

Rotterdam Plus: criminal charges were announced against six people

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Based on the [information published](#) by NABU

On August 8, 2019, under the procedural guidance of SAPO prosecutors, and with the operational support of SBU, NABU detectives announced charges against six persons, who had been involved in the introduction of the so-called Rotterdam plus formula. They are suspected in taking actions that caused losses of UAH 18.87 billion to electricity consumers.

These include:

- the former head of the National Commission for the State Regulation of Energy and Utilities (the "Commission");
- the incumbent director of Market Operator, a state-owned company (who was a member of the Commission when the Rotterdam plus formula was introduced);
- a head of a unit at the Commission;
- a division head of the Commission;
- a deputy commercial director of the DTEK company;
- a department director at DTEK company.

The actions of all the six people have been classified as abuse of office under Article 364, part 2 of Ukraine's Criminal Code. The heads of the privately owned companies have been charged with collusion.

One of the suspects - the former member of the Commission - has been arrested. NABU reported that the whereabouts of four other suspects - the former head of the Commission and the top managers of the said group of companies - were unknown. Accordingly, they were declared suspects in the manner specified in Articles 278 and 135 of Ukraine's Criminal Procedure Rules.

An investigation has established that in 2015 members of a group of private heat generating companies started to put pressure on the Commission's top management, demanding that the commission include non-existent costs in the price of the energy generated by the group's thermal power stations (i.e. non-existent costs related to the delivery and transshipment of power-generating coal to Ukraine from ports in Europe). In March 2016, the commission accepted the proposal, by including the above non-existent costs in the formula used for calculating the price of all heat generated. This pushed up the price of all generated electricity, driving up electricity prices for the industrial sector, public amenities, and entrepreneurs, imposing the financial burden of unjustifiably high prices on them. As a result, the prices of goods and

services, including the prices of basic necessities, went up for final consumers.

Investigators have gathered evidence that these actions caused losses of UAH 18.87 billion to electricity consumers in 2016 – 2017, of which UAH 14.3 billion went to the private companies that initiated the launch of the Rotterdam plus formula.

NABU detectives have been investigating this case since March 2017.

The investigation is continuing. Other people are being identified as suspects in this crime.

A high-quality graphic illustrating the details of the crime in Ukrainian https://www.flickr.com/photos/nab_ukr/48486547536/