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SOME FEATURES OF THE UKRAINIAN ENERGY MARKET

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Abstract. The paper deals with some aspects of the activity of the Ukrainian electricity market in the new rules of its activity. In particular, the issues of export and import of electricity and energy. article contains economic and political justifications of expediency and possibilities of export and import of Ukrainian electricity

Key words: energy, energy market, electricity

Introduction.

The creation of markets for electricity is definitely a new stage of development of each country and opens new opportunities for natural regulation of the capabilities of producers and consumer needs. Electricity is commodity that is easily transported from any producer to any consumer under conditions of availability of appropriate power grids.

Creating compatible rules in all technically available electricity transmission markets provides excellent conditions for reducing the cost of electricity in those regions, where it is extensive, for optimizing the operation of power equipment, for balancing load schedules due to the existence of different consumption peaks in different regions that are ready for reciprocal flows.

Main part

Since July 1, 2019 Ukraine had launched a new model of the electricity market. Rules of operation of the Ukraine's energy system are now closer to those of neighboring energy market. Now in the Ukraine energy system reciprocal flows of electricity with neighboring EU member states are possible. It is the step toward to cooperate with neighboring European electricity markets. What can such cooperation be? The country's electricity balance can tell about it.

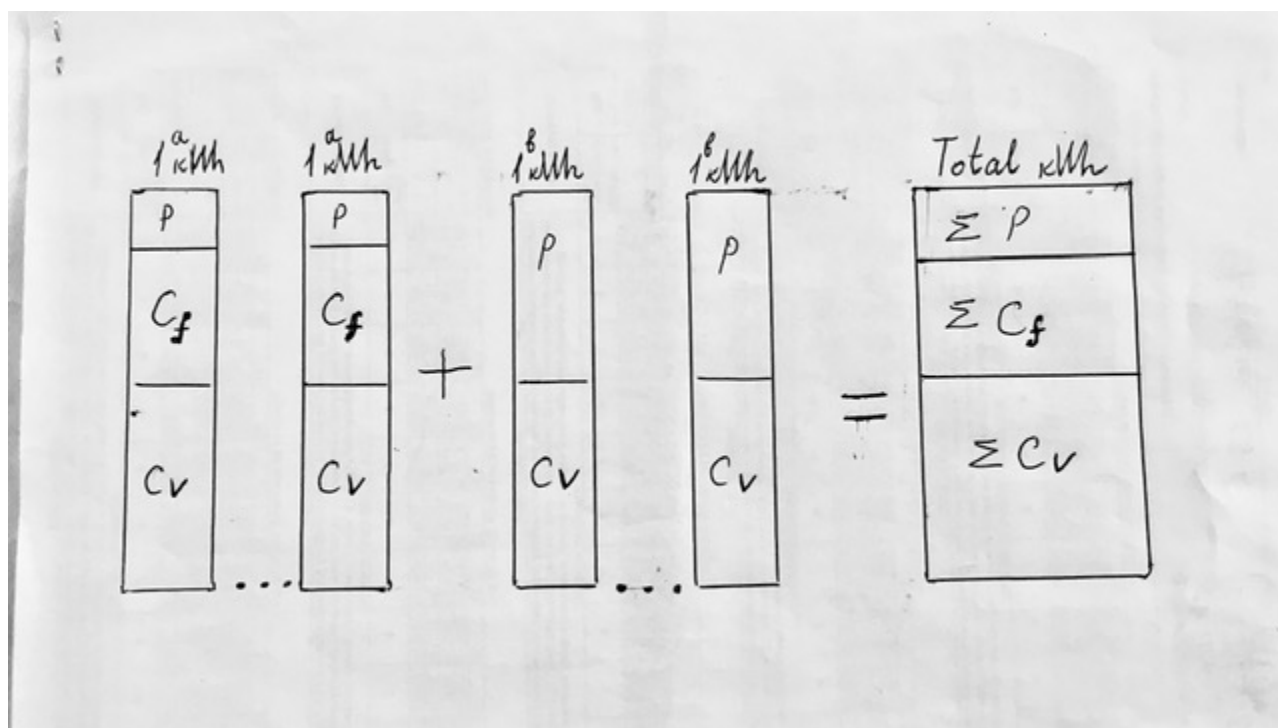
Tabl.N1. Forecast balance of electricity for the united power grid of Ukraine for 2020

		Year
1.	Own production of electricity (total)	156748
2.	Import	4140
3.	Export	6071
4.	Electrical consumption (gross)	153000
5	Consumption of hydroelectric power plants in pumping mode	1817

Source; [Www.kmu.gov.ua](http://www.kmu.gov.ua)

Balance of electricity of Ukraine is working on the fact that it has more energy generating capacities and therefore it can export electricity to neighboring deficient electricity markets. The cost structure of electricity is such that after covering the fixed costs, each kilowatt-hour produced generates profit immediately after variable costs are

Scheme 1. General scheme of cost of electricity



Where 1a kWh-is a kilowatt-hours, the cost of which covers all variable(C_v) and fixed costs(C_f);

1b kWh- is an additional kWh, the cost of which brings additional profit(P) after covering of variable costs.

The scheme demonstrates the fact that increasing exports of electricity can bring additional profit for energy companies and accordingly, increase revenues to the country's budget.

What may the export of Ukrainian electricity impede?

-Lower prices in neighboring markets. Let's look at these factors!

TablN2 Prices in neighboring markets.

Figure 38 – Daily average power prices on the day-ahead market in Bulgaria, Croatia, Greece and Serbia

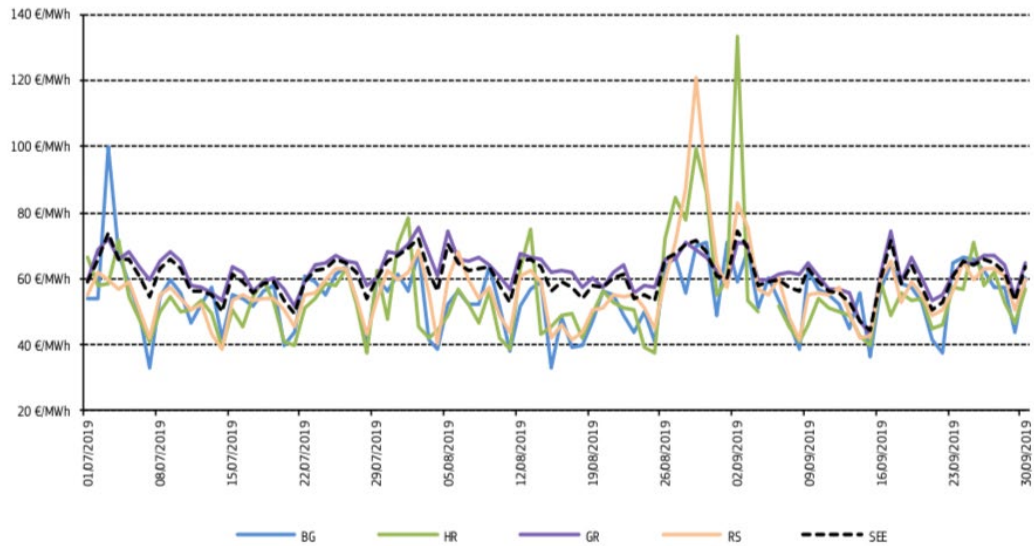
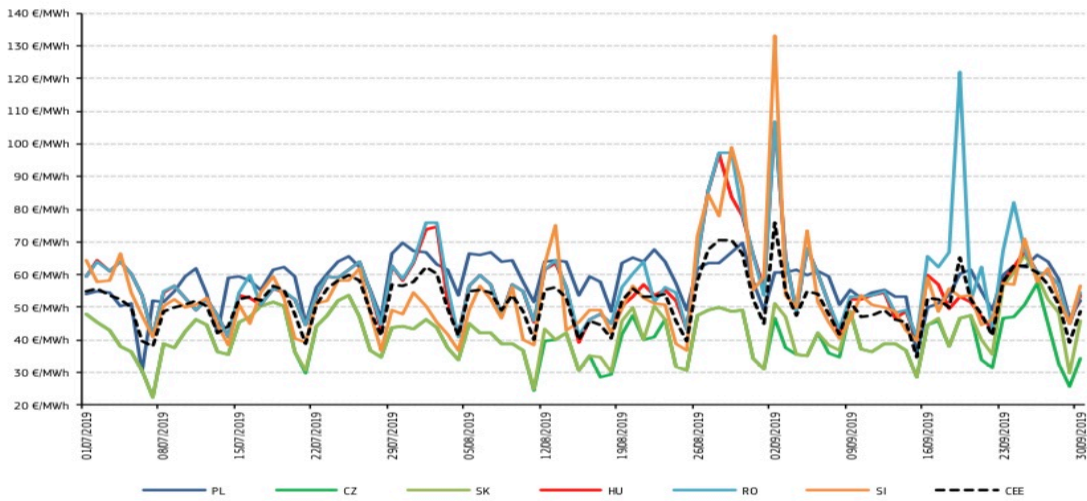


Figure 35 – Daily average power prices on the day-ahead market in the CEE region



Electricity prices in the EU markets are much higher than prices in the Ukrainian electricity market. This fact creates excellent conditions for the export of Ukrainian electricity.

This fact creates excellent conditions for the export of Ukrainian electricity. This position of Ukraine is explained by cheaper energy resources than in EU. This situation

is also possible due to its own energy resources and geographical position to the natural gas supplier from Russia and low wages. Unambiguously, it is profitable to export Ukrainian electricity to neighboring EU's energy markets.

In the other hand, the prices in Russia and Belarus are lower than prices for the Ukrainian electricity. This is understandable, they have lower prices for energy resources. This situation, as it were suggests that the buying of electricity from Russia and Belarus is highly profitable. Considering fact that Ukraine have enough own energy resources, Ukraine may become as reseller of electric energy from East countries to West countries . However, this all is for decent patriotic leaders of this country.

Today's situation, the purchase of cheap electricity from East countries can be a trap for the country. Its quantity will cover more and more the needy of Ukrainian consumers and will reduce production of electricity by own power plants. Thus opening up opportunities for improving electricity can have both positive and negative effect. Import of electricity to meet the needs of own customers leads to a reduction in energy independence in each country.

However. In some peak time, when there is not enough capacity to meet the needs of consumers, but in neighboring countries peak consumption has not yet occupied or has already passed, mutual flows of electricity are mutually beneficial. It occurs in small quantities and quantitatively imports if electricity are balanced with the amount of exports. Ukraine has sufficient energy capacity to meet the needs of own customers. An increase in import of even cheaper electricity can lead to decrease in own production, resulting in a rise in price over time of production of own electricity and decrease in budget revenues. Opening up electricity imports from Europe to Ukraine can also complement the number of corruption schemes existing in the trading of natural gas and coal sectors. That is, a scheme for exporting own cheap electricity to the European markets in combination with the expensive imports from European markets.

The development of such an electricity trading scheme with European electricity markets may not only cause price increases in the Ukrainian electricity market but also threaten Ukraine's energy independence.

From a business stand point, it is only natural to buy cheaply and to sell expensively. However, given the fact that rising prices in the Ukrainian consumer market are reaching a level of inaccessibility to receive such an important service. Such trade with electricity in foreign markets and directly means a way to determinate the economy of the country and reduce the welfare of citizens.

In view of the above, the possibility of importing of electricity into Ukrainian energy market requires the thoroughly analysis and control by highly qualified and competent specialists in order to prevent the actions of individual businessmen, which can be qualified as a crime against citizens of the country.

Conclusions.

Development of Ukraine's electricity trade in neighboring energy markets and involvement of foreign traders in the activity of own energy market is a way to immigrate of Ukraine into world energy systems, which in general creates opportunities for the country to provide more reliable supply to own consumers of electricity. Geographical location, availability of energy capacities and own energy resources play in general in favor of the development of the country's economy and growth of well-being of own citizen, as Ukraine can become as a good exporter of cheap electricity to the Eu's energy markets.

Opening up import opportunities also creates great opportunities for mutual assistance from neighboring countries during peak hours of loading.

However ,given that electricity is a strategic sector of the country, which both the level of economy and well-being of citizen depend, the export and the import of operations of electricity require increased government's control

Over the prevention of actions that will lead to a decrease in the energy Independence of the state or significant increase in electrical prices.

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