

Weekly Alert

**Russian War Against
Ukraine: Energy Dimension**

This analytical product is made possible by the support of the American People through the United States Agency for International Development (USAID) within the framework of the Energy Sector Transparency project implemented by NGO DiXi Group. The contents are the sole responsibility of DiXi Group and do not necessarily reflect the views of USAID or the United States Government.

Russian War Against Ukraine: Energy Dimension
DiXi Group weekly review

(April 24 – 30)

#StopRussianAggression
#StandWithUkraine**Summary**

- Occupiers continue the attempts to hit critical infrastructure facilities, that due to Ukrainian defence have minor damages. However, equipment of the generation facility in Donetsk region was damaged and disconnected from the grid because of Russian shelling in the night of April 28, according to the Ministry of Energy.
- According to the Centre for Investigative Journalism, the occupiers began to unauthorisedly discharge water through damaged sluices at the seized Kakhovka hydroelectric power station. It is noted that such actions can lead to the destruction of the hydroelectric power plant, in particular, the underwater part of the building and the engine room.
- The Russian occupiers the occupiers have placed combat positions on the roofs of ZNPP power units and are preparing for defence. They informed the IAEA that about 3,000 employees who work at the plant have contracts with Rosatom, 1,000 are "in the process of being agreed", 1,000 remain with Energoatom contracts, and another 1,000 are in Energodar and are called to work as needed.
- Deputy Energy Minister Farid Safarov said that Ukraine needed \$3.4bn to prepare for the next heating season, in particular \$1.2 billion will be spent on fuel, while the rest was needed to restore infrastructure. The government has identified six settlements where

reconstruction will be carried out comprehensively and according to new principles as part of a pilot project. The State Agency for the Restoration and Development of Infrastructure prepares to finance the first facility from the budget money.

- Power plants began the annual repair campaign, which is mandatory for preparing for the next winter period. The restoration works of several power units are compensated by active operations of hydro power stations and RES units. According to Volodymyr Kudrytskyi, Chairman of the Management Board, capacity deficit can occur also this summer. It will be compensated for by increasing the capacity of available thermal power plants.
- According to the Head of the Commission, Konstantin Uschapovskyi, the situation with the termination of electricity export to Slovakia is extraordinary, and the lost profit is about 20 million UAH per day. At the same time, on April 26, the ways to urgently resume exports were determined at a joint meeting of the Regulator with stakeholders. In particular, DSOs in both countries will approve the export agreement developed by Ukrenergo and submit it for approval of the NEURC.
- The NEURC approved changes to the rules of operation of the Guaranteed Buyer balancing group, which will regulate the entry and exit procedure of entities, including electricity facilities, which have a "green" tariff, from the balancing group of the Guaranteed Buyer. Mobile (autonomous) power plants with a capacity of up to 5 MW will not require licensing.
- The draft law No. 9011-d On Amendments to Certain Laws of Ukraine on the Restoration and Green Transformation of the Energy System of Ukraine was also registered. In the gas sector, this draft law provides for amendments to the regulation of the biomethane register to extend the biomethane origin guarantee regime not only to pipeline resources, but also to compressed and liquefied biomethane.
- The Cabinet of Ministers has extended the public service obligations until 31 August 2023. Thus, the gas price for residential consumers will remain at the level of 7.95 UAH/mcm.
- The program for Naftogaz purchasing gas of Ukrainian origin does not seem to be quite successful. Resulting from the UEEX trade, only 1.6 mcm were purchased, the average weighted purchase price of resource in storages in April is 10,972 uah/tcm (VAT excl.), and of resource in May on the virtual trading point was 10,767 UAH/tcm (VAT excl.).
- According to media reports, Ukrtransnafta is planning to increase the tariff for transit of Russian oil through the Druzhba pipeline. From June 1, the rate for pumping will increase by 25%, and from August 1, by another 23.5%.
- The International Working Group on Sanctions Against Russia (the Yermak-McFaul Group) presented an action plan that will facilitate the introduction of further sanctions. According to the President Volodymyr Zelenskyi, this document will be on the tables of all key world leaders.
- Six memorandums of cooperation in various fields and between regions of the countries were signed during the Ukraine Recovery Conference in Rome. These included on the cooperation between We Build and Ukrhydroenergo on HPP construction. Meanwhile, the Ministry of Energy of Ukraine and the Ministry of Climate, Energy and Utilities of the Kingdom of Denmark [signed](#) an agreement expanding their energy partnership in the field of wind generation.

IMPACT OF THE WAR

Attacks

The Russian military continues to attempt to hit Ukraine's critical infrastructure. On 26 April, the occupiers shelled the Kherson region with heavy artillery, UAVs and aircraft, damaging an electrical

substation in Beryslav district, [said](#) Oleksandr Prokudin, head of the Regional Military Administration. [According to](#) the Ministry of Energy, on 28 April, Russia shelled a power generation facility in Donetsk region, damaging equipment; on the night of 29 April, another hostile attack led to the facility being [disconnected](#) from the power grid. In the evening of 30 April and on the night of 1 May, another massive strike severely [damaged](#) distribution networks in the city of Dnipro and the region. In the Kherson region, more than 18,000 customers lost power due to hostile shelling.

The mining of critical infrastructure remains a significant problem. For example, on 27 April, a team of power engineers in the Kharkiv region hit a mine while working on restoring a power line: one person was killed and four others were injured, [said](#) Oleh Syniehubov, head of the RMA.

[According to](#) the Centre for Investigative Journalism, the occupiers began to unauthorisedly discharge water through damaged sluices at the seized Kakhovka hydroelectric power station. It is noted that the water level in the Kakhovka reservoir has risen significantly, and uncontrolled water release can lead to the destruction of the hydroelectric power plant, in particular, the underwater part of the building and the engine room. In addition, uncontrolled discharge of water through damaged shandors can lead to flooding of the Kherson floodplains and settlements on the left bank of the Kherson region.

The Cabinet of Ministers forecasts that Ukraine's losses from the Russian invasion, as estimated by the World Bank (at least \$411 billion), will double after the liberation of the temporarily occupied territories, Prime Minister Denys Shmyhal [said](#).

Ukraine's governmental Computer Emergency Response Team (CERT-UA) warned of an [attempted](#) cyberattack on government agencies using fake "operating system updates" on behalf of agency system administrators from email addresses created at the public service @outlook.com. According to CERT-UA, the activity is carried out by the APT28 group (also known as Pawn Storm, Fancy Bear), which a number of researchers have linked to Russia.

Nuclear and Radiation Safety

IAEA Director General Rafael Grossi [said](#) that the 8th rotation of the Agency's mission to ZNPP took place, and inspectors recorded shelling near the plant. The Russian occupiers informed the IAEA that about 3,000 employees work at the plant, with contracts with Rosatom, 1,000 are "in the process of being agreed", 1,000 remain with Energoatom contracts, and another 1,000 are in Energodar and are called to work as needed. The occupiers also confirmed that some employees have been blocked from working "for security reasons".

ZNPP continues to receive power from one power line from Ukraine-controlled territory. The backup line, which was damaged on March 1, remains disconnected. The IAEA cannot assess the progress in restoring power supply to Zaporizhzhia TPP in Enerhodar, as it is waiting for the occupiers to allow access to the plant. In addition, Russia is preparing to restore the power line connecting it to the grid of the occupied part of Ukraine.

The UK Ministry of Defence [reported](#) that the occupiers have placed combat positions with sandbags on the roofs of ZNPP power units and are preparing for defence.

Ukraine has [used](#) €2 million of international aid to restore the Chernobyl Exclusion Zone, the central analytical laboratory, the radiation monitoring system, and equipment. To restore the Exclusion Zone, 40 projects have been developed, with funding reaching about EUR 15 million in 2023. Meanwhile, another €8 million was [received](#) from international partners, bringing the fund to €23 million.

Countermeasures

Deputy Energy Minister Farid Safarov said in a telethon that Ukraine needs \$3.4bn to prepare for the next heating season. Of this amount, \$1.2 billion will be spent on fuel, while the rest is needed to restore power lines, rebuild thermal generation, hydroelectric power plants and renewable energy installations.

On April 28, the Cabinet of Ministers [approved](#) the Procedure for Maintaining the Register of Critical Infrastructure Objects, Including Such Objects in the Register, Accessing and Providing Information from it. It is reported that during martial law, as well as for 12 months after its termination, direct access to the information contained in the Register of Critical Infrastructure Objects is limited.

The government has identified six settlements where reconstruction will be carried out comprehensively and according to new principles as part of a pilot project, Prime Minister Denys Shmyhal [said](#). These are Borodianka and Moshchun in Kyiv region, Trostianets in Sumy region, Posad-Pokrovske in Kherson region, Tsyrkuny in Kharkiv region, and Yahidne in Chernihiv region. The Prime Minister added that not only individual buildings and structures will be rebuilt, but everything - with a systematic approach, new planning and complete transformation of these settlements.

The Government has [registered](#) in the Verkhovna Rada Draft Law No. 9236 on the specifics of conducting business activities in the provision of certain energy and utilities services under martial law. The draft law entrusts the Cabinet of Ministers with the responsibility to determine the specifics of the provision of energy and utility services by business entities, as well as the procedure for compensating such entities for losses in the territories where active hostilities are or have been conducted or which are temporarily occupied by the Russian Federation. This refers to losses from electricity generation, transmission, distribution and supply, as well as gas transportation, distribution and supply. The Cabinet of Ministers is also to define the specifics of water and heat supply services. If the above-mentioned documents are adopted, according to the draft law, the NEURC should develop a procedure for accounting for services provided by its licensees in the territories where military operations have been or are ongoing or that are temporarily occupied. The draft law also provides that compensation for losses will be provided from the Russian Federation's compensation for material damage caused by the temporary occupation of Ukraine.

Mustafa Nayem, head of the State Agency for the Restoration and Development of Infrastructure of Ukraine, said at the Odesa Recovery Forum that the agency was [preparing](#) to finance the first facility from the Fund for the Restoration of Destroyed Property and Infrastructure. He did not specify which facility it was. As noted, the Agency is collecting applications from the regions for reconstruction: by June, the database will be open to Ukrainian citizens and stakeholders (donors, local authorities), who will be able to enter data on facilities and see information about tenders, contractors, and the progress of reconstruction.

During the aforementioned Odesa Recovery Forum, DTEK Odesa Power Grids [announced](#) its intention to reconstruct 8 high-voltage substations, build 90 new distribution network facilities, upgrade 842 such facilities, and repair 2.2 km of power lines. Nikolay Bulatov, Director of Customer Operations, said that during the year of war, the company's specialists built 71 distribution network facilities from scratch, repaired 1,000 distribution network facilities, reconstructed 4 high-voltage substations and repaired 1.5 km of power lines.

In general, DTEK is only preparing to file a lawsuit with the Hague Court to compensate Russia for the damage caused during the war, [said](#) the company's executive director, Dmitry Sakharuk. As reported, DTEK [estimated](#) direct losses from damage to its thermal power plants as a result of Russian strikes at UAH 6 billion.

MARKETS PULSE

Electricity Sector

Power system operation

According to Ukrenergo, during the week, the power system operated without restrictions, the generation fully provided the necessary volumes of electricity for the needs of consumers. The flood has decreased but is still in progress. Hydroelectric power plants operate around the clock, and also increase operation in the morning and evening hours, covering consumption peaks.

Power plants began the annual repair campaign, which is mandatory for preparing for the next winter period. The restoration works of several power units are compensated by active operations of hydro power stations and RES units. In particular, Centenergo started planned restoration work on TPP equipment. [The company plans](#) to accumulate 40 million UAH to repair electric filters and gas cleaning equipment of the Trypillya TPP.

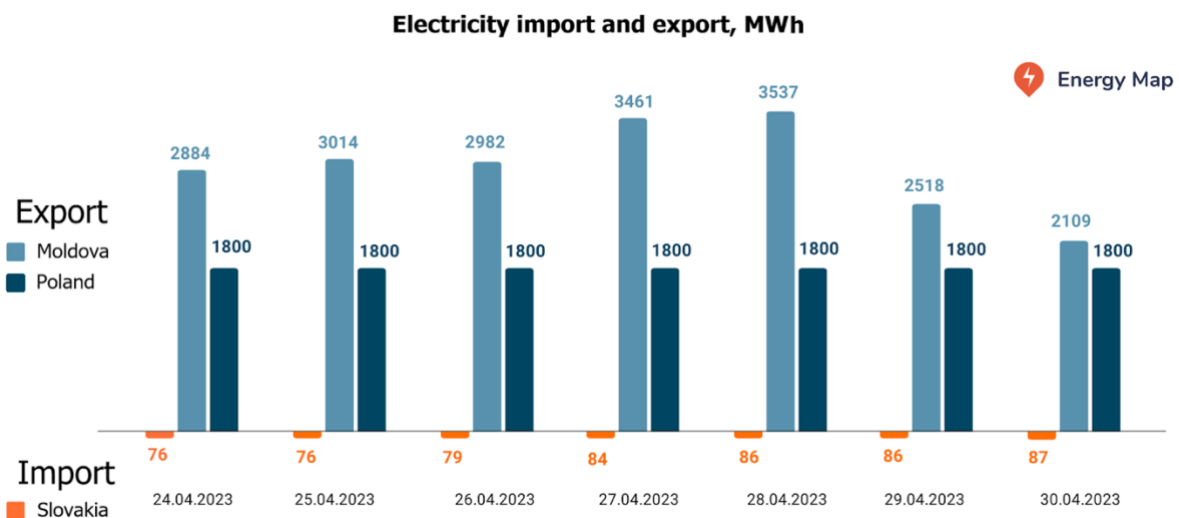
The missile attack on April 28 neither damaged the energy infrastructure nor led to the need in the limitation of consumption. However, the situation remains difficult in the East of Ukraine, where an energy facility was damaged due to shelling.

According to the Ministry of Energy, as of April 29, due to hostilities, some consumers in Donetsk, Kharkiv, Kherson, Zaporizhia regions, border areas of Sumy and Chernihiv regions remain without power. Due to unfavourable weather conditions outages were held in the Kirovohrad region, and technological reasons led to the outage in the Dnipropetrovsk region. Repair crews work where the security situation allows. In particular, specialists carried out emergency recovery work and partially restored operation of the equipment at one of the substations in the East of the country, which was attacked by Russian missiles and drones more than 5 times.

The capacity surplus is the usual situation during spring and summer, and Ukraine is capable of holding electricity exports. According to Volodymyr Kudrytskyi Chairman of the Management Board, capacity deficit can occur also this summer. It will be compensated for by [increasing the capacity](#) of available thermal power plants.

According to the [NEURC](#) and [ENTSO-E](#), Ukraine performed commercial electricity imports from Slovakia amounting to 0.6 GWh [in total](#) during April 24-30. The import capacity fluctuated in the corridor of 2-5 MW. There were no imports from Moldova performed.

The volume of exports for the week amounted to 33.1 GWh, 61.9% of which (20.51 GWh) went to Moldova, 38.1% (12.6 GWh) to Poland. Exports to Moldova fluctuated at 0-196 MW, to Poland - performed on a flat schedule of 75 MW.



Source: [Energy Map](#)

[7-8 companies booked access](#) to capacity for imports in the Slovakia-Ukraine route at daily auctions; the main players: Nexttrade, DE Trading, D.Trading, ERU Trading and TEP. In the Moldova-Ukraine direction, on April 26, capacity was booked by Astat Energy and on April 30 - CPG Energy. The marginal price in both directions was "zero".

During the week, 11-13 companies purchased export capacity in the Ukraine-Moldova route, the largest volumes among which were distributed to EKV, D. Trading and Ukrhydroenergo. In the direction of Ukraine-Poland, the access was booked by DTEK Zahidenergo. The marginal price in both directions is 0.00 UAH /MWh.

NEURC will conduct an unscheduled off-site inspection of Ukrenergo on the measures taken to conduct auctions for the [distribution](#) of transmission capacity on the Ukraine-Slovakia route. According to the Head of the Commission, Konstantin Uschapovskiy, the situation with the termination of electricity export to Slovakia is extraordinary, and the lost profit is about 20 million UAH per day. At the same time, on April 26, the ways to urgently resume [exports were determined](#) at a joint meeting of the Regulator with representatives of the European Commission, the Secretariat of the Energy Community, and the Slovak regulator and transmission system operators of Ukraine and Slovakia. In particular, DSOs in both countries will approve the export agreement developed by Ukrenergo and submit it for approval of the NEURC.

Electricity market performance

Bilateral contracts market (BCM): The intensity of trading on the Ukrainian Energy Exchange (UEEX) increased for the second week in a row. During April 24-30, [32 auctions](#) for the purchase/sale of electricity were held at UEEX (6 in commercial sections, 26 in specialized ones). Energoatom-Trading, Ukrhydroenergo, Centerenergo, Donbasenergo, companies of the DTEK group, Guaranteed buyer, universal service providers, distribution system operators, etc. were among those who initiated trades. The total of 1,285.3 GWh were sold at the UEEX with delivery for May (2.7 times more compared to the previous week). The monthly Base index for May was 2,702.7 UAH/MWh.

In particular, Energoatom-Trading sold 184.5 GWh of base load at the prices of 2,700 UAH/MWh. The Guaranteed Buyer sold 18.2 GWh in block positions at 2,650 – 2,651.1 UAH/MWh. Ukrhydroenergo sold 24.7 GWh of maximum load in block positions at prices in the range of UAH 3,000 - 3,523.8/MWh and 19.2 GWh of minimum load in block positions at prices of 1,501.5 UAH/MWh – 1,511.8 UAH/MWh. Centrenergo succeeded in selling 20.5 GWh of block positions (24:00-07:00) at prices of 1,519 UAH /MWh - 1,600.4 UAH /MWh and 10.9 GWh of block positions (08:00-23:00) at a weighted average price of 2,980.7 UAH/MWh. The companies of DTEK Kurakhivska TPP, DTEK Dniproenergo and DTEK Zahidenergo sold the total of 792.8 GWh, at prices in the range of 1,300 - 2,447.2 UAH/MWh. In addition, Donbasenergo sold 49.6 GWh of minimum load in specialized sections (24:00-07:00) at a price of 1,652 UAH /MWh and 99.2 GWh of maximum load (08:00-23:00) at a price of 3,151 UAH/MWh. In the commercial sections, companies mainly purchased electricity by the load of an individual profile.

Day-ahead market (DAM): According to the [Energy Map](#) service, on April 24-30, hourly prices were relatively [stable](#), however, with a certain downward trend. Deviation from the price caps for day and night hours (4,000 and 2,000 UAH/MWh, respectively), ranged from 0.7% to 33.8% and averaged at 24.6%. The number of hours with prices being close (with a deviation of less than 1%) or directly at the level of price caps decreased as compared to previous week from 12.5% to 3.5%. The average price for the week decreased moderately to 2,472.4 UAH/MWh (-7.6% as compared to the previous period). The weighted average daily price of [electricity ranged](#) in the narrow corridor of 2,215.5 – 2,550.1 UAH/MWh during the week. At the same time, the price ratio between the EU and Ukrainian markets was volatile. In particular, the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) [exceeded](#) the similar index of Ukraine by 1.1-2.1 times.

The total volume of electricity sales at DAM of Ukraine [decreased](#) slightly and amounted to 290.6 GWh (-3.8% compared to the previous week). In particular, the daily volume of trade was in the range of 32.3-48.2 GWh. In general, the market remained surplus - the ratio between the total volume of orders for sale and purchase fluctuated between 1.6-2.3 times. Unlike the previous week, there were no deficit hours. The purchasing structure was [dominated by suppliers](#) (79.1-85.1%), the share of network operators was 14.8-20.6%, the rest (up to 0.3%) belonged to producers and traders.

Policy and regulation

The National Energy and Utilities Regulatory Commission (NEURC) at a meeting on April 27, [extended the current tariffs](#) for electricity distribution services for transmission system operators until May 2023. Between May 1 to June 30, 2023, the Regulator planned to increase DSO tariffs by 7.5-28.1% - for the first voltage class, and by 6.9-25.5% - for the second. At the same time, according to the NEURC chairperson Kostyantyn Uschapovsky, during May the Regulator will analyze the results of DSO's activities based on the results of 2022 and the 1st quarter of 2023 in order to adjust tariffs from June 1, 2023.

[The regulator approved](#) the cost of the service to increase the share of electricity production from alternative energy sources provided by universal service providers in March 2023 for a total of about 400 million UAH (excluding VAT).

In addition, the [NEURC approved changes](#) to the rules of operation of the Guaranteed Buyer balancing group, which will regulate the entry and exit procedure of entities, including electricity facilities, which have a "green" tariff, from the balancing group of the Guaranteed Buyer.

With the aim of promoting the integration of mobile (autonomous) power plants into the energy system, the [NEURC made changes](#) to the Licensing Conditions for the production of electricity. In particular, such plants with a capacity of up to 5 MW will not require licensing.

[The regulator adjusted](#) the approach to consideration of licensee expenditures made during the martial law in Ukraine during audits. Expenses on the restoration of critical infrastructure facilities, ensuring the country's defence capability, assistance to the Armed Forces, purchase of "military bonds", support of drafted workers, evacuation of the population from territories where hostilities were conducted, etc., will be considered justified in case of providing relevant documents and lack of compensation for these costs from other sources. Also, capital expenditures made at the expense of other (non-tariff) sources are not subject to compensation at the expense of tariffs.

The regulator [published draft resolution](#) on amendments to the Market Rules, which aims to introduce a transmission system operator (TSO) settlement model with balancing market participants using escrow accounts. It is also provided for the improvement of the Rules regarding the use of escrow and regulatory support for the transition to such a settlement model, in particular, clarification of the conditions for acquiring the status of "Pre-defaulted" and measures taken in relation to market participants who have the status of "Pre-defaulted" and "Defaulted", defining an exhaustive list of information to be contained in ten-year, monthly and other reports, consideration of accounts payable when calculating the amount of the financial guarantee, etc.

Based on the results of consideration of [draft law No. 5322](#) on amendments to some laws of Ukraine regarding the prevention of abuse in wholesale energy markets (REMIT transposition), the [Committee on Energy](#) and Housing Services recommended its adoption in the second reading and as a whole with the necessary technical and legal elaboration.

Also, [draft law No. 9011-d](#) "On introducing some changes to the laws of Ukraine regarding the restoration and green transformation of the energy system of Ukraine" was submitted to the Parliament, aimed at ensuring the development of renewable electricity on a competitive basis, its integration into the energy system and the market, as well as the implementation of the provisions of European legislation regarding the development of RES, in particular, the implementation of the system of guarantees of the electricity origin. The draft law also regulates the possibility of entities leaving the balancing group of the guaranteed buyer with the possibility of compensation for the difference in the cost of electricity between the "green" tariff and the market price; the auction model has been improved; the regulatory conditions regarding export and supply of electricity by the guaranteed buyer are determined; the possibility of completion of construction and commissioning by the end of 2023 of the wind farms under the "green" tariff is foreseen. This is a revised document proposed by the deputies.

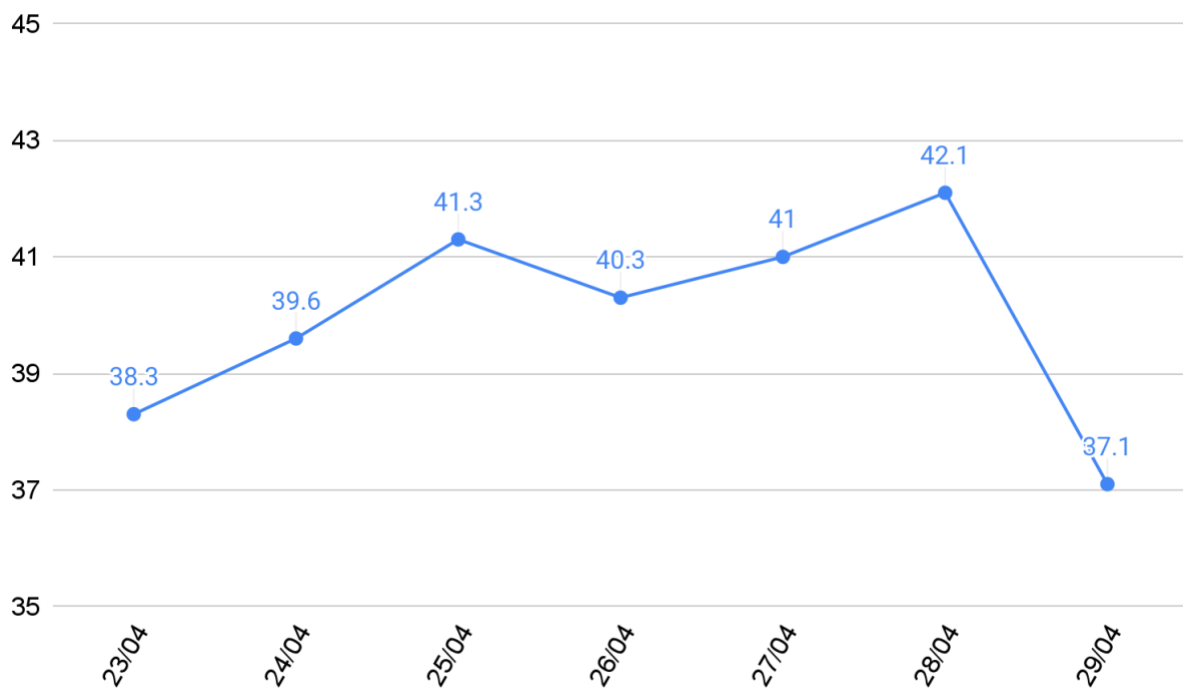
Gas

Gas system performance

On April 23-29, the volume of gas transit through the territory of Ukraine amounted to 37.1-42.1 mcm per day, i.e. only 34-39% of the capacity contracted by Gazprom (109 mcm per day). In the reporting week, the average daily transit was at 40.0 mcm. There were no transit flows via the Sokhranivka interconnection point.

Physical imports from the EU countries amounted to 14.7 mcm in the reporting week (on average, 2.1 mcm per day), which is 5% more than in the previous week. The physical imports performed via the Beregdaroc interconnection point (VIP Bereg) at 5 mcm, via the Hermanowice interconnection point (VIP Ukraine-Poland) at 6.8 mcm, and via the Căușeni interconnection point (Ukraine-Moldova) at 2.9 mcm. There were no physical imports performed via the Budince interconnection point during the week. On April 23-29, no gas was transmitted on Ukraine's gas system exit, except for transit flows.

Transit of Russian gas through the territory of Ukraine, mcm



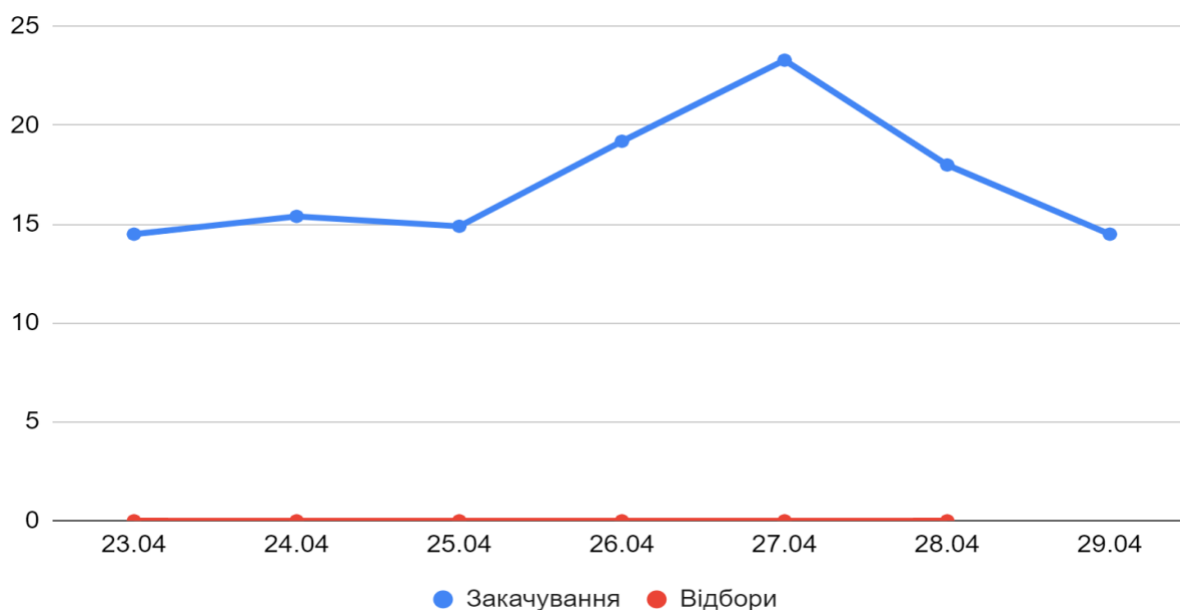
Source: [Gas Transmission System Operator of Ukraine LLC](#)

Ukraine's GTS Operator [received](#) drones to monitor gas infrastructure with the support of the USAID Energy Security Project. The company noted that aerial reconnaissance will allow it to quickly detect and eliminate gas pipeline depressurisation as a result of enemy strikes.

Underground gas storage facilities

According to the AGSI platform, as of April 29, 4.74 bcm of gas was stored in the Ukrainian storages (15.5% of the total working volume). Withdrawals and injections on 23-29 April totalled to 120 mcm (+58 mcm compared to the previous week).

Natural gas withdrawals and injections into Ukrainian storages, mcm



Source: [AGSI](#) (all indicators calculated by dividing the primary indicators in MWh by the conversion factor of 10.595 kWh/cm)

Functioning of the natural gas market

During the [trading sessions](#) on 24-28 April, 17 companies (5 sellers and 12 buyers) submitted orders for the purchase and sale of natural gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received applications for the purchase and sale of 397.8 million cubic metres of gas with a total starting price of UAH 4.68 billion. The weighted average starting price of all bids was UAH 11.8 per mcm, excluding VAT, which is 6% lower than last week.

A total of 14.96 mcm were bought and sold. Six positions for the sale of gas were successful - 1 by Nexttrade (0.1 mcm) and 5 positions by the state-owned Ukrnafta (11.73 mcm). In terms of purchase orders, 7 positions were successful: 2 from the state-owned Naftogaz, which recently [returned](#) to trading at UEEX (volume - 1.6 mcm), 2 initiated by Energy Trade Group LLC (0.6 mcm) and one each from Gazpromenergo LLC (0.5 mcm), Kyivvodokanal PJSC (0.25 mcm), and Energo Zbut Trans LLC (0.18 mcm). The weighted average cost of the purchased and sold resource is UAH 10.88 per cubic metre. As for the trades with the participation of Naftogaz, the weighted average purchase price for April's gas in storage was UAH 10,972 per thousand cubic metres (excluding VAT), and for May's gas at the virtual trading point was UAH 10,767 per thousand cubic metres (excluding VAT).

Policy and regulation

The Cabinet of Ministers has [amended](#) the Regulation on the public service obligations (PSO) on natural gas market participants, extending the obligations until 31 August 2023. Thus, the [preferential](#) supply of natural gas for the needs of household consumers, gas distribution system operators and non-household consumers who perform vital functions for Ukraine's defence capability continues.

The draft law No. 9011-d On Amendments to Certain Laws of Ukraine on the Restoration and Green Transformation of the Energy System of Ukraine was also [registered](#). In the gas sector, this draft law provides for amendments to the regulation of the biomethane register to extend the biomethane origin guarantee regime not only to pipeline resources, but also to compressed and liquefied biomethane.

The NEURC has [approved](#) proposals from the Ukrainian and Polish GTS operators to increase capacity at the entry point of the interconnector with Poland. The proposal includes an application for approval of a new (increased) capacity project, rules and conditions for access to such capacity.

[According to](#) GTS Operator of Ukraine LLC, this decision will allow holding auctions for the allocation of new (increased) capacity to be held on 3 July 2023 on the GSA capacity allocation auction platform.

Other

Oleksiy Chernyshev, Chairman of the Board of Naftogaz, [announced](#) that the company has registered with the Aggregate EU joint gas procurement platform and is ready for the first stage of its operation.

JSC Ukrgasvydobuvannya has [launched](#) two production wells at one of the largest fields in Ukraine, which resulted in the company's daily production increasing by more than 300 thousand cubic metres. The specialists of Ukrgasvydobuvannya are currently drilling and developing ten more production wells at this field.

The Ministry of Energy of Ukraine [held](#) a meeting with private investors and biomethane producers. Deputy Ministers Yulia Pidkomorna and Mykola Kolisnyk participated on behalf of the Ministry of Energy, while representatives of the Ukrainian GTS Operator and domestic bioenergy companies, including Gals Agro LLC, Dionysus BGE LLC and Teofipol Energy Company LLC, represented the business community. Podkomorna reported on the Ministry's work with other government agencies to develop a transparent and clear procedure for customs clearance of biomethane exports. In addition, the participants discussed the issues of connection to the GTS and GDS, as well as the ability to inject biomethane in the volumes provided for by the design production capacity.

Motor Fuels

[According to](#) media reports, Ukrtransnafta is planning to increase the tariff for transit of Russian oil through the Druzhba pipeline. The increase is to be implemented in two stages. From June 1, the rate for pumping will increase by 25%, to 17 euros per tonne, and from August 1, by another 23.5%, to 21 euros per tonne. Russia's Transneft confirmed that the company had received a notification from Ukrtransnafta, but explained that it was not in any negotiations with the Ukrainian side. According to Argus, Druzhba's supply schedule for the second quarter envisages a 30.5% increase in oil shipments via this route, up to 321,000 barrels per day (4.05 million tonnes).

The Asset Recovery and Management Agency (ARMA) has [announced](#) a tender to select a manager for Karpatnaftochim LLC, despite problems with the ownership of some of its assets. In particular, a [discrepancy](#) was found between the data in the decision and the State Register of Real Property Rights. In addition, the production facilities (fixed assets) of the enterprise were not transferred to the National Agency, which makes it impossible for the future manager to produce even if 100% of corporate rights are transferred to it. In addition, after receiving the asset for management, the Agency's employees tried three times to inspect the enterprise, but were never allowed to enter the territory.

International Cooperation

The International Working Group on Sanctions Against Russia (the Yermak-McFaul Group) [presented](#) an action plan that will facilitate the introduction of further sanctions. [According](#) to the President Volodymyr Zelenskyi, this sanctions' document will be on the tables of all key world leaders - politicians, civil society, and business leaders. The group's proposals, in particular, include: reducing the maximum oil price from \$60 to \$45 per barrel, expanding the sanctions list of individuals, as well as blocking sanctions for the ten largest banks in Russia, and an additional "fee for the restoration of Ukraine" when issuing visas to Russians.

The Presidents of Ukraine Volodymyr Zelenskyi, the Czech Republic's Petr Pavel, and the Slovak Republic's Zuzana Chaputova [signed](#) a joint declaration of support for Ukraine's European and Euro-Atlantic integration. At the meeting, the Prime Minister Denys Shmyhal [called](#) for tougher sanctions, in particular against Russia's nuclear industry, and the parties discussed the creation of a special international tribunal against Russia.

The Prime Minister Denys Shmyhal [invited](#) Italian companies to join reconstruction projects and [said](#) that the Italian Export Credit Agency SACE, is ready to allocate another €1 billion in addition to the €500 million line to support trade and financial transactions, particularly in the healthcare and infrastructure sectors. He added that the Italian development financial institution SIMEST will support investments by Italian companies in Ukraine's recovery through export credit instruments, concessional lending and direct investment.

Six memorandums of cooperation in various fields and between regions of the countries were [signed](#) during the Ukraine Recovery Conference in Rome. According to the Prime Minister Denys Shmyhal, the governmental memorandums relate to cooperation in the fields of ecology, industry, logistics, and energy; two more memorandums were signed between the regions of Ukraine and Italy. Earlier it was [reported](#) that the following agreements would be signed during the conference:

- Memorandum between the Ukrainian Ministry of Foreign Affairs and the Italian Trade Agency to intensify trade relations;
- Memorandum on environmental protection and ecological restoration;
- Memorandum on cooperation in the industrial sector;
- Memorandum between Ukrzaliznytsia (Ukrainian railway company) and MERMEC, a company specializing in railroad track diagnostics;
- Memorandum between agrarian associations for the implementation of modern projects in the process of restoring Ukraine;
- Memorandum between We Build and Ukrhydroenergo on cooperation in the construction of hydroelectric power plants.
- It was also planned that memorandums of cooperation would be signed by Kharkiv region and the Italian region of Emilia-Romagna, Kyiv region, and Tuscany.

The European Commission President Ursula von der Leyen [announced](#) that the EU would allocate €1.5 billion to Ukraine as part of an annual macro-financial assistance package. Ukraine also [received](#) 1.25 billion USD from the United States of America through the World Bank Trust Fund to pay pensions, healthcare workers' salaries, and payments to the State Emergency Service. [According](#) to the National Bank of Ukraine expectations, the amount of international aid this year may exceed 42 billion USD, which will help to boost the economy. This will contribute to the growth of international reserves to 35 billion USD.

On April 25, the Cabinet of Ministers [approved](#) the procedure for providing state guarantees for the Export Credit Agency (ECA). In particular, state guarantees will be [provided](#) for the company's debt obligations (obligations of the borrower to the lender on a loan (credit) arising from the placement (issue) of debt securities and/or the conclusion of loan agreements).

Representatives of the investment company Horizon Capital [announced](#) that it has raised 254 million USD to the Horizon Capital Growth Fund IV (HCGF IV), which will be invested in Ukrainian companies. The President of Ukraine Volodymyr Zelenskyi thanked the company for its contribution to the development of the economy, industry, and new technologies. Zelenskyi named the development of the IT sector, energy, and agricultural business as priority areas.

The Ministry of Energy of Ukraine and the Ministry of Climate, Energy and Utilities of the Kingdom of Denmark have [signed](#) an agreement expanding their energy partnership in the field of wind generation. The document was signed online during the WindEurope's 2023 conference. The partnership will include information exchange and expert cooperation in the development of wind energy strategy, policy and legal measures, knowledge sharing in the development of technological capabilities, as well as the formation of a stable framework for investment and trade in the wind energy sector.

Iceland is [ready](#) to help with the development of geothermal energy in Ukraine as one of the ways to rebuild the country and achieve energy independence, Icelandic Foreign Minister Thordis Gylfadottir said at the Odesa Recovery Forum.

The Agency for Infrastructure Recovery and Development of Ukraine and the American

engineering company AECOM have signed a memorandum of cooperation to effectively restore Ukraine's infrastructure. [According](#) to Mustafa Nayem, the document provides for the exchange of experience in the preparation of design estimates, technical solutions and consulting engineer services for complex infrastructure projects; development and implementation of software, databases and monitoring of prices for construction materials; and improvement of the Agency's procurement procedures.

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)

SUPPORT UKRAINIAN ARMY

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