

Daily Alert

Russian War Against Ukraine: Energy Dimension

(status as of 12:00, March 7)

#StopRussianAggression
#StandWithUkraine

Summary

- **At the Zaporizhzhia NPP, the occupiers are marking unique equipment to be dismantled and stolen from the Center for Training Maintenance and Management Personnel in the event of the Russian army retreat - Energoatom.**
- The Acting Head of the State Nuclear Regulatory Inspectorate Oleh Korikov said that **the state of nuclear and radiation safety at the ZNPP continues to degrade.** Among the violations - illegal modifications of equipment, such as plant-wide heat and power supply systems, spent fuel storage facility, construction of a backup diesel power plant in the area, and pressure on personnel.
- According to the Minister of Energy Herman Halushchenko, **over the year since the beginning of the war, Ukraine has received 450 humanitarian aid shipments with energy equipment from more than 30 countries, weighing over 5,650 tons.** The aid includes more than 1,700 generators, about 1,000 transformers, mobile gas boilers, special machinery, high-voltage equipment for repairing power lines, etc.
- This week **Naftogaz plans to make a new proposal to Eurobond holders on restructuring payments** - the CEO Oleksii Chernyshov.
- The Ministry of Economy estimates **the GDP growth at 1% and the inflation rate to reach 24% by the end of 2023.** The main difference between the current macroeconomic forecast and the one used for the preparation of the state budget is the duration of military operations.
- **The government appointed Semen Kryvonos as the Director of the National Anti-Corruption Bureau.** According to the Prime Minister Denys Shmyhal, Ukraine has fulfilled all seven recommendations identified when it was granted EU candidate status.

- With the support of the United Nations Development Program, a **Coordination Center for Environmental Damage Assessment (CCEDA) will be established in Ukraine**, with 6.7 million USD allocated.

Nuclear Safety

Ukrainian employees of the Zaporizhzhia NPP [reported](#) that the occupiers are marking equipment to be dismantled and stolen from the Center for Training Maintenance and Management Personnel of Energoatom, established on the basis of the ZNPP Training Center, in the event of the Russian army retreat. The equipment at the facility is unique, where specialists from all over the world have been learning how to operate nuclear power plants.

The Acting Head of the State Nuclear Regulatory Inspectorate Oleh Korikov [said](#) that the state of nuclear and radiation safety at the ZNPP continues to degrade. Among the violations of nuclear safety, Korikov noted illegal modifications of equipment, such as plant-wide heat and power supply systems, spent fuel storage facility, construction of a backup diesel power plant in the area, and pressure on personnel. In addition, the Ukrainian fire and rescue unit was forced to leave the site and is no longer providing rescue services.

The Canadian company Cameco Corporation has [provided](#) humanitarian aid to Energoatom employees, including warm clothing (winter jackets and hats) and powerful battery-powered flashlights.

Electricity Sector

Power system operation

Due to an increase in daylight hours, solar power plants of DTEK [doubled electricity production](#) - from 18.5 million kWh in January to 35.2 million kWh in February. Increased generation from renewable energy sources contributes to the absence of deficit in the power system.

[According](#) to ENTSO-E, as of March 7, minimal commercial imports of electricity were performed from Slovakia (2-7 MW) and Moldova (0-5 MW) (for different hours during the day). Access to the Slovakia->Ukraine [capacity was booked](#) by two companies for a total volume of 260 MW: D.Trading (120 MW) and Avgusta (10 MW) on a flat schedule. D.Trading booked capacity in the Moldova->Ukraine direction (120 MW). In both auctions, the marginal price was "zero". Capacity in other directions was not offered. 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 1.45-1.61 times.

Disruption and resumption of supply

As of March 6, 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 **Dnipropetrovsk region**, [according](#) to the Regional Military Administration, on March 6, the occupying forces attacked Nikopol with heavy artillery, as a result power lines were damaged in the city. [According](#) to the local DSO, on February 27

- March 5, repair crews restored electricity supply to 4,083 households in 12 settlements that were disconnected as a result of hostilities;
- in the **Kherson region**, [according](#) to the Regional Military Administration, as of March 5, 7 crews (38 specialists and 12 units of equipment) were working to restore electricity supply. Specialists performed works on the damaged lines supplying the city of Kherson, the villages of Kirove and Nova Zorya;
- in the **Mykolaiv region**, [according](#) to the Regional Military Administration, as of March 7, 1,076 electricity supply facilities were partially or completely damaged (+1 during the day), while 4 settlements of the Bashtanka and Mykolaiv districts remained offline;
- in the **Donetsk region**, [according](#) to the local DSO, on February 27 - March 5, specialists restored electricity supply to 31,974 consumers in 38 settlements. 106 settlements remained offline, as specialists did not have access to works there;
- in the **Kharkiv region**, [according](#) to the National Police, due to extensive destruction and proximity to the front line, some areas still remain without electricity supply;
- in the **Chernihiv region**, [according](#) to the Regional Military Administration, on the night of March 7, in the city of Horodnya (Chernihiv district), a fire occurred at the TN-110 transformer (110/35/10 kV substation). The voltage transformer was damaged by the fire, the cause and consequences are being investigated;
- there was no up-to-date consolidated information on power supply in the **Zaporizhzhia, Odesa, Sumy and Luhansk regions** at the time of the review preparation.

Other

[According](#) to the Deputy Director of Hydroresurs-K Mykhailo Atamanyuk, during the expected freshet at the beginning of March, hydroelectric power stations on the Hirskyi and Hnylyi Tikych rivers had a shortage of water and operated for one hour a day. Small hydropower plants in the Cherkasy region operate with one turbine for one hour a day, while usually in early March they operate 5 to 8 hours and often with two turbines.

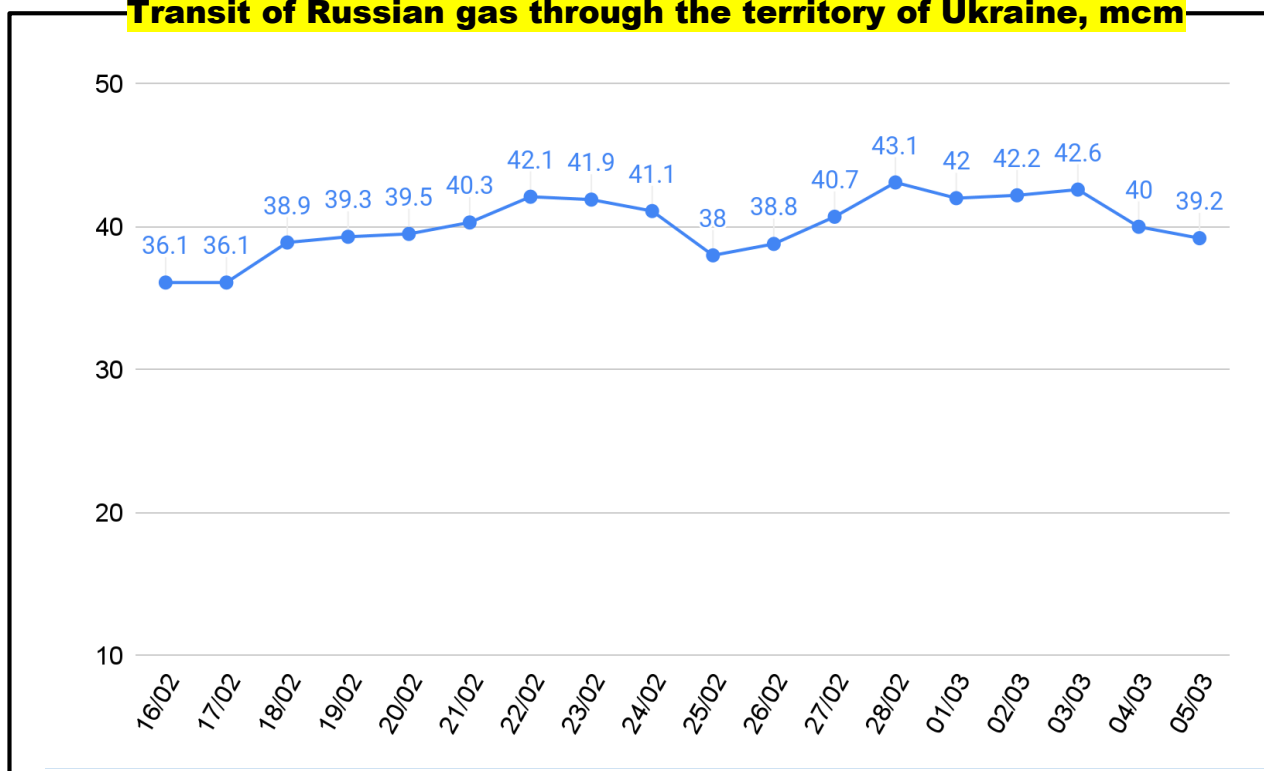
Oil & Gas Sector

Gas system performance

On March 5, the volume of gas transit through the territory of Ukraine amounted to 39.2 mcm (-0.8 mcm as compared to the previous day), i.e. only 36% 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 were reported at 13.4 mcm and performed via the Bereghdaroc interconnection point (VIP Beregh) at 6.6 mcm, via the Hermanowice interconnection point (VIP Ukraine-Poland) at 2.6 mcm, via the Budince interconnection point at 3.4 mcm and via the Căușeni interconnection point (Ukraine-Moldova) at 0.8 mcm. On March 5, on Ukraine's gas system exit, except for transit flows, no gas was transmitted.

Transit of Russian gas through the territory of Ukraine, mcm



Source: [GTSOU](#)

Functioning of the natural gas market

[According to](#) the CEO of Naftogaz Oleksii Chernyshov, this week the company plans to make a new proposal to Eurobond holders on restructuring payments.

Disruption and resumption of supply

As of March 6, 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**, the local gas DSO [reported](#) it managed to resume gas supply to the village of Katerynivka. Due to active hostilities, 99 consumers of this settlement had been offline for about two weeks. The villages of Santurynivka and Novoolenivka (95 consumers in total) are still with no gas supply. The company will start restoring gas supply as soon as the security situation allows. Active works continued in the north of the region: specialists were preparing the village of Rubtsi for gas flow resumption and continued to restore gas supply to the residents of Lyman (29 more consumers during the week). Between February 27 and March 5, specialists processed 74 applications on damaged gas pipelines. At the same time, the enemy continues to destroy gas infrastructure - e.g., on March 6, a [gas pipeline](#) in the city of Kostyantynivka was damaged.

In the **Zaporizhzhia region**, the local DSO [participated](#) in the disposal of a shell near a gas pipeline in the city of Zaporizhzhia. As the pipeline was looped, the rupture and damage to it threatened to interrupt supply to 4,000 consumers. That's why specialists broke the loop near the site of controlled explosion. The works were performed under pressure, leaving only 59 consumers without gas supply (which shall be restored as soon as possible).

In the **Kherson region**, as of March 1, gas distribution [was resumed](#) to 12,713 consumer facilities in the Vysokopillia and Velyka Oleksandrivka communities and the Kherson district. In the current circumstances, it is not possible to resume distribution to the residents of Beryslav community due to the complete destruction of a supply pipeline located on the temporarily occupied territory.

In the **Mykolaiv region**, according to the Regional Military Administration, as of March 7, 1,386 gas infrastructure facilities (+3 as compared to March 6) were damaged during the war, as a result, 5,249 consumers (no change) [remained with no gas supply](#).

In the **Kharkiv region**, specialists of the local DSO [repaired](#) 11 damages to gas networks caused by daily shelling by the Russian army. High- and low-pressure pipelines were damaged, and more than 900 households were left without gas supply. In general, in the last few days, gas pipelines have been repaired in the de-occupied Chuhuiv, Izium, Kharkiv, and Kupyansk districts.

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

The Permanent Representative of Ukraine to the UN Sergiy Kyslytsya has [called](#) to prevent Russia from assuming the presidency of the UN Security Council in April. According to him, the decision to remove Russia from the UN Security Council and at least prevent its presidency in the Council is within the competence of the Council members. "Russia should feel the consequences of its aggression and crimes right now", Kyslytsya emphasized.

[According to](#) the Minister of Energy Herman Halushchenko, over the year since the beginning of the war, Ukraine has received 450 humanitarian aid shipments with energy equipment from more than 30 countries, weighing over 5,650 tons. The equipment provided includes more than 1,700 generators, about 1,000 transformers, mobile gas boilers, special machinery, high-voltage equipment for repairing power lines, a mobile cable laboratory, and many materials. Thanks to this assistance, Ukraine was able to restore the operation of a large number of energy infrastructure facilities and ensure energy stability.

The U.S. government has submitted a request to the Congress to allocate an additional 250 million USD for new transformers and power equipment for Ukraine, as the U.S. Assistant Secretary of State for Energy Resources Geoffrey Pyatt [said](#). He noted that the United States and its partners are committed to helping Ukraine build a system less dependent on oil and gas and more focused on renewable energy sources. "When the war is over, when Ukraine is victorious, I have every reason to expect that Ukraine will regain its position as a major energy exporter", Pyatt emphasized.

The Ministry of Economy estimates the inflation rate to reach 24% by the end of 2023, [said](#) the Deputy Minister of Economy Oleksii Sobolyev. He noted that the main difference between the current macroeconomic forecast and the one used for the preparation of the state budget is the duration of military operations. While preparing the budget, it was assumed that the fighting would end in the middle of the year, while now the main assumption is that the fighting will continue almost for the entire year. This, in turn, has affected the GDP forecast, which is currently estimated at 1% growth by the end of 2023.

At an extraordinary meeting on March 6, the Cabinet of Ministers [appointed](#) Semen Kryvonos as the Director of the National Anti-Corruption Bureau. According to the Prime

Minister Denys Shmyhal, Ukraine has now fulfilled all seven of the EU recommendations identified when it was granted candidate status. The PM also suggested that Kryvonos appoint the other two candidates who competed for the position (Serhii Hupyak and Roman Osypchuk) to senior positions in the NABU.

Shmyhal [discussed](#) the restoration of energy infrastructure with Lars Klingbeil, Co-Leader of the Social Democratic Party of Germany, and Rolf Mützenich, Chair of the SPD in Bundestag. The meeting also raised the issue of sanctions against the Russian nuclear industry and the creation of a special international tribunal.

With the support of the United Nations Development Program (UNDP), a Coordination Center for Environmental Damage Assessment (CCEDA) will be established in Ukraine, with 6.7 million USD allocated. This was [reported](#) by the Deputy Chair of the Verkhovna Rada Committee on Environmental Policy and Nature Management Olena Kryvoruchkina. According to her, the funding provides for expert support and the purchase of mobile laboratories to record the damage.

At its meeting on March 10, the NEURC [plans](#) to consider:

- a draft decision on setting [tariffs](#) for electricity distribution (both RAB and cost+ methodology) for 6 DSOs operating in the combat zones;
- a draft decision to [increase](#) tariffs for electricity distribution services (RAB methodology) for the following stages (i.e. from April 1 and July 1) for 26 DSOs: for the first voltage class - by an average of 20% and 19%; for the second voltage class - by an average of 17% and 16%, respectively.

For subscriptions, comments and other questions, please email to:
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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 the Armed Forces of Ukraine, please follow the [link](#) (the National Bank of Ukraine special account).