

Weekly Alert

**Russian War Against
Ukraine: Energy Dimension**

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Russian War Against Ukraine: Energy Dimension
DiXi Group weekly review

(February 26 – March 3)

#StopRussianAggression
#StandWithUkraine

Summary

- As of March 4, 390 settlements remained without electricity due to hostilities and technological disruptions.
- The occupied Zaporizhzhia NPP remains without a backup power source, being completely dependent on a single 750 kV line. The occupants informed the IAEA on measures to "protect the facility".
- Winter ended without a single blackout and use of outage schedules – so the PM Denys Shmyhal. He noted such steps as the creation of a stock of backup equipment, the restoration of 90% of the main grids, the addition of over 2 GW capacity, and the increase in gas production.
- As of late February 2024, over 1 million tons of coal had been accumulated in the warehouses of TPPs and CHPs, which is 236,000 tons more than planned – the Ministry of Energy. The capacity factor of NPPs reached 100%.
- The CEO of Naftogaz Oleksii Chernyshov reported that Ukraine passed the winter consuming only gas of domestic production, and announced plans to increase production by SOEs to 15 bcm.
- Due to a combination of factors, such as increased operation of RES and low consumption, a surplus emerged in the power system. As of March 2, 13 units of generating equipment at TPPs and CHPs were in reserve.

- Exports increased more than 2 times to 43.9 GWh. On the bilateral contracts market, the Base index for March amounted to 2,409.0 UAH/MWh (-22.5%), on the day-ahead market - decreased to 2,445.5 UAH/MWh (-16.6%).
- ENTSO-E has increased the permitted capacity of cross-border interconnectors for electricity exports from Ukraine and Moldova by 150 MW – to 550 MW. The first joint monthly capacity auction was held for the Ukraine/Moldova interconnection, thus completing the transition to European trading rules in all directions.
- The government improved the auction model of support for renewable electricity producers. In particular, contracts for difference are introduced instead of a fixed tariff, the conditions for participation are simplified for investors.
- Also, the Procedure for Issuing, Circulation and Cancellation of Guarantees of Origin of Electricity Produced from Renewable Sources and the Procedure for Determining the Environmental Value of Electricity were approved.
- On March 3, the NEURC members elected Valerii Tarasyuk as Chair by secret ballot.
- The EU Regulation establishing the Ukraine Facility, a four-year assistance program totaling 50 billion EUR, entered into force. In March, the government will approve the Ukraine Plan envisaging structural reforms – so the First Vice PM Yulia Svyrydenko.

IMPACT OF THE WAR

Attacks

According to Ukrenergo, as of March 4, 390 settlements in Ukraine remained without electricity due to hostilities and technological disruptions. Hostile attacks and, accordingly, disruptions of electricity and gas supply took place:

Donetsk region. On [February 26](#), a 110 kV line was briefly disconnected, leaving 9,000 consumers in 15 settlements without [power supply](#). On [February 27](#), 10,200 consumers were offline, on [February 28](#) - about 10,000 consumers. On [March 1](#), a 110 kV line equipment was disconnected, leaving residential consumers in the city of Slovyansk without power supply; in total, about 11,000 consumers in the region [offline](#). On [March 2](#), about 1,000 consumers in 5 settlements were disconnected, on [March 3](#) - almost 8,000 consumers in 19 settlements.

Kharkiv region. On [February 26](#), a 110 kV overhead line and 2 substations supplying residential consumers were disconnected; on [February 28](#), an overhead line and a 110 kV substation supplying residential customers were offline. On [February 29](#), a low-pressure gas pipeline to an apartment building in Kupyansk was damaged, disconnecting 27 consumers from gas supply. On [March 1](#), shelling disconnected equipment at a 330 kV substation, and a 110 kV overhead line was also disconnected without cutting off power supply to consumers. On [March 2](#), a 110 kV line and a 110 kV substation supplying residential consumers were disconnected; an overhead gas distribution pipeline was also damaged, and gas supply to more than 350 consumers in 4 settlements was suspended.

Dnipropetrovsk region. On [February 26](#), almost 600 consumers were cut off from electricity supply. On [February 27](#), due to the disconnection of an overhead line, power supply to the water utility substation was disrupted and water supply in the city of Nikopol was affected; in total, about 2,000 consumers in the region were [without electricity](#).

Kherson region. On [February 26](#), almost 3,300 consumers were left without electricity in the city of Kherson, and 161 consumers in the region. On [February 27](#), a 150 kV line was disconnected, which led to the shutdown of a substation and about 9,300 household consumers in Kherson without electricity. On [February 29](#), 108 consumers in the city of Kherson were offline due to shelling.

Zaporizhzhia region. On [February 28](#), more than 2,000 consumers in 15 settlements were left without electricity supply, on [March 3](#) - more than 2,300 consumers in 9 settlements.

Kirovograd region. On [February 26](#), equipment at a substation was shut down due to a missile attack.

Sumy region. On [February 26](#), more than 1,500 consumers in 8 settlements were cut off from electricity supply as a result of artillery shelling; on [February 27](#), more than 3,700 consumers in 8 settlements were disconnected. Due to the impact of aerial bombs, 22 consumers in one of the villages on the border with Russia were disconnected from gas supply. On [February 29](#), almost 1,200 consumers in 4 settlements were without electricity. On [March 3](#), 788 consumers were offline due to shelling, and almost 2,600 consumers were disconnected from gas supply in two districts due to damage to distribution pipelines.

Chernihiv region. On [March 1](#), 370 consumers in 6 settlements were left without electricity supply. On [March 2](#), the enemy shelled 0.4 kV overhead lines in two communities, and some consumers were disconnected.

Poltava region. On [February 27](#), an overhead line was damaged due to impact of the falling UAV debris, and 212 consumers in one of the districts were cut off from electricity supply.

Nuclear and Radiation Safety

The occupied Zaporizhzhia NPP has [been](#) without a backup power source for the past ten days, being completely dependent on a single 750 kV line. The IAEA experts working at the site reported that the 330 kV backup line shall be restored soon.

The occupiers [informed](#) the IAEA experts that all scheduled preventive maintenance of safety-related equipment has been suspended until the 330 kV line is restored, except for the scheduled tests of safety systems, including emergency diesel generators. On February 28, the experts heard an explosion at some distance from the site, followed by what appeared to be small arms fire. The occupants informed the IAEA that Russian troops had taken measures to "protect the facility" from drones in the area, but the site itself had not been attacked, with no damage or casualties.

Throughout the week, IAEA experts have [been](#) inspecting the area, including the cooling pond, as well as cooling towers and spray pools that provide water cooling. Five units are in 'cold shutdown' mode and one is in 'hot shutdown' mode. The IAEA team also inspected the safety systems of Unit 5. In addition, they noticed that anti-personnel landmines are again visible within the perimeter fence of the site, which are inaccessible to personnel.

Countermeasures

On March 1, at a government meeting, the Prime Minister Denys Shmyhal [noted](#) that the second winter under Russia's full-scale invasion ended without a single blackout and without the use of outage schedules for the entire country due to careful preparation. He noted such steps as the creation of a stock of backup equipment, the restoration of 90% of the main grids, the addition of over 2 GW capacity, the increased to 1.7 GW cross-border capacity to import electricity from the EU, and the increase in domestic gas production.

On March 2, the Ministry of Energy [reported](#) that, as of the end of February 2024, over 1 million tons of coal had been accumulated in the warehouses of TPPs and CHPs, which is 236,000 tons more than the schedule approved by the Ministry of Energy before the 2023-2024 heating season, which will allow for the successful completion of the heating season. It was also noted that, due to a large-scale repair campaign, by the end of 2023, it was possible to [restore](#) and add more than 2.2 GW of capacity to the power system.

At the discussion "Results of the 2023-2024 Heating Season: Economy Under Fire", the Deputy Minister of Energy Svitlana Hrynchuk [emphasized](#) that the repair campaign, restoration of grids and construction of new facilities will continue in preparation for the 2024-2025 heating season.

On February 27, the government [approved](#) an order that addresses the issue of dividend payments by public sector entities in 2024. According to the document, state-owned energy companies, including Naftogaz of Ukraine and Ukrhydroenergo, as well as Ukrainian Energy Machines JSC and Nyzhniodnistrovska HPP PJSC (in proportion to the state-owned share in authorized capital), must pay annual dividends to the state budget in the amount of at least 50% by February 29, 2024.

The First Vice Prime Minister and Minister of Economy of Ukraine Yulia Svyrydenko [noted](#) that in March the government will approve the Ukraine Plan (under the Ukraine Facility), which will include structural reforms in the public sector, a number of economic reforms aimed at developing the business climate and entrepreneurship, as well as steps to develop priority sectors that can ensure fast economic growth.

MARKETS PULSE

Electricity Sector

Power system operation

According to [Ukrenergo](#) and the [Ministry of Energy](#), electricity consumption was covered by domestic production, as well as by imports from Romania, Slovakia, Poland, Hungary, and Moldova. Over the week, a combination of factors, such as increased operation of SPPs and WPPs due to weather conditions and low consumption, led to a surplus in the power system. As of March 2, 13 units of generating equipment at TPPs and CHPs were in reserve.

To maintain the balance between production and consumption and operational security of the power system, Ukrenergo has engaged emergency support from Poland for three times in the form of urgent acceptance of surplus electricity. Thus, on February 27-29, the Polish operator PSE purchased almost 4 GWh of electricity. Moreover, on February 28-29, the operation of renewable energy facilities was curtailed during daytime hours. On March 1, Ukraine provided support to Poland's power system in the form of an emergency electricity supply in the total amount of 1.5 GWh.

According to the [Ministry of Energy](#), the capacity factor of Ukrainian NPPs during the autumn-winter period of 2023/2024 reached 100%. This was achieved for the first time in the history of the Ukrainian nuclear power industry due to Energoatom's revised approach to scheduled maintenance of NPP units.

On February 26, due to **technological disruptions**, a 330 kV line in the Donetsk region and equipment at a 750 kV substation in the Zaporizhzhia region were disconnected. In addition, 2,600 consumers in the Zaporizhzhia region, 870 in the Kirovohrad region, and 75 in the Chernihiv region were offline. On February 27, equipment at a 750 kV substation in the Zaporizhzhia region was disconnected; a 330 kV line and substation in Lviv (more than 9,600 household consumers were without power supply); a 110 kV line and substation in the Lviv region (household consumers in Zolochiv were disconnected). On February 28, 35 kV substations in Kyiv were disconnected (about 16,000 consumers were offline for a short time); a 110 kV line in the Khmelnytsky region (more than 16,400 consumers were offline); 370 consumers in the Dnipropetrovsk region were also disconnected. On February 29, about 8,000 consumers in the Dnipropetrovsk region, 6,200 in the Kyiv region, 2,500 in the Zaporizhzhia region, and 630 in the Kirovohrad region lost power supply. On March 1, equipment at a 110 kV substation in Odesa was disconnected, which resulted in a short-term power outage for more than 13,000 households, water utilities, electric transport, and local industry; 7,500 consumers in the Khmelnytsky region, 305 in the Chernihiv region, and 175 in the Kherson region were offline. On March 3, a 330 kV line in the Lviv region and a 150 kV line in

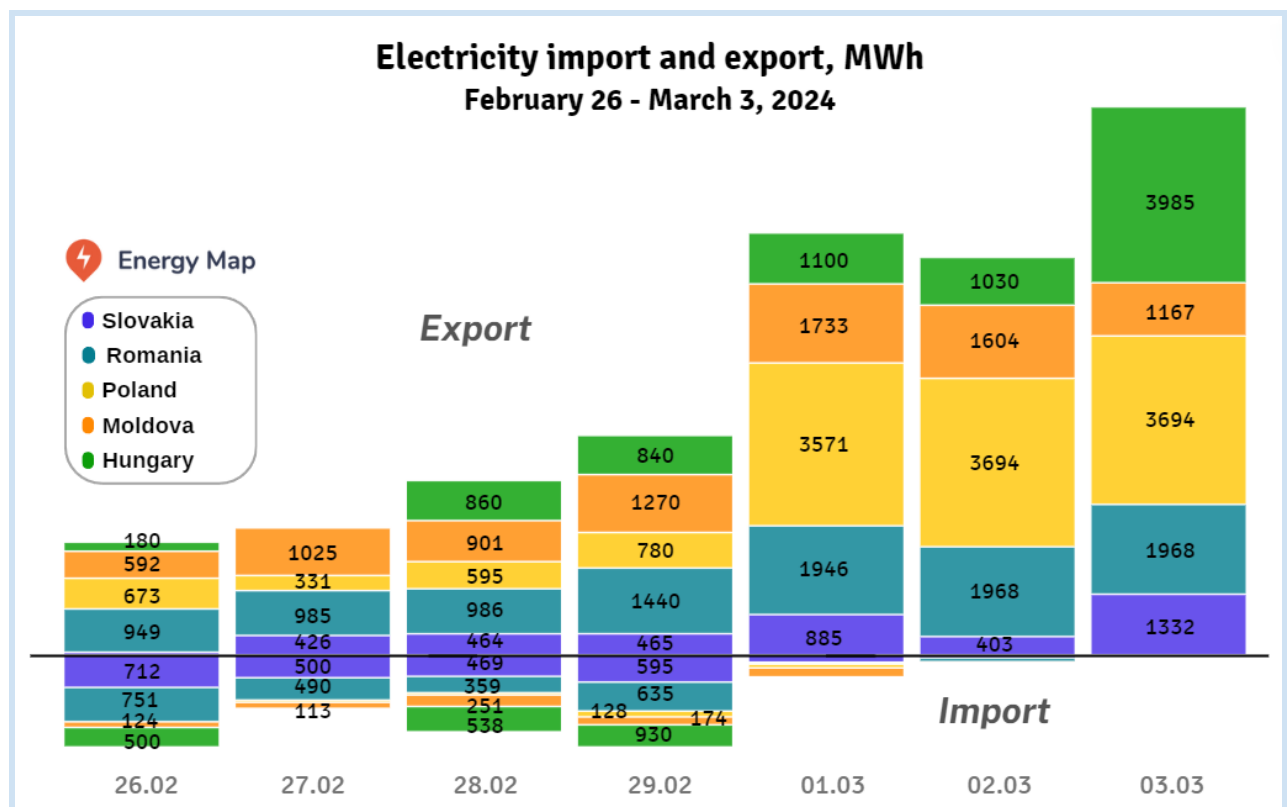
the Poltava region were disconnected (enterprises lost power supply and production processes were disrupted); 2,500 consumers in the Zaporizhzhia region were offline.

According to the [NEURC](#) and [ENTSO-E](#), during the week, commercial exports and imports of electricity were performed to 5 countries: Moldova, Romania, Poland, Slovakia, and Hungary. Exports increased more than 2 times to 43.9 GWh; imports remained at the level of the previous week – 8 GWh. Thus, weekly exports exceeded imports by 5.5 times.

ENTSO-E [has increased](#) the permitted capacity of cross-border interconnectors for electricity exports from Ukraine to the EU by 150 MW. Thus, from March 1, the maximum available capacity for exporting reached 550 MW.

Commercial exports to Poland [amounted](#) to 13.3 GWh (+186%), with capacity ranging from 18 to 212 MW. Deliveries to Romania amounted to 10.2 GWh (+49%), with a capacity range from 9 to 82 MW. A total of 8.3 GWh (+19%) was supplied to Moldova, with a capacity range of 5-175 MW. Exports to Hungary were performed on all days except February 27 and amounted to 8 GWh (an increase of over 15 times) with a capacity of 10-220 MW. Deliveries to Slovakia amounted to 4 GWh (+86%), with a capacity range of 5-82 MW at certain hours.

Commercial imports from Slovakia were performed on all days except March 3 and amounted to 2.5 GWh (-20%), with capacity ranging from 1 to 127 MW. Electricity supplies from Romania were performed on February 26 – March 2 and amounted to 2.4 GWh (+41%), with capacity ranging from 10 to 127 MW. Imports from Hungary were performed on February 26, 28, and 29 and amounted to 2 GWh (an increase of 20 times), with a capacity ranging from 250 to 319 MW. Imports from Moldova amounted to 0.8 GWh (-54%), with a capacity ranging from 2 to 126 MW. Deliveries from Poland were performed on all days except March 3, with a total volume of 0.3 GWh (-74%) and a capacity range of 1-128 MW.



Source: [Energy Map](#)

Export capacity in the Ukraine-Poland direction was booked by 1-2 companies, the marginal price was set on March 1-3 and ranged from 0.05 to 2 EUR/MWh, and Ukrenergo's revenue amounted

to 31,000 UAH. Access to the Ukraine-Romania capacity was booked by 2-3 companies: Ukrhydroenergo, DTEK Zakhidenergo, and D.Trading. The marginal price ranged from 0.03 to 4 EUR/MWh, and Ukrenergo's total revenue amounted to 651,000 UAH. Export capacity in the Ukraine-Moldova direction was booked by 1 to 6 companies, including Ukrhydroenergo, Synapse Electric, CPG Energy, and others. The marginal price was set on March 2 at the level of 2 EUR/MWh, and Ukrainian TSO's total revenue amounted to 23,000 UAH. On all days except February 27, 1-2 companies competed for access to the Ukraine-Hungary direction, with no marginal price set. Access to the Ukraine-Slovakia direction was booked by 1-2 companies: DTEK Zakhidenergo and D.Trading, with no marginal price set.

Import capacity in the Slovakia-Ukraine direction [was booked](#) on February 26 – March 2 by 13 to 20 companies, with the largest volumes distributed among Tviy Energopostachalnyk, ECU, Trade Energy Solution, and Naftogaz of Ukraine. The marginal price ranged from 0.31 to 160 UAH/MWh, and Ukrenergo's revenue amounted to 116,200 UAH. Access to the Romania-Ukraine capacity was booked by 7-10 companies, the most active ones being Synapse Electric, CPG Energy, ECU, Dniprostal-Energo, and others. The marginal price ranged from 0.01 to 23.8 EUR/MWh, and TSO's total revenue amounted to 32,800 EUR (about 1,360,000 UAH). On February 26, 28-29, and March 1-2, 2-3 companies competed for access to the Hungary-Ukraine interconnector with the marginal price set at 0.01-0.05 EUR/MWh. Access to the Moldova-Ukraine capacity was booked by 2-8 companies, the most active ones being Synapse Electric, Artlex Group, CPG Energy, and Solipower. The marginal price was set on all days except March 1 and ranged from 0.01 to 301.01 UAH/MWh, and Ukrenergo's total revenue amounted to 167,400 UAH. On February 26-March 2, 1-3 companies competed for the Poland-Ukraine direction, the capacity was allocated between 1-2 companies. The marginal price was set on March 1-2 at 0.01-3 EUR/MWh, with total revenues amounting to 1,500 EUR, Ukrenergo received 50% of this amount (about 31,000 UAH).

On [February 27](#), the first joint monthly auction for access to cross-border capacity in March for Ukraine and Moldova was completed. Thus, Ukraine completed the transition to European electricity trading rules. According to the auction results, the allocated capacity in the Ukraine-Moldova direction amounted to 463 MW, and in the Moldova-Ukraine direction - 96 MW. 100% of the available capacity in each direction was allocated among 4 bidders. The marginal price for the Ukraine-Moldova direction was 0.05 EUR/MW, and for the Moldova-Ukraine direction - 0.5 EUR/MW.

Market performance

Bilateral contracts market (BCM): After last week's decline, trading dynamics on the Ukrainian Energy Exchange (UEEX) increased sharply, which is in line with the traditional intensification before the month of delivery. Between February 26 and March 3, UEEX [held](#) 34 auctions for trading electricity (5 in commercial and 29 in specialized sections). Among the initiators were Energoatom-Trading, Guaranteed Buyer, Ukrhydroenergo, Centrenergo, Donbassenergo, DTEK, Kharkivska CHP-5, universal service suppliers, distribution system operators, etc. In total, 3,168.6 GWh were sold at UEEX (16.2 times more week-on-week). The monthly Base BCM index for February remained at 3,107.6 UAH/MWh and the current index for March amounted to 2,409.0 UAH/MWh (-22.5% compared to February).

In particular, Energoatom-Trading sold 1,799.1 GWh of base load at prices of 2,171.3-2,412.3 UAH/MWh with delivery in March and 150.4 GWh at prices of 2,118.5-2,220.1 UAH/MWh with delivery in the first 10 days of March. Ukrhydroenergo sold 5.6 GWh of block positions (24-07) at a weighted average price of 1,502 UAH/MWh with delivery in March, 6.7 GWh of base load at a price of 2,200 UAH/MWh, 1.4 GWh (16-23) at a price of 3,320 UAH/MWh, 5.6 GWh (24-07) at a price of 1,776.3 UAH/MWh with delivery on March 3-10. Guaranteed Buyer sold 21.5 GWh of block positions at prices of 1,650.1-1,953.3 UAH/MWh for delivery in March.

Centrenergo sold 13.4 GWh of base load at a price of 2,176 UAH/MWh, 1.4 GWh of block positions (24-07) at prices of 1,998-2,100 UAH/MWh with delivery in the first 10 days of March, and 216

GWh of base load at prices of 2,121.3-2,426.3 UAH/MWh with delivery in March. DTEK Kurakhivska TPP, DTEK Dniproenergo, and DTEK Zakhidenergo sold a total of 84.7 GWh of base load at prices of 2,200.0-2,280.0 UAH/MWh and 512.3 GWh of daytime and night block positions at prices of 1,525.0-2,361.3 UAH/MWh with delivery in March. Donbasenergo sold 60 GWh of base load at a price of 2,122.4 UAH/MWh with delivery in the first 10 days of March.

In the specialized section, Kharkiv CHP-5 sold 118.9 GWh of baseload at a price of 2,440.9 UAH/MWh, 14.9 GWh of block positions (08-23) at a price of 2,728.8 UAH/MWh, and 7.4 GWh (24-07) at a price of 1,911.7 UAH/MWh with delivery in March. Teplokomunenergo of the Chernihiv City Council sold 37.2 GWh of baseload at a price of 2,150 UAH/MWh with delivery in March. Aquaresurs-1 sold 5.2 GWh of baseload at 2,424.3 UAH/MWh, 8.9 GWh of block positions (08-23) at 2,719.2 UAH/MWh, and 4.4 GWh (24-07) at 1,910.2 UAH/MWh. In the commercial sections, companies purchased/sold electricity under individual load profiles.

Day-ahead market (DAM): According to the [Energy Map](#) service, on February 26-March 3, DAM prices generally demonstrated high [volatility](#): the deviation of hourly prices from price caps ranged from 0.1% to 98.3%, with an average of 51.1%. Due to the increase in electricity production by solar power plants, prices in some daytime hours (mainly from 11:00 to 15:00) dropped significantly. The number of cases of significant price deviations (over 50%) from the upper price caps continued to increase and was observed in 54.2% of the settlement periods (hours of the week). At the same time, almost no hours were recorded when prices were close (with a deviation under 1%) or at the level of price caps (except for 18:00-19:00 on February 27).

The average hourly electricity price (Base DAM index) continued its downward trend and significantly decreased to 2,445.5 UAH/MWh (-16.6%), while the weighted average daily price [ranged](#) from 1,363.4 to 3,301.2 UAH/MWh. At the same time, the ratio between the Base DAM indices in the markets of Eastern European countries (Poland, Hungary, Romania, Slovakia) and Ukraine increased and [ranged](#) from 0.91 to 2.23.

The total volume of electricity sales on the DAM of Ukraine increased moderately and [amounted](#) to 448.4 GWh (+6.5% week-on-week). The daily trading volume varied in the range of 59.1-77.3 GWh. The DAM remained in surplus: the ratio between the total daily volume of sale and purchase bids ranged from 1.68 to 1.98. At the same time, both total supply (836.9 GWh; +13.9%) and demand (449.6 GWh; +6.6%) increased over the week, and no deficit hours were observed during the week. Suppliers [prevailed](#) in the purchase structure (85.9-94.7%), the share of system operators was 4.4-14.0%, and producers and traders accounted for the rest (about 0.9%).

Policy and regulation

On February 22, the two-year tenure of the NEURC Chair Kostiantyn Ushchapovskyi expired. At a closed meeting on March 3, the NEURC members [elected](#) Valerii Tarasyuk, who had already chaired the Regulator in 2019-2022 and was a member of the NEURC in 2014-2016, as its Chair by secret ballot.

On March 1, the government [approved](#) a resolution that improves the auction model of support for renewable electricity producers. In particular, a mechanism of contracts for difference is introduced for the winners of auctions for the distribution of support quotas instead of a fixed tariff. Also, the conditions for participation in auctions are simplified for investors, as the availability of a land plot and technical conditions for connection will not be a prerequisite for submitting applications. In addition, there will be the possibility to hold auctions together with energy storage facilities on certain land plots or buildings. The term of the contract concluded by the winner of the auction with Guaranteed Buyer is reduced from 20 to 12 years. The amendments are expected to facilitate the transition to a competitive model of support for renewable energy sources, which will ensure their development and reduce the price of "green" electricity.

On February 27, the Cabinet of Ministers [approved](#) the Resolution on the introduction of guarantees of origin for electricity produced from renewable sources, developed jointly by the Ministry of Energy and the NEURC. The Resolution provides for the approval of the Procedure for Issuing, Circulation and Cancellation of Guarantees of Origin of Electricity Produced from Renewable Sources and the

Procedure for Determining the Environmental Value of Electricity. A register of guarantees of origin will also be created and administered by the NEURC. The guarantees will be formed in electronic form in accordance with the data on the supply of electricity from renewable sources provided by the commercial metering administrator.

Gas

Gas system operation

On February 25 - March 2, the volume of gas transit through the territory of Ukraine amounted to 41.3-42.7 mcm per day, i.e. 38-39% of the capacity contracted by Gazprom (109 mcm per day). In the reporting week the average daily transit was 42.1 mcm (corresponds to the indicator of the previous week).

On March 4, before the meeting of the Transport, Telecommunications and Energy Council, the European Commissioner for Energy Kadri Simson again [emphasized](#) that the EU will not participate in negotiations regarding the continuation of the Russian gas transit through Ukraine.

At the same time, gas exports from Ukraine continued. In the circumstances of the ban on the exports of Ukrainian-produced gas, exports are the gas volumes withdrawn from the storage facilities by non-residents, who previously injected it for storage in the "customs warehouse" mode. The volume of such exports on February 25 - March 2 was 15.1 mcm (+8% WoW), which were transported through the Drozdowicze/Hermanowice interconnection point with Poland. At the same time, in March, active physical imports from Hungary began: in the reporting week, they amounted to 25.8 mcm (4 times more WoW).

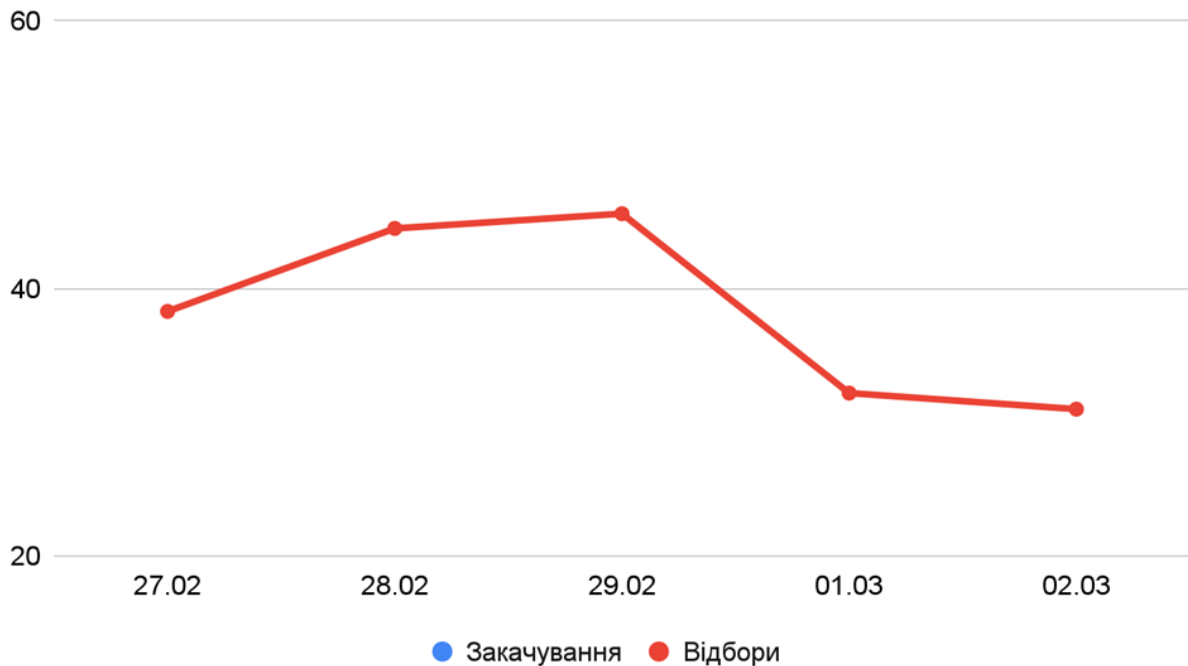
Commercial exports through the VIP Ukraine-Poland were performed at 13.3 mcm (close to physical volumes). It is also likely that part of the volumes exiting the Ukrainian system to Moldova is the transmission of gas stored by foreign companies in Ukrainian storages. This assumption is due to the fact that the volumes of gas transported from the system in the "customs warehouse" mode exceeded the indicators of commercial exports to Poland and amounted to 52.5 mcm (-24% WoW).

Commercial flows into the Ukrainian system from Hungary corresponded to the physical indicators (25.8 mcm). In particular, 9.5 mcm arrived in the "customs warehouse" mode and 17.3 mcm in the short-haul mode (service of the TSO, which provides a discount in the transmission tariff for transit over short distances).

Underground storage facilities

According to the [AGSI platform](#), as of March 2, 4.28 bcm of gas was accumulated in the Ukrainian storage facilities (-0.89% as compared to February 24). It corresponds to 14.18% of the total working capacity, i.e. without 4.662 bcm of "long-term storage" buffer gas. Withdrawals from storage in the reporting week amounted to 273 mcm; the average daily withdrawal amounted to 39.1 mcm (-27%).

Natural gas withdrawals and injections into/from Ukrainian storage facilities, mcm



Source: [AGSI](#) (all indicators calculated by dividing the primary indicators in MWh by the conversion factor of 10.595 kWh/cm)

Gas market performance

In the [trading sessions](#) of February 26 – March 1, three companies (two buyers and one seller) submitted bids for purchasing gas at the Ukrainian Energy Exchange (UEEX). In the reporting period, UEEX received bids for 187 mcm of gas (-7% WoW) with a total starting cost of 2.11 billion UAH (-9.8%). The weighted average starting price of bids was 11.29 UAH/cm (excluding VAT, -2.7%).

In the monitoring period, 50.9 mcm (+80% WoW) at a weighted average price of 11.24 UAH/cm (without VAT) (-1.5%) were purchased. 90% of the resource was purchased by GSC Naftogaz Trading LLC, 10% was sold to Ukrnafta PJSC. 48% of gas was sold with transfer in storages, 52% - with transfer at a virtual trading point. 26% was sold with delivery in February 2024, 74% - in March 2024.

Other

The CEO of Naftogaz Oleksii Chernyshov [reported](#) that Ukraine passed the winter consuming only Ukrainian-produced gas. Chernyshov also announced plans to increase gas production by state-owned companies to 15 bcm in 2024.

GTSOU [transferred](#) to the state budget 5.4 billion UAH as advance payment of dividends based on the results of operation in 2023. According to the Ministry of Energy, this is the first part of the payment, and in general, according to the 2023 results, GTSOU will pay the largest amount to the state budget, starting from the moment the company was created in 2019.

The Kyiv District Administrative Court [ordered](#) the State Service for Geology and Mineral Resources to consider the application of PJSC VK Ukrnaftoburinnia to issue a special permit for gas production at the Sakhalinske field, which has not been operational since December 2023 due to the cancellation of the special permit. The relevant enforcement letter was issued by the court on February 9, 2024, and the document entered into force on February 27. On February 28, the State Service for Geology and Mineral Resources [filed](#) an appeal against the relevant decision of the Kyiv District Administrative Court.

Oil and Motor Fuels

On March 1, the Cabinet of Ministers [approved](#) the 2024 financial plan of PJSC Ukrnafta. The CEO Serhii Koretskyi also [reported](#) that Ukrnafta paid 3.9 billion UAH as dividends to the state budget. In total, it is planned to pay over 8 billion UAH, which is twice as much as in the previous 10 years.

The price of LPG at the auction of Ukrainian producers on February 28 [decreased](#) to 41,000-42,000 UAH/t after jumping to almost 50,000 UAH/t at the auction of the previous week.

International Cooperation

On February 28, the Council of the European Union [approved](#) a mid-term budget revision until 2027, which includes the establishment of the Ukraine Facility, a four-year assistance program totaling 50 billion EUR. This decision entered into force after its [publication](#) in the Official Journal of the European Union on February 29. According to the President of the European Commission, Ursula von der Leyen, the EU expects to disburse the first tranche to Ukraine in March.

On March 1, the Cabinet of Ministers [approved](#) the Agreement on the Reform and Recovery Support Program with the European Commission, which entails an increase in its total budget to 374 million EUR, including funds for the restoration of destroyed infrastructure facilities.

Ukraine and the Netherlands [signed](#) a bilateral Agreement on security cooperation in Kharkiv, formalizing the full range of cooperation between the two countries for the next 10 years. The [Agreement](#) includes a section on the resilience of critical energy, digital and other critical infrastructure, where the Netherlands confirmed its interest in exploring areas to strengthen cooperation with the view to supporting the security of Ukraine's energy supply, including its transition to green energy.

The team of the Ministry of Infrastructure of Ukraine [met](#) with the Minister of Development Cooperation and of Major Cities of Belgium, [Caroline Gennez](#), and the Managing Director of the Belgian development agency ENABEL, Jean Van Wetter. In particular, ENABEL received funding in the amount of 150 million USD, which came from frozen Russian assets in Belgium. In the course of the meeting the parties discussed the possibility of cooperation in the HOPE project, implemented jointly with the World Bank. The aim of this project is to restore housing damaged by hostilities and enhance community resilience. Following the meeting, the parties agreed to start implementing projects to restore critical and social infrastructure in March.

During a working visit to Canada, the Deputy Minister of Energy of Ukraine, Mykola Kolisnyk, [participated](#) in the Extractive Industries Transparency Initiative (EITI) Board meeting held in Toronto. During the event, the IX National EITI Report was presented, and the status of Ukraine's implementation of the updated reporting standards was discussed. The annual report allows investors to qualitatively assess the potential of subsoil use in Ukraine in accordance with global criteria of reserve categories, economic conditions and legislative framework. During the visit, Mykola Kolisnyk also met with representatives of the U.S. Department of State's Bureau of Energy Resources and the Department of Natural Resources of Canada. The parties discussed further cooperation in the energy sector and hydrocarbon production.

Following the [meeting](#) between the Prime Minister of Ukraine, Denys Shmyhal, and the Prime Minister of Bulgaria, Nikolay Denkov, the parties expressed their desire to implement the Vertical Gas Corridor project as soon as possible as a strategic route for the supply of additional volumes of liquefied natural gas to meet the region's needs. Additionally, according to Denys Shmyhal, the parties agreed that in the near future the relevant ministries will explore the possibility of

establishing interconnectors between energy systems of Ukraine and Bulgaria (through the Romanian energy system) within the framework of ENTSO-E.

For subscriptions, comments and other questions, please email to:
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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)

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