

Weekly Alert

**Russian War Against
Ukraine: Energy Dimension**

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

(August 7 – 13)

#StopRussianAggression
#StandWithUkraine

Summary

- As of August 14, 418 settlements in 7 regions were disconnected from electricity supply due to shelling. Also, damage to gas systems was reported in the Donetsk region.
- On August 10, the occupied Zaporizhzhia NPP temporarily lost external power supply from the main 750 kV power line.
- Also, due to the ZNPP Unit 4 being put into a "hot shutdown" state - in violation of the State Nuclear Regulatory Inspectorate license and Energoatom's requirements - an incident occurred with a water leak from the first reactor circuit to the second one. Occupation management started transferring Unit 4 to the "cold shutdown" state, and Unit 6 - to the "hot shutdown" state.
- Ukraine is working with partners to increase supplies of energy equipment, which would add 2.9 GW of available capacity to the system by December - the PM Shmyhal. Namely, 1.7 GW of available capacity shall be added before the heating season starts, and 504 MW are already available - the Minister of Energy Halushchenko.

- According to the Ministry of Energy, five NPP units (4.4 GW) have been repaired, and four more (3.4 GW) are under maintenance. In addition, 24 TPP units (4.3 GW) and 32 hydroelectric units (~1.8 GW) have been repaired or are under repair. CHP capacities have been repaired by 70%, and another 30% are under repair.
- Ukrenergo has repaired main grids by almost 80%, and high-voltage substations have already been restored to the pre-war level.
- However, August is the month when power generation is limited. This is especially noticeable in the evening hours, when all available thermal and hydropower facilities have to be used to cover load.
- Under the program of exchanging incandescent lamps for LEDs, the government expanded the range of consumers who can benefit to the cultural, sports, social welfare institutions, as well as homeowners associations.
- The NEURC approved Licensing Conditions for Conducting Business Activities in the Distribution of Electricity by a Small Distribution System. As stated, it will ensure the creation of a new business model for building relations between the main consumers and system operators.
- Also, the Regulator improved the procedure for switching supplier by a non-household consumer. Inter alia, the existence of debt to the incumbent supplier can no longer be an obstacle.
- On August 9, amendments to the "investment nanny law" were adopted, expanding its scope to projects in biogas and biomethane (including liquefied or compressed) production. In this way, new facilities would be exempted from income tax for 5 years, from VAT and import duty on imports of new equipment and components, and from the payment of land tax.
- The government also aims at incentives for bioenergy. Draft laws were submitted to the Verkhovna Rada to set the environmental tax on CO2 emissions at zero level for the installations that produce such emissions as a result of burning biofuels (solid, liquid and gaseous), and to create a register of such installations.
- The Verkhovna Rada adopted in the first reading the revised draft law "On minimum stocks of oil and petroleum products" (No. 9024-d).
- Ukraine and the United States launch a joint project on energy resilience of communities - so the Vice PM Oleksandr Kubrakov. The activities will be performed in three components: using the existing infrastructure to develop small distributed generation, introducing high-efficiency cogeneration, and gradual switching to renewables.

IMPACT OF THE WAR

Attacks

On [August 7](#), 26 settlements in the Kherson region, 7 in the Sumy region, and 6 in the Chernihiv region lost power supply due to shelling. On [August 8](#), 7 settlements in the Donetsk region were offline, and on [August 9](#), an overhead power line was damaged, which led to an outage at a mine (workers were brought to the surface). On [August 10](#), 110 settlements in the Donetsk region and 69 in the Zaporizhzhia region lost power supply. On [August 11](#), shelling in the Donetsk region damaged a linear production department of main gas pipelines, a gas distribution station (no operational since 2022), and an administrative building. In addition, 48 settlements in the Kherson region remained without electricity supply due to intensified shelling. On [August 12](#), an explosive

wave damaged a gas pipeline in the Donetsk region, causing a gas leak that was contained, and household consumers were temporarily disconnected due to the pressure drop.

As of [August 14](#), a total of 418 settlements in the Donetsk, Kharkiv, Zaporizhzhia, Kherson, Luhansk, Sumy and Chernihiv regions were disconnected from electricity supply due to shelling.

The military aggression caused damage and destruction to about 50% of the energy system, [so](#) the Minister of Energy Herman Halushchenko. However, despite the difficulties, the repair campaign is on schedule.

Nuclear and Radiation Safety

On the night of August 10, the occupied Zaporizhzhia NPP [lost](#) external power supply from the main 750 kV power line, after which it had to be switched to the only available 330 kV backup line. The 750 kV line was [repaired](#) on August 10 and reconnected to ZNPP at 19:02.

As a result of the ZNPP Unit 4 being put into a "hot shutdown" state - in violation of the State Nuclear Regulatory Inspectorate license and Energoatom's requirements - an incident [occurred](#) with a water leak from the first reactor circuit to the second one, yet with no radiological release into the environment. According to Energoatom, this was due to a violation of the integrity of the third steam generator located in the unit's containment. As a result, the occupation management of ZNPP started transferring Unit 4 to the "cold shutdown" state, and Unit 6 - to the "hot shutdown" state.

As of 09:00 on August 14, the water level in the ZNPP cooling pond remained [unchanged](#) at 16.19 meters. The water level in the "hot" channel of the Zaporizhzhia TPP, from which the ZNPP pond is recharged if necessary, is 17.15 meters. In the "cold" channel of ZTPP, the level reaches 10.85 meters.

Countermeasures

On August 11, the Prime Minister Denys Shmyhal, discussing the points of President Volodymyr Zelenskyi's Peace Formula with foreign ambassadors, [said](#) that Ukraine was working with dozens of countries to increase supplies of energy equipment, which would add 2.9 GW of available capacity to the system by December, and indicated Ukraine's readiness to provide European companies with the opportunity to store gas in underground storage facilities, which are the largest on the continent.

In preparation for the new heating season, a large-scale repair campaign is underway at thermal, hydropower and nuclear generation facilities. The PM Shmyhal [said](#) that, according to the Ministry of Energy, five nuclear units (with a capacity of 4.4 GW) have been repaired, and four more units (3.4 GW) are under maintenance. In addition, 24 TPP units (62% of the total, 4.3 GW) have been repaired or are under repair. CHP capacities have been repaired by 70%, and another 30% are under repair. 32 hydroelectric units, i.e. 68% of the capacity (about 1.8 GW) have been repaired and are under repair.

In addition, the CEO of GTSOU Dmytro Lyppa [noted](#) that the company's facilities are equipped with autonomous power sources and will be ready to continue supplying gas to households and businesses even in the event of outages.

Meanwhile, [harvesting](#) fuel wood continues: in January-July, more than 1.64 million cubic metres of wood were sold, and over 140,000 cubic metres of reserve are stored by Forests of Ukraine State Enterprise.

At a meeting on the state of readiness of district heating companies for the winter season, the Deputy Prime Minister - Minister of Communities, Territories and Infrastructure Development Oleksandr Kubrakov [noted](#) that the issue of extending the public service obligations (PSO) in the gas market will be resolved soon and work is underway to compensate for the difference in tariffs for district heating companies.

In addition, the Cabinet of Ministers is [preparing](#) a decree to propose the application of sectoral special economic and other restrictive measures (sanctions) on the Russian energy sector.

MARKETS PULSE

Electricity Sector

Power system operation

According to [Ukrenergo](#) and the [Ministry of Energy](#), the demand was covered by electricity produced in Ukraine as well as imported from Slovakia and Moldova. On August 9, a 240 MW TPP power unit came online after repair. On August 10, a 125 MW unit was put into operation at one of the TPPs in the front-line region, which was disconnected due to damage. At the same time, several power units were taken offline for repair or maintenance.

Therefore, the situation with available capacity to cover load has not changed significantly. August is the month when the largest number of units are being repaired, so the power generation possibilities are limited. This is especially noticeable in the evening hours, when solar power plants do not operate so efficiently, and the consumption is the highest, so all available thermal and hydropower plants have to be used.

[According](#) to the Minister of Energy Herman Halushchenko, the most extensive repair campaign in the energy sector since the independence of Ukraine is currently underway. One of its priorities is the need to add 1.7 GW of available capacity to the power system before the start of the heating season, and 504 MW (29.6%) are already available. In addition, megawatts of new generation will be added as wind, solar and gas turbine installations.

The CEO of DTEK Energy Ildar Saleev [noted](#) that, in March-July 2023, the company carried out 9 scheduled repairs of TPP power units. Another 7 are currently in the process, and a total of 27 power units are planned to be repaired by the end of 2023. DTEK Energy has already invested almost 2 billion UAH in these repairs and, by the end of the year, investments should reach 3.5 billion UAH (+60% YoY).

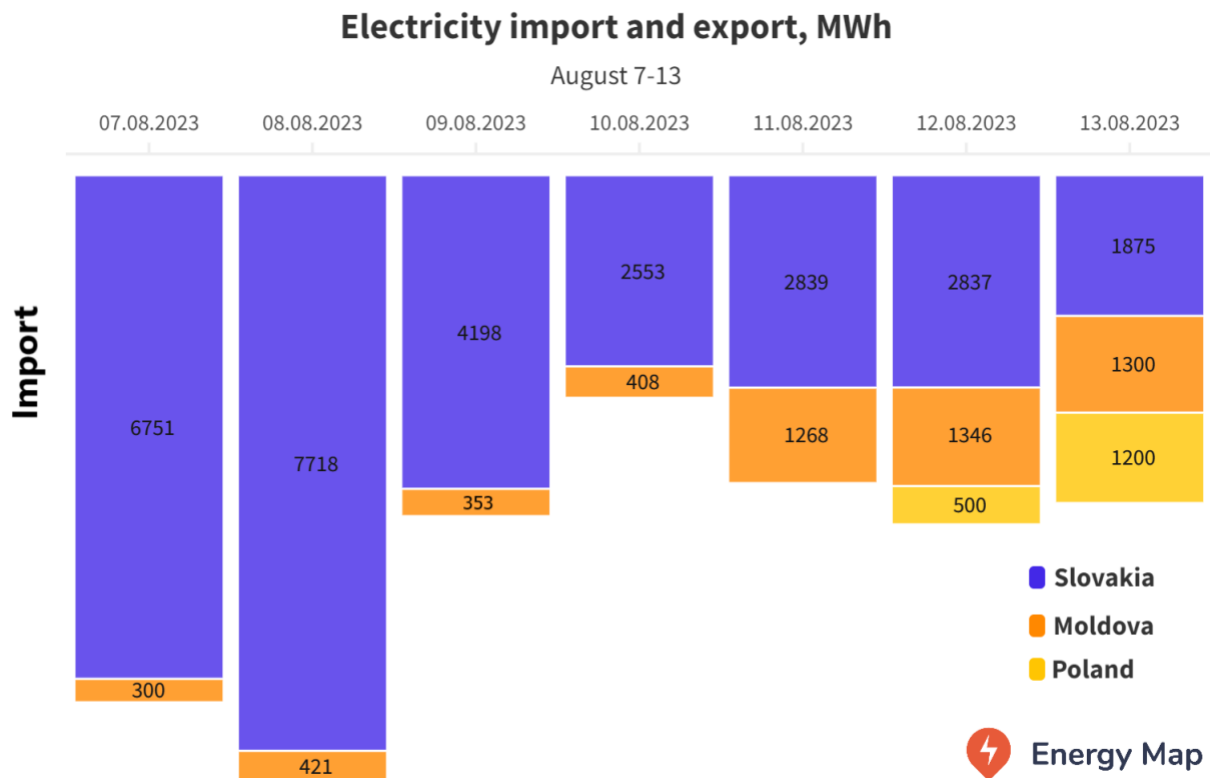
Ukrenergo has repaired main grids by almost 80%, and high-voltage substations have already been restored to the pre-war level. In particular, on August 7, Ukrenergo [restored](#) part of the equipment at one of the substations in the northeastern region; on August 9 - [restored](#) part of the equipment at two substations in the southern region.

Due to the **emergencies**, on August 8, some consumers in the Zaporizhzhia region were left without electricity supply. On August 10, a fire broke out in the distribution system of the Dnipropetrovsk region, extinguished by units of the State Emergency Service. 1 800 consumers remained offline due to a technological malfunction in the Poltava region. On August 12 and 13, power lines and Ukrenergo substations were shut down 6 times in the Volyn, Odesa, Mykolaiv, Khmelnytskyi, Ternopil, and Poltava regions. In the Volyn region, the outage led to disconnection of almost 2,500 consumers in the city of Lutsk, in the Khmelnytskyi region - to the disruption of railway traffic.

Adverse weather was another reason for the outages. On August 7, a thunderstorm led to power outages in 306 communities (81,000 consumers), mostly in the Ternopil and Volyn regions. On August 8, 140 communities were left without electricity supply in the Sumy, Chernihiv, Volyn and Kyiv regions. On August 9, power outages were reported in 43 communities in the Dnipropetrovsk, Kirovohrad, Sumy and Chernihiv regions. On August 10, 14 communities were disconnected in the Sumy and Chernihiv regions. On August 11, 127 settlements in the Sumy, Poltava, Dnipropetrovsk and Kirovohrad regions were left without electricity supply.

According to the [NEURC](#) and [ENTSO-E](#), Ukraine performed commercial imports of electricity from Slovakia, with a total [volume](#) of 28.77 GWh (+22% week-on-week). The hourly capacity ranged from 2 to 350 MW. The volume of electricity imported from Moldova reached 5.4 GWh (+115%), the hourly capacity ranged from 1 to 320 MW. On August 12 and 13, imports from Poland were

performed with a total volume of 1.7 GWh, the hourly capacity ranged from 50 to 250 MW. No export operations were performed.



Source: [Energy Map](#)

14 to 16 companies [booked](#) capacity for imports in the Slovakia-Ukraine direction at daily auctions; the main players: D.Trading, ERU Trading, Nexttrade, TEP, and TES. The marginal price was set on August 9-11 and 13; it varied from 0.05 to 100 UAH, so the total revenues of Ukrenergo reached 163,000 UAH. In the Moldova-Ukraine direction, 2 to 9 companies booked capacity, including Artlex Energy, DE Trading, Energo Resource RI Group, CPG Energy, Solipower. The marginal price was set only on August 12-13 during certain hours at 0.01-280.4 UAH/MWh. The revenues of Ukrenergo totaled 214,300 UAH. On August 12 and 13, in the Rzeszów-Khmelnitskyi NPP direction, Euromin Energy booked capacity with zero marginal price.

For exports, on August 13, in the Ukraine-Slovakia direction, ERU Trading booked some capacity. On the same day, Solipower booked capacity in the Ukraine-Moldova direction. No marginal price was set for both directions.

Electricity market performance

Bilateral contracts market (BCM): On July August 7-13, 9 auctions for the purchase/sale of electricity were held at the Ukrainian Energy Exchange (UEEX): 5 in commercial sections, 3 in specialized ones. Guaranteed Buyer, Ukrhydroenergo, Kharkiv CHP-5, Nizhnyodnistrovska HPP, universal service suppliers, distribution system operators, etc. were among those who initiated trades. A total of 111.9 GWh were sold at the UEEX with supply in August (2.7 times less week-on-week). At the same time, the monthly Base BCM index for August remained at 3,522.7 UAH/MWh.

Namely, Guaranteed Buyer sold 41.2 GWh in block positions of daytime hours at prices 1,758.48 - 2,964.72 UAH/MWh. Kharkiv CHP-5 initiated auctions, offering base load at a starting price of 5,000 UAH/MWh. According to their results, the company sold 25.2 GWh of electricity at an average price of 3,950 UAH/MWh. In the commercial sections, the companies purchased electricity by the load of individual profiles.

Day-ahead market (DAM): According to the [Energy Map service](#), prices remained highly [volatile](#). On August 7-13, deviation of hourly prices from the price caps ranged from 0 to 68.4% and averaged at 20.5%. The largest price deviations were typical for the daytime period (10:00-17:00), when solar power plants produce the maximum amount of electricity. The largest volumes of deviations were on weekends, and on Wednesday among weekdays. At the same time, the number of hours when prices were close (with a deviation of less than 1%) or at the level of price caps decreased to 45.2% (as compared to 48.2% in the previous week).

The average hourly price of electricity (Base DAM index) increased by 1.2% and was at 3,895.96 UAH/MWh, while the weighted average daily price [varied](#) at 3,360-4,590.4 UAH/MWh. The ratio between the Base DAM indices in the countries of Eastern Europe (Poland, Hungary, Romania and Slovakia) and Ukraine [ranged](#) from 0.23 to 1.16.

The total volume of electricity sales at the DAM of Ukraine [decreased](#) by 7.4% to 380.8 GWh. In particular, the daily volume of trading varied between 43 and 64.1 GWh. In the last week, the DAM was generally in surplus: the ratio between the total volume of sale and purchase bids was at 1.05-1.26. At the same time, the number of deficit hours slightly decreased to 32.7% (as compared to 34.5 % in the previous week). The purchase structure was [dominated](#) by suppliers (85.5-89.3%), the share of system operators was 10.6-14.4%, the rest (0.1%) belonged to producers and traders.

Policy and regulation

On August 11, the government (as part of the program of exchanging incandescent lamps for LEDs) [expanded](#) the range of consumers who can benefit to the cultural, sports, social welfare institutions, as well as homeowners associations.

On August 10, the NEURC [published](#) a draft resolution "On Amendments to the Methodology for Calculating the Tariff for the Services of a Universal Service Supplier". The purpose of the amendments is to improve certain provisions of the Methodology, providing for adjusting costs during martial law in the event of impossibility of monitoring compliance with the License Terms and in the event of a deviation in the volumes of electricity supplied relative to those in the initial tariff calculation. The draft has been published on the NEURC official website for the purpose of receiving comments and proposals by September 7.

On August 11, the NEURC [adopted](#) the resolution "On Approval of Licensing Conditions for Conducting Business Activities in the Distribution of Electricity by a Small Distribution System". The resolution defines the list of documents to be attached to the application for obtaining a license, as well as the list of requirements, conditions and rules that must be fulfilled during the conduct of licensed activities.

As stated, the adoption of licensing conditions will ensure the creation of a new business model for building relations between the main consumers and distribution system operators, simplifying and speeding up the possibility of launching new production capacities due to their placement on a limited territory of facilities and/or land plots with ready-made infrastructure.

A system shall be considered a small distribution system if the following conditions are simultaneously met:

- distribution of electricity by such systems is carried out for users with electrical installations located on a limited territory of facilities and/or land plots;
- distribution by such systems is not carried out to household consumers;
- electricity is not transited through its territory outside the small distribution system;
- systems are owned by the operator of a small distribution system and are located on the territory of facilities and/or land plots where the users' electrical installations are located, except for the lines connecting the small distribution system to the distribution or transmission system, which may be located outside the territory of such facilities and/or land plots;

- the connected capacity of a small distribution system is at least 1,000 kW.

Operators of a small distribution system shall perform their functions, have rights and obligations of the operator in relation to system users, taking into account the features as defined by the Code of Distribution Systems and the Rules of Retail Market.

Other

On August 9, the NEURC [held](#) a working meeting with representatives of the RES sector. The participants discussed possible ways of regulating the responsibility of RES producers for the imbalances of Guaranteed Buyer in the context of the Law "On Amendments to Certain Laws of Ukraine Regarding the Restoration and Green Transformation of the Energy System of Ukraine" implementation. The Regulator has started the procedure for amending the resolution "On Approval of Regulatory Acts Regulating the Activities of Guaranteed Buyer and the Purchase of Electricity under Feed-in Tariff and under Auction Price" (No. 641 of April 26, 2019). The changes should unblock the possibility of NEURC's approval of the amount of the cost of the service, provided by Guaranteed Buyer, and ensure repayment of the debt accumulated since September 2022. In addition, the Regulator is developing amendments to the Agreement on Participation in the Balancing Group of Guaranteed Buyer, the Market Rules, the Methodology for calculating the volume of unsupplied electricity as a result of TSO commands, etc.

On August 11, a meeting was [held](#) between representatives of the Ministry of Energy and members of the Council of Experts on Energy Security at the National Security and Defense Council of Ukraine. The parties discussed joint actions in accelerating the development of distributed generation (in particular, the need to implement pilot projects in a number of regions), updating legislation (which regulates the design, construction and operation of electrical installations, networks, systems), and updating specialized software. As [reported](#), the concept of distributed generation development will include:

- on-site implementation of smart grids technology;
- creation of "hubs" of heat and electricity generation/storage in communities;
- development of cogeneration facilities;
- increase in generation from renewable energy sources;
- construction of hydropower generation facilities and storage systems.

The Vice President of Energoatom Hartmut Jacob informed about the company's financial status. According to him, Energoatom covers about 90% of the financial burden necessary for the implementation of the PSO, despite the significant reduction in profitability during the war. Since the start of the PSO implementation in October 2021, the company has fully met all obligations until March 2022, but since the beginning of the Russian invasion, a number of external independent factors have affected operations, including:

- reduction of industrial electricity consumption by more than 2 times;
- occupation of the ZNPP, which is more than 40% of the company's installed capacity;
- systematic damage to the network infrastructure by the occupying Russian troops, which leads to restrictions on the supply and consumption of electricity.

As a result, in 2022, the supply of electricity by Energoatom was 26.3% (20.7 TWh) less than predicted by the Forecast Electricity Balance, and in 1H2023 - 25.6% (8.1 TWh) less than the actual supply in 1H2022.

At the same time, the consumption of electricity by households - according to the universal service suppliers - decreased by only 11%, and the share of the PSO cost in the company's income

increased significantly. In addition, as a result of the increase in transmission and distribution tariffs, the cost of the PSO service in 2023 increased by 6.8 billion UAH. According to Harmut Jakob, the government's decision to set a new fixed price for households at 2.64 UAH/kWh will have a positive effect on reducing the cost of the PSO service, however, almost half of the effect was leveled by the increase in tariffs.

Gas

Gas system performance

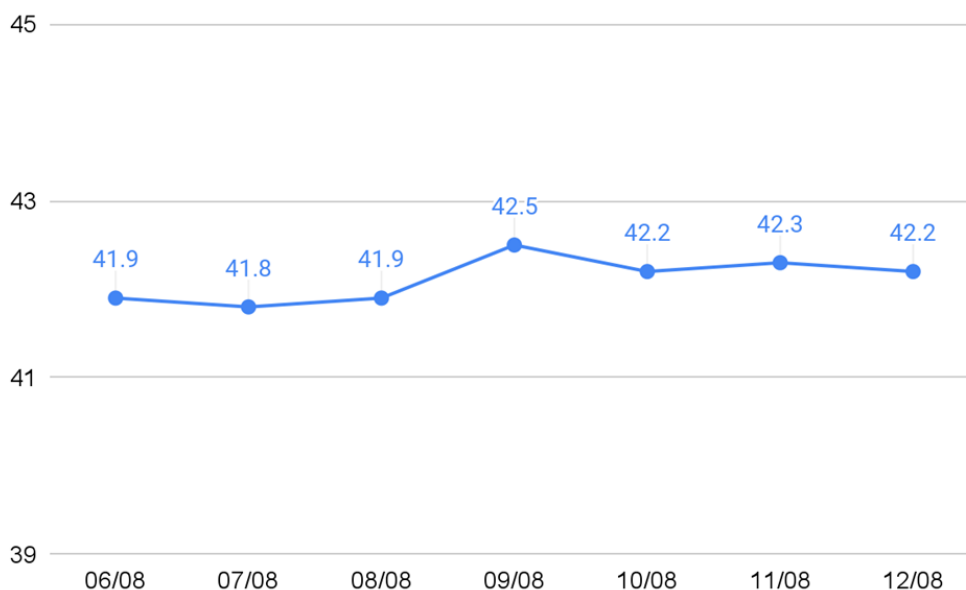
On August 6-12, the volume of gas transit through the territory of Ukraine amounted to 41.5-42.2 mcm per day, i.e. only 38-39% of the capacity contracted by Gazprom (109 mcm per day). In the reporting week, the average daily transit was at 42.1 mcm (almost corresponds to the indicator of previous week). There were no transit flows via the Sokhranivka interconnection point.

Physical imports from the EU countries amounted to 216.9 mcm (on average, 31 mcm per day), which is 10% more than in the previous week. The imports were performed via the Beregdaroc interconnection point (VIP Bereg) at 48.3 mcm, via the Orlovka interconnection point (Ukraine-Romania) at 36.6 mcm, via the Hermanowice interconnection point (VIP Ukraine-Poland) at 16.3 mcm, and via the Budince interconnection point (Ukraine-Slovakia) at 114.5 mcm. There were also minor physical volumes from Moldova - 1.2 mcm. The volume of gas coming from Romania was not commercial imports, but transit that later entered Moldova.

Commercial imports into the Ukrainian system amounted to 271.7 mcm (-1% week-on-week). In particular, 234.1 mcm arrived in the "customs warehouse" regime, 79.3 mcm - in the short-haul mode (service of the TSO, which provides a discount in the transmission tariff for transit over short distances).

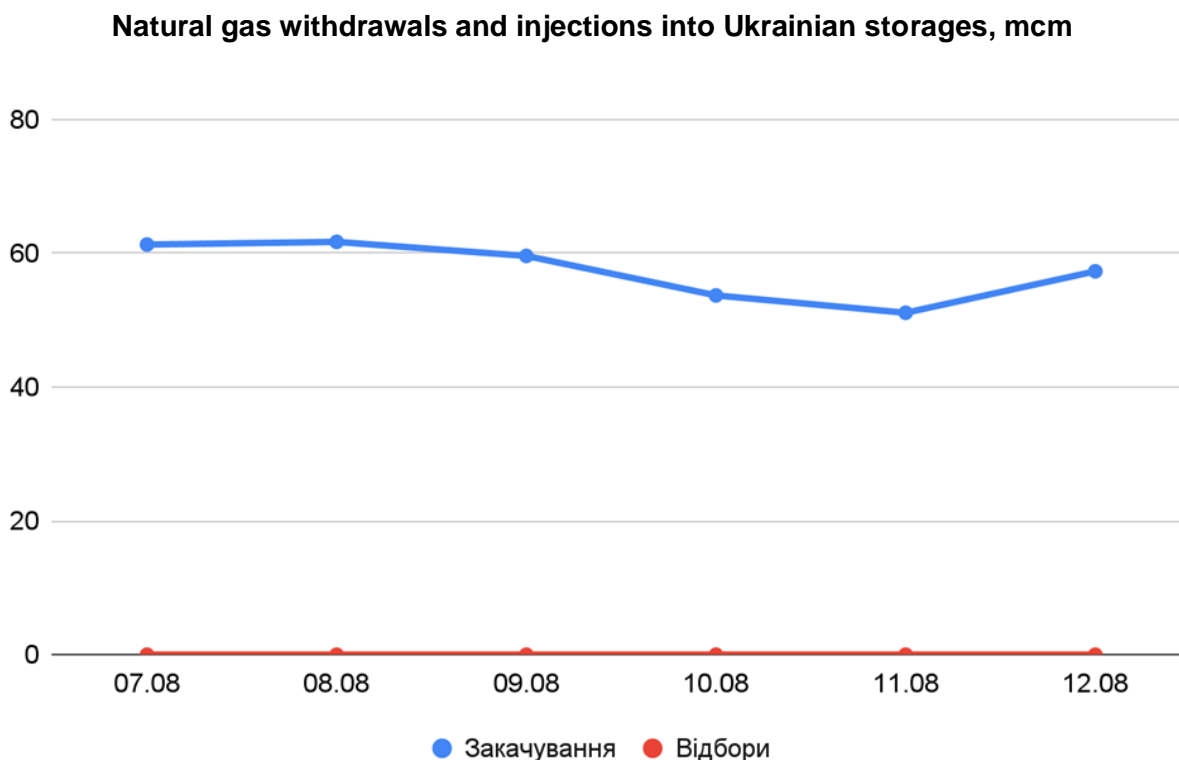
The excess of commercial import flows over physical ones is likely due to the fact that part of the gas enters Ukraine as virtual reverse flow and is injected by traders into Ukrainian gas storages. E.g., despite the fact that the physical imports from Moldova were reported at only 1.2 mcm, commercial flows from Moldova amounted to 38.3 mcm. No gas was transmitted on Ukraine's gas system exit, except for transit flows.

Transit of Russian gas through the territory of Ukraine, mcm



Underground storage facilities

According to the AGSI platform, as of August 12, 8.39 bcm of gas were accumulated in the Ukrainian storages (+1.3% week-on-week). It corresponds to 27.5% of the total working capacity, i.e. without 4.662 bcm of "long-term storage" buffer gas. On August 6-12, injections were performed at 409.4 mcm (-8.8 mcm as compared to the previous week). The average daily injection was at 58.4 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 August 7-11, 8 companies (all of them buyers) submitted bids for purchase of natural gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received purchase bids for 191 mcm of gas (-8% week-on-week) with a total starting price of 2.18 billion UAH (-5%). The weighted average starting price of all bids was 11.39 UAH/cm (excluding VAT), which is 4% more WoW. There were no successful bids for the purchase and sale of gas in the reporting week.

Policy and regulation

On August 9, the [draft law No.9596](#) was submitted to the Verkhovna Rada, which proposes to amend the Tax Code and set the environmental tax on CO₂ emissions for installations that produce such emissions as a result of burning biofuels (solid, liquid and gaseous) at 0 UAH.

To administer the procedure for setting a zero level of eco-tax for CO₂ emissions, [the draft law No.9597](#) was also submitted to the Verkhovna Rada, which provides for amendments to the Law "On Alternative Fuels" and the creation of a register of installations that use biofuel as the only type of fuel. The State Agency on Energy Efficiency will be the holder of the register, and the procedure for maintaining the register will be established by the Cabinet of Ministers. Owners of installations operating on biofuel will enter information on the volume of heat and electricity produced, the amount of biofuels used, as well as the amount of CO₂ emissions into the register every month.

A day earlier, the relevant draft laws [were approved](#) at a government meeting as aimed at incentives for bioenergy projects.

Also, on August 9, a [law](#) was adopted on amendments to the Law "On State Support of Investment Projects with Significant Investments in Ukraine" (the so-called "investment nanny law"). Before the second reading, [changes](#) were introduced, which provided for the expansion of its scope to projects in biogas and biomethane (including liquefied or compressed) production. [According to](#) the MP Andrii Zhupanyyn, in this way, new biogas and biomethane production facilities would be exempted from income tax for 5 years, from VAT and import duty on imports of new equipment and components, and from the payment of land tax.

The NEURC [adopted](#) amendments to some of its acts (in particular, the Rules of Gas Supply and the Gas Transmission System Code), which improved the procedure for switching supplier by a non-household consumer. Inter alia, the existence of debt to the incumbent supplier can no longer be an obstacle for a non-household consumer to switch supplier.

Other

The Verkhovna Rada Temporary Special Commission for the preliminary consideration of issues that could lead to crisis in the energy market of Ukraine before and during the Russian armed aggression prepared a report on its activity. The relevant [draft resolution](#) has been submitted for consideration by the Verkhovna Rada.

The report contains a summary of the commission's performance and a set of proposals to ensure Ukraine's energy resilience. The latter include the development of legislation to "introduce exchange trading on the natural gas market", the constant monitoring by the Verkhovna Rada Committee on Energy and Utilities of the implementation of legislation in gas and electricity markets. Separate annexes to the report include analytical briefs on the imports of natural gas by Naftogaz in 2018-2019, as well as on the efficiency of gas transmission system management.

Motor Fuels

The Verkhovna Rada [adopted](#) in the first reading the revised draft law "On minimum stocks of oil and petroleum products" (No. 9024-d), which transposes the Council Directive 2009/119/EC into Ukrainian legislation. The act defines the legal, organizational and economic basis for the creation and operation of the system of minimum stocks in Ukraine.

The revised draft law specifies the functions and powers of state control authorities, the administrator of the reporting system, the procedure for financing the operation of the minimum stocks system, updated the concept of a crisis situation on the oil and petroleum products market, its levels, and established clear powers of the Cabinet of Ministers and the Ministry of Energy; the issue of interagency coordination, as well as the procedure for creating, storing, and replacing the stocks have been clarified.

International Cooperation

The Vice Prime Minister for Recovery Oleksandr Kubrakov [announced](#) the launch of a joint project with the United States on energy resilience of communities. The project's goal will be not only to ensure a successful winter season, but also to implement comprehensive solutions for the stable operation of Ukraine's energy system. The activities will be performed in three components: using the existing infrastructure to develop small distributed generation, introducing high-efficiency cogeneration, and gradually switching to renewable energy sources. At the meeting, the parties agreed to develop a roadmap for the joint project and identify communities to launch pilot projects.

The USAID Energy Security Project (ESP) and the Verkhovna Rada Committee on Energy and Utilities [held](#) a joint coordination session on further reforms of Ukraine's energy markets. The USAID ESP experts presented 4 components of comprehensive energy trading: 1) harmonization of the legal and regulatory framework; 2) standardization of energy products; 3) unification of trade rules; and 4) strengthening the powers of regulators (the NEURC and the National Securities and Stock Market Commission).

The participants of the coordination session also discussed the issues of public service obligations (PSO), improving the system of subsidies and tariff regulation. The USAID ESP experts also presented a Green Paper on the gradual exit from the PSO. The parties agreed to continue working on energy markets reform.

The European Bank for Reconstruction and Development (EBRD) has [released](#) a draft Mining Sector Strategy for 2024-2028. The key objectives of the document are to ensure a reliable and uninterrupted supply of critical minerals for the green energy transition, promote equal opportunities for participation, and accelerate digitalisation of the industry.

On August 7, the Ministry of Energy, the EBRD, and PwC [held](#) a joint meeting to update the EBRD project on low-carbon reconstruction of generation facilities. The project will identify a list of district heating infrastructure facilities that have suffered significant damage and destruction, and develop an action plan to raise funding to convert those facilities to low-carbon energy sources.

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).