

## Energy storage policy updates kiev

European companies have accelerated withdrawals of natural gas from Ukraine as demand for heating increases during the winter months, reducing the chances of the continent suffering another energy crisis.

That decision helped energy groups and traders to make only relatively small drawdowns from repositories in the European Union, analysts said, keeping gas prices low and making refilling them easier next year.

"Ukraine is playing a key role for central and eastern Europe's security of gas supply this winter," said Natasha Fielding, head of European gas pricing at Argus Media, a price reporting agency.

Ukraine has more gas storage capacity than any country in the EU, a legacy of its role as a critical transit country for Russian pipeline gas, which accounted for nearly 40 per cent of the EU's gas supplies before the invasion.

Most tanks in the country sit deep underground in western Ukraine, far from the front lines, and Kyiv has offered up to 10bn cubic metres, a third of national capacity, to foreign customers. That adds to the 115 bcm of existing storage capacity in the EU.

Companies began taking gas out of Ukrainian storage in early November, with net withdrawals averaging around 10.7mn cubic metres per day, according to Argus Media. That pace accelerated amid a cold snap in December, with net drawdowns nearly doubling to an average of 26 mcm daily until mid-December.

The EU's storage levels, despite the cold periods of weather, have stayed at nearly 90 per cent even in late December, well above the previous five-year average, according to industry body Gas Infrastructure Europe.

Rystad forecast that barring major supply disruptions, and if demand continues at current subdued levels, the EU will be left with 80 bcm of gas in storage at the end of March, or about 70 per cent capacity.

The Energy Community Secretariat has published the latest Ukraine Energy Market Observatory note (Note 05/2024), focusing on the risks associated with gas storage in Ukraine for foreign traders. This update provides insights and measures aimed at reducing and mitigating these risks ahead of the injection season 2024/25.

Building on previous publications concerning the Ukrainian gas market, this note delves into the potential impact on the market, security concerns, and residual risks associated with gas storage for the upcoming season. The document also offers recommendations concerning security of supply policies, tariff regimes, transparency of storage data, and contingency measures in cases of gas withdrawal challenges.

A key aspect of this assessment is the incorporation of feedback from shippers, gathered during the second gas shippers meeting hosted by the Secretariat on 26 March 2024. This collaborative approach ensures that the insights provided are comprehensive and reflect the perspectives of stakeholders within the industry.

Established in January 2023, the Ukraine Energy Market Observatory closely follows and reviews all developments related to the energy market and corporate governance in Ukraine. It ensures unbiased and transparent monitoring of energy markets under Martial Law, advises on energy reforms and further steps towards market integration of Ukraine, and provides stakeholders and investors with regulatory insights.

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