

Drivers and Challenges of Transition in Ukraine

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Progress

Energy Efficiency

- Energy efficiency laws adopted
 - Law on energy performance in buildings
 - Law on commercial heat metering and billing
- State Energy Efficiency Fund established (with financial contributions from EU: 50 million EUR and Germany: 10 million EUR)
- **Electricity market**
 - Law on electricity market adopted

Progress

Renewable energy

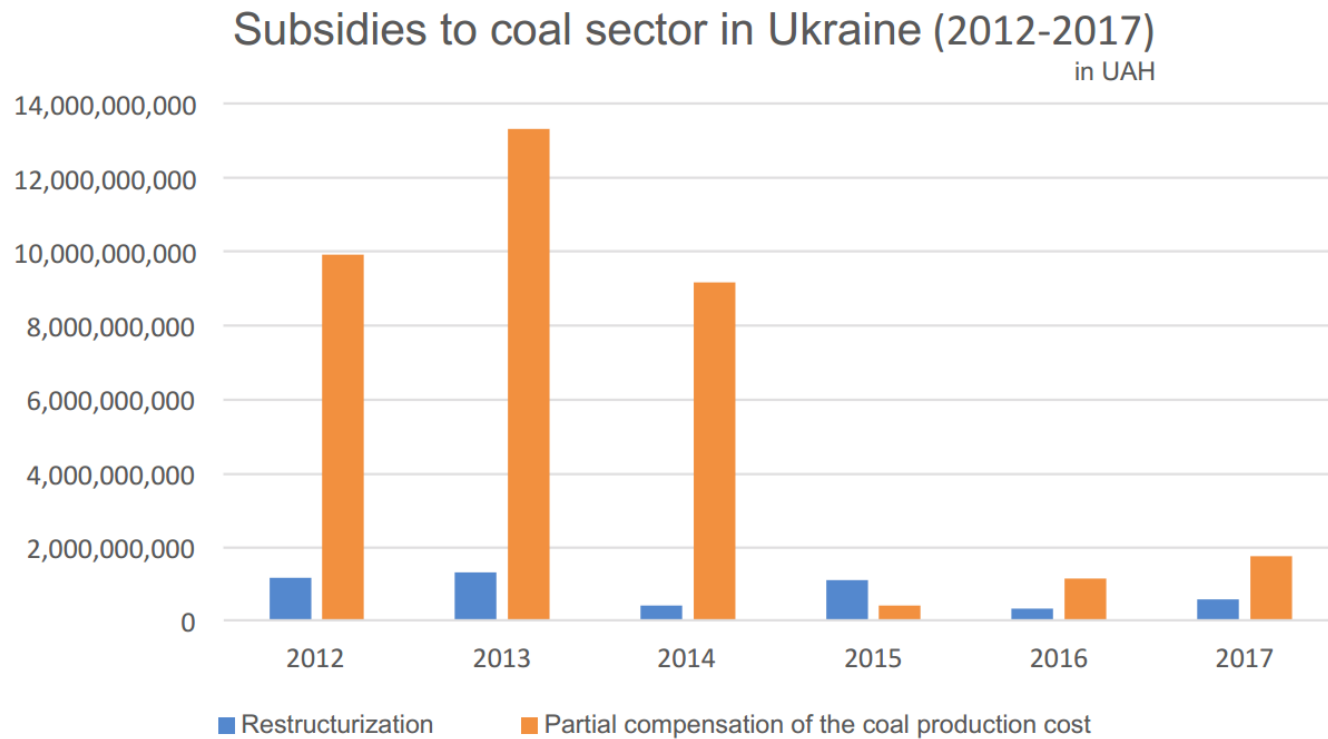
- National Renewable Energy Sources Action Plan – 11% RES in final energy consumption by 2020
- 1200 MW of new renewables since 2009 (1,5% electricity production)
- Feed-in tariff for private households
- Transition from feed-in tariff to auctions for large renewables

Environment

- Law on strategic environmental impact assessment (SEA)
- Law on environment impact assessment (EIA) adopted. Secondary legislation partially in place.
- Implementation has started (end of 2017) but too early to say how effective new model is.

Coal sector subsidies

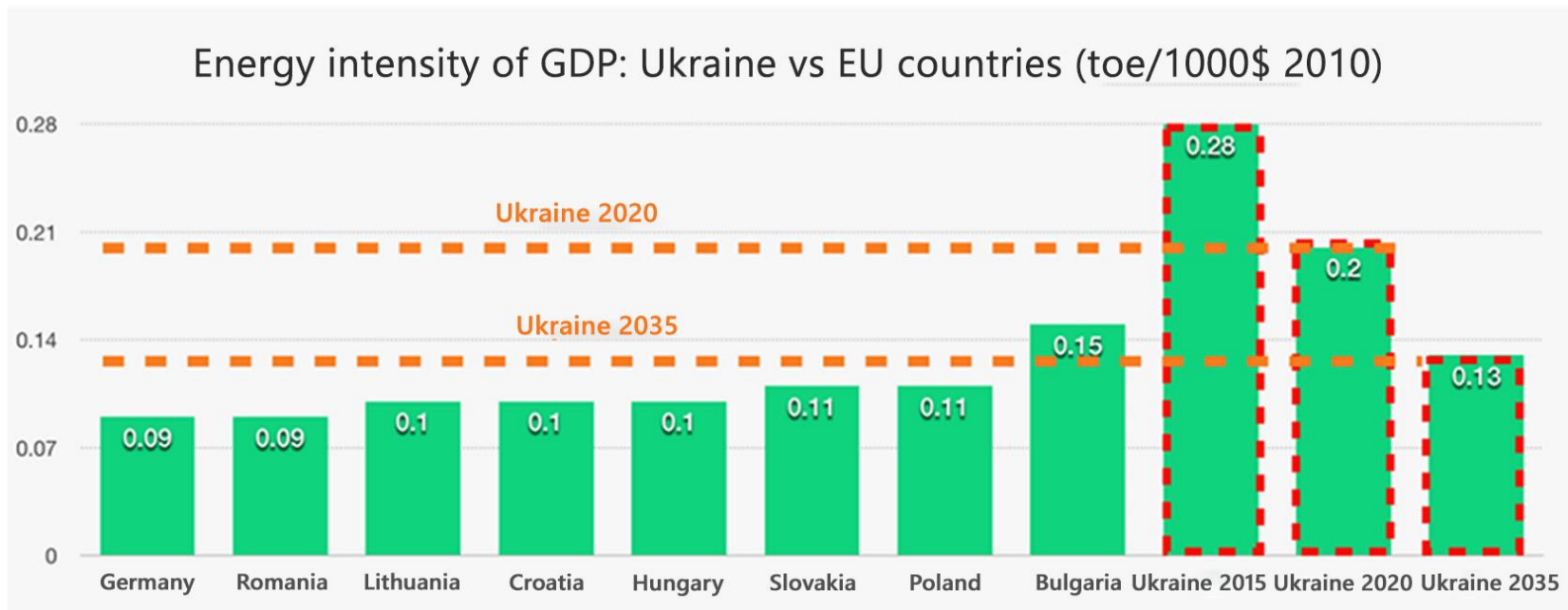
Significant decrease in subsidies to coal mines after 2014



Transition challenges

Energy efficiency

- Implementation of already adopted legislation in energy efficiency is lagging behind
- Energy Efficiency Fund not yet operational
- State energy efficiency programs get insufficient money to provide to wide-scale EE improvements



Transition challenges

Emission reduction

- National plan for emission reductions (LCPD Directive implementation until 2033)
- No financial mechanism to finance environmental modernizations at TPPs
- No plans on transformation of coal-dependent regions in Donbass and Western Ukraine
- Current NDC allows the rise in CO2 emissions from the current level

Renewables

- The law on feed-in tariff ends its operation in 2030
- High risks for new investments
- No simplified procedure for small producers/condominiums/public buildings

PECI projects 2018

Two projects to support nuclear electricity exports from Ukraine to EU

- Pivdennoukrainiska NPP – old units working over projected lifetime
- Khmelnytsky NPP – money from electricity exports to be used for reanimation of the construction of Units no.3 and 4.

EL_07	400 kV Mukacheve (Ukraine) – V.Kapusany (Slovakia) OHL rehabilitation	State Enterprise NPC Ukrenergo- Slovenská elektrizačná prenosová sústava, a.s. SEPS (Slovak Republic)	Current upgrade of existing transmission infrastructure
EL_08	<u>750 kV Khmelnytska NPP (Ukraine) – Rzeszow (Poland) overhead line connection</u>	Ministry of Energy and Coal Industry of Ukraine	Current upgrade of existing transmission infrastructure; Extension of existing transmission infrastructure
EL_09	<u>750 kV Pivdennoukrainska NPP (Ukraine) – Isaccea (Romania) OHL rehabilitation and modernisation,</u>	State Enterprise NPC Ukrenergo – C.N. Transelectrica S.A. (Romania)	Construction of new transmission infrastructure; Current upgrade of existing transmission infrastructure; Extension of existing transmission infrastructure; Replacement of existing transmission infrastructure

Key issues for 2019

- **Implementation of adopted legislation** on energy efficiency
- **National plan for climate and energy until 2030** – process to start in 2019 and it should be clear and transparent; Cooperation between Ministry of energy and Ministry of environment should be ensured.
- **PECI projects** – should not serve as support to nuclear electricity exports
- **Support to economic and social innovations for energy transition** – more focus on development conditions for decentralized community-based generation, incl. in coal regions.
 - Ensure simplified conditions for small producers under the new RE law
 - Funding for projects to kick-start new formats of community-based projects



Thank you for your attention!

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