



24.10.2017

TSO unbundling from UTG

Securing our future



Conference material

24.10.2017

Ukrainian gas sector needs to be reshaped in order to secure its future and comply with EU regulations

Major challenges for the Ukrainian gas sector



External factors



Conflict with Gazprom



Construction of Nord Stream 2



Liberalization of European gas market



No gas import from Russia



Internal factors



Decreasing domestic consumption



Political and regulatory volatility



Gas transit as important source of profit



Room for corporate efficiency improvement

Future goals to be achieved by the Ukrainian gas sector



Securing
natural gas transit
beyond 2019



Remaining
competitive

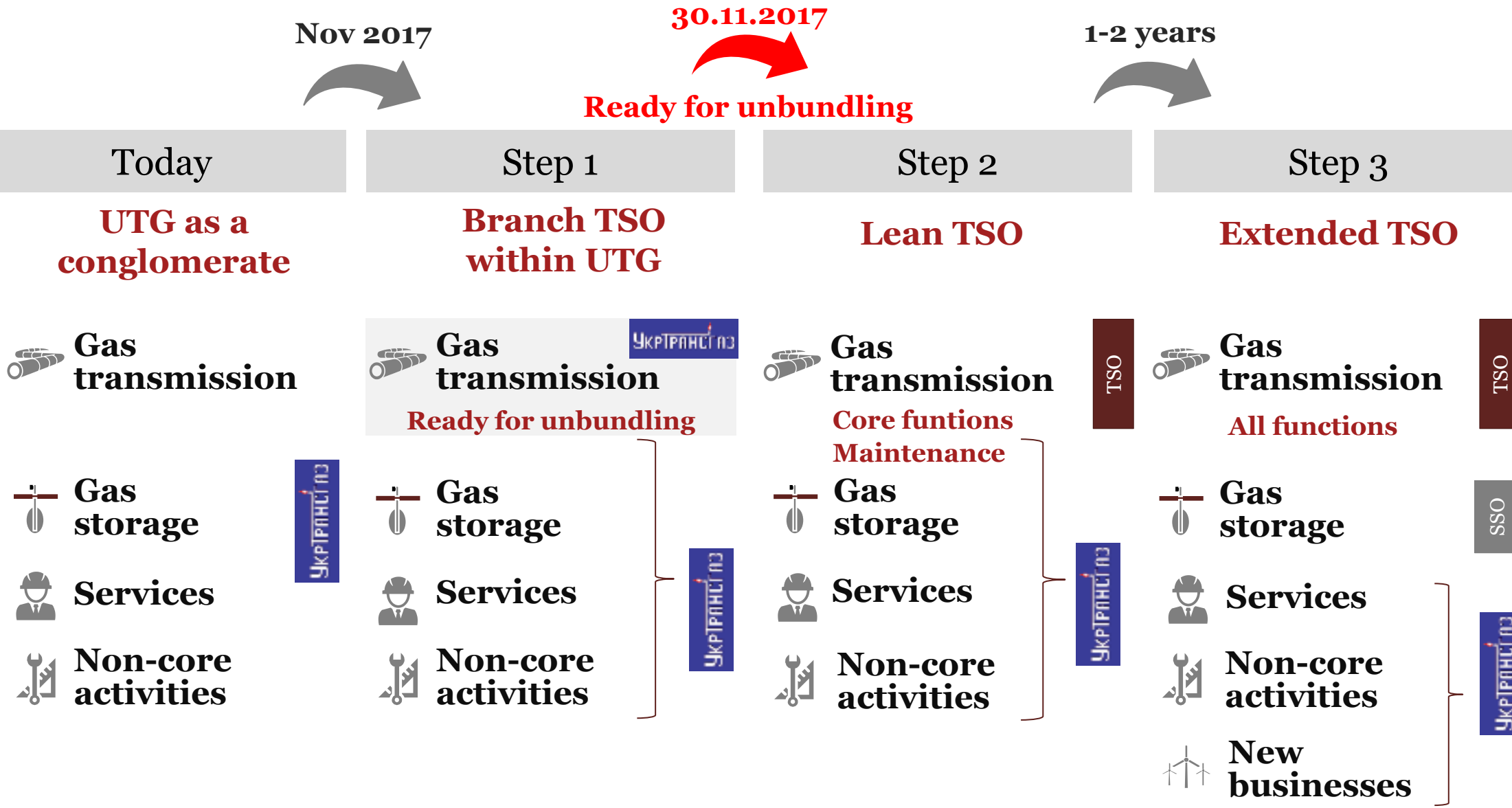


Complying with
national and European
regulations



Supporting
natural gas market
liberalization

First steps in this direction is the TSO unbundling, which will be carried out in 3 steps



 **Certifiable under Ukrainian and EU regulations** 

Newly established TSO will gather core functions relevant to natural gas transmission and required for EU certification




Additionally, UkrTransGaz will provide various services to the TSO in the regions:

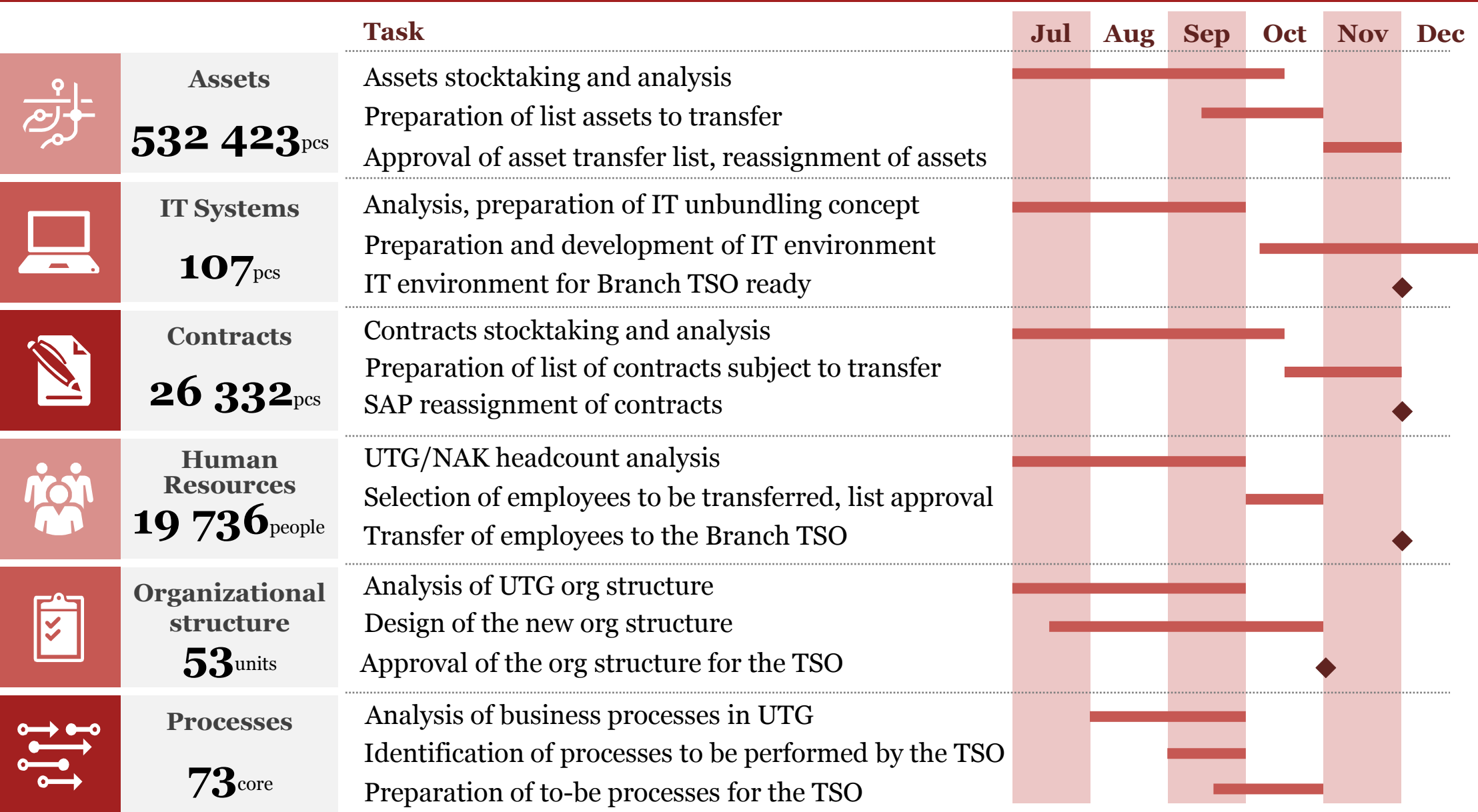
 Meter data acquisition

 Ongoing investments

 Maintenance & repairs

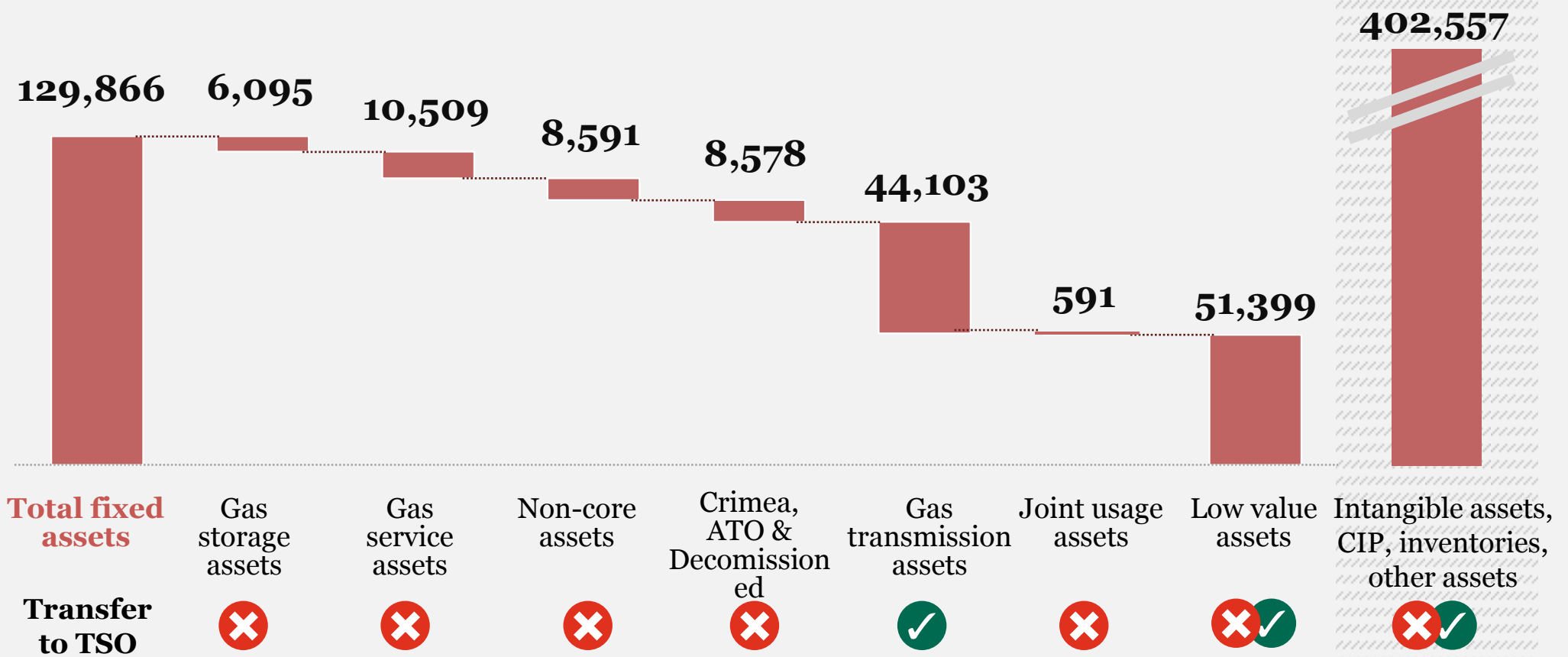
 Procurement for executed functions

Establishment of the TSO requires extensive analyses in numerous fields



Huge amount of work has already been done

Timeline and sample of analysis - fixed assets example [# assets]



However, unbundling is a complex process which is highly dependent on numerous parallel processes



1 Unbundling Project for new TSO (with PwC)

- CMU Resolution #496 as of 01 Jul 2016 (the Unbundling Plan)
- EU Directive 2009/73/EC

UTG ready to unbundle to Lean TSO

2 Regulations for new TSO

3 Implementation of new TSO Corp Gov Action Plan with EBRD

4 Enabling EU-compliant asset transfer to new TSO

5 Preparation of MGU to become TSO

6 Final decisions of the Stockholm Arbitration

7 Engagement of GTS Partner for new TSO

Thank you!



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