



Actual Development of the Ukrainian Gas Industry in 2011

Natural gas covers about 40% of the primary energy consumption in Ukraine. Since the year 2005 gas consumption steadily decreased, from 76.4 Bcm in 2005 to 51.9 Bcm in 2009, but increased to 57.6 Bcm in 2010 and to 59.3 Bcm in 2011. During this period the domestic gas production remained at the level of 21.0 Bcm, with about 20.6 Bcm in 2011. The missing gas was imported from the Russian Federation.

In the year 2011 the structure of natural gas consumption was different to that in 2010. The share of residential/municipal/commercial (including municipal heating) consumption lowered from 53% to 46%, while the share of industry increased from 39 % to 47 %.

Consumer prices on natural gas are regulated by National Commission on Energy Regulation (NERC). In 2011 the prices for residential consumers (depending on amount of consumption) remained at the previous level of US \$112 per 1000 m³ (including transportation tariff and taxes). For municipal heating companies the prices also remained at the previous level of US \$164 per 1000 m³ (including transportation tariff and taxes). For industrial enterprises the maximum boundary price reached US \$485 per 1000 m³ (transportation tariff and taxes included).

There is a highly developed network of NGV filling stations in Ukraine. The number of filling stations is above 300, including 91 state owned. The annual capacity of NGV filling stations totaled more than 1.0 Bcm of compressed natural gas. The number of vehicles using CNG is about 180 thousand ones.

The transit deliveries of natural gas via Ukraine in 2011 were 104.2 Bcm, while in 2010 the figure was 98.6 Bcm. It should be noted that the actual transit capacity of the Ukrainian gas transmission system to Europe is above 140 Bcm.

For several years (but the last few ones) Ukraine had significant reserves of gas storage capacity. In 2011 the underground gas storage facilities (UGSF) were filled up to 70% of their 32.0 Bcm working capacity. This ensures reliable gas deliveries to domestic consumers as well as gas transit to other European countries.