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Naftogaz CEO: Ukraine 'has to become an energy-independent state'

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Despite Russia's incessant attacks on [Ukraine's energy system](#) throughout its now more than two-year-old invasion, the country's oil and gas giant Naftogaz just celebrated its first heating system without any gas imports.

It is the "greatest moment in Ukraine's energy history," Naftogaz CEO Oleksiy Chernyshov told the Kyiv Independent in a recent interview.

In the wake of Russia's full-scale invasion, Naftogaz launched a record 86 wells in 2023, of which 24 had an initial flow rate of over 100,000 cubic meters, utilizing the country's vast reserves.

The move was part of a larger goal of attaining energy independence in Ukraine, which historically imported cheap gas from Russia despite having the second-largest reserves in Europe after Norway.

Producing more gas is also about setting Ukraine up to be a contributor to the global gas market after the war, according to Chernyshov.

The Kyiv Independent sat down with Chernyshov to discuss Ukraine's gas independence, why Ukraine is important for Europe's energy independence, and the recent strikes on its gas facilities in Lviv Oblast.

This interview has been edited for clarity.

The Kyiv Independent: The heating season is coming to a close and Ukraine made it through for the first time in its history without importing any gas. How did Naftogaz achieve this?

Oleksiy Chernyshov: Getting through winter using domestically produced gas only is, I think, the

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We do not plan to stop. We are on course to continue investment and capital expenditures into the additional production of gas.

We have enormous reserves. I'm sure Ukraine is on its way to becoming a net contributor of gas within the next few years and it is very important geopolitically to play this role.



A picture shows a compressor station of Ukraine's Naftogaz national oil and gas company near the northeastern Ukrainian city of Kharkiv on August 5, 2014. Russian President Vladimir Putin ordered his government to draft a response to "unacceptable" Western sanctions over Moscow's perceived backing of pro-Kremlin rebels in Ukraine's volatile east. (Sergey Bobok/AFP via Getty Images)

The Kyiv Independent: How much gas did Ukraine manage to accumulate in the last heating season

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international traders. During the last winter, international traders stored 2.7 bcm.

We also accumulated a significant part of gas used within Ukraine, which was close to 19 bcm over the year. This number is more or less stable and we will be capable of accumulating enough gas before the start of the next heating season.

We have not yet fixed the exact number because we are still calculating the overall energy demand for this year, but it will be no less than 15 or 16 bcm before the start of (next) winter.

The Kyiv Independent: Why is it so important for Ukraine to be energy independent?

Oleksiy Chernyshov: Cheap gas comes at a price. Russia has used every type of energy as a weapon. They have manipulated energy heavily over the last years and they are still doing so to some other countries.

The less you're dependent, the stronger you are. There are some resources where Ukraine is limited. But in terms of natural gas, we can be independent.

We can play a role as a net contributor of natural gas in the future for other countries. We should do the same in other areas of energy. In terms of electricity generation, we are self-sufficient and we have been fully integrated into the European system, having the export and import potential once it's needed.

The Kyiv Independent: How many new facilities did Naftogaz put into operation and what are the forecasts for the coming year?

Oleksiy Chernyshov: Naftogaz has done an extraordinary thing during the full-scale invasion.

Starting in 2018, there was an annual downturn in gas production in Ukraine. 2023 was the first year when we started to increase production quite significantly.

(Naftogaz) has launched a record number of wells. We plan to continue doing so. With gas production



... gas in Ukraine up and running.

(The market) was reactivated in 2023. We had a large number of transactions through the energy platform that brought more confidence and more free capital to the private producers that were capable of selling gas in Ukraine given the fact that exports, during the war, are blocked.

We expect Ukrainian private producers to keep up the volumes of gas production and most likely to increase them in 2024 and 2025.



Head of the Board of Naftogaz, Oleksiy Chernyshov gives an interview with Ukrainian news media on Nov. 29, 2023 in Kyiv, Ukraine. (Vitalii Nosach/Global Images Ukraine via Getty Images)

The Kyiv Independent: How did you manage to start production of these new wells, particularly during a full-scale war?

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present.

And they should not stop their production. They should at least maintain it on the pre-war level and increase (production).

The Kyiv Independent: Energy consumption is currently lower in Ukraine than in pre-war times. Once the war is over and people and industry return, can Ukraine continue to maintain its gas independence?

Oleksiy Chernyshov: This is my goal. We can navigate the geopolitical challenges with higher confidence if we are self-sufficient in gas production and consumption.

Energy efficiency projects are our target. Ukraine should be recovering with the highest possible level of energy efficiency and with modern standards of energy efficiency. This would lead to lower gas consumption and lower energy consumption.

The number of people won't necessarily lead to a corresponding increase of gas consumption or energy consumption. Ukraine should also gradually liberate energy prices, which are still regulated heavily by the state.

Price liberalization and energy efficiency might lead to an overall decrease in consumption by households and municipalities. This could mean that gas could be distributed to external players and countries.

The Kyiv Independent: A Russian strike recently hit one of Naftogaz's underground gas storage facilities in western Ukraine. What impact did this strike have on Ukraine's gas security and energy sector?

Oleksiy Chernyshov: The Naftogaz group has been intensively targeted (by Russian attacks). Not only in western Ukraine. Different businesses of Naftogaz gas production, oil production, refineries, gas distribution, our combined heating electrical plants, everything (has been a target).



keep supplying gas to Ukrainian households.



A picture showing Naftogaz workers leaving the Bobrovnytska gas-compressor and gas-holder station in Mryn, Chernihiv Oblast, about 130 kilometers from Kyiv on Dec. 16, 2008. Russia's Gazprom halted its supply of natural gas to Ukraine on Jan. 1, 2009 amid a gas dispute. (Sergei Supinsky/AFP via Getty Images)

The Kyiv Independent: Do you think that these recent attacks will discourage foreign traders from injecting gas into Ukraine?

Oleksiy Chernyshov: We very much appreciate the trust of international European traders and energy companies for storing gas in Ukraine.

(Storing gas in Ukraine) is important for the overall security of supply and stability on the European continent. We are very much determined to continue and follow the role of energy hub and gas hub for

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storage system are reliable.

We passed all the stress tests before winter, and we have learned and tried different scenarios that can be achieved.

We are discussing the volumes of gas injections with major traders for next winter.

The Kyiv Independent: Have some of these foreign traders expressed concerns to you?

Oleksiy Chernyshov: It is obvious that everyone is following the news and situation. We are in constant contact and dialogue with our traders.

They are aware of the different scenarios that we prepared before the start of the winter and they should not be concerned about the future storage of natural gas in Ukraine.

The current volume of European storage is between 60– 65% full, meaning that the winter is over. Very soon they will start injecting into storage.

They might be full already by September, meaning the Ukrainian storage system is in demand and can be of use next winter.

That will help overall European stability. And what is more important, is not only the volume stability, but price stability which is so critical for the European economy.

The Kyiv Independent: How does Ukrainian storage contribute to Europe's energy security?

Oleksiy Chernyshov: Ukrainian storage can bring an uninterrupted and stable (gas) supply. The more gas you have available, the lower prices are.

The Kyiv Independent: How much storage space are you offering to foreign traders for this coming heating season?

Oleksiy Chernyshov: We are capable of easily offering more than 10 bcm and we are targeting to have something around 4 bcm of practical injection from European traders before next winter.



Naftogaz CEO Oleksiy Chernyshov gives an interview with Ukrainian news media on Nov. 29, 2023 in Kyiv, Ukraine. (Vitalii Nosach/Global Images Ukraine via Getty Images)

The Kyiv Independent: Have they started to inject already?

Oleksiy Chernyshov: We have some volumes coming daily from Europeans, even these days. It's a good sign. Some tens of millions of cubic meters are coming daily.

The Kyiv Independent: Looking ahead into the near future, how does Naftogaz plan to keep increasing gas production?

Oleksiy Chernyshov: We will launch new wells, (and use) new technologies. We drill, we pump, we do our job.

And we plan to do the same with oil production. We have to increase oil production as well. We have to become an energy-independent state in full.

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with us before the war.

I hope (international companies) will be more brave. I hope they will manage to come now, but we expect international players to be here (in the future).



Dominic Culverwell

Reporter

Dominic is the business reporter for the Kyiv Independent. He has written for a number of publications including the Financial Times, the IntelliNews, Radio Free Europe/Liberty, Euronews and New Eastern... [Read more](#)

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