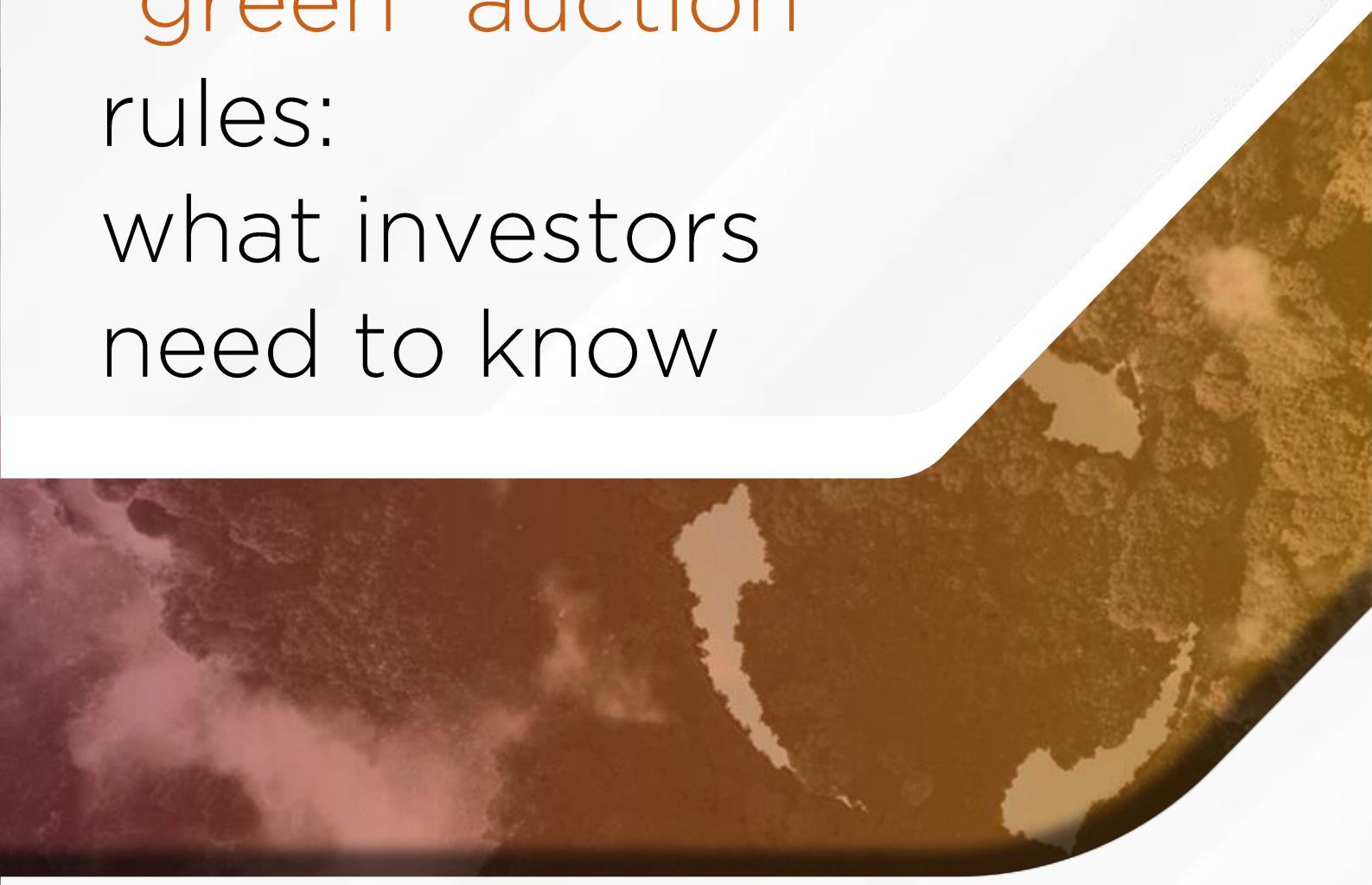
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Ukraine updates "green" auction rules: what investors need to know



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On 13 August 2026, the Cabinet of Ministers of Ukraine adopted Resolution No. 1010, amending the Procedure for Conducting Auctions for the Allocation of Support Quotas, as previously enacted by Cabinet of Ministers Resolution No. 1175, dated 27 December 2019 (the "**Auction Procedure**"). The Auction Procedure governs so-called "green" auctions via which renewable (alternative) electricity producers can obtain state support under a market premium mechanism.

The amendments are primarily designed to simplify investor participation in so-called "green" auctions and to reduce the financial and procedural barriers to developing new energy projects. The government has stated that it expects the revised framework to make the auction mechanism accessible to a broader pool of investors, which, over time, should strengthen competition and help attract additional investment into additional renewable generation capacity.

Below we outline the key changes that prospective bidders should consider when structuring and implementing new projects.

Key changes:

1. Cash security deposits introduced as an alternative to bank guarantees
2. Post-award security requirements reduced
3. Revised project implementation timelines
4. Dedicated rules for battery energy storage system solar projects
5. What these changes mean for investors

Read more

1. Cash security deposits introduced as an alternative to bank guarantees

Previously, security for participation in auctions and for the performance of the winner's obligations could only be provided in the form of a bank guarantee. The revised rules now allow participants to choose between a bank guarantee and financial security in the form of a cash deposit.

The deposit can be transferred:

- to a separate current account of the State Enterprise "Guaranteed Buyer" (the "**Guaranteed Buyer**"); or
- to an escrow account opened with a bank designated by the Guaranteed Buyer.

The new option is available during all three stages, i.e.: (i) when bidding at auction; (ii) as security for the performance of the relevant agreement following a successful bid; and (iii) as additional security if the respective construction and commissioning deadline is extended.

For investors, this reform provides greater flexibility in structuring security arrangements. Participation in auctions by companies without an established credit history in Ukraine is no longer dependent solely on the their ability to obtain a bank guarantee.

The use of a cash security deposit may also potentially allow investors to avoid the costs and procedures associated with obtaining a bank guarantee.

2. Post-award security requirements reduced

The government has materially reduced the after-auction security amounts that winners must provide:

- before entering into the agreement with the Guaranteed Buyer – reduced from **EUR 15 to EUR 10/kW**;
- where the construction and commissioning deadline is extended once for up to 12 months – reduced from **EUR 30 to EUR 10/kW**.

Such reduced security amounts apply regardless of whether the winner chooses a bank guarantee or a cash security deposit. Where a cash security deposit is used, it must be paid in the UAH equivalent calculated at the official exchange rate of the National Bank of Ukraine applicable on the date of transfer.

However, the bid security requirement remains unchanged at EUR 5 per 1 kW of the relevant project's capacity.

3. Revised project implementation timelines

Project implementation timelines now distinguish between:
(i) the deadline for completing grid connection arrangements, which is now 12 months (instead of six months); and





(ii) the deadlines for evidencing actual grid connection and the project's readiness for operation.

18 months	For solar generation projects.
36 months	For projects using other types of renewable (alternative) energy sources.
42 months	For projects using other types of renewable (alternative) energy sources, where the service agreement with the Guaranteed Buyer for the relevant project is entered into while martial law is in force throughout Ukraine.

To evidence completion of the project, the winner must provide, among other things:

- a document confirming the project's connection to the transmission or distribution system; and
- a certificate or declaration confirming that the completed project is ready for operation.

4. Dedicated rules for battery energy storage system solar projects

The revised Auction Procedure provides more detailed rules for auctions involving solar generation projects that include battery energy storage systems ("**BESS**") and introduces dedicated requirements for such auction lots, including the following:

Daytime intervals

When preparing proposals for an annual support quota, the transmission system operator must now separately propose daytime intervals for solar-plus-BESS auction lots. Under the previous version of the Auction Procedure, such intervals could be introduced "where necessary"; for solar-plus-BESS lots, such intervals are now a mandatory element of the support framework.

Mandatory BESS parameters

The Auction Procedure previously permitted auction announcements to specify technical parameters for BESS. However, the revised rules now expressly provide that, for a dedicated solar-plus-BESS lot, the respective parameters must comply with the requirements of the Law of Ukraine "On Alternative Energy Sources" (2003). In particular, the law sets the following minimum parameters:

- the BESS power rating must be at least 80% of the aggregate installed capacity of the solar generating units at the relevant project; and
- the BESS energy capacity must be at least 2 kWh per each 1 kW of installed capacity of the given solar generating units.

Annual quotas to reflect energy and climate objectives

In addition, when preparing proposals for the annual support quota, the transmission system operator must now take into account Ukraine's National Energy and Climate Plan 2030, alongside the Energy Strategy of Ukraine 2050 and other relevant planning documents.

5. What these changes mean for investors

Taken together, the above-detailed amendments undoubtedly make the "green" auction framework more flexible and better aligned with the practical requirements of developing new energy projects. For prospective investors, the key implications include:

- **greater flexibility in security arrangements**: a cash security deposit can be used instead of a bank guarantee;
- **lower post-award financial burden**: the amount of required security has been materially reduced;
- **a potentially lower barrier to entry**: this can be particularly relevant for newly incorporated project companies and foreign investors lacking established relationships with Ukrainian banks;
- **reduced project schedule risk**: the extended period for documenting grid connections, and the separate deadlines for evidencing actual connections and operational readiness, are better aligned with the real-life project development and construction cycle; and;
- **greater predictability for BESS projects:** BESS technical parameters and support time intervals are now distinct elements of the auction model that can be factored into a project's technical and financial structuring from an early stage.

The amendments to the Auction Procedure represent an additional step in updating Ukraine's support framework for new renewable generation. If implemented effectively in practice, the updated mechanism could broaden the pools of auction participants, strengthen competition and attract additional investment into new generation capacity in Ukraine.



Illya Muchnyk
Partner, Head of Banking, Finance & Capital Markets, Kyiv, Firmwide Head of FinTech

+380 44 490 9575
illya.muchnyk@kinstellar.com



Oleksandra Poliakova
Managing Associate

+380 44 490 9575
oleksandra.poliakova@kinstellar.com



Zakhar Oprysko
Associate

+380 44 490 9575
zakhar.oprysko@kinstellar.com