Russian War Against Ukraine: Energy Dimension

DiXi Group alert

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#StopRussianAggression
#StandWithUkraine

Summary

- The enemy attacks again focus on Ukraine's fuel supply infrastructure. In particular, the Kremenchuk refinery and CHP, the Shebelynskyi gas processing facility, and a large fuel depot in the Dnipropetrovsk region were hit by missiles.

- App. 602,300 consumers all over Ukraine did not have electricity supply, and 172,000 consumers remained without gas supply.

- The government has transferred to Naftogaz new assets (6 CHPs) and imposed new obligations (to supply gas to DSOs at fixed price, to accumulate at least 19 bcm of gas in storage by October 1). According to the PM Denys Shmyhal, over 10 bcm have been accumulated in the Ukrainian storages so far.

- According to the Head of the Presidential Office Andrii Yermak, the action plan proposed by the International Expert Group on Sanctions against Russia has been implemented for 48%, there is a lack of progress in the fields of energy and transport.

- Energoatom and Ukrgazbank have announced their intention to create a national network of charging stations for electric vehicles.

- The State Bureau of Investigation (SBI) announced the transfer of the seized assets of Russia's Tatneft group to the Asset Recovery and Management Agency (115 real estate objects: fuel depots, filling stations, non-residential buildings, land plots; 118 fuel trucks and cars). The cost of corporate rights and movable property alone is estimated at 400 million UAH.
• According to the SBI, the former head of the Main Department of Internal Security (Security Service) Andrii Naumov, who was detained on June 7 in Serbia, was able to collect and pass on to the Russian intelligence services information on security systems of the Chornobyl NPP Exclusion Zone.

Attacks
On June 18, the enemy resumed attacks on Ukraine's fuel supply infrastructure. In particular, oil refinery in the Poltava region, gas processing plant in the Kharkiv region, and fuel depot in the Dnipropetrovsk region were affected.

**Oil refinery and cogeneration facility (Poltava region)**

On the morning of June 18, the Russian invaders launched a massive missile strike on the infrastructure of the city of Kremenchuk, Poltava region, reported the Poltava Regional Military Administration Head Dmytro Lunin. 6 missiles hit the Kremenchuk refinery, which did not work after the previous attacks, 2 more missiles hit the local CHP, no one was injured. According to Lunin, during the full-scale war, the refinery and CHP suffered the greatest attacks and destruction among the entire infrastructure of the Poltava region, in particular the refinery cannot be restored.

**Gas processing facility (Kharkiv region)**

On June 18, the Russian military fired missiles on a gas processing plant in the Izyum district of the Kharkiv region, as a result of the shelling there was a large-scale fire, reported the Kharkiv Regional Military Administration Head Oleh Syniehubov. According to the director of A-95 Consulting Group Serhii Kuyun, the Shebelynskyi Gas Processing Plant was attacked. To remind, the facility was suspended on February 26 due to the threat of hostilities, and its personnel was evacuated.

**Fuel depot (Dnipropetrovsk region)**

In the evening of June 18, the Russian military attacked with three cruise missiles a fuel depot in the Novomoskovsk district of the Dnipropetrovsk region, which led to significant destruction and fire, reported the Dnipropetrovsk Regional Military Administration Head Valentyn Reznichenko. While extinguishing the fire, a fuel tank exploded, one of the rescuers died; a total of 13 people were injured and 2 killed by the attack. As of 07:35 on June 20, rescuers continued to fight the fire.

Electricity Sector:

*Power system operation*

On June 18-19, Ukraine continued commercial exports of electricity to Poland via the Dobrotvirskа TPP - Zamosc transmission line at the stable schedule of 200 MW hourly; exports for June 20 are scheduled at 205 and 210 MW (during certain hours of the day). 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 European countries (Slovakia, Hungary, Poland, Romania, and Moldova). To remind, pilot commercial exports at a limited amount of 100 MW from Ukraine to the EU was planned to start in June.

Ukrenergo continued repairing damaged network infrastructure. On June 13-19, the repairs of 100% of the main lines damaged by shelling in the northern region of Ukraine was completed. In particular, a 750 kV overhead line and a 330 kV substation were put into operation, which allowed to restore power supply of the central and northern regions according to the normal scheme, as well as to
remove restrictions at several large power nodes. On June 18-20, a 330 kV substation was partially put into operation in the eastern region. A 330 kV overhead line (8 breaks have been eliminated and 2 sections of damaged cable have been replaced) was being repaired and damaged equipment at a 330 kV substation was being dismantled. In the northern region, fiber-optic lines were restored and lines were inspected along with sappers for final demining. Also, at a 330 kV substation, relay protection crews worked on the complete restoration of equipment.

Electricity market performance

Bilateral contracts market (BCM): On June 13-17, the Ukrainian Energy Exchange (UEEX) held 14 auctions for the purchase or sale of electricity (4 in commercial sections, 10 in specialized sections). The tenders were initiated by Energoatom, Ukrhydroenergo, Guaranteed Buyer, companies of DTEK group, and others. In total, 99.1 GWh was sold at UEEX with supply in June and July. In particular, Energoatom-Trading sold 71.4 GWh of base load at the weighted average price of 1914 UAH/MWh with delivery in June and 2.2 GWh of base load at the price of 1935 UAH/MWh with delivery in July. Ukrhydroenergo sold 2.2 GWh of July base load at the weighted average price of 1935 UAH/MWh. Guaranteed Buyer sold 8.5 GWh of daytime block positions with delivery in June at prices in the range of 1240-2185 UAH/MWh.

Day-ahead market (DAM): As of June 20, the weighted average settlement price increased slowly and amounted to 2,270.06 UAH/MWh (+3.7% vs the previous day). At the same time, the Base DAM indices of Romania, Slovakia and Hungary have synchronously increased to 3.9 times over the Base DAM index of Ukraine. Instead, the price spread with the Polish market amounted to 3.2 times. The total volume of trading increased to 13,327 MWh (+37.4% vs the previous day). At the same time, the supply decreased significantly to 66,783.7 MWh (-28.5%). The combination of these factors contributed to the decreased surplus: the gap with the volume of purchase bids reached 5 times. In the structure of purchase, 50.3% was occupied by suppliers, 49.5% by system operators and 0.2% by producers.

Intraday market (IDM): On June 19, the weighted average price slowly decreased to 2,291.49 UAH/MWh (-12.6% vs the previous day). At the same time, the total volume of trading showed a sharp increase - up to 362.4 MWh (+234.3%), however, it remained relatively small. The supply increased moderately to 52,639.2 MWh (+14.6%), which in combination with the dynamics of trading led to a significant decrease in the market surplus - the gap with the volume of purchase bids was 146 times. In the structure of purchase, 98.1% was occupied by suppliers, 1.3% by system operators and 0.6% by producers.

Disruption and resumption of supply

According to the Ministry of Energy, as of June 19, due to damage caused by hostilities, a total of 602,300 consumers in 729 settlements were disconnected from electricity supply. During the day, electricity supply was resumed to app. 21,600 consumers.

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

- in the Donetsk region, according to the local DSO, specialists restored supply to app. 16,200 households in 5 settlements of the Pokrovsk and Bakhmut districts; 318 settlements were left without electricity supply (according to the Ministry of Energy - over 360,700 consumers). During the week, supply was restored to 118,300 households in 121 settlements;

- in the Luhansk region, according to the Ministry of Energy, more than 128,200 consumers were left without electricity;

- in the Kharkiv region, according to the Ministry of Energy, app. 34,900 consumers remained without electricity and supplies were resumed to 180 consumers during the day;

- in the Zaporizhzhia region, according to the local DSO, as of 07:00 on June 20, 22,715 consumers in 88 settlements remained without electricity supply. Due to active hostilities and bad weather conditions, damage has increased. In particular, due to enemy’s shelling in the
Orikhiv district, 834 consumers were left without electricity supply. According to the Ministry of Energy, electricity supply to 1,340 consumers was restored during the day;

- in the Mykolaiv region, according to the Regional Military Administration, as of June 20, 407 power supply facilities were partially or completely damaged, 1 of them during the last day. 94 settlements (2 of them partially) of the Bashtanka and Mykolaiv districts were disconnected. According to the Ministry of Energy, electricity supply to 200 consumers has been restored during the day;

- in the Kherson region, according to the Regional Military Administration, as of 12.00 June 19, among the communities with communication established, the Vysokopilia and Kalynivske communities (a total of 34 settlements) were completely offline, and the Novovorontsovka, Novooleksandrivka and Muzykivka communities (at least 12 settlements) - partially;

- in the Odesa region, according to the local DSO, in one of the city districts, a power cable caught fire at a high-voltage substation, leaving 16,820 consumers without electricity;

- in the Sumy region, according to the prosecutor’s office, on June 19, mortar shelling on the city of Seredyna-Buda damaged an electrical pole and broke wires. According to the Ministry of Energy, electricity supply to 360 consumers was restored during the day;

- in the Chernihiv region, according to the Regional Military Administration, as of 06:00 on June 20, 5,176 consumers in 1 settlement did not receive electricity supply services;

- there was no up-to-date consolidated information on power supply in the Dnipropetrovsk region at the time of the review preparation.

Gas Sector:

On June 16–18, the gas transit through the territory of Ukraine fluctuated between 41.2–42.6 mcm. On June 18, the transit volumes increased by 1.3 mcm and amounted to 42.6 mcm, while on June 19-20, the volumes decreased to 41.2 mcm. These volumes were only 38-39% 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 0.6-1.1 mcm/day. At the same time, part of these volumes may be a transit from Poland to Hungary via Ukraine, as on June 16-18, on Ukraine’s gas system exit via the Berehove interconnection point (virtual interconnection point "Bereg") 0.9-1.6 mcm/day was shipped.
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 19, 172,000 consumers were left with no gas supply. On June 18, gas supply was restored to 3,300 consumers; on June 17 - to 1,200 consumers.

In the Donetsk region, the situation didn't change: almost the whole region remained without gas supply due to the main gas pipeline damage. As of June 16, 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 12:00 on June 19, 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 Mykolaiv region, the situation with gas supply became worse - 635 gas infrastructure facilities were destroyed or damaged for the whole period of war (+4 as compared to June 17). As a result, 7,135 consumers were left without gas supply (+479). The missile attacks on the city of Mykolaiv
on June 17 were the reason, as the local DSO suspended gas supply to 278 households. Restoration works started the next day.

According to the Chernihiv Regional Military Administration, as of the morning on June 20, about 900 consumers in 23 settlements have not received gas supply service.

Operational information on gas supply in the Sumy and Kharkiv regions was not available at the time of the review preparation.

Countermeasures of Ukrainian Companies and Public Authorities

The President Volodymyr Zelenskyi in a video address stated this week could be historic one for Ukraine, given the expected response from the European Council on the EU candidate status for Ukraine. The Verkhovna Rada, in turn, approved an appeal to the EU member states and institutions to support Ukraine’s candidate status.

The Head of the Presidential Office Andrii Yermak stated that the action plan to strengthen the sanctions proposed by the International Expert Group on Sanctions against Russia (“Yermak-McFaul Group”) has been implemented for 48%. At the same time, according to him, there is currently the lack of progress on sanctions in the fields of energy and transport.

The Prime Minister Denys Shmyhal announced the government adopted a resolution for Naftogaz to supply gas to DSOs at fixed price during the martial law and 6 months after its termination. In addition, the government instructed to transfer six CHPs to Naftogaz ownership, and made changes to the company’s ownership policy, imposing an obligation to accumulate at least 19 bcm of gas in storage by October 1, 2022. According to Shmyhal, more than 10 bcm have been accumulated in the Ukrainian storage facilities so far.

Denis Shmyhal also announced the presentation of the Ukraine Recovery Plan next week. According to him, the government will rely on a regional approach, which provides for the aid of partner countries in a particular region or industry. Following this approach, Denmark will take care of the reconstruction of Mykolaiv, the Baltic states - of Zhytomyr, Portugal will restore Ukrainian schools, the UK will participate in reconstruction and development of the Kyiv city and the Kyiv region.

Energoatom and Ukrgazbank have announced their intention to create a national network of charging stations for electric vehicles. In accordance with the memorandum signed, the implementation of the project will begin using the financial capabilities of Ukrgazbank and the production and technical potential of Energoatom.

The Cabinet of Ministers proposed the National Security and Defense Council to impose sanctions on Rosneftegaz and its affiliates, including Tatoil. It should be noted that Rosneftegaz owns a controlling stake in Rosneft, 10.97% of Gazprom and 26.36% of Inter RAO.

Meanwhile, the State Bureau of Investigation (SBI) announced the transfer of the seized assets of Russia's Tatneft group to the Asset Recovery and Management Agency (ARMA). As reported, 115 real estate objects were seized: fuel depots, filling stations, non-residential buildings, land plots and 118 fuel trucks and cars. The cost of corporate rights and movable property alone is estimated at about 400 million UAH.

According to the SBI, the former head of the Main Department of Internal Security (Security Service of Ukraine) Andrii Naumov, who was detained on June 7 in Serbia, was able to collect and pass on to the Russian intelligence services information that is a state secret, including the information on security systems of the Chornobyl NPP Exclusion Zone. As noted, law enforcement officers have already conducted searches at the residences of persons who may be involved in the collection and transmission of information.
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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