

# BRIEF ON KEY BUSINESS ISSUES

23.05.2024  
Kyiv – London

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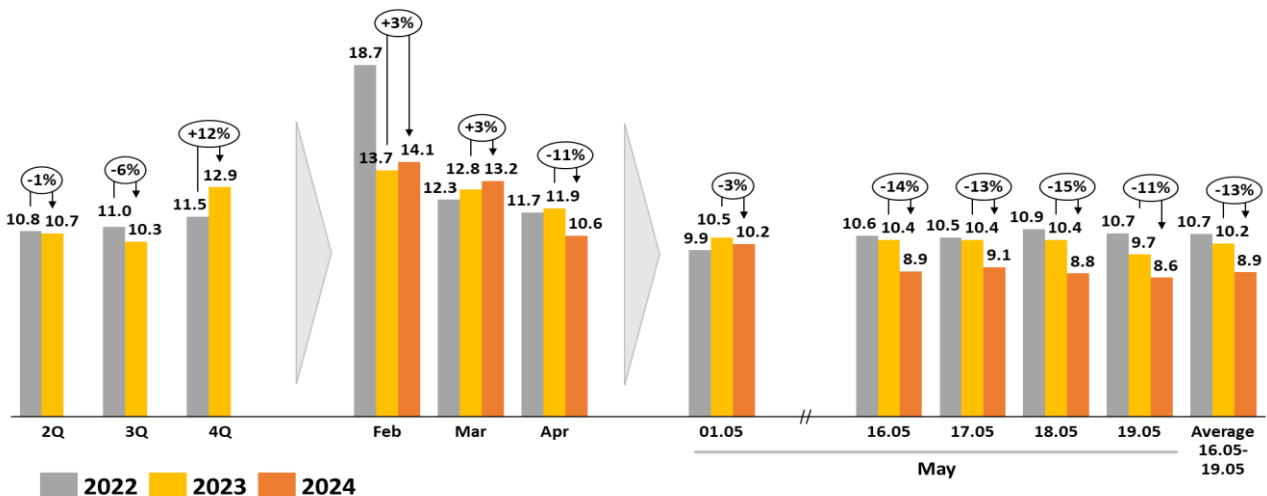
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## Energy Market Update

The power system of Ukraine continues operating synchronously with ENTSO-E.

From May 16<sup>th</sup> to 19<sup>th</sup>, average daily electricity consumption amounted to 234 mln kWh, which is 5% lower than during May 2023. Average daily load is 13% lower than in May 2023. Average hourly load per day amounted to 8.9 GW.

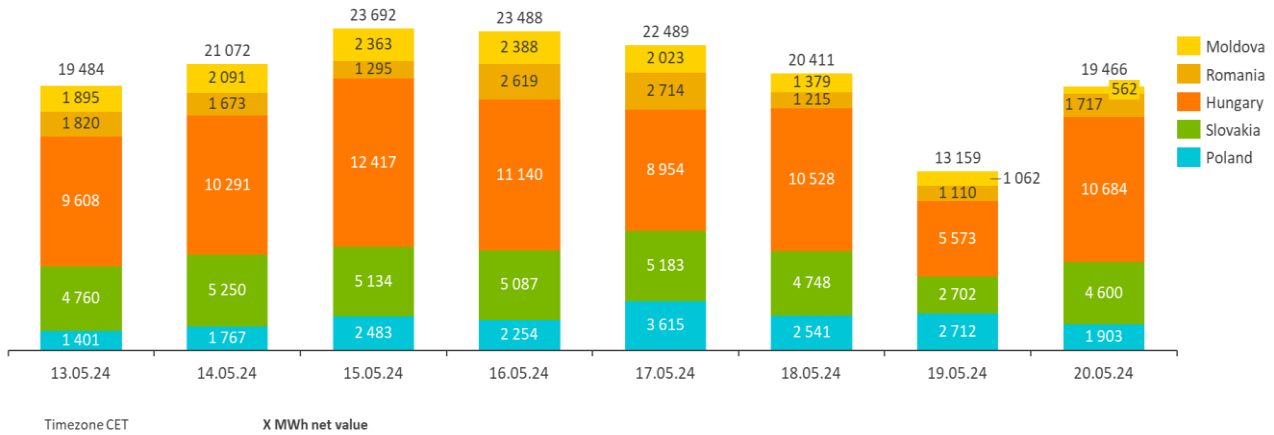
### Average hourly load per period, GW



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



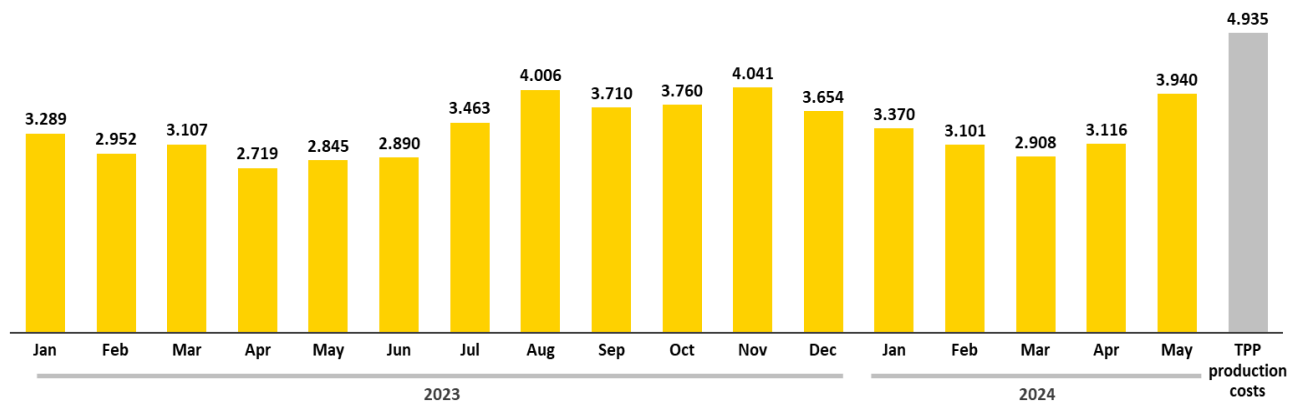
## Day-ahead market (DAM)

Electricity prices have increased to 3,940 UAH/MWh so far this month, due to the electricity deficit created by missile strikes on energy infrastructure.

Beginning June 1<sup>st</sup>, new price caps on electricity market will come into operation:

- from 00:00 to 07:00 and from 11:00 to 17:00 – UAH 5,600 /MWh;
- from 07:00 to 11:00, from 23:00 to 24:00 – UAH 6,900/MWh;
- from 17:00 to 23:00 – UAH 9,000/MWh;

DAM Baseload price in Ukraine, UAH/MWh



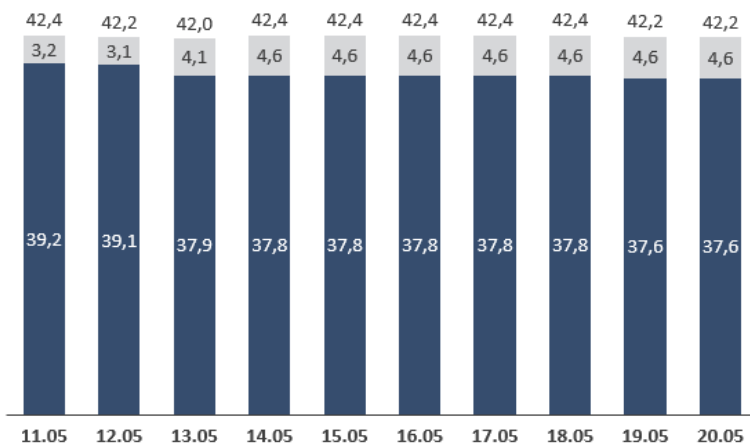
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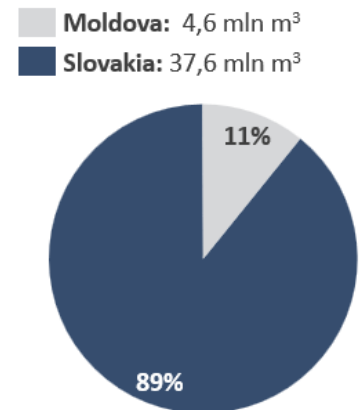
## Oil & Gas

- Gas transit from Russia has remained steady at between 42.2 and 42.4 mln m<sup>3</sup> between May 11<sup>th</sup> and May 20<sup>th</sup>. Daily nominations to Slovakia are 37.6 mln m<sup>3</sup> on May 20<sup>th</sup>. Nominations to Moldova (Transnistria) were 4.6 mln m<sup>3</sup>.
- Gazprom continues to transit gas via only one route, Sudzha, while Sokhranivka entry point remains occupied by Russian military.

Gas transit via Ukraine, mln m<sup>3</sup>



Daily nominations: 20.05.2024



## With its energy network nearly destroyed, Ukraine already fears the winter

[The Washington Post](#)'s David Stern has reported on Ukrainian energy companies scrambling to repair the power stations before winter set in, in a story on May 18<sup>th</sup>. DTEK will make every effort to restore at least half of the damaged power units by the 2024-2025 heating season. David Stern quotes DTEK CEO Maxim Timchenko as estimating his company needed to spend some USD 350 mln on equipment — some of it used equipment from decommissioned European power plants – to avoid disaster.

## Efforts needed to support the Ukrainian economy – currency regulation and monthly auctions

### Monthly auctions

The energy infrastructure of Ukraine is subject to targeted attacks, which resulted in an estimated 8GW power loss in the energy system. Ukraine was forced to cover the deficit through imports and emergency assistance from Western partners, as well as to limit industrial consumption and apply power outages schedules for households.

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Highly centralized thermal and hydro generation are extremely vulnerable to military attacks. Both the amount of damaged capacity and the nature of the destructions are more severe than in 2023. Zmiivska and Trypil'ska TPPs owned by Centrenergy were also completely destroyed, as well as the Kharkiv'ska CHPP-5. Restoration times are calculated in months or years, while the restored power units can be damaged again anytime. Even if the necessary funds are allocated for restoration and according to schedule, the energy system will experience a constant deficit of 1.5-2 GW for many months.

In such circumstances, electricity imports stand as the sole avenue for reducing the deficit. Importing through daily auctions does not facilitate the establishment of long-term contracts. ENTSO-E decision currently sets the maximum import capacity at 1.7 GW. Shifting at least half of this capacity from daily to monthly auctions could establish a more consistent power supply for Ukrainian industrial consumers, thereby bolstering the country's economic stability. In the current conditions of severe energy shortages, enterprises are forced to stop work and cut jobs, which has an extremely negative impact on the already weakened national economy. In addition, given the unpredictability of the military situation, increasing cross-border capacity to 2.2 GW (i.e., the maximum possible volume technically as for now) would help improve supply security.

## ***Currency regulation***

On the day of the full-scale invasion, the National Bank of Ukraine (NBU) imposed restrictions on currency operations with [Resolution 18](#). In particular, point 14 of the Resolution declares that *“Authorized institutions are prohibited from carrying out cross-border transfers of currency values from Ukraine/transfer of funds to correspondent accounts of non-resident banks in hryvnias/foreign currency opened in resident banks, including transfers carried out on behalf of clients”*. This restriction makes it impossible for companies to service external debt raised on global capital markets. Despite easing recently certain other regulation, the NBU unfortunately did not change the Resolution 18.

“<...> At the same time, further liberalization is extremely important. For example, the business community continues to emphasize the need to expand the limits and conditions for paying dividends and interest on “old” debts. At the same time, there are also a number of restrictions on the payment of “old” debts that will not allow businesses to use the Eurobond payment service tool. According to EBA member companies, the inability to make payments carries risks of default for systemic companies in the Ukrainian economy due to the inability to fulfill their debt obligations. This will have a negative impact on the reputation of not only individual companies but also Ukraine as a whole in the international financial market.” – the European Business Association (EBA) says in its [statement](#).

Before the invasion, Ukrainian firms had been using funds from non-resident debtors or/and Eurobonds as corporate loans to implement new investment projects. However, servicing of such loans was restricted by the Resolution 18, thereby prohibiting resident companies from fulfilling their financial obligations under such loans. Several companies (e.g., Kernel, ArcelorMittal, Interpipe, Metinvest and DTEK) appealed numerous times to the NBU regarding this issue, but the decision is still pending.

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## **#FightForLight: DTEK launches campaign to secure global support to rebuild sector, backed by boxing Champion Oleksandr Usyk**

DTEK has launched a major campaign to win global attention and support to restore Ukraine's shattered energy system. The **#FightForLight** campaign outlines a clear plan to restore power to millions of Ukrainians and sets out the [equipment and funding needed](#) from international partners. The campaign is backed by Ukrainian boxer Oleksandr Usyk, who [became the Undisputed World Heavyweight Champion on Saturday night](#).



Usyk continues to partner DTEK in shining a global spotlight on this issue.

Since launching its full-scale invasion of Ukraine in 2022, Russia has damaged or destroyed 50% of the country's energy system. Just this spring, the enemy has damaged or destroyed over 80% of Ukraine's thermal power capacity, 30% of hydro-electrical facilities and dozens of critical substations across the country. According to the Ministry of Energy of Ukraine, the damage to the power system, excluding the latest attacks, had already amounted to USD 11.5 bln.

Usyk was supported in Riyadh's Kingdom Stadium by around 30 war veterans who have returned to work at DTEK and Metinvest after frontline action in some of the war's most intense battles.

**Please back the #FightForLight campaign by sharing on [X/Twitter](#) and [LinkedIn](#).**