

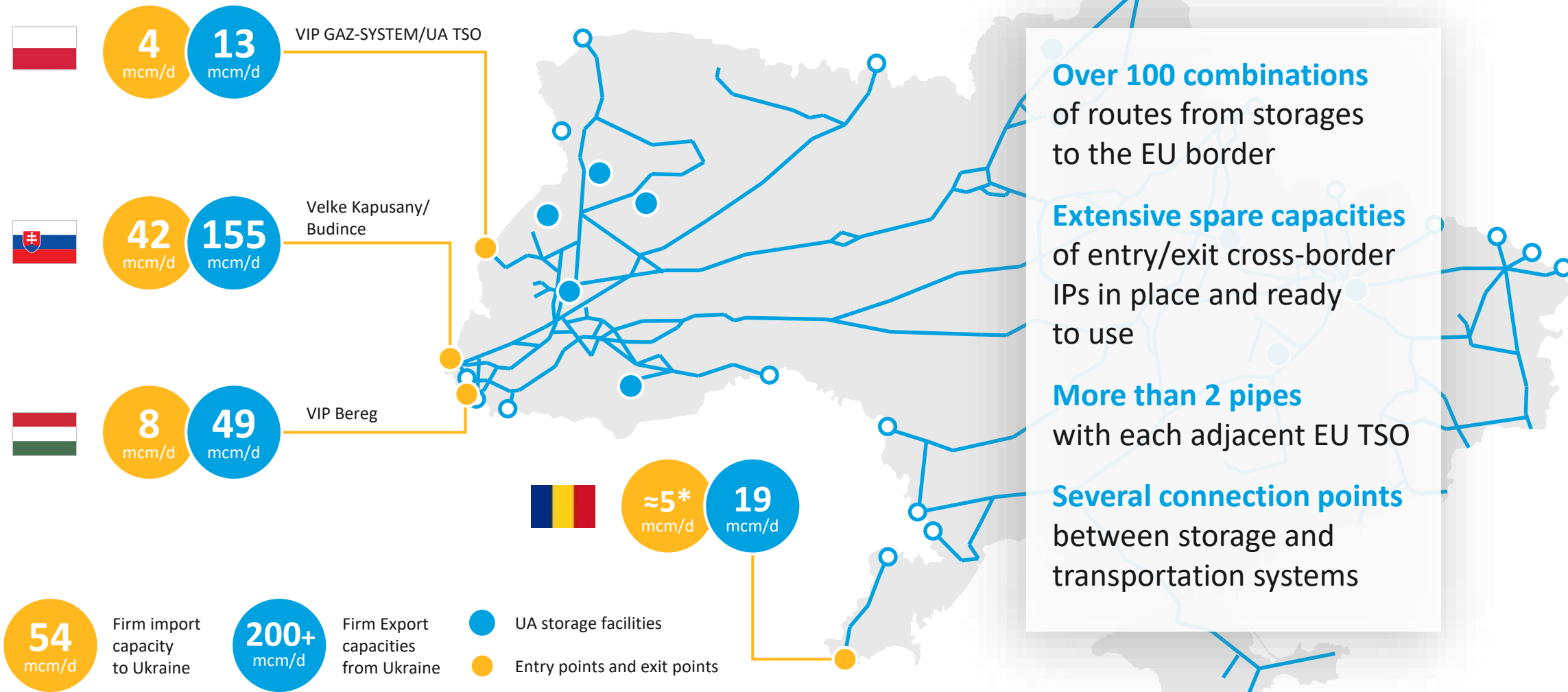
Storing in Ukraine in 2023

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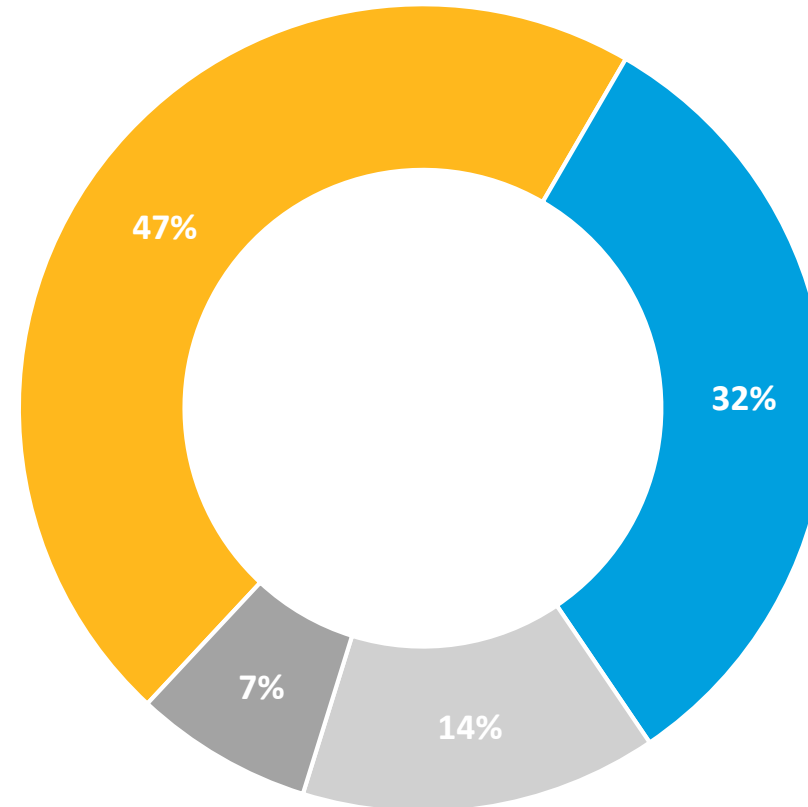
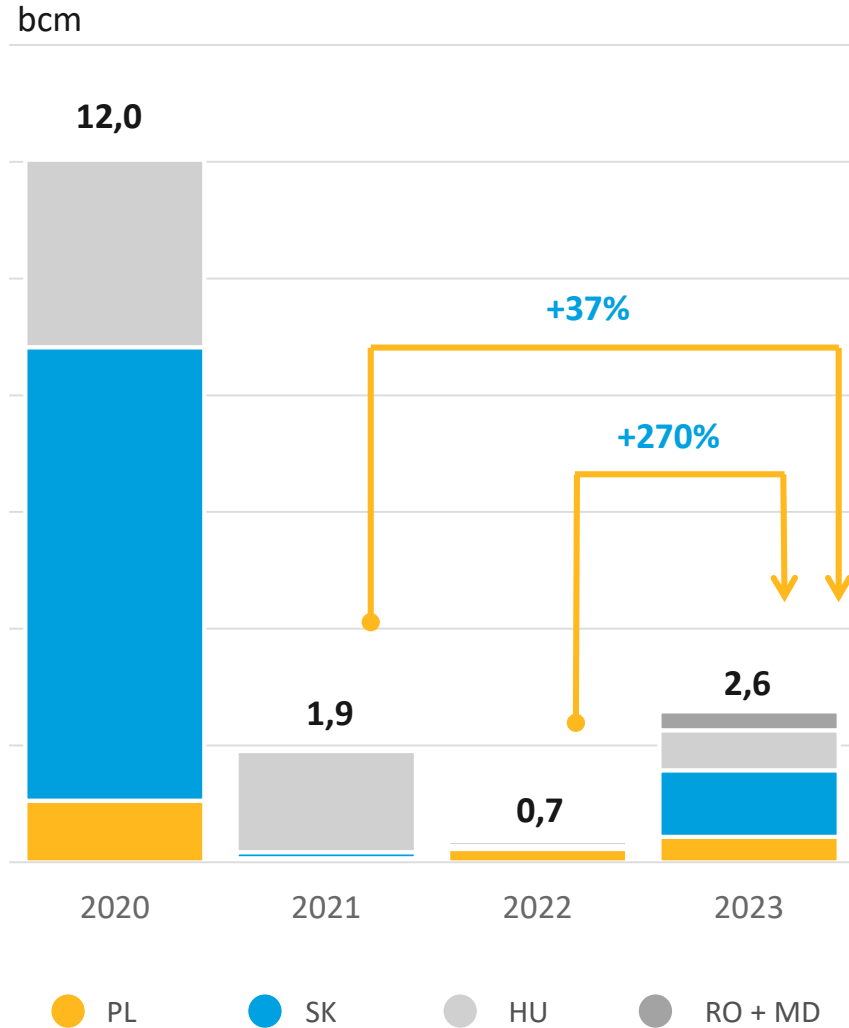
GAS FORUM 2023

Transportation capacity

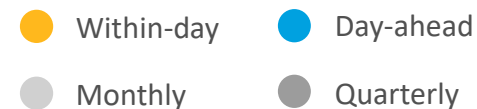


* Use of the Trans-Balkan route requires booking the capacities of MD GTS. Indicated capacities of virtual reverse.

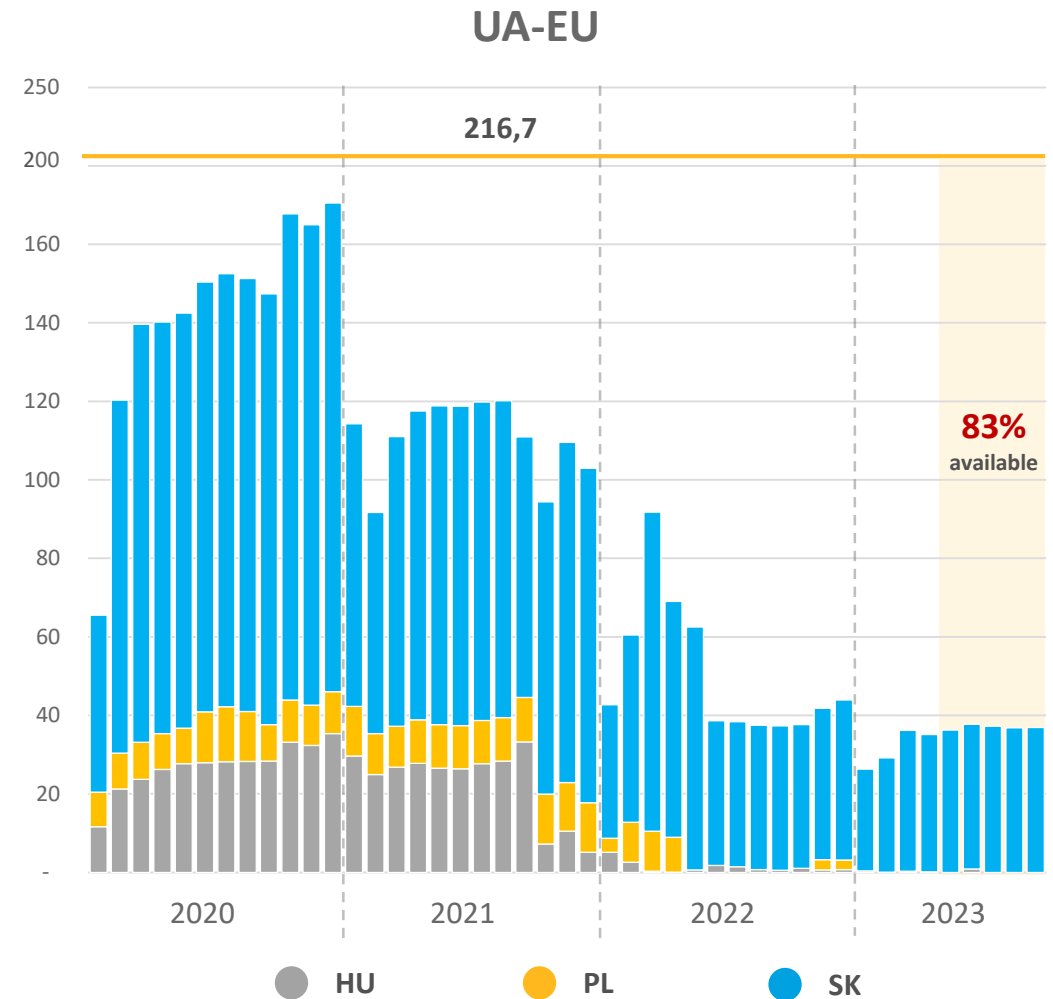
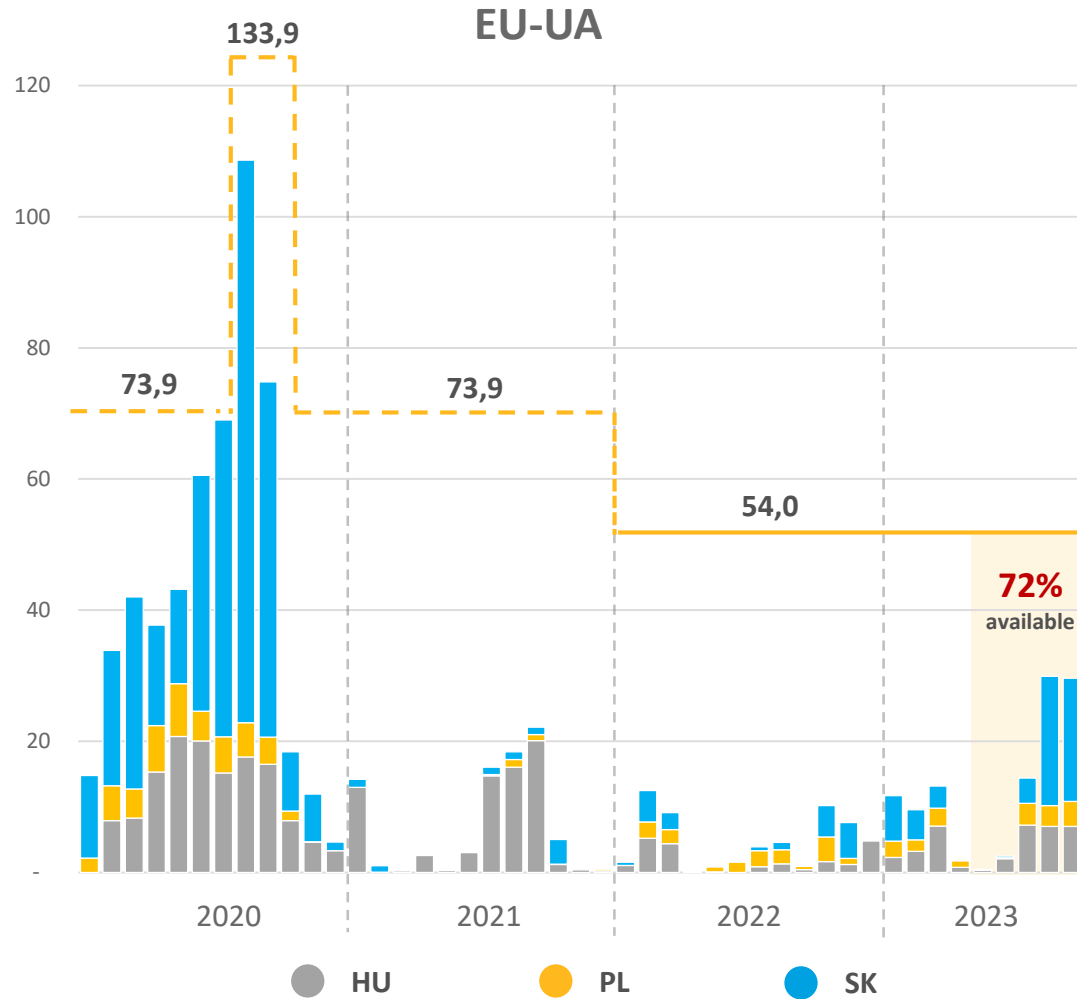
Import of gas to Ukraine (Apr-Sep 2020-2023)



- **130 transportation contract** with non-residents
- 25 new contracts signed in April-September 2023
- **New routes** under development



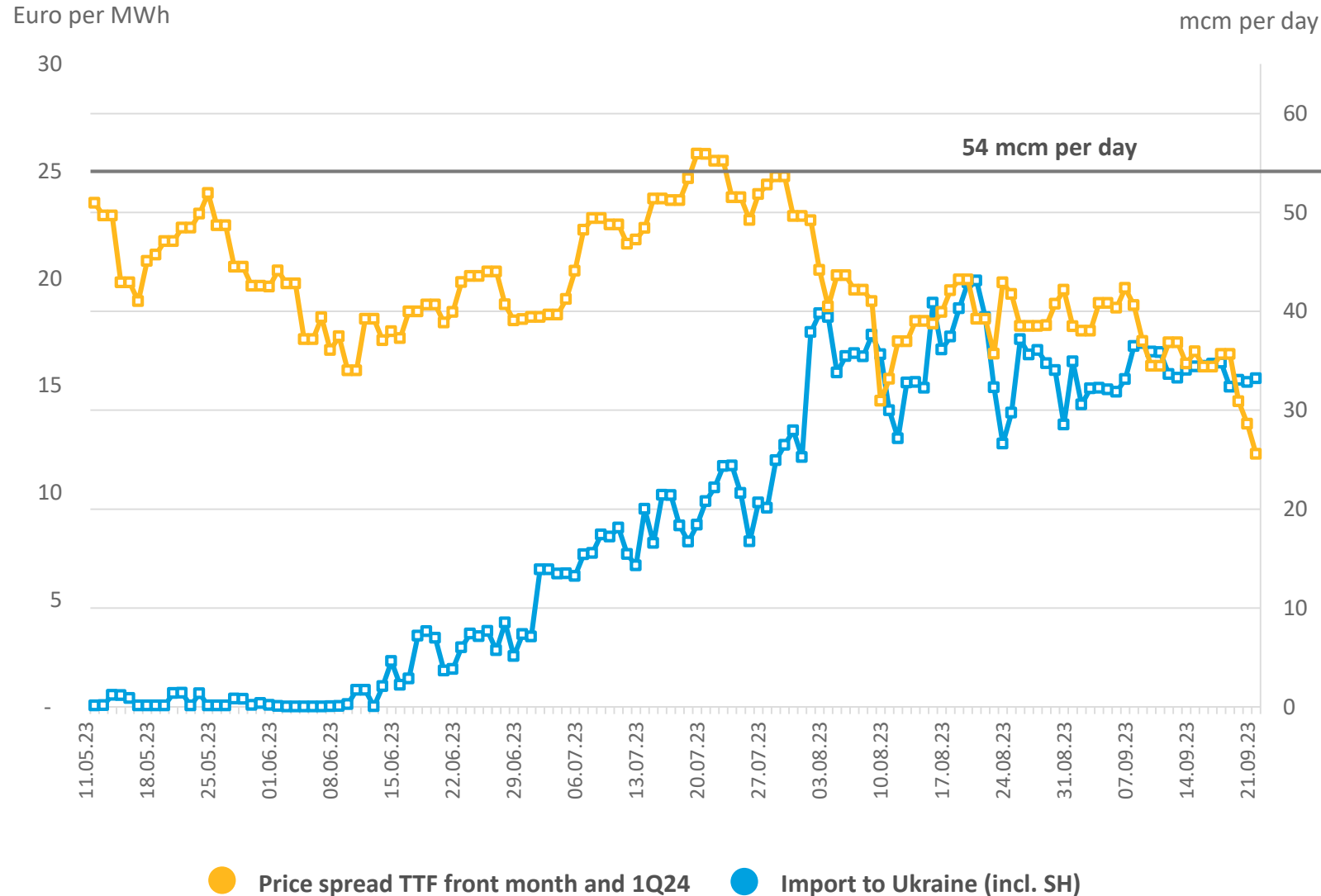
Utilization of Eu-Ua cross-border IPs



Capacity (mcm per day)

Average flows during month via respective border (mcm per day)

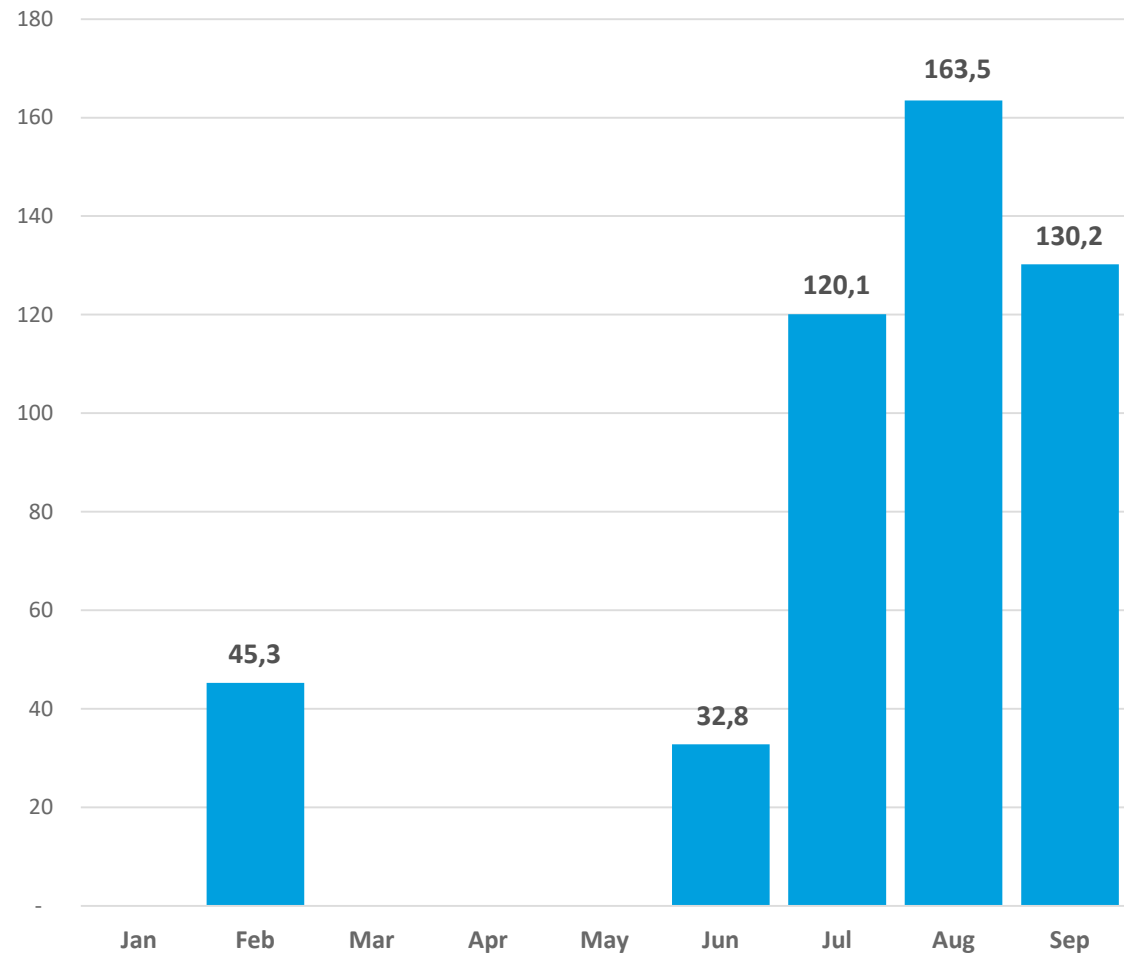
2023/2024 storage season




- Additional opportunities for import for injection season **exceed 5 bcm**
- Average spread for May-July was 20,9 Euro per MWh, for August-September - 17,8 Euro per MWh

Transbalkan route – new directions unlocked

Monthly inflow from Trans-Balkan pipeline, mcm



Stress-test scenarios for 2023/24 winter season



DE-RISKING GAS STORAGE IN UKRAINE: THE INDEPENDENT TECHNICAL REVIEW OF STRESS-TEST SCENARIOS FOR THE 2023/2024 WINTER SEASON

1. PROJECT BACKGROUND

In addition to the normal seasonal price dynamics in natural gas markets, the coming 2023/2024 winter season poses an acute risk of natural gas price volatility in the European Union (EU) spot markets. This volatility is partially driven by reductions in Russian supplies during the last years, and it might become more acute under a prolonged cold winter and if demand is high in other global gas markets. This situation would reduce gas affordability for EU customers and might cause negative economic consequences for the EU member states.

Considering that European storage facilities—driven by Regulation (EU) 2022/1032¹—have reached around 90 percent of their capacity as of August 23, 2023², the additional available gas storage facilities in Ukraine offer the EU an important option to ensure uninterrupted energy availability and mitigate price spikes in the spot market. Given the ongoing war, Ukraine's authorities and state-owned gas operators have acknowledged the risks that European traders have perceived as obstacles to storing gas in Ukraine.

This public note seeks to bring additional assurance and clarity to European companies interested in using Ukrainian gas storage and transmission infrastructure during the 2023/2024 winter season by assessing whether stored gas intended for the EU is at risk due to potential targeted Russian military actions against the gas infrastructure of Ukraine³.

2. EXECUTIVE SUMMARY

Underground gas storage (UGS) facilities are crucial infrastructure facilities that are commonly used to secure the gas supply during the winter peak demand. They are also valuable in addressing both seasonal and short-term market volatility. Therefore, maximizing the efficient utilization of all storage capacities across Europe for the upcoming winter is of utmost significance.

At the time of writing (August 23, 2023), EU gas storage facilities were at 90 percent of their capacity. This means using the additional available gas storage facilities in Ukraine will be important to guarantee continuous energy availability and mitigate spikes in spot market prices. While Ukraine boasts the largest storage capacities in Europe and the third largest globally, attracting European traders to use these extensive facilities requires more than just market conditions (which are already in place); it also requires an analysis of potential physical damage to the facilities due to the Russian Federation's ongoing war against

¹ Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage <https://eur-lex.europa.eu/eli/reg/2022/1032/oj>

² https://energy.ec.europa.eu/news/eu-reaches-90-gas-storage-target-ahead-winter-2023-08-18_en

³ Verified and confirmed by the independent international auditor Simone Research Group (SRG), selected in agreement with all involved stakeholders and engaged by USAID ESP.

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Energy Security Project



The gas infrastructure of Ukraine has confirmed its readiness to store and re-export European gas under the stress-test scenarios for 2023/2024 winter season according to the results of analysis jointly conducted with international partners.

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Thank You!

