

Ukraine

General Information

ETS Description

Ukraine plans to establish a national ETS in line with its obligations under the “Ukraine-EU Association Agreement”, which entered into force in September 2017. Issues related to climate change are addressed in Article 365 (c) Title V and in Annex XXX to the agreement, which outlines steps for the implementation of a national ETS, including:

- adopting national legislation and designating a competent authority(-ies);
- establishing a system for identifying relevant installations and GHGs;
- developing a national allocation plan to distribute allowances;
- establishing a system to issue allowances to be traded domestically among installations in Ukraine; and
- establishing MRV and enforcement systems, as well as public consultations procedures.

The country has since established a national MRV system, by its scope partially covering activities similar to EU ETS activities, to provide a solid basis for the upcoming ETS. Since 2021, the MRV procedures as adopted in the framework law on MRV have been applied by regulated installations. To establish its ETS, Ukraine plans to develop separate legislation based on at least three years of data from the MRV system. According to a statement made by the Minister of Environmental Protection and Natural Resources in October 2023, the ETS may be launched in a pilot mode in 2025.

In 2022, covered installations were supposed to submit first monitoring reports for 2021. However, from 2022, due to the Russian war of aggression against the country, the MRV system is implemented on a voluntary basis. Draft instruments for cap-setting and allowance allocation were developed, and a stakeholder engagement process was also carried out in 2022 to early 2023.

In October 2023, the Minister of Environmental Protection and Nature Resources announced that an ETS law should be drafted in 2024. Work on the Roadmap on the Introduction of a GHG ETS started in autumn 2023, aimed at delivering an action plan for ETS implementation in early 2024. The document should also undergo a stakeholder consultation process in 2024.

ETS Status

under development

Jurisdictions

Ukraine

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

327.3 MtCO₂e (2021)

GHG reduction targets

By 2030: Economy-wide net domestic reduction of 65% in GHG emissions compared to 1990 (updated NDC)

By 2050: GHG emissions from energy and industrial processes will not exceed 31-34% of 1990 GHG levels (Low Emission Development Strategy 2050)

By 2060: Climate neutrality (National Economic Strategy until 2030)

Compliance

Monitoring, Reporting, Verification (MRV)

MONITORING: Monitoring is required annually for CO₂ emissions from the following activities:

- fuel combustion in installations over 20 MW;
- oil refining;
- the production of coke, metal ores, pig iron, steel, ferrous alloys including ferroalloys (if the total nominal thermal capacity of combustion units exceeds 20 MW), cement clinker, lime or the calcination of dolomite or magnesite (with a production capacity exceeding 50 tonnes per day), nitric acid, and ammonia, glass production (with a production capacity exceeding 20 tonnes per day);
- N₂O emissions from the production of nitric acid.

Monitoring takes place according to Monitoring Plans, approved by the Ministry of Environmental Protection and Natural Resources (MEPNR).

REPORTING: Covered entities are obliged to submit a verified annual report on GHG emissions to the MEPNR by the end of March of the following year.

VERIFICATION: Emissions data reports and their underlying data require third-party verification by an accredited auditor.

FRAMEWORK: Law on the principles of monitoring, reporting, and verification of GHG emissions. Order of the Cabinet of Ministers on approval of the procedure for monitoring and reporting on GHG emissions. Order of the Cabinet of Ministers on verification of operators reports.

Other Information

Institutions involved

Ministry of Environmental Protection and Natural Resources of Ukraine: Competent authority for implementing the MRV law and the upcoming ETS.

National Accreditation Agency of Ukraine: Accredits third-party verifiers.

State Ecological Inspection of Ukraine: Controlling compliance with MRV requirements.

Regulatory Framework

[Law on the principles of monitoring, reporting and verification of greenhouse gas emissions](#) (MRV law)

[Order of the Cabinet of Ministers on approval of the procedure for monitoring and reporting on GHG emissions](#)

[Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part](#)

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