HUNTON & WILLIAMS

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USAID UKRAINE

ENERGY LEGAL, REGULATORY AND MARKET REFORM PROJECT

Prepared for:

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5th QUARTERLY REPORT
JUNE 2001 - AUGUST 2001

AND

6th QUARTERLY REPORT
SEPTEMBER 2001 -
NOVEMBER 2001

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5th QUARTERLY REPORT: JUNE 2001 –AUGUST 2001 AND 6th QUARTERLY REPORT: SEPTEMBER 2001 - NOVEMBER 2001

OUTLINE OF 5th AND 6th QUARTERLY REPORT

This report summarizes the conditions found and results achieved for the period from June 2001 through August 2001 (5th Quarter) and September 2001 through November 2001 (6th Quarter), the current status of work, and anticipated activities in the near to medium term. The two Quarterly Reports are combined in part because the predominant work of the combined period was drafting a proposed new law to govern the wholesale electricity market, as discussed in the narratives of the Report.

This report consists of the following sections:

- **Part A** outlines the project purpose and focus of work.
- **Part B** is an overview of the current status of the project.
- **Part C** details our relationship with each GOU counterpart, highlighting the current focus of our work.
- **Part D** summarizes our work in direct support of the privatization effort,
- **Part E** summarizes our work with the Task Force and the international donor community.
- **Part F** summarizes the status of our training program
- **Part G** notes additional services, including in pipeline issues.
- **Part H** outlines, in Table format, our register of activity with the NERC
- **Annex A** is the Trip Report for Matthew Goldberg
- **Annex B** lists H&W computer equipment purchases for the Energomarket
- **Annex C** is the Energomarket analysis of equipment needs and how those are met by the H&W equipment purchases.
- **Annex D** is a list of NERC declarations of emergency at the WEM
- **Annex E** summarizes documents translated in course of our work with the NERC
- **Annex F** lists documents translated in our work, other than those translated at the NERC office.
- **Annex G** lists letter sent by the project to government agencies in the period.
- **Annex H** lists other documents produced by members of our staff.

A. PURPOSE, OUTLINE OF QUARTERLY REPORT, AND FOCUS OF WORK

Hunton & Williams has been awarded Indefinite Quantities Contract EEU-I-99-00033-00 (the "IQC") by the United States Agency for International Development ("USAID") through which USAID awarded Task Order OUT-EEU-I-800-99-00033-00 (the "TOR") to Hunton & Williams to provide certain legal, regulatory and wholesale electricity market advisory services in support of Ukraine's energy sector privatization program (the "Project"). To those ends, we are expected to, and successfully do, work with diverse counterparts within the Government of Ukraine ("GOU") as well as coordinate our activities among the international donor community.

We continue to summarize the work as principally serving three functional headings, working to:

- ***Strengthen the independence and functionality of the power sector regulator*** – presently the National Electricity Regulatory Commission ("NERC");
- ***Improve the operation and governance of the wholesale electricity market*** ("WEM"); and
- ***Ensure the success of GOU's energy sector privatization program*** in concert with USAID contractor Deloitte Touch Tomatsu ("DTT") – the USAID contractor with primary responsibility to advise the State Property Fund of Ukraine which conducts the privatization of all state entities as the agent of the government.

To achieve each of these goals, we actively work with all GOU counterparts – the Verkhovna Rada of Ukraine (the "Verkhovna Rada"), NERC, the Ministry of Fuel and Energy ("MFE") and Energorynok State Enterprises ("Energomarket") – to identify the impediments to achieve our goals, develop precise mechanisms to remove those impediments and then implement those mechanisms.

Specifically, to strengthen NERC, we are implementing the following initiatives:

- Pass new legislation that provides political and financial independence and establishes standards for the energy sector that shall be regulated by NERC. In the 5th Quarter we completed work with the Rada Fuel and Energy Complex (FEC) Committee to prepare the law for Second Reading.
- Develop and implement a tariff methodology responsive to the privatization effort and current market realities. In the 5th and 6th Quarters we assisted NERC to complete and implement a transparent Procedure for processing applications under the new tariff method.
- Develop a transparent mechanism for modifying the NERC-established algorithm that controls the flow of funds through the WEM. We have worked intensively with the NERC the Energomarket and the WEM Board working committees, to craft an acceptable procedure.

To improve operation and governance of the WEM, in the current period we have been working in the following directions:

- Improve operations within the existing WEM structure to allow for transparent functioning of the existing WEM framework established through the Members' Agreement.
- Prepare the WEM to become a fully functioning true market, including bilateral contracting, by addressing detailed issues of market rules, pricing settlement and payment procedures, improving

information technology within Energomarket and metering at the Wholesale Electricity Market, and by working to enact legislation that can appropriately manage the needed transition.

To ensure the success of GOU's energy sector privatization program, we undertook the following in the 5th and 6th quarters of our project activity:

- Worked closely with the NERC to develop and implement a tariff procedure for effective processing of applications for a tariff under the new methodology;
- Worked closely with NERC, Energomarket and the strategic investors to create an acceptable power purchase contract between oblenergos and Energomarket
- Advised DTT on drafts of their proposed Oblenergo Privatization Strategy and their Genco Privatization Strategy. Worked with DTT on development of the genco strategy by close cooperation in presentation of a seminar for the FEC on that topic, and analysis of WEM Law design issues. Worked with DTT to prepare and deliver advice to the NERC on raising market share restrictions. Worked with DTT to advise the State Property Fund on issues of the partial risk guarantee and other devices to include Government obligations into the purchase sale agreement process;

- Regularly met with potential strategic investors to share our knowledge on legal and regulatory issues impacting the energy sector, and to work out strategies for addressing procedural and contractual issues strategic investors face within the Ukraine WEM environment;
- Supported the Energy Task Force created by GOU and the international donor community – consisting of USAID, the European Bank for Reconstruction and Development ("EBRD"), the International Monetary Fund ("IMF") and the World Bank – (the "Task Force") through drafting joint documents and implementing the action items emerging from Task Force meetings.
- Worked with DTT to coordinate work among the international donor community to ensure a common focus on and support of an acceptable outcome for GOU's energy sector privatizations.

Future Quarterly Reports will include an activity register for the project as a whole, as well as for the NERC office of the project (see Part H).

B. OVERVIEW OF CURRENT STATUS OF THE PROJECT

The design and implementation of the Hunton and Williams project remains as summarized in the December 2000 Inception Report, which was also our Second Quarterly Report. While the early phases of our project were dominated by issues of NERC independence and the relationships of the NERC to privatization, the period from June 2001 through November 2001 has been dominated by issues of wholesale market functioning and governance, especially of a possible new Wholesale Electricity Market Law (WEM Law), which involved work with all our counterparts. In addition, work with all counterparts on detailed issues also continued.

Thus the Hunton and Williams team worked extensively with the NERC to create and put in place a transparent Procedure for the implementation of the NERC Tariff Method. The NERC process required a fixed time limit for the complete review and decision on each application, including an open public hearing process. Upon issue of this Procedure in August, the NERC completed its review of the 4 new tariff method applications it received (from the newly privatized companies) within the prescribed period. However, Government interference has delayed implementation of the approved tariffs. This emphasizes the need for the Law assuring NERC independence, which we have also helped advance to the stage of Second Reading in this period.

In June 2001 the Verkhovna Rada voted to pass the Second Reading of the then version of the WEM Law. This version, while much improved over the earlier "Pavlovski" First Reading Bill, still had serious flaws. Most prominent were that it allowed reintroduction of non-cash transactions, and that it had no provisions for transition between market structures. Therefore, along with the Donor Community, we worked to first obtain a veto of the Law, which issued in early July 2001. We then began an intensive effort to draft a proposed new WEM Law, solving diverse market operations issues. The process of that work is described later in this Report. Based on the detailed work on a new WEM Law we have now begun working actively with both Donors and counterparts to design and implement a workable WEM Concept.

C. RELATIONSHIPS WITH COUNTERPARTS

C. 1. BACKGROUND

The TOR identifies four primary counterparts for the Project: NERC, the Energomarket, the Verkhovna Rada, and the MFE. The Memorandum of Understanding between the Government of the United States and the GOU ("MOU") created the basis for establishing the relationships with the GOU counterparts identified in the TOR. We summarize our work to achieve Project goals with each GOU below.

C.2. NATIONAL ELECTRICITY REGULATORY COMMISSION

In 1996, in part through the diligent efforts of USAID, the President of Ukraine created NERC by decree as an independent energy sector regulatory commission. Supporting NERC's continued development and working with NERC to support GOU's privatization effort remains a key focus of our Project. Project relations with NERC are good, bolstered, in part, through our second Project office located within the NERC building. We meet with NERC counterparts daily and have routine meetings with the Chairman and other commissioners to discuss and coordinate on-going issues. Through the first eighteen months of the Project, four issues continue to dominate our work with NERC: the draft law on regulatory

commission; tariff methodologies and rate design; due process; and the Wholesale Electricity Market algorithm. Each issue is briefly discussed below.

C.2.1. Regulatory Commission Law

Part C.5. below details the history of our legislative efforts to develop and pass legislation improving upon regulatory independence. The substance of the proposed law is summarized in our earlier Quarterly Reports at this section. The current status is that a final version of the Second Reading of this bill has been completed, with consideration for our assistance and detailed comments, and registered with the Verkhovna Rada for vote. A vote was scheduled for November 15, 2001. Currently it is being examined whether the vote that occurred is valid, or whether the repeat of the Second Reading can be scheduled.

It remains true that one of the critical features of the bill is to clarify the status of NERC, as such status directly affects the degree of NERC's political independence. Presently the status of the NERC is defined by Presidential decree as an "executive agency with a special status". Government agencies with "special status" first appeared in Ukraine law by Presidential Decree "On Administrative Reform," 15 December 1999. This phrase itself, however, does not clearly establish that the agency is independent of political controls by other executive agencies. Former Ukraine President Kravchuk, as Chairman of the Verkhovna Rada working committee on the Administrative Reform, has appointed a working group to deal with possible further revisions to this Administrative Reform. Hunton and Williams has been appointed as a member of that committee. To date however, that committee has not yet met, and the Presidential Decree remains unchanged. Therefore, we continue to believe that developing new legislation on NERC remains the most efficient manner in which to establish NERC's independence, and accordingly, we have continued to actively work to design and pass the bill currently being considered by the Verkhovna Rada.

C.2.2. Tariff Setting Methodologies and Rate Design

Another critical issue for the success of GOU's privatization program is clarity in NERC's tariff setting methodologies and continued improvement of rate design. Completion of a suitable tariff method and its adoption by the NERC was a major achievement of the period March - May 2001. In the period June to November, Hunton and Williams worked closely with NERC to assist them in implementing the method, which resulted in approval of application of the new method to be effective December 1, 2001 for each of the four newly privatized oblenergos which had applied for the tariffs under the new method.

In the period since June, the Hunton and Williams project worked successful with the NERC to implement this method, by three devices. First, we worked intensely with the NERC to develop and put in place a transparent Procedure to implement the April 2001 Tariff Method. The procedure was issued in early August, 2001. Among other features, this Procedure self-imposed on the NERC a strict time schedule to review and approve applications for the new Tariff. Upon publication, applications for the new method were properly received from four of the recently privatized oblenergos. We worked with the NERC to complete the processing of those applications in the required time. The NERC did complete and approve all four applications, in less than the maximum time allowed by the self-imposed schedule.

However, the Cabinet of Ministers then obstructed implementation of the final approval. The nominal reason for this was to devise methods to mitigate the impact of the new tariffs on customers, especially, industrial customers. Therefore, our third activity was to work with the NERC to deal with this interference. We worked closely with the NERC to prepare the NERC's reply to the Cabinet, evaluating the impacts of the proposals on all customers and on the national economy. We then worked closely with the Donor Community and with the US Embassy to prepare and disseminate to the highest levels of the Government, analyses of the impacts of the newly proposed tariffs on customers in their affected regions, on national averages, and on all regions were similar effects done nationally. Those analyses also showed the effect on tariffs of removal of the current system of retail cross-subsidies. Removing such subsidies, which currently mean that larger industrial and commercial consumers pay for nearly half the cost of residential rates, means the impact of new tariffs on industrials would be very strongly mitigated. The result was that in November the Cabinet finally removed its objections and allowed the NERC to proceed with implementation, using a temporary device to mitigate the effects of the increase through a cross-subsidy mechanism.

C.2.3. Due Process and Regulatory Procedure

A third issue that permeates our work with NERC is to assist NERC in devising a proper governance mechanism, injecting notions of due process, rule of law, and proper regulatory procedure into NERC's work so that NERC's activities reflect international standards. Work on due process in this quarter continued to focus on passage of an appropriate law on NERC independence, as summarized in the discussion at C.5 below. In addition, our resident legal advisor, Matthew Goldberg, concentrated his work on NERC-related activities. Issues related to NERC due process are therefore covered in his more detailed Report, attached.

An important development in NERC process was evidenced by the "open hearing" process used by the NERC for the tariff methodology. At suggestion of Hunton and Williams, the NERC decided to schedule the treatment of the tariff method through an open public hearing process. On its own initiative, the NERC has also now decided, and included into its Procedure for processing applications to change tariffs, that all such process be under open public hearings. The four rate applications from the new private companies under the new method were all subject to open public hearings, prior to the Commission accepting their content. Each stage of the approval process was thus also done or presented at an open hearing.

C.2.4. Algorithm

We have continued working with NERC to establish and implement a procedure for modifying the algorithm that currently allocates the flow of funds through the WEM transit clearing accounts mandated by the Electricity Law. The procedure for modifying the algorithm, which Hunton & Williams drafted through consultations and appropriate buy-in by NERC, imposes information requirements and specific mechanisms to propose modifications to and actually modify the algorithms. The procedure also clarifies when and how NERC can declare an emergency situation of the WEM. The declaration of emergency situations by the NERC is a particularly critical problem, since such declaration provide NERC with potentially free reign to modify the allocation of funds to energy sector companies through abuse of the practice. Both the international donor community and potential strategic investors have criticized NERC's frequent declaration of emergency situations. Hunton & Williams works actively with NERC and the respective WEM Board working groups to reduce emergency declarations

Equally troubling is NERC's introduction of changes to the Algorithm for other reasons. The amazingly wide range of reasons for changing the Algorithm, and the frequency of changes, shows why the Project has concentrated so much time and effort in the least six months on improving the Algorithm Procedure, including to eliminate or limit the ability to declare emergencies. Attached to this Report at Annex D is a table of NERC Resolutions on introduction of changes to the WEM Algorithm for the period of October 31, 2000 through October 31, 2001. During the past year emergency situations were announced on the WEM 5 times, state of emergencies were prolonged 5 times and extended to another companies 5 times. Below is an abbreviated list of reasons given by NERC for changing the WEM Algorithm over the past year:

1. Fuel shortages
2. Inability to support the frequency
3. Breakdowns of energy facilities
4. Payment for fuel
5. Repayment of debt to ITERA
6. Repayment of funds used by Thermal Power Plants during State of Emergencies in the WEM
7. By Agreement between Mintopenergo, ESE, Tcentrenergo and Dniproenergo
8. For transfer according to the Loan Agreement between Ukraine and EBRD
9. Financing of construction of power units of No. 4 of Rivnensky and No. 2 of Khmelnitsky NPS
10. In order to make settlements for electricity supplied by operators responsible for imports from Russia and leasor of power units
11. In order to bar Dnistrohydroenergo from bankruptcy
12. In order to resolve the issue of supply of Turkmen gas
13. Financing of construction of electric power station of the Building Experimental-Industrial Electricity Plant "Mashproekt"
14. Additional allocation of funds according to the NERC's decisions
15. To pay salary for energy companies' employees
16. Changing of the estimate of expenditure of ESE
17. Apply reducing ratio
18. Updating of actual volume of energy consumption

19. Updating of information regarding oblenergo's payment for purchased electricity
20. Changing of the percentage of allocation of funds to the electricity supplier because of occurrence of indebtedness to ESE
21. According to WEM Board decision
22. Pursuant to Prime-Minister's instruction

However, it is important to note that NERC has not changed the lower algorithm for time some now (other than introducing incentives to non-paying oblenergos). This is positive experience on which oblenergo privatization proceeded.

The Report of Matthew Goldberg on his tour here, attached at Annex A, summarizes our recent work on the Algorithm.

C.2.5. Other Advisory Services to NERC

Related work with the NERC covered a wide range of advisory services, as summarized in Part H, the NERC Activity Register, and Annex D the List of Documents Translated for NERC. The List of Documents Translated stated 30 separate topics for translation, which, including subtopics and multiple versions were a total of 108 separate documents.

Two principal activities were on market shares, and cost-pass on issues. Hunton and Williams provided NERC advice on: world experience in setting market share limits, including providing a summary memo, a translation of the US "Merger Guidelines", and culminated in a letter advising changes in the current market share limits. Raising these limits is important for raising potential investor participation in the "second round" or privatization of the remaining twelve oblenergos. Hunton and Williams advice on cost pass-through issues included insurance questions and affiliated entities issues, including in memoranda and letters on these topics. As well, we advised on algorithm issues, which strongly affect cost pass-thorough. More discussion of algorithm and insurance issues can be found in the attached Report of Matthew Goldberg, who was resident staff attorney, for this same six month period.

C.3. ENERGOMARKET

Our work with Energomarket since July 2000 has continued in several directions, particularly a) as assistance to improving internal procedures, b) as assistance in working through issues emerging due to privatization of the oblenergos, such as power purchase contract and procedures for determining volume allowance for electricity purchases, and c) as participation in working groups established by the WEM Board to address a wide range of problems of the current WEM functioning,

C.3.1 Power Purchase Agreement (PPA)

The Electricity Law requires all WEM Members to have a contract for power sales/purchases with Energomarket, thereby establishing a Single Buyer/Single Seller system overlaying the original Pool system. While we are strong advocates of removing the Single Buyer set-up, the current legal situation requires PPAs to be concluded. In particular, the conclusion of a PPA by the investors was a precondition for applying the tariff methodology, and in addition it was urgently needed to provide some certainty about the volumes and quality of power to be purchased by the oblenergos and the relevant settlement and payment procedures. Intensive work was needed to improve the existing PPAs

Hunton &Williams joined the working group consisting of NERC, Energomarket and oblenergos (including strategic investors) established with the aim to design a 'Model PPA', which would be approved by NERC as a model for all PPAs. This working group met almost daily for a period of 3 weeks during July 2001, and resulted in the approval by NERC (and consequently also Mintopenergo and Ministry of Justice) of a 'Model PPA' that was much improved from previous documents, in particular in the areas of quality commitment of supply by Energomarket and payment procedures.

The second step of our work in this area was to assist the strategic investors to negotiate improvements upon the "Model PPA". This included advice on the legal status of 'Model contracts' as well as negotiation support on detailed issues. As a result, the strategic investors concluded PPAs. with Energomarket, which fixed as contractual obligations promises made by the GOU in Resolution 133p, such as the treatment of unpaid subsidies and privileges. In addition, the concluded PPAs contain better procedures for dealing with independent suppliers, leading to protection of oblenergos against losses associated with such suppliers.

C. 3.2. Market Rules and Pricing

We are involved in the WEM Board Working groups on market rules development and market rules implementation. We are thus supporting the efforts of Energomarket and NERC to improve the rules for bidding and pricing compared to those envisaged currently in the WEM Agreement, and to implement fully those rules. We have supported the decision to make obligatory to the generators the introduction of an electronic dispatch register by March 2002 so as to give Energomarket the means of assessing properly the fulfillment of the commitment schedule, and the calculation of commercial implications. We have provided explanations regarding the handling of bidding rules and ancillary services in similar markets.

As a sideline to this ongoing work, we took part in NERC's discussions with the thermal generating companies regarding the anticipated change of the bid cap and capacity fee. Based on a detailed analysis of market functioning, undertaken in the context of the WEM concept development, we plan to submit to the working group on market rules our suggestions for necessary changes in the functioning of bidding rules, ancillary services, and regarding the purpose and calculation of the availability fee.

C.3.3 Debt Issues

In May 2001, USAID assigned the primary debt restructure project to DTT. Hunton and Williams however has retained two tasks in this area. First, starting in December 2000 to the present, as we have encountered relevant information either on the debt issue, or on the issue of forced sales of energy company assets under court process, we have made that available to the Donors including USAID and the US Embassy. This is not "monitoring" of the asset stripping issue. In our view, it is not possible to systematically "monitor" the problem of asset striping, or even, of known court cases. This is because the information that must be obtained in order to "monitor" the problem is not published, not publicly known, and not possible to discover in any systematic way. However, we continue to provide relevant information as it becomes known to us.

Second, in June 2001 we were invited both by Energomarket and by the WEM Board Working Group on Debt Issues to participate in their work on categorizing and assessing existing debts. Additionally, in October 2001 NERC addressed a letter to Hunton and Williams seeking specific suggestions on debt restructure, and in early November 2001 NERC Commissioner Kotko requested comments from Donors on a proposal developed by NERC together with Energomarket. In partial reply to these requests, Hunton and Williams discussed with Commissioner Kotko, specifically suggesting a method by which excess revenues could be generated by the hydro power producing companies, to be used to retire part of the sector debt.

Based on that conversation, Commissioner Kotko asked that we research further several concepts: a modified moratorium on intra-Ukraine debt collection from energy companies for 3 years followed by a 5 year mandatory repayment; use of different kinds of pricing methods at the WEM to create sufficient revenues to pay-off the debts; and possible restructuring of the ownership of the generating companies to create packages that are more attractive for investors and which can also repay debts more easily. We are therefore working actively on these topics.

C.3.4 Metering Issues

Comprehensive and accurate metering are essential pre-requisites to implementing two key goals of our Project: to establish a properly functioning billing and invoicing system for the existing WEM, and to move towards bilateral contracting among WEM Members. In this context, Hunton & Williams is working with the two relevant working groups: a) the Working Group that prepares the introduction of a Central Metering System Administrator – an entity (currently lacking) that would assume responsibility for the accurate and timely processing of the WEM metering data; b) the Working Group that prepares necessary amendments to Schedule 10 of the WEM Agreement (Instruction on metering). For both groups we commented on proposed documents (such as Provisions for the Central Metering System Administrator) and conceptual decisions (such as the idea of appointing Energomarket as Central Metering System Administrator, and thereby moving the task of dealing with metering from currently Ukrenergo to Energomarket). We also provided detailed descriptions of the work of Central Metering System Administrators in power markets of other countries.

Previously we completed a paper on the technical side of solving the metering issues, containing estimates on the necessary acquisition of meters, including a schedule of the meters required, their costs, and their justification. We provided this paper to the EC Fuel Grant program, and it became the main document supporting the launching a metering project worth 10 million. EURO. We periodically discuss the progress of this project with the representative of the EC, to assure the metering project remains in their list of topics for their "Fuel Gap" grant project and to assure better understanding of the issues surrounding the possible shift of metering responsibility from Ukrenergo to Energomarket.

C.3.5 Information Technology Support

Operation of a complex power pool with diverse members imposes a high burden of information technology coordination, ranging from security for emails to complete billing systems. These issues are critical to a properly governed market and the Energomarket has requested our assistance. Working with the Hunton & Williams information technology spesialist and market advisor, we have begun the process of acquiring computer equipment for the use of the Energomarket.

Energomarket State Enterprise (ESE), prevoiusly located in the biulding of NEC Ukrenergo, recently acquired new location and currently is being moved. In their separation from NEC Ukrenergo ESE faced numerous problems, a major one of which was absence of their own Local Area Network (LAN) as all technological procecces used to be performed with the help of NEC Ukrenergo computer equipment. Thus, the supply of computer equipment by Hunton & Williams to ESE plays the leading role in functioning of their IT system. Hunton & Williams performed the first supply of the hardware to ESE in June 2001 which enabled ESE to build the LAN and transfer part of information processing to it.

For more details refer to Annex C "Informational Structure of the Settlement System of the Wholesale Electricity Market of Ukraine" and Annex B "Equipment Purchased by H&W for the ESE".

H&W has supported NERC's demand that the information flows in the ESE should be developed under the supervision of consultants, appointed by WEM. This will provide for wise fund allocation at ESE and more effective and just decisions made. In this context we have been advising on how to write the Technical Specification on software. It would be useful to advise on what methods are used in other energy pools for power units load optimization and the software, with the help of which the load optimization is implemented and to provide comprehensive advice to ESE on how to improve the IT system as a whole would be very useful.

C.4. MINISTRY OF FUEL AND ENERGY

We continue to work with the Ministry of Fuel and Energy (MFE) as required on critical issues. The analysis required for the metering project for example, was conducted as a joint effort by the MFE, Ukrenergo (the high-voltage network company subordinated to MFE), the Energomarket, and H&W. Recently, our efforts in assisting the strategic investors to remove volume restrictions they faced despite their 100% payment involved meetings with representatives of Ukrenergo and Energomarket.

C.4.1 Sector Policy and WEM Structure

Primary work in the 5th and 6th Quarters on sector policy or WEM Structure were in two topics: First, we commented to Deloitte Touche on their proposed strategy for privatization of thermal generation companies, and have held conferences with them on several occasions to further analyze that issue, and to assure their long term strategy and our WEM work coincide. Second, as discussed in depth elsewhere in this Report, we have worked intensively on market design in context of preparing a WEM Law.

C.4.2 Debt

See our discussion above at section C.3.3

C.4.3. Addressing issues of reliable power supply of adequate quality

We are very aware that one of the most important determinants for the success of the recently privatized oblenergos, and for the investment climate for the next privatization round, is the availability of adequate power supply and

its reliability. This in turn is determined to a large extent by the adequate work of the generating companies and of Ukrenergo, which are subordinated to the MFE. In this context, our work focuses on critically assessing the administrative procedures currently used in fuel supply to the generators, in planning the supply and demand balance for power, and in achieving the balance of supply and demand in real time. This work is linked to our efforts in other complex areas – such as the genco privatization strategy, debt restructuring and WEM design but so far, it has not been possible to engage the MFE in a fundamental discussion on changing the fundamental philosophy of ensuring reliability and quality of supply.

However, certain clarifications and improvements of procedures have been achieved for the newly privatized oblenergos. In particular, we have been instrumental to achieving that privatized oblenergos that pay 100% for their power do not automatically get restricted ex ante in the same way non-paying oblenergos do. We have also worked on changing the approach to the quality of supply issue. It has now been recognized both in the PPA and in the procedures for introduction of emergencies that the frequency in the network should not fall below 49.8 Hz. This means that MFE has broken with it previous practice by which Ukrenergo was instructed to keep the system at 49.3 Hz in order to, apparently, save fuel. It is now recognized that quality of power supply should be ensured at the level of international and Ukrainian standards. To a certain extent, the issue of voltage stability also has started to be addressed through revision of market rules.

C.5. VERKHOVNA RADA

The Project design assumed relationships with the Verkhovna Rada and, in particular, with the FEC Committee. Based on priorities proposed by the FEC Committee and our ability to meet those priorities within the Project scope of work, we devised a legislative program focused on ensuring a more successful privatization and post-privatization operation of the power sector. To meet our legislative efforts, we maintain biweekly working meetings with the FEC Committee to discuss and address issues related to one or more laws related to the energy sector. The FEC Committee also invited Hunton & Williams' participation in four "task forces" or topical sub-committees addressing the following broad topics: NERC, wholesale electricity market, sector policy, and privatization. We have also been invited to work with them on oil and gas policy and regulatory issues, but due to resource constraints and policy directions from USAID, we have elected not to work on those topics. Below we describe specific legislative initiatives for which we are advising the FEC Committee.

C.5.1. NERC Law

The current status of our work on the NERC Independence Law is summarized in Part C.2.1. The law has passed the first reading, and is in the process of a second reading. The history of this work is described in detail in our December 2000 Inception Report and Second Quarterly Report.

C.5.2 Wholesale Electricity Market Law

One of the fundamental tasks of our Project is to improve the functioning of the wholesale market. and in this context we are engaged in process of improving the legal underpinning of the WEM. Recently this area of activity has assumed major importance and it stretches across our work with all our counterparts. Therefore, a description of current work on a WEM Law or WEM concept is given separately under C.6. .

C.5.3 Energy Sector Policy Bill

No additional work was required on the Sector Policy Law in the 5th and 6th quarters. See previous Quarterly Reports at this section for background..

C.6. WORK WITH ALL COUNTERPARTS ON WEM REFORM

Our WEM reform work has 3 main directions. The first direction is the involvement in the ongoing process of improving the functioning of the WEM in its current form. This work, which is organized through the system of WEM Board working groups has been described in sections C.2. and C.3.. The issues we are thus involved in are metering, payment and settlement procedures, algorithm procedure, market rules and pricing, as well as emergency situation.

The second direction relates to the critical analysis of the WEM bill that was in the Verkhovna Rada process. This direction we have been pursuing since the Summer 2000 starting from comments to the draft of revisions to the first reading bill over detailed analysis of the impacts the bill might have to Energomarket, MFE and the Verkhovna Rada task force on the WEM. That analysis was in the form of both analytical papers, and also, a mark-up (complete revision) of the text of the law. Our primary emphasis then was, and remains, to encourage that there be a well organized period of transition to the development of a contract-based wholesale electricity market in Ukraine. PPL, one of our consortium members, provided an analysis of transition steps necessary for the introduction of such market. When the Law passed the second reading at the beginning of July 2001, we analyzed what steps would need to be taken, if the WEM Law would come into effect. At the same time, we worked together with the international Donors on a common position, expressed in a letter to the GOU, asking the President to veto the Law. At the end of July, the President vetoed the Law, asking the Rada to reject it as a whole, and as unsuitable for the further development of the Ukraine WEM.

The third direction of our WEM work started after the President's veto when we decided to join the efforts of our counterparts, most importantly NERC, who were working - under a time plan set by the GOU - on a new WEM Concept and a new WEM Law. It seemed most appropriate to join this ongoing work by developing a comprehensive, internally consistent defendable concept of WEM reform in the form of a draft law. This work had several stages: first, we analyzed the problems of the current WEM functioning, their appearance and their legal basis. We then developed proposals for solutions. This 'problem-solution' table was then transformed into a draft law. During the work on the table and the law we consulted extensively with all our counterparts, as well as the strategic investors, and USAID.In addition, we commissioned Ivan Adams, an expert on international power market, and particularly the UK system, to provide recommendations for practical steps to improve the current WEM. The work on the draft law continues to deal with important and complex issues, such as export/import and fuel market.

During October/November, we held a number of discussions with Donors as well as Ukrainian counterparts about the draft law, receiving generally positive feedback. Our work on the draft law started at he process of establishing an informal working group of Donors and Ukrainian counterparts (not only our counterparts, but including also representatives of the President's administration, the Ministry of Economy, and the CabMin) which is setting out to design a comprehensive concept of wholesale market reform.

The principal documents we created in the course of the above work are listed below:

PRINCIPAL DOCUMENTS RELATED TO A NEW WEM LAW OR NEW WEM CONCEPT PREPARED DURING THE PERIOD JUNE – NOVEMBER, 2001

Title	Date
Introduction of bilateral contracts – suggested steps (Note prepared by PPL)	June 2001
WEM Problems and Solutions table	September 2001
Draft WEM Law, with summary, narrative, and chart	October 2001
H&W's WEM proposals – Presentation to the Working Group	November 2001
Recommendations concerning possible changes to the Ukrainian WEM (A report prepared by Ivan Adams)	November 2001
Comments to Eric Woychik's edits to H&W's draft WEM Law	November 2001

D. RELATIONSHIPS TO PRIVATIZATION

D.1 OVERVIEW OF H&W PRIVATIZATION ACTIVITIES

USAID's primary privatization advisor to the State Property Fund is DTT. Nevertheless, Hunton & Williams is directly assisting the privatization effort, while continuing our focus of developing the legal and regulatory support to both prepare and sustain Ukraine's power sector for privatization.

We thus continued in the periods June 2001 to August 2001 and September 2001 to November 2001, the same pattern of activities that were in earlier activities. Aside from our daily interaction and input to the privatization process with DTT through sharing common office space and common staff meetings, our work in the currently completed quarter consisted of the following.

- We reviewed, commented in detail on, and proposed alternative drafts to, various instruments of the privatization process, including CabMin resolutions, tender notices, draft presidential decrees, and other materials.
- We have met on many occasions with DTT, separately, and with DTT jointly with USAID, to discuss issues of privatization strategy for oblenergos and for generation companies, and have provided detailed comments on drafts of these strategies.
- We worked with DTT to offer our advice to the NERC on lifting market share restraints in NERC regulations.
- We worked with DTT to advise the State Property Fund on issues related to the purchase and sale agreement, and on problems of assuring performance of government (and investor) obligations through a partial risk guarantee (from the World Bank or EBRD), and on similar purely contractual devices.
- We continued to routinely provide DTT and others in the Donor community with English-translated copies of laws and other normative acts, such as for use in its privatization web site, or for reference as issues develop.
- We worked jointly with the NERC and investors to develop a NERC tariff procedure to implement the new tariff, thus to support the privatization process.
- We regularly meet with potential and actual strategic investors to explore their views and privatization participation requirements, passing relevant information to DTT and incorporating the same into our work.

D.2 STATUS OF IMPLEMENTATION OF CMU RESOLUTION NO.133-p

The project monitors implementation by government agencies of CMU Resolution No. 133-p "On the System of Arrangements to Create Favorable Conditions for the Development of Energy Sector" of 7 April 2001.

In June 2001 the Ministry of Fuel and Energy attempted to amend item 3 of the CMU Resolution No.133-p. The proposed amendment provided that for non-inclusion into outstanding indebtedness of the electricity supply companies of the debt accumulated by unpaid privileges and subsidies, the latter would have to take undefined "legal measures" as regards such debt. Thus, the amendment was initiated to substitute the right of the electricity supplying companies to assign the right to claim the Ministry of Finance on unpaid privileges and subsidies to the State Enterprise "Energorynok". To prevent negative consequences of the amendment, an official letter from the Donor Community, based on a draft from Hunton and Williams, was sent to Mr. Kinakh, Prime-Minister of Ukraine, explaining that the amendment will strain the initial meaning of item 3 and intent of the Resolution in whole. The proposed amendment was not introduced.

Item 8 of CMU Resolution No. 133-p, which requires an inventory of plots that belong to or are used by electricity supplying companies and registration of the rights of the latter on such plots by July 2001, is still not fulfilled completely. By the end of September 42% of total land plots of 6 privatized electricity supplying companies were inventoried, including all of the land of Rivneoblenergo. State certificates on the right of land use have been issued for 36% of the total land.

The draft Law of Ukraine "On the Depreciation", preparation of which is imposed by item 10 of the CMU Resolution No.133-p on the Ministry of Fuel and Energy of Ukraine, the Ministry of Finance and the Ministry of Economy, is already developed and is to be submitted to the CMU, but the draft does not provide expedited depreciation to the natural monopolies specifically.

D.3 LEGAL ANALYSIS OF WAYS TO RESOLVE INVESTOR RISKS

In the upcoming round of privatization of the energy supply companies in Ukraine non-fulfillment of the obligations undertaken by the Government in Resolution No.133-p continues to present risks for the potential strategic investors. The application of such instruments as a partial risk guarantee or introduction of state cross-obligations to the purchase and sale agreement were considered from the legal point of view to resolve the issues of the investor's risks in the next round of privatization. The acceptability of a partial risk guarantee is very conditional and depends on the mechanism of its performance, existence of the parliament's authorization for its application and availability of funds for its indemnification.

Thus absent such mechanisms, H&W believes that the most appropriate way to enforce the fulfillment of the obligations undertaken by the Government in the process of privatization is the incorporation of relevant provisions to the purchase and sale agreement of the block of shares and introduction of responsibility for violation of such obligations. This idea as presented by H&W was supported in general by the Legal Department of the State Property Fund of Ukraine. The next step will be the development of the details of its implementation and consideration of the issues of Government's responsibility for violation of obligations undertaken under purchase and sales agreement. H&W is looking forward for further cooperation with SPF on these and other issues.

D.4 TENDER CONDITIONS IN THE UPCOMING ROUND OF PRIVATIZATION

Currently H&W is looking over the legal aspects of the pre-qualification criteria for strategic investors, pre-conditions of participation and the problem of full disclosure of bidders' ownership at the tender stage. The objective of this activity is to propose the improved regulation of the indicated above procedures by means of elaboration of more ineffective provisions of the Ukrainian legislation. H&W have previously provided detailed comments on pre-qualification criteria to Deloitte and Touch on their oblenergo privatization strategy.

E. RELATIONSHIPS WITH THE INTERNATIONAL TASK FORCE

As previously mentioned, GOU and the principal international donor agencies in Ukraine – EBRD, IMF, the World Bank and USAID – created an international energy Task Force to tackle problems with the Ukraine power sector. The decisions of the Task Force routinely shape and guide the directions of our Project. Within the Task Force, USAID plays a key role directing Task Force activities, including drafting concept papers summarizing the group consensus (or seeking to attain such consensus). The working body of the International Task Force is the weekly "Donor Meeting", in which Hunton and Williams is a normal participant. Hunton and Williams regularly reports to the Donor Meeting on matters in its areas of competence. In November 2001 for example, the Donor Group held a special meeting specifically to discuss Hunton and Williams WEM Law proposals. The Donor Meeting and the International Task Force meetings have also become a vehicle through which certain Hunton and Williams concept documents have been distributed to both Donors and to various Government of Ukraine agencies.

F. TRAINING PROGRAM

Hunton & Williams developed a focused training program to support Project objectives. Rather than the traditional training consisting of courses and lectures, we devised a series of five, week-long training programs. Each program consists of a one day traditional lecture by a consultant in a particular area, followed by four days of hands on training and discussion with each of our GOU counterpart agencies. The purpose of the exercise is to impart a common vocabulary and to discuss a common set of issues among the counterparts. The topics are selected to emphasize particular aspects of our substantive program: regulatory law, basics of regulation, tariffs and rate design, power pools and generation pricing. For more detail see part G.3 below.

G. ADDITIONAL SERVICES

G.1 OIL AND GAS ACTIVITIES

Oil and gas work of Hunton and Williams remains limited. In the period June 2001 through October 2001 Hunton and Williams provided limited staff and logistical support for the efforts of the US Embassy and USAID to assist the Ukrtransnaft (Ukrainian oil pipeline company) to develop a strategy for commercial operation of the new Odessa to Brody oil pipeline.

G.2 STUDY TOURS AND COUNTERPART TRAVEL SPONSORED BY H&W

In the period June 2001 through November 2001, the project sponsored the following study tours and other counterpart travel:

Study Tour to UK for Verkhovna Rada and Energy Sector Senior Officials
Dates: 18-22 July 2001 The Ukraine power pool is designed on the British model. Participants reviewed the UK experience in power sector reform, which is especially interesting in the light of the recent introduction of New Electricity Trading Arrangements (NETA), which substantially modified the pool operations.

Participants:
1. Bohdan Datsyshyn, Ministry of Fuel and Energy, Acting Head of Electricity Department
2. Vassyl Kotko, National Electricity Regulatory Commission (NERC), Commissioner
3. Valeriy Kalchenko, Director of State Enterprise "Energomarket"
4. Kazymyr Denysevych, Head of Department of NEC "Ukrenergo"
5. Vasyl Chahovets, M.P., Head of the parliamentary subcommittee on energy matters and member of the Interagency working group on energy legislation
6. Yevhen Marmazov, M.P., Member of the Parliamentary Committee and Head of the Working Group for the draft law on organization of the Wholesale Electricity Market of Ukraine, Member of the Interagency working group on energy legislation
7. Alla Aleksandrovska, M.P., Head of the subcommittee on matters of nuclear policy in the Parliamentary Committee and member of the Interagency working group on energy legislation
8. Oleksandr Matviychuk, Deputy Head of the Committee Secretariat and member of the Interagency working group on energy legislation
9. Vadym Lytvyn, Chief consultant of the Parliamentary Committee and member of the Interagency working group on the draft law for the functioning of the Wholesale Electricity Market of Ukraine
10. Yanina Pankova, Interpreter of Hunton & Williams (Ukraine Office)

Travel of NERC representatives to Warsaw,
Dates: 29,30 September – 4 October 2001
Purpose: Participation in the meeting of Committees of the Regional Regulatory Bodies Association. Commissioner Goncharova participated in discussions of the Licensing and Commercial Competitions Committee, while Mrs. Osadchaya - participated in discussions of the Tariffs and Pricing Committee.
Participants:
1. Goncharova Lubov, NERC, Commissioner
2. Osadchaya Olga, NERC,

Study Tour to UK for NERC and Cabinet of Ministers
Dates: 19-25 November 2001
Purpose: To review the work on reforming electricity sector regulation. Some key issues need additional consideration and study of experience of those countries that carried out electricity sector reforms and implemented appropriate models. Participants studied the major principles of the NETA, learned practical aspects of functioning of Generators and Distributors, Reviewed the functioning of Regulatory practices, functioning of the Power Pool under direct contract arrangements.
Participants:
1. Kiyashko Yuriy, NERC, Commissioner
2. Goncharova Lubov, NERC, Commissioner
3. Vishinskiy Sergey, NERC, Energomarket Division
4. Lagodiuk Raisa, NERC, Division of Pricing Policy
5. Popovich Vladislav, NERC, Technical Department
6. Sudak Igor, NERC, Energomarket Division
7. Brinziuk Vladimir, NERC, Department of Information and Public Relations
8. Shakh Olga, NERC, Legal department
9. Grigorovskiy Vitaliy, Cabinet of Ministers of Ukraine, Head of Sector of Monitoring of Electricity Preservation and Regulation
10. Pankova Yana, Interpreter of H&W
11. Antonova Yelena, Tariff Specialist of H&W
12. Raschepkin Vladyslav, Economist of H&W

G.3 TRAINERS LECTURERS OR OTHER EXTERNAL CONSULTANTS SPONSORED BY HUNTON AND WILLIAMS

Name: Roberto D'Addario, specialist in energy market reforming, Argentina
Dates: 13 – 14 June 2001
Purpose: Participation in the Rada FEC International Conference "Experience in energy markets reforming"
Course title / lecture title / seminar joined:

- Experience and approaches to reformation of energy sector in Argentina
- "Developing countries experience in implementation of new economically justified electricity tariffs".
- "Experience of ownership relations reformation in Argentina"

Name: V.S. Ailawadi, Head of Regulatory Commission of Khariana state, India
Dates: 13 – 14 June 2001
Purpose: Participation in the Rada FEC International Conference "Experience in energy markets reforming"
Course title / lecture title / seminar joined:

- Experience and approaches to reformation of energy sector in India
- Key principles of carrying out energy sector regulation in the period of energy market reformation

Name: Stephen Horvath, Hunton & Williams, Senior Partner in London's office
Dates: 13 – 14 June 2001
Purpose: Participation in the Rada FEC International Conference "Experience in energy markets reforming"
Course title / lecture title / seminar joined:

- Working out of the concept of energy markets reformation: economic expedience and/or achievement of political consensus
- Key principles of carrying out energy sector regulation in the period of energy market reformation
- "Experience of cooperation of international specialists with NERC in the process of working out and approval of the methodology for determining tariffs for electricity transmission and electricity supply"

Name: William Froehlich
Dates: 24 June – 4 July 2001
Purpose: To Conduct a Training Workshop on Constitutional Logic for H&W Staff, and to advise the NERC Commissioners and legal staff on administrative issues.
Course title /lecture title/seminar presented:

- Constitutional Logic for Lawyers

Name: Edward Chow
Dates: 16 – 19 August 2001
Purpose: Participation in Odessa-Brody Project as requested by USAID

H. NERC ACTIVITY REPORT

Our activities with the NERC are summarized in more detail in the activity report table below.

#	Subject of the request	Date	Form	Document Author (if any)	Status
1.	Request to provide information on market share limitations in the international power markets	May	Orally	V. Kotko, NERC Commissioner	Responded on June 1, 2001 with: 1) H&W Memo "Survey of ownership of electricity distribution companies and competition law considerations"; 2) Brief table summarizing the above memo; 3) Horizontal Merger Guidelines – common document of the US Department of Justice, and the Federal Trade Commission.
2	Request to provide an analysis of the Tariff Change Application and Consideration Procedure used by the US regulatory agency and summary of the Tariff Change Application and Consideration Procedure in form of a step-by-step guide.	July 9, 2001	Orally	Yu. Kiyashko, NERC Commissioner	Responded on August 15, 2001with: 1) Cover memo of Suzan Kern, H&W summer associate, outlining the project & summarizing the results and sources. 2) Summary Guide to Regulatory Agency's Application and Hearing Procedures 3) Step-by-Step Guide to Regulatory Agency's Application and Hearing 4) Regulatory Agency's Organizational Chart
3	Request for two servers for 1) organization of the database server; 2) application of "Firewall" type software and ensuring reliable exchange of information with ESE.	July 18, 2001	In writing / NERC letter	Yu. Prodan, NERC Chairman	Under Consideration
3.1	Justification for rendering technical assistance. Explains the need to purchase three state-of-art servers (mail, database, Web). Asks to assist in purchasing the Web-server first of all.	August 20, 2001	In writing / NERC letter	Simonenko, Head of The NERC Technical Dpt.	Under Consideration

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#	Subject of the request	Date	Form	Document Author (if any)	Status
4	Request to provide information on the structure of electricity consumption according to the categories of consumers in some European countries and in the US.	August 28, 2001	Orally	An employee of PR Dpt	On August 29 and 30, 2001 responded with internet-originated information
5	Request to provide information on the definition of electricity distribution.	August 13, 2001	In writing/ Explanation of the request	Olga Shakh, attorney of Legal Dpt	Responded on August 27, 2001 in form of "Electricity Distribution Definition" Memo prepared by Halstead Gloria, H&W office in Washington DC
6	Request to provide information on restrictions on natural monopolists at electricity market and gas market in creating subsidiaries (subs).	August 20, 2001	In writing / NERC Letter	Yu. Prodan, NERC Chairman	On October 18 provided NERC with Ukrainian translation of the Memo "Regulating Utility Affiliates: Challenges and Solutions", prepared by Ken Barry (H&W, Washington DC), and dated October 5, 2001.
7	Request to provide information on the international experience regarding splitting up of the distribution networks of natural monopolists and creation of new natural monopolists.	August 28, 2001	In writing / NERC Letter	Samborskaya, Head of Legal Dpt	On October 18 provided NERC with Ukrainian translation of the Memo "Regulating Utility Affiliates: Challenges and Solutions", prepared by Ken Barry (H&W, Washington DC), and dated October 5, 2001.

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#	Subject of the request	Date	Form	Document Author (if any)	Status
8.	Request from Mrs. Osadchaya to translate an abstract from the "Summary of the Roundtable Discussion of Tariff Methodologies. Tariff / Pricing Committee Meeting" dated June 19, 2001.	September 6, 2001	Orally	Mrs. Osadchaya, Deputy Head of NERC's Tariff and Pricing Dpt	Provided written translation on September 7
9.	Request from Mrs. Goncharova to advice on the issues: 1) Do utilities in the US have the right to carry out several types of activities that are not those directly regulated by the Commission? 2) Are regulated companies allowed to merge or combine. If such, what would the conditions be?	September 19, 2001	Orally	Mrs. Goncharova, NERC Commissioner	On October 19, provided written Memo.
10.	NERC request to learn the Experience of New Energy Trading Arrangements (NETA) introduction in GB	October 10, 2001	NERC letter	V.Kotko, Acting NERC Chairman	Training tour for NERC specialists on November 19-25, 2001
11.	Request from Mrs. Boyko to advice on whether there is legislation in effect in other countries that provides for such measure of security for fulfillment of obligation as pledge of electricity.	October 11, 2001	Orally	Mrs.Boyko, Deputy Head of NERC's Energomarket Dpt	Delivered short answer
12.	Follow up of the earlier request from NERC's Oil and Gas specialists to provide information on open access pipeline regulations (US experience)	October 15, 2001	During the meeting with Bill Froehlich	Orally/ A. Uzlyuk, Head of the NERC Dpt. on Oil and Gas Complex Regulation	Provided with Ukrainian translation of the FERC Order on Remand in Panhandle Eastern PipeLine Company case dated April 12, 2000.
13.	Request from Mrs. Boyko to provide advice	October 16,	Orally	Mrs.Boyko,	October 19: general explanation of the cost

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#	Subject of the request	Date	Form	Document Author (if any)	Status
	on following issues: Do customers' committees exist in the US? If yes, who creates and finances them? How do they operate? How FERC protects consumers' rights?	2001		Deputy Head of NERC's Energomarket Dpt	structure and funding of research bodies in the US.
14.	Request from Commissioner Goncharova to provide support to NERC's proposal to the Draft Law "On Introducing Changes to the Law of Ukraine "On Licensing of Certain Types of Business activities"	October 19, 2001	Orally	Commissioner Goncharova	Under consideration
15.	NERC request to translate into English NERC quarterly report to Economy Ministry on "Implementation of measures aimed at fulfillment of the criteria of structural changes to the MOU between the EU and Ukraine"	October 23, 2001	NERC letter	Commissioner Goncharova	Provided with requested written translation on October 26
16.	Request to advice on the issue of "setting up standards for power companies in establishing allowable payments aimed at covering own needs' costs"	October 23, 2001	Orally	Mrs.Boyko, Deputy Head of NERC's Energomarket Dpt	Provided Mrs. Boyko with a written answer
17.	NERC request to provide information on:	October 23, 2001	NERC Letter	V.Brynzyuk, Head of Informational Support and PR Dpt.	See 18.1, 18.2, 18.3
17.1	Mutual settlements between energy market entities and customers				On October 26 provided Mr. Yurchuk, Mr. Brynzuyk and Commissioner Kotko with the Memo "Regulating Utility Affiliates: Challenges and Solutions", prepared by Ken Barry (H&W, Washington DC), and dated October 5, 2001.

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#	Subject of the request	Date	Form	Document Author (if any)	Status
17.2	Paying off the debts				H&W compiled its ideas on this issue. Response document is being translated
17.3	Statistical reporting of energy companies				Under consideration
18	Preparation and English translation of the slides for Sophia Conference (for Mrs.Osadchaya).	November 7, 2001	orally	Mrs. Osadchaya, Deputy Head of NERC's Tariff and Pricing Dpt	Provided to Mrs. Osadchaya on November 13.
19	Request to translate Electricity Regulation Survey, that the NERC received from the World Bank	November 19, 2001	NERC Letter	NERC Informational Support and PR Dpt	Under consideration
20	Coordination of Julia Weller's presentation at Sophia Conference with NERC participants at the same Conference (Mrs.Osadchaya)				On November 22 provided Mrs. Osadchaya with Ukrainian translation of the slides, clarified some of the statements made by the slides.

ANNEX A
MATTHEW GOLDBERG TRIP REPORT
ON ALGORITHM ACTIVITY

This report highlights and discusses in greater detail one of issues that the Hunton & Williams' Project Office focused on during my time in Ukraine: reforming the WEM Algorithm Procedure. The operations of the Algorithm are summarized in the Flow Chart at the fifth page of this Annex A, and described in mode detail in the table of NERC Orders affecting the Algorithm in the past year, presented here as Annex D.

A. WEM Algorithm Procedure

At this time, there are two relevant normative documents with regard to the WEM Algorithm Procedure. The first document is Schedule 4, Article 10 of the Wholesale Electricity Market Members Agreement ("WEMMA"). (Otherwise referred to as "IVKOR Article 10"). This Schedule of the WEMMA purports to govern the introduction of changes to the WEM Algorithm. It was passed by the WEM Board in 2001. The second normative document is Draft Schedule 9 of the WEMMA. This Draft Schedule purports to establish a procedure for introducing changes to the WEM Algorithm in response to so-called Emergency Situations. Because these Schedules were drafted by different WEM Board Working Groups, we have been advocating to WEM Members and to the WEM Board directly that these procedures need to be harmonized. More specifically, we directly advised the WEM Board to reconsider its recent decision passing IVKOR, Article 10, because the procedure it embodies is not adequate to ensure that future changes to the Algorithm are rational, fair or conducted in transparent fashion, and if left in place, has the potential to be used in place of Draft Schedule 9.

In recommending to NERC and the WEM Board that these changes be made to the WEMMA, we worked closely with and developed a coalition between Energoatom and AES in order to establish domestic political pressure to further our advocacy. In response to our advocacy, on November 22, 2001, the WEM Board decided:

(a) to approve Working Group efforts to draft an interim procedure for introducing changes to the WEM Algorithm to address emergency situations in the WEM;

(b) to place on the Agenda of the WEM General Meeting (February 2002) the issue of eliminating emergency situations as a basis for introducing changes to the WEM Algorithm; and

(c) to direct the IVKOR Working Group to revise article 10 of IVKOR (an existing provision of the WEM Members Agreement) that establishes the general procedure for introducing changes to the WEM Algorithm.

The WEM Board decisions represent concrete steps toward reforming the Government's existing practice of frequently and irrationally reallocating the flow of funds through the Electricity Sector, because if the WEM Board and the WEM General Meeting complete these tasks, then the Agreement entered into by the WEM Members will formalize domestic political pressure on the Government of Ukraine to establish clear and narrow criteria for introducing changes to the WEM Algorithm, and procedures that ensure transparent and more rational decision-making when and if changes to the WEM Algorithm are made. The Government's reasons for introducing changes to the WEM Algorithm over the past year can be seen in the Attached Table.

B. Background to the WEM Board's Resolution During Quarters 5 & 6

Hunton & Williams' efforts on reforming the procedure by which changes are introduced to the WEM Algorithm had been focused on working with NERC to develop a WEM Algorithm Procedure in response to a Cabinet of Ministers' directive. In the first half of 2001, Hunton & Williams worked with NERC staff and produced multiple drafts of a procedure that would have established checks and balances on introducing changes to the Algorithm and that would have increased reporting requirements associated with decisions to change the WEM Algorithm. NERC formally submitted two drafts for Cabinet of Minsters' approval and both were rejected.

In rejecting the second draft, and in addition to other comments, the Cabinet of Ministers claimed that it was inappropriate for it to establish such a detailed procedure. As a result, NERC drafted a "skeletal" procedure that established

no criteria to govern future changes to the WEM Algorithm, contained inadequate reporting requirements by stakeholders and NERC, and removed certain checks and balances.

Hunton & Williams therefore advocated against passage of this procedure, and consulted with both NERC and the Cabinet of Ministers on this matter. With regard to NERC, we argued that if such a procedure were passed by the Cabinet of Ministers, NERC would have to establish a more detailed procedure, "implementing" the Cabinet of Ministers Resolution. With regard to Cabinet of Ministers, we lobbied that they not establish that procedure by Resolution, because in our analysis, it would be ineffectual, and moreover, as a legal matter, because NERC had sole responsibility for introducing changes to the Algorithm, it should be able to develop its own procedure.[1] (We took this position to guard against the potentiality that NERC would never promulgate "implementing" regulations pursuant to the proposed Cabinet of Ministers' procedure.) The Cabinet of Ministers ultimately, albeit informally, resolved that NERC was solely responsible for drafting a WEM Algorithm Procedure and that Cabinet of Ministers should not exercise oversight of the development of that Procedure.

Thereafter, and against our objections, NERC immediately proposed the same "skeletal" procedure to the WEM Board for inclusion in the WEMMA as Schedule 4, Article 10 -- otherwise known as "IVKOR Article 10." (IVKOR was otherwise in the process of being revised). In our consultations with NERC - primarily Sergei Vishinsky, the Head of the NERC Energomarket Department, and NERC's Representative on the IVKOR Working Group -- NERC never offered a policy-based objection to our concerns about the great potential for continued abuse of the WEM Algorithm if their proposed procedure was adopted. Rather, NERC's repeatedly contended that it was politically untenable (vis a vis the Cabinet of Ministers for example) for NERC to pass regulations that would limit the criteria under which changes to the WEM Algorithm could be sought. (For example, Vashinsky repeatedly argued that NERC would have to follow Cabinet of Ministers directives that NERC modify the Algorithm to address fuel shortages). The WEM Board thereafter approved NERC's proposed procedure for inclusion in IVKOR.

The existing practice of re-allocating funds in the WEM Algorithm is largely ungoverned by any formal procedure. While NERC issues Resolutions announcing such changes to the Algorithm, these Resolutions are

C. Next Steps in Reforming the WEM Algorithm

Because of the high degree of government interference in the flow of funds, what the WEM Algorithm represents is often overlooked. The WEM Algorithm's basic principle should be: the allocation of payments received by WEM Members in a manner proportionate to the due payments calculated according to Market Rules and existing prices in the current settlement period. Developing a procedure that protects this principle from political and arbitrary decision-making should make the Sector more attractive to potential foreign strategic investors and should help prevent continued deterioration of the Sector due to Government interference and promotion of harmful financial practices.

As highlighted in the Attached Table, the Government's present practice of introducing changes to the WEM Algorithm negatively affects the Sector, in part because when funds are seized from WEM entities, this loss of funds is done so in an unplanned way; without a reliable schedule for repayment of funds; and does not require that repayment, if made, be made with interest. As a result, the present practice: (a) promotes irresponsible management of power facilities; (b) obscures the true costs of electricity service; (c) inefficiently allocates resources to address those emergencies; and (d) unfairly seizes funds from other WEM Members.

In short, the Government of Ukraine acts in the Energy Sector as a poorly-run insurance company or bank -- not requiring "covered entities" to pay a premium for what is essentially insurance coverage nor requiring "borrowers of funds" to pay interest on those loans. At the same time, normal commercial and regulatory instruments could address many of the problems for which funds are presently reallocated. WEM Entities can seek bank loans, insurance, or interim tariff increases. Any one of these methods would avoid the problems identified above. In this regard, there are two distinct issues implicated by WEM Algorithm reform.

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[1] Specifically, we met with Natalia Sokolovskaya, Chief Specialist of the Department of Monitoring and Market Reform in Energy Sector of Economy.

First, how will requiring WEM Members to obtain insurance, and otherwise rely on "civilized" financial and regulatory methods, be reflected in the price of electricity?[2] In this regard, the Hunton & Williams Project Office has begun discussions with Marsh Ukraine and AIG to determine what type of insurance is presently available for the energy sector, and what is the answer to the question posed above. In this regard, we have learned that Marsh Ukraine plans on conducing a "feasibility study" for insuring the Sector, pursuant to European Commission funding. They expect to begin in the beginning of 2002.

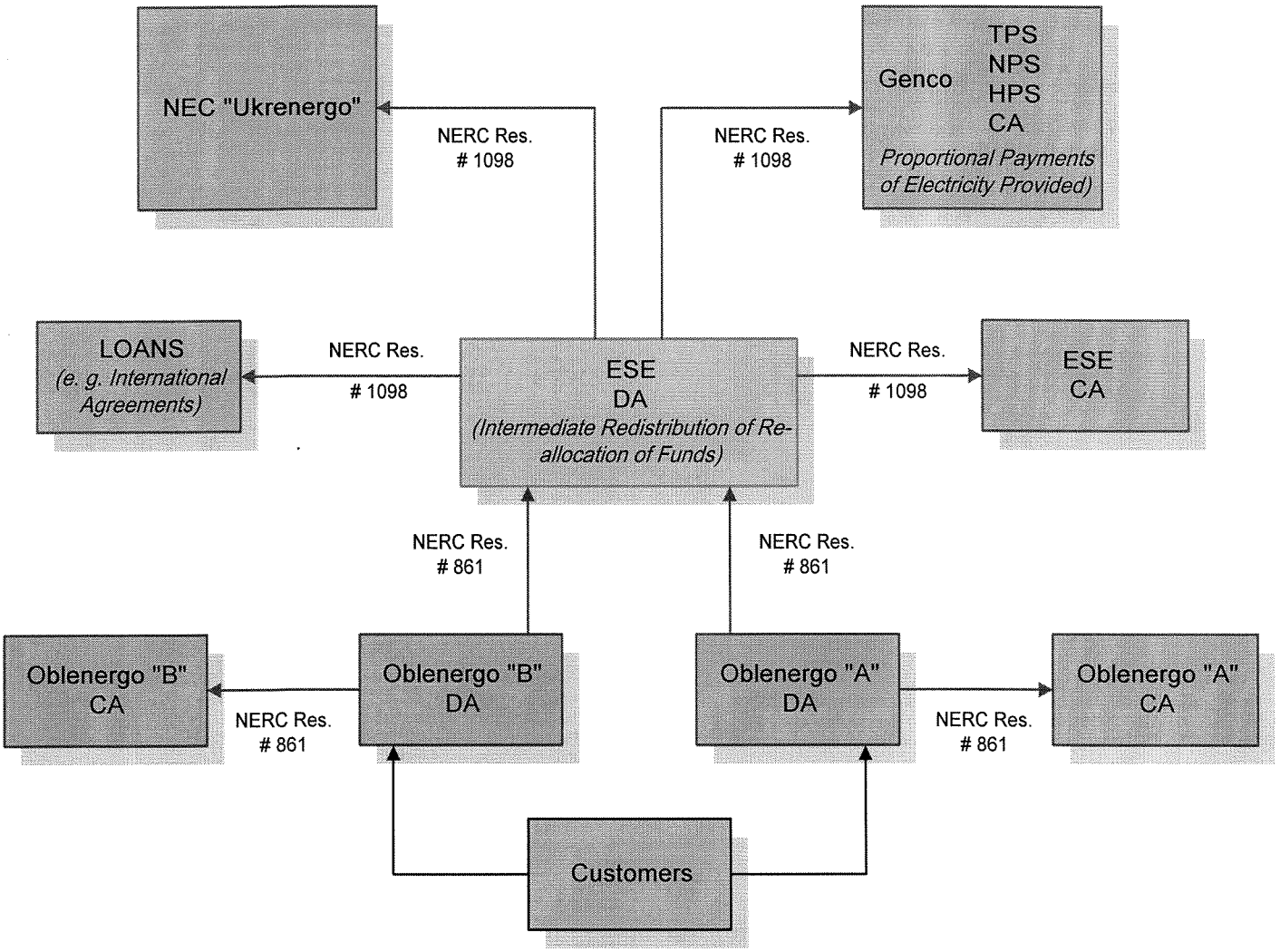
The second issue raised by WEM Algorithm reform concerns debt restructuring. The present practice in the WEM is for the Upper Level WEM Members to agree what percentage of funds in the upper level are directed to meeting international debt obligations (and potentially other internal or external debts, like for fuel). Reforming the WEM Algorithm so that the WEM and the Government respects the basic principle represented by the WEM may result in smaller regular repayments of debt, because there may be Upper Level WEM entities that do not have existing debt obligations and would therefore receive a larger percentage of funds, if the Upper Level WEM Members stopped making special allocations to service international debts.

Advocating for continued reform of the WEM will require continuing to establish a close relationship with Energoatom and AES, because both are influential WEM Members and they both share concerns about terminating the Government's existing practice. While NERC has was largely unresponsive to our efforts to reform the WEM Algorithm in Quarters 5 & 6, recent developments may make NERC more likely to seek reform of the system. In particular, NERC was recently sued by Odessaoblenergo over its attempts to obtain repayment for funds allocated to Odessaoblenergo through a change to the Algorithm.

The Hunton & Williams project office will continue, of course, to work closely with counterparts on this issue. In Quarters 5 & 6, however, working closely with WEM Members proved to be useful in raising the profile of these issues to other WEM Members and to achieving positive steps to reforming the Algorithm.

[2] WEM Entities will be required to obtain insurance, either because of reforms to the WEM Algorithm or because the Government will enforce recently passed amendments to the Insurance Law. (On Oct. 4, 2001, the Verkhovna Rada passed these amendments. President Kuchma did not veto them.) These amendments make obligatory, for example, "insurance of transmission lines and conversion equipment of electricity transmitters against the damage incurred due to natural calamities or man imparted disasters and against illegal acts of third persons." *See* Law on Insurance, art. 6.

OPERATION OF WEM ALGORITHM



Relevant Documents

#	Title	Date
	WEM Algorithm	
1	Table Chronicling Changes to WEM Algorithm	Oct. 31, 2000 - Oct. 31, 2001
2	Wholesale Electricity Market Members Agreement Procedure for Governing Changes to WEM Algorithm	
3	Hunton & Williams' WEM Algorithm Talking Points	

4	Letters to WEM Board Concerning Revision of IVKOR, Article 10 & Management of "Emergency Situations"	Oct. 16, 2001 & Nov. 8, 2001
5	Table of Comments Analyzing Draft Schedule 9 Regarding Emergency Situations in the WEM	October, 2001
6	Letter to Sergei Vishinsky (NERC) Regarding Need for Revised Procedure to Govern Changes to WEM WEM Algorithm	September, 2001
7	Letter to Mr. Vitaliy Grihorovskiy (Chief of Sector of the Department of Monitoring and Market Reform in Energy Sector of Economy) and Ms. Natalia Ivanovna Sokolova (Chief Specialist of the Department of Monitoring and Market Reform in Energy Sector of Economy) Concerning NERC Submission of Draft Cabinet of Ministers Resolution "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market"	July, 2001
8	Letter to Vasyl Kotko (NERC Commissioner) regarding need to revise WEM Algorithm Procedure	October, 2001
	Tariff	
9	FondElec Letter to Prime Minister Kinakh regarding need to approve tariff increase application	August 2001
	Comfort Letter 133	
10	Letter to First Vice Prime-Minister Dubyna Concerning Order #316-p "On the Establishment of Working Group to Solve the Issues of Preparation and Sale of Energy Supplying Companies and Development of Energy Sector"	July 2001
11	Comfort Letter Implementation Matrix	July 2001
	Project Management	
12	Monitoring Work Plan	May 2001
13	USAID Index Priority Draft Laws in Ukraine	October 2001
	Asset Stripping	
14	Memo regarding Status of Asset Stripping in Ukraine	July 2001

ANNEX B:

EQUIPMENT PURCHASED BY H&W FOR THE ENERGOMARKET STATE ENTERPRISE

The complexity of the Energomarket informational structure, the scope of settlement activity and the responsibility for results determines strict requirements on network structure and characteristics. In order to fulfill the functions of Energomarket Local Area Network , and in response to our Contract Requirements, H&W provided the following components to Energomarket:.

1ST SUPPLY (JUNE 2001)

Description	Q-ty
File - server for centralized storage and processing of technological information	
Compaq ML350T01 P933-256 HP EURO	1
Transcend 256 Reg SDRAM DIMM133 ALL	2
Compaq 18.2 GB Pluggable Ultra3 10K Universal Hard Drive (1")	3
Compaq Smart Array 431 RAID Controller (1 x Ultra3)	1
Compaq 20/40G DAT INTERNAL ALL	1
Compaq DDS4 20/40G DAT 10 Pk	1
Database server for efficiency of joint usage and processing of technological data	
Compaq DL580R01 X700 2P 2M EURO	1
Compaq 18.2 GB Pluggable Ultra3 10K Universal Hard Drive (1")	3
Compaq Hot Plug Redundant Power Supply Module Option KIT for PL6400R	1
Main mail server for receipt of the input data for settlements system	
Compaq ML350T02 P1000-256 M1 EURO	1
Compaq 9.1 GB Non Pluggable Ultra3 10K Hard Drive (1")	2
Other	
APC Smart UPS 5000 NetBundle for the servers	2
APC RM 2U Smart UPS 1400VA for the switches	1
3COM Baseline Switch 10/100 (24 port 10/100MBit)	1
3COM SuperStack 3 3300 MM 24 10/100 Ports, 1 Matrix Module, 1RU for efficiency of the interchange of packages in the network	1
3COM SuperStack 3 Switch 3300 XM 24-port	2
3COM SS II Switch Matrix Cable	2
Compaq S510 15" Monitor MPRII	3

2ND SUPPLY (NOVEMBER 2001)

Description	Q-ty
Cisco Modular Router to provide the LAN security, Internet access	
Cisco 3600 4-slot Modular Router-AC with IP Software	1
2 10/100 Ethernet 2 WAN Card Slot Network Module	2
8-Port Async/Sync Serial Network Module	1
8-to-16MB Flash Factory Upgrade for the Cisco 3600	1
32-to-64 MB DRAM Factory Upgrade for the Cisco 3640	1
RS-232 Cable, DTE, Male, 10 Feet	8
Cisco 3640 Series IOS IP PLUS IPSEC 56	1
Compaq Server for applications: client – server technology	
ML350T01 P933-256 HP EURO	1
256 Reg SDRAM DIMM133 ALL	2
18.2 GB Pluggable Ultra3 10K Universal Hard Drive (1")	3
Mail hot-swap server for sustainable receipt of the input data for settlements system	
ML350T02 P1000-256 M1 EURO	1
9.1 GB Non Pluggable Ultra3 10K Hard Drive (1")	2
V570 Opal TCO99 EURO	2
Other	
SuperStack 3 3300 MM 24 10/100 Ports, 1 Matrix Module, 1RU	1
SuperStack 3 Switch 3300 XM 24-port	2
SS II Switch Matrix Cable	2
HP LaserJet 5000GN Network printer for organization of fast printing within the network	1

ANNEX C:

INFORMATIONAL STRUCTURE OF THE SETTLEMENT SYSTEM OF THE WHOLESALE ELECTRICITY MARKET OF UKRAINE. PREPARED BY «ENERGORYNOK» SE

"Energorynok" SE was created in order to introduce effective mechanisms of organization of the Wholesale Electricity Market (WEM) pursuant to the Ukraine Cabinet of Ministers Resolution №755 dated May 5, 2000.

Activities of the enterprise include:

- Electricity purchase from generators/importers;
- Electricity wholesale to power supply companies/large customers;
- Organizational and logistical support to Wholesale Electricity Market operation;
- Execution of functions of Settlement System Administrator, Market Funds Administrator, Secretariat etc.

In carrying out its activities «Energorynok» SE effectively inter-acts with all the market participants, including:

- 4 generating companies Thermal Power Plants - TPPs (14 enterprises);
- generating company Nuclear Power Plant - NPP (4 enterprises);
- 2 generating companies - Hydro Power Plants - HPPs (8 enterprises);
- Several tens of independent generating enterprises (CHPs, HPPs);
- 34 suppliers at regulated tariff;
- Several hundreds of suppliers at non-regulated tariff;
- NEC «Ukrenergo» and 8 regional subdivisions (power systems);
- NERC.

Technical Requirements to the Local Area Network (LAN) of «Energorynok» SE

The complexity of the informational structure, large scope of settlements and responsibility for their results determine strict requirements to the network structure and characteristics. Following aspects shall be taken into consideration in the process of creating the LAN:

- High intensity of information exchange with the Energomarket participants;
- Efficiency of executing settlements;
- Reliability of information storage, keeping its confidentiality;
- Integration of information of the local network into united database of Energorynok.

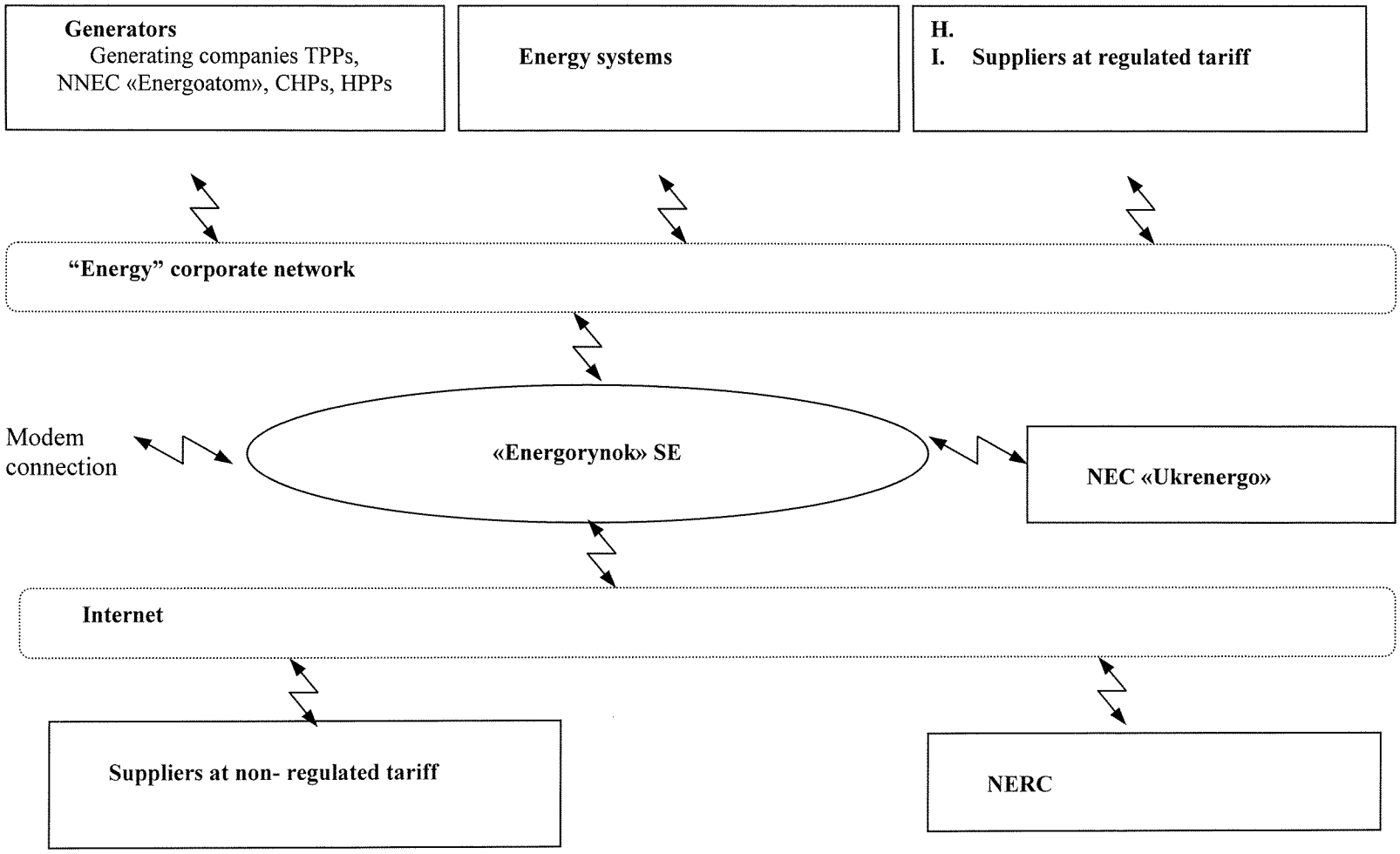
Proposed solution

Experts of «Energorynok» SE and "Hunton & Williams" consultants believe that in order to meet the above requirements the LAN must be organized in the following way:

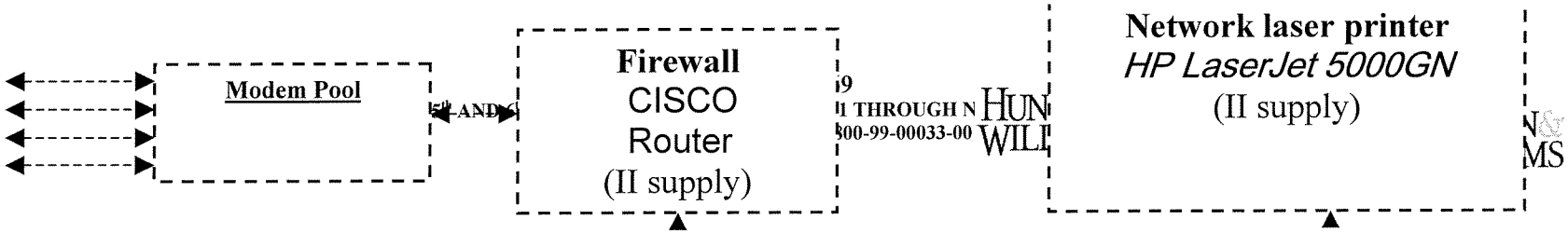
- Main and hot-swap mail servers (receipt of the input data for settlements system);
- File - server (centralized storage and processing of technological information);
- Database server (efficiency of joint usage and processing of technological data);
- Server of applications (applications: client – server technology);
- router (providing for the LAN security, Internet access);
- Stack switches 100 Mbit (efficiency of the interchange of packages in the network);
- Modem pool of 5 units (alternative channel of communication);
- Network printer (organization of fast printing within the network).

Presented below is the connection circuit for equipment, which was provided by "Hunton & Williams", and utilization scheme of the LAN equipment of «Energorynok» SE by the WEM settlement system.

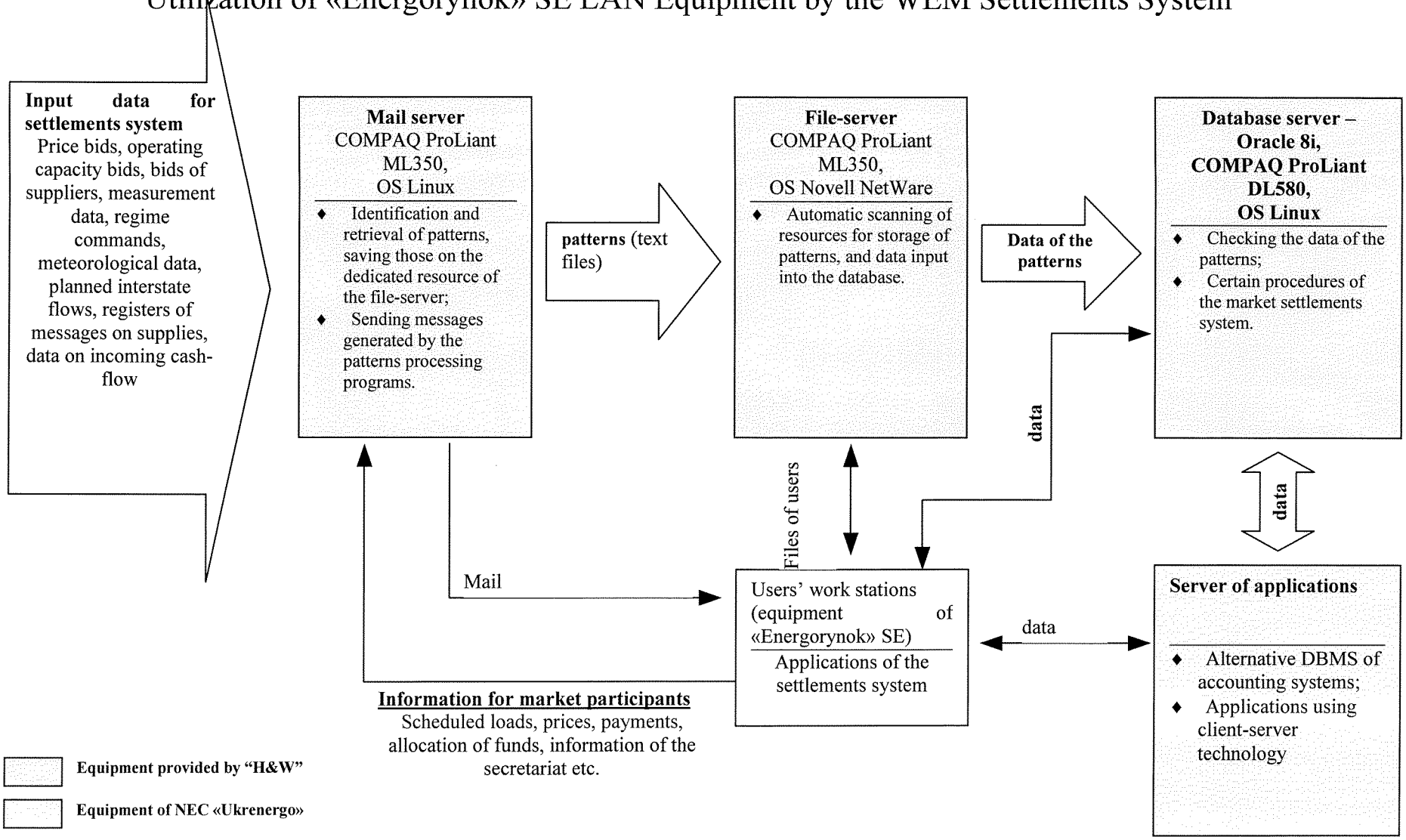
Generalized Scheme of Information Exchange Between Energomarket Participants



Connection Flowchart for Organization of «Energorynok» SE LAN (including the equipment provided by "Hunton & Williams")



Utilization of «Energorynok» SE LAN Equipment by the WEM Settlements System



ANNEX D:

HUNTON & WILLIAMS

TABLE OF NERC RESOLUTIONS ON INTRODUCTION OF CHANGES TO THE WEM ALGORITHM IN THE PERIOD NOVEMBER 1 2002 TO OCTOBER 31, 2001

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
1.	No. 1145, 22 November 2000	Chernigivska CHP daily in the amount of 1.5 mln UAH commencing on November 22 through November 28, 2000	In order to bar Chernigivska CHP from interruption of its operation (I can assume that it means fuel shortages)	4 ESE[3] DA[4] to ULMM[5] ESE DA to LLMM[6] LLMM DA to ESE DA
2.	No. 1153, 23 November 2000	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo" until 75 mln UAH is allocated	Announcement of the State of Emergency at the WEM because of inability to support the frequency and with the aim to pay debt for consumed gas by the generation companies	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
3.	No. 1166, 28 November 2000	Zuyivska CHP daily in the amount of 170 000 UAH commencing on November 29 through December 6, 2000	In order to ensure stable operation of the CHP	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
4.	No. 1176, 30 November 2000	Kharkivska CHP daily in the amount of 300 000 UAH until 10 mln UAH is allocated	In order to pay for consumed gas	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
5.	No. 1178, 1 December 2000	PJSC "Vinnitsaoblenergo" until 4 mln UAH is allocated; PJSC "Khmelnitskoblenergo" until 0.5 mln UAH is allocated; PJSC "Cherkasyoblenergo" until 1 mln UAH is allocated; PJSC "Kirovogradoblenergo" until 1.5 mln UAH is allocated; PJSC "Mikolaivoblenergo" until 0.7 mln UAH is allocated; and PJSC "Odesaoblenergo" until 4 mln UAH is allocated	Due to announcement of the State of Emergency at the WEM because of breakdowns on the energy facilities	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
6.	No. 1183, 1 December	Percentage of allocation of funds to the current account of PJSC "Poltavaoblenergo was increased from 37,81% to 42,5%	Repayment of funds for supply of electricity to the budgetary establishments	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA

[3] "ESE" means State Enterprise "Energorynok"

[4] "DA" means distribution account

[5] "ULMM" means upper level Market Member

[6] "LLMM" means lower level Market Member

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
	2000			
7.	No. 1185, 1 December 2000	Allocation of funds to the current account of SE "Energorynok" was increased from 36 000 UAH to 54 560 UAH and special account of EC "Dnistrohydroenergo" was amounted to 32 000 UAH	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
8.	No. 1187 4 December 2000	PJSC "Zhitomiroblenergo" until 3.6 mln UAH is allocated	Extension of the State of Emergency at the WEM to the oblenergo because of breakdowns on the energy facilities	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
9.	No. 1199 9 December 2000	Chernigivska CHP daily in the amount of 1 mln UAH commencing on December 11 until 10 mln UAH is allocated	In order to bar Chernigivska CHP from interruption of its operation	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
10.	No. 1209 15 December 2000	PJSC "Donbassenergo" daily in the amount of 2 040 000 UAH	To pay salary for PJSC "Donbasenergo's" employees	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
11.	No. 1230 21 December 2000	NNEC "Energoatom" daily in the amount of 2 040 000 UAH	To pay salary for NNEC "Energoatom's" employees	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
12.	No. 1228 21 December 2000	Amount of additional allocation of funds to PJSC "Lvivoblenergo" was changed from 20 980 UAH to 220980 UAH for the account of funds, which were not received by oblenergo for transmission and supply of electricity to the budgetary establishments	To pay salary for PJSC "Lvivoblenergo's" employees	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
13.	No. 1267 26 December 2000	PJSC "Dniproenergo" daily in the amount of 2 040 000 UAH	To pay for supplied coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
14.	No. 4 3 January 2001	The amount of funds allocated to the special accounts of "Donbassenergo" was changed from 360 000 UAH to 276 000 UAH; "Tcentrenergo" - from 350 000 UAH to 204 000 UAH; "Dnistrohydroenergo" - from 32 000 UAH to 23 000 UAH and current accounts of "Ukrenergo" - from 1 140 000 UAH to 1 223 000 UAH and SE	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
		"Energorynok" - from 54 560 UAH to 60 530 UAH.		
15.	No. 28 15 January 2001	Chernigivska CHP daily in the amount of 400 000 UAH commencing on January 16 until 6 mln UAH is allocated	In order to bar Chernigivska CHP from interruption of its operation	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
16.	No. 35 18 January 2001	Zuyivska CHP in the amount of: 1. 90 000 UAH daily commencing on January 18 till January 19, 2001; 2. 27 500 UAH daily commencing on January 22 till January 31, 2001; 3. 20 000 UAH daily commencing on February 1 till February 28, 2001; 4. 19 000 UAH daily commencing on March 1 till March 30, 2001.	In order to ensure stable operation of the CHP	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
17.	No. 37 19 January 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo" until 2.5 mln UAH is allocated	Repayment of debt to ITERA	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
18.	No. 71 29 January 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo" in the amount of 45.5 mln UAH	Extension of the State of Emergency at the WEM with the aim of ensuring of settlements for gas and coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
19.	No. 126 31 January 2001	The amount of funds allocated to the special accounts of "Dniprohydroenergo" was changed from 400 000 UAH to 350 000 UAH; "Donbassenergo" - from 276 000 UAH to 300 000 UAH; "Tcentrenergo"- from 204 000 UAH to 350 000 UAH; "Energoatom" - from 1 700 000 UAH to 1 500 000 UAH; "Ukrenergo" - from 0 UAH to 90 000 UAH; "Dnistrohydroenergo" – from 23 000 UAH to 20 000 UAH; current accounts of "Ukrenergo" - 1 223 000 UAH to 1 000 000 UAH and SE "Energorynok" - from 60 530 UAH to 55 000 UAH.	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
20.	No. 135 6 February 2001	The percentage of allocation of funds to the generation companies was changed	In order to ensure stable energy supply and timely payment for fuel	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
21.	No. 149 13 February 2001	The percentage of allocation of funds to the generation companies was changed. In particular 50 000 UAH shall be daily allocated to "Eskhar" until 800 000 UAH is allocated, and 28 300 UAH to Zuyivska CHP.	In order to ensure stable energy supply and timely payment for fuel	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
22.	No. 151 14 February 2001	Daily additional allocation of funds to PJSC "Kirovogradoblenergo" was changed from 5 100 UAH to 49 488.84 UAH for the account of postponement of reimbursement of funds received by oblenergo as responsible person during emergency situation.	For recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
23.	No. 168 20 February 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	(i)Due to announcement of the State of Emergency at the WEM because of system coal stocks are reduced, and (ii) as a result of applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
24.	No. 187 27 February 2001	Percentage of allocation of funds to the current account of PJSC "Odesaoblenergo" was increased to 50%.	Extension of the State of Emergency at the WEM to PJSC "Odesaoblenergo" in order to carry out recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
25.	No. 208, 13 March 2001	NNEC "Energoatom" commencing on March 14 till March 30, 2001 for the account of daily deduction of funds in the amount of: - 1 185 573.08 UAH from PJSC "Tcentrenergo"; - 1 332 458.24 UAH from PJSC "Dniproenergo"; - 451 147.28 UAH from PJSC "Donbassenergo"; - 528 087.12 UAH from EC "Zakhidenergo."	Repayment of funds received by Thermal Power Plants from NNEC "Energoatom" during the State of Emergency at the WEM	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
26.	No. 207, 13 March 2001	Generation companies	Applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
27.	No. 217, 15 March 2001	The amount of funds daily allocated to the current accounts of "Ukrenergo" was changed from - 1 000 000 UAH to 1 320 000 UAH and SE "Energorynok" - from 50 480 UAH to 41 300 UAH. The percentage of funds allocation to generation companies was changed	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
28.	No. 220, 16 March 2001	Special account of NNEC "Energoatom" - 2600 000 UAH	Financing of construction of power units of No. 4 of Rivnenskoy and No. 2 of Khmelnitskoy NPS	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
29.	No. 224, 20 March 2001	The amount of funds to be allocated to the current account of SE "Energorynok" was changed from 41 300 UAH to 60 050 UAH	Changing of the estimate of expenditure of the enterprise	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
30.	No. 266, 27 March 2001	With regard to 1) PJSC "Dniproenergo" 988 000 UAH and 2) PJSC Tcentrenergo 988 000 UAH shall be daily allocated to the special account of Mintopenergo	According to the Agreement between Mintopenergo, SE "Energorynok," PJSC "Tcentrenergo" and PJSC "Dniproenergo"	ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
31.	No. 285, 28 March 2001	Generation companies ----- Oblenergos -----	Applying of reducing ratio Additional allocation of funds according to the NERC's decisions	ESE DA to ULMM 4 ESE DA to LLMM 4 LLMM DA to ESE DA
32.	No. 322, 4 April 2001	Generation companies	Applying of reducing ratio according to the on-line data of SE "Energorynok"	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
33.	No. 344, 9 April 2001	The amount of funds allocated to the special accounts of "Dniprohydroenergo" was changed from 350 000 UAH to 60 000 UAH, "Donbassenergo" – 300 000 UAH to 280 000 UAH, "Tcentrenergo" – 350 000 UAH to 160 000 UAH, "Ukrenergo" – from 90 000 UAH to 190 000 UAH and to the current account of "Ukrenergo" – from 1 320 000 UAH to 1 225 000 UAH.	According to the WEM Board decision	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
34.	No. 347, 9 April 2001	Chernigivska CHP (LTD "Tehc-Nova") daily in the amount of 107 000 UAH	Pursuant to the Prime-Minister's instruction	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
35.	No. 349, 10 April 2001	Percentage of allocation of funds to the current account of PJSC "Vinnitsaoblenergo" was changed from 39,29% to 100% commencing on April 11 to April 30, 2001	Due to announcement of the State of Emergency at the WEM for PJSC "Vinnitsaoblenergo" in order to carry out recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
36.	No. 369, 17 April 2001	Percentage of allocation of funds to the current account of PJSC "Odesaoblenergo" was changed from 29,10% to 100% commencing on April 18 to April 30, 2001 until 10,80 mln UAH is allocated	Due to announcement of the State of Emergency at the WEM for PJSC "Odesaoblenergo" in order to carry out recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
37.	No. 368, 17 April 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements with coal suppliers	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
38.	No. 409, 20 April 2001	Generation companies ---------	As a result of applying of reducing ratio to PJSC "Sevastopoloblenergo" and changing of the amount of funds	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
		"Donetskvugillya" ---------	allocated to the distribution account of the wholesale electricity supplier from 83,08% to 83,72% Changing of the amount of funds allocated to the current account of the supplier from 14,47% to 14,74%	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
39.	No. 415, 25 April 2001	With regard to PJSC "Dniproenergo" the amount of funds allocated to the special account of Mintopenergo was changed from 988 000 UAH to 2 047 394.67 UAH	For purchase of fuel	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
40.	No. 439, 26 April 2001	Generation companies -------- Oblenergos --------	As a result of applying of reducing ratio Reimbursement of early detained funds (additional allocations)	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
41.	No. 474, 4 May 2001	Generation companies	Applying of reducing ratio to oblenergos	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
42.	No. 485, 8 May 2001	Allocation of funds to the current account of PJSC "Odesaoblenergo" was established in the percentage of 100% commencing on May 14 till May 31, 2001 and commencing on June 1 till June 15, 2001	Prolongation of the State of Emergency for PJSC "Odesaoblenergo" for carrying out of recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
43.	No. 486, 8 May 2001	With regard to PJSC "Dniproenergo" – 386 852.84 UAH; PJSC "Donbassenergo" – 464 223.41 UAH; PJSC "Tcentrenergo" – 355 904.61 UAH; EC "Zakhidenergo" - 340 430.50 UAH. The amount of funds to be allocated to the special account of PJSC "Tcentrenergo" was changed from 988 000 UAH to 1 118 575.97 UAH	For transfer according to the Loan Agreement between Ukraine and EBRD	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
44.	No. 518, 18 May 2001	Percentage of allocation of funds to the current account of PJSC "Odesaoblenergo" was changed from 28,15% to 100% commencing on May 14 till May 31, 2001	Prolongation of the State of Emergency for PJSC "Odesaoblenergo" for carrying out of recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
45.	No. 526, 22 May	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
	2001			LLMM DA to ESE DA
46.	No. 552, 28 May 2001	Generation companies --------	As a result of applying of reducing ratio	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
		Oblenergos --------	Reimbursement of early detained funds (additional allocations)	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
47.	No. 554, 29 May 2001	The amount of funds to be allocated to the current account of SE "Energorynok" was changed from 50 000 UAH to 102 766.67 UAH	For legal and audit services	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
48.	No. 579, 1 June 2001	The amount of funds to be allocated to the special account of "Dniprohydroenergo" was changed from 60 000 UAH to 150 000 UAH, special account of "Ukrenergo" – from 0 UAH to 154.5 UAH, current account of "Ukrenergo" – from 1 100 000 UAH to 1 300 000 UAH and current account of SE "Energorynok" – from 102 766.67 UAH to 84 700 UAH	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
49.	No. 580, 1 June 2001	"Pravex-Energy" in the amount of 5 208.60 UAH and LTD "Sast LTD" in the amount of 23 359.22 UAH	In order to repay funds detained during the state of emergencies in the WEM	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
50.	No. 582, 6 June 2001	Percentage of funds allocated to the current account of PJSC "Donetskoblenergo" was changed from 10,20% to 10,24%	As a result of updating of actual volume of energy consumption	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
51.	No. 601, 6 June 2001	Generation companies	Applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
52.	No. 615, 11 June 2001	Percentage of funds allocated to the current account of PJSC "Zaporizhyaoblenergo" was changed from 10,64% to 13,38%	As a result of updating of information regarding oblenergo's payment for purchased electricity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
53.	No. 618, 13 June 2001	Generation companies	In order to improve payments of PJSC "Prikarpattyaoblenergo" for purchased electricity and changing of percentage of allocation of funds to the distribution account of the wholesale electricity supplier from 67,28% to 73%	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
54.	No. 629,	Percentage of funds allocated to the current account of	As a result of full payment for purchased	ESE DA to ULMM

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
	14 June 2001	Novoyavorivs'ke entity "Local Electric Network" was changed from 22,84% to 100%	electricity	4 ESE DA to LLMM LLMM DA to ESE DA
55.	No. 630, 15 June 2001	Percentage of allocation of funds to the current account of PJSC "Odesaoblenergo" was changed from 26,72 to 100% commencing on June 16 till June 30, 2001	Prolongation of the State of Emergency for PJSC "Odesaoblenergo" for carrying out of recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
56.	No. 649, 21 June 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	Improvement of settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
57.	No. 658, 23 June 2001	NNEC "Energoatom" for the account of deduction of funds in the amount of: - 5 927 865.40 UAH from PJSC "Tcentrenergo"; - 6 662 291.20 UAH from PJSC "Dniproenergo"; - 2 255 736.40 UAH from PJSC "Donbassenergo"; - 2 640 435.60 UAH from EC "Zakhidenergo."	Repayment of funds received by Thermal Power Plants from NNEC "Energoatom" during the State of Emergency at the WEM	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
58.	No. 667, 25 June 2001	Percentage of allocation of funds to the current account of PJSC "Zhitomiroblenergo" was changed from 23,76% to 100% until 800 000 UAH is allocated	Extension of the State of Emergency at the WEM to PJSC "Zhitomiroblenergo" in order to finish recovery works after natural calamity	ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
59.	No. 689, 3 July 2001	NNEC "Energoatom" in the amount of 8 651 821.11 UAH commencing on July 5 till July 6, 2001	Repayment of funds, which were temporarily detained from NNEC "Energoatom" for settlements of Thermal Power Plants with fuel suppliers	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
60.	No. 707, 4 July 2001	Generation companies	As a result of applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
61.	No. 709, 4 July 2001	The amount of funds allocated to the special account of "Dniprohydroenergo" was changed from 150 000 UAH to 330 000 UAH, special account of "Ukrenergo" – from 154 500 UAH to 0 UAH, current account of "Ukrenergo" – from 1 300 000 UAH to 1 350 000 UAH and current account of SE "Energorynok" – from 68 800 UAH to 59 500 UAH	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
62.	No. 715, 4 July 2001	Percentage of allocation of funds to the current account of PJSC "Odesaoblenergo" was changed from 26,79 to 100%	Announcement of the State of Emergency for PJSC "Odesaoblenergo"	ESE DA to ULMM 4 ESE DA to LLMM

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
		until 24 mln UAH is allocated	in order to finish recovery works after natural calamity	LLMM DA to ESE DA
63.	No. 714, 9 July 2001	Special account of the Building Experimental-Industrial Electricity Plant "Mashproekt"	Financing of construction of electric power station of the Building Experimental-Industrial Electricity Plant "Mashproekt"	ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
64.	No. 731, 16 July 2001	The amount of funds to be allocated to CJSC "Inter-Contact" was changed from 243.29 UAH to 1 878.30 UAH	In order to make settlements for electricity supplied by operators responsible for imports from Russia and leaser of power units	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
65.	No. 734, 17 July 2001	EC "Dnistrohydroenergo" shall be daily allocated with the amount of 750 000 UAH commencing on July 17, 2001 until 6 mln UAH is allocated	In order to bar "Dnistrohydroenergo" from bankruptcy	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
66.	No. 743, 19 July 2001	PJSC "Tcentrenergo" in the amount of 8 mln UAH	In order to resolve the issue of supply of Turkmen gas	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
67.	No. 746, 24 July 2001	With regard to PJSC "Dniproenergo" – 386 852.84 UAH; PJSC "Donbassenergo" – 464 223.41 UAH; PJSC "Tcentrenergo" – 355 904.61 UAH and EC "Zakhidenergo" – 340 430.50 UAH	For ensuring of fulfillment of the Loan Agreement between Ukraine and EBRD	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
68.	No. 782, 27 July 2001	Generation companies -------- Oblenergos --------	As a result of applying of reducing ratio Reimbursement of early detained funds (additional allocations)	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
69.	No.783, 30 July 2001	The amount of funds to be allocated to the oblenergos' distribution accounts were re-calculated	For improvement of payment for purchased electricity	ESE DA to ULMM 4 ESE DA to LLMM 4 LLMM DA to ESE DA
70.	No. 784, 31 July 2001	The amount of funds allocated to the special account of EC "Dnistrohydroenergo" was changed from 330 000 UAH to 180 000 UAH, special account of PJSC "Donbassenergo" – from 280 000 UAH to 500 000 UAH, current account of "Ukrenergo" – from 1 350 000 UAH to 1 200 000 UAH and current account of SE "Energorynok" – from 59 500 UAH to 46 200 UAH	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
71.	No. 800, 1 August 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
72.	No. 806, 3 August 2001	Generation companies	As a result of applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
73.	No. 825, 13 August 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
74.	No. 854, 23 August 2001	Generation companies	As a result of applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
75.	No. 863, 28 August 2001	Generation companies -------- Oblenergos --------	As a result of applying of reducing ratio Reimbursement of early detained funds (additional allocations)	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
76.	No. 880, 30 August 2001	The amount of funds to be allocated to the special account of "Dniprohydroenergo" was changed from 180 000 UAH to 330 000 UAH, special account of "Ukrenergo" – from 0 UAH to 150 000 UAH, current accounts of "Ukrenergo" – from 1 200 000 UAH to 1 250 000 UAH, current account of SE "Energorynok" – from 46 200 UAH to 83 570 UAH and special account of "Dnistrohydroenergo" - from 20 000 UAH to 15 000 UAH	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
77.	No. 893, 4 September 2001	Generation companies	As a result of applying of reducing ratio	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA
78.	No. 945, 20 September 2001	NNEC "Energoatom" for the account of daily deduction of funds in the amount of: - 43 242.70 UAH from PJSC "Tcentrenergo"; - 66 235.46 UAH from PJSC "Dniproenergo"; - 48 781.31 UAH from PJSC "Donbassenergo"; - 41 740.53 UAH from EC "Zakhidenergo."	Repayment of funds received by Thermal Power Plants from NNEC "Energoatom" during the State of Emergency at the WEM	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA

No	NERC Resolution	Who received additional funds	Why	The type of flow of funds
79.	No. 946, 20 September 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
80.	No. 955, 24 September 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
81.	No. 986, 27 September 2001	Generation companies -------- Oblenergos --------	As a result of applying of reducing ratio Reimbursement of early detained funds (additional allocations)	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA ESE DA to ULMM 4 ESE DA to LLMM LLMM DA to ESE DA
82.	No. 997, 28 September 2001	The amount of funds to be allocated to the special account of "Dniprohydroenergo" was changed from 330 000 UAH to 210 000 UAH, special account of "Donbassenergo" from 500 000 UAH to 280 000 UAH and current account of SE "Energorynok" – from 83 570 UAH to 45 990 UAH.	There is no specific reason indicated	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
83.	No. 1000, 1 October 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
84.	No. 1022, 9 October 2001	PJSC "Dniproenergo," PJSC "Donbassenergo," PJSC "Tcentrenergo" and EC "Zakhidenergo"	For settlements for coal	4 ESE DA to ULMM ESE DA to LLMM LLMM DA to ESE DA
85.	No. 1063, 23 October 2001	Generation companies	As a result of changing of the percentage of allocation of funds to the Novoyavorivs'ke entity "Local Electric Network" from 100 % to 0% (occurrence of indebtedness before SE "Energorynok")	ESE DA to ULMM ESE DA to LLMM 4 LLMM DA to ESE DA

ANNEX E

DOCUMENTS TRANSLATED AT HUNTON AND WILLIAMS NERC OFFICE JUNE – NOVEMBER 2001.

Summarizes 108 Documents Translated

No.	Name of the document	Available in En and / or Uk	Provided to
1	H&W Memo "Survey of ownership of electricity distribution companies and competition law considerations"	En original and Uk translation	Commissioner Kotko at the beginning of June, 2001, and to other NERC Commissioners, to Yurchuk and Brynzyuk on October 25, 2001
2	Summary Table to the above Memo	En original and Uk translation	Commissioner Kotko at the beginning of June 2001
3	Letter of the General Procurator Office dtd. June 11, 2001 Addressed to the Higher Arbitration Court of Ukraine and to the NERC Chairman regarding consideration of the appeal on the claim on the Court decisions on the PJSC "Luganskoblenergo" case.	Uk original and En translation	
4	Letter of the General Procurator Office dtd. June 6, 2001 Addressed to the NERC with regard to reviewing the PJSC "Donbassenergo" and suspending the enforcement of the decision of the Donetsk oblast Arbitration Court of February 27, 2001.	Uk original and En translation	
5	CMU Resolution # 487 of May 5, 2001 "On Certain Measures With Regard to Effective Utilization of Property of Enterprises that Have Strategic Importance for the State Economy and Security".	Uk original and En translation	
6	Draft of the CMU Resolution "On Approval of the Concept of the New Revision of the Draft Law of Ukraine "On Bases of the Wholesale Electricity Market Functioning in Ukraine"	Uk original and En translation	
7	Presentation of V.S. Ailawadi at the International Conference on Experience in Reforming Energy Market on June 13, 2001. Ukraine	En original and Ru translation	Provided to the organizers of the Conference at the Verkhovna Rada of Ukraine
8	Brief summary prepared by Ilka Lewington for Mr. Dubina presentation at the above Conference in Supreme Rada	En original	Provided to the NERC Informational Support and PR Dpt

No.	Name of the document	Available in En and / or Uk	Provided to
9	Statement of Dubina O.V., First Vice - Prime – Minister of Ukraine, Regarding the Law of Ukraine "On Basis of the Wholesale Electricity Market Functioning in Ukraine"	En translation	
10	Reform of the England / Wales Power Pool	En original and Ru translation	Verkhovna Rada via Ilka Lewington
11	Report of Mr. Yashchenko from Fuel and Energy Ministry on "Financial and economic situation of the FEC Enterprises and mechanisms of facilitating their adaptation to market conditions"	Uk original and En translation	Irina Zapatrina at VR FEC Committee
12	H&W Letter, asking to provide H&W office at the NERC with the telephone line for internet and fax access	En original	NERC Chairman
13	Material NERC asked for regarding the procedures that are Followed in the US for reviewing a request by a regulated utility for a tariff increase	En original and Uk translation	Commissioner Kiyasko, Legal and Pricing Dpt
14	H&W Memo on Electric Utilities	En original and Uk translation	CMU, NERC
15	Procedure for tariffs establishment or review for licensees involved in electricity transmission via local electric networks and electricity supply at regulated tariff.	Uk original and En translation	
16	NERC request to advise on the issue of the electricity distribution definition	En translation	
17	H&W Memo on Electricity Distribution Definition	En original and Uk translation	Commissioner Goncharova and Legal Dpt
18	NERC request to provide information regarding restrictions of natural monopolists at electricity market and gas market in creating subsidiaries.	En translation	
19	H&W Letter of August 29, 2001 regarding Algorithm Procedure	En original and Uk translation	to NERC Commissioners
20	Informational Structure of the Settlement System of the Wholesale Electricity Market of Ukraine. Overview.	Uk original and En translation	
21	NERC Letter dated August 20, 2001 "On Justification for rendering technical assistance to the NERC".	En translation	
22	NERC Resolution № 862 of August 28, 2001 "On facilitating the development of competitive relationships in the WEM"	En translation	
23	NERC Letter –request to finance travel expenses of two NERC employees to	En translation	

No.	Name of the document	Available in En and / or Uk	Provided to
	participate in NARU Conference in Poland in September – beginning of October.		
24	H&W response to the above letter	En original	To NERC Chairman
25	IVKOR, its annexes and uncoordinated issues as of September 11, 2001.	Uk original and En translation	
26	Decree of the President of Ukraine On Ministry of Ukraine for Fuel and Energy	Uk original and En translation	
27	H&W Letter of 16 October 2001 regarding "Recommendation That NERC Delay Approval of Schedule 4, Article 10 of the Wholesale Electricity Market Members Agreement"	En original and Uk translation	WEM Board
28	Draft of the CMU Resolution and Interim Procedure for Sales of Electric Power in Tax Pledge	Uk original and En translation	
29	Summary Memo prepared by Paul in response to the question on "Customer Associations in the US"	Ukrainian translation	Mrs. Boyko, Deputy Head of Energorynok Dpt.
30	Summary Memo prepared by Paul in response to the question if electricity or other utility companies in the US can carry out some kinds of activities that are not those directly regulated by the Commission	Ukrainian translation	Commissioner Goncharova
31	NERC Resolution # 823 of August 8, 2001 "On Creation of Consulting Centers And Central Methodological Office" and the letter of Ukrainian Scientific Technical Electric Energy Association (EEA) to NERC dated October 8, 2001, asking NERC to consider and approve "Standard Regulations On Consulting Centers of Power Supply Companies Aimed at Working with Electricity Consumers". Standard Regulations, drafted by EEA, are attached to the letter. EEA asks NERC to pass these Regulations through NERC Resolution.	Uk original and En translation	
32	Protocol of Differences to the Draft of the Law of Ukraine "On Introducing Changes to the Law of Ukraine "On Licensing of Certain Types of Business Activities"	En translation	
33	NERC letter – request dated October 23, 2001 coming via Brynzyuk to provide consulting assistance	En translation	
34	Draft of H&W Letter to Kinakh regarding support to Licensing Law requested by NERC	Uk and En	
35	"Operation of the WEM Algorithm" scheme	En original and Uk translation	ESE
36	Regulator's Study Tour of 19th ~ 25th November 2001 to London. Itinerary	En original and Uk translation	NERC participants

ANNEX F:

DOCUMENTS TRANSLATED AT PROJECT MAIN OFFICE JUNE – NOVEMBER 2001

	Origin of Document	Name of the Document	Date
1.	Cabinet of Ministers	On Priority Measures to Further Implement the Administrative Reform in Ukraine	6/6/01
2.	Verkhovna Rada	Resolution "On Summing up Results of Parliamentary Hearings "Energy Strategy of Ukraine for a Period by 2030"	7/16/01
3.	CoM Order #451	On Approval of the Action Plan to Implement a Long-Term Tariff Policy at the Wholesale Electricity Market of Ukraine	10/1/01
4.	AES	A letter regarding signing of Power Purchase Agreement between Energomarket State Enterprise and privatized distribution companies	6/1/01
5.	ESE	STANDARD CONTRACT Of electricity purchase-sale between a Licensee of wholesale electricity supply of "Energomarket" State Enterprise (Seller) and a Licensee of electricity supply at regulated tariff (Buyer)	5/31/01
6.	AES6/27/01	Letter Regarding signing of Power Purchase Agreement Between Energomarket State Enterprise and privatized Electricity Supply Companies (To WEM Board)	6/27/01
7.	ESE	STANDARD CONTRACT of electricity purchase-sale between a Licensee of wholesale electricity supply of "Energomarket" State Enterprise (Seller) and a Licensee of electricity supply at regulated tariff (Buyer)	8/1/01
8.	ESE	Comments to Power Purchase-Sale Agreement	6/27/01
9.	ESE	The law of Ukraine "On Bases of the Wholesale Electricity Market Functioning in Ukraine (modified version)	7/27/01
10.	AES	Proposed terms and definitions for PPA	8/2/01
11.	NERC	Resolution On the Approval of the Form of Standard Agreement between "Energorynok"State Enterprise and Supply Companies	2/8/01
12.	NERC	Procedure for funds allocation among WEM members (new revision of MFP)	8/8/01
13.	ESE	PLAN of the Development of the Information System of the Wholesale Electricity Market for the Second Half-Year of 2001	8/17/01
14.	AES	Letter to Prodan on PPA	8/16/1
15.	NERC	Proposals of the WG on introducing changes to the "Provisions on the Emergency Procedure in the Wholesale Electricity Market of Ukraine"	9/11/01
16	ESE	Law of Ukraine "On the Bases of Functioning of the Wholesale Electricity Market of Ukraine"(proposed concept)	10/12/01
17.	ESE	General Overview of the WEM Bill Structure (ESE- proposed Model)	10/18/01
18.	NERC	Key Provisions of the Decision Making in Approval and Adjustment of the Tariff for the Electricity Generated by Nuclear Plants of Ukraine.	7/10/01
19.	NERC	Agreement between Ukrainian Government and European Communities Represented by European Commission Regarding the Metering System in the Ukraine's Wholesale Electricity Market	7/16/01
20.	NERC	RESOLUTION "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market"	7/23/01
21.	NERC	Protocol of Differences To Draft CoM Resolution "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market" (name of the Act)	7/24/01
22.	NERC	Explanatory Note to Draft CoM Resolution "On the Approval of Interim	7/25/01

		Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market"	
23.	NERC	Reference on coordination of Draft CoM Resolution "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market"	8/6/01
24.	Ministry of Justice	CONCLUSION OF THE MINISTRY OF JUSTICE To Draft CoM Resolution "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market" and the Relevant Interim Procedure Draft	8/3/01
25	NERC	The Law of Ukraine "On Introducing Changes to the Law of Ukraine on Licensing of Some Types of Economic Activity"	10/23/01
26.	NERC	RESOLUTION № 981 On Promoting the Development of Competitive Relations at the WEM	10/6/11
27.	NERC	Letter to NERC of 10.01.23 # 05—12-12/2742 on Debt Issue	11/8/01
28.	NERC	Debt Recovery Arrangements. Action Plan	11/8/01
29	Kyivoblenergo	On the marginal level of electricity and capacity demand	8/28/01
30.	NERC	Concerning the approval of electricity distribution and supply tariff (Zhitomiroblenergo)	8/29/01
31	NERC	Concerning the approval of electricity distribution and supply tariff (Sevastopoloblenergo)	8/29/01
32	AES	Letter to Kinakh on Electricity Tariffs	27/11/01
33.	MinTopEnergo	TACIS- Financed Program of the Compensation of Fuel Deficit in Ukraine" has been completed, and namely, fuel has been procured for the qualified TPPS.	7/11/01
34.	MinTopenergo	Agreement between the Government of Ukraine and European Communities Represented by the European Commission on the Reduction of Deficit of Assets Liquidity in the Ukrainian Electricity Sector.	7/11/01
35	FEC	RECOMMENDATIONS of the International Scientific-and-Practical Conference on the Topic: "Experience of Reforming Energy Markets"	6/26/01
36.	FEC	Experience of Californian Market	6/11/01
37.	FEC	Article on the Seminar in "Zerkalo Nedely" newspaper	6/23/01
38	European Commission	Translation of the presentation at the seminar of 13 June 2001	7/12/01
39.	FEC	Speeches of Dubina and Plush for the seminar of 13 June	7/13/01
40.	FEC	Kucherenko Speech	7/13/01
41	FEC	Prodans' Speech for the Seminar of 13 June	7/16/01
42.	FEC	Open Letter of the Interdepartmental WG on the Issues of Control over Privatization in the Fuel and Energy Complex of Ukraine to Prime Minister of Ukraine Kinakh A.K.	13/11/01
43.	FEC	Article 43. «Bankruptcy Law» Specific features of the bankruptcy of highly hazardous enterprises and natural monopoly entities.	6/25/01
44	AES	Regarding the Law "On the Bases of Functioning of the Wholesale Electricity Market of Ukraine" adopted by VR of Ukraine (Letter)	7/13/01
45.	FEC	Substantiation to bankruptcy law	5/28/01
46	FEC	WEM Law veto substantiation	8/1/01
47	FEC	NERC Law – second reading	11/1/01
48	FEC	NERC Law – second reading, rev. 2	11/1/01

49	FEC	Insurance Law, Article 7	11/5/01
50	H&W	Presentation for Ukrainian Study Tour of 7\27\01	7/26/01
51	H&W	Presentation for Ukrainian study Tour of 7\27\01	7/16/01
52	H&W	Presentation for Ukrainian Study Tour of 7\27\01	7/16/01
53	H&W	Presentation for Ukrainian Study Tour	8/8/01
54	H&W	WEM Law Compare Table	9/12/01
55	H&W	Letter to CabMin on Emergency Sutuation	10/19/01
56	H&W	P.Ballonoff's Presentation for Yalta Conference	9/12/01
57	H&W	Letter to Privatization WG "On the Implementation of Tariff Policy"	10/2/01
58	H&W	WEM law Compare table-Fin	9/19/01
59	H&W	WEM Law table, column 2	9/18/01
60	H&W	Table of Comments to Emergency Situation	9/25/01
61	H&W	Letter to NERC to the WG Meeting ion Emergency Procedure	9/26/01
62	NERC	Introducing Changes and Amendments to the "Provisions on the Emergency Situations in the Wholesale Electricity Market of Ukraine" (WG decision)	9/26/01
63	H&W	Proposals for WEM Problems Solution	10/2/01
64	H&W	Regulation of Affiliates. Report	10/15/01
65	H&W	Explanatory Note to Tariff Increase	10/19/01
66	.H&W	Regulation of financial activity of Energy Companies Affiliates. Report to NERC	10/15/01
67	H&W	Explanatory Note on Utilities' Internal Costs Level for NERC	10/23/01
68	H&W	Letter to WEM Board on Emergency Status	10/25/01
70	H&W	Proposed wording of MFP, Article 10, Provisions on Emergency Situation	10/25/01
71	H&W	Proposals to the NERC to Reconsider Market Share of Privatized Companies	10/29/01
72	H&W	Algorithm Procedure. Rev 1	10/31/01
73	H&W	Algorithm Procedure. Rev 2	10/1/01
74	H&W	H&W Scope of Work for Energomarket State Enterprise	11/6/01
75	H&W	Assets Stripping Memo	6/8/01
76	H&W	Contracts with Local Staff	6/31/01
77	H&W	NERC Role in Assets Stripping. Memo for USAID	6/11/01
78	H&W	Presentation for the Seminar of June 13, 2001 Argentina Experience in Privatization of Energy Sector	6/12/01
79	H&W	Presentation for the Seminar of June 13, 2001 Indian Experience in Privatization of Energy Sector	6/12/01
80	H&W	Presentation for Ukrainian Study Tour- 7/27/01	8/8/01
81	H&W	Presentation for Ukrainian Study Tour – 7\27\01	8/8/01
82	H&W	New Trading Arrangements in GB for FERC.	7/17/01
83	H&W	Memo on Study Tour to London of 7\27\01	7/25/01
84	H&W	Materials for the meeting with Kotko	7/26/01
85	.H&W	Slides for WEM Draft Law Presentation	6/12/01
86	H&W	S. Horvath Presentation for 13 June Seminar	6/11/01
87	H&W	Tariff Procedure for NERC. Rev A	8/6/01
88	H&W	Tariff Procedure for NERC . Rev B	8/6/01
89	H&W	Presentations for the Study Tour in London	11/15/01
90	H&W	Presentation for the Study Tour in London	11/16/01
91	H&W	Equipment Supply Contract for ESE	10/6/01
92	EDF	Tariff Proposals	6/6/01
93	H&W	Presentation on PJM Market	2/6/01

ANNEX G:

LETTERS TO COUNTERPARTS SENT
JUNE – NOVEMBER, 2001

#	Title	Author	Signed by	Date
1	H&W letter to the Head of NERC Y. Prodan **Re**.: Rate Case Filing Procedure	P. Ballonoff	P. Ballonoff	June 8, 2001
2	H& W letter to SE "Energomarket" **Re**: Study Tour to London on July 18-22, 2001	I. Lewington	P. Ballonoff	June 22, 2001
3	H&W letter to the Cabinet of Ministers **Re:** NERC Submission of Draft Cabinet of Ministers Resolution "On the Approval of Interim Procedure for Establishing, Introducing Changes and Supervising of the Algorithm Allocating Funds to Members of the Wholesale Electricity Market"	M. Goldberg	P. Ballonoff M. Goldberg	July 30, 2001
4	Draft letter from USAID and EBRD (and other Donors) to Kinakh (Dubina) **Re**: the vetoed bill number 3058-2, titled "Law of Ukraine "On the Principles of the Electrical Energy Wholesale Market Functioning'" (the "WEM Bill") and the Concept of the new revision of the Draft Law of Ukraine "On Bases of the Wholesale Electricity Market Functioning in Ukraine" developed by NERC (the "NERC Concept"). Version 1,2,3	I. Lewington		July 7, 2001
5	H&W letter to NERC commissioner V. Kotko **Re**: NERC's opportunity to consider the question of changing the 15 percent limit on market share that can be owned by the owner of an oblenergo.	P. Ballonoff	P. Ballonoff	October 30, 2001

ANNEX H:

LIST OF INTERNAL PROJECT PRODUCTS
JUNE – NOVEMBER 2001

Yelena Antonova Project Coordinator, and Tariff Analyst

	Product	Date
1	Financial report for expenses in September 2001, format 1	10/31/01
2	Consolidated financial report for expenses in September 2001	10/30/01
3	Spreadsheets to assist NERC analyze the rate case filings and results of implementation of tariffs-- 16 Versions created between 10.01.01 and 10.26.01	10/26/01
4	Financial report for expenses in September 2001, format 2	10/25/01
5	Forecasted local office expenses for October 2001	10/10/01
6	Spreadsheets for modeling of the tariff filings 4 versions.	10/08/01
7	Analysis of the market for health insurance	10/03/01
8	Proposed list of participants for the study tour to UK	10/01/01
9	Summary of the assistance request received from the NERC	09/24/01
10	Financial report for expenses in August 2001, format 1	09/21/01
11	Initial analysis of tariff incenses	09/19/01
12	Description of the residential tariff regulation	09/14/01
13	Spreadsheets to assist NERC analyze the rate case filings and results of implementation of tariffs -- 5 versions between 09.01.01 and 09.10.01	09/10/01
14	Consolidated financial report for expenses in August 2001	09/05/01
15	Consolidated financial report for expenses in July 2001	09/04/01
16	Answer to the question of whether any tariff related regulation mention the power purchase agreement	09/03/01
17	Financial report for expenses in August 2001, format 2	09/03/01
18	Suggested training topics and training schedule for the NERC	08/30/01
19	Financial report for expenses in July 2001, format 1	08.08.01
20	Consolidated financial report for expenses in June 2001	08/07/01
21	Financial report for expenses in July 2001, format 2	08/07/01
22	Financial report for expenses in June 2001, format 1	08/06/01
23	Financial report for expenses in August 2001, format 1	08/01/01
24	Draft rate case filing procedure – 45 Versions between June 1 and July 31 2001	07/31/01
25	Financial report for expenses in May 2001, format 2	07/04/01
26	Forecasted local office expenses for August 2001	06/23/01
27	Description of the task Ministry of Economy received from the Cabinet Ministers on electricity tariffs	06/22/01
28	Presentation on "Experience of Cooperation of Advisors with the NERC in development of the pricing methods"	06/12/01
29	Consolidated financial report for expenses in May 2001	06/12/01
30	Forecasted local office expenses for July 2001	06/11/01
31	Letter to comment on intended changes to the rate case filing procedure	06/07/01
32	Text of the advertisement for the staff position	06/06/01
33	Description of the tariff model	06/01/01
34	Financial report for expenses in June 2001, format 2	06/01/01

Victoria Dodonova - Attorney

Date	Product
8 August 2001	Report on the IVKOR Working Group Meeting held on 7 August in NERC.
10 August 2001	Memorandum on the issues covered in standard and signed Power Purchase Agreements.

16 August 2001	Memorandum on Responsibility for the quality of electricity supply
29 August 2001	Memorandum on State Savings Bank's case
5 September 2001	Memorandum on the legal basis for issuing the NERC Resolution No. 862 "On stimulation the development of the competition relationships at the Wholesale Electricity Market" issued on 28 August 2001.
11 September 2001	Memorandum on the proposals of the President of Ukraine ("Proposals to the Law of Ukraine "On the Bases of the Wholesale Electricity Market Functioning"") to the vetoed draft law "On the Bases of the Wholesale Electricity Market Functioning in Ukraine" ("WEM Bill").
13 September 2001	Minutes of the WEM Board held on 30 August 2001.
August-October 2001	WEM table, draft WEM law concept, narrative summary.
5 November 2001	Memorandum on the measures to be taken to protect the national commodity producers from import (export) to (from) Ukraine.
19 November 2001	Report on the Donors' meeting held on 16 November in the premises of EBRD
23 November 2001	Memorandum on the issues related to sale of electricity that is under tax pledge according to the Resolution No. 1505 of Cabinet of Ministers of Ukraine "On the interim procedure of sale of electricity that is under tax pledge" adopted on 16 November 2001.
28 November 2001	Summary on the main issues raised in connection with adoption on 16 November 2001 by Cabinet of Ministers of Ukraine the Resolution No. 1505 "On the interim procedure of sale of electricity that is under tax pledge".

Ilka Lewington -- Market Economist
and
Vladislav Rashepkin -- Market Engineer

Date	Product
June 2001	Response to ESE request **Re:** Training proposals for ESE
June 15, 2001	Notes on the training meeting on the operations of the power market of Argentina (reported by R. D'Addario)
July 2001	Comments to the draft regulations for metering system operator in the Wholesale Electricity Market of Ukraine presented by ESE
August 22, 2001	Draft letter to the President of Ukraine L. Kuchma **Re:** Zhitomiroblenergo Rate filing application
June 2001	Draft letter from ESE to Mr. Svetelik **Re:** Proposals to use funds from the EU Fuel Gap Program to finance purchase and installation of electricity meters on the wholesale level of the Ukraine electricity market
November 2001	Research on the prices of electricity imported from Russia by Ukraine
September 2001	Privatization of Oblenergos – Features of the succsess – H&W's input for DTT
September 2001	Description and analysis of price formation and regulation for the generators
July 2001	Letter on the issues surrounding the Power Purchase Agreement
July 2001	Research on NETA: basic principles
July 2001	Trading of Financial Contracts in Electricity markets
September 2001	Curtailments of the electric power to regional electricity distribution and supply companies (oblenergo)
	Balance of the capacity for the period June-December 2001 with expected schedule of maintenance of the nuclear power units (as of end of May 2001)
September 2001	On the issue of the term "rules of aggregation" in the Provisions on the Operator of the CMS
June 2001	Issues of "100% payment" and "new tariff methodology"
June 2001	Reform of the England/Wales Power Pool

August 2001	Letter about certain aspects of implementation of CoM Order # 133-p of 07/04/01

Korneliya Mokanu -- Attorney

MAIN PROJECT DOCUMENTS

Date	Product
June - November	Implementation of Resolution 133-p (matrix)
24 July 2001	Memo on the proposed by the Ministry of Fuel and Energy Amendment to Resolution 133-p
26 September 2001	Executive Summary on the NERC hearing of tariffs for AES "Kievoblenergo" and "Rivneoblenergo"
4 October 2001	Memo on Partial Risk Guarantee
16 October 2001	Memo to the SPF on inclusion of the State cross-obligations to the SPA (eng)
16 October 2001	Memo to the SPF on inclusion of the State cross-obligations to the SPA (ukr)
November 2001	H. Bidders Pre-Qualification Criteria Memo

Anna Ostrovskaya -- Attorney

Date	Product
19 July 2001	Memorandum on Cash transactions mechanism and NERC`s license enforcement authority
23 July 2001	Memorandum on Revision of the licenses of Oblenergos for the implementation of WEM law.
2 August 2001	Memorandum on Implied Parliament actions after President`s veto of the WEM law.
2 August 2001	Memorandum on The legal basis of the President`s WEM law veto and possible consequences of such veto.
10 August 2001	Memorandum on Contradictions in existing energy market contract provisions that need to be adjusted under the requirements of the new wholesale electricity market.
15 August 2001	Memorandum on State Material Reserve: Substance and Regulation.
17 August 2001	Memorandum on Rules and principles of price formation for generating companies.
28 August 2001	Memorandum on the effectiveness of President`s proposals to the WEM law.
4 September 2001	Memorandum on Unlock of suppliers and customers; power and capacity curtailments: shortcomings and ways of improvement
24 September 2001	Memorandum on Organizational structure and order of formation of successor companies to Energorynok SE.
4 October 2001	Memorandum on Health insurance for individuals [private

	entrepreneurs] contracted by the legal entity .
19 October 2001	Memorandum on the Status of the individual contracted by the legal entity
26 October 2001	Memorandum on the Government regulation of fuel purchase and fuel use by generating companies.
August-October 2001	Participated in preparation of WEM table and WEM law

Anna Ryzhova -- Attorney

MEMOS AND LEGAL RESEARCHES

Date	Product
1 June 2001	Legal Vehicles Forcing Investors to Conclude the Power Purchase Agreement
7 June 2001	Sale of Property for Debt Satisfaction
11 June 2001	Liability for the Purchase and Sale Agreement Signing Disclaimer
13 June 2001	Summary on Regulatory Agencies' Establishment
6 July 2001	Lawmaking summary
11 July 2001	"Law Of Ukraine On Introduction Of Moratorium On Compulsory Sale Of Assets" (translation)
18 July 2001	Wholesale Electricity Market Law Application
20 July 2001	Regulation of Administrative Procedures under Ukrainian Laws
23 July 2001	Debts Repayment under the WEM Bill
25 July 2001	Summary on purport and application of a new Draft Law "On the Bases of the Wholesale Electricity Market of Ukraine"
2 August 2001	Possible Consequences of WEM Draft Law Vetoing
3 August 2001	Comments to Matthew F. Goldberg's Draft Letter
13 August 2001	Background WEM Table
17 August 2001	WEM Debts Concept Analysis
3 October 2001	Summary of Recommendations on Improvement of the Legislative Regulation of the Wholesale Electricity Market in Ukraine Proposed by "TransEnergoConsulting"
24 October 2001	Narrative Summary to the Draft WEM Law
3 November 2001	Ukrainian Legal Framework for Financial Contracts
7 November 2001	Draft WEM Law
12 November 2001	Comments to NERC Debt Restructuring Plan in English and Ukrainian

14 November 2001	H&W Wem Reform Proposals
16 November 2001	H&W WEM REFORM PROPOSALS In Ukrainian
26 November 2001	Energy Generators' Debts Recovery
27 November 2001	Summary of Energy Generators' Debts Recovery

REPORTS

14 June 2001	Report On International Conference "Experience Of Energy Markets' Reforming"
8 November 2001	Report On Meeting Of The Debt Restructuring Working Group
26 November 2001	Report On Meeting Of The EBRD Donors' Meeting

PRESENTATIONS

26 July 2001	Cabinet of Ministers Administrative Procedures
26 July 2001	CMU Administrative Procedures: Rule Making

Liliya Surzhenko -- Attorney

DEBT_ISSUES

Date	Product
21 June 2001	Assets Stripping in Ukrainian Energy Sector
17 July 2001	Arrest of Account
4 October 2001	Latest Developments with regard to the Assets of PJSC "Luganskoblenergo"
23 November 2001	Debt Repayment

NERC HEARINGS

Date	Product
June 6, 2001	Summary of the NERC's Hearing of May 30, 2001
June 8, 2001	Summary on NERC Hearing of June 8, 2001

NERC ISSUES

Date	Product
6 June 2001	The Role of the NERC in Stoppage or Slowing-Down the Assets Stripping.
17 July 2001	NERC Actions to Implement the WEM Law
24 July 2001	Summary of NERC Actions under the WEM Law
26 July 2001	NERC Licensing Authority

27 July 2001	Summary of NERC Resolution on Introduction of the State of Emergency on the WEM
27 July 2001	NERC Actions to Implement the WEM Law
14 September 2001	Legal Foundation for the WEM Algorithm
25 October 2001	NERC Authority to Charge Interests
November 12, 2001	Table of The NERC's Resolutions with Regard to Introduction of Changes to the WEM Algorithms

NERC WEEKLY INFORMATION

Date	Product
June 5, 2001	Information on NERC Activity from May 25 through June 1, 2001.
June 13, 2001	Information on NERC activity from June 1, 2000 through June 8, 2001
June 18, 2001	Information on NERC activity from June 11, 2000 through June 15, 2001
July 30, 2001	Newsletter on NERC Activity for the Period of June 15 through July 20, 2001
August 31, 2001	Newsletter on NERC Activity for the Period of July 23 through August 31, 2001
September 7, 2001	Newsletter on NERC Activity for the Period of August 31, 2001 through September 7, 2001
September 28, 2001	Newsletter on NERC Activity for the Period of September 7, 2001 through September 28, 2001
October 26, 2001	Newsletter on NERC Activity for the Period of September 27, 2001 through October 26, 2001

OTHER ISSUES

Date	Product
June 21, 2001	Summary of CMU Resolution No. 487, 8 May 2001
June 25, 2001	Court Arguments
July 30, 2001	Summary on purport and application of a new Draft Law "On the Bases of the Wholesale Electricity Market of Ukraine"
19 October 2001	WEM Board Possibility to Revise its Own Decision
November 6, 2001	Insurance of Transmission Lines and Equipment
November 8, 2001	Transmission Lines Insurance
November 12, 2001	Summary of Insurance Law Provisions Regarding Insurance of Transmission Lines
November 20, 2001	Brief Report of the meeting of the working groups on Annex No. 9 and regarding the issue of analyzing the practice of Emergency Situation

	declaration at the WEM with changes to the Algorithm of funds allocations held on November 15, 2001