

## Daily Alert

# Russian War Against Ukraine: Energy Dimension

(status as of 12:00, February 27)

**#StopRussianAggression**  
**#StandWithUkraine**

## Summary

- On the night of February 27, the Russian military attacked Ukraine with drones, no information on damage to infrastructure was reported.
- The Kherson CHP resumed operations after Russian shelling on February 23-24, buildings are being reconnected to the district heating system.
- According to DTEK, on February 27, as a result of emergency disconnection of the high-voltage line, almost all districts of the city of Odesa and the Odesa district will be temporarily offline. According to the Ministry of Energy, as of 12:00 about 500,000 consumers are left with no power supply.
- The President Volodymyr Zelenskyi emphasized that Ukrainian diplomats and the entire government are working to extend global and, in particular, European sanctions to the Russian nuclear industry, Rosatom, and all those involved in the missile program and nuclear blackmail of the terrorist state. He also signed three decrees on the sanctions on a number of Russians.
- As the Head of the Presidential Office Andrii Yermak informed, during the Saudi Foreign Minister Prince Faisal bin Farhan Al Saud visit, two documents were signed that formalized the provision of a 400 million USD aid package to Ukraine: 100 million USD in humanitarian aid and 300 million USD in oil products
- The Verkhovna Rada has adopted several laws: on transfer of the Recovery Fund from the Ministry of Finance to the Ministry of Communities, Territories and Infrastructure Development, on mandatory appointment of multi-apartment buildings' managers (after the end of martial law), on development of charging

infrastructure for electric vehicles, on development of highly efficient cogeneration, on corporatization of Energoatom.

- The Cabinet of Ministers has reduced the list of exceptions introduced during martial law, which allow public procurement without transparent tenders. The government also approved the 2023-2030 Strategy for the Development of Industrial Parks.
- The NEURC announced a meeting on March 1, where it plans to consider a preliminary decision on certification of the gas storage operator.

## Attacks

On the night of February 27, the Russian military attacked Ukraine with 14 Iranian-made Shahed attack drones from the north, as the Ukrainian Air Force [reported](#). 11 drones were destroyed by air defense. There is no information on damage to infrastructure facilities.

On February 27, the Kherson CHP resumed operations after Russian shelling on February 23-24, as the Kherson Regional Military Administration [reported](#). The buildings are already being reconnected to the district heating system, but for technical reasons, namely because water was drained from the heating systems of many buildings to prevent damage in cold weather, the reconnection will continue throughout the day.

In 2022, specialists of the State Service of Special Communications and Information Protection [registered](#) 2,194 cyber incidents in Ukraine and an even greater number of cyber attacks, and this year the trend continues. In particular, it is about cyber incidents occurring in the networks of public authorities, financial institutions, logistics companies, critical infrastructure, the energy sector, telecommunications companies, media and other industries.

## Electricity Sector

### *Power system operation*

[According](#) to Minister of Energy Herman Halushchenko, Ukraine passed the most difficult winter season in history, with about 50% of the energy system being hit by Russian troops. Currently, the power system is operating in a deficit-free mode, the third week in a row electricity production fully covers consumption.

According to Halushchenko, if there are no new attacks, there will be no more outages. If there is a stable surplus of electricity in the system, Ukraine will consider the issue of exports, however, the key task remains the maximum restoration of power supply for regions where there is still damage to the grids.

[According](#) to Ukrenergo, on February 27, electricity consumption is gradually increasing to the level of a working day, there is no capacity deficit in the power system and it is not currently forecasted. All types of power plants are in operation, and hydroelectric power plants are actively operating due to freshet. Electricity imports are approaching zero. [According](#) to DTEK, on February 27, as a result of an emergency disconnection of the high-voltage line, almost all districts of the city of Odesa and the Odesa district will be temporarily offline.

[According](#) to ENTSO-E, as of February 27, minimal commercial imports of electricity were performed from Slovakia (4-6 MW) and from Moldova (3-4 MW) (for different hours during the day). Access to the Slovakia->Ukraine cross-border capacity (500 MW) was [booked](#)

by three companies for a total volume of 270 MW: D.Trading (250 MW), Avgusta (10 MW) and ERU Trading (10 MW). Due to the lack of competition, the marginal price was "zero". D.Trading (120 MW) also booked capacity in the Moldova->Ukraine direction on a flat schedule; the marginal price was "zero". Capacity in other directions was not offered.

## **Electricity market performance (February 20-24)**

**Bilateral contracts market (BCM):** 23 auctions for the purchase/sale of electricity were held at the [Ukrainian Energy Exchange \(UEEX\)](#) in a one-way auctioning regime (4 in commercial sections, 19 in specialized ones). The bidders included Energoatom-Trading, Ukrhydroenergo, Centrenergo, Donbasenergo, Guaranteed Buyer, Dniprovskia CHP, universal service suppliers, and distribution system operators. In total, 1,131,705.5 MWh was sold at UEEX (3,64 times more as compared to the same period previous week). The monthly Base index for February almost did not change and amounted to 3,256.1 UAH/MWh, and the index for March decreased to 2,963.8 UAH/MWh (-2.8%).

In particular, Energoatom-Trading sold 52.92 GWh of base load at 2,700-2,900 UAH/MWh with delivery in March. Guaranteed Buyer sold 4.03 GWh in block positions of daytime hours at a weighted average price 3,650 UAH/MWh with delivery in March. Ukrhydroenergo sold 0.36 GWh of base load at 2,770 UAH/MWh and 0.22 GWh in block positions (08-23) at 3,650 UAH/MWh with delivery for February. Centrenergo sold 1.39 GWh in block positions (23-07) at 1,420 UAH/MWh with delivery in March.

The companies DTEK Kurakhivska TPP, DTEK Dniproenergo and DTEK Zakhidenergo sold a total of 1,028.9 GWh in block positions at prices in the range 1,475-2,888 UAH/MWh with delivery in March. In addition, in specialized sections, Dniprovskia CHP sold 0.22 GWh of base load at 8,980.29 UAH/MWh. In the commercial sections, the companies purchased electricity under the load of individual profile.

**Day-ahead market (DAM):** According to the [Energy Map service](#), in spite of previous periods, hourly prices at DAM were notably below the price caps for day and night hours (4,000 and 2,000 UAH/MWh, respectively). Generally, on February 20-24, the weighted average market price showed a [stable downward trend](#) - from 3,257.82 UAH/MWh to 2,542.66 UAH/MWh. At the same time, the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) [exceeded](#) the similar index of Ukraine by 1.48-2.42 times.

Daily volume of sales in DAM [fluctuated](#) at 40,993.3-59,668 MWh. As a result, the total volume of electricity sold slightly decreased to 267,046.5 MWh (-21.5% as compared to the same period previous week). Due to the reduction in demand, the surplus level of this segment continued to grow - the ratio between the total volume of sale and purchase bids was 1.48-2.29; no deficit hours were observed. The purchase structure [was dominated by suppliers](#) (74.8-83.6%), the share of system operators was 16.3-25%, the rest (about 0.1-0.2%) belonged to producers and traders.

## **Disruption and resumption of supply**

As of February 26, the Ministry of Energy did not update information on the restoration of supply and the number of consumers without electricity.

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

- in the **Zaporizhzhia region**, [according](#) to the local DSO, as of 07:00 on February 27, 23,990 consumers in 71 settlements remained offline (excluding the temporarily uncontrolled territory). On February 24-26, specialists restored power supply to 419

households in the Stepnohirsk and 38 in the Zaporizhzhia power grids, which were disconnected due to enemy's shelling. In the rest of the territories, the situation did not change: due to active hostilities and lack of access to the damage sites, no emergency restoration works were carried out, no new outages were recorded;

- in the **Dnipropetrovsk region**, according to the Regional Military Administration, on February 25-27, the enemy opened fire on the Nikopol district, as a result power lines and grids were damaged in the [city of Nikopol](#), and a power transmission line [was damaged](#) in the [Chervonohryhorivka community](#). On February 25, specialists of the local DSO restored electricity supply to 2,380 consumers in one of the settlements that was shelled from the occupied territories;
- in the **Kherson region**, [according](#) to the Regional Military Administration, as of February 25, 30 crews (158 specialists and 64 units of equipment) were working to restore electricity supply. Specialists performed works on the damaged lines supplying the cities of Kherson and Beryslav, the towns and villages of Bilousove, Olhyne, Kalynivske, Pravdyne, Stanislav, Posad-Pokrovske, Komyschany and Zelenivka. [On February 26](#), specialists reconnected all households in the village of Nyzhnie Bilousove (Velyka Oleksandrivka community). Also, the local DSO and Ukrzaliznytsia specialists are working together on the [restoration](#) of electricity supply in the village of Posad-Pokrovske, it will take several weeks to complete the works;
- in the **Odesa region**, according to DTEK [\[1,2\]](#), on February 25-26, due to network restrictions in the city of Odesa and the Odesa region, schedules of [stabilization outages](#) were applied. At that time, consumers received additional electricity from wind generation. [On February 25](#), specialists of the local DSO reconnected high-voltage equipment, which made it possible to reduce network restrictions and increase the reliability of electricity supply, and similar work was carried out in the morning of [February 27](#), which eliminated network restrictions for Odesa and the Odesa district. However, on the same day, an emergency disconnection of the high-voltage line [happened](#), as a result [500,000 consumers](#) of the city of Odesa and the Odesa district were left without electricity supply;
- in the **Mykolaiv region**, [according](#) to the Regional Military Administration, as of February 26, 1,027 electricity supply facilities were partially or completely damaged, while 5 settlements of the Bashtanka and Mykolaiv districts remained offline;
- in the **Kharkiv region**, [according](#) to the Regional Military Administration, during the year of the war, 80% of electricity supply was restored in the de-occupied territories. [In particular](#), it was possible to restore critical infrastructure in part of the damaged facilities of the Chuhuiv, Rohan and Vilkhivka communities. [According](#) to the local DSO, on February 24, the specialists fully restored electricity supply in Velyka Danylivka (a neighborhood in the city of Kharkiv). The works lasted for about a month, with 84 poles of the 10 kV power line replaced, a new wire and insulators mounted, and a complete replacement of a destroyed transformer substation performed;
- in the **Donetsk region**, according to the local DSO [\[1,2\]](#), on February 24-25, specialists managed to completely or partially restore electricity supply to 13,027 households in 14 settlements. Due to hostilities, 122 settlements remained offline, offline, as specialists did not have access to works there;
- in the **Luhansk region**, [according](#) to the Regional Military Administration, in the village of Toshkivka (Hirske community), local residents have been living without water, gas and electricity supply for 10 months already. In the occupied city of [Severodonetsk](#), households began to receive electricity bills with inflated amounts of consumption and [unbearable](#) amounts of charges;

- in the **Chernihiv region**, [according](#) to the Regional Military Administration, as of 06:00 on February 27, due to bad weather conditions, 2 power lines with a voltage of 10 kV and 13 transformer substations were damaged and disconnected. 548 consumers in 8 settlements of the Koryukivka district remained without electricity supply;

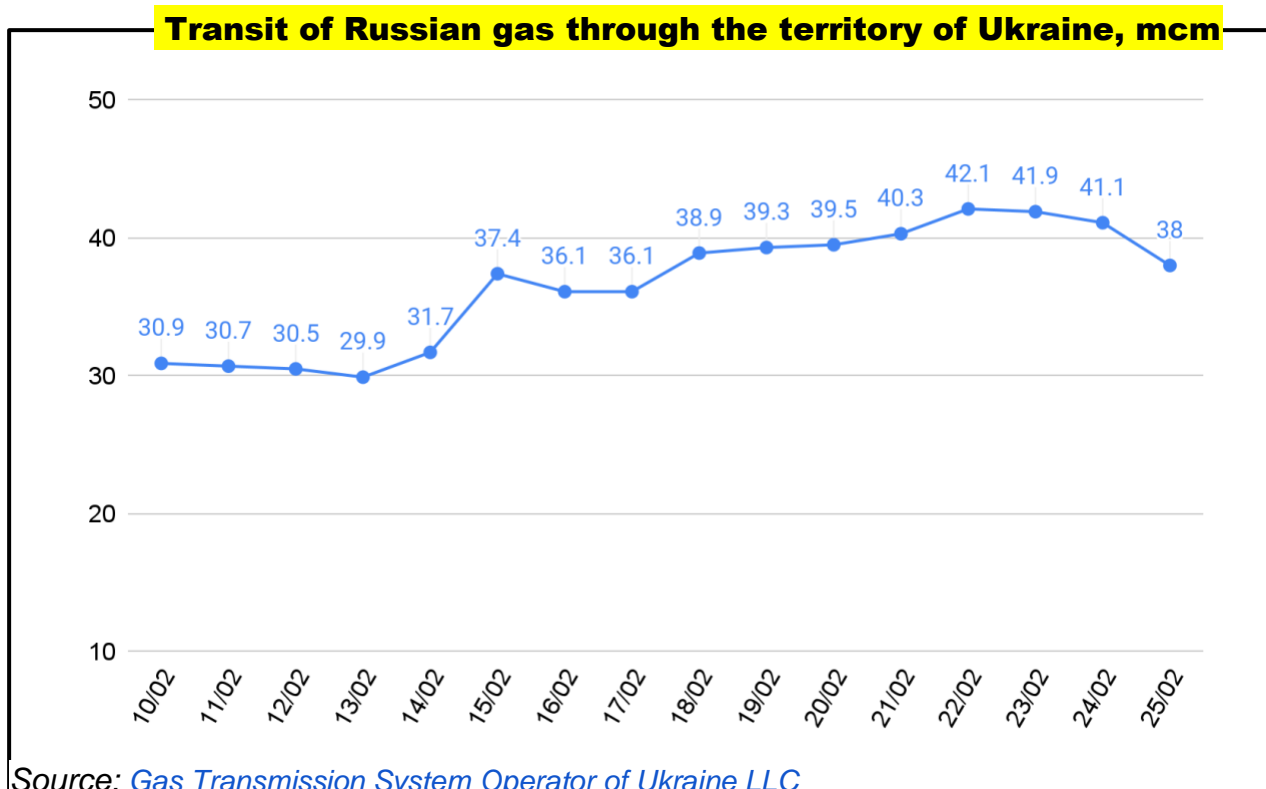
in the **Sumy region**, [according](#) to the Regional Military Administration, on February 26, as a result of mortar shelling, power lines were damaged in the village of Hirky (Nova Sloboda community).

## Oil & Gas Sector

### Gas system performance

On February 23-25, the volume of gas transit through the territory of Ukraine ranged 38-41.9, i.e. only 35-38% of the capacity contracted by Gazprom (109 mcm per day). There were no transit flows via the Sokhranivka interconnection point.

The physical imports from EU countries in the reporting period were reported at 33.6 mcm (on average, 11.2 mcm/day) and performed via the Beregdaroc interconnection point (VIP Bereg) at 12.4 mcm, via the Hermanowice interconnection point (VIP Ukraine-Poland) at 5 mcm, via the the Budince interconnection point at 13.8 mcm and via the Căușeni interconnection point (Ukraine-Moldova) at 2.4 mcm. On February 23-25, on Ukraine's gas system exit, except for transit flows, no gas was transmitted.



### Disruption and resumption of supply

As of February 26, the Ministry of Energy did not update information on the supply restoration and the number of consumers without gas supply.

The **Dnipropetrovsk, Donetsk, Luhansk, Zaporizhzhia, Kherson, Mykolaiv, and Kharkiv regions** had the most challenging situation.

In the **Donetsk region**, [according](#) to the local DSO, for the year of the war, almost 500 km of gas pipelines were damaged and destroyed as a result of hostilities. In addition, up to 1,000 km of gas pipelines are under temporary occupation. Regarding the equipment, 47 gas distribution points and cabinet-type gas distribution points were damaged. In total, gas supply was restored to 220,000 households.

In the **Luhansk region**, [according](#) to the Regional Military Administration, the occupied town of Toshkivka remains without gas supply. At the same time, the priority for the occupiers is the restoration of monuments, not critical infrastructure.

In the **Zaporizhzhia region**, [according](#) to the local DSO, 14,560 consumers in 37 settlements in the government-controlled territories are still left with no gas supply.

In the **Mykolaiv region**, according to the Regional Military Administration, as of February 26, 1,147 gas infrastructure facilities (no change as compared to February 24) [were damaged during the war](#), as a result, 5,278 consumers (-24) remained with no gas supply. The local DSO reported receiving materials necessary for the [restoration](#) of gas supply in the communities that were under constant enemy's fire.

In the **Kharkiv region**, for the year of the war, the local DSO [restored](#) gas supply to 120,000 households.

Operational information on gas supply in other affected regions was not available at the time of the review preparation.

## **Countermeasures of Ukrainian Companies and Public Authorities**

In a video [address](#), the President Volodymyr Zelenskyi emphasized that the EU tenth package of sanctions contains powerful new steps on Russia's military industry and financial sector, as well as propagandists. According to him, Ukrainian diplomats and the entire government are working to extend global and, in particular, European sanctions to the Russian nuclear industry, Rosatom, and all those involved in the missile program and nuclear blackmail of the terrorist state. "There are already corresponding steps by our partners: the United States and the UK. We expect appropriate steps from the European Union", Zelenskyi said. The President also expressed gratitude to all 141 states that supported the UN General Assembly resolution on peace, territorial integrity of Ukraine and the protection of international law from Russian aggression.

Zelenskyi also [signed](#) three decrees to implement the National Security and Defence Council decisions on the sanctions on a number of Russians, including Russian athletes, those involved in the abduction of Ukrainian children, and those who help maintain mercenary structures in Russia for the war against Ukraine. He emphasized that Ukraine's and the global pressure on the terrorist state will continue.

The Prime Minister Denys Shmyhal [said](#) that the suspension of Russia's membership by the Financial Action Task Force (FATF) would radically weaken the economy and financial system of Russia. According to him, the next step should be to putting Russia on the FATF 'black list'.

On the Day of Resistance to the Occupation of Crimea, the participants of the Crimean Platform adopted a [joint statement](#) reaffirming their unwavering commitment to the policy

of non-recognition of the illegal annexation of Crimea and attempts to illegally annex other territories of Ukraine. The signatories stated they would support "as long as necessary" Ukraine's commitment to end the temporary occupation of Crimea and efforts to restore its territorial integrity within internationally recognized borders.

At a joint briefing with the Minister of Foreign Affairs Dmytro Kuleba and Saudi Foreign Minister Prince Faisal bin Farhan Al Saud, the Head of the Presidential Office Andrii Yermak [said](#) that Ukraine and Saudi Arabia agreed to develop cooperation in the investment and energy sectors, as well as discussed support for the Peace Formula and countering attacks of Iranian-made drones. Yermak also [informed](#) that during the visit, two documents were signed that formalized the provision of a 400 million USD aid package to Ukraine: 100 million USD in humanitarian aid and 300 million USD in oil products. In particular, the documents include a Joint Program of Cooperation with the King Salman Center for Humanitarian Aid and Relief and a Memorandum of Understanding with the Saudi Fund for Development.

The Verkhovna Rada has [adopted](#) the law "On Amendments to the 2023 State Budget Law", which provides for the transfer of the Recovery Fund from the Ministry of Finance to the Ministry of Communities, Territories and Infrastructure Development (MinRecovery) (draft No. 8399). The document proposes to allocate funds for MinRecovery, transfer the budget programs of the Ministry of Communities and Territories Development and the Ministry of Infrastructure, as well as the Fund for Liquidation of the Armed Aggression Consequences (52.5 billion UAH). The MP Yaroslav Zheleznyak [noted](#) that an amendment was taken into account during the second reading that would allow these funds to be used for military purposes. In addition, the law provides for an increase in budget expenditures by 5.5 billion UAH, including 1.28 billion UAH for grants for small and micro-businesses in the processing sector (by returning funds from the Mandatory State Unemployment Insurance Fund to the state budget).

The MPs also adopted a [law](#) on the mandatory appointment of multi-apartment buildings' managers within six months after the end of martial law through a competitive tender if housing associations have not been created by co-owners of such buildings (draft No. 6103). The document assigns the responsibility for holding such a competition to the executive committee of the local council.

The Verkhovna Rada has adopted a [law](#) to incentivize the development of charging infrastructure for electric vehicles (draft No. 8172). In particular, the law provides for:

- simplification of requirements for land plots allocation for charging stations;
- simplification and reduction of the cost of grid connection for such stations (no capacity fee for connection by the end of 2024);
- possibility of installing charging stations for housing associations within the existing capacity;
- preferential (no capacity fee) connection of energy storage systems to the grids of Ukrenergo by the end of 2024.

It also provides that the share of electric buses on bus routes in cities with over 250,000 inhabitants [should be](#) at least 25% by January 1, 2030, and at least 50% by January 1, 2033. The law also introduces a ban on the operation of buses with internal combustion engines (except for hydrogen- and methane-powered) starting in 2036, with local authorities having the right to adjust the deadline for introducing restrictions.

The parliament adopted in the second reading a [law](#) creating conditions for the development of highly efficient cogeneration (draft No. 4527). The law, in particular, provides for guarantees of origin of electricity generated by a high-efficiency cogeneration unit (based on the agreed efficiency of its control values).

The Verkhovna Rada also [adopted](#) a law on the reorganization of SE NNEGC Energoatom into a joint-stock company (draft No. 8067). As a reminder, the corporatization of the nuclear power plant operator is provided for by the loan agreement between the company and the European Bank for Reconstruction and Development (EBRD) and the guarantee agreement "Comprehensive Generalized Safety Upgrade Program for Nuclear Power Units" ratified by the Verkhovna Rada.

At a meeting on February 24, the Cabinet of Ministers [approved](#) a draft law that prohibits public and private bailiffs from collecting and seizing funds from individual debtors if the person received the funds as targeted assistance from public, charitable, or international organizations. According to the Ministry of Reintegration, this also applies to the housing allowance paid to internally displaced persons. This rule is proposed to be introduced for the period of martial law and 30 days after its termination.

The government also [approved](#) the 2023-2030 Strategy for the Development of Industrial Parks. Reportedly, the decision is intended to accelerate the transformation of industrial parks into drivers of economic growth, while promoting the transformation based on the eco-industrial park model.

The Cabinet of Ministers has [amended](#) the procedure and conditions for providing in 2023 additional subsidies to local budgets in the de-occupied, temporarily occupied and other territories negatively affected by Russia's aggression. In particular, the distribution of additional subsidies will take into account the number of internally displaced persons who moved after February 24, 2022; and the revenues of local budgets from personal income tax.

The Cabinet of Ministers has also [reduced](#) the list of exceptions introduced during martial law, which allow public procurement without transparent tenders. In addition, the decision obliges the tender holders to publish the texts of contracts and all annexes to them in case of procurement without the use of the ProZorro system, but leaves the possibility to hide sensitive information about the supplier and delivery address if such information poses a security threat.

In an interview with the Ukrainian edition of [Forbes](#), the Prime Minister Denys Shmyhal announced intention to attract another 5 billion USD from the International Monetary Fund in 2023. He added that the new IMF support program will consist of two parts: immediate financial support and a post-war reconstruction program. The program will last for four years, with a total budget of over 15 billion USD. He added that Ukraine hopes for approval of the new program with the IMF in 1Q2023.

The National Energy and Utilities Regulatory Commission (NEURC) [announced](#) a meeting on March 1, where it plans to consider:

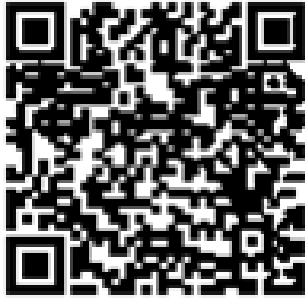
- a [preliminary](#) decision on certification of the gas storage operator;
- [amendments](#) to the license conditions for gas storage (injection, withdrawal).

The open data platform Opendatabot checked the registry of shareholders and [found](#) 41 joint-stock companies with stakes belonging to owners from Russia. Only 9 of these companies are in a state of suspension or bankruptcy, the rest continue to operate in Ukraine.

For subscriptions, comments and other questions, please email to: [author@dixigroup.org](mailto: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)*

## **SUPPORT UKRAINIAN ARMY**

*To financially support the Armed Forces of Ukraine, please follow the [link](#) (the National Bank of Ukraine special account).*