

Weekly Alert

**Russian War Against
Ukraine: Energy Dimension**

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**Russian War Against Ukraine: Energy Dimension
DiXi Group weekly review**

(May 29 – June 4)

#StopRussianAggression
#StandWithUkraine

Summary

- Russian shelling cause damages and technological disruptions on a local electricity supply level. At the same time, the operation of app.70% of main network sites that were damaged resulting from the Russian aggression was restored, according to the Ukrenerg CEO.
- The occupiers blocked the transmission of information from the Automated Radiation Monitoring System (ARMS) of ZNPP - SNRIU. The occupation "administration" of the plant is increasing pressure on the staff to sign contracts with Rosatom.
- At a meeting of the UN Security Council, the IAEA General Director Rafael Grossi [announced](#) five principles for ensuring the security of Zaporizhzhia NPP. Ukraine's Permanent Representative to the UN, Sergiy Kyslytsya, [said](#) that these principles should be supplemented by requirements for the complete withdrawal of Russian troops from ZNPP, ensuring uninterrupted power supply to the plant and humanitarian corridors.
- During the week the situation in the energy system was under control, as it worked stably. However, the evening consumption peak (19:00-22:00) remains the most difficult period, so during these hours the available capacities of hydroelectric and thermal power plants are used, and electricity is imported.

- On 30 May, the power system was desynchronized due to an [emergency situation](#). This led to emergency shutdowns and temporary power outages for almost 2 million of consumers in 12 regions. The emergency situation was eliminated within a few hours, supply to all consumers was restored even before the beginning of the evening consumption peak. The Minister of Energy of Ukraine, Herman Galushchenko, instructed the State Energy Supervision Inspectorate to create a commission for an operational study of the situation.
- The Cabinet of Ministers of Ukraine [increased](#) the regulated price of electricity for the population to 2.64 UAH per kWh (including VAT). Changes were made to the Regulation on imposing special obligations on participants in the electricity market (its validity was extended until December 31, 2023).
- The regulator [published](#) the justification of the draft decision on changing the limit prices of electricity (price caps) on the DAM, IDM and the balancing market. It is proposed to increase the maximum prices for night and day hours for DAM and IDM from the current 2,000 UAH/MWh and 4,000 UAH/MWh, respectively, to 2,706.63 UAH/MWh (+35.3 %) and 5,413.26 UAH/MWh (+35.3%). The minimum marginal price for both segments is proposed at the level of 10 UAH/MWh.
- Over 5 weeks of trading, Naftogaz [purchased](#) 383 mcm of gas of Ukrainian production. This was announced by the Executive Director of the Association of Gas Producers of Ukraine Artem Petrenko.
- Naftogaz [reached](#) agreements with investors regarding the restructuring of Eurobonds with maturities in July 2022 and November 2026. Chernyshov also [reported](#) that Naftogaz's legal adviser developed a strategy to forcibly recover 5 bln USD from Russia in compensation, determined by the decision of the Arbitration Tribunal at the Permanent Chamber of the Arbitration Court.
- Tariffs for the transit of Russian oil through the territory of Ukraine have increased by 25% since June 1 (by 17 euros per ton) - media reports.
- The Cabinet of Ministers [allowed](#) the eRestoration programme to be applied for in paper form through administrative service centre, social security authority or notary. The amendments also provide for the introduction of selective and comprehensive monitoring of applications for compensation and verification of the targeted use of compensation for damaged real estate, etc.
- Ukraine will be able to count on the second tranche of the program in the amount of about \$900 million. As noted, the Fund expects Ukraine's GDP growth this year to be in the range of 1-3%.

IMPACT OF THE WAR

Attacks

On **29 May**, as a result of a missile and drone attack in the [Kyiv region](#), infrastructure facilities were damaged. In the [Donetsk region](#), 6 settlements were cut off from electricity due to shelling. On **30 May**, 26 settlements (12,300 consumers) in the Donetsk [region](#) lost power due to hostilities. On **31 May**, 11 settlements in the Donetsk region and 7,000 consumers in [Kherson](#) were cut off from electricity supply as a result of shelling.

On **1 June**, the Russian occupiers fired 81 times at settlements in the **Kherson region**, hitting, in particular, critical infrastructure facilities in Kherson and Beryslav districts. In the [city of Nikopol](#) in Dnipropetrovsk region, infrastructure facilities were damaged by artillery shelling and UAV attacks. In the [Donetsk region](#), 8 settlements were cut off from electricity, a power generation facility and

power grids were also hit, and a mine was left without power. More than 13,000 consumers in the Kharkiv region were left without electricity due to shelling.

On **2 June**, the enemy launched another massive combined missile and UAV attack on the city of [Kyiv and the region](#), causing damage and technological disruptions, including the shutdown of several power lines and the loss of power supply to 36,000 consumers. In the [Donetsk region](#), 34 settlements were cut off from electricity due to the hostilities. On **4 June**, the enemy hit infrastructure facilities in the [Sumy region](#). As a result of previous shelling, some consumers in Zaporizhzhia and Chernihiv regions were also left without electricity.

[According to](#) Ukrenergo CEO Volodymyr Kudrytskyi, about 40-50% of the capacity of the Ukrainian power system has been temporarily lost compared to the situation before the Russian invasion. About 43% of the main high-voltage network and Ukrenergo's facilities have been damaged. According to the Ukrainian government, the World Bank Group, the European Commission and the UN, the operator already needs about \$1 billion to restore and protect its facilities.

Nuclear and Radiation Safety

[According to](#) the IAEA, Zaporizhzhia NPP has been without backup external power for three months, making it highly vulnerable to another failure of the only main power line supplying the plant. IAEA Director General Rafael Grossi expressed concern over the disconnection of automatic data transmission from eight radiation monitoring stations located near the plant on 17 May and said that the organisation was holding talks with Russia to restore their operation. [According to](#) the SNRIU, the occupiers blocked the transmission of information from the Automated Radiation Monitoring System (ARMS) of ZNPP.

[Energoatom](#) and the [SNRIU](#) report that the occupation "administration" of the plant is increasing pressure on the staff to sign contracts with Rosatom. The occupiers resort to intimidation, searches of private residences of employees, prohibit contact with persons in the territory controlled by the Ukrainian government, and when people try to leave the occupied territory, they are not allowed and threatened with confiscation of property. The General Staff of the Armed Forces of Ukraine also [notes](#) that Russia continues to use the plant as its military and logistics base. The plant of "Non-standard equipment and pipelines" is used by the invaders to repair military equipment, while the plant of "Special constructions" and "House building plant" were turned by the Russians into a warehouse of military equipment, weapons and ammunition.

At a meeting of the UN Security Council, Rafael Grossi [announced](#) five principles for ensuring the security of Zaporizhzhia NPP:

1. No attacks must be carried out by or against ZNPP, including those aimed at the spent fuel storage facility, other critical infrastructure or personnel.
2. ZNPP should not be used as a shelter or base for military personnel and storage of heavy weapons, such as multiple launch rocket systems, artillery systems and ammunition, tanks.
3. The power supply to the ZNPP must not be put at risk. Constant external power supply to the plant must be guaranteed and secured.
4. All structures, systems and components necessary for the safe and reliable operation of ZNPPs must be protected from attacks.
5. No actions should be taken that undermine these principles.

The IAEA mission at the plant will report to the IAEA Director General on compliance with these principles, who will publicly report any violations of these principles.

In turn, Ukraine's Permanent Representative to the UN, Sergiy Kyslytsya, [said](#) that these principles should be supplemented by requirements for the complete withdrawal of Russian troops from ZNPP, ensuring uninterrupted power supply to the plant and humanitarian corridors for the rotation of management, operating and maintenance personnel.

Countermeasures

In an interview, Ukrenergo CEO Volodymyr Kudrytskyi [said](#) that the company had eliminated limitations on the main network and restored the functioning of about 70% of the facilities damaged by Russian aggression. He added that the company planned to improve the automation and protection of high-voltage substations and "slightly change the format of the power system" through decentralisation.

The Verkhovna Rada [passed](#) a law that, among other things, provides for the simplified transfer of confiscated assets under sanctions to the State Property Fund (draft law No. 8250). It is envisaged that, based on the decision of the High Anti-Corruption Court (HACC), the property will be transferred to the SPFU, which will make management decisions (privatisation, sale, lease or management); all proceeds will be directed to the Fund for the Liquidation of the Consequences of Armed Aggression. The law, which has been submitted to the Speaker of the Verkhovna Rada for signature, also allows for the resumption of large-scale privatisation and the offering for privatisation of energy facilities united in pools; it also prohibits sanctioned persons and citizens of aggressor countries from holding positions of heads of state-owned enterprises and members of supervisory boards.

The government has launched the second phase of the eRestoration programme, which will see the issuance of housing certificates as compensation for destroyed housing, Prime Minister Denys Shmyhal [said](#). He reminded that the government has already collected about UAH 62 billion in the Fund for the Elimination of the Consequences of Armed Aggression, which will be enough to pay a part of the assistance. Further work is planned with international partners to mobilise the full amount needed.

The Cabinet of Ministers also [allowed](#) the eRestoration programme to be applied for in paper form through administrative service centre, social security authority or notary. The amendments also provide for the introduction of selective and comprehensive monitoring of applications for compensation and verification of the targeted use of compensation for damaged real estate, etc.

On 2 June, the Cabinet of Ministers [supported](#) the NEURC's proposal and allocated UAH 80 million from the special fund of the state budget collected as regulatory fees for defence. This refers to the balance of funds that were accumulated as of 1 January 2023 and were not used by 1 May 2023.

The Verkhovna Rada [adopted](#) as a basis a draft law on investment insurance against military risks through the Export Credit Agency (Reg. No. 9015). If the necessary regulations are adopted by the Cabinet of Ministers and the National Bank, Ukrainian investors will be able to take insurance by contacting the ECA or one of the banks or insurance companies that cooperate with the ECA. The ECA will cover the risks from its own authorised capital, which currently stands at around UAH 2 billion.

MARKETS PULSE

Electricity Sector

Power system operation

According to [Ukrenergo](#) and the [Ministry of Energy of Ukraine](#), during the week the situation in the energy system was under control, as it worked stably. A large-scale repair campaign of generation facilities and networks is underway (in preparation for the 2023-2024 heating season), so a much smaller number of power units are operating in the power system. On June 1, the repair of the power unit of one of the nuclear power plants was completed and the unit was put into operation (it was under repair since March 2023)

However, the evening consumption peak (19:00-22:00) remains the most difficult period, so during these hours the available capacities of hydroelectric and thermal power plants are used, and electricity is imported. Ukrenergo urges consumers to reduce the number of powerful electrical appliances working at this time. [According](#) to Volodymyr Kudrytskyi, CEO of Ukrenergo, the deficit will be felt during the summer months, while the large-scale repair campaign continues, and also during the next winter.

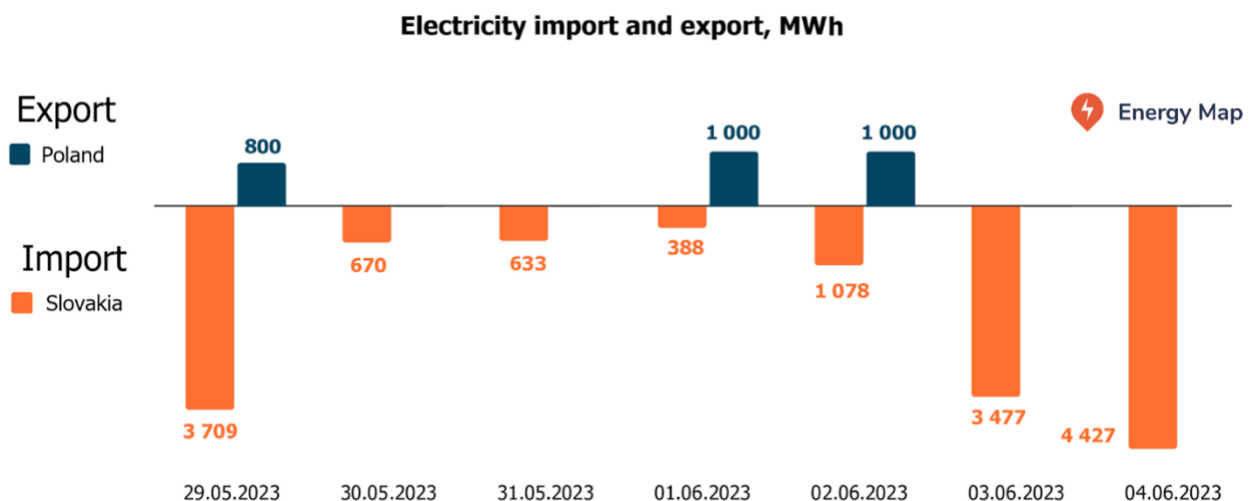
On 30 May, around 1:00 p.m. the power system was desynchronized due to an [emergency situation](#). This led to emergency shutdowns and temporary power outages for consumers. Almost 2 million subscribers remained without electricity in 12 regions at the same time (it is Vinnytsia, Dnipropetrovsk, Donetsk, Zaporizhzhia, Kyiv, Kirovohrad, Mykolaiv, Odesa, Poltava, Kharkiv, Khmelnytsky and Cherkasy regions). There were also temporary power outages in Moldova. The emergency situation was eliminated within a few hours, supply to all consumers was restored even before the beginning of the evening consumption peak. The Minister of Energy of Ukraine, Herman Galushchenko, instructed the State Energy Supervision Inspectorate to create a commission for an operational study of the situation. This is done in order to establish the cause of mass outages and prevent their recurrence.

On 1 June, around 1:00 p.m., an [emergency shutdown](#) of equipment occurred at one of the substations in the city of Odesa. 9,800 consumers of the Cheremushki district were temporarily left without electricity. Electricity was supplied from the backup source during an hour. The causes of the accident are being investigated.

Bad weather remains another cause of the loss of power supply during the week. So, 31 cities and regional centers lost power supply in Dnipropetrovsk region, 12 in Zaporizhia region, on May 30. 45 cities and regional centers lost power supply in Chernihiv region, 11 in Kyiv region and 35 in part, on June 2.

According to the [NEURC](#) and [ENTSO-E](#), Ukraine performed commercial electricity imports from Slovakia, mainly in the daytime and evening hours, amounting to 14.4 GWh [in total](#) (+77% compared to the previous week), the capacity fluctuated in the range of 1-350 MW, during May 29 - June 4. There was no imports from Moldova, during May 29 - June 1 (data for June 2-4 is not available at the time of preparation of the review).

Electricity was exported to Poland with a total volume of 2.8 GWh, on May 29, June 1 and 2 (7 times more than the previous week). The export capacity was 200 MW. Exports to Moldova was not carried out during May 29 - June 1 (data for June 2-4 was not available at the time of preparation of the review).



Source: [Energy Map](#)

4-17 companies [booked access](#) to capacity for imports in the Slovakia-Ukraine direction at daily auctions; the main players: D.Trading, ERU Trading, Nexttrade and Unix Company. The limit price

was set on May 29 and June 2-4, for different hours of the day it varied from 0.01 to 453.67 UAH/MWh, the total revenue of Ukrenergo from the auctions amounted to 1.92 million UAH (+125% compared to the previous week). In the Moldova-Ukraine direction, 1-9 companies booked capacity including DE Trading, Ukrainian Energy Company, Kub Energy and others. The marginal price in both directions was "zero". On June 1, Khmelnytskenergozbut booked the crossing for imports from Poland in the direction Rzeszów-KHNPP, the limit price was not set.

DTEK Zahidenergo booked access to a crossing for export to Poland in the direction of KHNPP-Rzeszów, on May 29, June 1 and 2. 1-4 companies booked access to capacity for imports in the Ukraine-Moldova direction; the main players: Artlex-Energy and Ukrhydroenergo. The limit price was not set for both directions.

Electricity market performance

Bilateral contracts market (BCM): The intensity of trading on the Ukrainian Energy Exchange (UEEX) decreased, as compared to the previous week. From May 29 to June 4, [16 auctions](#) for the purchase/sale of electricity were held at UEEX (6 in commercial sections, 10 in specialized ones). Energoatom-Trading, Ukrhydroenergo, Guaranteed Buyer, Donbasenergo, companies of DTEK group, universal service suppliers, distribution system operators, etc. were among those who initiated trades. The total of 1,356 GWh were sold at the UEEX with delivery in June (-20.9% compared to the previous week). The monthly Base index for May was at 2,702.7 UAH/MWh, the Base index for June was at 2,849.2 UAH/MWh (-0.9%).

In particular, Energoatom-Trading sold 108 GWh of base load at prices of 2,848.8 UAH/MWh. Guaranteed Buyer sold 16.9 GWh in block positions of daytime hours at 2,400-2,749.2 UAH/MWh. Ukrhydroenergo sold 4.3 GWh in block positions (20-23) at the average price of 3,993 UAH/MWh and 14.4 GWh in block positions (24-07) at 1,974.6 UAH/MWh.

Donbasenergo succeeded in selling 144 GWh of base load at the average price of 2,773.8 UAH/MWh. DTEK Kurakhivska TPP, DTEK Dniproenergo and DTEK Zahidenergo succeeded a total in selling of 1,026 GWh in block positions at average prices of 1,761 - 3,388.3 UAH/MWh. Tiligulska WPP, which was recently put into operation, sold 7.2 GWh of base load at average price of 2,741.4 UAH/MWh with delivery in the first decade of June. In the commercial sections of the company, electricity was mainly purchased by the load of an individual profile.

Day-ahead market (DAM): According to the [Energy Map service](#), during May 29-June 4, hourly prices were relatively [stable](#), however, with a slight downward trend, which changed the previous several weeks' growth. Deviation from the price caps for day and night hours (4,000 and 2,000 UAH/MWh, respectively) ranged from 0% to 33.8% and averaged at 10.7%. The number of hours with prices being close (with a deviation of less than 1%) or directly at the level of price caps was at the level of the previous week - 66.1%.

The average hourly price of electricity (Base DAM index) for the week was 2,905.4 UAH/MWh (-0.9% compared to the previous period), the average daily price [varied](#) at 2,953.4 – 3,066.3 UAH/MWh. However, the price ratio between the EU and Ukrainian markets during the week was volatile and varied. The spread between the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) and Ukraine [ranged](#) from -36% to +57%.

After a several-week downward trend, the total volume of electricity sales at the DAM of Ukraine increased moderately - [up](#) to 300.8 GWh (+6% compared to the previous week). In particular, the daily volume of trading was between 34.7 and 47.0 GWh. In general, the market remained in surplus - the ratio between the total volume of orders for sale and purchase fluctuated at 1.13 to 1.42. However, the deficit in the market was observed in 39.9% of hours (as compared to 37.5% in the previous week). The purchase structure was [dominated](#) by suppliers (85.5-89.5%), the share of system operators was 10.3-14.4%, the rest (0.2-0.5%) belonged to producers and traders.

Policy and regulation

The Cabinet of Ministers of Ukraine [increased](#) the regulated price of electricity for the population to 2.64 UAH per kWh (including VAT), on June 1. Changes were made to the Regulation on imposing special obligations on participants in the electricity market (its validity was extended until December

31, 2023). According to the Minister of Energy of Ukraine Herman Galushchenko, after the tariff increase, the average amount in the payment for electricity for one family will increase approximately by the amount of up to UAH 250.

The regulator [published](#) the justification of the draft decision on changing the limit prices of electricity (price caps) on the DAM, IDM and the balancing market, which will be considered at the meeting on June 8. The appeals of the Market Operator and Ukrenergo became the basis for the revision of price caps by the NEURC. At the beginning of May, they informed the Regulator about significant price fluctuations in these segments. Among the good reasons, the Regulator also noted the importance of proper preparation for the autumn-winter period, especially PPHs and HPPs, and ensuring the safety of the power system and power supply to consumers. In particular, it is proposed to increase the maximum prices for night and day hours for DAM and IDM from the current 2,000 UAH/MWh and 4,000 UAH/MWh, respectively, to 2,706.63 UAH/MWh (+35.3 %) and 5,413.26 UAH/MWh (+35.3%). The minimum marginal price for both segments is proposed at the level of 10 UAH/MWh. At the same time, on the balancing market, the maximum marginal price will be 125% of the DAM price determined by the market operator for each calculation period of the corresponding day, and the minimum price will be 0.01 UAH/MWh.

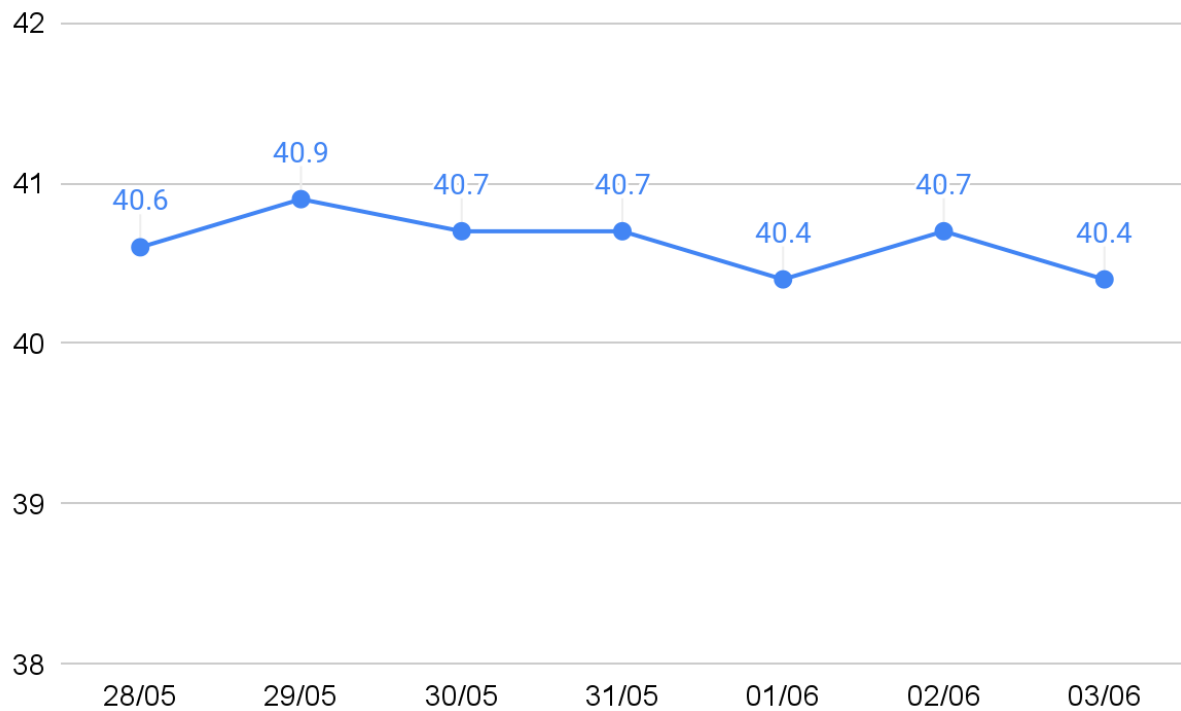
Gas

Gas system performance

On May 28 – June 3, the volume of gas transit through the territory of Ukraine amounted to 40.4-40.9 mcm per day, i.e. only 37-38% of the capacity contracted by Gazprom (109 mcm per day). In the reporting week, the average daily transit was at 40.6 mcm. There were no transit flows via the Sokhranivka interconnection point.

Physical imports from the EU countries amounted to 2.8 mcm in the reporting week (on average, 0.4 mcm per day), which is 43% less than in the previous week. The physical imports performed via the Beregharoc interconnection point (VIP Beregh) at 1 mcm, via the Hermanowice interconnection point (VIP Ukraine-Poland) at 0.9 mcm, and via the Căușeni interconnection point (Ukraine-Moldova) at 0.9 mcm. There were no physical imports performed via the Budince interconnection point during the week. On May 28 – June 3, on Ukraine's gas system exit, in addition to transit, 2.8 mcm were transported in the reporting period from "customs warehouse" to Moldova.

Transit of Russian gas through the territory of Ukraine, mcm

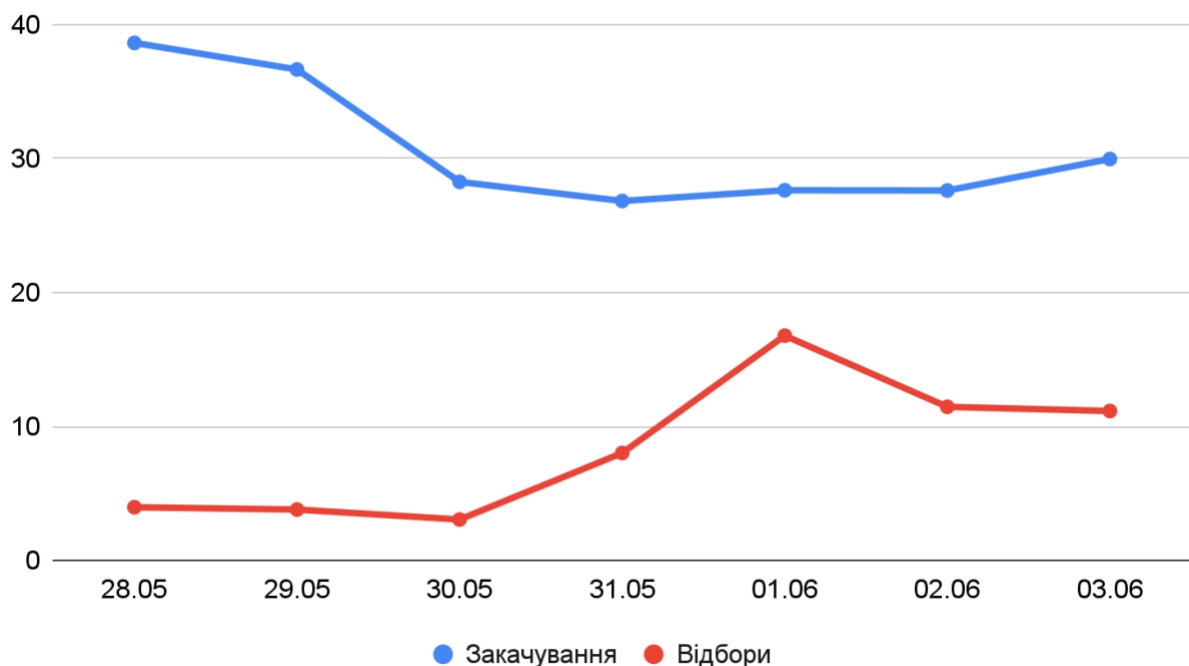


Source: [Gas Transmission System Operator of Ukraine LLC](#)

Underground storage facilities

According to the AGSI platform, as of June 3, 5.91 bcm of gas was stored in the Ukrainian storages (18.9% of the total working capacity). Withdrawals on May 28 – June 3, were performed at 58 mcm, and injections were at 215.6 mcm (+23.9 mcm as 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 market

In the [trading sessions](#) of May 29 – June 2, 11 companies (2 sellers and 9 buyers) submitted bids for purchase and sale of natural gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received purchase and sale bids for 319.6 mcm of gas (-14% as compared to the previous week) with a total starting price of 3.95 billion UAH (-14%). The weighted average starting price of all bids was 10.59 UAH/cm (excluding VAT), which is 1% less than the indicator of the previous week. A total of 86.7 mcm was sold (-69% as compared to the previous week). 14 purchase bids were successful - 10 of the state-owned Naftogaz (85.3 mcm), three of GTSOU (1.2 mcm) and one from PJSC "Kyivvodokanal" (0.22 mcm). No successful sale bids were reported.

The weighted average price of the purchased and sold resource was 10,582 UAH/tcm without VAT (1% less than the previous week). 33% of the resource was sold with delivery to the virtual trading point (VTP) or to the buyer's accounting point, while 67% - with delivery or transfer in warehouses. 76% of the purchased "blue fuel" will be delivered in June 2023, 24% - in July this year.

In total, over 5 weeks of trading, Naftogaz [purchased](#) 383 mcm of gas of Ukrainian production. This was announced by the Executive Director of the Association of Gas Producers of Ukraine Artem Petrenko at the event "Gas hub: what Ukraine offers to European partners" organized by DiXi Group. The information was [confirmed](#) by the CEO at Naftogaz Oleksii Chernyshov.

Policy and regulation

Naftogaz has [reached](#) agreements with investors regarding the restructuring of Eurobonds with maturities in July 2022 and November 2026. Detailed restructuring proposals were also approved by the company's board and supervisory board. As a result, the restructuring should be completed by the end of July 2023. In the future, the relevant decision is subject to final approval by the Cabinet of Ministers of Ukraine as a shareholder of the company.

Ukrgezvydobuvannia, a subsidiary of Naftogaz, [drilled](#) and put into operation another powerful well in the east of Ukraine with a daily debit of 230 tcm. Work was carried out on an old deposit, which was previously considered unpromising. Five more new wells are planned to be drilled there in order to fully use the discovered gas production potential.

The CEO of Naftogaz Oleksii Chernyshov [noted](#) that in 2023 Ukraine can stay without importing natural gas. Among the factors that should contribute to this is the production of 13.5 bcm of "blue fuel" by Ukrgezvydobuvannia. At the same time, due to military risks, Naftogaz joined the Aggregate EU joint procurement platform in order to quickly purchase gas in case of need.

Chernyshov also [reported](#) that Naftogaz's legal adviser, the international law firm Covington & Burling LLP, developed a strategy to forcibly recover 5 bln USD in compensation, determined by the decision of the Arbitration Tribunal at the Permanent Chamber of the Arbitration Court. Recovery may take several years.

As [reported](#) by the mass media with reference to the relevant state registers, Swedish businessman Carl Sturen became the Chairman of Naftogaz Bioenergia (a subsidiary of Naftogaz, which deals with renewable energy projects). Before the full-scale invasion, Sturen was engaged in business related to renewable energy: he owned companies of the Windkraft Group, the businessman implemented wind power projects in the Kherson region, and his business partner was the odious Ukrainian oligarch Valerii Khoroshkovskiy. At the same time, the ex-head of Naftogaz Bioenergia Oleksii Butenko was [declared](#) wanted by the police in the case of taking 420,000 USD by fraud and breach of trust in the period 2016-2019.

Other

Following the matching exercise, Naftogaz's tender request within the gas procurement platform AggregateEU was [100% covered](#). At the same time, this does not mean the actual conclusion of gas supply agreements, which will require additional negotiations between Naftogaz and suppliers.

Group DF [rejected](#) accusations of fraud with state-owned natural gas by the Security Service and the Economic Security Bureau against businesses and top managers of the group, as well as its

shareholder Dmytro Firtash. As reported, the lawyers of the group and the shareholder will defend the interests of businesses, personnel and the shareholder in Ukrainian and international courts. The State Bureau of Investigation [handed](#) suspicion to the former head at one of the Ministry of Energy departments. According to the investigation, by order of the ex-Minister Ihor Nasalyk, the person entered into agreements with the structures of a businessman that were known to be detrimental to the state. By circumventing the government's decree, officials artificially "deducted" funds for the exploitation of state-owned property, as a result the budget received almost 1.5 billion UAH in shortfalls from May 2017 to December 2020.

Motor Fuels

[According to](#) media with reference to the Russian Transneft, tariffs for the transit of Russian oil through the territory of Ukraine have increased by 25% since June 1. The new tariff for transit through the Druzhba oil pipeline in the direction of Slovakia and Hungary is 17 euros per ton.

International Cooperation

The President Volodymyr Zelenskyi [announced](#) the necessary steps to eliminate Russia's circumvention of sanctions with the help of third countries. Also, on the sidelines of the European Political Community summit in Moldova, Zelenskyi [discussed](#) toughening of sanctions against Russia with German Chancellor Olaf Scholz.

In an interview, Zelenskyi [said](#) that Ukraine could achieve significant results in the lithium battery industry if it had an economic partnership with South Korea. According to him, the government is also interested in cooperation in the field of green energy, and is ready to learn from South Korea's experience to recover the country.

The Cabinet of Ministers of Ukraine and the Government of the Slovak Republic [signed](#) a Memorandum of Cooperation in the preparation of joint projects for EU programs. The Memorandum envisages cooperation and exchange of experience in the preparation and implementation of joint projects that will contribute to the deepening of bilateral relations and Ukraine's further integration into the EU. Slovakia is the first country with which Ukraine is establishing this kind of cooperation.

During a meeting with the leadership of the Atlantic Council think tank, the Finance Minister Sergiy Marchenko [said](#) that the government is working on developing recovery projects that will be presented at the Ukraine Recovery Conference (URC2023) in London in late June. The Ministry of Finance also expects that war risk insurance will be one of the key topics for discussion at the Ukraine Donor Coordination Platform in London.

With the support of the U-LEAD with Europe Program, Beryslavska Hromada of the Kherson Oblast will [establish](#) an enterprise for the production of straw fuel briquettes to heat a kindergarten. As part of the project, a fuel briquette production line with a capacity of 300 kg per hour will be purchased. The community also plans to introduce an energy management system and disseminate experience in using biofuels.

The International Monetary Fund and Ukraine have [reached](#) a staff-level agreement on an updated economic and financial policy framework as part of the first review of the 4-year, \$15.6 billion Extended Fund Facility (EFF) program. After the decision is approved by the IMF Board of Directors, Ukraine will be able to count on the second tranche of the program in the amount of about \$900 million. As noted, the Fund expects Ukraine's GDP growth this year to be in the range of 1-3%.

Ukraine received \$1.25 billion in financial support from the United States under the World Bank's PEACE project. The funds are [planned](#) to be spent to support the state budget, including social

and humanitarian expenditures. Also, the State Agency for Reconstruction, the European Investment Bank, and the EU Bank [signed](#) a grant agreement to allocate more than €50 million to support critical infrastructure and build temporary bridges in the affected regions.

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)

SUPPORT UKRAINIAN ARMY

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