



## **Actual Development of the Ukrainian Gas Industry in 2014\***

Gas consumption in Ukraine steadily decreased by 2-3 Bcm per year since the year 2005, but in 2014 it dropped drastically by 7.8 Bcm from 50.4 Bcm in 2013 to 42.6 Bcm in 2014. During this period the domestic gas production remained at the level of 20.5 Bcm. The missing gas was imported from the Russian Federation and European countries. In comparison to 2013 - the first year of imports from Europe, the import from Russia dropped from 25.8 to 14.5 Bcm, while the amount of import from European countries increased from 2.1 to 5.1 Bcm.

The major gas consumers were the industry - 39%, residential sector – 36%, and municipal heating – 17%.

There is a highly developed network of NGV filling stations in Ukraine. The number of filling stations is 329, including 92 state owned ones. The annual capacity of NGV filling stations output totaled about 370 mmcm of compressed natural gas. The number of vehicles using CNG is about 230 thousand ones.

Consumer prices on natural gas are regulated by National Commission for State Energy and Public Utilities Regulation. The prices for residential consumers are differentiated depending on amount of consumption. The differentiation scale sets the following prices: - for consumption below 2500 m<sup>3</sup> per year at the average level of US \$95 per 1000 m<sup>3</sup> (including transportation tariff and VAT), for consumption below 6000 m<sup>3</sup> per year - US \$155 per 1000 m<sup>3</sup>, and for consumption above 6000 m<sup>3</sup> per year - US \$320 per 1000 m<sup>3</sup>. For municipal heating enterprises the set price is about US \$110 per 1000 m<sup>3</sup> (including transportation tariff and VAT). For industrial enterprises the maximum boundary price is set at about US \$400 per 1000 m<sup>3</sup> (transportation tariff and all taxes included).

The transit deliveries of natural gas via Ukraine in 2014 lowered to 62.2 Bcm, while in 2013 the figure was 86.1 Bcm. It should be noted that the total transit capacity of the Ukrainian gas transmission system to Europe is above 140 Bcm. The actual cross border gas flow data for Ukrainian gas transmission system are presented on the ENTSOG Transparency Platform (<https://transparency.entsog.eu/>).

In 2014 the underground gas storage facilities (UGSF) were filled up to 16.7 Bcm or 52.2% of their 32.0 Bcm working capacity. This amount is considered to be minimally sufficient to ensure reliable gas deliveries to domestic consumers as well as gas transit to other European countries. As the major capacity of the Ukrainian UGSF is situated in close vicinity to the western border it can be used by the neighboring countries of Central Europe to increase their natural gas supply reliability. The actual gas storage data for Ukraine are presented on the Gas Storage Europe Transparency Platform (<http://transparency.gie.eu/>).

\* The information about gas consumption and storage does not include data for the Crimea since March 2014.