

# BRIEF ON KEY BUSINESS ISSUES

№8/2018 22.05.2018 Kyiv

## Coal stocks at power plants

	22.05.2017	01.05.2018	22.05.2018	2018/2017, % increase	22.05.2018/ 01.05.2018, % increase	min level of stocks*	2018/min stocks, %	coal reserves for 1 month of work**	Work without supply, days
<b>DTEK TPPs</b>	<b>1 855</b>	<b>971</b>	<b>1 049</b>	<b>-43%</b>	<b>8%</b>	<b>1 302</b>	<b>81%</b>	<b>1 214</b>	<b>27</b>
G+DG grade:	1 578	865	952	-40%	10%	1 094	87%	987	30
Zaporiz'ka	302	166	175	-42%	6%	226	77%	156	35
Ladyzhins'ka	320	165	164	-49%	0%	187	88%	158	32
Burshtyns'ka	457	80	148	-68%	86%	186	80%	355	13
Dobrotvirs'ka	112	61	65	-42%	7%	43	151%	107	19
Kurahivs'ka	387	309	301	-22%	-3%	362	83%	134	70
Prydniprovs'ka	-	85	99	-	17%	91	108%	77	40
A+T grade:	277	106	97	-65%	-8%	208	47%	227	13
Kryvoriz'ka	69	41	19	-73%	-54%	123	15%	137	4
Prydniprovs'ka	67	13	13	-81%	0%	20	64%	-	-
Luhans'ka	141	53	66	-53%	25%	64	103%	91	23
<b>Other Ukrainian TPPs</b>	<b>356</b>	<b>455</b>	<b>501</b>	<b>41%</b>	<b>10%</b>	<b>666</b>	<b>75%</b>	<b>272</b>	<b>57</b>
G+DG grade	211	256	262	24%	2%	302	87%	272	30
A+T grade	145	199	239	64%	20%	365	65%	0	-
<b>All Ukrainian TPPs</b>	<b>2 211</b>	<b>1 426</b>	<b>1 550</b>	<b>-30%</b>	<b>9%</b>	<b>1 968</b>	<b>79%</b>	<b>1 487</b>	<b>32</b>
G+DG grade	1 789	1 121	1 214	-32%	8%	1 396	87%	1 259	30
A+T grade	422	305	336	-20%	10%	572	59%	227	46

\* level of coal stocks for 01.06.2018 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 May 2018

## European Commission and the EBA Joint Forum on investments held in Kyiv

On May 17<sup>th</sup>, 2018, EC and EBA presented the EU External Investment Plan (EIP), launched in September 2017 for attracting domestic and foreign investments into Ukraine. The event gathered a wide range of key stakeholders including state officials (Vice Prime Minister, Minister of Finance, Minister of Infrastructure, Deputy Minister of Energy and Coal Industry), financial institutions (EBRD, EIB), Support Group to Ukraine, EU Delegation, private sector companies and international experts. During the Sustainable Energy Panel the speakers emphasized that Ukraine has achieved considerable progress in reforming the sector, but there are still many challenges on the way to sustainable energy system and energy security: fostering gas reform, unbundling, improving governance, transparency, modernization, energy efficiency, etc.

Carlos Pascual, Senior Vice President of IHS Markit, a former senior U.S. diplomat and the State Department's top energy official, emphasized that sustainable distribution system is key to the success of energy reform, privatization and attracting investments: "When investors make a decision to invest hundreds millions of dollars in a project, they shall be sure, that these investments can be paid-off. RAB regulation gives them such confidence: it gives the understanding of how this profit can be generated, and what shall be the conditions for the project to pay-off". Ex-ambassador of the US also emphasized, that RAB regulation is a condition, without which Ukraine

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shall not expect neither foreign investor participation in privatisation bids, nor the possibility to avail foreign loans for energy infrastructure modernization.

## Large privatization starts with Centrengo

On May 10<sup>th</sup>, 2018, the Cabinet of Ministers of Ukraine approved the list of large state enterprises to be privatized in 2018. According to the First Deputy Minister of Economic Development and Trade Maxim Nefyodov, the Ministry plans to kick-off the privatization of state-owned enterprises by selling Centrengo. Technical preparation for Centrengo's privatization is almost completed. Start of the large privatization is scheduled for autumn.

## The Cabinet of Ministers of Ukraine approved debt settlement for electricity between state mines and GenCos

In the framework of the state budget program "Support for the introduction of the electricity market" according to CMU [Resolution № 346 dd. 10.05.2018](#) part of the mines' profit will be used to pay off their debts for electricity. The purpose of the Resolution is to stabilize the financial and economic situation of GenCos by paying off the debts of state mines for consumed electricity.

## The shortlist of 10 candidates for NEURC Commissioners approved

On May 14<sup>th</sup>, 2018, the Nomination Committee has approved the shortlist of 10 candidates for NEURC Commissioners for further submission to the President. These candidates have successfully passed the security "special background check" and make the top 10 list. According to the legislation, the President has one month for selection and appointment of five new Commissioners (while NEURC consists of seven Commissioners, including the Head of the Commission).

The second "wave" of the Commissioners' selection (2 more vacancies) was stopped by the Regional administrative court due to the claim filed by Anton Gudachenko, whose application was rejected on the grounds of insufficient experience in the energy sector.

The work of the Regulator has been stalled since March 26<sup>th</sup> when the Regulator lost the quorum.

## Enel and DTEK Energy exchange experience in digitalization of power plants, operational efficiency and environmental protection

On May 14-15<sup>th</sup>, 2018, delegation of DTEK Energy visited Enel's flagman power plant - Torrevaldaliga Nord in Civitavecchia, Italy. The main goal of the visit was to study Enel's experience and further analyze its applicability in Ukraine on the eve of liberalization of its electricity market.

During two days Italian and Ukrainian power engineers discussed experience of Enel in digitalization of power plants, increasing of operational efficiency and reducing negative impact on environment. This visit launched a cooperation between DTEK and Enel. As next step, Enel team will pay a visit to DTEK's power plants in order to learn Ukrainian experience and develop a pilot project in digitalization of one of DTEK power plants.

## DTEK's HR top-managers share experience with the American Chamber of Commerce

On May 17<sup>th</sup>, 2018, DTEK HR Director Oleksandr Kucherenko and Director of DTEK Academy Yevgen Bondarenko share their experience at the seminar "Innovative Tour in the USA", organized jointly by the American Chamber of commerce in Ukraine and the DTEK Academy. DTEK experts shared their impression of the culture of the leading companies in the Silicon Valley, talent management and creation of innovative environment. The event was attended by representatives of Shell, Delta Air Lines, Toyota, Hertz, and others.