchange (UEEX), which discloses detailed information on the results of auctions (see the box below). The growth was also driven by the Regulator's decision to publish quarterly monitoring reports on the natural gas market mentioned above. In particular, the reports contain information on weighted average wholesale and retail gas prices in the regulated and unregulated market segments for different categories of consumers (households, district heating companies, and public institutions).

Restoring transparency in natural gas trading in unregulated market segments: the case of Naftogaz of Ukraine JSC

Despite the restoration of price regulation in 2022-2023, there were still some segments of the natural gas market where pricing was dictated by the will of market participants rather than by government policy decisions. One such segment was related to the purchase of gas by the state-owned company Naftogaz of Ukraine NJSC from private gas producers.

In 2022, such trading was non-transparent and carried out on OTC platforms that did not disclose information about their activities and did not have a commodity exchange license issued by the National Securities and Stock Market Commission (NSSMC). The authors of the Index drew attention to this gap in the 2022 report¹³ (p. 15).

In 2023, partially due to public pressure¹⁴, Naftogaz of Ukraine JSC decided to change its approach to trading in the wholesale gas market and switch to the UEEX platform, which publishes detailed information on the results of auctions and calculates price indicators based on their results. This helped to increase market transparency and the possibility of public control over trading activity of the largest gas market player. Thus, the public has more opportunities to diagnose and analyze¹⁵ the existing problems in the wholesale gas market and provide recommendations for their elimination.

¹³ [2022 Energy Transparency Index](#)

¹⁴ [Naftogaz's gas trading during wartime](#)

¹⁵ [Exchange trade during war: who and at what prices trade gas in July-September 2023](#)

Despite moderate progress in the transparency for the “Supply” category, most of the factors that contributed to a sharp decline in disclosure in 2022 remained relevant. The main factor behind the decline in transparency remains the discretionary decisions of data administrators to stop updating or publishing information (which affected the scores of 8 indicators in this category).

Some of the discretionary decisions of data administrators (affecting scores of 3 indicators) became possible due to the adoption of the CMU Resolution No. 263 of March 12, 2022 “Certain issues of ensuring the functioning of information and communication systems, electronic communication systems and public electronic registers under martial law”, which made it possible to stop and/or restrict the operation of information and communication systems and electronic registers. The other part of the discretionary decisions (affecting scores of 2 indicators) was probably caused by the loss of the ability of data administrators to collect data due to the adoption of the Law of Ukraine No. 2115-IX of

March 3, 2022 “On Protection of the Interests of Entities Submitting Reports and Other Documents during Martial Law or a State of War”. This act allows entities subject to reporting obligations (including statistical reporting) to submit reports within 3 months after termination or cancellation of the martial law.

The “black boxes” in the “Supply” category, which were relevant even before the full-scale aggression of the Russian Federation, are:

- the procedure (plan/roadmap) for the transition to market-based pricing of electricity for household consumers;
- a full-fledged national register of energy market participants;
- summarized data on the mark-up of retail segments of natural gas, oil and liquid fuel markets;
- reporting on weighted average annual prices for natural gas and electricity for households and non-household consumers (by consumption bands) and their structure.

Recommendations:

general:

- ▶ the Cabinet of Ministers should develop and make public the procedure for the transition to market prices of electricity for households as well as methods for calculating regulated gas prices in the wholesale and retail markets, which should contain the justification for the need for such regulation, the regulatory impact assessment and the final date of application of regulated prices (taking into account the provisions of the Law of Ukraine No. 2479-IX “On the Peculiarities of Regulating Relations on the Natural Gas Market and in the field of Heat Supply during Martial Law and the Subsequent Restoration of Their Functioning”);
- ▶ the Cabinet of Ministers should abandon methodically unsupported quasi-fiscal decisions in energy supply for vulnerable consumers in favour of introducing transparent and targeted mechanisms for their support;
- ▶ the NEURC and the Antimonopoly Committee of Ukraine (AMCU) should introduce regular monitoring and assessment of the price mark-ups on the retail natural gas, electricity, oil and liquid fuel markets;
- ▶ the AMCU should publish on a quarterly basis data on concentration and competition in the oil and liquid fuel and steam coal markets;
- ▶ the Ministry of Finance should make public the licensing conditions for the production, storage, wholesale and retail trade in fuel; ensure completeness of information in the registers of licensed activity entities (concerning the persons responsible for operational and trade decisions and the ultimate beneficial owner);
- ▶ the State Statistics Service should ensure the development of annual reports on the natural gas and electricity prices (by consumption bands), including price composition;
- ▶ the NEURC should make public quarterly information on competition, concentration in the wholesale and retail electricity and gas markets as well as on supplier switching;

during martial law:

- ▶ the NEURC should restore disclosure of quarterly monitoring reports on the electricity market (as is the case with respective reports on the natural gas market) and restore publication of the quarterly reports for previous periods.
- ▶ the State Statistics Service should ensure updating semi-annual information on gas and electricity prices and their structure (by consumption bands). If data cannot be updated due to the failure of respondents to submit reports, SSS should consider developing simplified reporting forms that would allow collecting information without imposing an excessive administrative burden on licensees;

after the termination or cancellation of martial law:

- ▶ the State Tax Service (STS) should resume publication of the state register of economic entities that have received licenses for the production, storage, wholesale, and retail trade of fuel;
- ▶ the Ministry of Energy should ensure the development and publication of a full-fledged register of steam coal market participants.

4. RELIABILITY AND SECURITY

25 **F, unacceptable transparency; no changes compared to the 2022 Index**

The “Reliability and security” category defines the transparency of stocks (reserves) of energy resources, norms, and rules that guarantee reliability and security of energy supply as well as the regularity and comprehensiveness of reporting on their compliance. The category covers 18 indicators grouped into three subcategories:

- stocks and reserves (5 indicators);
- security rules (7 indicators);
- reliability and security reports (6 indicators).

The calculation of the Transparency Index for the “Reliability and security” category is based on determining the extent to which the public authorities and economic entities operating in the energy markets meet the requirements of:

- **Regulation (EU) 2017/1938** concerning measures to safeguard the security of gas supply;
- **Regulation (EU) 2019/943** on the internal market for electricity;

- **Regulation (EU) 2019/941** on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC;
- **Directive 2009/119/EC** and **Annex XXVII to the EU-Ukraine Association Agreement** imposing an obligation to maintain minimum stocks of crude oil and/or petroleum products;
- **Regulation (EC) 1099/2008** on energy statistics, as amended on 28 January 2022;
- **EU best practices** in ensuring the security of natural gas and electricity supply.

The requirements of these documents are reflected in the laws “On the Natural Gas Market”, “On the Electricity Market”, the Transmission System Code, the Rules on Security of Natural Gas Supply, the Rules on Security of Electricity Supply as well as decisions of public authorities aimed at ensuring energy security of Ukraine.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Stocks and reserves	0	0	F	Unacceptable transparency
Security rules	43	0	D-	Insufficient transparency
Reliability and security reports	25	0	F	Unacceptable transparency

Due to the introduction of regulatory restrictions on the publication of information during martial law, the level of transparency in the “Reliability and security” category remained almost unchanged over the year. Due to sensitivity, data on the reserves of energy resources and capacities remain unavailable for objective reasons. Moreover, the number of unpublished reports on the reliability and security of electricity and gas supply for previous periods has increased.

Meanwhile, according to *Regulations (EU) 2019/943* and *2019/941*, the TSO in electricity is required to make public and update every four years the Risk-preparedness Plan, which should contain measures aimed at preventing and/or mitigating the consequences of electricity crises, comply with the rules of market functioning and inform civil society about electricity crises. At the same time, the annual Report on the assessment of compliance (adequacy) of generating capacities should be replaced by the National Resource Adequacy Assessment as well as the Resource Inadequacy Elimination Plan and annual implementation reports developed by the TSO.

In turn, the NEURC should develop methods for preparing the Ex-post Evaluation Report. Such reports

should be developed in the event of a crisis and submitted no later than three months after the crisis ends. The Ex-post Evaluation Report should contain a description of the event that triggered the crisis; a description of the measures taken and an assessment of their effectiveness; an assessment of the cross-border impact of the measures taken; a report on assistance received; economic consequences of the crisis; reasons justifying the use of non-market measures; possible changes to the risk preparedness and network development plans.

At the same time, in accordance with the obligations set out in *Directive 2009/119/EC*, and following entry into force of the Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products”¹⁶, the Ministry of Energy should approve the methodology for calculating the level of minimum stocks of crude oil and petroleum products, develop an action plan for the introduction of emergency and special reserves in case of significant disruption of oil/petroleum product supplies as well as annual reporting on measures taken to ensure their physical accessibility.

The complexity of future transparency of liquid fuel reserves: the case of the Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products”

After a nine-year delay, the Verkhovna Rada of Ukraine adopted¹⁷ the Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products”, which was drafted by 17 MPs. The purpose of the law is to create regulatory conditions that will ensure an uninterrupted supply of liquid fuels to consumers in the event of a crisis in the domestic market. A number of provisions of this document should also guarantee the transparency of the reserves to be formed, as well as regular and comprehensive reporting on compliance with the provisions that determine the reliability and security of supply.

Unfortunately, during the revision of the government draft law rejected by the parliament, at least 18 provisions¹⁸ that should have been implemented in Ukrainian legislation in accordance with the requirements of *Directive 2009/119/EC* have been omitted. This may significantly complicate the future work of the Ministry of Energy to ensure transparency of liquid fuel reserves, reliability and security of its supply.

¹⁶ [Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products”](#)

¹⁷ [Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products”](#)

¹⁸ [The opinion on the compliance of the Law “On Minimum Stocks of Crude Oil and Petroleum Products” with the provisions of the EU law](#)

⚡ Recommendations:

general:

- ▶ the Cabinet of Ministers should ensure the development and adoption of regulatory and legal acts necessary for the implementation of the Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products” in accordance with the requirements of Directive 2009/119/EC as well as their implementation within the terms established by the updated Annex XXVII to the EU-Ukraine Association Agreement
- ▶ the Cabinet of Ministers should develop and submit to the Verkhovna Rada the draft Law “On Amending the Law of Ukraine “On the Electricity Market” to take due account of the requirements of Regulation (EU) 2019/943 on the internal market for electricity and Regulation (EU) 2019/941 on risk-preparedness in the electricity sector, in particular, those, related to the reporting of the Ministry of Energy, the NEURC and Ukrenergo NPC PrJSC;
- ▶ the NEURC should develop and approve methods of preparation and submission of ex-post evaluation reports;
- ▶ The Ministry of Energy should ensure that the reporting forms established by Articles 6 and 18 of the Law of Ukraine “On Minimum Stocks of Crude Oil and Petroleum Products” comply with the requirements of Directive 2009/119/EC;

during martial law:

- ▶ Ukrenergo NPC PrJSC should analyze the changes caused by the adoption of Regulations (EU) 2019/941 and 2019/943 and create prerequisites for the development of the Risk-preparedness Plan, the National Resource Adequacy Assessment, the Resource Inadequacy Elimination Plan, implementation reports and ex-post evaluation reports (in case of crisis occurrence);

after the termination or cancellation of martial law:

- ▶ the Ministry of Energy should resume regular and timely publication of reports on monitoring the security of natural gas and electricity supply.

5. CONSUMPTION

49 D, insufficient transparency; no changes compared to the 2022 Index

The “Consumption” category defines the transparency of service standards, consumption metering, information for consumers about prices and tariffs, subsidies and other assistance, as well as energy efficiency programs. The category covers 43 indicators grouped into three subcategories:

- penetration of metering (5 indicators);
- service standards (15 indicators);
- information for consumers (23 indicators).

The calculation of the Transparency Index for the “Consumption” category is based on determining the extent to which public authorities and economic entities operating in the energy markets meet the requirements of:

- **Directives (EU) 2019/944 and 2009/73/EC** concerning common rules for the internal markets in electricity and natural gas;
- **Directive 2023/1791/EU** on energy efficiency;

- **best practices of the CEER and EU** on the quality of energy supply and strengthening consumer market power.

The requirements of these documents are reflected in the laws “On Peculiarities of Access to Information in the Spheres of Electricity, Natural Gas, Heat Supply, Centralized Hot Water Supply, Centralized Drinking Water Supply and Drainage”, “On Natural Gas Market”, “On Ensuring Commercial Metering of Natural Gas”, “On Commercial Metering of Heat and Water Supply”, “On the Electricity Market”, the Code of Commercial Metering of Electricity as well as decisions of public authorities aimed at guaranteeing the rights of consumers.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Penetration of metering	10	0	F	Unacceptable transparency
Service standards	45	0	D	Insufficient transparency
Information for consumers	61	+1	C	Medium transparency

The total transparency score in the “Consumption” category remained unchanged. Also, two of the three subcategories have not changed as compared to 2022: “Penetration of metering” and “Service standards”. A minimal progress in the “Information for consumers” subcategory “ (+1 point) is the result of insignificant growth and a decrease in the scores of individual indicators. In particular, the failure to publish updated information on electricity tariffs in different regions of Ukraine and neighboring countries led to a slight drop in the score, which was “offset” by an improvement in the score for the indicator “Price offers of retail liquid fuels market operators”. A slight increase in the overall score for the subcategory was also caused by better quality of disclosing commercial offers by electricity suppliers.

According to our assessment, the Russian military aggression against Ukraine and related countermeasures aimed at reducing security risks affect 8 indicators. This corresponds to previous year’s indicator and confirms the lack of overall

progress in transparency in the “Consumption” category. For 7 indicators, the information was closed or limited due to *discretionary decisions of the data administrators*. In particular, this applies to data on gas and electricity metering penetration, reporting data on compensation for non-compliance with minimum standards of heat, gas, and electricity supply. All of this information was contained in NEURC’s annual reports and separate reports on the quality of respective services, which are now unavailable. The closure of this data was not explicitly provided for in the regulations, and the information itself was aggregated and, in our assessment, didn’t pose any security risks. According to the indicator “Information on the benefits and conditions of using legal mechanisms for improving energy efficiency (energy service contracts, etc.)”, the register of ESCO service providers was closed.

Inconsistency in information disclosure: the case of data on compliance with electricity supply quality standards

The assessment revealed a case where, despite the indicator’s unchanged score, the quality and usability of published information were slightly deteriorating. The information in question is related to compliance with minimum quality standards of electricity supply.

Before the war, this data was available in NEURC’s Annual Reports. Following martial law, the Annual Reports became unavailable. At the same time, the above-mentioned information was disclosed in two alternative sources, which is why the score for this indicator did not decrease. The first source is the report “Indicators of Quality of Service Provision in the Electricity and Centralized Water Supply and Drainage Sectors in the first half of 2022”, which, in particular, covers data on the quality of electricity supply and compensation for non-compliance for six months of 2022. In turn, separate information for the whole year of 2022 is available on the Regulator’s website in the presentation “Rating of the companies by electricity supply quality indicators”. Both documents have slightly different scope and level of detail for individual standards (at the company/national level) and are not updated regularly (the report “Indicators...” is available only for the first half of 2022 and has not been updated in subsequent periods, while the supplier rating, except for 2022, is also available¹⁹ for the first three quarters of 2020). Inconsistency in the periods of coverage and content of documents/reports that disclose information on the same phenomenon causes their incomparability and difficulties in analyzing the dynamics and assessing the progress.

¹⁹ [Rating of the companies by electricity supply quality indicators](#)

To improve the completeness and usability of data, the Regulator should unify approaches to disclosing information on compliance with electricity supply quality standards, in particular, to ensure that a clearly defined data set is updated at the same frequency. The principle of uniformity in information disclosure should be applied to all data collected by the NEURC. More user-friendly visualizations or thematic information and analytical materials can only complement, but not replace, the regular and complete disclosure of machine-readable data.

At the same time, the pre-war “black boxes” remain relevant. The system of informing consumers on commercial offers (prices, tariffs, and terms of supply) on liquid fuel markets as well as on the shares of different sources in the electricity mix purchased by suppliers and their environmental impact, as required by *Directive (EU) 2019/944*, remained deficient. Forecasts of prices and tariffs

on the natural gas, electricity, and heating markets do not reveal their components and do not contain a description of assumptions and influencing factors. Instead of publishing information on consumer rights, environmental impact, and the electricity mix purchased, licensees sometimes provide links to websites of third-party organizations.

Recommendations:

general:

- ▶ the NEURC should regularly inform about the equipment of consumers with smart gas metering systems;
- ▶ the State Agency on Energy Efficiency and Energy Saving should disclose data on the equipment of consumers with heat meters in a machine-readable format;
- ▶ the Ministry for Regional Development should develop uniform minimum quality standards for heating similar to the gas and electricity markets, start centralized data collection on their implementation and provision of compensation for their non-compliance;
- ▶ the NEURC should make public reporting information on compensations provided to consumers for non-compliance with minimum standards for gas supply;
- ▶ the NEURC should increase the comprehensiveness and update the data on prices and tariffs for natural gas, electricity, and heating (by region, five-year dynamics of components, forecasts, and comparison with other countries);
- ▶ the Cabinet of Ministers should develop procedures for the protection of vulnerable consumers in the electricity and gas markets; within the framework of this process, the Ministry of Social Policy should develop criteria for determining energy poverty;
- ▶ gas suppliers should ensure informing consumers on their rights, in particular, on supplier switching, on submission and consideration of complaints (requests, claims), disconnection/restoration of gas supply, billing and pricing;
- ▶ electricity suppliers should provide information on the share of each energy source in the electricity mix purchased and their environmental impact;

during martial law:

- ▶ the NEURC should resume public reporting on the quality of gas supply, which was contained in the annual NEURC reports, as well as historical information on the compliance with minimum standards for electricity supply and the compensation provided for non-compliance;

after the termination or cancellation of martial law:

- ▶ the State Statistics Service should resume the publication of data on volumes of wholesale and retail sales of light petroleum products and gas through filling stations (by region) and ensure publication of data on oil and liquid fuel prices by region and their international comparison;
- ▶ the State Agency on Energy Efficiency and Energy Saving should resume publication of the register of ESCO service providers.

CROSS-SECTORAL PART

6. REPORTING

30 F, unacceptable transparency, -3 compared to the 2022 Index

The “Reporting” category defines the transparency of regular financial, non-financial, management and fiscal reporting, information on corporate governance and final beneficiaries of energy companies as well as reporting of extractive companies within the Extractive Industries Transparency Initiative (EITI). The category covers 12 indicators grouped into three subcategories:

- financial and management reporting (4 indicators);
- fiscal reporting (3 indicators);
- beneficiaries and corporate governance (5 indicators).

The calculation of the Transparency Index for the “Reporting” category is based on determining the extent to which the economic entities operating in the energy markets comply with the provisions of:

- **Directive 2013/34/EU** on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings
- **Regulation 1606/2002** on the application of international accounting standards in developing consolidated financial statements by companies, whose securities are admitted to trading on a regulated market;
- **Directive 2014/95/EU** as regards disclosure of non-financial and diversity information by certain large undertakings and groups, in particular with respect to the publication of regular financial, non-financial, and management reporting as well as reporting on payments to the government;
- **Directive 2004/109/EC** on the harmonisation of transparency requirements in relation to information about emittents whose securities are admitted to trading on a regulated market, in particular in terms of the publication of regular information of the emittents of securities and other regulated information for investors and

shareholders, and **Directive (EU) 2015/849** as regards disclosure of information on the beneficial ownership of companies;

- **world’s best practices** set out in the Global Reporting Initiative (GRI), International Financial Reporting Standards (IFRS), International Standards on Auditing (ISA), Principles of Corporate Governance of the Organization for Economic Co-operation and Development (OECD), the information disclosure guidance of the Financial Conduct Authority (FCA), transparency and corporate governance standards;
- the **standard of the Extractive Industries Transparency Initiative (EITI)**.

In Ukraine, the requirements of these documents are reflected in the laws “On Accounting and Financial Reporting in Ukraine”, National Accounting Regulations (Standards), “On Ensuring Transparency in Extractive Industries”, “On Amending Certain Legislative Acts of Ukraine on Ensuring Transparency in Extractive Industries”, “On Joint Stock Companies”, “On Capital Markets and Organized Commodity Markets”, “On State Registration of Legal Entities, Private Entrepreneurs and Public Organizations”, “On Prevention and Counteraction to the Legalization (Laundering) of the Proceeds of Crime or Terrorism Financing as well as Financing Proliferation of Weapons of Mass Destruction” and also in the by-laws of the Ministry of Finance and the National Securities and Stock Market Commission as well as other decisions of public authorities aimed at ensuring transparency of reporting, information on corporate governance and ultimate beneficiaries.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Financial and management reporting	17	-2	F	Unacceptable transparency
Fiscal reporting	35	-4	F	Unacceptable transparency
Beneficiaries and corporate governance	37	-3	F	Unacceptable transparency

The assessment shows that the level of transparency in the “Reporting” category has remained at the level of the previous year (i.e. unacceptable transparency). The companies in the sample, on average, continue to comply with martial law restrictions (mostly initiative) for the second year in a row. This resulted in a 3-point deterioration in the overall score for the category (mainly by the “Relevance” criterion due to the lack of data for 2022).

Transparency in the “Financial and management reporting” subcategory has slightly deteriorated

(-2 points). Only 3 companies in the sample continued to publish up-to-date financial statements, and all companies assessed in the sample stopped publishing management reports and non-financial reports for 2022. A systemic negative trend is the closure of corporate websites’ sections containing necessary financial reporting. Particularly noteworthy is the complete cessation of developing non-financial reports by the companies, even by such leaders in this area as state-owned energy companies.

Not full closure of corporate financial statements at the companies’ initiative

For the second year in a row, despite the absence of a direct policy prohibition on publication and temporary abolition of liability for failure to submit or late submission of reports during the martial law, most companies in the sample have not published up-to-date financial statements prepared according to IFRS and auditor’s reports thereto.

In most cases, access to the entire set of financial statements, including those for previous periods, is closed. This is often done by deactivating the relevant sections of corporate websites. However, we have also seen numerous cases where financial statement files for certain years continue to be uploaded to websites and can be found through internal search engines or Google. Sometimes financial statement tables are published on websites of third-party services (e.g., Clarity Project), either on the initiative of the companies themselves or as a result of cooperation between such services and government authorities.

We believe that non-publication of financial statements can be justified only in cases where their preparation is difficult or impossible due to the location of the company’s structural units in the areas of hostilities during martial law. In all other cases, the disclosure of financial statements should be resumed (the Ministry of Finance also emphasizes the obligation to maintain accounting records in its information note²⁰), at least disclosure of financial statements for previous years.

In comparison to the previous year, transparency in the “Fiscal reporting” subcategory has deteriorated by 4 points and remains at an unacceptable level. Based on the directive ban (provisions of Laws No. 2115-IX and No. 2436-IX), the extractive companies in the sample have not published the reports on payments to the state on their websites for the second year in a row, and most companies did not submit reports to this year’s EITI report. However, despite the directive restriction, the extractive companies continue to submit information on taxes paid to the Extractive Industry Data Portal of Ukraine and to fill in regular EITI reports but have become less likely to

publish such data on their own websites. The last EITI report for 2021 was prepared in full, but it is available for download only on the international website of the EITI.

In the “Beneficiaries and corporate governance” subcategory, transparency deteriorated by 3 points, as there were no significant changes in the publication of information required to be disclosed by companies issuing securities. Information on the ownership and management composition was mostly removed from relevant sections of corporate websites, except for the largest state-owned energy companies. The

²⁰ [“Information notice on submission and disclosure of financial statements during the period of martial law or state of war”](#)

publication of annual and quarterly information of securities issuers has not been restored (except for Naftogaz of Ukraine JSC), based on the current directive ban of the NSSMC. At the same time, the

companies have mostly resumed publishing notices of general shareholders' meetings and notices of special information of issuers, while improving the usability of published documents.

Recommendations:

general:

- ▶ The companies should restore an access to sections of corporate websites containing financial, management and non-financial reporting documents with separate sections for non-financial reporting documents and documents regulating corporate governance relations;
- ▶ The extractive companies should resume the practice of regular reporting on paid taxes on their websites and submitting reports on payments to the government;
- ▶ EITI should provide access to the latest up-to-date version of the 2021 EITI report on the Ukrainian website of the Initiative;

during martial law:

- ▶ The companies should reconsider their own discretionary decisions to block access to sections of financial and non-financial reporting and resume their publication with a certain time lag;
- ▶ The extractive companies should resume preparations and publication of the reports on payments to the government with an extended publication lag (except in cases of loss of capability), especially considering that these data is regularly reported to the EITI data portal;
- ▶ The companies issuing securities should resume publishing at least annual regular reports of the issuer of securities; to reduce the sensitivity of data, they should consider an option of publishing reports with a time lag;
- ▶ NSSMC should amend its decision to allow securities issuers to publish annual reports with a certain time lag;

after the termination or cancellation of martial law:

- ▶ the Verkhovna Rada, the Ministry of Finance and the NSSMCU should create incentives for the wider introduction of non-financial reporting into the practice of companies, both formal (management reports) and informal (corporate non-financial annual reports based on global best practices);
- ▶ the Ministry of Energy should ensure the proper functioning of the electronic reporting system according to the EITI standard, the further regular preparation of national reports of Ukraine, and the restoration of full access to information on the data portal of extractive industries;
- ▶ the Ministry of Finance should ensure the implementation of the provisions of the updated legislation on the regulation of ultimate beneficial ownership and the ownership structure of legal entities, and encourage companies to disclose data on ultimate beneficial owners;
- ▶ Companies should: resume the publication of current information on the composition of the management;
- ▶ Companies should: resume regular preparation and publication of issuers' annual and quarterly reports and other types of issuer's regulated information on corporate websites, preferably by creating special sections.

7. POLICY

43 D-, insufficient transparency; -1 compared to the 2022 Index

The “Policy” category defines the transparency of the designing and implementation of policy documents regarding energy and sustainable development, energy efficiency, environmental protection, combating climate change, renewables, etc. The category covers 24 indicators grouped into four subcategories:

- monitoring and reporting (5 indicators);
- energy efficiency (7 indicators);
- environmental protection and combating climate change (10 indicators);
- renewable energy sources (2 indicators).

Compared to the 2022 Index, the total number of indicators increased to 24 due to adding a new one, which is related to the adoption of the Energy Strategy of Ukraine until 2050 in 2023.

The calculation of the Transparency Index for the “Policy” category is based on establishing to what extent the public authorities formulating and implementing national policy in the energy and related sectors meet the requirements of:

- **Directive 2012/27/EU** on energy efficiency and **Regulation (EU) 2017/1369** setting a framework for energy labeling;
- **Regulation (EU) 2018/1999** on the Governance of the Energy Union and Climate Action;

- **Directive 2010/31/EU** (recast by **Directive (EU) 2018/844**) on the energy performance of buildings;
- **Directive 2010/75/EU** on industrial emissions and **Directive 2001/80/EC** on the limitation of emissions of certain pollutants into the air from large combustion plants;
- **Directives 2001/42/EC** and **2011/92/EU** on the assessment of the effects of certain public and private projects on the environment;
- **Directive 2018/2001/EC** on the promotion of the use of energy from renewable sources;
- **international treaties** on combating climate change.

The requirements of these documents are reflected in the laws “On Environmental Impact Assessment”, “On Strategic Environmental Assessment”, “On Air Protection”, “On Principles of Monitoring, Reporting, and Verification of Greenhouse Gas Emissions”, Presidential Decree “On Sustainable Development Goals of Ukraine until 2030”, the 2035 Energy Strategy of Ukraine, other decisions of public authorities aimed at ensuring the transparency of energy, climate, and environmental policies.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Monitoring and reporting	33	-8	F	Unacceptable transparency
Energy efficiency	26	-2	F	Unacceptable transparency
Environmental protection and combating climate change	56	+5	C-	Medium transparency
Renewable energy sources	66	-3	C+	Medium transparency

Assessment results show a continuation of the downward trend in transparency in the category, albeit with a significant slowdown. The score for the “Monitoring and reporting” subcategory suffered the biggest drop, having decreased by 8 points. The main reason is the failure to publish the new Energy Strategy of Ukraine until 2050. There is also still no access to reporting on the results of the Strategy until 2035, in particular, to the report on the implementation of the “Energy Sector Reform (until 2020)” stage. The annual report on the results

of monitoring the implementation of the provisions of the Energy Strategy of Ukraine in the activity of energy entities has not been published for any of the years of its implementation. There is also no up-to-date report on monitoring the implementation of tasks under Sustainable Development Goal 7 “Affordable and Clean Energy”, the preparation of which is the responsibility of the Ministry of Economy.

In the “Energy efficiency” subcategory, the score decreased by 2 points due to the absence of annual

reports on the implementation of the Energy Efficiency Action Plan for 2022 and 2023. Before the full-scale war with Russia, the relevant reports were regularly sent to the Energy Community Secretariat.

On the contrary, transparency in the subcategory “Environmental protection and climate change” increased by 5 points, mainly due to the publication by the Ministry of Energy of the report on the

implementation of the National Emission Reduction Plan from Large Combustion Plants (NERP) for 2022. Previously, the reports were removed from the Ministry’s website. The second factor contributing to improved transparency in the subcategory was the launch of the Strategic Environmental Assessment (SEA) register, which facilitated user access to relevant reports.

Inconsistency of data administrators in their approaches to information disclosure: cases of the Ministry of Energy and the NEURC

The assessment of the “Policy” category revealed an interesting trend in the sector’s transparency. The same public authority may have different approaches to disclosure of information with similar risk/sensitivity levels. A striking example is the Ministry of Energy, which refused to publish the Energy Strategy until 2050 for security reasons. On the other hand, the Ministry has published reporting information on the implementation of the NERP for 2022, which, among other things, contains data on fuel consumption by thermal power plants broken down by separate generation units. This level of detail did not become an obstacle to the publication of data.

The NEURC is a similar example of such inconsistency. On the one hand, the Regulator has resumed publishing quarterly reports on the results of monitoring the natural gas market, which is undoubtedly progress during wartime. At the same time, the Regulator still does not publish similar quarterly reports for the electricity market containing aggregated (and impersonal) information about market functioning.

The data administrators do not give reasons for different approaches to the disclosure of similar information. In the absence of explanations, one can infer that even at the level of individual data administrators, there is still no clear and reasonable approach to determining which information is truly sensitive. To solve this problem, it is advisable to develop criteria for information sensitivity and a clear approach to their application.

The score for the “Renewable energy sources” subcategory decreased by 3 points down to 66 points due to the deterioration in the frequency of data disclosure given the lack of a new RES Action Plan until 2030.

In addition, several last year’s “black boxes” remained in the “Policy” category, including:

- National Energy and Climate Plan until 2030;
- up-to-date information on the progress in the implementation of the National Low-Carbon Development Strategy and the Nationally Determined Contribution of Ukraine to the Paris Agreement;
- the Long-term Strategy for Renovation of the National Stock of Residential and Commercial Buildings;
- annual action plans for the implementation of the National Emission Reduction Plan from Large Combustion Plants (NERP);
- reporting on the introduction by manufacturers of the labeling of energy consumption classes by energy consuming equipment and on the measures taken by public authorities to ensure it;
- up-to-date reporting by communities on the implementation of sustainable energy (and climate) action plans (SE(C)AP).

⚡ Recommendations:

general:

- ▶ the State Agency on Energy Efficiency and Energy Saving should introduce reporting on the implementation of labeling of energy consumption classes by energy-consuming equipment, and in the future – a product database for energy efficiency labeling (compatible with the European EPREL database);
- ▶ the Ministry of Energy should ensure that all reporting on the implementation of the 2035 Energy Strategy of Ukraine and further updated version of the Strategy is publicly available; the Ministry should use the monitoring framework proposed by the OECD²¹;
- ▶ the Ministry of Economy should ensure the completion of preparation, approval and publication of the National Energy and Climate Plan;
- ▶ the Ministry of Environmental Protection and Natural Resources should make public up-to-date information on the progress in the implementation of the National Low-Emission Development Strategy and the updated Nationally Determined Contribution of Ukraine to the Paris Agreement;
- ▶ the Ministry of Energy, the Ministry of Economy, and the State Agency for Energy Efficiency and Energy Saving should ensure timely and full publication of reports on the implementation of forecast and programmatic documents and Ukraine's international obligations in Ukrainian;
- ▶ local authorities should ensure the preparation and approval of reports on the implementation of sustainable energy (and climate) action plans (SE(C)AP);

during martial law:

- ▶ the State Agency on Energy Efficiency and Energy Saving should resume the publication of the Buildings Energy Certificates Database in depersonalized form (removal of personal data and data on the geographical location of buildings);

after the termination or cancellation of martial law:

- ▶ the Ministry of Environmental Protection and Natural Resources should restore the functioning of the EIA Unified Register with access to relevant documentation.
- ▶ the Ministry of Energy should ensure the availability of annual action plans on the implementation of the National Emission Reduction Plan from Large Combustion Plants as well as reporting to the Secretariat of the Energy Community in the format defined in the NERP;

8. PUBLIC AUTHORITIES

50 D+, insufficient transparency; +18 compared to the 2022 Index)

The “Public authorities” category (the sample includes the Ministry of Energy, the National Energy and Utilities Regulatory Commission, and the Antimonopoly Committee) determines the transparency of public spending; provision of state aid and implementation of quasi-fiscal operations; designing, adoption and execution of official decisions; as well as procedures for selecting candidates and appointing managers in central executive authorities (if such appointments are not political). The category covers 16 indicators grouped into two subcategories:

- public spending (9 indicators);
- public administration (7 indicators).

The calculation of the Transparency Index for the “Public authorities” category is based on establishing to what extent public authorities formulating and implementing energy and related policies meet the requirements of:

- **Treaty establishing the Energy Community;**
- **EU-Ukraine Association Agreement;**
- **Commission Regulation (EU) 651/2014** (the so-called GBER Regulation) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty establishing the European Community in

²¹ [«OECD Eurasia Competitiveness Programme»](#)

terms of making public information on recipients of state aid;

- **global best practices**, including the Guidelines on Fiscal Transparency and the Guidelines for Public Expenditure Management of the International Monetary Fund, the Council Recommendations of the Organization for Economic Co-operation and Development (OECD) on good budgeting, regulatory policy and governance, and the OECD Principles and Guidelines for Public Administration and Employment in Public Sector, European Commission Guidelines on Better Regulation/Law Making as well as the Lima Declaration of Guidelines on Auditing Precepts.

The requirements of these documents are reflected in the Budget Code of Ukraine, the Laws of Ukraine “On the Accounting Chamber”, “On the State Control and Examination Service in Ukraine”, “On Civil Service”, “the National Energy and Utilities Regulatory Commission” and “On the Principles of State Regulatory Policy in the Field of Economic Activity” as well as other legal acts of the Cabinet of Ministers and the Ministry of Finance on public expenditure and ensuring transparency of public administration.

Score by subcategory:

Subcategory	Score	Progress to 2022	Grade	Characteristic
Public spending	56	+21	C-	Medium transparency
Transparency of public administration	42	+14	D-	Insufficient transparency

The transparency score for the “Public authorities” category showed the greatest progress among all Index categories (+18 points) in 2023. The largest increase was recorded in the area of reporting on public spending (+21 points), while the transparency score in public administration increased by 14 points.

The improvement in the “Public spending” subcategory was mainly caused by the resumption of publishing current and previous budget planning and reporting documents by the NEURC and the AMCU (passports of budget programs, reports on their implementation, and reports on the results of budget program effectiveness assessment). On the contrary, the situation with reporting on the use of budget funds and the results of independent financial audits of budget programs has deteriorated, as their preparation and publication have not been resumed. A systemic problem for the Ministry of Energy and the NEURC is the full or partial closure of budget reporting documents; at the same time, the relevant documents can be freely found and downloaded using internal (on the websites of public authorities) and external search engines (Google). A cross-cutting problem for budget reporting documents is their low usability (low-quality scans in .pdf format).

The transparency of the state aid system deteriorated, as the publication of information on decisions and recipients of state aid was not resumed by the AMCU (the directive decision to close data under martial law remains in effect). At the same time, the AMCU resumed publishing the detailed aggregated reports on state aid in 2023, and the Ministry of

Finance continued to prepare and publish reports on quasi-fiscal activities and related risks, including a detailed analysis by the largest state-owned energy companies.

For the “Public administration transparency” subcategory, the transparency improved mainly due to the decisions of the NEURC and the AMCU to resume, starting from March 2023, publishing the information on contests for civil service positions even under martial law restrictions, including notifications of contests, online broadcasts of candidate selection procedures (the NEURC) and minutes of competition commissions meetings (the AMCU), as well as the results of selection procedures. Draft regulations and adopted acts continued to be made public by all government authorities in the sample. However, the publication of third-party proposals to draft regulations (except for a part of draft regulations by the NEURC), as well as the results of open discussions of draft regulations, has not yet become a common practice.

Competitive selection of civil servants: more transparency despite direct ban

The Law of Ukraine No. 2259-IX dated 12.05.2022 “On Amendments to Some Laws of Ukraine on Functioning of Civil Service and Local Self-Government during the Period of Martial Law” abolished the competitive selection during martial law. The abolition is also applicable to the competitive selection of civil servants. According to the provisions of this law, selection procedures will be resumed after termination or cancellation of martial law, but not later than six months from the date of its termination or cancellation.

However, in 2023, the AMCU resumed publishing the information on announced competitions, the NEURC resumed publishing online broadcasts of competition commission meetings, and all public authorities in the sample again began to publish the results of competitive selection procedures and information on winners, including full minutes of meetings of the competitive selection commissions (the AMCU).

This was a significant step towards improving the transparency of the competitive procedures for selecting candidates for vacant civil service positions, even though there are direct legal provisions requiring the cancellation of these procedures during martial law. We recommend bringing the legal restrictions into conformity with de facto situation with the competitive selection procedures, namely, to ensure that competitions are held with partial restrictions on the publication of sensitive personal information of candidates.

Also, the practice of assessing the regulatory impact of draft legal acts (ex-ante) and monitoring their effectiveness (ex-post) remains rather formal. This is not in line with the best European practice and, given the intensive lawmaking process related to deepening

the European integration, the transformation of energy markets, and energy sector reconstruction, may lead to a deterioration in the quality of legislation and regulation in the sector.

Recommendations:

general:

- ▶ the Ministry of Energy, the NEURC, and the AMCU should ensure that comments and suggestions on draft regulatory acts and the results of their discussion and consideration are publicly available;
- ▶ the Ministry of Energy should ensure that video broadcasts, open protocols and (or) transcripts of meetings of commissions for the selection of candidates for civil service positions are publicly available as in the case of the NEURC and the AMCU;

during martial law:

- ▶ The Ministry of Energy should restore the correct functioning of the website section containing reports on budget spending, as access to formally closed documents is still possible through the internal search engine;
- ▶ The Ministry of Energy, the NEURC, and the AMCU should resume the publication of reports on the use of budget funds;
- ▶ The State Audit Service, the Accounting Chamber should ensure the publication of up-to-date results of the financial audit of the implementation of the budget programs of the Ministry of Energy, the NEURC, and the AMCU;
- ▶ The National Agency for Civil Service and the Ministry of Energy should resume publishing information on the competitive selection process for civil service positions and its results;
- ▶ The Ministry of Energy and the NEURC should ensure a full-fledged assessment of the regulatory impact of draft regulations, restore tracking of the effectiveness of the adopted acts, and publish meaningful and comprehensible reports on its results, following the example of the AMCU.

after the termination or cancellation of martial law:

- ▶ the AMCU should resume publishing information contained in the register of state aid recipients broken down by individual companies

METHODOLOGY

The **methodology** of the *Energy Transparency Index* is based on the universal statistical method of multidimensional weighted average used to assess complex objects, processes, and phenomena.

The Index dimensions include specific transparency indicators, their sets (categories, subcategories, energy markets), and transparency criteria.

An **indicator** is a specific way of measuring the transparency of a certain object (e.g., an energy company, public authority), process (e.g., pricing, regulation, trade, etc.), or phenomenon (e.g., market, competition, etc.). A set of indicators is the lowest level of the Index decomposition.

This study analyzes **229 indicators** with indispensable and sufficient transparency features (the content of information, its format, frequency of updating, etc.) defined in Ukrainian and European legislation and/or best global practices of information disclosure.

The study focuses on **five energy markets**: *natural gas, electricity, oil and liquid fuels, steam coal, and heat*. Each commodity market represents a set of indicators characterizing its transparency.

If an indicator relates to several markets, it wasn't assessed for each market, being considered cross-sectoral. For example, the "*National Energy Efficiency Action Plan and National Energy Efficiency Target*" indicator is related to all energy markets and their participants.

Energy sector	Natural gas	Electricity	Oil and liquid fuels	Steam coal	Heat	Cross-sectoral
Number of indicators	61	68	22	5	14	59

A **category** is a set of indicators characterizing elements of the specific part of the energy value chain. Grouping indicators into categories allows various stakeholders to obtain information regarding transparency in different value chain parts.

By analyzing the rules and practices of information disclosure and the feedback from external experts, the Index team came up with eight categories:

- "**Balances**": transparency of annual and monthly energy statistics;
- "**Natural monopolies**": transparency of transmission and distribution system operators;
- "**Supply**": transparency of rules, competition, and pricing in energy markets;
- "**Reliability and security**": transparency of stocks and reserves, rules and reports on security of supply;
- "**Consumption**": transparency of service standards, metering, information for consumers about prices and tariffs, subsidies and other aid,

energy efficiency programs, commercial offers of suppliers, and price comparison tools;

- "**Reporting**": transparency of corporate financial statements and auditor reports, management reports, disclosure of non-financial information, payments to the government, information regarding corporate governance and final beneficiaries;
- "**Policy**": transparency of implementing strategic and program documents of energy policy and sustainable development, the policy on energy efficiency, environmental protection, combating climate change, and renewable energy, etc.;
- "**Public authorities**": transparency of public spending, developing, adopting, and implementing policy decisions, forming management bodies.

For the convenience of assessment and analysis, indicators in each category are grouped into subcategories and groups.

The **transparency criterion** is a specific aspect of assessing the transparency of a particular object, process, or phenomenon.

Every indicator could be evaluated based on nine criteria:

- **“Availability”**: existence of information in open sources;
- **“Objectivity”**: independence of available information from the method of obtaining it;
- **“Credibility”**: absence of incidental or deliberate distortion of disclosed information;
- **“Accuracy”**: degree of information being close to the actual state of an object, process, or phenomenon;
- **“Accessibility”**: measure of free access to information;
- **“Relevance”**: availability of information for the most recent reporting period;

- **“Frequency”**: degree of compliance with the applicable requirements regarding the frequency of updating information;
- **“Usability”**: convenience and simplicity of using or processing disclosed information;
- **“Completeness”**: availability of exhaustive information required to be disclosed under legislation and/or best global practices of information disclosure.

Since the purpose of the study was to calculate the Index based on information from open sources (corporate websites, open data, institutional repositories), every indicator was assessed based on **“Availability”**, **“Accessibility”**, **“Relevance”**, **“Frequency”**, **“Usability”**, and **“Completeness”** criteria only.

Assessment of indicators based on **“Objectivity”**, **“Credibility”** and **“Accuracy”** criteria can be done on request in case the customer provides data with restricted access.

Criterion of transparency	Value
Availability (C _{av})	0 – information unavailable 1 – information available
Accessibility (C _{ac})	0 – access to available information requires payment of a fee or prior request 0.5 – access to available information requires: i) authorization (after providing user’s personal data) ii) use of third-party sources (which are different from those, provided by law) iii) additional use of internal search engines of public authorities’ websites or external search engines 1 – information in free access
Relevance (C _{ri})	0 – information for the most recent reporting period unavailable 1 – information for the most recent reporting period available
Frequency (C _{fr})	0 – information not updated and not available for past periods 0.5 – information updated but not available for certain past periods 1 – information updated according to requirements and available for past periods
Usability (C _{us})	0 – information available in not machine-readable format (jpg, jpeg, png, pcx, tiff, pdf with scanned sections, etc.) 0.5 – available information can be copied or processed (numerical: docx, pdf, html, or xlsx with unstructured data) 1 – information available in a machine-readable format (numerical: xlsx with structured data, csv, xml, json; textual: docx, pdf with non-scanned content)
Completeness (C _{in})	0 – any information required to be disclosed is unavailable within the required period 0.5 – information required to be disclosed is partially available within the required period 1 – all information required to be disclosed is available within the required period

The usability and completeness criteria are assessed by the last available information. For mixed information (a combination of numerical and textual information) the usability criterion is assessed as for textual information

The total score of every transparency indicator was calculated under the following formula:

$$T_i = C_{av} \cdot (C_{ac} + C_{rf} + C_{fr} + C_{us}) \cdot C_{in}$$

with C_{av} , C_{ac} , C_{rf} , C_{fr} , C_{us} , C_{in} – are scores based on the availability, accessibility, relevance, frequency, usability and completeness criteria, respectively.

If the information could not be obtained other than for a fee or prior request ($C_{ac} = 0$), this information was considered unavailable ($C_{av} = 0$).

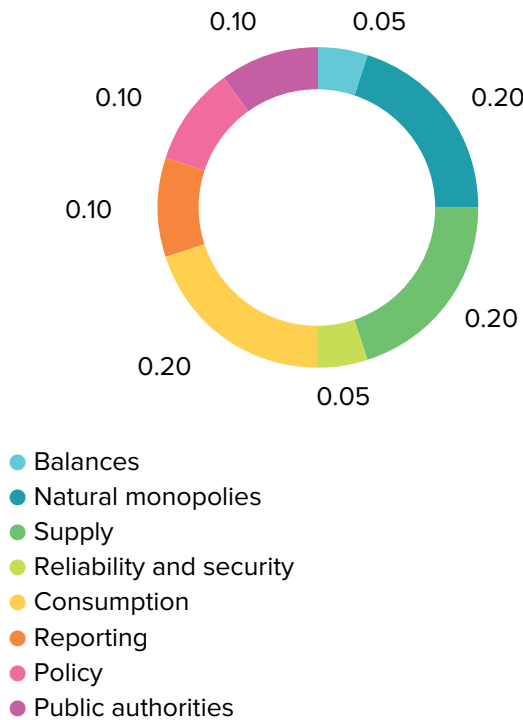
Given a large number of the transparency indicators, they were considered of equal weight. Therefore, the average values of the respective sets were used to develop sub-indexes for specific categories, subcategories, and markets.

As in the 2022 Index, the indicators of the current edition of the Index were supplemented with additional attributes aimed at defining reasons and character of transparency changes (in particular directive prohibition to publish information, discretionary decisions of data administrators to limit the scope of public data or stop its publication, etc.)

Assessment period: October-November 2023

AGGREGATION OF SCORES

To calculate the total Index score, an expert rating method was used to determine weightings for the Index’s categories:



INTERPRETATION OF SCORES

All indexes were converted to a 100-point scale as $25T_i$, rounded off and given the following interpretation:

Score	Rating	Characteristic
95...100	A+	Absolute transparency
90...94	A	Excellent transparency
85...89	A-	
80...84	B+	Good transparency
75...79	B	
70...74	B-	
65...69	C+	Medium transparency
60...64	C	
55...59	C-	
50...54	D+	Insufficient transparency
45...49	D	
40...44	D-	
0...39	F	Unacceptable transparency

LIMITATIONS

The Index **cannot be used** to assess transparency of:

- the energy sector in real time, since developing the Index required processing a large amount of information for the reporting period (as a rule, the one preceding the period, during which the assessment is delivered);
- all participants of energy markets and/or public authorities; therefore, assessments of certain indicators in the «*Natural monopolies*», «*Consumption*», «*Reporting*» and «*Public authorities*» categories were built on representative samples;
- emerging commodity markets (steam coal and heat); therefore, the indexes calculated for these markets serve for reference purposes only.

SAMPLES

«*Natural monopolies*» category:

- transmission and transportation system operators (TSOs) are legal entities responsible for the operation, dispatching, maintenance, and development of these systems as well as for ensuring their long-term capacity to meet reasonable demand: for electricity transmission, for transportation and storage of natural gas, oil and liquid fuels;
- distribution system operators (DSOs) are legal entities operating in the five largest cities of Ukraine and responsible for the safe, reliable and efficient operation, maintenance, and development of distribution systems and ensuring the long-term capacity of distribution systems in natural gas, electricity, and heating.

«*Supply*» category:

- for exchange price indicators – commodity exchanges with the most liquidity in the relevant wholesale energy markets.

«*Consumption*» category:

- for natural gas – the sample consists of only one supplier, which is Naftogaz of Ukraine Gas Supply Company in connection with the transfer to it as the “supplier of last resort of the lion’s share of household consumers (about 98%) in May 2022²²;
- for electricity – universal service providers in the five largest cities of Ukraine;

- for petroleum products – operators of retail petroleum products market, namely legal entities that manage five networks of filling stations, which had biggest sales in 2022.

«*Reporting*» category:

- “Financial and management reporting” subcategory, “Information on payment of taxes (by types of taxes and entities)” group – 20 energy companies, which were among the TOP 100 taxpayers in 2020²³ and, according to paragraph 21 of Article 1 of the Law “On Accounting and Financial Reporting in Ukraine”, are enterprises of public interest;
- “Special reporting of enterprises in the extractive industries” group – 12 private and state-owned companies with the largest production of natural gas, oil with gas condensate, and steam coal in 2020²⁴;
- “Beneficiaries and corporate governance” subcategory – 14 largest energy companies selected from the main sample, which are joint stock companies, and whose securities can be admitted to trading on the exchange.

«*Policy*» category:

- for indicators related to Sustainable Energy (and Climate) Action Plans (SE(C)AP) – the five largest cities of Ukraine: Kyiv, Kharkiv, Lviv, Dnipro, and Odesa.

²² [Naftogaz has become a monopolist in the retail gas market. It accounts for 98% of household consumers. Liga.NET](#)

²³ [TOP-200 largest companies of Ukraine by the amount of tax payments in 2020](#)

²⁴ Based on information on production volumes, contained in last available 2021 EITI Report.

“Public authorities” category:

- “Budget expenditures”, “Decision-making and implementation”, “Managerial bodies formation transparency” groups – the Ministry of Energy, the National Energy and Utilities Regulatory Commission, and the Antimonopoly Committee;
- “State aid” group – indicators were assessed based on information of the Antimonopoly Committee;
- “Quasi-fiscal transactions” group – according to the information of the Ministry of Finance on quasi-fiscal risks related to energy companies.

Potential indicators to be included in future editions of the Energy Transparency Index

Category	Data administrator	Indicator	Basis	Rationale
Natural monopolies	Ministry of Energy	Manual of procedures for the permit granting process applicable to projects of mutual interest	Art. 9(1), Annex VI.1 of Regulation (EU) No. 2022/869 on guidelines for trans-European energy infrastructure (prior to entry into force – respective article of Regulation (EU) No. 347/2013)	Implementation practice by EU member states: https://op.europa.eu/en/publication-detail/-/publication/4459f151-1028-11e6-ba9a-01aa75ed71a1/language-en/format-PDF/source-250897141 Potential basis in national legislation - Part 1 of Article 9 of the Draft Law of Ukraine “On Projects of National Interest in the Energy Sector” (No. 9138)
Natural monopolies	Ministry of Energy	Information on projects of mutual interest that meets the established requirements	Art. 9(7), Annex VI.6 of Regulation (EU) No. 2022/869 on guidelines for trans-European energy infrastructure (prior to entry into force – respective article of Regulation (EU) No. 347/2013)	The disclosed information must meet the requirements set out in Annex VI.6 and be regularly updated on a separate website, which must be linked to the transparency platform website. Potential basis in national legislation - Part 1 of Article 9 of the Draft Law of Ukraine “On Projects of National Interest in the Energy Sector” (No. 9138)
Natural monopolies	Regulator	A set of indicators and <i>замінити на</i> corresponding reference values for the comparison of unit investment costs for comparable projects of mutual interest	Art. 11(9) of Regulation (EU) No. 2022/869 on guidelines for trans-European energy infrastructure (prior to entry into force – Art. 11(7), paragraphs 1 and 2 of Annex I of Regulation (EU) No. 347/2013)	The categories of energy infrastructure that can be covered by projects of mutual interest are defined in Annex I. Example of a document from ACER: https://www.acer.europa.eu/Publications/ACER_UIC_indicators_table.pdf Potential basis in national legislation – Part 1 of Article 12 of the Draft Law of Ukraine “On Projects of National Interest in the Energy Sector” (No. 9138)
Natural monopolies	Regulator	Methodology and criteria used to evaluate investments in energy infrastructure projects and the higher risks incurred by those projects	Art. 17(4) of Regulation (EU) No. 2022/869 on guidelines for trans-European energy infrastructure (before entry into force – Art. 13(4) of Regulation (EU) No 347/2013)	Example of Austria: https://www.e-control.at/documents/1785851/1811597/Methode+und+Kriterien+f%C3%BCr+die+Bewertung+von+Investitionen_20140924_en.pdf/ea580eea-280d-4cc5-9fc9-a75c1c23e34f?t=1436200860773 Potential basis in national legislation – Part 3 of Article 12 of the Draft Law of Ukraine “On Projects of National Interest in the Energy Sector” (No. 9138)

Supply	Gas TSO	Inside information platform	<p>Article 4(1) of Regulation 1227/2011 of October 25, 2011 on wholesale energy market integrity and transparency</p> <p>Section 4.2 of Guidance on REMIT application, which defines inside Information Platforms as the best way to effectively disclose inside information within the meaning of REMIT</p>	<p>Creation of platforms is provided for in Article 34, Part 5 of the Law of Ukraine “On the Natural Gas Market”</p> <p>Minimum requirements for the quality of inside information disclosure contained in subsection 4.2.2 of the Guidance on REMIT application (6th edition): https://acer.europa.eu/en/remit/Documents/ACER_Guidance_on_REMIT_application_6th_Edition_Final.pdf</p> <p>List of similar platforms in EU countries: https://www.acer-remit.eu/portal/list-inside-platforms#</p> <p>This indicator is assessed not by usual criteria, but by minimum requirements for transparency platforms</p> <ol style="list-style-type: none"> 1. Free access to the platform 2. Ability to download information from the platform in a machine-readable format 3. Ability to filter information by relevant categories 4. Access to information about at least 5 years old events 5. Easy access to all publications related to the event, their linking to each other 6. Availability of the English version
Supply	Electricity TSO	Inside information platform	<p>Article 4(1) of Regulation 1227/2011 of October 25, 2011 on wholesale energy market integrity and transparency</p> <p>Section 4.2 of Guidance on REMIT application, which defines inside Information Platforms as the best way to effectively disclose inside information within the meaning of REMIT</p>	<p>Creation of platforms is provided for in Article 33, Part 3, clause 10-1 of the Law of Ukraine “On the Electricity Market”</p> <p>Minimum requirements for the quality of inside information disclosure contained in subsection 4.2.2 of Guidance on REMIT application (6th edition): https://acer.europa.eu/en/remit/Documents/ACER_Guidance_on_REMIT_application_6th_Edition_Final.pdf</p> <p>List of similar platforms in EU countries: https://www.acer-remit.eu/portal/list-inside-platforms#</p> <ol style="list-style-type: none"> 1. Free access to the platform 2. Ability to download information from the platform in a machine-readable format 3. Ability to filter information by relevant categories 4. Access to information about at least 5 years old events 5. Easy access to all publications related to the event, their linking to each other 6. Availability of the English version

Supply	Regulator	Information on completed and ongoing investigations in the wholesale energy markets	Best practices	Relevant information is provided by ACER in a single register and by individual national regulators on their own websites. https://www.acer.europa.eu/remit/coordination-on-cases/enforcement-decisions https://www.ofgem.gov.uk/energy-policy-and-regulation/compliance-and-enforcement/remit-compliance-and-enforcement
Supply	Universal service providers	Monthly information on the volume of electricity purchased (for feed-in tariff) from households with an installed capacity of generating facilities not exceeding 50 kW	paragraph 4 of Part 6 of Article 63 of the Law of Ukraine “On Electricity Market”	Disclosure of information is provided for by recently adopted national legislation
Supply	Electricity TSO	Monthly information on the cost of the service to ensure an increase in the share of electricity generation from alternative energy sources	paragraph 5 of Part 6 of Article 63 of the Law of Ukraine “On Electricity Market”	Disclosure of information is provided for by recently adopted national legislation

Reporting	Companies (sample)	Corporate sustainability reports	Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD)	<p>The introduction of a full-fledged corporate sustainability reporting system is a further development of the non-financial reporting system, which is defined by the provisions of Directive 2014/95/EU on the disclosure of non-financial and diversity information (NFRD).</p> <p>The new reporting system is defined by the Corporate Sustainability Reporting Directive, which entered into force on January 5, 2023 and is implemented through the approval of the European Sustainability Reporting Standards (ESRS), which are provided for in the relevant delegated regulations dated July 31, 2023 and are compatible with the provisions of the voluntary global sustainability standards (ISSB/GRI). This reporting will become mandatory for all large companies and public companies from the 2024 financial year, with the first reports under the new standard due in 2025, and should become part of the public monitoring of the corporate sector's implementation of the European Green Deal agenda, as well as climate and social commitments.</p> <p>Information on the standards: https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_4043</p> <p>https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/corporate-sustainability-reporting-directive_en</p>
Reporting	Companies (sample)	Assurance opinion on sustainability reporting	Chapter 8 of Directive 2013/34/EU on audit report requirements and assurance on sustainability reporting	Starting from January 1, 2024, preparations for the implementation of a new requirement for a system for verifying (guaranteeing) the correctness of information in corporate sustainability reporting will begin
Reporting	Companies (sample)	Energy and water consumption by energy-intensive companies	Directive (EU) 2023/1791 on energy efficiency	It will be introduced as a separate indicator of non-financial reporting in the Green Deal segment after 2024. In parallel, this indicator should be presented in sustainability reports.
Public authorities	Public authorities (sample)	Implementation of best practices in green budgeting	OECD Green Budgeting Framework	<p>The indicator will be created on the basis of relevant OECD Green Budgeting Framework index, which is based on an assessment of the implementation of each of its four components (Institutional arrangements, Methods and tools, Accountability and transparency, and Enabling environment), each of which has a weight of 0.25. The index value will range from 0 (not implemented) to 1 (high level of green budgeting practices).</p> <p>Details: https://data-explorer.oecd.org/vis?fs[0]=Topic%2C0%7CGovernment%23GOV%23&pg=0&fc=Topic&bp=true&snb=14&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_GOV%40DF_GOV_BP_2023&df[ag]=OECD.GOV.GIP&df[vs]=1.0&pd=%2C&dq=A...&ly[rw]=MEASURE&ly[cl]=REF_AREA&to[TIME_PERIOD]=false&lo=5&lom=LASTNPERIODS&vw=tb</p>

Public authorities	Public authorities (sample)	Implementation of best practices of "gender" budgeting	2022 OECD Survey on Gender Budgeting	<p>The index is based on the methodology of the 2022 OECD Survey on Gender Budgeting, namely the key five blocks (the first four are the same as for green budgeting, the fifth is Impact), each of which has a weight of 0.20.</p> <p>The index value will vary from 0 (not implemented) to 1 (high level of green budgeting practices), and countries with an index value of more than 0.6 are considered to have "advanced" gender budgeting practices.</p> <p>Details: https://data-explorer.oecd.org/vis?fsj0=Topic%2C0%7CGovernment%23GOV%23&pg=0&fc=Topic&bp=true&snb=14&dfjds]=dsDisseminateFinalDMZ&dfj[id]=DSD_GOV%40DF_GOV_BP_2023&dfjag]=OECD.GOV.GIP&dfjvs]=1.0&pd=%2C&dq=A...&ly[rw]=MEASURE&ly[cl]=REF_AREA&to[TIME_PERIOD]=false&lo=5&lom=LASTNPERIODS&vw=tb</p>
Public authorities	Public authorities (sample)	Providing access to databases in the open data format	OECD Public Integrity Indicators	<p>The indicator can be built on the basis of relevant index from block “Accountability of Public Policy Making” – “Proactive disclosure of datasets”.</p> <p>Source: https://oecd-public-integrity-indicators.org/indicators/1000097/subindicators/1000409</p>
Public authorities	Public authorities (sample)	Compliance with lobbying transparency and conflict of interest requirements	<p>OECD Public Integrity Indicators</p> <p>OECD Recommendation of the Council on Principles for Transparency and Integrity in Lobbying (2010)</p> <p>Recommendation of the Committee of Ministers to member States on the legal regulation of lobbying activities in the context of public decision making CM/Rec (2017)2</p> <p>OECD Guidelines for Managing Conflict of Interest in the Public Service (2003)</p> <p>G20 High-Level Principles for Preventing and Managing Conflict of Interest in the Public Sector (2018)</p>	<p>The indicator can be built on the basis of relevant index from the block “Accountability of Public Policy Making” – “Regulatory framework for transparency in lobbying, conflict-of-interest and political finance”.</p> <p>Source: https://oecd-public-integrity-indicators.org/indicators/1000097/subindicators/1000402</p>

Public authorities	Public authorities (sample)	Reports on the results of internal audits	OECD Public Integrity Indicators	<p>The indicator can be built on the basis of relevant index from the block “Effectiveness of internal control and risk management mechanisms for safeguarding public integrity” – “Central reporting on internal control and internal audit”.</p> <p>Source: https://oecd-public-integrity-indicators.org/indicators/1000055/subindicators/1000365</p>
Public authorities	Public authorities (sample)	A system of agreed indicators and assessment criteria for individual, team and organizational performance, a system of remuneration for civil servants	OECD Recommendation on Public Service Leadership and Capability	Based on paragraph 5 (a) of the OECD Recommendation on Public Service Leadership and Capability
Public authorities	Regulator	Calculation of the amount of fines for abuse of wholesale energy markets and violations of energy and utilities legislation	Paragraph 3, Article 18 of Regulation (EU) No. 1227/2011 of October 25, 2011 on wholesale energy market integrity and transparency	<p>Legal basis in national legislation: Art. 17, part 1, para. 17 of the Law of Ukraine "On NEURC" and clause 1.4 of NEURC Resolution No. 1800 dated 29.09.2023 "On Approval of the Procedure (Methodology) for Determining the Amount of Fines Imposed by the National Energy and Utilities Regulatory Commission”.</p> <p>Publication of calculations of fines imposed by the Regulator is important for verifying the proportionality and validity of fines.</p>



www.dixigroup.org