

Belarus Energy Digest for December 2024

Key events

Valery Kovalev has been appointed General Director of the State Production Association for Fuel and Gasification, "Beltopgaz."

Marat Maletsky has been named General Director of Belarusian Oil Company CJSC.

Sergey Adamenko has been appointed Deputy Minister of Energy.

Unit 1 of the Belarusian NPP **underwent its third scheduled preventive maintenance** starting on December 3. Since the beginning of its operation, the Unit 1 has generated a total of 27.5 billion kWh of electricity. Cumulatively, the Belarusian NPP has produced more than 38 billion kWh of electricity.

On October 14, Unit 2 of the Belarusian NPP was reconnected to the grid following scheduled preventive maintenance. However, on December 19, the Ministry of Energy announced that **Unit 2 had been temporarily disconnected from the grid due to the activation of an emergency sensor**. By the end of the year, there was no information regarding the restart of Unit 2, raising questions about whether the issue extends beyond the sensor malfunction.

Notably, the Ministry of Energy's statement followed media reports, citing a source at the NPP, that both units were not operational at that time. The source claimed that Unit 2 had been idle for approximately two weeks, **with its shutdown occurring between December 4 and 8**. The Ministry of Energy did not disclose the exact date of the unit's shutdown.

On December 19, oil supplies via the **Druzhba pipeline were suspended**, with technical problems cited as the cause of the stoppage. Deliveries to Belarusian oil refineries were also halted. Despite this, Belarusian refineries have continued stable **operations, supported by existing reserves**.

The Belneftekhim concern addressed the suspension of oil supplies via the Druzhba pipeline in comments to a BELTA correspondent. By December 21, **oil supplies from Russia had resumed**. OAO Gomeltransneft Druzhba is now operating normally.

On December 30, 2024, Decree No. 475, titled "**On Reimbursement of Expenses for the Purchase of Boiler Equipment Operating on Wood Fuel Pellets (Pellets)**," was signed.

It is also worth noting that a unified price for pellets has been established nationwide, set at 50 rubles (\$15) per ton, within the supply standards for the population.

Belarus and Russia have signed an interstate agreement to **establish a unified electricity market within the Union State**. The market will be developed in stages, considering the parallel operation of the two energy systems and their technological and organizational specificities.

We have conducted a detailed analysis of this document¹. It introduces no changes to the current situation. In reality, no unified market is being established, and the document appears hastily prepared, with entire sections copied verbatim from the EAEU agreement.

The **Minsk CHPP-4 branch carried out a large-scale reconstruction of cooling tower No. 4**. The entire range of works took less than 8 months. During this period, a number of technologically complex activities were carried out: hydro-jet cleaning, dismantling asbestos-cement sprinklers, water distribution system, wooden horizontal louver device, installation of a beam cage for placing polymer sprinklers, etc. The expected savings for 2024 from the implementation of the event will amount to 3775 tons of coal equivalent.

¹ <https://isans.org/ru/energy-sector/soglasheniya-o-sozdanii-edinogo-energeticheskogo-rynka-soyuznogo-gosudarstva.html>

Statistics and data

In November 2024, the Svetlogorsk Drilling Department team achieved a **historic milestone by drilling 31,250 meters of rock**. This sets a new record, surpassing the previous achievement of 26,793 meters, recorded in August 2024.

In November, Belarusian oil workers successfully **completed the drilling of eight new wells**. Three of these were constructed at the Rechitsa field, while one well was drilled in each of the Moskvichevskaya, Nekrasovskaya, Beskopylnovskaya, Vishanskaya, and Yuzhno-Ostashkovichskaya areas.

In 2024, the annual consumption of liquefied gas in the republic **is projected to reach 40,000 tons**. Overall, there is a noticeable trend of declining liquefied gas usage.

A 29-year record: In 2024, **Belorusneft produced 1,938 thousand tons of crude oil**. "Oil reserves have grown significantly, with the increase exceeding the annual production level by more than 700 thousand tons. Such a result has not been achieved in over 40 years," the company stated.

This year, electricity consumption by charging stations for **electric vehicles in Belarus reached 30 million kWh**, doubling compared to the previous year.

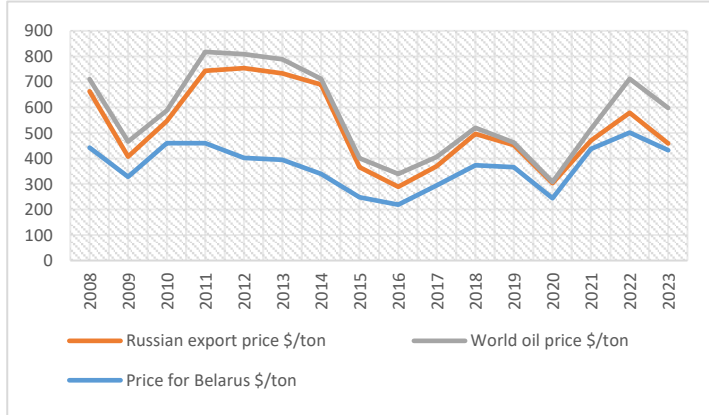
From 2023 to 2024, the Pinsk Electric Networks branch of RUE Brestenergo, in collaboration with local authorities, **replaced over 14,000 lamps**. In this context, the President of the Republic of Belarus issued the order "On Additional Measures to Address Urgent Issues of the Population's Well-being," which introduced adjustments across various sectors. RUE Brestenergo was tasked with replacing all street lighting fixtures in the region with more energy-efficient and modern ones by 2026.

Statements

"We need to clearly decide whether this company will exist or not." In his appointment of Marat Maletsky as director of the Belarusian Oil Company, Lukashenko outlined the current state of the company. **The Belarusian Oil Company** is a state-owned enterprise responsible for exporting oil products from Belarusian oil refineries. Later, several private entities linked to Lukashenko, often referred to as "Lukashenko's wallets," also entered the oil export market. These include "Energo-Oil" owned by Alexei Aleksin, "New Oil Company" by Nikolai Vorobyov, and "Triple" by Yuri Chizh (not operated now). It appears that sanctions on supplies, combined with the preference for working through private companies, have pushed the Belarusian Oil Company to the brink of collapse. Lukashenko has not called for ensuring its normal operation or full capacity. Instead, he demands a decision on its future—if it cannot be fully utilized, he urges finding alternative roles for its 80 specialists.

Topic of the Issue: Oil and petroleum products trading.

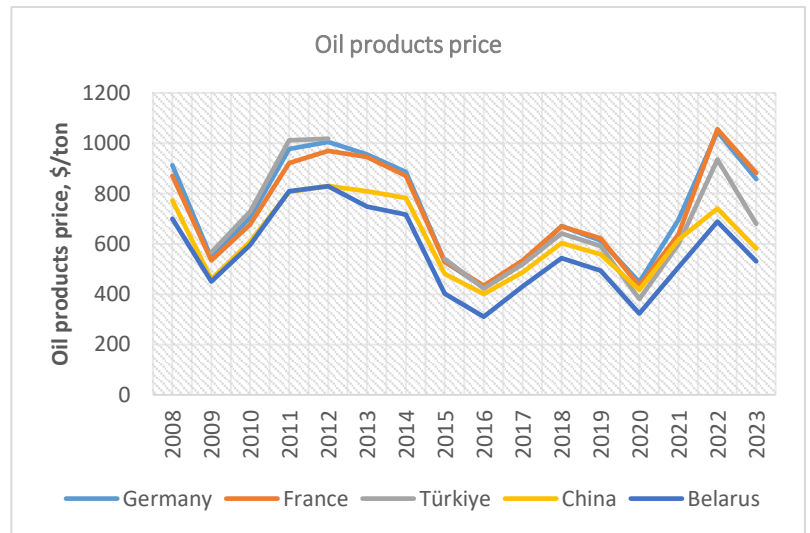
In December 2024, *Nasha Niva* published statistics on the trade of oil and oil products. We used this data, along with information on oil consumption, refining, and trade from previous periods, to form a comprehensive overview.



Oil prices on global markets, export prices from Russia, and the price of oil for Belarus indicate that **Belarus was able to generate significant revenue, particularly in the period from 2009 to 2016**. Previously, when global market prices rose, export prices for oil from Russia were nearly aligned with world prices. However, prices for Belarus, while moving in the same direction, adjusted much less significantly.

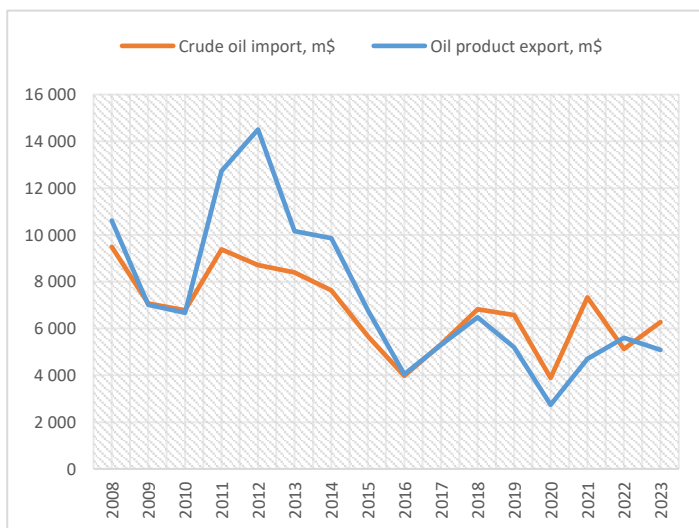
Starting in 2016, **the gap between export prices and the price of oil for**

Belarus began to narrow, and by 2021, the prices were almost equal. Following the start of Russia's full-scale invasion of Ukraine, the price of oil from Russia ceased to follow global trends. By 2023, the price of oil from Russia to Belarus was almost identical to the prices paid by other Russian oil consumers.



The prices at which various countries imported oil products (Germany, France, Turkey, and China) are generally comparable to the export prices from Belarus. Belarus exported at lower prices, likely due to the high share of fuel oil in its export basket. After 2020, the discount probably decreased, as the share of fuel oil likely dropped significantly due to both reduced production and decreased global demand following the introduction of the IMO-2020 standards.

However, the EU market is probably now closed to Belarusian oil products, so our focus has shifted more toward the markets of Turkey and China among the selected countries. Given



these oil product prices and considering the known oil prices, it is possible to determine the overall external balance of oil refining. This balance has been around zero since 2016.

To date, there is no indication that the authorities have earned any excess profits. The balance between oil costs and revenues from petroleum product exports suggests that the profitability of oil refining is largely determined by domestic market tariffs, with the income from these tariffs covering refining costs and ensuring the profit of industry enterprises.