

Weekly Alert

**Russian War Against
Ukraine: Energy Dimension**

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(June 12-18)

#StopRussianAggression
#StandWithUkraine

Summary

- The consequences of the Kakhovka hydropower station dam explosion by Russians are still being eliminated. According to the Head of the Kherson Regional Military Administration Oleksandr Prokudin, it will take at least a month to repair and launch the flooded power infrastructure. There is currently a problem with oil products leakage, incl. those from the Kakhovka HPP engine room.
- As a result of shelling, the building of the Kryvyi Rih CHP, a power transmission line of the Kherson CHP were damaged. Hits were also reported on 2 critical infrastructure facilities in Nikopol (Dnipropetrovsk region) and 1 facility in the city of Svitlovodsk (Kirovohrad region), where the Kremenchuk HPP is located.
- The Russian occupiers are preventing Ukrainian personnel of the Zaporizhzhia NPP from putting Unit 5 into a "cold shutdown" state - so the State Nuclear Regulatory Inspectorate of Ukraine. According to the IAEA, as of June 16, Unit 5 was in a "hot shutdown" state.
- The IAEA Director General Rafael Grossi visited Kyiv and the Zaporizhzhia NPP site. The President Zelenskyi supported the IAEA's proposal to send a team of experts to Ukraine to assess the consequences of the Kakhovka HPP explosion and prepare proposals for specific areas of assistance. Grossi reported that water from the outlet channel of the Zaporizhzhia TPP is being supplied to ZNPP's splash pools, which cool the six reactors and spent nuclear fuel, and also maintain a full separate cooling pond, largely offsetting evaporation.
- Electricity demand was covered by own production, imports and emergency assistance from Romania and Poland (1,600 MWh). At the same time, as a result of the Kakhovka HPP explosion, the Dnipro HPP units were operating with

limitations. Specialists of Ukrhydroenergo, together with experts of the Ministry of Energy, are looking for technical solutions that will ensure their sustainable operation.

- In the power system weakened by enemy's strikes, technological violations became more frequent. On June 16, consumption restrictions were applied in the industry of the Poltava region due to network damage. On June 17, due to an emergency at the substation of Ukrenergo in the Odesa region, 230,000 consumers were left without electricity supply, and on the night of June 19, the situation repeated, yet with no disconnection of consumers. Temporary power outages were reported in other regions.
- The government meeting decided to create deputy officers for recovery at 8 ministries and 12 regions. Also, the Cabinet of Ministers allocated 6.6 billion UAH from the Fund for the Elimination of Armed Aggression Consequences to implement over 150 projects in 8 regions of Ukraine, and will allocate another 4.4 billion UAH in subventions to local budgets.
- The Law was published, which transposes the provisions of the Regulation (EU) No.1227/2011 on wholesale energy market integrity and transparency (REMIT). To implement its requirements, the Regulator has developed a 2-years roadmap for the preparation and approval of key bylaws.
- Among the additional changes - the mechanism for the distribution of TSO revenues from cross-border capacity allocation auctions, extension of technical conditions for the construction of RES facilities (except of solar) for 2 years, the right to receive a feed-in tariff granted to RES facilities (except of solar), which have entered into pre-PPAs and commissioned the facilities within 4 years, and the reducing factor to the feed-in tariff for wind power plants put into operation from July 1, 2023.
- The Verkhovna Rada did not support the governmental draft law, which provides for the corporate reform of GTSOU and the transition to a single company model in the management of the gas transmission system. Instead, the parliament voted to finalize the alternative draft law No.9311-1.
- The NEURC approved the draft resolution on the tariff for the Oleksiivka entry point from Moldova, which would allow using one more interconnection point for gas transmission to Ukraine - both for imports and long-term use of storages.
- The Ministry of Energy and the European Commission signed a work plan for 2023 aimed at further implementing the Memorandum of Understanding on Strategic Energy Partnership. Inter alia, the parties will help increase electricity trading capacity and cooperate to create conditions to support renewable electricity production, as well as to implement measures to install energy storage systems at RES facilities and modernize grids.
- Ukrnafta and the Asset Recovery and Management Agency signed asset management contracts on corporate rights in the authorized capital of companies performing activities in the Sakhalinske oil and gas condensate field and were previously arrested in criminal proceedings.
- According to the MP Yaroslav Zheleznyak, the share of the shadow segment in the oil products market is 10-15%, while the estimated losses for the state budget are 5-10 billion UAH.

Impact of the War

Attacks

Kakhovka HPP. Recording and eliminating the consequences of the flood caused by the Kakhovka HPP dam explosion continue. Based on photo and video footage by UAVs, Ukrhydroenergo specialists have [determined](#) that the water levels in the Kakhovka reservoir may already be below 7 metres. As of [June 17](#), more than 14,000 consumers in Kherson and another 7 settlements in the Mykolaiv region remained without power supply. Specialists were cleaning equipment and testing the flooded power line that supplies the main sewage plant in the city of Kherson. [According to](#) the Head of the Kherson Regional Military Administration Oleksandr Prokudin, it will take at least a month to repair and launch the flooded power infrastructure in the Kherson region. After June 20, the Ostrov neighbourhood of Kherson, which was most affected by the flooding, will be gradually reconnected to the grid.

[According to](#) the Minister of Interior Ihor Klymenko, there is currently a problem with oil leaking from the engine room of the Kakhovka hydropower station and moving towards the Black Sea. Additional equipment, reagents and specialists are needed to deal with the consequences. A [study](#) by Greenpeace based on satellite data showed that 11 petroleum filling stations, 6 oil refineries/terminals and 2 CHPs are among the flooded oil&gas and energy infrastructure facilities, with a risk of oil products leakage.

The Minister of Environmental Protection and Natural Resources Ruslan Strilets [said](#) that the Velykyi Luh and Kamianska Sich national parks are gradually turning into a desert. The estimated losses for the Velykyi Luh National Park amount to over 15 billion UAH, and for Kamianska Sich - to over 73 billion UAH.

The Dnipro, Zaporizhzhya, Kherson and Mykolaiv regions will suffer from water supply problems in the short term, while Crimea will not receive water for at least a year, so the CEO of Ukrhydroenergo Igor Syrota [said](#). The UN [reported](#) that the Kakhovka HPP explosion would have a huge impact on global food security, lead to higher food prices and could cause problems with drinking water for hundreds of thousands of people.

The Kryvyi Rih mining and metallurgical plant of ArcelorMittal Kryvyi Rih PJSC (Dnipropetrovsk region) [announced](#) it would halve its production to 15-20% of the pre-war levels due to problems with water supply. Damage to state property of irrigation systems and canals as a result of the Kakhovka HPP explosion reached 150-160 billion UAH, the exact figures will be determined after the de-occupation of the territories, as the Ministry of Agrarian Policy and Food [reported](#). The Kakhovka reservoir was a source of water supply for 584,000 hectares of land and provided irrigation for 94% of systems in the Kherson, 74% in the Zaporizhzhia and 30% in the Dnipropetrovsk regions. The Ministry admits that irrigation systems in the temporarily occupied territories will be destroyed or dismantled by the Russians.

Shelling of energy infrastructure. On [June 12](#), a rocket and bomb attack destroyed the administrative building of an energy facility in the Zaporizhzhia region and damaged vehicles. Intense shelling, including the use of attack drones, damaged power lines in the Sumy, Kharkiv, Odesa, and Donetsk regions. On [June 13](#), a massive missile and drone strike damaged and disconnected main power grids in the Dnipropetrovsk region, leaving more than 9,000 people offline. In Kryvyi Rih, three mines were left without power supply, and miners were trapped underground. The blast wave also damaged the building of the Kryvyi Rih CHP. Intense shelling cut off power supply to 41 settlements in the Donetsk region and 3 more in the Dnipropetrovsk region. On the night of [June 14](#), a massive drone attack resulted in a hit to an infrastructure facility in Svitlovodsk, Kirovohrad region (the city is the location of the Kremenchuk hydroelectric power plant).

On [June 15](#), shelling damaged distribution networks in the Kharkiv region, leaving over 9,000 consumers without electricity supply. On [June 16](#), almost 6,000 consumers in the Donetsk region and 4,000 in the Zaporizhzhia region lost power supply due to damage. The shelling also damaged a power transmission line at the Kherson CHP, but the facility was not damaged and was powered by a backup line. On [June 17](#), almost 8,000 consumers in the Donetsk region were left without electricity supply. On [June 18](#), a transformer substation at one of industrial enterprises was damaged by mortar fire in the Sumy region. Two critical infrastructure facilities were [damaged](#) in the city of Nikopol (Dnipropetrovsk region).

In addition, for two weeks, Russians have been targeting the main [ammonia pipeline](#) in the Kupyansk district of the Kharkiv region. No leakage of industrial ammonia was detected, and there is no threat to the public or the environment.

Accidents. On [June 16](#), a bomb threat was reported at the Kyiv HPP. After inspecting the area, law enforcement agencies found no dangerous items. On the night of [June 17](#), a methane explosion occurred at one of Pavlohraduhillia's coal mines (Dnipro region), with nearly 200 workers in operation. Three workers were injured and the rest were evacuated to the surface. The causes of the accident are under investigation.

Nuclear and Radiation Safety

During the week, all Ukrainian NPPs successfully [completed](#) the IAEA mission rotations. The Agency's missions were introduced at the official request of Ukraine to monitor the nuclear safety in the context of Russia's military aggression.

At a weekly meeting on communication between the IAEA Incident and Emergency Centre (IEC) and the State Nuclear Regulatory Inspectorate of Ukraine (SNRIU), the Acting SNRIU Chair and Chief State Nuclear and Radiation Safety Inspector of Ukraine Oleh Korikov [said](#) that the Russian occupiers are preventing Ukrainian personnel of the Zaporizhzhia NPP from putting Unit 5 into a "cold shutdown" state, as provided for by the nuclear regulator's order of June 8. According to Korikov, this is a gross violation of the legislation on the use of nuclear energy. [According to](#) the order, the SNRIU instructed all the ZNPP power units to be put into "cold shutdown" to reduce water consumption for cooling the units.

The Western European Nuclear Regulators' Association (WENRA) [published](#) a position on the ZNPP and reminded that the only legally authorised regulatory body at the ZNPP is the State Nuclear Regulatory Inspectorate of Ukraine. WENRA stressed the importance of ensuring that all ZNPP reactors remain in shutdown to keep residual heat as low as possible and to increase the response time required in the event of a loss of cooling due to a lack of water or loss of external power supply. According to the IAEA, as of June 16, Unit 5 was in a "hot shutdown" state.

The IAEA Director General Rafael Grossi visited Kyiv and the Zaporizhzhia NPP site. At a meeting with Grossi, the President Volodymyr Zelenskyi [said](#) that, after the Russians blew up the Kakhovka HPP, the risks to the ZNPP safety have increased significantly, and the only way to prevent a nuclear incident was for Ukraine to fully demilitarise, de-occupy and regain control of the plant. Zelenskyi also supported the IAEA's proposal to send a team of experts to Ukraine to assess the consequences of the Kakhovka HPP explosion and prepare proposals for specific areas of assistance.

After visiting the ZNPP site, Grossi [reported](#) that water from the outlet channel of the neighbouring Zaporizhzhia Thermal Power Plant (ZTPP) is currently being supplied to ZNPP's splash pools, which cool the six reactors in shutdown and spent nuclear fuel, and also maintain a full separate cooling pond, largely offsetting evaporation. The canal and cooling pond can supply water to the plant for several months, but it is difficult to say

exactly how long the existing water reserves can last given various external factors such as evaporation and other leaks.

[According to](#) Energoatom, as of 09:00 on June 16, the water level in the cooling pond remained at 16.67 metres, which is sufficient to meet the plant's needs.

On 14 June, Westinghouse and Energoatom [signed](#) a contract for the design, manufacture and supply of long-term containment cooling systems to upgrade power units at one of Ukraine's nuclear power plants. The NPP was not specified.

Countermeasures

At a government meeting, the Prime Minister Denys Shmyhal [said](#) that the Cabinet of Ministers had decided to create deputy officers for recovery at 8 ministries and 12 regions. According to Shmyhal, the position of deputy for recovery will allow for a better approach to planning recovery projects and programmes, as well as create additional responsibility, transparency and accountability for rebuilding Ukraine.

Shmyhal also [held](#) an online meeting with Alfred Kammer, Director of the IMF European Department. The Prime Minister said he expects the Extended Fund Facility agreement to be approved by the IMF Board of Directors as soon as possible. This will enable Ukraine to receive the next tranche of 900 million USD.

On June 16, the Cabinet of Ministers [allocated](#) 6.6 billion UAH from the Fund for the Elimination of Armed Aggression Consequences to implement over 150 projects in eight regions of Ukraine related to the repair and construction of schools, kindergartens, hospitals, residential buildings, construction and reconstruction of water and sewage systems, heating systems, and drilling of artesian wells. Separately, the government will allocate another 4.4 billion UAH in subventions to local budgets for the design, restoration, construction, and modernisation of social, cultural, and housing and utility facilities.

The Ministry of Economy [presented](#) a website on economic deregulation reform. The website aims to simplify communication between the government and businesses, and has a convenient feedback form for entrepreneurs who want to provide their assessment or suggestions regarding new deregulation initiatives.

The Government has [approved](#) the procedure for compiling a list of foreign stock exchanges subject to requirements of disclosing ultimate beneficial owners. Public companies (legal entities established in the form of a public joint-stock company) with shares listed on a stock exchange from the list will not be required to submit information on their ultimate beneficial owners to state registrars.

Market Pulse

► *Electricity sector*

Power system operation

According to [Ukrenergo](#) and [the Ministry of Energy](#), during the week, demand was covered by own production, imports and emergency assistance from Romania and Poland (took place on June 12, at 1,600 MWh). Consumption restrictions were applied in the industry of the Poltava region due to network damage on June 16.

Due to a sharp drop in the water levels in the lower reservoir of the Dnipro HPP (as a result of the Kakhovka HPP explosion), the station's units (HPP-1 and HPP-2) were

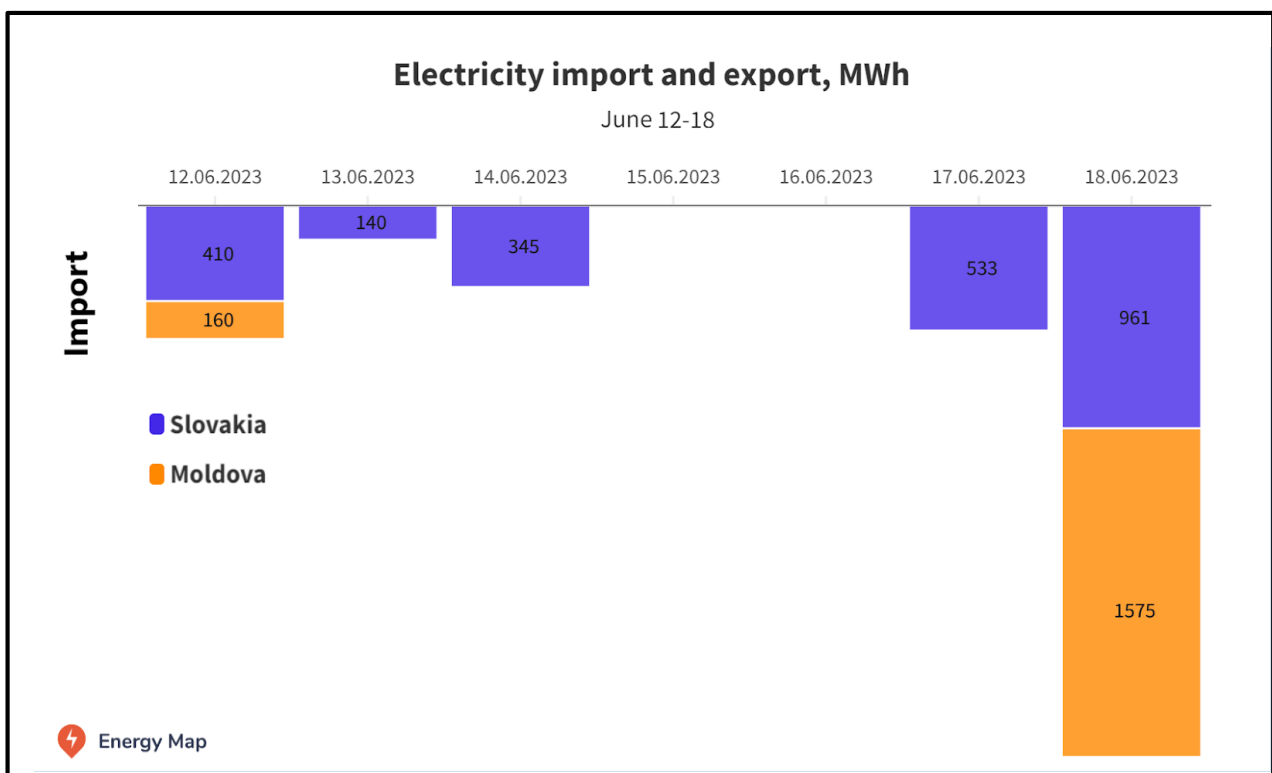
operating with limitations. Specialists of Ukrhydroenergo, together with experts of the Ministry of Energy, are looking for technical solutions that will ensure their sustainable operation in conditions of reduced water levels. Other stations of the Dnipro Cascade worked as planned. The return of clear weather made it possible to intensify the production of electricity at solar power plants.

[According](#) to the Minister of Energy Herman Halushchenko, on June 14, at one of the nuclear power plants, a unit came out of maintenance 20 days ahead of schedule, which added 1,000 MW of capacity to the power system. However, at thermal and nuclear power plants, instead of those units back in operation, other units are being off for maintenance, so the amount of available capacity remains limited.

On June 17, technological failure led to an emergency situation at the substation of Ukrenergo in the Odesa region. As a result, 230,000 consumers were left without electricity supply at once. On the night of June 19, an emergency situation occurred again at the substation, with no disconnection of consumers. Also, the cross-border power transmission line with Moldova was disconnected due to an accident in the Ukrainian grids.

In addition, the transmission lines in the Vinnytsia region were temporarily offline (as a result, RES curtailment was applied in the western regions). Also, high-voltage transmission lines in the Kyiv, Kharkiv, and Donetsk regions were disconnected due to technological violations. During the week, due to bad weather, power outages were reported in the Lviv, Kyiv, Zhytomyr, Dnipropetrovsk, Zaporizhzhia, Chernihiv, Kirovohrad and Sumy regions.

According to the [NEURC](#) and [ENTSO-E](#), on June 12-14 and 17-18, Ukraine performed commercial electricity imports from Slovakia, mainly in the daytime and evening hours, [amounting](#) to 2.39 GWh in total (-78% as compared to the previous week), the capacity fluctuated from 10 to 216 MW. On June 12, imports were performed from Moldova amounting to 0.16 GWh, the capacity fluctuated in the range of 20-35 MW (no data available for June 17 at the time of preparation of the review). [According](#) to the Ministry of Energy, on June 18, the volume of supplies from Moldova amounted to 1.58 GWh. Electricity was not exported during the week.



Source: [EnergyMap](#)

8 to 15 companies [booked capacity](#) for imports in the Slovakia-Ukraine direction at daily auctions; the main players: DE Trading, D.Trading, Unimex Trading and Company Unex. The marginal price was set on June 17-18, for different hours of the day it varied from 0.02 to 20.09 UAH/MWh, the total revenues of Ukrenergo from the auctions amounted to 23,900 UAH. In the Moldova-Ukraine direction, 3 to 12 companies booked capacity, including DE Trading, D.Trading and Solipower. The marginal price was not set.

On June 18, D.Trading and CPG Energy booked capacity for exports in the Moldova-Ukraine direction. The marginal price was set for two hours at 1 UAH/MWh, the total revenues of Ukrenergo amounted to 200 UAH.

Electricity market performance

Bilateral contracts market (BCM): The intensity of trading at the Ukrainian Energy Exchange (UEEX) continued the downward trend, as compared to the decrease in the previous week. On June 12-18, 12 auctions for the purchase/sale of electricity [were held](#) at UEEX (7 in commercial sections, 5 in specialized ones). Guaranteed Buyer, DTEK Zakhidenergo, DTEK Tylihulska WPP, Nizhnyodnistrovska HPP, universal service suppliers, distribution system operators, etc. were among those who initiated trades. A total of 98.1 GWh were sold at the UEEX with delivery in June (-13.4% as compared to the previous week).

Guaranteed Buyer sold 37.1 GWh in block positions of daytime hours at 2,400-2,845 UAH/MWh. DTEK Tylihulska WPP sold 10.1 GMWh of base load at an average price of 2,608.4 UAH/MWh. DTEK Zakhidenergo was able to sell 28.8 GWh in block positions at an average price of 2,760 UAH/MWh. In the commercial sections, the companies mainly purchased electricity by the load of individual profiles.

The continued significant reduction in trading on the BCM is probably related to the expectation of the Regulator's decision regarding the change of price caps on the DAM, IDM and the balancing market. At the same time, the monthly Base BCM index for June remained at 2,849.2 UAH/MWh (+5.4% as compared to May index).

Day-ahead market (DAM): According to the [Energy Map service](#), on June 12-18, prices on the DAM due to the effect of price caps were relatively [stable](#), with a slight downward trend. Deviation from the price caps for day and night hours (4,000 and 2,000 UAH/MWh, respectively) during the week ranged from 0% to 33.8% and averaged at 11.6%. The number of hours with prices being close (with a deviation of less than 1%) or directly at the level of price caps decreased to 62.5% (as compared to 72% in the previous week).

The average hourly price of electricity (Base DAM index) for the week was 2,879.1 UAH/MWh (-3.4% as compared to the previous period), while the weighted average daily price [varied](#) at 2,685.1-3,389.9 UAH/MWh. However, the spread between the EU and Ukrainian markets during the week was volatile and varied. In particular, the ratio between the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) and Ukraine [ranged](#) from 1.1 to 2.1 (with the exception of June 18, when the index in Romania was 6% lower than the Ukrainian one).

The total volume of electricity sales on the DAM of Ukraine [increased](#) moderately to 333.9 GWh (+17.4% as compared to the previous week). In particular, the daily volume of trading was between 39.6 and 52.6 GWh. After a long period of surplus, the market was destabilized due to fluctuations in supply and demand. During the week, it changed its status from deficit (on June 12-13) to surplus (on June 14-18), and the ratio between the total volume of sale and purchase bids was at 0.72-1.3. However, the deficit on the market slightly decreased and was observed in 46% of hours (as compared to 58% in the previous week). The purchase structure was [dominated](#) by suppliers (85.4-87.5%), the share of system operators was 12.3-14.5%, the rest (up to 0.3%) belonged to producers and traders.

Policy and regulation

The Law on Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets, adopted by the Verkhovna Rada on June 10, has been [sent](#) to the President for signature. The Regulator has [developed](#) a roadmap for the preparation and approval of the key bylaws (expected within two years) to implement the requirements of this Law. The NEURC plans to approve the Procedure for Registration of Wholesale Energy Market Participants and start the full transposition of its requirements one month after the Law is signed. The Regulator has:

- In 3 months: approve the procedures for determining the amount of fines, investigation of abuses in the wholesale energy market, conducting public consultations by the TSO when developing the cross-border capacity allocation rules and determining the structure of capacity allocation;
- In 6 months: ensure the functioning of the Registry of wholesale energy market participants;
- In 9 months: bring its normative legal acts into compliance with the Law;
- In 18 months: implement an information system that will ensure the performance of specified functions.

In addition to the transposition of the Regulation (EU) No.1227/2011 (REMIT) requirements, the Law also contains norms regulating other aspects of the electricity market. In particular, among additional changes in the field of RES:

- the technical conditions for the construction of RES facilities (except of solar) were extended for 2 years - until December 31, 2024;
- the right to receive a feed-in tariff has been granted to RES facilities (except of solar), which have entered into power purchase agreements under the feed-in tariff (pre-PPAs) by December 31, 2019, and have put the facilities into operation within 4 years (instead of 3 years in the previous edition);
- the reducing factor of 0.825 was introduced to the feed-in tariff for wind power plants put into operation from July 1, 2023.

Also, the mechanism for the distribution of TSO revenues from cross-border capacity allocation auctions has been determined by the end of 2023 at:

- 10% – for servicing and increasing the cross-border capacity;
- 45% – for the payment of TSO's debts on the balancing market (in proportion to the debt owed to balancing service providers);
- 45% – for the payment of debt owed to Guaranteed Buyer for the services provided to increase the share of electricity production from RES.

At the same time, electricity producers at TPPs and CHPs should use the funds received to purchase fuel (coal, natural gas, fuel oil) or repairs of generating capacities to prepare for the 2023/2024 heating season.

The Regulator [approved](#) the planned level of the regulatory fee for 2024 at 0.069% of net income of licensees (the 2023 planned fee was higher and [amounted](#) to 0.09%).

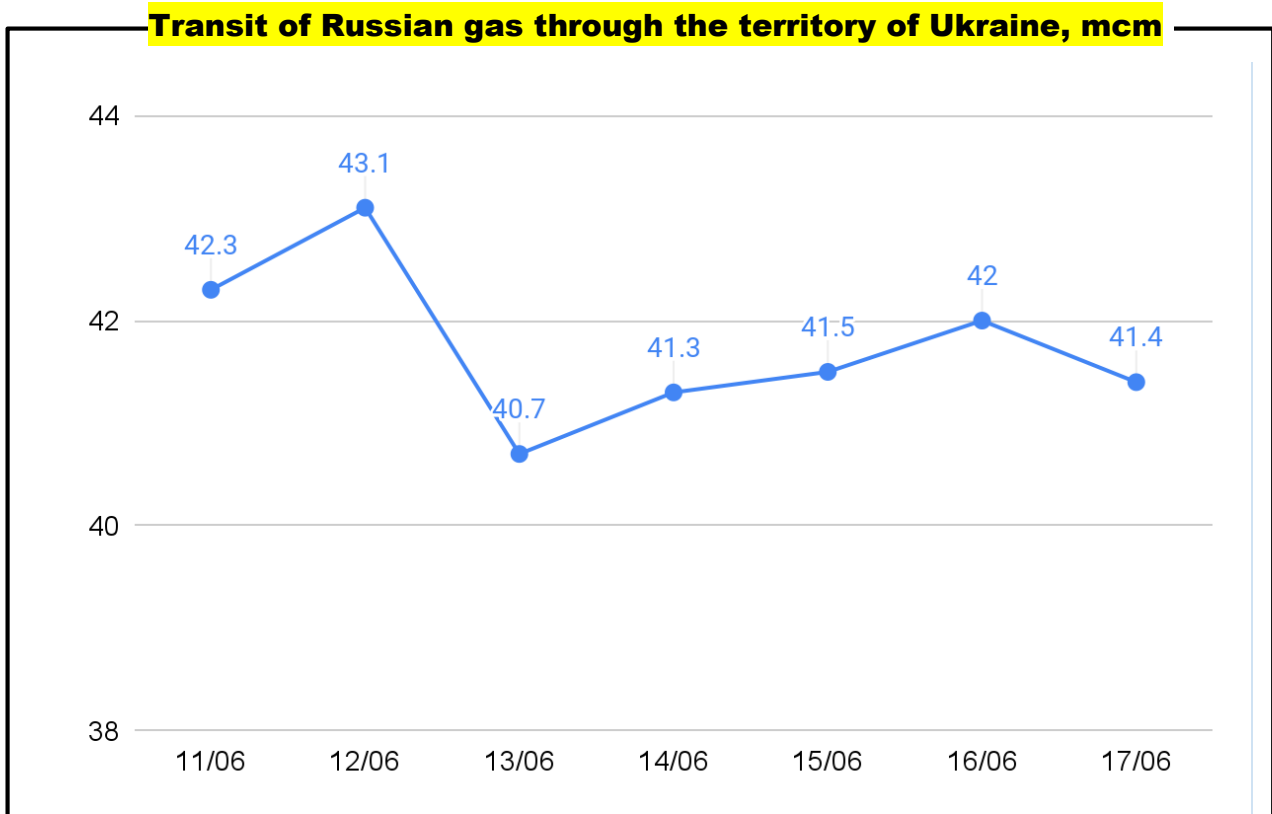
► Gas

Gas system performance

On June 11-17, the volume of gas transit through the territory of Ukraine amounted to 40.7-43.1 mcm per day, i.e. only 37-40% of the capacity contracted by Gazprom

(109 mcm per day). In the reporting week, the average daily transit was at 41.8 mcm. There were no transit flows via the Sokhranivka interconnection point.

Physical imports from the EU countries amounted to 10.9 mcm (on average, 1.6 mcm per day), which is 3.5 times more than in the previous week. The imports were performed via the Beregdaroc interconnection point (VIP Bereg) at 5.4 mcm, and via the Orlovka interconnection point (Ukraine-Romania) at 5.5 mcm. On Ukraine's gas system exit, in addition to transit, 4 mcm were transported in the reporting period from "customs warehouse" to Moldova.



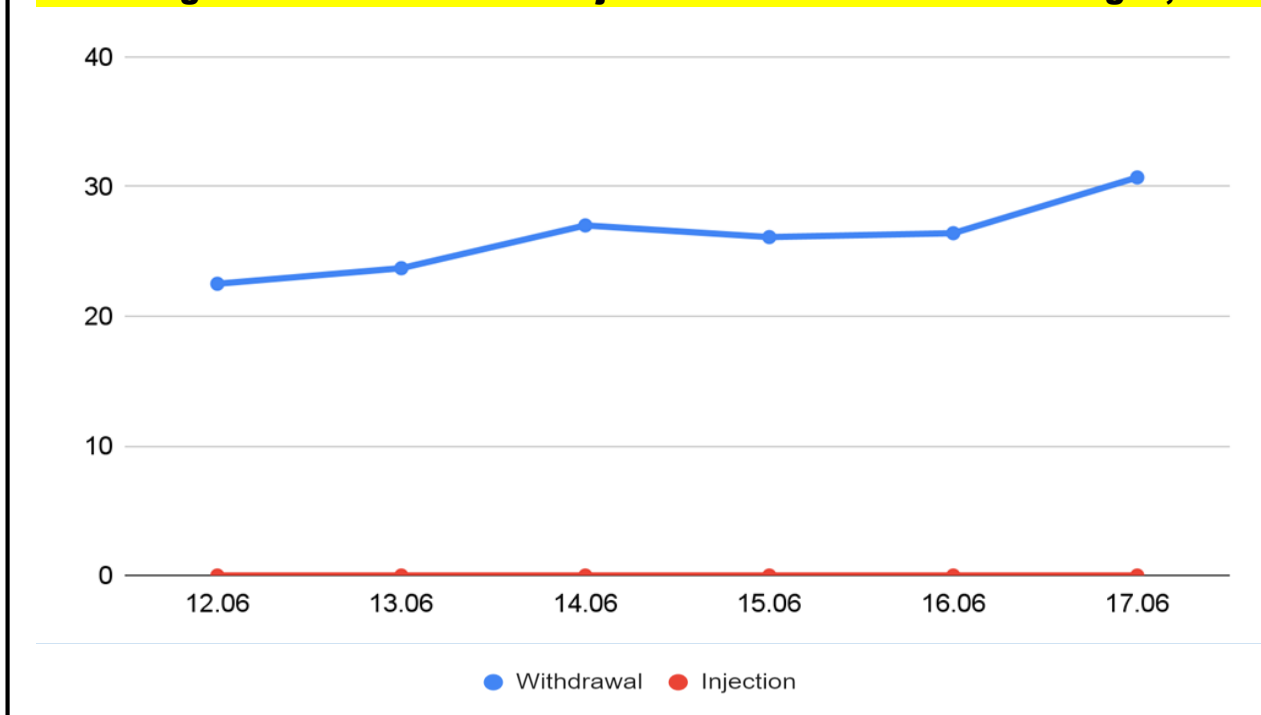
Source: [Gas Transmission System Operator of Ukraine LLC](#)

The NEURC [approved](#) the draft resolution on the tariff for the Oleksiivka entry point from Moldova at 4.45 USA/tcm (without VAT). According to the CEO of GTSOU Volodymyr Lyppa, setting the tariff will make it possible to use one more interconnection point with Moldova for gas transmission to Ukraine. This is beneficial, taking into account the interest of Moldovan customers in the long-term use of Ukrainian storages. In turn, for Ukraine, the NEURC decision opens up additional opportunities for importing gas from the south.

Underground storage facilities

According to the AGSI platform, as of June 17, 5.83 bcm of gas were accumulated in the Ukrainian storages (19.3% of the total working capacity, i.e. without 4.662 bcm of "long-term storage" buffer gas). On June 11-17, injections were performed at 181.8 mcm (+16.9 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 June 12-16, 11 companies (1 seller and 10 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 519.2 mcm of gas (+12% as compared to the previous week) with a total starting price of 5.49 billion UAH (+12%). The weighted average starting price of all bids was 10.57 UAH/cm (excluding VAT), which almost corresponds to the indicator of the previous week.

A total of 54.8 mcm was sold (-62% as compared to the previous week). 12 purchase bids were successful - 8 of the state-owned Naftogaz (23.8 mcm, 49% of all deals), three of GTSOU (30 mcm, 51%) and one of Gaz.UA LLC (0.1 mcm, <1%). No successful sale bids were reported. The weighted average price of the purchased and sold resource was 10,571 UAH/tcm without VAT (almost corresponds to the indicator of the previous week). 99% of the resource was sold with delivery or transfer in storages. All gas purchased in the reporting week will be delivered in June.

Policy and regulation

In the first reading, the Verkhovna Rada of Ukraine [did not support](#) the governmental draft law No.9311, which provides for the corporate reform of GTSOU and the transition to a single company model in the management of the gas transmission system. Only 205 MPs voted for its adoption. Instead, the parliament voted to finalize the alternative draft law No.9311-1, which shall be resubmitted for consideration. To remind, in comparison with the governmental one, the alternative draft law provides for clear terms and conditions for the appointment of the Supervisory Board of GTSOU (until October 31, 2023) and consequences for non-compliance. In addition, the procedure for appointing the executive body of the updated GTSOU has been improved, and approval of the company's new charter with the Energy Community Secretariat has also been provided for.

In the second reading, the Verkhovna Rada [adopted](#) the Law "On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets", which transposes the provisions of the Regulation (EU) No.1227/2011 on wholesale energy market integrity and transparency (REMIT). The Law defines manipulation or attempted manipulation in the wholesale gas and electricity markets, establishes their prohibition and provides for the imposition of fines on relevant market participants. The Law also defines the concept of "insider information" and establishes the obligation of market participants to disclose it using special platforms. The act provides for additional powers for the NEURC in terms of conducting investigations into violations on wholesale energy markets. In order to detect these violations, the NEURC will receive detailed and regular information from market participants about their business and trade operations, including fulfilled and unfulfilled bids.

Specifically with regard to the gas market, the Law provides that the TSO will perform the function of the insider information platform administrator. Also, the TSO will be obliged to immediately notify the NEURC of capacity allocation or balancing operations that may constitute manipulation of the gas market. For the purposes of transposing the REMIT provisions into the Law "On the Natural Gas Market", new definitions are introduced - "planned and unplanned unavailability of installations", "insider information on the natural gas market" etc.

Other

[As reported](#) by foreign media, participants of the European gas market are considering the possibility of using Ukrainian storage facilities to store gas purchased in the summer. Since the EU-based storages are already about 70% full, the Ukrainian capacity can be used to balance supply and demand in the second half of summer. However, in order to start using Ukrainian storages, a favorable price situation is expected. Market participants also count on the EU support to cover potential losses related to Russian aggression.

► **Motor fuels**

The MP Yaroslav Zheleznyak [announced](#) a meeting of the temporary investigative commission of the Verkhovna Rada on energy security, which will be devoted to the shadow market of oil products. According to his estimates, the share of the shadow segment in the market is 10-15%, while the estimated losses for the state budget are 5-10 billion UAH.

Ukrnafta and the Asset Recovery and Management Agency (ARMA) [signed](#) asset management contracts on corporate rights in the authorized capital of East Europe Petroleum LLC, Sakhalinske LLC, Sirius-1 LLC and VK Ukrnaftoburinnia PrJSC, which perform activities in the Sakhalinsle oil and gas condensate field and were previously arrested in criminal proceedings. Ukrnafta will begin asset management after receiving a concentration permit from the Antimonopoly Committee of Ukraine.

Fuel market operators represented by the Oil and Gas Association of Ukraine [called on](#) international payment systems and banks to leave interchange rates at 0.7% and acquiring rates at the current level until the end of martial law and within three months after its termination/expiration. According to the Association, the planned increase in the cost of acquiring for Ukrainian businesses from July 2023 will lead to an increase in costs for retail networks.

International Cooperation

The NATO Secretary General Jens Stoltenberg [said](#) that, at the July summit in Vilnius, the Alliance would adopt an aid package designed to bring Ukraine up to the NATO standards in a few years.

On June 15, a bipartisan group of U.S. senators introduced the Rebuilding Economic Prosperity and Opportunity (REPO) for Ukrainians Act, which [provides](#) for additional assistance to Ukraine from assets confiscated from the Central Bank of Russia and other sovereign assets of Russia.

The European Commission and the European Investment Bank [agreed](#) on an EU guarantee that will allow the EIB to provide Ukraine with a 100 million EUR new loan for rapid recovery, in particular for the repairs of municipal or energy infrastructure. In addition, the United Nations Development Program, together with its partners, is [accumulating](#) 1 billion USD for Ukraine's recovery.

At the Conference on Energy Security in Central and Eastern Europe, organized by the Atlantic Council, the Minister of Energy Herman Halushchenko [called](#) on Western partners to support the imposition of sanctions on the Russian nuclear industry and to continue to restrict Russia's access to the EU energy markets.

At a meeting with representatives of the Norwegian Embassy in Ukraine, the Deputy Minister of Energy Yaroslav Demchenkov [said](#) that Norway had donated 240 tons of equipment to Ukraine for restoring the energy sector.

On June 13, the European Commission announced that [14 EU member states](#) have already provided assistance to Ukraine to overcome the consequences of the Kakhovka HPP explosion, and the next day Estonia [announced](#) the transfer of equipment for almost 457,000 EUR for this purpose.

On June 16, NATO [opened](#) a center for the protection of underwater pipelines and cables in London due to the threat of Russian sabotage - on the background of the explosion of Nord Stream 1 and Nord Stream 2 gas pipelines in the Baltic Sea last September.

The Ministry of Energy reported so have [signed](#) with the European Commission a work plan for 2023 aimed at further implementing the Memorandum of Understanding on Strategic Energy Partnership. The areas of focus include energy efficiency, nuclear safety, coal regions transition, oil reserves creation, integration of gas and electricity markets, renewable energy development, research and innovation. The parties will help increase electricity trading capacity and cooperate to create conditions to support renewable electricity production, as well as to implement measures to install energy storage systems at RES facilities and modernize grids.

In addition, [Bloomberg](#) reported that the EU is considering using Ukraine's storage facilities to store its gas reserves in case of a sharp increase in demand and prices in winter.

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).