

# Regulatory Challenges in Cross-Border Gas Trading Between the EU and Ukraine: Reporting Burden and Compliance Risks

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**Abstract:** *Cross-border natural gas trading between the EU and Ukraine is shaped by differing regulatory regimes, particularly regarding the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) reporting obligations. While the EU operates under a comprehensive framework of transaction reporting, transparency and enforcement under the supervision of the Agency for the Cooperation of Energy Regulators (ACER) and national regulators, Ukraine is still in the process of implementing comparable rules through gradual alignment with the Energy Community acquis. Applying comparative analysis of EU and Ukrainian frameworks, drawing on regulatory documents and policy reports, the paper shows how this asymmetry is recognised as a source of compliance risks for market participants, including duplicative requirements and legal uncertainty in cross-border transactions. The paper analyses how these challenges are reflected in practice, considers the perspectives of regulatory authorities at both EU and Ukrainian level, and discusses future steps that have been promised or recommended in the context of market integration, highlighting their relevance for easing reporting burdens, strengthening regulatory cooperation and ensuring that cross-border gas trade remains efficient and attractive for market participants.*

**Keywords:** *ACER; compliance burden; cross-border gas trading; Energy Community; European Union; NEURC; REMIT Ukraine.*

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## 1. INTRODUCTION

The liberalisation of the European gas market and the gradual integration of Ukraine into the EU energy framework have created both opportunities and

new regulatory challenges. Ukraine's underground gas storage (UGS) capacities are increasingly central for European traders seeking flexibility in supply, especially under the pressures of geopolitical risk and seasonal volatility.<sup>1</sup> At the same time, the EU has entered a phase of stricter regulatory enforcement: 2024 has already been described as a record year for fines under the Regulation (EU) No 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT), with penalties exceeding EUR 120 million across the Union.<sup>2</sup> Ukraine, meanwhile, has adopted Law No. 3141-IX approximating the REMIT framework (entered into force in July 2023)<sup>3</sup>, together with secondary regulations issued by the National Energy and Utilities Regulatory Commission (NEURC) to operationalise reporting and disclosure obligations in line with the EU *acquis*.<sup>4</sup> This combination of stricter enforcement in the EU and an emerging but incomplete framework in Ukraine creates practical frictions for traders operating across both jurisdictions.<sup>5</sup>

In this context, the paper examines the ways in which asymmetries between EU and Ukrainian REMIT-equivalent frameworks affect traders in practice — most visibly through extra reporting duties and compliance risks in cross-border gas transactions.

Existing literature and monitoring reports provide important insights into how REMIT has evolved in the EU. Academic analyses emphasise the regulatory role of the Agency for the Cooperation of Energy Regulators (ACER) and the operational significance of the Transaction Reporting User Manual (TRUM), while recent studies underline how enforcement actions contribute to deterrence in wholesale energy markets.<sup>6</sup> At the same time, ACER's latest monitoring reports show that reporting obligations continue to expand, which raises concerns

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<sup>1</sup> BRUEGEL. *How Ukrainian gas storage can contribute to Europe's security of supply* [online]. Brussels: Bruegel, 2023. Available at: <https://www.bruegel.org/analysis/how-ukrainian-gas-storage-can-contribute-europes-security-supply>.

<sup>2</sup> ACER. *REMIT Quarterly Report Q3 2024* [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2024. Available at: <https://remitcloud.de/en/acer-remit-quarterly-report-2024-q3/>; CUBELOGIC. 2024: *A Record Year for REMIT Enforcement* [online]. 21 January 2025 [accessed 2025-09-24]. Available at: <https://cubelogic.com/2025/01/21/2024-a-record-year-for-remit-enforcement/>.

<sup>3</sup> UKRAINE. Law of Ukraine No. 3141 of 10 June 2023 on Making Changes to Some Laws of Ukraine Regarding the Prevention of Abuse in Wholesale Energy Markets. Official Gazette of the Verkhovna Rada of Ukraine. 2023. Available at: <https://zakon.rada.gov.ua/laws/show/3141-20#Text>.

<sup>4</sup> LEXOLOGY. *Ukraine: Implementation of REMIT and NEURC Resolutions* [online]. 2024. Available at: <https://www.lexology.com/library/detail.aspx?g=7813c39a-57be-4c3e-b331-ecf45a3af566>.

<sup>5</sup> ENERGY COMMUNITY SECRETARIAT. *Implementation Report 2024* [online]. Vienna: Energy Community Secretariat, 2024. Available at: <https://www.energy-community.org/implementation/Ukraine.html>.

<sup>6</sup> GODIN, Jean-Théodore, POLET, Manon, and JAMAR DE BOLSÉE, Arthur. "Implementing REMIT: What a Legal Analysis Tells about the (Regulatory) Role of ACER." *European Journal of Risk Regulation*. 2018, 9(2), pp. 192-207. DOI: 10.1017/err.2018.17; BERCEANU, Ionut Bogdan.

among market participants about the balance between transparency and administrative burden.<sup>7</sup> However, scholarly work analysing the compliance cost burden for firms under REMIT remains relatively sparse, especially in the context of cross-border trade. On the Ukrainian side, the Energy Community Secretariat's assessment of the 2023 Law shows that while there is clear progress in aligning with EU obligations, significant gaps remain in enforcement coordination, data exchange, and clarity of secondary regulation.<sup>8</sup>

This paper adopts a descriptive and comparative law-and-economics approach. It draws on secondary sources — ACER guidance, TRUM, REMIT monitoring reports, EU Commission assessments, Energy Community and NEURC documentation — and compares the EU and Ukrainian frameworks to highlight structural asymmetries. Both EU and Ukrainian sources, including legislation and regulatory acts, are examined to provide a balanced view of the reporting and compliance landscape. The analysis applies a qualitative comparative method combining legal interpretation, document analysis, and institutional comparison to identify key differences affecting market participants.

The focus of this paper is practical: it identifies how regulatory asymmetries translate into additional reporting burdens, higher compliance costs, and potential legal risks for market participants. Rather than proposing large-scale reforms, it highlights short-term steps that companies can take to organise compliance more efficiently, and points to areas where closer coordination between EU and Ukrainian regulators could reduce friction. By concentrating on the business dimension of compliance, the paper seeks to make cross-border gas trade more predictable and manageable under evolving REMIT frameworks.

## 2. REGULATORY FRAMEWORKS: EU VS UKRAINE

This section outlines the regulatory frameworks as they operate in practice — that is, the combination of legal rules, supervisory institutions, and reporting infrastructures relevant to market participants. The focus is not only on the formal legislation but also on how these systems function day-to-day, since for cross-border traders the practical burdens and risks often arise at the operational rather than purely legal level.

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*Doctrinal Analysis of REMIT II's Sanctioning Framework. Laws* [online]. 2025, 14(5), 61. Available at: <https://doi.org/10.3390/laws14050061>.

<sup>7</sup> ACER. *REMIT Quarterly Report Q3 2024* [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2024. Available at: <https://remitcloud.de/en/acer-remit-quartely-report-2024-q3/>.

<sup>8</sup> ENERGY COMMUNITY SECRETARIAT. *Assessment of the Law of Ukraine “On Amendments to Some Laws of Ukraine regarding the prevention of abuse in the wholesale energy markets”* [online]. Vienna: Energy Community Secretariat, 2023. Available at: [https://www.energy-community.org/dam/jcr%3A02c32f91-2f3a-4eef-8f93-5f12fdb465a1/20072023\\_UEMO\\_REMIT\\_Law\\_final\\_clean.pdf](https://www.energy-community.org/dam/jcr%3A02c32f91-2f3a-4eef-8f93-5f12fdb465a1/20072023_UEMO_REMIT_Law_final_clean.pdf).

## 2.1. The EU Framework

The European Union operates a comprehensive regime for monitoring wholesale energy markets under the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). Market participants must report transactions in wholesale energy products — including standard and non-standard contracts, orders, and fundamental data — to the Agency for the Cooperation of Energy Regulators (ACER) through Registered Reporting Mechanisms (RRMs). Organised Market Places (OMPs) and Persons Professionally Arranging Transactions (PPATs) also hold delegated reporting obligations. Inside information is disclosed through authorised Inside Information Platforms (IIPs)<sup>9</sup>, which since 2024 under Regulation (EU) 2024/1106 amending Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT II)<sup>10</sup> have replaced company websites as the official channel for transparency requirements.

Regulation (EU) 2024/1106 amending Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT II) also broadened the scope of reportable products (notably LNG and balancing contracts), tightening data-validation requirements, and strengthening ACER's supervisory tools.<sup>11</sup> These changes are reflected in ACER's Transaction Reporting User Manual (TRUM v.7.0)<sup>12</sup>, which revises contract categories and reporting fields.

The REMIT framework forms part of the EU's broader gas-market architecture, which was recently updated by the Hydrogen and Decarbonised Gas Market Package (2024), consisting of Directive (EU) 2024/1788<sup>13</sup> and Regulation (EU) 2024/1789<sup>14</sup>. This package extends the same principles of transparency, integrity, and regulatory cooperation to renewable and low-carbon gases, including hydrogen. It also promotes closer cooperation with the Energy Community, which directly links to Ukraine's integration path—showing where the EU energy market is heading and why regulatory alignment matters long-term.

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<sup>9</sup> Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT) *OJ L* 326, 8.12.2011, p. 1.

<sup>10</sup> Regulation (EU) 2024/1106 of the European Parliament and of the Council of 11 April 2024 amending Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT II). *OJ L*, 2024/1106, 17.4.2024.

<sup>11</sup> *Ibid.*

<sup>12</sup> ACER. Transaction Reporting User Manual (TRUM), Version 7.0 [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, December 2024. Available at: <https://acer.europa.eu/remit-documents>.

<sup>13</sup> Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the internal markets for renewable gas, natural gas and hydrogen, amending Directive (EU) 2023/1791 and repealing Directive 2009/73/EC. *OJ L*, 2024/1788, 15.7.2024.

<sup>14</sup> Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen, amending Regulations (EU) No 1227/2011, (EU) 2017/1938, (EU) 2019/942 and (EU) 2022/869 and Decision (EU) 2017/684 and repealing Regulation (EC) No 715/2009. *OJ L*, 2024/1789, 15.7.2024.

## 2.2. The Ukrainian Framework

The adoption of Law No. 3141-IX in 2023 introduced rules on wholesale energy market transparency and integrity, modelled after REMIT.<sup>15</sup> The framework is implemented through secondary legislation adopted by the National Energy and Utilities Regulatory Commission (NEURC) in 2024, in particular Resolution No. 137/2024 on inside-information platforms<sup>16</sup>, Resolution No. 614/2024 on integrity and transparency requirements<sup>17</sup> and Resolution No. 618/2024 on transaction reporting.<sup>18</sup>

The technical infrastructure is still developing. The LLC Gas TSO of Ukraine (GTSOU) operates the Transparency Platform that publishes data on physical flows, entry/exit capacities, nominations, allocations and outages, and also serves as a designated Data-Transmission Administrator under Resolution No. 618/2024, providing the channel for reporting bilateral contracts such as cross-border deliveries and storage by non-residents. The Ukrainian Energy Exchange (UEEX) publishes auction results and reports standardised exchange trades. Inside information is disclosed through licensed IIPs, currently NEURC has included NEC Ukrenergo, JSC Market Operator and LLC Gas TSO of Ukraine in the official IIP Register.

## 2.3. Comparative Observations

The two regimes diverge in ways that directly shape cross-border activity. REMIT as amended now covers a broader spectrum of gas products —including LNG and balancing — while Ukraine's regime, though modelled on REMIT, remains narrower and not yet fully aligned.<sup>19</sup>

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<sup>15</sup> UKRAINE. Law of Ukraine No. 3141 of 10 June 2023 on Making Changes to Some Laws of Ukraine Regarding the Prevention of Abuse in Wholesale Energy Markets. Official Gazette of the Verkhovna Rada of Ukraine. 2023. Available at: <https://zakon.rada.gov.ua/laws/show/3141-20#Text>.

<sup>16</sup> NEURC. Resolution No. 137 of 16 January 2024 on the Approval of the Procedure for the Functioning of Insider Information Platforms [online]. Available at: <https://www.nerc.gov.ua/acts/prozatverdzhennya-poryadku-funkcionuvannya-platform-insajderskoyi-informaciyi>.

<sup>17</sup> NEURC. Resolution No. 614 of 27 March 2024 on Approval of Requirements for Ensuring Integrity and Transparency in the Wholesale Energy Market [online]. Available at: <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-vimog-shchodo-zabezpechennya-dobrochesnosti-ta-prozorsti-na-optovomu-energetichnomu-rinku>.

<sup>18</sup> NEURC. Resolution No. 618 of 27 March 2024 on the Approval of the Procedure for Submitting Information on Completed Economic and Trade Operations Related to Wholesale Energy Products [online]. Available at: <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-poryadku-podannya-informaciyi-pro-zdijsneni-gospodarsko-torgovelni-operaciyi-povyazani-z-optovimi-energetichnimi-produktami>.

<sup>19</sup> ENERGY COMMUNITY SECRETARIAT. Annual Implementation Report 2024: Ukraine [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2024. Available at: <https://www.energy-community.org/>

Product definitions remain inconsistent, particularly balancing and intra-group contracts. Under REMIT, intra-group transactions are generally exempt from publication if they have no potential impact on market prices. Ukraine's law doesn't provide clarity in this regard yet, which creates an extra reporting burden. Under NEURC's Resolution 618, intragroup contracts are no longer considered standard contracts, which means they don't need to be reported via the exchange. However, the law doesn't clearly say whether this exemption also applies to non-standard bilateral contracts, so for now, companies tend to treat those on a case-by-case basis — in practice, that's one of the reporting grey areas still awaiting clarification.

Certain storage and capacity operations conducted under the customs-warehouse regime also fall outside both frameworks. Because these transactions take place between non-resident entities outside the customs territory of Ukraine, they are not reportable to ACER (delivery occurs beyond EU jurisdiction) and not captured by NEURC's reporting channels, which cover only trades within the national market.

Disclosure practice also differs. In the EU, inside information must be published in a timely and public manner via IIPs, with postponement permitted only under narrowly defined conditions subject to review. In Ukraine, according to Resolution No. 614/2024, NEURC formally retains the discretion to accept or question the reason, but the regulation does not establish clear criteria or guidelines as to which justifications are sufficient. As a result, public disclosure is automatically deferred until the end of martial law, with *ex post* publication required, while firms face uncertainty about the regulator's expectations. This ensures supervisory oversight but creates prolonged information asymmetry for market participants. The combined effect has been described in policy monitoring as "compliance without transparency", which raises uncertainty and weakens the commercial case for engagement when other war-related constraints already exist.<sup>20</sup>

The differences are particularly visible in reporting practice, which technical and administrative infrastructures further amplify. EU reporting is automated and interoperable, with delegation to RRM — including OMP platforms (such as ICE Endex and EEX) and service providers such as Equias/ EFETnet and Trayport. Market participants submit automated XML-based transaction reports through RRM to ACER within one working day after execution ("T+1").

In Ukraine, bilateral trades must be reported via designated administrators, UEEX handles standard trades, and IIPs (Ukrenergo, Market Operator, GTSOU) publish inside information. Standard contracts are reported via the

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<sup>20</sup> ENERGY COMMUNITY SECRETARIAT. Ukraine Energy Market Observatory Assessment 2/25: On the termination of the data publication in the electricity market [online]. Vienna: Energy Community, 2025. Available at: <https://www.energy-community.org/>.

UEEX exchange within the same time frame (“T+1”), while non-standard contracts are uploaded manually in CSV format within 30 calendar days (“T+30”) via GTSOU’s Transparency Platform.

These channels remain fragmented and non-interoperable with EU systems, limiting firms’ ability to reuse compliance pipelines. Within the EU, both sides of a trade report to ACER, yet the system automatically matches their submissions through a Unique Transaction Identifier (UTI) and shared XML schema. By contrast, ACER’s and NEURC’s repositories have no interoperability, leading to separate datasets with different formats, validation rules, and timelines. Fragmented reporting standards and inconsistent validation rules across jurisdictions increase compliance costs and reduce data reliability in regulatory monitoring systems.<sup>21</sup>

The trigger for reporting obligations must also be considered. Under REMIT, reporting depends on the delivery point: if delivery takes place within the EU, the transaction must be reported to ACER; if it occurs on the Ukrainian side, it is reported to NEURC. In cross-border trade, each counterparty reports its own side of the same physical flow to its respective regulator, which as a result generates two distinct reports.

Additionally, some EU companies that hold or trade Ukrainian storage or balancing capacity under the customs-warehouse regime qualify as market participants in Ukraine. For such activities, they must report to NEURC — typically via the GTSOU Transparency Platform for non-standard or bilateral contracts — often in parallel with their REMIT reporting to ACER.

Enforcement and monitoring also diverge. Whereas ACER has adopted a more assertive posture, supported by updated TRUM validation rules and a sharp increase in suspicious transaction reports (STRs) and fines<sup>22</sup>, and a broader shift toward proactive market oversight.<sup>23</sup> Ukraine’s enforcement remains more cautious. Implementation has been supported by the Energy Community Secretariat and donor programmes such as USAID’s Energy Security Project, but institutional capacity within NEURC is constrained, particularly under wartime

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<sup>21</sup> HIEMSTRA, Liebrich M. Energy trading and the exchange of information between supervisors : effectiveness of fragmented supervision and information sharing in view of reporting obligations for energy trading. *Journal of Energy & Natural Resources Law*. 2021, 39(2), 159–182. DOI: 10.1080/02646811.2020.1841400.

<sup>22</sup> ACER. Transaction Reporting User Manual (TRUM), Version 7.0, December 2024 [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2024. Available at: <https://acer-remit-publications.europa.eu/>.

<sup>23</sup> BERCEANU, Iomut-Bogdan, CĂRĂUȘAN, Mihaela Victorita and ZORZOANĂ, Alina, The Regulation of Market Manipulation in the EU Energy Sector: doctrinal analysis of REMIT II’s sanctioning framework, *Laws*, 14(5) (2025), 61. DOI: 10.3390/laws14050061; KLOPČIČ, Alenka Lena *et al.* The key player or just a paper tiger? The effectiveness of the Agency for the Cooperation of Energy Regulators (ACER) in the creation and functioning of the EU’s internal energy market. *The Electricity Journal*. 2022, 35(9), 107207. DOI: 10.1016/j.tej.2022.107207.

conditions.<sup>24</sup>

Registration and market access also contrast. In the EU, a one-time registration (LEI + ACER code) enables trading across Member States, reducing administrative friction. In Ukraine, by contrast, entry to the internal market typically requires a licence and a local entity; consequently, most EU firms rely instead on border deliveries or customs-warehouse storage transactions.

Finally, the compliance cost profile diverges. The EU regime is costly but predictable, underpinned by strong regulatory capacity and clearer supervisory expectations. The EU reporting regime, while well-established, has long been associated with substantial administrative and IT costs for market participants.<sup>25</sup> Ukraine's system involves costs combined with uncertainty: reports highlight unclear rules, weak IT, and a persistent gap between law and practice; one industry interview suggested that “about 90% of regulation remains on paper rather than in practice,” underscoring the risks perceived by traders.<sup>26</sup>

### 3. CROSS-BORDER PAIN POINTS

The differences between EU and Ukrainian frameworks translate into specific burdens and risks whenever traders engage in cross-border activity. In practice, most EU companies avoid the Ukrainian wholesale market, which requires a local entity, and instead operate through customs-warehouse storage, bilateral deliveries at border points, or short-haul balancing products.

EU traders typically interact with Ukraine through three main channels. The first is the customs-warehouse storage (CWS) regime, which allows non-residents to inject gas into Ukraine's underground storage system. Ukraine hosts the largest UGS capacity in Europe, around 30 bcm, which on paper offers an attractive buffer for European markets.<sup>27</sup> In practice, however, foreign use has lowered. Analysts point to the weak summer–winter price spread and the high security risk of Russian attacks on infrastructure as decisive deterrents.<sup>28</sup> In September 2025 Ukraine itself was forced to import around USD 1 billion of gas after storage and transport facilities were damaged, further underlining the fragility of

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<sup>24</sup> ENERGY COMMUNITY SECRETARIAT. Ukraine Energy Market Observatory Assessment 2/25. *op. cit.*

<sup>25</sup> HIEMSTRA, Liebrich M., REMIT: ten years and counting – An exploration of the regulatory paradigm for commodity derivative trading in the energy sector, *Law and Financial Markets Review*, 14(4) (2020), 237–248. DOI: 10.1080/17521440.2020.1805870.

<sup>26</sup> EnergySecurityUA. REMIT introduces a paradigm shift in energy markets. Interview with Alexander Golas [online]. Kyiv: Energy Security Project, 2024. Available from: <https://energysecurityua.org/news/remit-introduces-a-paradigm-shift-in-energy-markets/>.

<sup>27</sup> BRUEGEL. How Ukrainian gas storage can contribute to Europe's security of supply [online]. Brussels: Bruegel, 2023. Available at: <https://www.bruegel.org/analysis/how-ukrainian-gas-storage-can-contribute-europes-security-supply>.

<sup>28</sup> S&P GLOBAL. Ukraine storage injections fall on weak spreads, war risk [online]. London: S&P Global Commodity Insights, 2024. Available at: <https://www.spglobal.com/commodityinsights/>.

this option.<sup>29</sup>

The second channel is bilateral physical delivery at border points. The main flows occur through Budince on the Slovak border, Beregovo on the Hungarian border, Drozdovichi on the Polish border, and Tekovo and Isaccea-Orlivka on the Romanian side.<sup>30</sup> Traders generally prefer this option to direct entry into the Ukrainian wholesale market, which would require licensing and a local entity. Even though infrastructure has been reinforced - for example, the capacity of the Poland-Ukraine interconnection at Hermanowice-Drozdovichi was scheduled to double as of 1 July 2025, following a joint agreement between GAZ-SYSTEM and GTSOU,<sup>31</sup> and the Trans-Balkan corridor was reopened<sup>32</sup> - foreign participation has remained cautious. Industry observers also note that the Baltic link via Poland has expanded, yet interest remains low because of political risks and administrative hurdles.<sup>33</sup>

The third channel is short-haul and balancing flows, especially between Slovakia, Hungary and Ukraine. These products have been promoted since 2020 as a tool of market integration and are well defined in EU rules.<sup>34</sup> In Ukraine, however, their reporting treatment remains ambiguous, and reliance on manual platforms raises the cost of compliance.<sup>35</sup>

Although these channels should offer flexibility and resilience, in practice they are constrained by recurring problems. Reporting is duplicative: the same transaction must be notified to ACER under REMIT and again to NEURC under Resolutions No. 618/2024 and No. 614/2024, often with different formats and deadlines.<sup>36</sup> Legal definitions are not fully harmonised, creating uncertainty

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<sup>29</sup> REUTERS. Ukraine will need to buy \$1 billion of gas to hit winter storage target after Russian attacks [online]. 18 September 2025. Available at: <https://www.reuters.com/business/energy/ukraine-will-need-buy-1-billion-gas-hit-winter-storage-target-after-russian-2025-09-17>.

<sup>30</sup> ENTSOG. Transmission Capacity Maps 2024. Brussels, 2024. Available at: <https://entsog.eu/maps>.

<sup>31</sup> GTSOU. GAZ-SYSTEM and GTSOU agreed to double firm capacity in the direction Poland-Ukraine from 1 July 2025 [online]. 18 June 2025. In GTSOU News. Available at: <https://tsoua.com/en/news/gaz-system-and-gtsou-agreed-to-double-firm-capacity-in-direction-poland-ukraine-from-1-july-2025/>; Reuters. Ukraine, Poland boost capacity of gas interconnector to 124 million cubic metres [online]. 13 June 2025. Available at: <https://www.reuters.com/business/energy/ukraine-poland-boost-capacity-gas-interconnector-124-million-ubic-metres-2025-06-13/>.

<sup>32</sup> ENERGY COMMUNITY. South Corridor / Trans-Balkan gas flow reopening [online]. Vienna: Energy Community Secretariat, 2025. Available at: <https://www.energy-community.org/>.

<sup>33</sup> FINANCIAL TIMES. Baltic-Ukraine gas transit: politics deters traders despite new capacity [online]. London: Financial Times, 2024. Available at: <https://www.ft.com/>.

<sup>34</sup> OXFORD INSTITUTE FOR ENERGY STUDIES. Integration of Ukraine into European gas balancing zones. Oxford, 2021. Available at: <https://www.oxfordenergy.org/>.

<sup>35</sup> DIXI GROUP. Quarterly Monitoring Report Q4 2024 [online]. Kyiv: DiXi Group, 2025. Available at: <https://dixigroup.org/en/analytic/monitoring-of-ukraines-national-energy-and-climate-plane-necp-q4-2024/>.

<sup>36</sup> NEURC. Resolution No. 618 of 27 March 2024 on the Approval of the Procedure for Submitting Information on Completed Economic and Trade Operations Related to Wholesale Energy Products

over the treatment of products such as balancing contracts. Transparency is weakened by the martial-law rules on postponed disclosure, which have been described in policy assessments as “compliance without transparency.” Administrative and licensing hurdles remain, particularly on the Polish route, and external security risks add another layer of uncertainty: in August 2025 the Orlivka interconnector was briefly shut after a missile strike.<sup>37</sup>

Taken together, these scenarios confirm the same pattern. Ukraine’s infrastructure is substantial, and in theory attractive, but regulatory duplication, legal ambiguity, weak transparency and security risks undermine its use. As a result, the country’s large storage system and expanded border capacities remain underutilised, while EU traders prefer the predictability of established hubs inside the Union.

#### 4. PERSPECTIVES OF REGULATORS AND RECOMMENDATIONS

Regulators face different priorities. At EU level, ACER prioritises data quality and deterrence,<sup>38</sup> reflected in high rejection rates of reports and record fines exceeding EUR 120 million in 2024.<sup>39</sup> This strict posture reassures markets of regulatory integrity and has increased the number of suspicious transaction reports (STRs)<sup>40</sup>, but it also drives up compliance costs for firms that must invest heavily in IT systems, validation, and audits. ACER’s coordination with national regulators ensures consistency across the Union, reinforcing predictability for cross-border trade.

Ukraine’s regulator NEURC, by contrast, faces wartime constraints. The

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[online]. Available at: <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-poryadku-podannya-informaciyi-pro-zdijsneni-gospodarsko-torgovelni-operaciyi-povyazani-z-optovimi-energetichnimi-produktami>; NEURC. Resolution No. 614 of 27 March 2024 on Approval of Requirements for Ensuring Integrity and Transparency in the Wholesale Energy Market [online]. Available at: <https://www.nerc.gov.ua/acts/pro-zatverdzhennya-vimog-shchodo-zabezpechennya-dobrochesnosti-ta-prozorosti-na-optovomu-energetichnomu-rinku>.

<sup>37</sup> INTERFAX UKRAINE. Orlivka gas interconnector resumes flows after attack [online]. Kyiv: Interfax-Ukraine, August 2025. Available at: <https://interfax.com.ua/>; REUTERS. Ukraine gas interconnector still working after Russian attack [online]. 7 August 2025. Available at: <https://www.reuters.com/business/energy/ukraine-gas-interconnector-still-working-after-russian-attack-operator-says-2025-08-07/>.

<sup>38</sup> ACER. REMIT Quarterly Report Q3 2024 [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2024. Available at: <https://remitcloud.de/en/acer-remit-quarterly-report-2024-q3/>.

<sup>39</sup> CUBEOLOGIC. 2024: A Record Year for REMIT Enforcement [online]. 21 January 2025. Available at: <https://cubelogic.com/2025/01/21/2024-a-record-year-for-remit-enforcement/>.

<sup>40</sup> ACER. Consolidated Annual Activity Report 2024 [online]. Ljubljana: Agency for the Cooperation of Energy Regulators, 2025. Available at: <https://www.europarl.europa.eu/cmsdata/296687/ACER%20CAAR%202024.pdf>; GLOBAL RELAY. ACER shows suspicious transaction reports are rising across EU energy markets under new REMIT [online]. 2024. Available at: <https://www.globalrelay.com/resources/thought-leadership/acer-shows-suspicious-transaction-reports-are-rising-across-eu-energy-markets-under-new-remit/>

Energy Community confirms progress on legal approximation but points to weak enforcement and infrastructural risks. This divergence explains the security-versus-transparency trade-off. By allowing postponed disclosure, NEURC protects critical infrastructure but reduces market transparency. EU regulators, in contrast, treat delayed disclosure as a rare and reviewable exception.

While Ukraine has legislated REMIT-like obligations and begun aligning with the Energy Community *acquis*, there is reason to question whether the existing level of regulatory complexity truly supports increased participation of EU traders. Several constraints—such as risks to infrastructure from conflict, unfavourable price spreads, and high logistical costs—already limit the attractiveness of using Ukrainian gas storage or entering into bilateral physical delivery contracts. Under these conditions, maintaining demanding reporting and registration requirements may inadvertently deter foreign participants rather than strengthen market integrity. Introducing a streamlined or mutually recognisable reporting mechanism could reduce redundant compliance costs and enhance Ukraine’s ability to achieve its strategic energy storage and security goals without undermining regulatory oversight.

Independent policy analysis confirms these challenges. DiXi Group’s 2023 Annual Report highlights that while businesses welcome transparency objectives, they face regulatory uncertainty, weak data quality, and high administrative costs, which undermine the credibility of reforms.<sup>41</sup> Energy Community assessments likewise observe that reporting and disclosure channels, though formally established, remain fragmented and only partially operational.<sup>42</sup> In some cases, such as the electricity market, data publication was suspended altogether during wartime, highlighting the fragility of transparency under crisis conditions.<sup>43</sup>

From these perspectives, several practical steps emerge. In the short term, firms should map gaps between EU and Ukrainian reporting rules, create internal workflows for disclosure, and maintain detailed compliance records. Regulators could support this process by issuing clearer guidance on postponed disclosure and registration.

In the medium term, duplication could be reduced through mutual recognition of reports, or at least harmonisation of data fields. Shared IIP platforms or interoperability solutions, developed under Energy Community coordination, would lower costs. Donor programmes could be channelled into strengthening

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<sup>41</sup> DIXI GROUP. Annual Report 2023: Energy Reforms in Ukraine [online]. Kyiv: DiXi Group, 2024. Available at: [https://dixigroup.org/wp-content/uploads/2024/04/zvit-2023\\_eng-1.pdf](https://dixigroup.org/wp-content/uploads/2024/04/zvit-2023_eng-1.pdf).

<sup>42</sup> ENERGY COMMUNITY SECRETARIAT. Annual Implementation Report 2024 – Ukraine [online]. Vienna: Energy Community Secretariat, 2024. Available at: <https://www.energy-community.org/implementation/Ukraine.html>.

<sup>43</sup> ENERGY COMMUNITY SECRETARIAT. On the Termination of the Data Publication in the Electricity Market of Ukraine – Assessment 2/25 [online]. Vienna: Energy Community Secretariat, 2025. Available at: <https://www.energy-community.org/monitoring/assessments.html>.

NEURC's IT capacity and supervisory resources.<sup>44</sup>

In the long term, Ukraine should acknowledge that traders already face significant commercial barriers such as war risks and unfavourable spreads. Simplifying reporting and clarifying disclosure rules would improve market attractiveness without weakening oversight.

## 5. CONCLUSION

Asymmetry between EU and Ukrainian REMIT frameworks is not an abstract legal issue but a set of practical burdens that shape trader behaviour and market outcomes. For EU traders, this translates into additional costs and reduced legal certainty, as they must adapt to parallel reporting systems with inconsistent rules. For Ukraine, the paradox is evident: although it offers the largest storage capacity in Europe and expanded interconnection routes, participation remains limited because regulatory complexity and postponed disclosure continue to weaken market confidence.

Short-term alignment measures, such as clearer disclosure guidance and streamlined reporting workflows, could already reduce costs. Harmonising data fields or recognising reports across ACER and NEURC would help further. Longer-term reforms such as simplifying licensing, strengthening IT capacity, and developing interoperable platforms are essential if Ukraine is to translate its infrastructure potential into real cross-border participation.

Future research should not only quantify the compliance costs of duplication but also test the feasibility of recognition mechanisms, explore how EU and Ukrainian frameworks interact in practice, and examine potential solutions for regulatory cooperation to support market integration. Donor support and external assistance should also be assessed in terms of their ability to strengthen supervisory capacity in third countries.

Ultimately, addressing these frictions is not only a matter of technical fixes but a prerequisite for Ukraine's deeper integration with the EU energy market. For firms, the key is to prepare structured compliance strategies; for regulators, the challenge is to reduce duplication while safeguarding oversight. Tackling these issues will make cross-border trade more resilient, efficient, and attractive under evolving REMIT frameworks.

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