

BRIEF ON KEY BUSINESS ISSUES

№7/2019 21.06.2019 Kyiv

Cabinet of Ministers of Ukraine made necessary decisions for the timely launch of the electricity market

The Cabinet of Ministers of Ukraine appointed heads of state-owned enterprises “Market Operator” and “Guaranteed Buyer”, who will ensure operation of the new wholesale electricity market model. Also, the Ukrainian government made changes to the PSO mechanism for the electricity supply of households, which is designed to keep the existing tariffs for the population after liberalisation of the market). On June 24th, 2019 the Regulator plans to approve the Day-Ahead Market Rules, including the issue of price caps. Price caps will ensure smooth launch of the electricity market in the safe mode and help avoid price shocks.

The launch of a competitive electricity market is scheduled for July 1st, 2019, in accordance with the law "On the Electricity Market", adopted in 2017. It is one of Ukraine’s obligations to the European Union, and it ensures implementation of the EU Third Energy Package. Launch of the electricity market is also a precondition for the second tranche of the EU macro-financial assistance to Ukraine (EUR 500 mln).

Ukrainian Parliament ratified amendments to the energy annex of the EU-Ukraine Association Agreement

On June 6th, 2019, the Verkhovna Rada of Ukraine ratified amendments to Annex XXVII of the EU-Ukraine Association Agreement. The updated annex will strengthen the coordination and monitoring of Ukraine’s progress against its obligations under the Association Agreement. The document sets out a requirement for Ukraine to consult with the European Commission on the compatibility of any legislative proposal it makes in the field of energy to make sure it aligns with the EU acquis. The Verkhovna Rada should not adopt acts relating to energy markets until the EC has made its assessment. If the EC concludes that a draft law does not comply with EU requirements, the Parliament should refrain from adopting the document. Control over the implementation of EU directives and regulations in the energy sector is entrusted to the Association Council.

DTEK Renewables raised EUR 90 mln for construction of Primorsk-2 WPP

The loan is provided by a consortium of three German Banks (Bayerische Landesbank, KfW IPEX-Bank and ODDO BHF Aktiengesellschaft) and secured by two export credit agencies - Euler Hermes (Germany) and CESCE (Spain). The loan term is 10 years after the commissioning of the wind farm.

Construction of the 100 MW Primorsk-2 Wind Power Plant in Zaporizhzhya region started in 2018; commissioning is planned for September 2019. Upon completion of both stages, Primorsk WPP will be equipped with 52 GE 3.8-130/137-110HH wind turbines, one of GE’s most innovative onshore turbines. The total value of the investments will exceed EUR 150 mln. The operation of this facility will reduce CO₂ emissions by 700 thousand tonnes per year.

3rd International Coal Conference held in Dnipro

DTEK was pleased to be co-organiser of the 3rd International Coal Conference held in Dnipro on June 13-14, 2019, The event was devoted to the topic of decarbonization and included a round table on “Economic diversification of coal mining regions: challenges and ways forward”. The events were attended by the representatives of the European Commission, Support Group for Ukraine, Secretariat of the CRiTP (Coal Regions in Transition Platform), EURACOAL, EBRD, World Bank, research institutes, and local authorities.

One issue discussed extensively was the best way to involve Ukrainian coal mining towns and communities in CRiTP’s initiatives, with a focus on practical actions. Mayor of Bilytske (Donetsk region), Alexandr Zavarzin, presented potential opportunities for transitioning jobs into water treatment, waste management and renewable energy (heat pumps). Aleksandra Tomczak, Policy coordinator – EU Coal at European Commission, noted, that

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“Ukraine is the only non-EU participant of CRITP. We are here today to elaborate special conditions for financing of Ukraine’s projects with our partner IFIs – World Bank, EBRD and others”.

Coal stocks at power plants

	21.06.2018	01.06.2019	21.06.2019	2019/2018, % increase	21.06.2019/ 01.06.2019, % increase	min level of stocks*	2019/min stocks, %	coal reserves for 1 month of work**	Work without supply, days
DTEK TPPs	1 057	1 292	1 030	-3%	-20%	1 279	81%	1 694	19
G+DG grade:	918	1 065	869	-5%	-18%	1 087	80%	1 462	18
<i>Zaporiz`ka</i>	153	169	141	-8%	-17%	155	91%	273	16
<i>Ladyzhins`ka</i>	169	106	45	-73%	-57%	169	27%	199	7
<i>Burshtyns`ka</i>	109	166	200	84%	20%	250	80%	386	16
<i>Dobrotvirs`ka</i>	50	67	51	4%	-24%	126	41%	118	13
<i>Kurahivs`ka</i>	318	437	348	10%	-20%	272	128%	362	30
<i>Kryvoriz`ka</i>	15	24	7	-56%	-71%	9	78%	0	-
<i>Prydniprovs`ka</i>	105	95	76	-27%	-20%	107	71%	123	19
A+T grade:	139	226	161	16%	-29%	191	84%	233	21
<i>Krivoriz`ka</i>	37	83	43	18%	-48%	100	43%	143	9
<i>Prydniprovs`ka</i>	13	10	10	-21%	0%	10	100%	0	-
<i>Luhans`ka</i>	89	133	108	21%	-19%	81	133%	90	37
Other Ukrainian TPPs	461	537	531	15%	-1%	508	105%	611	27
G+DG grade	190	320	303	60%	-5%	351	87%	441	21
A+T grade	271	217	228	-16%	5%	158	145%	170	42
All Ukrainian TPPs	1 518	1 828	1 561	3%	-15%	1 787	87%	2 305	21
G+DG grade	1 108	1 385	1 172	6%	-15%	1 438	81%	1 903	19
A+T grade	410	443	389	-5%	-12%	349	112%	403	30

* - level of coal stocks for 01.07.2019 according to the Stockpile schedule by Ministry (dated 29.03.19)

** - on the basis of coal reserves for 1 month of work in the mode of the Stockpile schedule by Ministry (dated 29.03.19) on June 2019

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