

ENERGY SECTOR TRANSPARENCY EVALUATION: CASE OF UKRAINE

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Abstract: The purpose of the study is to develop a policy tool – Energy Transparency Index – that allows monitoring and evaluation of energy sector transparency. To achieve this goal, the following tasks were set: enabling an in-depth analysis with a breakdown into categories, markets, and specific indicators; tracking changes both in time and in comparison with other countries; using only open sources for analysis; focusing on the energy sector performance along the value chain “producer-consumer”. The methodology of the Index applies the statistical method of multidimensional weighted average, applied to assess complex objects. This methodology is based on the calculation of the average value of about 230 transparency indicators grouped into eight categories. It implies scores for five energy markets, as well as scores by sectoral categories – Balances, Natural monopolies, Supply, Reliability and security, and Consumption. Also, it implies scores by cross-sectoral categories – Reporting, Policy, and Public authorities – that relate to the whole sector. The score of every transparency indicator is calculated using a formula based on expert assessments of availability, accessibility, relevance, frequency, usability, and completeness. All calculated scores are converted into a 100-point scale. According to the assessment made in 2021, Ukraine’s final score – 63 out of 100 – indicates medium transparency in the sector. According to the 2022 assessment, Ukraine’s final score is 39 out of 100, the lowest in the last five years. The war and the introduction of martial law caused a sharp drop in the information openness of the sector – the indicator fell by 24 points. Despite this, the Index still helps consumers rationalize their economic behavior in the market. The Index is helpful to companies and potential investors seeking an open, competitive environment, a better relationship with the government and communities, and reducing business risks. The Index is helping public authorities improve their transparency and related regulations. Foreign partners get a deeper understanding of Ukraine’s energy policy and markets. In the future, it will be necessary to solve the following problems: determining the optimal number of experts to evaluate indicators; comparing energy sector transparency in different countries; and testing the reliability of the methodology in other sectors of the economy.