

EUROPEAN UNION

DELEGATION TO UKRAINE
Ambassador, Head of Delegation

Kyiv

Your Excellency,

Subject: The draft law on State Regulation in the energy and utilities sector 2966-D

I would like to draw your attention to an important legislative project that is key for the continuation of energy sector reform in Ukraine.

The draft law on State Regulation in the energy and utilities sector 2966-D has been adopted in first reading. Second reading is envisaged for the week of 30 May. The current draft has been discussed at length within the Rada. It is in line with the international commitments Ukraine has undertaken in the Energy Community Treaty and the EU-Ukraine Association Agreement. It should be adopted as a priority now, as the current situation is clearly not in line with these requirements.

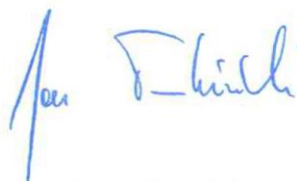
The Regulator has an essential role in overseeing the gas and electricity markets so that the markets can function properly. The Regulator needs to have political and financial independence, and attempts to limit the independence for example by passing decisions through the Cabinet of Ministers should not be accepted.

We are aware that the nomination procedure of the Commissioners has been highly debated. We think that the participation of foreign observers in the selection procedure could alleviate concerns in this respect.

H.E. Andriy PARUBIY
Chairman of Verkhovna Rada of Ukraine
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The final adoption of this law is one of the very few outstanding commitments not fulfilled by the Ukrainian side for the disbursement of the second tranche of 600 million Euro within the EU Macro-Financial-Assistance to Ukraine. Its importance therefore goes beyond energy issues, essential as they are. I would ask you therefore to make every effort to ensure the adoption of this law.

Yours sincerely,



Jan TOMBINSKI