

## Metinvest Group calls to disallow the increase of NPC "Ukrenergo" tariff on electricity transmission

On June 26, 2020, the National Commission, which implements state regulation in the energy and utilities sector, tentatively approved an increase in the tariff of NPC "Ukrenergo" for the transmission of electricity from the current UAH 155.4 UAH to UAH 327.9 per MWh starting on August 1, 2020.



Metinvest Group is forced to make a statement about the negative consequences of such a decision, because another more than double increase in the tariff of NPC "Ukrenergo" for the transmission of electricity will lead to the escalation of electric power expenses by almost 15% for the industry. Taking into account the history of considering the issue of raising the tariff of NPC "Ukrenergo", we doubt that a quality and comprehensive analysis of the consequences for the economy of Ukraine from such a significant increase in one of the key components of the cost of Ukrainian products was ever conducted.

We are confident that the increase in the cost of steel production caused by the tariff escalation will have an extremely negative impact on the competitiveness of the Group's products in international markets, most of which have seen a drop in demand and prices for steel products over the last year. We strongly believe that this step will only exacerbate current crisis of Ukrainian industry, and will have a negative impact on the metallurgical industry of Ukraine in particular. We consider such a significant increase in the tariff for electricity transmission at a time of deep crisis in the industry and Ukrainian economy as a whole, unacceptable. On the contrary, we expect understanding and support from the government, which should help the industry to overcome the crisis while maintaining its current employment and capacity utilization.

The decision to raise the tariff is an alarming signal. It will cause significant damage to the business environment and offset all other efforts to create a favorable investment climate in Ukraine. Sudden and unpredictable changes in rules, taxes and state-regulated tariffs will never help attract new investments but, on the contrary, will lead to an outflow of existing investments. The decision to increase monopoly tariffs during the crisis can only be made with the awareness of political responsibility before business and citizens for possible negative consequences in the form of economic downturn, loss of industrial potential, restriction of new investments into the country and reduction of employment.

That is why Metinvest Group urges the Ukrainian authorities to disallow the increase of NPC "Ukrenergo" tariff for electric power transmission.