

BRIEF ON KEY BUSINESS ISSUES

18.07.2024
Kyiv – London

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Duty and VAT exemption for imports of energy equipment

On July 16th, Ukraine's Parliament, the Verkhovna Rada, adopted as a whole (draft laws) No. 11258 and No. 11259 on the abolition of VAT and duties on imports of energy equipment. This applies to power generating equipment, wind and solar generation equipment, batteries (except for low-capacity batteries), mine countermeasures equipment, and equipment for manufacturing means of countering technical intelligence.

NATO pledges more air defences for Ukraine

NATO nations will provide Ukraine with at least four Patriots missile batteries and dozens of other air-defence systems, the alliance announced at a summit to mark their 75th anniversary.

In eight waves of attack, Russia has damaged or destroyed up to 90% of Ukraine's installed thermal power capacity and around half the country's energy generation, triggering the need for widespread planned outages across the country. President Zelenskyy has said his country needs at least seven additional Patriot systems to protect itself.

Underlining the President's calls, DTEK CEO Maxim Timchenko told [BBC Radio](#) that the only way for Ukraine's energy system to cope through the coming winter was for its allies to supply more air defences. For the full interview, [listen here](#).

Mr. Timchenko outlined three key needs from Western partners to strengthen the energy system:

1. More air defences in order to protect skies over Ukraine's power stations.
2. Increasing electricity imports by raising cross border capacity from 1.7 GW to at least 2.2 GW.
3. Up to USD 400 mln in funding to repair damaged buildings and replace destroyed equipment.

The Economist: Half Ukraine's power is knocked out and winter is coming

[The Economist](#) examines the challenge to keep the country and millions of Ukrainians connected to the grid ahead of winter. The article asks what can be done in the short term, and points to the need for energy imports from Europe and the work of Ukrainian engineers "scouring Europe for second-hand equipment from decommissioned Soviet-type power stations."

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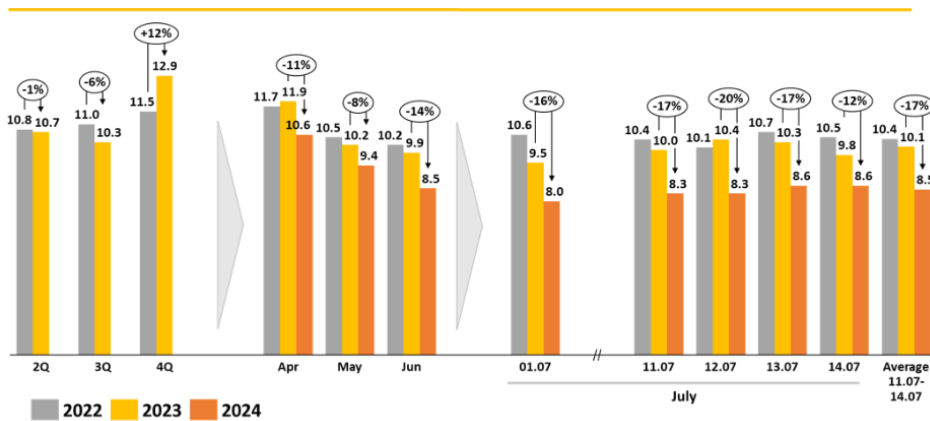
Longer term, the Economist points to the need for a build out of renewable generation, which also provides the system with greater resilience. “The irony of this destruction and this war is that it accelerated the decarbonisation of the energy industry of Ukraine,” it quotes DTEK CEO Maxim Timchenko.

The article mentions DTEK’s construction of the 114 MW Tyligulska wind power plant, just 100 km from the frontline last year and the company’s rapid repair of solar-panel fields after a recent attack. “Wind and solar are not just greener options, they are strategically resilient.

Energy market update

The power system of Ukraine continues operating synchronously with ENTSO-E. On July 11th-14th, average daily electricity consumption amounted to 230 mln kWh, which is 5% lower than during July 2023, average daily load is 17% lower than during July 2023. Average hourly load per day amounted to 8.5 GW.

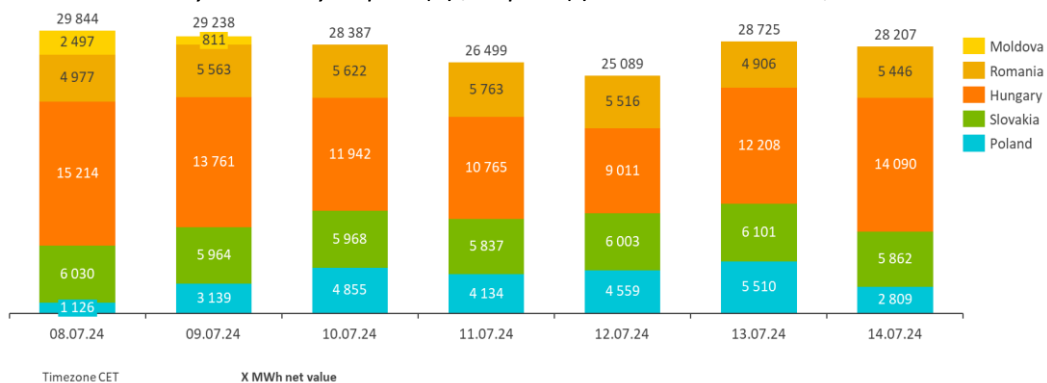
Average hourly load per period, GW



*Without hydro storage pumping

Last week, Ukraine was a net importer of electricity from EU countries after a series of missile strikes targeting its energy infrastructure. Since the beginning of July, electricity imports have remained consistently high.

Daily electricity import (+) / export (-) volumes in Ukraine, MWh



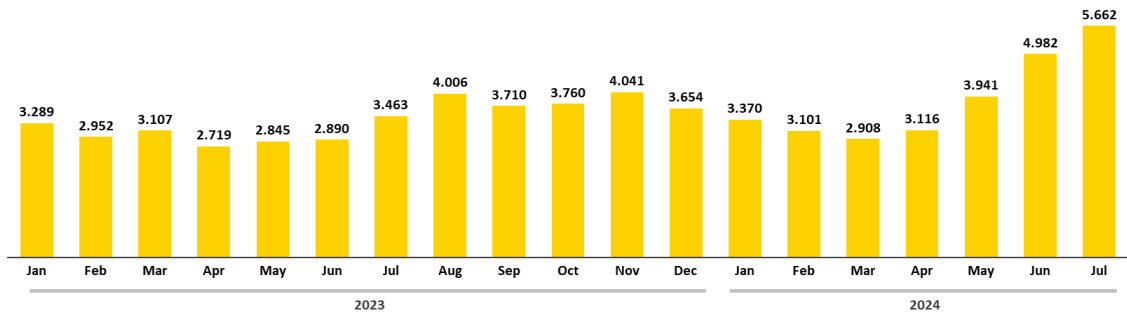
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Day-ahead market (DAM)

During June, electricity prices have increased to the level of 4,982 UAH/MWh after electricity deficit occurred in the system following the damage caused by missile strikes on energy infrastructure. As of July 15th, baseload DAM prices have increased to 5,662 UAH/MWh.

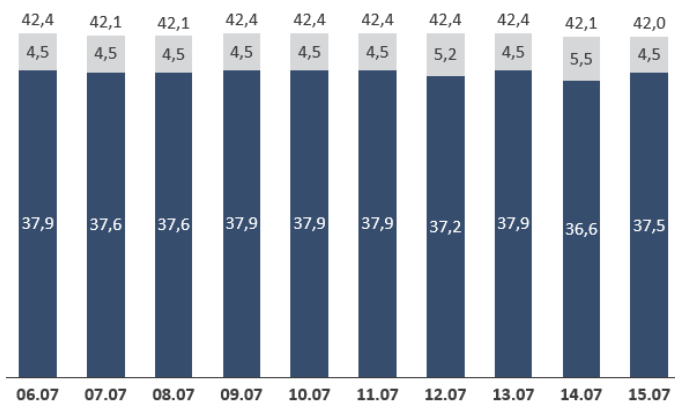
DAM Baseload price in Ukraine, UAH/MWh



Oil & Gas

- Gas transit from russia following the weekend remains at a commonly lower level at 42.0 mln m³ on July 15th. Daily nominations to Slovakia are 37.5 mln m³. Nominations to Moldova (Transnistria) – 4.5 mln m³.
- Gazprom continues to transit gas via only one route, Sudzha, while Sokhranivka entry point remains occupied by russian military.

Gas transit via Ukraine, mln m³



Daily nominations: 15.07.2024

