Summary

- On July 7, the roof of the boiler and turbine shop collapsed at the Kurakhivska TPP in the Donetsk region, which had been repeatedly shelled by the enemy. The staff had to shut down the power units, 3 people were killed and 3 injured.

- According to the National Resistance Centre, the coal industry in the occupied Donetsk region is under threat. Most enterprises have huge wage arrears, a critical drop in production, a permanent process of staff reduction, and a critical situation with fixed assets and equipment.

- On July 4, the Armed Forces of Ukraine reported that objects resembling explosive devices had been placed on the outer roof of units 3 and 4 of the Zaporizhzhia NPP. Their detonation is not expected to damage the power units, but could create a "picture" of shelling from Ukraine. Defense intelligence noted that the occupiers continued to mine the ZNPP facilities and territory.

- The occupiers' refusal to put the ZNPP Unit 5 into a cold shutdown state could lead to an accident and a large-scale radiation release - so Energoatom. During the week, ZNPP lost power supply from the main 750 kV line.
The rise in daily temperatures spurred additional load in the power system (esp. in peak hours, 16:00-23:00). On July 6 at 16:00, the highest electricity consumption was recorded (7% higher than the hottest day of 2022). Ukrenergo urged consumers to transfer the use of air conditioners and powerful appliances from the evening hours to other times of the day or at night, and not to turn on several powerful devices.

After the introduction of new increased price caps from June 30, prices on the day-ahead market of electricity have become more volatile. The Base DAM index was 3,338.7 UAH/MWh (+16% week-on-week), while the weighted average daily price varied at 2,343.0-3,966.1 UAH/MWh.

Physical imports from the EU countries increase to 91.2 mcm, which is 68% more than in the previous week. The significant part of imports (64.4 mcm) were performed in the "customs warehouse" regime, of which 61.5 mcm - in the short-haul mode. A virtual reverse flow was also carried out: 31.8 mcm - in the Moldova direction and 6.6 mcm – in the Slovak one.

Natural gas trading at the Ukrainian Energy Exchange (UEEX) dropped 12 times week-on-week. Also, price differentiation by gas buyers emerged: Naftogaz and GTSOU purchased the resource at app. 10.8 UAH/cm (without VAT), while private companies - at app. 12.3 UAH/cm.

Meanwhile, a draft law was submitted to the Verkhovna Rada which provides for the legal principles and conditions for customs clearance of biomethane transported by pipeline, and the Cabinet of Ministers published the previously approved Procedure for Maintaining the State Registry of Special Subsoil Use Permits.

The Antimonopoly Committee granted permission to Ukrnafta for concentration in the form of receiving under management more than 50% of the authorized capital in VK Ukrnaftoburinnia PrJSC, Sirius-1 LLC, Sakhalinske LLC and East Europe Petroleum LLC. The companies are associated with oligarchs Ihor Kolomoisky, Pavel Fuks and Vitalii Khomutynnik.

The Ministry of Economy forecasted that in July the retail price of diesel fuel will increase by 5 UAH/l, and petroleum - by 7-8 UAH/l.

According to the Deputy Prime Minister Oleksandr Kubrakov, preparatory works have begun on the construction of water mains to provide water supply to at least 1 million people from the Dnipropetrovsk, Zaporizhzhia, Mykolaiv and Kherson regions.

The government allocated more than 6.6 billion UAH from the Fund for Liquidation of Armed Aggression Consequences for the reconstruction projects. Over 340 million UAH were allocated to restore facilities damaged and destroyed in the Mykolaiv region as a result of the Russian occupiers’ explosion of the Kakhovka HPP.

Also, the Cabinet of Ministers decided to allocate about 5.3 billion UAH in subventions for the implementation of critical projects under the Ukraine Recovery Program with the EIB in 10 regionson. The government approved an additional 1.1 billion UAH allocation from the EIB for two projects for regional development and recovery.

A project for the development of modern power distribution systems starts in the Zaporizhzhia region, following the memorandum on cooperation signed by the Ministry of Energy with EDF International Networks.

**IMPACT OF THE WAR**

**Attacks**

**Shelling of energy infrastructure.** On July 3, shelling damaged one of the distribution systems in Donetsk region, limiting the output of power from the generation facility in the eastern region. More than 9,000 consumers in the Kharkiv region were disconnected due to shelling. On July 4, shelling in the Donetsk region cut power supply to some consumers and a mine. On July 5, the occupiers damaged warehouse buildings of the GTSOU production and technical base in the Kherson region.
13 settlements in the Donetsk region were disconnected from electricity supply. On July 6, as a result of a massive Russian missile strike in the Lviv region, 3 transformer substations, power lines and 2 settlements were offline. Almost 15,000 consumers were cut off from electricity supply in the Donetsk region.

On July 7, the roof of the boiler and turbine shop collapsed at the Kurakhivska TPP in the Donetsk region, which had been repeatedly shelled by the enemy, forcing the staff to shut down the power units. The chemical analysis laboratory and the room of the mechanics on duty were trapped under the rubble, killing 3 people and injuring 3 others. In addition, 45 settlements in the region were left without electricity supply due to shelling. On the same day, enemy shells hit an infrastructure facility in the city of Zaporizhzhia, causing a fire in one of the buildings.

Between October 10, 2022, and March 9, 2023, 271 hits on energy infrastructure facilities were recorded during Russia's massive missile campaign, so the Minister of Energy Herman Halushchenko reported. Due to the actions of the Russian Federation, 50% of the entire power system, including generation and transmission systems, was lost, and facilities that were completely destroyed cannot be restored.

The state of the occupied territories. According to the National Resistance Centre, the occupation administration is unable to ensure the proper socio-economic condition of the occupied territories, which has put the coal industry in the Donetsk region under threat. An analysis of information from open sources and eyewitness accounts shows that most enterprises have huge wage arrears, a critical drop in production, a permanent process of staff reduction, and a lack of qualified personnel to replace the dismissed or "conscripted" employees. In addition, there is a critical situation with fixed assets, equipment and consumables.

According to the mayor of Melitopol Ivan Fedorov, Russians have started mining critical infrastructure in the occupied part of the Zaporizhzhia region: in addition to the Zaporizhzhia nuclear power plant, the enemy mined important power grid and water supply facilities.

### Nuclear and Radiation Safety

On July 4, the Armed Forces of Ukraine reported that objects resembling explosive devices had been placed on the outer roof of units 3 and 4 of the Zaporizhzhia NPP. Their detonation is not expected to damage the power units, but could create a "picture" of shelling from Ukraine. Planet Labs satellite images from July 5 showed the appearance of new objects on the ZNPP Unit 4 roof.

The Main Intelligence Directorate of the Ministry of Defence of Ukraine reported that, as a result of certain public and non-public actions by Ukraine, the threat of a man-made disaster at the ZNPP is declining, but the risks are not completely eliminated. Later, the MID noted that the occupiers continued to mine the ZNPP facilities and territory and published a map of minefields. In particular, barriers consisting of remote-controlled and unguided anti-personnel mines (directional type) have been installed in technical rooms and in machine rooms.

The IAEA reported it had inspected the perimeter of the plant's cooling pond and found no explosive devices, but the mission's experts were not allowed to access the roofs of units 3 and 4, where the Ukrainian Armed Forces reportedly discovered objects similar to explosive devices.

Energoatom said that the occupiers' refusal to put the ZNPP Unit 5 into a cold shutdown state could lead to an accident and a large-scale radiation release. Since September 2022, the occupation administration of the plant has maintained its operation in the "hot shutdown" state. For more than a year now, a number of basic requirements for the unit's operation have been deliberately violated, including ignoring the planned maintenance schedule for safety systems, sabotaging overhauls of reactor equipment and routine repairs of thermal, mechanical and electrical equipment of the turbine compartment and unit control systems.

In addition, Energoatom emphasized that the Russians allow incompetent personnel to work at the ZNPP. In particular, an employee of the Balakovo NPP (Russia), who has only seven months of experience, was appointed as a shift supervisor at one of the power units. Although this position requires much more experience, as it involves operational control of the reactor.
As of 09:00 on July 10, a slight decrease in the water levels in the ZNPP cooling pond was recorded, being at 16.50 meters. Energoatom states that, despite the Kakhovka HPP dam blown up by the Russian occupiers, the situation remains stable and under control.

During the week, ZNPP lost power supply from the main 750 kV line, but a backup 330 kV line from the government-controlled territory was connected. Currently, for the first time in 4 months, the site is powered by two power lines.

The Deputy Head of the Russian Security Council Dmitry Medvedev threatened to strike at the South Ukraine NPP, Rivne NPP and Khmelnytskyi NPP, as well as at nuclear facilities in the Eastern Europe if the alleged attempt by the Ukrainian Armed Forces to attack the Smolensk NPP in Russia with "NATO missiles" is confirmed. The possible attack was reported only by Russian propaganda media, and there is no official information on the matter.

The IAEA missions rotated at the Rivne, Khmelnytskyi and South Ukraine NPPs.

**Countermeasures**

Specialists managed to power up one of the substations in the city of Kherson, which allowed the municipal critical infrastructure facility - sewage pumping station - to resume operation. As of July 5, 13,000 consumers, 100 transformer substations and 9 overhead power lines in the city remain offline. The power supply is being repaired slowly due to shelling and extensive flooding of the equipment.

According to the Deputy Prime Minister for Reconstruction Oleksandr Kubrakov, preparatory works have begun on the construction of the Karachunivske Reservoir - Kryvyi Rih - Pivdennye Reservoir, Marhanets - Nikopol, Khortytsia - Tomakivka water mains. The water supply system will consist of 3 links of the main pipelines with a length of almost 150 km. The project will allow providing water supply to at least 1 million people from the Dnipropetrovsk, Zaporizhzhia, Mykolaiv and Kherson regions.

On July 3, the government allocated more than 6.6 billion UAH from the Fund for Liquidation of Armed Aggression Consequences for the reconstruction projects, including the construction and reconstruction of water and sewage systems, heating systems, drilling of artesian wells, etc.

The Prime Minister Denys Shmyhal said that the Cabinet of Ministers had allocated over 340 million UAH to restore facilities damaged and destroyed in the Mykolaiv region as a result of the Russian occupiers' explosion of the Kakhovka HPP. Previously, 980 million UAH was allocated to the Kherson Regional Military Administration for the restoration of damaged and destroyed facilities.

The Energy Efficiency Fund reported it plans to launch a new Super Light package of the Energodim program for the installation of heating substations in buildings, which will help optimize heat consumption in multi-apartment buildings.

As of July 3, 435 district heating facilities have been restored, and the reserve accumulation plans are to reach 1.8 million tonnes of coal and 14.7 bcm of natural gas by the start of the winter season. This was reported by representatives of the ministries at a meeting on the state of preparation of fuel and energy enterprises, housing and utility services for the 2023-2024 autumn-winter period chaired by Prime Minister Denys Shmyhal. As part of the preparations for the winter season, the Ministry of Energy held a joint meeting of representatives of the Ministry, GTSOU and gas producers to discuss the needs to improve the gas system efficiency and synchronize actions to increase gas production and reduce fuel gas consumption.

Additionally, the Ministry of Communities and Territories Development and Infrastructure and the Agency for Recovery in cooperation with the Open Contracting Partnership are establishing a Project Office for Development and Implementation of DREAM (Digital Restoration Ecosystem for Accountable Management), headed by Viktor Nestulia, Head of Support for Ukraine at the Open Contracting Partnership and co-founder of the RISE Ukraine coalition.
According to Ukrenergo and the Ministry of Energy, during the week, demand was covered by own production and imports from Slovakia and Moldova.

According to the Minister of Energy Herman Halushchenko, on July 5, a unit at one of the nuclear power plants came online after maintenance 4 days before the deadline, having added 1,000 MW of capacity to the power system. Ukrenergo carried out repairs at one of the 750 kV lines in the south, which made it possible to put it back to operation and increase the capacity of power transmission in the region. On July 8, a TTP unit with 280+ MW capacity came online after maintenance. A nuclear unit was taken offline for scheduled maintenance on July 9. Repairs at many thermal and hydroelectric power stations, nuclear power units limit the amount of available capacity (especially in peak hours).

On July 4 and 5, the rise in daily temperatures spurred additional load in the power system (electricity consumption increased rapidly and remained at an elevated level throughout the day). On July 6 at 16:00, the highest electricity consumption was recorded during the summer (7% higher than the hottest day of summer 2022). In addition, the beginning and duration of the highest load changed (from 19:00-22:00 to 16:00-23:00). Ukrenergo urged consumers to transfer the use of air conditioners and powerful appliances from the evening hours to other times of the day or at night, and not to turn on several powerful devices.

On July 3, more than 1,000 consumers in the Odesa region were disconnected due to technological malfunctions; on July 4 - some consumers in the Kyiv region; on July 5 - in the Dnipropetrovsk region. On July 6, as a result of technological violations in the Ivano-Frankivsk region, more than 38,000 consumers were temporarily cut off, as well as a part of consumers in the Kyiv and Dnipropetrovsk regions.

On July 2, due to bad weather, operation of one of Ukrenergo's lines was disrupted in the central region (power supply to consumers was not affected). On July 3, 28 communities (almost 12,000 consumers) in the Dnipropetrovsk region, 34 in the Kyiv region, 18 in the Sumy region, and 16 in the Chernihiv region were left without electricity supply due to a thunderstorm. On July 4, 8 settlements in the Cherkasy and 2 in the Sumy regions remained without electricity supply. A 110 kV cross-border connection line with Moldova was offline in the Zakarpattia region; all consumers were supplied through a reserve line. On July 5, consumers in the Rivne region were disconnected. On July 7, as a result of a large-scale thunderstorm, power lines were damaged in 11 regions, electricity supply was off in 710 communities, most of them in the Chernihiv, Kyiv, Zhytomyr and Khmelnytskyi regions. On July 8, damage to power lines was recorded in 10 regions and disconnections - in 301 communities, mostly in the Chernihiv, Odesa, Kirovohrad, and Poltava regions.

According to the NEURC and ENTSO-E, during the week at peak hours (mainly 16:00-23:00) Ukraine performed commercial electricity imports from Slovakia, amounting to 7.74 GWh in total (+56% as compared to the previous week), the capacity fluctuated from 4 to 333 MW. Imports from Moldova were performed on July 3-8, totalling 2.3 GWh (75% supplied on July 8). Capacity ranged from 1 to 240 MW. Information on deliveries from Moldova on July 9 was not available at the time of the review preparation. Electricity was not exported.
8 to 20 companies booked capacity for imports in the Slovakia-Ukraine direction at daily auctions; the main players: DE Trading, D.Trading, and NextTrade. The marginal price was set on July 6-9, for different hours of the day it varied from 0.02 to 791 UAH/MWh, so the total revenues of Ukrenergo from the auctions reached 1.54 million UAH. In the Moldova-Ukraine direction, 5 to 9 companies booked capacity, including Artlex Group, DE Trading, D.Trading, CPG Energy and Solipower. The marginal price for different hours of the day on July 8 and 9 was kept in the range of 0.01-0.10 UAH/MWh, the revenue of Ukrenergo from auctions amounted to 900 UAH. Capacity for exports was not booked.

**Electricity market performance**

*Bilateral contracts market (BCM):* The intensity of trading at the Ukrainian Energy Exchange (UEEX) significantly decreased, after a spike in late June related to the introduction of new price caps on DAM, IDM and BM. On July 3-9, 16 auctions for the purchase/sale of electricity were held at the UEEX (7 in commercial sections, 9 in specialized ones). Guaranteed Buyer, Centrenergo, companies of DTEK group, universal service suppliers, distribution system operators, etc. were among those who initiated trades. A total of 1,601.1 GWh were sold at the UEEX with supply in July (~43.3% as compared to the previous week). At the same time, the monthly Base BCM index for July remained at 3,051.2 UAH/MWh (+7.1% as compared to June). Namely, Guaranteed Buyer sold 17.75 GWh in block positions of daytime hours at prices 3,059.3-3,062.8 UAH/MWh with delivery on July 10-21 and 2.95 GWh at prices 2,300-3,100 UAH/MWh with delivery on July 11-20. Centerenergo sold 16.37 GWh of base load at an average price of 3,311.2 UAH/MWh and 2.46 GWh in block positions (08-23) at 3,812.9 UAH/MWh with delivery on July 11-31.

DTEK Kurakhivska TPP, DTEK Dniproenergo and DTEK Zakhidenergo sold 1,505.3 GWh in block positions at prices 2,365.8-4,303.3 UAH/MWh with delivery on July 11-31. DTEK Tylihulska WPP sold 10.08 GWh of base load at an average price of 2,992.5 UAH/MWh with delivery in the second ten days of July. 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, after the introduction of new increased price caps from June 30, prices have become more volatile. On July 3-9, deviation of hourly prices from the price caps ranged from 0% to 78.6% and averaged at 31.5%. The number of hours with prices being close (with a deviation of less than 1%) or directly at the level of price caps increased to 38.1% (as compared to 35.7% in the previous week).
The average hourly price of electricity (Base DAM index) was 3,338.7 UAH/MWh (+16% week-on-week), while the weighted average daily price varied at 2,343.0-3,966.1 UAH/MWh. The ratio between the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) and Ukraine ranged from 1.03 to 1.87 (with the exception of July 3, when the index in Poland was lower than the Ukrainian one by 8.3%, and on July 9, as the index in Romania was lower by 27.9%).

The total volume of electricity sales at the DAM of Ukraine slightly increased to 393.9 GWh (+5.7%). In particular, the daily volume of trading varied between 43.7 and 66.7 GWh. During the week, the DAM changed status from deficit (July 3-5) to surplus (July 6-9). The ratio between the total volume of sale and purchase bids was at 0.94-1.57. At the same time, the deficit increased significantly and was observed in 43.5% of hours (as compared to 10.1% in the previous week). The purchase structure was dominated by suppliers (82.6-87.8%), the share of system operators was 12.0-17.2%, the rest (up to 0.1%) belonged to producers and traders.

**Policy and regulation**

The Regulator made changes to the Procedure for determining the regulatory assets base of natural monopolies in the field of electricity. This concerns the activities of electricity distribution system operators (DSOs), which work under the incentive regulation mechanism (RAB-tariff). In particular, the definition of assets that are not included in the DSOs regulatory assets base has been clarified:

- part of the assets exceeding the set limits – a part of administrative building with an area of over 10 m² per employee according to the general staff list on the date of transition to RAB regulation;
- assets for which restrictions are set – passenger cars with an initial balance sheet value of over 500,000 UAH per unit (excluding VAT) and passenger cars, the number of which exceeds 3 per 100 employees according to the general staff list on the date of transition to RAB regulation.

Taking into account the effect of new price caps on the electricity market, introduced from June 30, and the likely further increase in wholesale prices, the Regulator amended the procedure for determining the price of universal service for small non-household consumers. In particular, to update prices when determining the forecast prices of electricity purchased by universal service suppliers on the market, for August and November 2023, it is planned to apply the DAM weighted average price for July 1-10, 2023.

**Gas**

**Gas system performance**

On July 2-8, the volume of gas transit through the territory of Ukraine amounted to 40.7-42.7 mcm per day, i.e. only 37-39% 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 91.2 mcm (on average, 13 mcm per day), which is 68% more than in the previous week. The imports were performed via the Beregdaroc interconnection point (VIP Bereg) at 51.3 mcm, via the Orlovka interconnection point (Ukraine-Romania) at 27.1 mcm and via the Hermanowice interconnection point (VIP Ukraine-Poland) at 12.8 mcm.

The significant part of imports (64.4 mcm) were performed in the “customs warehouse” regime, of which 61.5 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 storages. A virtual reverse flow was also carried out: 31.8 mcm - in the Moldova direction and 6.6 mcm – in the Slovak one. Almost
all of the specified volumes (37.9 mcm) were received in the "customs warehouse" regime. No gas was transmitted on Ukraine’s gas system exit, except for transit flows.

Transit of Russian gas through the territory of Ukraine, mcm

![Graph showing transit of Russian gas through Ukraine's territory]

Source: Gas Transmission System Operator of Ukraine LLC

**Underground storage facilities**

According to the AGSI platform, as of July 8, 6.61 bcm of gas were accumulated in the Ukrainian storages (21.7% of the total working capacity, i.e. without 4.662 bcm of "long-term storage" buffer gas). On July 2-8, injections were performed at 286.8 mcm (+49.8 mcm as compared to the previous week). The average daily injection was at 41 mcm.
In the trading sessions of July 3-7, 10 companies (7 buyers and 3 sellers) submitted bids for purchase and sale of natural gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received bids for 358.7 mcm of gas (-9% as compared to the previous week) with a total starting price of 3.87 billion UAH (-8%). The weighted average starting price of all bids was 10.79 UAH/cm (excluding VAT), which almost corresponds to the indicator of the previous week.

A total of 2.6 mcm was sold (12 times less week-on-week). 8 purchase bids were successful – 5 of the state-owned Naftogaz (1 mcm, 38% of all deals), one from Gazenergo-Trade LLC (1 mcm, 38%), one from TAS Energiia Krainy LLC (0.3 mcm, 12%) and one from GTSOU LLC (0.3 mcm, 12%). The weighted average price of the purchased and sold resource was 11,561 UAH/tcm without VAT (+8%). All resources were sold with delivery or transfer in storages in July 2023. There is price differentiation by gas buyers: Naftogaz purchased the resource at a weighted average price of 10,811 UAH/tcm (without VAT), GTSOU LLC - at 10,770 UAH/tcm, while Gazenergo-Trade LLC - at 12,317 UAH/tcm and TAS Energiia Krainy LLC - at 12,333 UAH/tcm.

Policy and regulation

The Cabinet of Ministers published the previously approved Procedure for Maintaining the State Registry of Special Subsoil Use Permits, which defines the specifics of maintaining the registry, filling it with information, extending the validity of special permits, making amendments to them, and providing access to the registry's information. The holder of the registry is the State Service of Geology and Mineral Resources (SSGMR), the administrator is an enterprise under the management of SSGMR. Public information from the registry in the form of open data will be subject to publication in accordance with the Law "On Access to Public Information", external users of the registry will be able to receive detailed extracts about special permits and report methodological or technical errors.
Draft Law No. 9456 "On Amendments to the Customs Code of Ukraine on Customs Clearance of Biomethane" was submitted to the Verkhovna Rada. The act provides for the legal principles and conditions for customs clearance of biomethane transported by pipeline, namely:

- customs control and customs clearance of biomethane transported by pipeline across the customs border of Ukraine under foreign economic agreements (contracts) is performed in the manner provided for natural gas;
- customs clearance of biomethane is performed on the basis of information on the volumes of biomethane, which during movement through the gas transmission system, according to its physical and chemical characteristics, can be replaced by the corresponding volume of natural gas or its mixture, separately at each transfer point;
- values of volume in measurement units that are based on energy units, and data at entry and exit points located in the customs territory of Ukraine, are used to account for such goods.

Other

Ukrugazvydobuvannya (part of the Naftogaz group) launched three wells at the old field with a total output of 425 tcm of gas per day. Two of them are new drills, the third one is after a major overhaul. For the first time in Ukraine, Horodyshche-Pustovarska Ahrarna Kompaniya (a subsidiary of Gals Agro) received the ISCC EU certificate for compliance with the requirements of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources for biomethane and biogas, which are used to produce electricity and heat energy. This opens up opportunities for exporting products to the EU.

Motor Fuels

The Antimonopoly Committee of Ukraine granted permission to Ukrafta for concentration in the form of receiving under management more than 50% of the authorized capital in VK Ukraftoburinnia PrJSC, Sirius-1 LLC, Sakhalinske LLC and East Europe Petroleum LLC. To remind, these companies are associated with oligarchs Ihor Kolomoisky, Pavel Fuks and Vitalii Khomutynnik; corporate rights were previously transferred to the management of the Asset Recovery and Management Agency (ARMA).

According to media reports, the Ministry of Economy forecasted that in July the retail price of diesel fuel will increase by 5 UAH/l, and petroleum - by 7-8 UAH/l. The corresponding forecast was made by the First Deputy Prime Minister - Minister of Economy of Ukraine Yulia Svyrdenko.

Referring to the answer to the request of MP Oleksii Kucherenko, the media reported on the Ministry of Defense efforts to transfer to the Ministry of Energy the assets of Ukrafta and Ukrtatnafta, previously alienated in its favor. At the same time, the Ministry of Energy declares that it cannot accept these assets, as this would violate the requirements of Ukrainian legislation regarding the unbundling of gas transmission from production and supply activities. Since the Ministry of Energy already owns 100% in Mahistralni Gazoprovody Ukrainy JSC (which, in turn, is the parent company of GTSOU LLC), it cannot take control of the shares of Ukrafta, which produces and supplies natural gas.

International Cooperation

On July 4, the Cabinet of Ministers decided to allocate about 5.3 billion UAH in subventions for the implementation of critical projects under the Ukraine Recovery Program with the European Investment Bank (EIB) in 10 regions (Vinnytsia, Dnipropetrovsk, Zhytomyr, Kyiv, Kirovohrad, Odesa, Poltava, Sumy, Cherkasy, and Chernihiv).
According to the Prime Minister Denys Shmyhal at the July 4 government meeting, the State Budget of Ukraine received the second tranche of the IMF’s Extended Fund Facility of 890 million USD to cover priority expenditures.

Also, on July 7, the Cabinet of Ministers approved an additional 1.1 billion UAH allocation from the EIB for two projects for regional development and recovery. According to Shmyhal, the first project will be aimed at modernization of public transport, which includes the purchase of new trolleybuses, trams, infrastructure repairs, and the development of digital systems; the second one will be aimed at developing municipal infrastructure, including the repair and modernization of water and heat supply systems.

As part of the President Volodymyr Zelenskyi official visit to Bulgaria, a Memorandum of Understanding was signed between the Ministries of Energy of Ukraine and the Republic of Bulgaria on cooperation in the energy sector. The memorandum is aimed at creating a framework for deepening cooperation in the energy sector between Ukraine and Bulgaria based on the principle of mutual benefit and taking into account the common interests and goals. The parties pledged to ensure affordable energy, support industrial and regional development, security and well-being of their people, expand cooperation, and share a common commitment to environmental protection and climate change mitigation, and reduce carbon emissions.

The USAID Competitive Economy Program in Ukraine is expanding grant support for the restoration of Ukrainian small and medium-sized businesses to 92 million UAH, meaning that enterprises will be able to receive more grants. The program will provide about 120 grants ranging from 600,000 to 1.2 million UAH.

Following the Memorandum on Cooperation signed by the Minister of Energy of Ukraine Herman Halushchenko with the French company EDF International Networks, a meeting was held on July 9, 2023, to implement a plan for the development of modern power distribution systems for the Zaporizhzhia region. After the successful implementation of the pilot project in the Zaporizhzhia region, the relevant experience of cooperation for the restoration of distribution systems is planned to be implemented in other regions of Ukraine.

The German research center Helmholtz-Zentrum Berlin (HZB) together with partners from Poland and Ukraine created a think tank on energy and climate issues in Kyiv - Green Deal Ukraina. As planned, it will provide independent and evidence-based advice on restoring a sustainable energy system in Ukraine. In addition, planned activities include data collection and modeling, development of analytical products and educational programs on energy transition issues. The project started on June 1, 2023 and will last for four years. DiXi Group will also participate in the project from the Ukrainian side.

For subscriptions, comments and other questions, please email to: author@dixigroup.org

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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)

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**SUPPORT UKRAINIAN ARMY**

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