



Actual Development of the Ukrainian Gas Industry in 2007

Natural gas covers 40% plus of the overall primary energy consumption in Ukraine. For the last two years gas consumption steadily decreased, amounting to 76.4 Bcm in 2005, 73.9 Bcm in 2006, and 69.8 Bcm in 2007. The domestic gas production remained at the level of 20.7 Bcm. The missing gas was imported from Central Asia and Russian Federation.

Exploration activity during several recent years resulted in stable annual gas reserves addition by 22-25 Bcm. In 2007, four gas fields were discovered; three new gas fields were put into operation.

The structure of natural gas consumption almost has not changed as to 2006. The residential/municipal/commercial consumption totaled 42.5%, the power generation share 7.2% and the rest was delivered to the industrial enterprises, including the fuel gas for the transmission system.

Gas prices for residential and municipal consumers are regulated by National Commission on Energy Regulation (NERC); in second half of 2007 they amounted to US \$87 per 1000 m³. For industrial enterprises gas prices (including transportation tariff and VAT) increased to US \$199 per 1000 m³.

There is a highly developed network of NGV filling stations in Ukraine. The number of filling stations is above 230, including around 150 private stations. 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 70 thousand.

The transit deliveries of natural gas to the countries of Central and Western Europe were 112.1 Bcm, and the total gas transit across Ukraine amounted to 115.2 Bcm. It should be noted that the actual transit capacity of the Ukrainian gas transmission system to Europe is 140 Bcm, with around 30 Bcm of reserved capacity.

For several years (but the last one) Ukraine had significant reserves of gas storage capacity. In 2007 the underground gas storage facilities (UGSF) were filled up to 98 % of their 32.0 Bcm working capacity.