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## COVID-19 in numbers:

Ukraine			Worldwide		
Cases: 2,223,978	Deaths: 51,692	Recovered: 2,130,665	Cases: 176,873,572	Deaths: 3,822,354	Recovered: 160,978,493

Ukraine's Energy Challenge

## The new CEO of Naftogaz has big goals in mind

By Asami Terajima. Published June 11 at 6:02 pm



 Energy experts discussed Naftogaz's role in the domestic gas market during a webinar held on June 10 by the U.S.-Ukraine Business Council. From the top left, Morgan Williams, president/CEO of the USUBC, Yuriy Vitrenko, CEO of Naftogaz (top C), Viktor Gladun, CEO of the British company JX Oil & Gas (top R), Edward Chow, Senior Advisor to USUBC (bottom L), Irina Paliashvili, Managing Partner at RULG-Ukrainian Legal Group (bottom C) and Dale Perry, Managing Director at Energy Resources of Ukraine (bottom R).

Photo by Courtesy

Recently appointed CEO Yuriy Vitrenko has ambitious plans for Naftogaz, Ukraine's largest

state-owned national oil and gas company, to become a model in the gas industry.

Vitrenko outlined his vision at a [webinar](#) on June 10 titled, "Expanding Oil & Gas Supplies: Free Market Solutions to Ukraine's Energy Challenges through Public & Private Companies," by the U.S.-Ukraine Business Council, a 200-member association that includes the Kyiv Post.

He envisions Naftogaz as a "platform" that could develop the gas market by creating competition and attracting foreign investment in order to bring out Ukraine's full potential in natural gas production.

To do so, Naftogaz is interested in cooperating with international partners and modernizing its technologies, Vitrenko said.

Ukraine lacks the modern technology for efficient gas production, according to the CEO. This is a problem because the industry has become more of a "technology business rather than just resource business" today.

In April 2020, Expert Petroleum became the [first-ever](#) international company to cooperate with Naftogaz to increase the productivity of resource potential in Ukraine. The new Western partner is committed to investing roughly Hr 1 billion (about \$30 million) during the five years of cooperation and it should be a "very successful" partnership, Vitrenko said

The CEO told the webinar's participants that the partnership with Expert Petroleum could serve as

a success story that attracts more foreign investors in the future.

### **Skeptical foreign investors**

Ukraine needs to decrease its risk perception in the country to attract foreign investors, according to Edward Chow, a leading expert on international energy development who serves as a Senior Advisor at USUBC.

“Investors really need (to see) predictable and stable conditions” before they make the move, and the road has been “bumpy” in Ukraine for the past two years, Chow said.

Before Herman Halushchenko was **appointed** as the new, permanent energy minister in April, the position had been temporarily held by four acting Energy Ministers, one of which was Vitrenko himself.

Besides the lack of stability, Ukraine’s geopolitical risk also discourages investors from stepping foot in the country.

Naftogaz seeks cooperation with international partners to work on promising assets with “huge resource potentials” in the Black Sea area, as well as in the Yuzivska block in eastern Ukraine, the CEO said.

However, Russia’s military aggression gets in the way of attracting foreign investments, which is particularly the case for Yuzivska located near the temporarily occupied area, according to Vitrenko.

He said that it may take a long time to develop international partnerships, but “we need these assets” and it’s important to work on them.

### **Developing the domestic gas market**

In Vitrenko’s view, Naftogaz should be helping other companies increase their production of gas to develop the market.

“It’s our duty to develop the (gas) market and help other companies operate efficiently for the benefit of Ukraine,” the CEO, who is currently visiting the United States, explained.

Rather than competing with private companies, Naftogaz “should be grateful to private companies for strengthening energy security and independence,” as well as for creating jobs and paying taxes.

Vitrenko also intends “to privatize all the state-owned assets that are no longer critical for the state to keep ownership.” Naftogaz also has a role to facilitate privatization in the oil and gas industry, he says.

The CEO said Naftogaz “wants to see proper competition in the retail segment” and make sure that companies owned by the Ukrainian oligarch Dmytro Firtash “cannot dominate the market.”

### **Switching to biomass energy**

Ukraine’s shift to renewables has been slow as oil and gas remain the main sources of energy in the country.

The CEO says Ukraine's energy is "not sustainable at the moment." Vitrenko says Naftogaz supports a shift to biomass energy given that Ukraine has a lot of land that could be used for green power generation.

But in the absence of significant amounts of financing, the shift to renewables is difficult. It isn't just about "fancy, environmentally-friendly technology," says Vitrenko. Nonetheless he says it's an urgent issue that needs to be addressed in Ukraine.

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