



Russian War Against Ukraine: Energy Dimension

DiXi Group alert

(status as of 12:00, June 16)

#StopRussianAggression

#StandWithUkraine

Summary

- **App. 613,500 consumers all over Ukraine did not have electricity supply, and 178,500 consumers remained without gas supply.**
- Ukraine's energy infrastructure continues to suffer destruction and damage. According to the Minister of Energy Herman Halushchenko, **almost 5% of generating capacity has been destroyed, and 35% was located in the occupied territories.** Due to Russian troops shelling, more than 50% of coal/gas-fired, 30% of solar and over 90% of wind generation capacities were offline; gas production volumes decreased by about 12-15%.
- GSC Naftogaz of Ukraine LLC had **retroactively included in its consumers' registry 8.8 million customers** which should have received gas from June 1 from the company as the supplier of last resort. Consumers were included in the Naftogaz registry since May 1, respectively the price for them is set at the level of annual tariff "Fixed" (7.96 UAH/cm).
- Ukraine submitted a bid for **associate membership in the International Energy Agency.** The Ministry of Energy hopes for a positive decision and effective cooperation with the IEA in areas of mutual interest, including energy security, energy data, policy analysis, energy efficiency, development of renewables.
- The Cabinet of Ministers **approved the 2021 financial statements of Naftogaz and the allocation of 95% of net profit** (12.4 bn UAH) for the payment of dividends to the state budget. Also, the Board report on the results of 2021 activities was approved, and its performance was recognized as satisfactory.

- The Supervisory Board of JSC Mahistralni Gazoprovody Ukrainy approved **the change in the corporate governance model of the gas TSO**, which provides for a single company directly subordinated to the government. After the unbundling of GTSOU from Naftogaz group in 2020 under the ISO model, MGU considered several models of corporate governance of gas TSO.
- The Security Service and the Prosecutor General's Office announced **the arrest and transfer to the Asset Management and Recovery Agency (ARMA)** of corporate rights and bank accounts of BNK-Ukraine, a fuel trader. The seizure of 20 million UAH in assets was imposed under criminal proceedings on suspicion of financing separatism and misappropriation of property.

Electricity Sector:

Power system operation

Ukraine [continued](#) commercial exports of electricity to Poland via the Dobrotvirska TPP - Zamosc transmission line at the stable schedule of 210 MW hourly. Also, [according](#) to Ukrenergo, exports to Moldova were at 142 MW. At the same time, Energoatom continued to book 150 MW (flat schedule) of export capacity to Moldova at [daily auctions](#). In addition, technical [cross-border](#) flows continued between the energy systems of Ukraine and Eastern Europe countries (Slovakia, Hungary, Poland, Romania, and Moldova).

[According](#) to the Minister of Energy Herman Halushchenko, Ukraine's energy infrastructure continues to be destroyed and damaged - almost 5% of generating capacity has been destroyed, and 35% is located in the occupied territories. Due to Russian troops shelling, more than 50% of coal/gas-fired generation capacity, 30% of solar and more than 90% of wind generation were offline.

Ukrenergo [continued](#) repairing the damaged network infrastructure. In the eastern region, two substations and a 330 kV overhead line were being repaired. Damaged equipment at substations - batteries, various types of cables, etc. were replaced. On the overhead line, 14 cable damages were repaired and 6 spacers were installed. Also, works to increase the reliability of operation at one of the 750 kV substations also continued.

Electricity market performance

Day-ahead market (DAM): On June 16, the weighted average settlement price continued to [decrease](#) slowly and amounted to 2,251.2 UAH/MWh (-4.3%). At the same time, the Base DAM indices of Romania, Slovakia and Hungary have synchronously [increased](#) to 3.2-3.3 times over the DAM Base index of Ukraine. Instead, the price spread with the Polish market decreased from 2.7 to 2 times.

After several days of growth, the total volume of trading continues to [decrease significantly](#) to 13,309.2 MWh (-36.7% vs the previous day). At the same time, the proposal continues to show a downward trend to 87,429.2 MWh (-5.6%). The combination of these factors contributed to the increase of DAM surplus: the gap with the volume of purchase bids grew from 4.4 to 6.6 times. [The structure of purchase](#) changed: the dominant part was occupied by suppliers (51.5%), system operators (48.4%) and 0.1% by producers.

Intraday market (IDM): On June 14, the weighted average price of electricity on IDM [decreased](#) to 2,452.25 UAH/MWh (-5.7% vs the previous day). At the same time, the total volume of trading showed a sharp decrease - up to mere 60.2 MWh (-87.3% vs the previous day). According to the [Energy Map](#) service, this is one of the [lowest](#) figures in the history of IDM (since July 1, 2019). Reduction of supply to 41,257.9 MWh (-14.7%) failed to offset the sharp rise of IDM surplus - the gap with the volume of purchase bids jumped from 101 to 688 times. In the [structure of purchase](#), the dominant part was occupied by suppliers (76.1%), 22.9% by system operators and 1% by producers.

Disruption and resumption of supply

[Accordinging](#) to the Ministry of Energy, as of June 15, due to the damage caused by hostilities, a total of 613,500 consumers in 722 settlements were disconnected from electricity supply. During the day, electricity supply was resumed to app. 30,000 consumers. [Accordinging](#) to the Minister Herman Halushchenko, Ukraine manages to restore the electricity supply app. to 50,000 households every day. In total, since the beginning of the war, more than 5.2 million households have been reconnected.

Large-scale power supply disruptions and, consequently, active recovery works were taking place:

- in the **Donetsk region**, according to the local DSO, specialists restored electricity supply to app. 4,945 households in 4 settlements of the Pokrovsk and Bakhmut districts; 321 settlements were left without electricity supply ([accordinging](#) to the Ministry of Energy - more than 352,100 consumers);
- in the **Luhansk region**, [accordinging](#) to the Ministry of Energy, more than 128,200 consumers were left without electricity;
- in the **Kharkiv region**, [accordinging](#) to the Ministry of Energy, app. 40,200 consumers remained without electricity and supplies were resumed to 4,100 consumers during the day;
- in the **Zaporizhzhia region**, [accordinging](#) to the local DSO, as of 07:00 on June 16, 21,096 consumers in 77 settlements remained without electricity supply. During the day, the DSO specialists repaired damage and restored supplies to 8,853 households in the Orikhiv district. In addition, damage to electrical equipment due the bad weather in the city of Zaporizhzhia was eliminated, supply for all consumers of the Zaporizhzhia power grids was restored;
- in the **Mykolaiv region**, [accordinging](#) to the Regional Military Administration, as of June 16, 402 power supply facilities were partially or completely damaged. 93 settlements of the Bashtanka and Mykolaiv districts remained without electricity supply. [Accordinging](#) to the Ministry of Energy, electricity supply to 1,000 consumers was restored during the day;
- in the **Kherson region**, [accordinging](#) to the Regional Military Administration, as of 17:00 on June 15, among the communities with communication established, supply was partially provided in the Novovorontsovka, Novooleksandrivsa and Muzykivka communities; at least 12 settlements remained without electricity supply. There was no electricity supply in all 22 settlements of the Vysokopillia community. [Accordinging](#) to the Ministry of Energy, electricity supply to 1,500 consumers was restored during the day;
- in the **Dnipropetrovsk region**, [accordinging](#) to the Regional Military Administration, electricity supply to 140 consumers was restored during the day;
- in the **Chernihiv region**, [accordinging](#) to the Regional Military Administration, as of 06:00 on June 16, 2,402 consumers in 1 settlement did not receive electricity supply services;
- there was no up-to-date consolidated information on power supply in the **Sumy** and **Odesa regions** at the time of the review preparation.

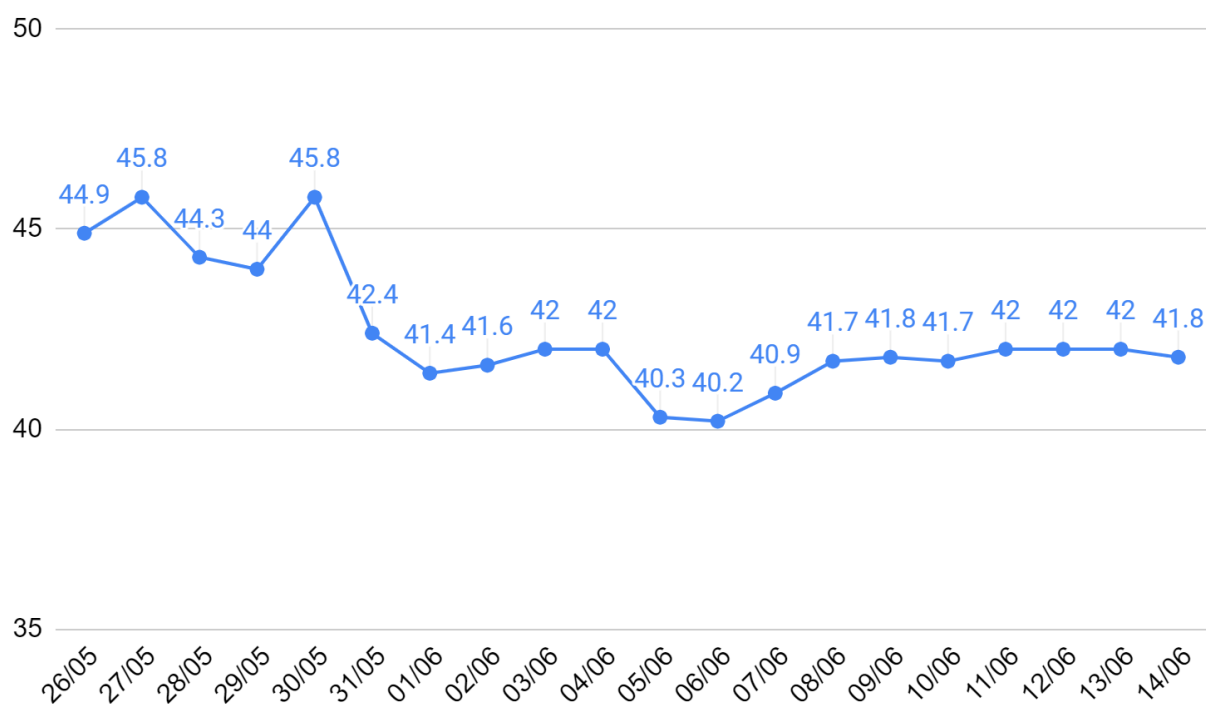
Gas Sector:

As of June 14, the gas transit through the territory of Ukraine decreased by 0.2 mcm as compared to the previous day and amounted to 41.8 mcm. These volumes were only 38% of the capacity contracted by Gazprom (109 mcm per day). There were no transit flows via the Sokhranivka interconnection point.

Physical imports of gas from the EU were reported from the Hermanowice interconnection point (virtual interconnection point "Ukraine-Poland") at 2.4 mcm. At the same time, part of these volumes

may be a transit from Poland to Hungary via Ukraine, as on June 14, on Ukraine's gas system exit via the Berehove interconnection point (virtual interconnection point "Bereg") 2.38 mcm of gas was shipped.

Gas transit through Ukraine (at Sokhranivka and Sudzha interconnection points), mcm



Source: [GTSOU](#)

[According](#) to the Minister of Energy Herman Haluschenko, gas production volumes decreased by about 12-15%.

Gas market functioning

GSC Naftogaz of Ukraine LLC had retroactively [included](#) 8.8 million former customers of Tviy Gazzbut (104.ua) and Odesagaz-Postachannya in its customers' registry on the GTSOU platform. These customers should have received gas from June 1 from the company as the supplier of last resort. According to the company's press service, consumers were included in the GSC Naftogaz of Ukraine registry since May 1, respectively the price for them is set at the level of annual tariff "Fixed" (7.96 UAH/cm).

To be noted, on June 1, the company [announced](#) the transfer of 8.8 million households of the Tviy Gazzbut group to the supplier of last resort. Also, until June 15, GSC Naftogaz of Ukraine as the supplier of last resort did not publish the price for household consumers on its website, violating the Rules for Natural Gas Supply.

Disruption and resumption of supply

The **Donetsk, Luhansk, Zaporizhzhia, Kherson, Mykolaiv, Chernihiv and Kharkiv regions** had the most challenging situation in gas supply. [According](#) to the Cabinet of Ministers, as of June 15, 178,500 consumers were left with no gas supply. Gas supply was restored to 2,800 consumers during the day.

In the **Donetsk region**, as of June 13, the situation didn't change: almost the whole region remained without gas supply due to the main gas pipeline damage. Only 1,900 consumers in 2 settlements [had](#) supply.

In the **Luhansk region**, there were no changes in gas supply: it was completely suspended due to hostilities which were deeply destroying the region's critical infrastructure.

In the **Kherson region**, [as of 17:00 on June 15](#), there was no information regarding any significant change as compared to the previous day: 1 community (Vysokopillia) has completely remained without gas supply and 3 communities (Velyka Oleksandrivka, Novovorontsovka, Stanislav) partially. However, there is no mobile connection in some of these communities, so there was no up-to-date information on gas supply. LPG reserves were running out in 4 communities (Tyahynka, Hornostaivka, Velyka Lepetykha and Rubanivka); in the Novoraysk community, LPG supply had run out.

In the **Kharkiv region**, the local DSO [announced](#) the resumption of gas supply to 2,800 consumers in the city of Derhachi, and resumption of gas flow to individual households continued. At the same time, repairs were being carried out in the village of Stepanky (a settlement liberated by the Armed Forces of Ukraine).

In the **Zaporizhzhia region**, as of the morning of June 16, 81,118 consumers in 107 settlements [remained](#) without gas supply. The day before, in the city of Orikhiv, distribution and supply low-pressure gas pipelines were damaged by shelling. Repair works were carried out in the city at the same time.

In the **Mykolaiv region**, as of June 16, the situation with gas supply [didn't change](#) - 631 gas infrastructure facilities were destroyed or damaged for the whole period of war, and 6,656 consumers were left without gas supply.

[According](#) to the **Chernihiv** Regional Military Administration, as of the morning on June 16, about 900 consumers in 23 settlements have not received gas supply service.

Operational information on gas supply in the **Sumy region** was not available at the time of the review preparation.

Countermeasures of Ukrainian Companies and Public Authorities

The Minister of Energy Herman Halushchenko [stated](#) that the seventh sanctions package, gas embargo and secondary sanctions are the common goals of both Ukraine and the EU. He called to end the sponsorship of Russia's military machine, mentioning that the aggressor earned 93 billion EUR on exports of fossil fuels in the first 100 days of the war. At the same time, the EU countries imported 61% of this volume, which amounted to about 57 billion EUR.

According to the Ministry of Energy, Ukraine [submitted](#) a bid for associate membership in the International Energy Agency. The ministry expressed hope for a positive decision and effective cooperation with the IEA in areas of mutual interest, including energy security, energy data, policy analysis, energy efficiency, development of renewables, and more.

The Cabinet of Ministers [approved the](#) audited 2021 financial statements of Naftogaz and the allocation of 95% of net profit (12.4 billion UAH) for the payment of dividends to the state budget. The government instructed to direct the remaining 5% of Naftogaz's net profit (652.58 million UAH) to the company's reserve capital. By the same order the Cabinet of Ministers approved the report of the Management Board of Naftogaz on the results of financial and economic activities in 2021 and recognized its performance as satisfactory.

The Supervisory Board of JSC Mahistralni Gazoprovody Ukrainy [approved](#) the change in the corporate governance model of the gas TSO, which provides for a single company directly subordinated to the government. MGU reported that the Supervisory Board is working on an implementation plan. To be noted, after the unbundling of GTSOU from Naftogaz group in 2020 under the ISO model, the Supervisory Board of MGU considered several models of corporate governance of gas TSO.

The [Security Service](#) of Ukraine and [the Prosecutor General's Office](#) announced the arrest and transfer to the Asset Management and Recovery Agency (ARMA) of corporate rights and bank accounts of BNK-Ukraine, a fuel trader established by Belarusian Oil Company and Belorusneft. According to the Security Service of Ukraine, over the past year it has imported oil products and liquefied gas to Ukraine for a total cost of almost 20 billion UAH. Five filling stations of UPG operated under the BNK brand in Ukraine. The seizure of 20 million UAH in assets was imposed under criminal proceedings on suspicion of financing separatism and misappropriation of property.

Sources:

The alerts are developed based on collected, verified, and analyzed information reports of over 100 official sources: ministries, state agencies, network operators, and energy companies. Information was collected only from official websites and official social media accounts.

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