

Russian War Against Ukraine: Energy Dimension

DiXi Group alert

(status as of 12:00, November 8)

#StopRussianAggression

#StandWithUkraine

Resume

- According to the Energy Community, as of November 7, 950,000 consumers were without electricity supply, 600,000 households remained without gas supply.
- GTS Operator of Ukraine, LLC emphasized the importance of the complete implementation of the EU network codes at the interstate connection points between the countries of Central and Eastern Europe. Implementation of relevant rules on the border with Romania at the Isaccea interconnection point is important for Ukraine in this regard. The Romanian operator currently offers only intermittent transmission capacity at this point, while the provision of guaranteed capacity would open up more significant opportunities for Ukrainian market participants to use the Trans-Balkan Gas Corridor.
- The National Commission on Securities and Stock Market made a decision on the compulsory transfer of the shares of PJSC Ukrnafta (the largest oil producer), PJSC Ukrtatnafta (owns Kremenchuk oil refinery - the largest oil refining enterprise of Ukraine, which was destroyed by missiles), JSC Motor Sich, PrJSC AvtoKrAZ and PrJSC Zaporizhtransformator to the state. As explained by the Secretary of the National Security and Defense Council of Ukraine Oleksiy Danilov, the five enterprises seized from Ukrainian billionaires acquired the status of military property, and transferred to the management by the Ministry of Defense. After the end of martial law, these assets can be returned to their

owners or their value will be reimbursed. The Minister of Defense Oleksiy Reznikov stated that general meetings of shareholders of the respective enterprises were already held, at which new supervisory boards were formed, which will soon be appointed by the executive bodies of the enterprises.

- In Zhytomyr, it is currently impossible to restore the operation of some substations that were damaged after rocket attacks on the energy facility, said Zhytomyr Mayor Serhii Sukhomlyn. The city has reduced the number of electric transport by three times, lighting is turned on at 30% of capacity, water supply to sewage treatment plants has been reduced during the day, some industrial enterprises have switched to work at night and on weekends. The city also allocated funds for the purchase of high-power generators in order to ensure the operation of the water supply, heat and power utilities. In Zhytomyr, it is planned to equip 36 heating points, each of which will be equipped with a generator.
- The National Energy and Utilities Regulatory Commission appealed to the consumers to treat the temporary steps to limit electricity supply with understanding. The regulator emphasized that it requires the operator of the power transmission system and the operators of the power distribution systems to strictly adhere to the principle of fairness when applying load-shedding disconnections of consumers from the electricity supply. In case of non-compliance with the specified requirements, the Commission will apply measures of regulatory influence.

Electricity Sector

Power system operation

[Ukrenergo extended](#) the planned outage schedules (POS) for November 8 in the city of Kyiv, as well as in Kyiv, Chernihiv, Cherkasy, Zhytomyr, Sumy, Kharkiv, and Poltava regions. However, from 9:30 a.m. Ukrenergo used [emergency power outage schedules \(EPOS\)](#) in these regions, and additionally applied POS for the entire territory of Ukraine. Due to increased load on the power system additional restrictions are introduced.

[According](#) to ENTSO-E, as on November 7, Ukraine did not perform commercial exports and imports of electricity. [No demand was observed](#) at the capacity auctions for the imports of electricity from Moldova (800 MW), Romania and Slovakia (25 MW each).

Disruption and resumption of supply

[According](#) to the Energy Community, as of November 7, 950,000 consumers were without electricity supply.

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

- in the **Kyiv region**, [according](#) to the Regional Military Administration (RMA), due to shelling of critical infrastructure, the electricity supply situation remains difficult. Planned and emergency outages continue in the region, energy workers restore damaged equipment and networks around the clock;
- in the **Kharkiv region**, [according](#) to the RMA, as on November 6, personnel of the local DSO continued to inspect and repair energy equipment and networks in liberated settlements. In particular, electricity supply to 511 consumers of the Starovirivka village, Kupyany district was restored;
- in the **Dnipropetrovsk region**, [according](#) to the local DSO, from October 31 to November 6, repair crews restored electricity to 36,000 households in 55 settlements;
- in the **Zaporizhzhia region**, [according](#) to the local DSO, as of 07:00 on November 8, 25,380 consumers in 72 settlements remained without electricity (excluding 11 district offices to which the occupation "authorities" restricted access). Specialists repaired the damage to electrical

equipment and restored power supply to 942 consumers of the Orihiv, 817 of the Gulyaipil and 6 of the Zaporizhia power grids during the day;

- in the **Mykolaiv region**, [according](#) to the RMA, as of November 8, 778 electricity supply facilities were partially or completely damaged (+8 during the day). In particular, on November 7, three settlements of the Shirokiv community were [under fire](#), which resulted in damage to the power transmission line. 86 settlements of the Bashtanka and Mykolaiv districts were completely offline, and 3 - partially;
- in the **Kherson region**, [according](#) to the General Staff of the Armed Forces of Ukraine, in order to force leave the region the occupying "authority" takes measures to artificially create unacceptable living conditions for local residents, in particular, cuts off electricity and communications;
- in the **Sumy region**, [according](#) to the RMA, on November 7, the enemy opened fire on 2 border communities, as a result of which power lines were damaged in Bilopillia communities;
- in the **Donetsk region**, [according](#) to the local DSO, during October 31 - November 6, emergency repair crews restored electricity supply to 72,878 households in 128 settlements. Due to the lack of possibility to carry out restoration works, 91 settlements remain without electricity;
- there was no up-to-date consolidated information on power supply in the **Chernihiv and Luhansk regions** at the time of the review preparation.

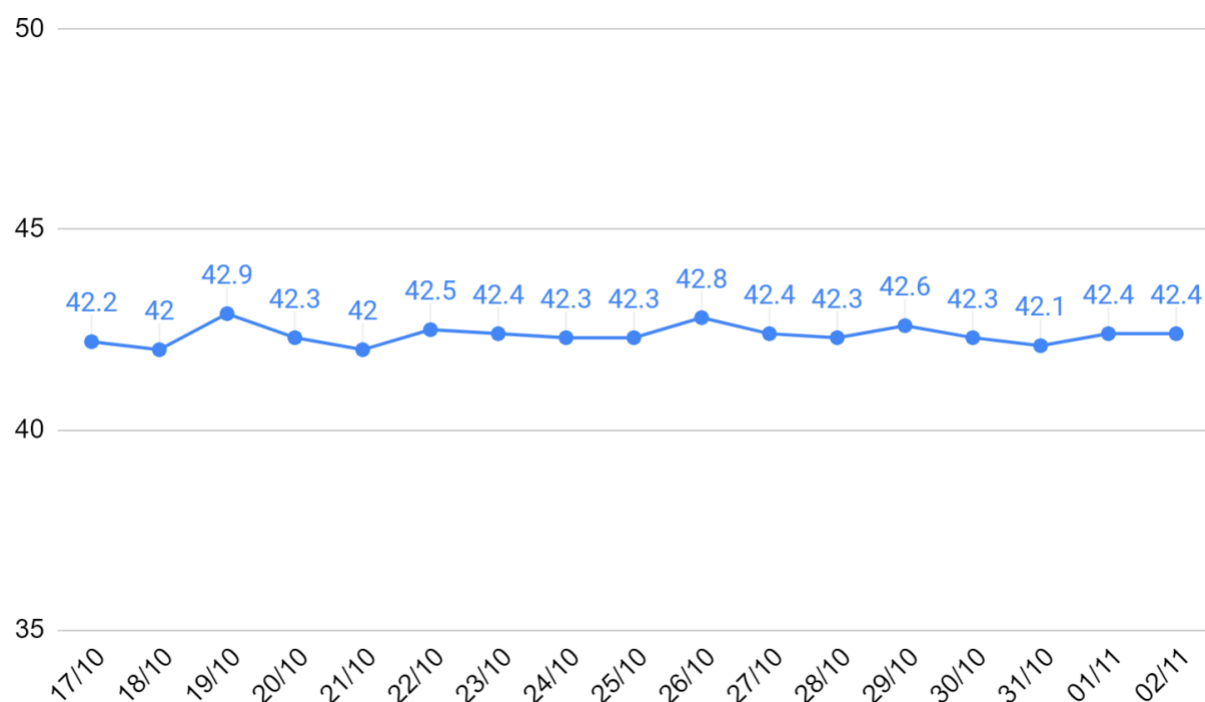
Oil & Gas Sector

Gas system performance

On November 6, the volume of gas transit through the territory of Ukraine amounted to 41.9 mcm (-0.8 mcm as compared to the previous day). 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.

The physical imports of gas from the EU countries was reported at 9.8 mcm - via the Hermanowice interconnection point (virtual interconnection point Ukraine-Poland, at 4 mcm) and the Budince interconnection point (Slovakia, at 5.8 mcm). Part of the physical imports could be gas transmission by European companies under short-haul service for further injection into the Ukrainian storage facilities in a "customs warehouse" regime. On November 6, there was no gas transported on the Ukraine's gas system exit, except for transit flows.

Transit of Russian gas through the territory of Ukraine, mcm



Source: [GTSOU](#)

GTS Operator of Ukraine, LLC [emphasized](#) the importance of the complete implementation of the EU network codes at the interstate connection points between the countries of Central and Eastern Europe. Implementation of relevant rules on the border with Romania at the Isaccea interconnection point is important for Ukraine in this regard. The Romanian operator currently offers only intermittent transmission capacity at this point, while the provision of guaranteed capacity would open up more significant opportunities for Ukrainian market participants to use the Trans-Balkan Gas Corridor. GTSOU expressed interest in signing an agreement on interaction with the Romanian GTS.

Disruption and resumption of supply

The **Dnipropetrovsk, Donetsk, Luhansk, Zaporizhzhia, Kherson, Mykolaiv and Kharkiv regions** had the most challenging situation. [According](#) to the Energy Community Secretariat, 600,000 households remained without gas supply.

In the **Donetsk region**, the local DSO [continues](#) to restore the gas supply in certain areas of the Donetsk region. Damage to the networks is fixed every day. However, specialists leave to carry out urgent repair work despite the shelling.

In the **Luhansk region**, the situation didn't change: gas supply is almost completely absent due to large-scale destruction of critical infrastructure during hostilities.

In the **Mykolaiv region**, as of November 8, the situation is almost unchanged: 984 (+1 as compared to November 7) gas infrastructure facilities [were damaged](#), and 6,645 consumers (no change) remained without gas supply.

In the **Kharkiv region**, the local DSO [reports](#) that on November 6, the gas supply was restored to 608 consumers of the region. Since the beginning of November, the gas supply has been restored to 9,000 households. The city operator of the gas distribution networks Kharkivmiskgaz [continues](#) repair work in the Saltivka and Kyiv districts of the regional center.

In the **Dnipropetrovsk region**, gas distribution infrastructure of the Nikopol district [continues](#) to suffer from daily shelling.

In the **Zaporizhzhia region**, [according](#) to the local DSO, as of November 8, 150,711 consumers in 206 settlements remained without gas supply. It is also noted that there is no up-to-date information on the gas supply for Melitopolgaz PJSC and the temporarily occupied territories of the region.

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

Countermeasures of Ukrainian Companies and Public Authorities

The National Commission on Securities and Stock Market made a [decision](#) on the compulsory transfer of the shares of PJSC Ukrnafta (the largest oil producer), PJSC Ukratnafta (owns Kremenchuk oil refinery - the largest oil refining enterprise of Ukraine, which was destroyed by missiles), JSC Motor Sich, PrJSC AvtoKrAZ and PrJSC Zaporizhtransformator to the state. The ground for this decision was the law "On the transfer, forced alienation or seizure of property under the legal regime of martial law or state of emergency" adopted in September and a number of orders of the Supreme Commander-in-Chief of the Armed Forces. As [explained](#) by the Secretary of the National Security and Defense Council of Ukraine Oleksiy Danilov, the five enterprises seized from Ukrainian billionaires acquired the status of military property, and transferred to the management by the Ministry of Defense. After the end of martial law, these assets can be returned to their owners or their value will be reimbursed. President Volodymyr Zelensky, in the context of state ownership of enterprises, [stated](#) that some of these enterprises were almost non-operational, now they will all work for defense, Zelensky emphasized that he does not rule out other similar decisions.

The Minister of Defense Oleksiy Reznikov stated that general meetings of shareholders of the respective enterprises were already held, at which new supervisory boards were formed, which will soon be appointed by the executive bodies of the enterprises.

[Lists](#) of members of the supervisory boards of Ukrnafta and Ukratnafta have already appeared in the media.

The Supervisory Board of Ukrnafta reportedly includes:

1. **Natalya Andriivna Boyko**, adviser to the Prime Minister Denys Shmyhal, member of the Supervisory Board of Naftogaz of Ukraine.
2. **Roza Askhativna Tapanova**, member of the supervisory board of Oschadbank.
3. **Oleksandr Oleksandrovych Hryban**, Deputy Minister of Economy of Ukraine. He worked in management of leading investment organizations, in particular as a director of the investment company Concorde Capital and was one of the heads of the Ukrainian division of the Amstar International Direct Investment Fund.
4. **Andriy Olegovych Hota**, head of the Office of the Head of the Presidential Office of Ukraine.
5. **Dmytro Vasylivych Abramovych**, first deputy minister of infrastructure of Ukraine until June 2021.

The following were reportedly appointed to the supervisory board of Ukratnafta:

1. **Safarov Farid Kamil oglu**, Deputy Minister of Energy of Ukraine for Digital Development, Digital Transformations and Digitalization.
2. **Batova Olha Ihorivna**, from February to August 2022, acting head of the State Property Fund of Ukraine. From December 2021, she held the position of first deputy head of the State Property Fund.
3. **Ilyin Arsen Valeriyovych**, member of the National Securities and Stock Market Commission.
4. **Andriy Smolin**, head of the Ukrainian representative office of Avellana Gold. The company's website states that it is engaged in the exploration and development of mineral resources, mainly in Ukraine and neighboring countries of Eastern Europe.
5. **Dmytro Pavlov** (there is no information in open sources).

To note, five strategically important enterprises, in respect of which the decision was made, are related to Konstantin Zhevago, Igor Kolomoisky, Viacheslav Boguslaev and Konstantin Grigoryshin.

The spokeswoman of the European Commission on economic and financial issues, Verli Naitz [stated](#) that the EU will provide Ukraine with another 3 billion EUR in macro-financial assistance by the end of the year, which will amount to 6 billion of the planned package of 9 billion EUR, which is intended to ensure the basic functions of public administration. According to her, the work on the allocation of 3 billion EUR remaining from the total package of 9 billion EUR continues and takes place simultaneously with the development of a more strategic and predictable financing of the EU support for Ukraine in 2023.

The Deputy Minister of Energy of Ukraine for European Integration Yaroslav Demchenkov [discussed](#) with the Minister of Economy of Slovakia Karel Hirman the expansion of cooperation in the field of energy. According to Demchenkov, Ukraine and Slovakia can work together to increase the capacity of interconnectors and hydrocarbon production, as well as to implement the project of supplying various types of oil through the "Southern Friendship" oil pipeline using the infrastructure of Ukraine, Slovakia, the Czech Republic and Hungary. In addition, the Slovak minister announced his country's readiness to provide assistance to the Ukrainian side with materials and equipment to restore infrastructure after the attacks.

Yuriy Ignat, the spokesman of the Air Force Command of the Ukrainian Armed Forces [expressed the opinion](#) that Russia will continue to strike Ukraine's critical infrastructure, energy facilities, and hydrotechnical facilities in the autumn-winter period.

In Zhytomyr, it is currently impossible to restore the operation of some substations that were damaged after rocket attacks on the energy facility, [said](#) Zhytomyr Mayor Serhii Sukhomlyn. The city has reduced the number of electric transport by three times, lighting is turned on at 30% of capacity, water supply to sewage treatment plants has been reduced during the day, some industrial enterprises have switched to work at night and on weekends. The city also allocated funds for the purchase of high-power generators in order to ensure the operation of the water supply, heat and power utilities. In Zhytomyr, it is planned to equip 36 heating points, each of which will be equipped with a generator.

The National Energy and Utilities Regulatory Commission [appealed](#) to the consumers to treat the temporary steps to limit electricity supply with understanding. The regulator emphasized that it requires the operator of the power transmission system and the operators of the power distribution systems to strictly adhere to the principle of fairness when applying load-shedding disconnections of consumers from the electricity supply. In case of non-compliance with the specified requirements, the Commission will apply measures of regulatory influence.

As part of the meeting on November 9, the NEURC [plans to](#) consider:

- [the implementation of](#) the requirement for DSOs to post on the official website information about the start and end of the interruption of electricity supply to consumers, indicating the names of settlements, streets, buildings, etc. and indicating the type of the interruption (planned, emergency, application of schedules consumer restrictions) and update it every 30 minutes;
- [making](#) changes to the minimum standards and requirements for the quality of service to natural gas consumers;

- [extension](#) until December 31, 2024, of the period of application for all DSOs of the specific cost of connecting 1 kW of power as an average indicator of the cost of creating 1 kW of power at the level of 3.48 thousand UAH/kW (without VAT);
- [reduction of the](#) tariff for transmission services of NEC Ukrenergo for 2022 from 01.12.2022 to 377.18 UAH/MWh (in the previous decision - 397.85 UAH/MWh); and [the reduction of the](#) tariff for the dispatching services of Ukrenergo for 2022 from December 1, 2022 to 218.25 UAH/MWh (in the previous decision - 232.03 UAH/MWh);
- [revision of](#) tariffs for electricity distribution services from 01.12.2022 with the application of stimulating regulation.

The Deputy Minister of Social Policy of Ukraine Vitaly Muzychenko [announced](#) the inspection by representatives of social protection departments of internally displaced persons at their place of registration. In case of absence of the person at the specified address and failure to report to the social security authorities within 10 days, the IDP payments will be terminated. Muzychenko reminded that the legislation provides for internally displaced persons to inform the relevant authorities about a change in their place of residence or about returning to their place of permanent residence. Citizens who move abroad also lose their IDP status.

For subscriptions, comments and other questions, please email to: author@dixigroup.org

SUPPORT UKRAINIAN ENERGY SECTOR

Ukraine urgently needs emergency energy equipment to restore energy supply in the regions affected by war. More than 12,000 items are on the list of requested emergency energy equipment. If your company, association or country is ready to help, please [contact the Energy Community Secretariat's Ukraine Support Task Force](#) [Energy Community Homepage \(energy-community.org\)](http://energy-community.org)



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To financially support Heroic Ukrainian Army, please follow the [link](#) (The National Bank of Ukraine)