

BRIEF ON KEY BUSINESS ISSUES

№6/2018 23.04.2018 Kyiv

Coal stocks at power plants

	23.04.2017	01.04.2018	23.04.2018	2018/2017, % increase	23.04.2018/ 01.04.2018, % increase	min level of stocks*	2018/min stocks, %	coal reserves for 1 month of work**	Work without supply, days
DTEK TPPs	1 467	788	956	-35%	21%	1 160	82%	1 181	24
G+DG grade:	1 246	657	838	-33%	28%	981	85%	987	25
Zaporiz'ka	252	91	142	-44%	56%	197	72%	146	29
Ladyzhins'ka	254	92	142	-44%	54%	169	84%	151	28
Burshtyns'ka	317	74	84	-73%	14%	136	62%	387	7
Dobrotvirs'ka	78	47	55	-29%	17%	49	112%	92	18
Kurahivs'ka	345	301	333	-4%	11%	340	98%	130	77
Prydniprovs'ka	-	52	82	-	57%	90	91%	80	31
A+T grade:	232	131	119	-49%	-9%	180	66%	194	18
Kryvoriz'ka	33	78	58	78%	-25%	110	53%	109	16
Prydniprovs'ka	31	15	13	-58%	-14%	20	64%	-	-
Luhans'ka	157	38	47	-70%	23%	49	95%	86	16
Other Ukrainian TPPs	373	543	482	29%	-11%	544	89%	386	37
G+DG grade	215	249	299	39%	20%	319	94%	266	34
A+T grade	158	294	183	16%	-38%	224	82%	120	46
All Ukrainian TPPs	1 840	1 334	1 438	-22%	8%	1 704	84%	1 567	28
G+DG grade	1 461	908	1 137	-22%	25%	1 300	87%	1 253	27
A+T grade	378	426	301	-20%	-29%	404	75%	314	29

* - level of coal stocks for 01.05.2018 according to the Stockpile schedule by Ministry (dated 07.03.18)

** - on the basis of coal reserves for 1 month of work in the mode of the Stockpile schedule by Ministry (dated 07.03.18) on April 2018

The Cabinet of Ministers of Ukraine creates Coordinating Council for reforms in the fuel and energy complex

The Council will include Prime Minister of Ukraine (head), First Vice Prime Minister, Deputy Prime Minister, First Deputy Head of the Verkhovna Rada Committee on Fuel and Energy Complex, Minister of Energy and Coal Industry, Minister of Finance, and Minister of Justice.

In addition, the Council may include NEURC Head, Naftogaz Supervisory Board member, Trunk Gas Pipelines of Ukraine Supervisory Board member, Energy Community Secretariat Director, US Ambassador to Ukraine, Head of the EU Delegation to Ukraine, EBRD Country Manager in Ukraine, World Bank Director for Ukraine, IMF Permanent Representative in Ukraine and the Presidential Administration representative.

Frank Siebert appointed DTEK Finance and Strategy Director

[Frank Siebert](#) will be responsible for integrating strategic planning and financial management. This appointment will help achieve the goals to reform the Company, build new power generation facilities and increase coal and gas production. Frank has profound experience gained in Eastern Europe, Germany and the UK. In 2012-2018, he represented the interests of shareholders in Nabucco, an international gas pipeline construction project. Earlier, Frank had been an executive at Ruhrgas and E.ON, Germany's largest energy company, for 19 years.

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DTEK starts construction of the largest solar power plant in Ukraine

On April 6th, 2018, DTEK and China Machinery Engineering Company (CMEC) signed an agreement for design and construction of a 200 MW solar power plant (SPP) in the Dnipropetrovsk region near the city of Nikopol. Nikopol SPP will be the most powerful solar power plant in Ukraine and will enter the TOP-3 largest in Europe.

CMEC, one of the leading contractors of energy projects in the world, will become an investor and contractor for the Nikopol SPP construction. Total investment in the project will amount to 230 million euros. The construction begins in April and will be completed by the end of 2018. The ecological effect of the SPP operation will be annual reduction of atmospheric emissions by 300 thousand tonnes of CO².

Dnipro city council and DTEK signed Memorandum on cooperation

On April 3rd, 2018, CEO of DTEK Maxim Timchenko and Mayor of Dnipro Borys Filatov signed the Memorandum setting main targets for cooperation among which are uninterrupted electricity and heat supply under mutually beneficial terms, participation in the development of social and cultural city infrastructure, reduction of the environmental impact from Prydniprov's'ka TPP's operations, development of solar generation project.

DTEK continues converting units of the Prydniprov's'ka TPP from A-grade to G-grade coal. This year two more units will be re-engineered (No.9 and No.10). By the start of the winter heating season 2018/19, unit No.10 will be also equipped with new electrostatic precipitators and flue gas monitoring system (appropriate equipment has been already installed at the unit No.9).

DTEK also finished retrofitting unit No.1 of Kryvoriz'ka TPP and unit No.10 of Burshtyns'ka TPP. As result of this modernization, dust emissions of both units will comply with Ukraine's obligations under its membership in the Energy Community.

Focus magazine: DTEK among the best reputable companies in Ukraine

Focus published the results of the annual research "Reputational ACTIVists", which ranked companies with the best reputation in Ukraine. DTEK and DTEK Oil&Gas became winners in the fuel and energy sectoral ratings: electricity generation and oil & gas production, respectively. DTEK was also ranked third in the "Innovative Approach" nomination and second in the "CSR Image Capital" nomination.

Ukrainian and global coal trends discussed in Dnipro

On April 12th, 2018, the 2nd International Conference "Trends and Prospects of Coal Production and Usage in Ukraine and Globally" was held in Dnipro. Ministry of Energy and Coal Industry, National Academy of Sciences, National Mining University, GIG (Poland), DTEK, DMT (Germany), Razumkov Centre and Euracoal were among the organizers and partners of the event. The Communiqué can be found in Annex; speakers' presentations are available [here](#).

Gas prices increase for households and industrial consumers

According to [Eurostat](#), in 2017 Ukraine experienced the most dramatic increase in natural gas prices for household consumers compared with 12 months earlier. Gas prices in Ukraine have been increasing since 2014:

UAH for 1.000 m ³	01.05.2014	01.04.2015	01.05.2016	01.04.2018	01.06.2018*	01.10.2018*
households	1.299	7.188	6.879	6.957	10.990	11.470

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SE Naftogaz of Ukraine has recently proposed the Government to exclude gas distribution companies from the gas supply chain and to start selling gas to the population directly. Two ideas were proposed:

1. The current price of UAH 6.957 for 1 thous. m³ will cover the social gas consumption rate (while the norms of consumption should be reduced by 15%).
2. To raise by 60-65% the price for the volume which exceeds the social gas consumption rate.

Thus, starting June 2018, the price of gas for volumes which exceed the social gas consumption rate would then rise to UAH 10.990 and starting October - to UAH 11.470 for 1.000 m³.