



MARKET OPERATOR

Purchase and sale of electricity according to the European rules

SC MARKET OPERATOR IS AN ANALOG OF THE EUROPEAN EXCHANGE

Since July 2019 the Company has been responsible for the organization of electricity trading on the DAY-AHEAD MARKET and INTRADAY MARKET





The Company operates **TRANSPARENTLY** in compliance with the principles of free pricing

Electricity auctions are conducted **24/7 in AUTOMATIC MODE**, without any manual process control

The price on the day-ahead market is determined by the principle of **volume maximization and price minimization**. No participant sees stated prices for either the sale or purchase of electricity

This technology of auction on the day-ahead market contributes to the development of competition

The intraday market allows market participants to adjust their trading positions and works on the principle of **"each product has its own buyer."** That is, sellers contract the volumes and prices at which they want to sell electricity, and wait for their buyer

1 «Market Operator» operates on the exchange principle, which promotes to competition and lowers an electricity price.

2 The company enables electricity market participants to minimize imbalances and thus reduce their costs.

3 It is the first and only state company in Ukraine which introduce payments through ESCROU accounts. And first, who has the payroll system working at the weekend.

4 The «Market Operator» provides instant 100% calculations between those who sold and those who bought electricity, which prevents the emergence of debt in these segments of the new energy market.

5 Electricity buying / selling operations on the Day-Ahead and Intraday markets are carried out automatically, without any manual control, which prevents abuses and provides a level playing field for all market participants.

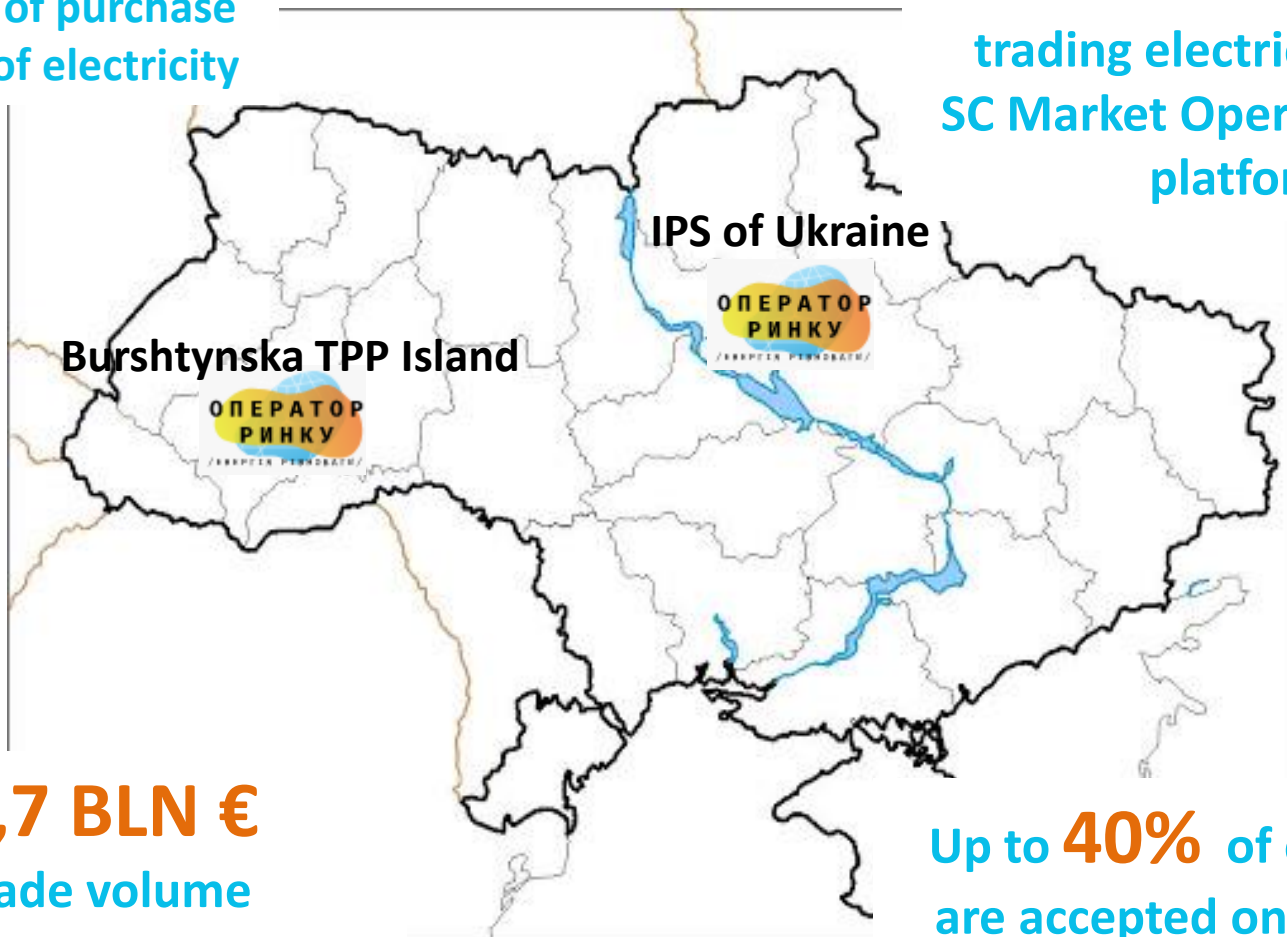
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ADVANTAGES OF SC MARKET OPERATOR

25, 2 TWh

VOLUME of purchase
and sale of electricity

Near **400** companies are
trading electricity on the
SC Market Operator trading
platform



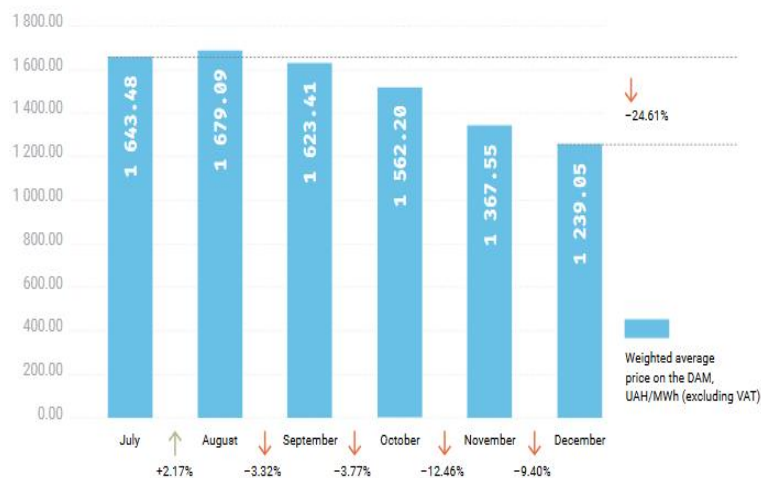
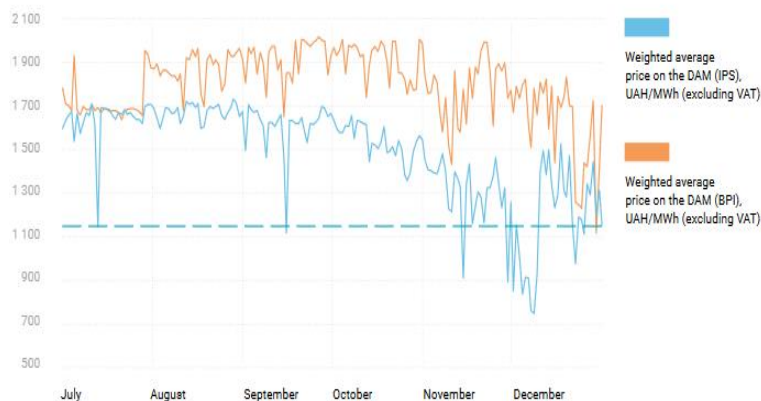
1,7 BLN €
trade volume

** for 6 months of 2019*

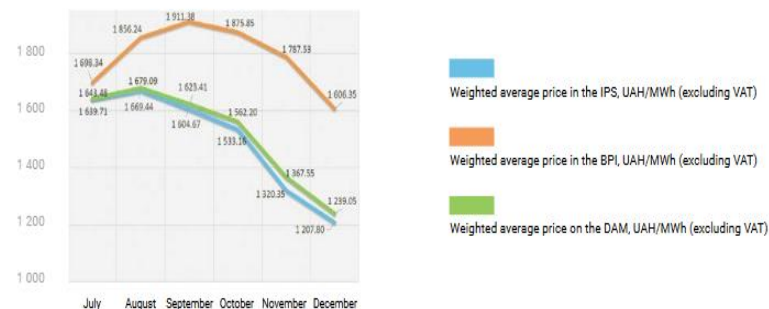
Up to **40%** of electricity
are accepted on the DAM
and IDM

PRICES

WEIGHTED AVERAGE PRICES ON THE DAM FOR 6 MONTHS OF 2019



WEIGHTED AVERAGE PRICE ON THE DAM



WEIGHTED AVERAGE PRICE ON THE IDM



The prices for DAM and IDM are regulated by the market. The weighted average price is formed and based on supply and demand for the sale of electricity. If in the first month of operation of the new energy market of Ukraine the average weighted price was 1 643.48 UAH/MWh (excluding VAT), in

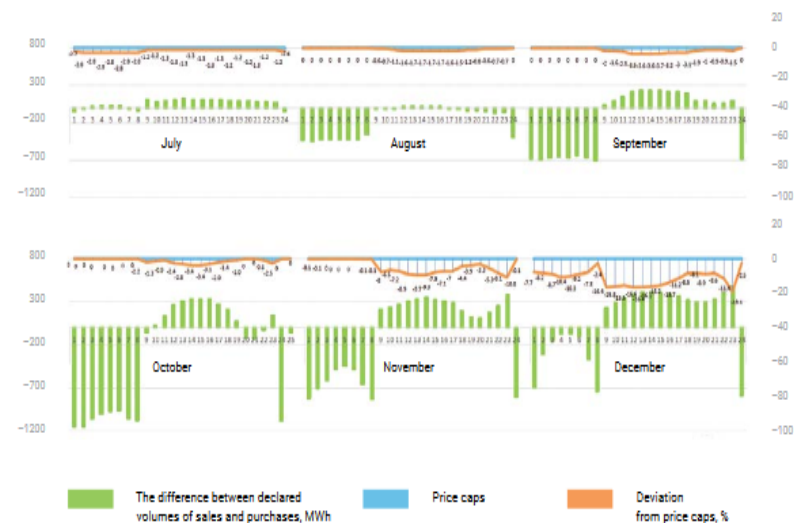
December the producers and buyers already accepted the electricity at the price of 1 239,05 UAH/MWh (excluding VAT). After six months, prices have been fallen by almost 25% under the influence of market factors and relatively warm winter.

DEVIATION OF AVERAGE HOURLY PRICES FROM PRICE CAPS

DEVIATION OF AVERAGE HOURLY PRICES FROM PRICE CAPS
ON THE DAM FOR 6 MONTHS OF 2019 (IPS)



DEVIATION OF AVERAGE HOURLY PRICES FROM PRICE CAPS
ON THE DAM FOR 6 MONTHS OF 2019 (BPI)



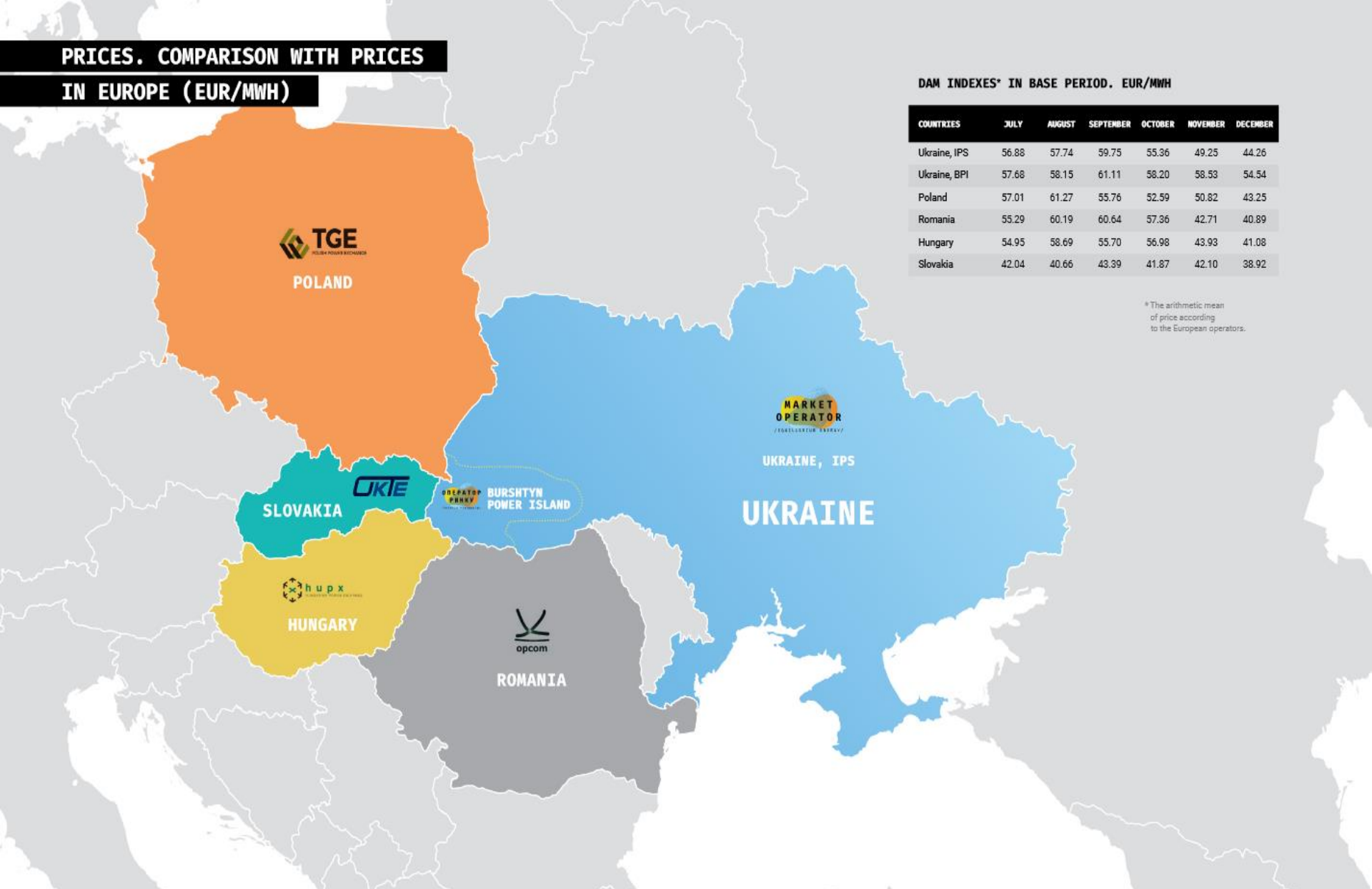
For the first four months of the new energy market, hourly purchase-sale prices of electricity on the DAM both in the IPS of Ukraine and in the Burshtyn Power Island were mostly close to the price caps of the Regulator. The trend has changed in the last two months of 2019, and the prices on the DAM were much lower than the price caps.

PRICES. COMPARISON WITH PRICES IN EUROPE (EUR/MWH)

DAM INDEXES* IN BASE PERIOD. EUR/MWH

COUNTRIES	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Ukraine, IPS	56.88	57.74	59.75	55.36	49.25	44.26
Ukraine, BPI	57.68	58.15	61.11	58.20	58.53	54.54
Poland	57.01	61.27	55.76	52.59	50.82	43.25
Romania	55.29	60.19	60.64	57.36	42.71	40.89
Hungary	54.95	58.69	55.70	56.98	43.93	41.08
Slovakia	42.04	40.66	43.39	41.87	42.10	38.92

* The arithmetic mean
of price according
to the European operators.



STRATEGIC GOALS of SC MARKET OPERATOR



1. Transformation of the enterprise into a joint-stock company (**CORPORATIZATION**)
2. Carrying out clearing operations (**NETTING**) on the DAM and IDM
3. Creation of an administrator of energy market monitoring (**REMIT**)
4. Association of the electricity market of Ukraine with the markets of neighboring countries (**MARKET COUPLING**)

Corporate management

The Independent Supervisory Board

A Joint Stock Company,
100% owned by the State

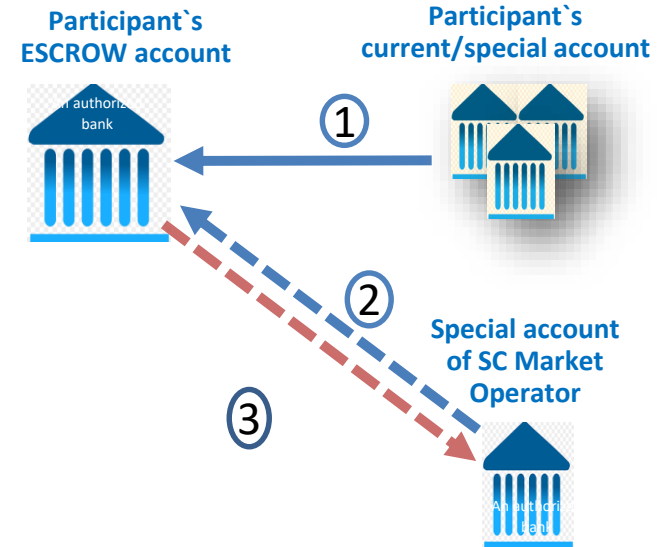
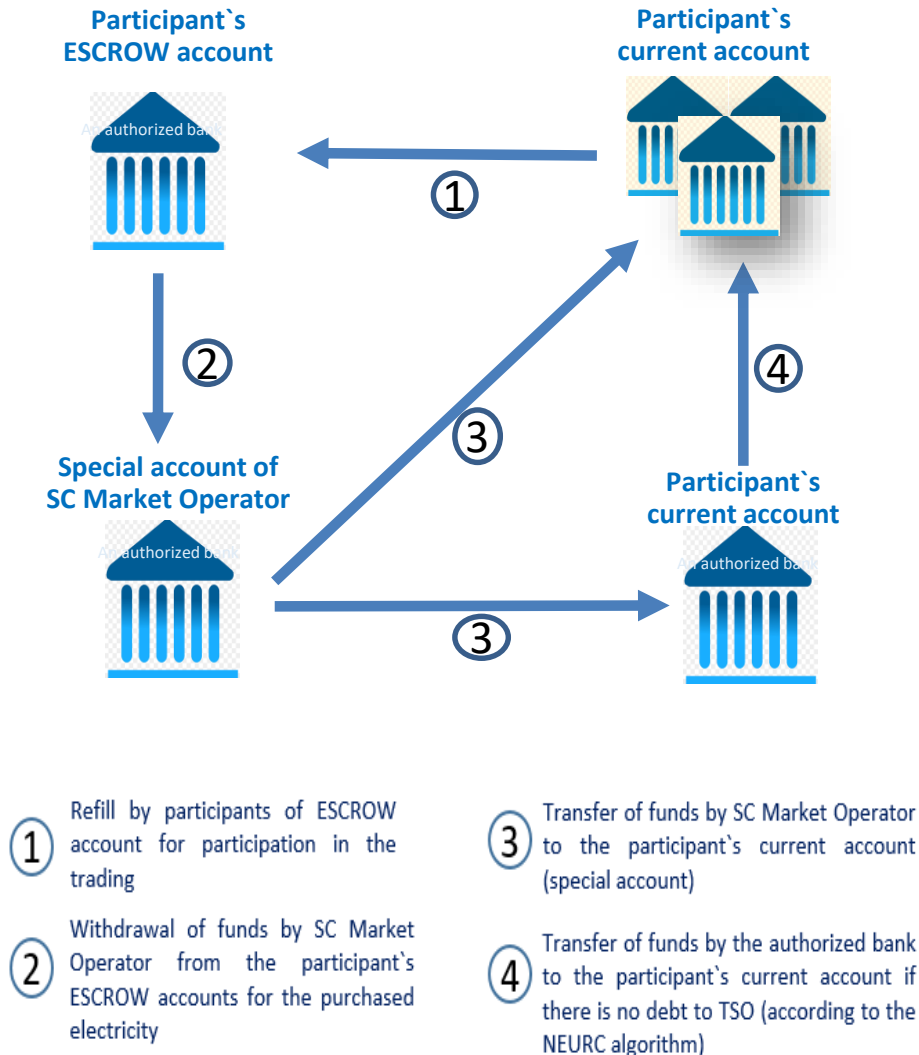
*The Law of Ukraine «On the Electricity
Market»*



CORPORATIZATION

Property policy and a new Charter of
Joint Stock Company

NETTING



THE MARKET MONITORING (REMIT*)

Evaluation of the supply
and demand situation on
the market

Identification of the main
causes of wholesale
prices fluctuations

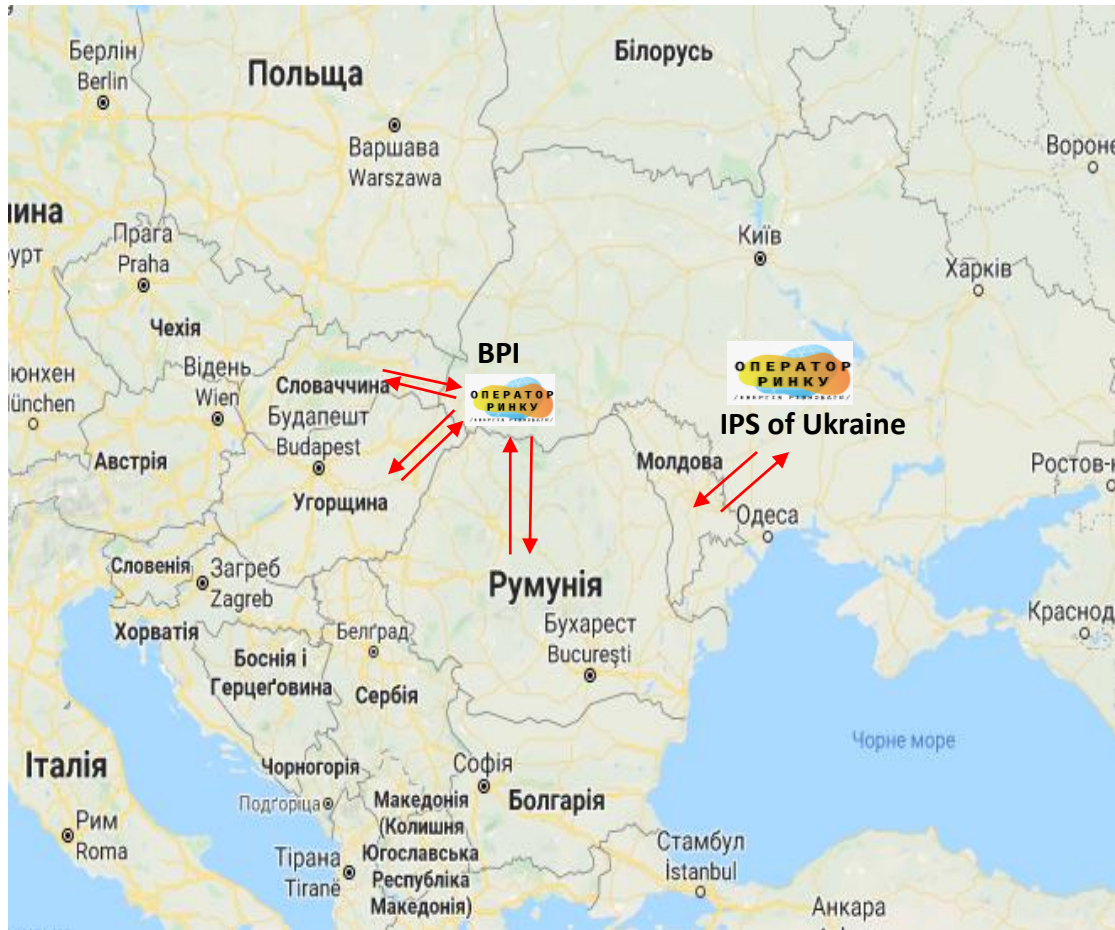
Detection of market
manipulations



*Regulation of the European Parliament and of the European
Council on Wholesale Energy Market Integrity and Transparency

MARKET COUPLING OF UKRAINE WITH THE MARKETS OF MOLDOVA AND 4MMC

(using a software package XMtrade®/PXS)



Advantages for the Ukrainian market from Market Coupling with the markets of Moldova and 4MMC

1. Integration of the IPS of Ukraine with the trans-European electric networks
2. Integration of trading platforms of the electricity markets of Ukraine with European Union countries
3. Increased competition among all market participants
4. Maximization of the total economic benefit for all market participants



**THANKS FOR YOUR
ATTENTION!**

VOLODYMYR IEVDOKIMOV
DIRECTOR OF SC MARKET OPERATOR