

## Weekly Alert

**Russian War Against  
Ukraine: Energy Dimension**

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

(June 26 – July 2)

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

- According to KSE Institute estimates, the direct damage caused by the explosion of the Kakhovka HPP reaches 2 billion USD minimum. Namely, environmental damage is estimated at 1.5 billion USD.
- At the same time, according to the Minister of Environmental Protection and Natural Resources Ruslan Strilets, the estimated amount of environmental damage is 146 billion UAH (app. 3.9 billion USD).
- The President Volodymyr Zelenskyi assumed Russia may resort to a terrorist attack at the Zaporizhzhia NPP by a remote detonation. He said that when Russia is forced to de-occupy the ZNPP, the IAEA should conduct a thorough inspection of the entire site. Also, on June 29-30, special exercises were held in case of a possible terrorist attack.
- The IAEA reported it has not seen any new mines or explosive devices in the parts of the ZNPP site where its experts were allowed by the occupiers.
- The government has allocated only 23.5 billion UAH of almost 62 billion UAH accumulated under the Fund for Liquidation of Armed Aggression Consequences for various recovery projects.

- On June 27, from 19:00 to 23:00, due to deficit, the power system of Ukraine received emergency assistance from the systems of Romania and Poland (for a total volume of 1,200 MWh).
- The Regulator adopted the resolution on setting price caps on the day-ahead market, intraday market and balancing market. E.g., on DAM and IDM, maximum price caps increased by 40-80% (depending on hours), minimum price cap was set at 10.00 UAH/MWh (for the entire day).
- This boosted the intensity of trading on bilateral contracts market, with 2.82 TWh sold (almost 32 times more week-on-week). The Base BCM index for July was at 3,051.2 UAH/MWh (+7.1% relative to June). On DAM, the number of hours with prices being close or directly at the level of price caps decreased almost twice.
- The President signed the Law "On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets", which implements the provisions of REMIT.
- The Verkhovna Rada adopted the Law (draft No.9011-d) on amendments to some laws of Ukraine regarding the restoration and green transformation of energy system. In particular, it provides for introducing guarantees of origin, the right of RES producers independently to sell electricity on the market (with Guaranteed Buyer to compensate them under the Feed-in-Premium mechanism), possibilities for prosumers, preservation of long-term incentives for small domestic solar installations, introduction of the Net Billing option for households.
- Gas imports from the EU countries increased 1.5 times week-on-week. Almost all imports (53.9 mcm) were performed in the "customs warehouse" regime, of which 38 mcm - in the short-haul mode usually used by foreign traders for further injection into storage facilities.
- The NEURC set, starting from July 1, tariffs for natural gas transmission services through the Oleksiivka entry point at 4.45 USD/tcm per day (without VAT). This enabled another gas transmission route to Ukraine.
- The Verkhovna Rada registered the revised draft laws No. 9311-1d, which provides for the corporate reform of TSO, and No. 9024-d "On minimum stocks of oil and petroleum products", which implements the provisions of Council Directive 2009/119/EC.
- As of July 1, preferential tax rates on motor fuel were cancelled. Thus, the VAT on petroleum products increased from 7% to 20%, the excise tax on petroleum - up to 213 EUR/1,000 liters, on diesel fuel - up to 139.5 EUR/1,000l. According to experts, the average prices at Ukrainian filling stations have already increased by 1.98 UAH/l for A-95 petroleum and by 2.03 UAH/l for diesel fuel.
- An online presentation of the InnovateUkraine Green Innovation Fund took place, as provided in accordance with the memorandum between the Ministry of Energy of Ukraine and the Foreign & Commonwealth Office of the UK. The Fund will provide grants to support businesses in the development of highly innovative, sustainable energy technologies and business models.

## IMPACT OF THE WAR

### Attacks

**Consequences of the Kakhovka HPP explosion.** As of [July 3](#), 13,000 consumers in the city of Kherson were without power supply as a result of flooding. The water levels in the Dnipro River in the area of the Kherson hydrological post [returned](#) to its natural course.

KSE Institute, together with the Presidential Office, the Ministry of Economy and the Ministry of Communities, Territories and Infrastructure Development, [estimates](#) the direct damage caused by the explosion of the Kakhovka hydroelectric power station at 2 billion USD minimum. The tragedy has caused significant damage to the housing and utilities sector and the energy sector, as well as significant indirect damage to agriculture due to the loss of irrigation in the region.

Total losses to the energy sector reached 624 million USD, of which 586 million USD were directly related to the destruction of the Kakhovka HPP and dam. Ukrhydroenergo's annual economic losses amount to more than 100 million USD. The cost of building a new hydroelectric power plant of similar capacity will be about 1 billion USD. Power grids, 17 petrol stations and 2 oil depots were also flooded.

Around 20,000-30,000 homes were subject to flooding, with direct losses to private households and related infrastructure estimated at 950 million USD. Ukraine will also incur additional costs of 41 million USD in 2023 for the construction of main water pipelines. Damage to transport infrastructure reached 311 million USD, to industry - 105 million USD, and to agriculture - 25 million USD.

KSE Institute estimates the environmental damage at 1.5 billion USD. Yet, [according to](#) the Minister of Environmental Protection and Natural Resources Ruslan Strilets, the estimated amount of environmental damage caused by the Kakhovka HPP dam destruction is 146 billion UAH (app. 3.9 billion USD). At the same time, it is difficult to calculate the extent of all the environmental damage caused by the war due to the inability to collect all the data.

**Shelling of energy infrastructure.** On June 26, over 9,000 consumers in the [Kharkiv region](#) were disconnected from electricity supply as a result of shelling. In the Kherson region, the enemy damaged a water pipeline, a gas pipeline, and a critical infrastructure facility, and fires broke out at the sites of shelling. On June 27, 38 settlements (1,815 consumers) in the [Sumy region](#) were left without electricity supply as a result of shelling. On June 28, Russian attacks resulted in power outages in 17 settlements of the [Donetsk region](#), as well as for some consumers in the Dnipropetrovsk and Zaporizhzhia regions. On June 29, power supply was disrupted in 16 settlements and 2 mines in the [Donetsk region](#), and all miners were brought to the surface. On June 30, an emergency crew came under fire in the [Kharkiv region](#) while repairing a power line, but the workers were not injured. In addition, 15 settlements in the Donetsk, 4 in the Kherson and 3 in the Zaporizhzhia regions were [disconnected](#) from electricity supply.

**Cyberattacks.** [According to](#) Deputy Minister of Energy Farid Safarov, the energy sector has become the second area of warfare, and cyberattacks are a full-fledged component of this aggression. Last year, Ukrenergo's Operational Security Centre recorded more than 1.5 million blocked cyberattack attempts in the industry. The largest number of attacks occurred against the DSOs and the TSO.

## Nuclear and Radiation Safety

[According to](#) Energoatom, the water levels in the cooling pond at the Zaporizhzhia NPP remain stable: as of 06:00 on July 3, a slight decrease to 16.56 m was recorded. The water levels in the Zaporizhzhia TPP canal, from which the ZNPP pond is recharged if necessary, was 11.15 metres.

In an interview with leading Spanish media, the President Volodymyr Zelenskyi [said](#) that when Russia is forced to de-occupy the ZNPP, the IAEA should conduct a thorough inspection of the entire site at the time of handover - to rule out the possibility of remote detonation. [According to](#) Zelenskyi, Russia may resort to a terrorist attack at the plant to create political influence on the counteroffensive actions of the Ukrainian Armed Forces.

The State Nuclear Regulatory Inspectorate [amended](#) the licences for the operation of ZNPP units 3-6. The ZNPP unit 3 shall be operated in the "shutdown for repair" and "cold shutdown" states; the units 4-6 shall be operated in the "cold shutdown" state.

On [June 29-30](#), special emergency exercises were held in case of a possible terrorist attack at the ZNPP. The exercises focused on the public warning system, monitoring of traffic and contamination indicators of the "radiation cloud", ways to quickly eliminate the consequences of radiation spread, ways to evacuate the population by road and rail, etc.

The IAEA [reported](#) it has not seen any new mines or explosive devices in the parts of the ZNPP site where its experts were allowed by the occupiers. The IAEA experts continue to seek access to other parts of the NPP site, including the turbine halls and some parts of the cooling system.

## Countermeasures

Almost 62 billion UAH have been accumulated under the Fund for Liquidation of Armed Aggression Consequences as one of the main sources of funding for reconstruction, while the government has [allocated](#) only 23.5 billion UAH for various recovery projects, including:

- 4.4 billion UAH for the YeVidnovlennya (eRestoration) programme;
- 6.6 billion UAH for the restoration of critical infrastructure;
- 1.5 billion UAH for new water pipelines to provide cities in southern Ukraine with drinking water;
- 1 billion UAH to restore damaged and destroyed facilities after the terrorist attack at the Kakhovka HPP.

For this reason, the Prime Minister Denys Shmyhal [urged](#) the heads of central executive agencies and local authorities to accelerate the implementation of projects.

On June 29, the Verkhovna Rada [adopted](#) a law (draft No.9165) that gives Ukrainian citizens the opportunity to choose projects to be financed from the State Regional Development Fund (SRDF) using Diia. As previously [reported](#), priority projects should be aimed at developing, rebuilding or constructing critical infrastructure, housing and utility facilities, hospitals, administrative service centres, security centres and shelters, strengthening the regional and local economy in the face of martial law challenges, and/or creating conditions for the relocation of production facilities. At the same time, experts [criticised](#) the decision as destroying the system of planning, implementation and financing of the state regional policy, which began to be developed according to European approaches.

In turn, the Head of the State Audit Service Alla Basalaeva, [noted](#) that the agency, as the main control authority for the reconstruction, is initiating changes to the legislation to ensure effective control over the financing of reconstruction works.

The Director of the Department for Strategic Development at the State Agency on Energy Efficiency Olesia Mishchenko [noted](#) that the Agency is working on the National Decarbonisation Platform as a separate tool for financing and implementing energy efficiency projects for citizens, communities and businesses in the short and long term. However, there is currently no more detailed information on the mechanism.

The State Employment Service [reported](#) that, as of June 26, 2023, it had engaged more than 30,600 Ukrainians to perform community service under the Army of Recovery project, launched by the government in autumn 2022 to engage people who had temporarily lost their jobs in rebuilding the country.

Following the explosion of the Kakhovka HPP, the Centers for Disease Control and Prevention are [distributing](#) tablets to disinfect drinking water to the public, businesses that provide drinking water, and critical infrastructure facilities in the affected areas.

## MARKETS 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 the involvement of emergency assistance. In the overall structure of production, NPPs provided almost 46% of all electricity, TPPs and CHPs - more than 32%, RES - more than 11%, hydropower - over 10%.

On June 26, Ukrenergo carried out repairs at one of the main lines, which increased the reliability of capacity output at one of the power plants in the southern region (which was damaged three



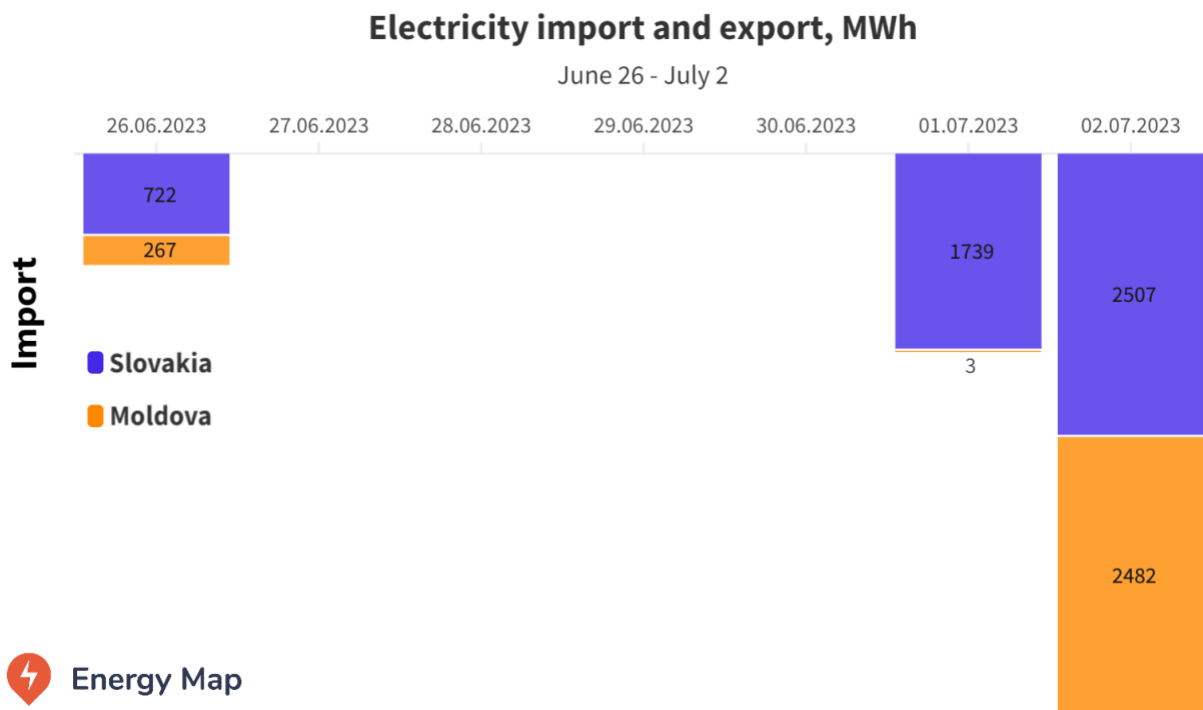
times due to massive missile attacks). On June 30, a hydropower unit at one of the HPPs (over 300 MW capacity) was online after repairs. On July 1, the repair of a 100 MW thermal generation turbine was completed. However, an active repair campaign is underway at other units of TPPs, CHPs and NPPs, so generation availability is limited, especially during peak evening hours.

On June 27, from 19:00 to 23:00, due to a deficit, the power system of Ukraine received emergency assistance from the systems of Romania and Poland (150 MW each hour for a total volume of 1,200 MWh). The power deficit arose due to the emergency shutdown at one of the nuclear units (which was put back into operation on the morning of June 28).

About 50-60% of restoration works on main grids for the preparation of the autumn-winter season have been completed, [reported](#) the CEO of Ukrenergo Volodymyr Kudrytskyi. About 1,500 specialists are working on the recovery, and the pace of work, as compared to pre-war times, has been accelerated by 5-6 times. [According](#) to Kudrytskyi, this autumn and winter, the power system will experience a generation deficit, and balancing will take place by saving consumption, additional power units on natural gas, and imports.

On June 26, an emergency occurred on the 330 kV line of the TSO in the Rivne region. Also, the 220 kV cross-border line with Hungary was offline for a short time (the estimated place of damage was 37 km from the Mukachevo substation, on the part of the Hungarian power system). Also, as a result of technological violations, part of consumers in the city of Kyiv, the Kyiv and Chernihiv regions remained without electricity supply. As a result of technological violations on June 28, more than 5,000 consumers in the Dnipropetrovsk region and 5 settlements in the Zakarpattia remained offline; on June 30 - part of consumers in the Chernihiv region were disconnected.

According to the [NEURC](#) and [ENTSO-E](#), on June 26 and July 1-2, Ukraine performed commercial electricity imports from Slovakia, [amounting](#) to 4.97 GWh in total (+102% as compared to the previous week), the capacity fluctuated from 6 to 350 MW. Imports from Moldova were performed on the same days, totalling 2.75 GWh (-53%). Electricity was not exported.



Source: [Energy Map](#)

7 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 NextTrade. The marginal price was set on June 26-27, for different hours of the day it varied from 0.01 to 78.85 UAH/MWh, so the total revenues of Ukrenergo from the auctions reached 105,900 UAH. In the Moldova-Ukraine direction, 5-7 companies booked capacity, including DE Trading, D.Trading, CPG Energy and Solipower. On June 27-28, D.Trading booked capacity in the Rzeszów-KhNPP direction. The marginal price was not set. Capacity for exports was not booked.

## **Electricity market performance**

**Bilateral contracts market (BCM):** The intensity of trading at the Ukrainian Energy Exchange (UEEX) increased rapidly, after several weeks of stagnation in June. Obviously, the adoption by the Regulator of new price caps in other organized market segments was a key factor in the increased activity at BCM. On June 26 - July 2, 26 auctions for the purchase/sale of electricity [were held](#) at the UEEX (8 in commercial sections, 18 in specialized ones). Energoatom-Trading, Ukrhydroenergo, Guaranteed Buyer, Centernergo, Donbasenergo, Kharkiv CHP-5, Akvaresurs-1, Euro-Reconstruction, Cherkaske Khimvolokno, companies of DTEK group, universal service suppliers, distribution system operators, etc. were among those who initiated trades. A total of 2.82 TWh were sold at the UEEX (almost 32 times more week-on-week). At the same time, the monthly Base BCM index for June remained at 2,849.2 UAH/MWh (+5.4% as compared to May), and for July it was 3,051.2 UAH/MWh (+7.1% relative to June).

Namely, Guaranteed Buyer sold 3.12 GWh in block positions of daytime hours at 2,600 UAH/MWh with delivery on July 3-15. Energoatom-Trading sold 967.9 GWh of base positions at prices 3,059.3-3,062.8 UAH/MWh. Also the company initiated an auction in the form of a special session for the sale of lots for Ukrzaliznytsia JSC, having sold 662.4 GWh of base load at 2,500 UAH/MWh (delivery in Q3 2023). DTEK Kurakhivska TPP, DTEK Dniproenergo and DTEK Zakhidenergo sold 708.2 GWh in block positions at prices of 1,700-4,155 UAH/MWh (with delivery in the first 10 days of July). Also, DTEK Tylihul'ska WPP sold 10.1 GWh of base load at an average price of 3,067.7 UAH/MWh (delivery in the first 10 days of July). Kharkiv CHP-5 sold 231.8 GWh of base load at an average price of 2,700 UAH/MWh (delivery in Q3 2023).

In the specialized sections, Donbasenergo sold 148.8 GWh of base load at average price of 3,010.4 UAH/MWh (with delivery in July); Cherkaske Khimvolokno – 0.3 GWh in a block position (10-17h) at 2,300 UAH/MWh (delivery on July 2-10); Akvaresurs-1 – 36.8 GWh in block positions (08-23h) and 18.4 GWh (24-07h) with delivery in Q3 2023. In the commercial sections, the companies mainly purchased electricity by the load of individual profiles.

**Day-ahead market (DAM):** According to the [Energy Map service](#), on June 26 - July 2, after the introduction of new increased price caps from June 30, prices remained relatively [stable](#), but with a moderate upward trend. During the week, deviation of hourly prices from the price caps ranged from 0% to 62.6% and averaged at 22.3%. 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 35.7% (as compared to 59.6% in the previous week).

The average hourly price of electricity (Base DAM index) for the week was 2,877.1 UAH/MWh (+1.3% as compared to the previous period), while the weighted average daily price [varied](#) at 2,791.4-3,057.3 UAH/MWh. The ratio between the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) and Ukraine [ranged](#) from 1.01 to 2.26 (with the exception of July 2, when the indexes in EU countries were 38.1-100.5% lower than the Ukrainian one, i.a. due to negative prices in Hungary).

After a two-week increase, the total volume of electricity sales at the DAM of Ukraine slightly [decreased](#) - to 372.7 GWh (-2.9% week-on-week). In particular, the daily volume of trading varied between 49.0 and 57.3 GWh. After some turbulence caused by fluctuations in demand and supply, the DAM stabilized and was generally in surplus. The ratio between the total volume of sale and purchase bids during the week was at 1.2-1.5. At the same time, the deficit continued to decrease and was observed in 10.1% of hours (as compared to 17% in the previous week). The purchase structure was [dominated](#) by suppliers (84.0-87.1%), the share of system operators was 12.8-15.9%, the rest (up to 0.2%) belonged to producers and traders.

## **Policy and regulation**

The Regulator [adopted](#) the resolution "On setting marginal prices on the day-ahead market, intraday market and balancing market". From June 30, the following price caps have been determined:

- on DAM and IDM: maximum price caps for hours of minimal load (00:00-07:00 and 23:00-24:00) – at 3,000.00 UAH/MWh (+50%), for hours 07:00-19:00 – at 5,600.00 UAH/MWh (+40%); for hours of maximal load (19:00-23:00) – at 7,200.00 UAH/MWh (+80%); minimum price cap during the entire day – at 10.00 UAH/MWh;
- on BM: maximum price cap – at 125% of the DAM price determined by the market operator for each settlement period of the corresponding day of supply; minimum price cap – at 0.01 UAH/MWh.

The President [signed](#) the Law "On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets", which implements the provisions of the Regulation (EU) No.1227/2011 on wholesale energy market integrity and transparency (REMIT). In the future, the Regulator is expected to develop a number of bylaws aimed at implementing the Law provisions.

The Verkhovna Rada [adopted](#) the Law (draft No.9011-d) on amendments to some laws of Ukraine regarding the restoration and green transformation of Ukraine's energy system. The law is aimed at the development of RES and small distributed generation and, in particular, provides for:

- provision of guarantees of origin for electricity, which would allow the exports of "green" electricity and avoid additional taxation of goods from Ukraine when exported to the EU from 2026;
- the right of RES producers independently (not through Guaranteed Buyer) to sell electricity on the market; at the same time, Guaranteed Buyer will compensate them under the contracts for difference (Feed-in-Premium) mechanism;
- the possibility for consumers to install generation facilities, and to sell unconsumed excess electricity at free market prices (mechanism of self-production);
- preservation of incentives for wind, small solar installation by the end of 2023 and long-term incentives for small domestic solar installations;
- introduction of the Net Billing option for households.

The NEURC [approved](#) the 2023 investment program of Ukrenergo in the amount of 5.19 billion UAH (without VAT), of which the greater part (3.18 billion UAH) shall be implemented with credit funds.

## **Other**

The Regulator, inter alia, [approved](#) the cost of the service for increasing the share of electricity production from alternative energy sources provided by universal service providers in May (at about 775 million UAH, excluding VAT).

Meanwhile, [according](#) to Guaranteed Buyer (as of June 26), since January 1, it purchased about 3.6 TWh from RES electricity producers and paid 11.7 billion UAH. At the same time, the debts of Ukrenergo to GB for the respective service reached 21.5 billion UAH. In general, the level of payments by GB to "green" electricity producers is 99% for 2021, 55.2% for 2022, and 53.5% for 2023.

# Gas

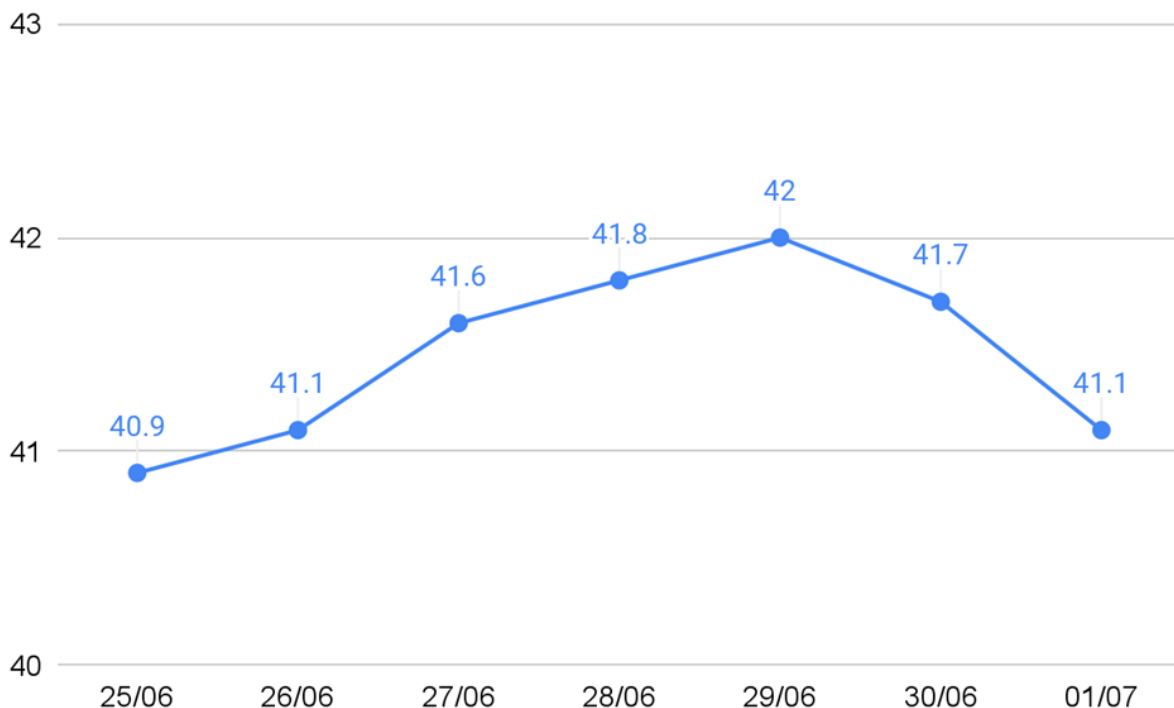
## Gas system performance

On June 25-July 1, the volume of gas transit through the territory of Ukraine amounted to 41.1-42 mcm per day, i.e. only 38-39% of the capacity contracted by Gazprom (109 mcm per day). In the reporting week, the average daily transit was at 40.9 mcm. There were no transit flows via the Sokhranivka interconnection point.

Physical imports from the EU countries amounted to 54.4 mcm (on average, 7.8 mcm per day), which is 1.5 times more week-on-week. The imports were performed via the Beregdaroc interconnection point (VIP Bereg) at 34.5 mcm, via the Orlovka interconnection point (Ukraine-Romania) at 15.8 mcm and via the Hermanowice interconnection point (VIP Ukraine-Poland) at 4.1 mcm.

Almost all imports (53.9 mcm) were performed in the "customs warehouse" regime, of which 38 mcm - in the short-haul mode (service of the TSO, which provides a discount in the transmission tariff for transit over short distances). Usually, in the appropriate regime, gas is imported into Ukraine by foreign traders for further injection into storage facilities. In the reporting period, in addition to transit, 3 mcm of gas were transmitted from the "customs warehouse" to Moldova.

**Transit of Russian gas through the territory of Ukraine, mcm**



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

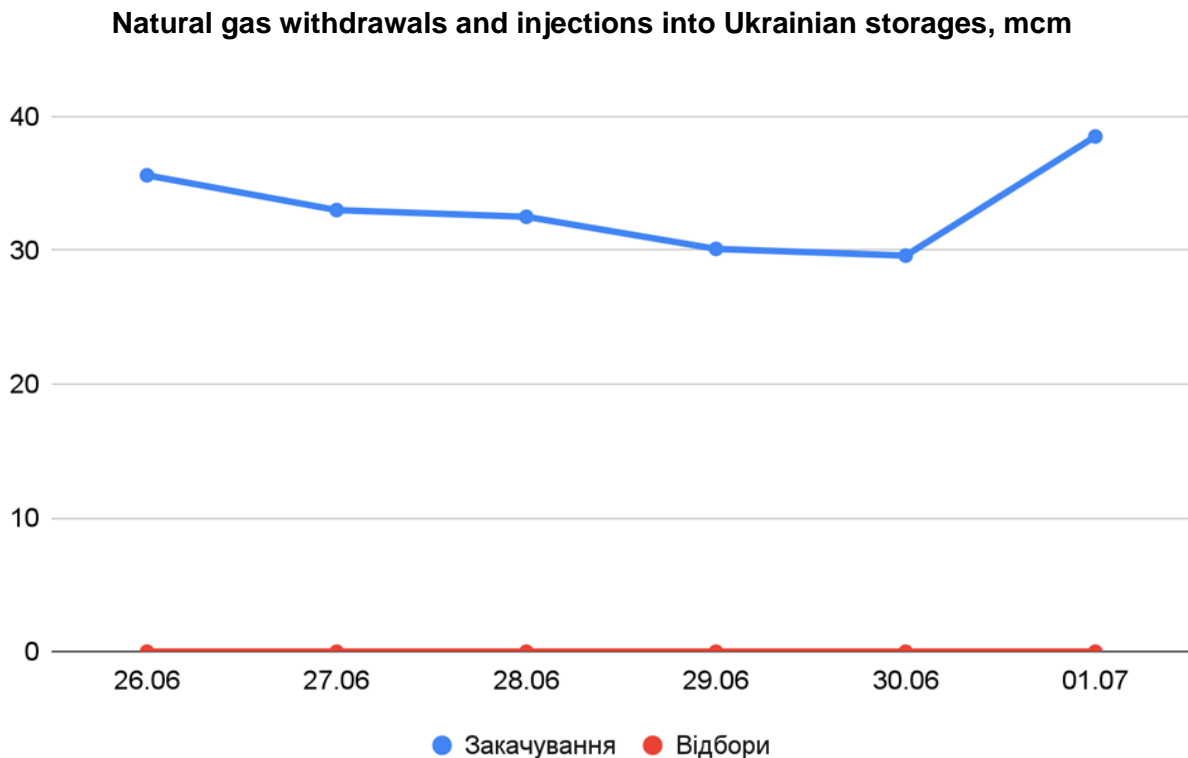
The NEURC [set](#), starting from July 1, tariffs for natural gas transmission services through the Oleksiivka entry point at 4.45 USD/tcm per day (without VAT). This enabled another gas transmission route to Ukraine. [According to](#) GTSOU, the new direction will be used to transport gas from Moldova to Ukrainian storage facilities or for transit to other countries.

### Underground storage facilities

According to the AGSI platform, as of July 1, 6.32 bcm of gas were accumulated in the Ukrainian storages (20.8% of the total working capacity, i.e. without 4.662 bcm of "long-term storage" buffer



gas). On June 25-July 1, injections were performed at 237 mcm (+4.3 mcm as compared to the previous week). The average daily injection was at 33.9 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 26-30, 14 companies (12 buyers and 2 sellers) submitted bids for purchase and sale of natural gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received bids for 394.5 mcm of gas (-10% as compared to the previous week) with a total starting price of 4.21 billion UAH (-10%). The weighted average starting price of all bids was 10.66 UAH/cm (excluding VAT), which almost corresponds to the indicator of the previous week.

A total of 32.3 mcm was sold (-24% week-on-week). 10 purchase bids were successful - 9 of the state-owned Naftogaz (32 mcm, 99% of all deals), one of PJSC "JSC Kyivvodokanal" (0.22 mcm, 0.6%), and one from Gazenergo-Trade LLC (0.1 mcm, 0.3%). The weighted average price of the purchased and sold resource was 10,734 UAH/tcm without VAT (+0.4%). 99% of the resource was sold with delivery or transfer in storages and 1% - on VTP. 87% of the purchased volumes in the reporting week will be delivered in June 2023, 13% - in July.

## Policy and regulation

On June 28, the Verkhovna Rada registered the revised [draft law No. 9311-1d](#), which provides for the corporate reform of TSO by terminating JSC "Mahistralni Gazoprovody Ukrainy" and transferring the shares of GTSO LLC to the Ministry of Energy. The updated version clarifies some provisions regarding the collegial type of executive body (directorate) of the TSO and stipulates that the decision on changes to its charter is made based on the results of consultations with the NEURC and obtaining a mandatory opinion of the Energy Community Secretariat.

## Other

Three more distribution system operators [were integrated](#) into the Naftogaz group - JSC "Kyivoblغاز", JSC "Zhytomyrgaz" and JSC "Lvivgaz". Previously, these companies operated under the brand Regional Gas Company (RGC), which is associated with Dmytro Firtash. Naftogaz's subsidiary JSC Chornomornaftogaz became the manager of the shares of these companies, while Gas Distribution Networks of Ukraine LLC (a subsidiary of SC Gaz Ukrainy, which is part of the Naftogaz group) is the managing company that should unite distribution systems of all DSOs which operated under the RGC brand. Also, in order to ensure timely metering of natural gas, all consumers were [transferred](#) to the services of the Naftogaz subsidiary, which specializes in gas supply - Gas Supply Company "Naftogaz of Ukraine".

## Motor Fuels

On May 28, the Verkhovna Rada registered the [revised draft law No. 9024-d](#) "On minimum stocks of oil and petroleum products", which implements the provisions of Council Directive 2009/119/EC. The updated draft law specifies the functions and powers of state control authorities, the administrator of the reporting system on the oil products market. The updated version also adds a special fund of the State Budget of Ukraine, as well as funds from international donors, to the sources of funding for the administrator of the electronic reporting system.

The concept of a crisis on the market of oil and petroleum products has also been updated - now the crisis is defined as a violation of the balance of supply and demand on the market, and not only as a sharp drop in supply. Two levels of the crisis are defined - warning and emergency. In addition, the issue of interagency coordination was specified, the procedure for creating, storing, and replacing minimum stocks was specified.

As of July 1, in accordance with [the Law No.2618-IX](#), preferential tax rates on fuel were cancelled. Thus, the VAT on petroleum products increased from 7% to 20%, the excise tax on petroleum - up to 213 EUR/1,000 liters, on diesel fuel - up to 139.5 EUR/000l. In addition, the excise duty on LPG will not change and remain at 52 EUR/000l. [According to](#) Consulting Group A-95, due to the lifting of preferential taxation on petroleum products, the average prices at Ukrainian filling stations have already increased: the price of A-95 petroleum - by 1.98 UAH/l (to 46.84 UAH/l), A-95+ petroleum - by 2.42 UAH/l (up to 49.6 UAH/l), and diesel fuel - by 2.03 UAH/l (up to 45.44 UAH/l). The increase in the retail prices in Ukraine fluctuated within 1-5 UAH/l.

## International Cooperation

The President of Ukraine Volodymyr Zelenskyi and the Prime Minister of Spain Pedro Sanchez, at a meeting in Kyiv on July 1, which coincided with the first day of Spain's presidency in the European Council, [adopted](#) a joint declaration. Inter alia, Spain confirmed its support for Ukraine's candidacy for accession to the EU, which will be one of the priorities of its presidency, as well as readiness to work with Ukraine in fulfilling the conditions for accession. In particular, Spain is ready to take an active part in the restoration and reconstruction of Ukraine.

On June 29, under the Head of the Presidential Office of Ukraine Andrii Yermak and the former Swedish Minister of Foreign Affairs Margot Wallström as co-chairs, the first meeting of the International Working Group on the Environmental Consequences of War [took place](#). The group will focus on three specific areas: assessment of the consequences of war for the environment, development of recommendations regarding the search for mechanisms to bring the aggressor to justice for environmental crimes (so that Russia fully pays for the destruction caused by it), environmental restoration. The goal of the International Working Group is to develop a comprehensive document that covers the above points.

On June 29, an online presentation of the InnovateUkraine Green Innovation Fund [took place](#), as provided in accordance with the Memorandum on Energy Partnership between the Ministry of

Energy of Ukraine and the Foreign & Commonwealth Office of the UK. The Fund will provide grants to support businesses in the development of highly innovative, sustainable energy technologies and business models that can support the restoration of Ukraine's energy system.

The Permanent Representative of the Cabinet of Ministers in the Verkhovna Rada Taras Melnychuk [noted](#) that the government supports attracting a loan from the International Bank for Reconstruction and Development for the implementation of the project "Housing overhaul for the restoration of people's rights and opportunities" (HOPE) in the amount of 70 million USD. In 12 communities of the Kyiv region, construction work [has begun](#) on the first projects to repair various components of water supply networks and/or heat supply systems (as part of an agreement with the NEFCO).

On June 28, the Minister of Energy of Ukraine Herman Halushchenko held a [meeting](#) with the delegation of the European Bank for Reconstruction and Development, led by the EBRD Director in Eastern Europe and the Caucasus Matteo Patrone. The parties discussed projects to restore the energy sector, in particular in the nuclear, hydropower and oil&gas sectors. In particular, the project regarding the liquidity support of Ukrenergo, the project regarding the support of energy security and decarbonization in the gas sector of Naftogaz, the project of emergency restoration of hydropower facilities of Ukrhydroenergo were discussed. The parties paid special attention to cooperation projects with Energoatom, which are designed to ensure nuclear safety and further development of the industry.

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

### **SUPPORT UKRAINIAN ENERGY SECTOR**



*Ukraine urgently needs emergency energy equipment to restore energy supply in the regions affected by war. More than 12,000 items are on the list of requested emergency energy equipment. If your company, association or country is ready to help, please [contact the Energy Community Secretariat's Ukraine Support Task Force](#).*

*[Energy Community Homepage \(energy-community.org\)](http://energy-community.org)*

### **SUPPORT UKRAINIAN ARMY**

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