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Critical overview of the position of Ukraine on climate change mitigation for post-2012 negotiations

Official target on mitigation of Ukraine, main point:

“Ukraine is ready to commit to the greenhouse gas emissions reduction by 20% by 2020 and by 50% by 2050. Imposing stricter obligations on Ukraine will not only make impossible the economy growth, but will also prevent social and economic recovery of the country” [FCCC/KP/AWG/2009/MISC.1, page 48 and further elaboration by Ukraine]

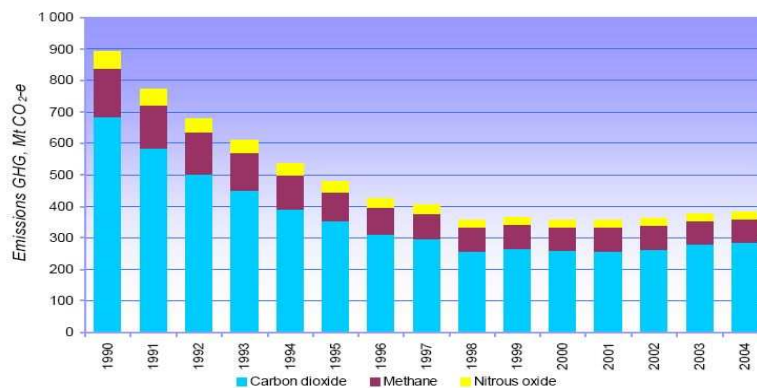
What does Ukrainian target mean?

1. The official position of Ukraine emissions reduction by 20% by 2020 from the level 1990 means growth of GHG emissions for 70% from the level 2007

The emission level in 1990 in Ukraine was 926 mln. tons (without removals from LULUCF). The current level of emissions is 436,0 mln tons or - 52,9% from 1990. It is obviously that the target to reduce emissions for 20% by 2020 in fact means growth of emissions for 70 % from now by 2020.

Ukraine is one of countries from former Soviet Union. The emission reduction happened because of economic collapse in 1990 and further restructure of economy; as result the amount of GHG was dramatically reduced. But in the same time the absolute emissions are still high and Ukraine is in top 20 world CO₂ polluters.

GHG emissions in Ukraine with removals from LULUCF, 1990-2004, mtCO₂-e

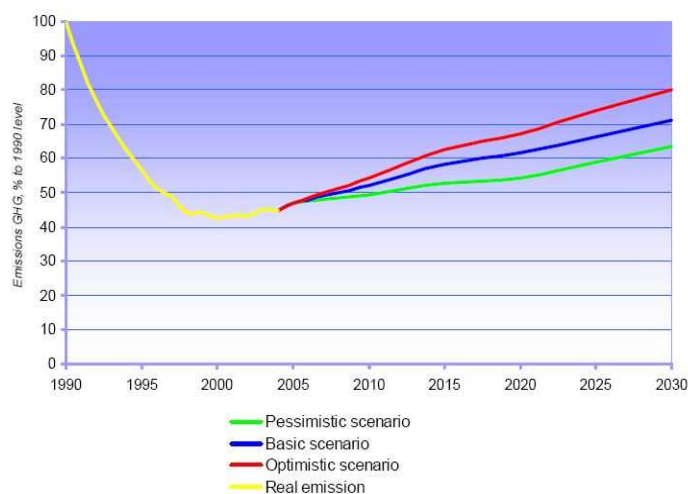


Source: Second National Communication of Ukraine on Climate Change, Kiev, 2006

2. The official position of Ukraine means “hot air” in 2nd commitment period.

The Ukrainian official position is based on “National Energy Strategy till 2030”. According to it, even in case of optimistic scenario, Ukraine will reach only 70% emissions from the level 1990 (see graph below). The announced target is not to overcome 80% emissions from the level 1990 by 2020. As a result at least 10% of “hot air” will have place.

GHG emissions projections by 2030 in percentage to 1990 level for the scenarios of economic development



Source: Second National Communication of Ukraine on Climate Change, Kiev, 2006

3. The reference document for target setting is rather a «business as usual» scenario than scenario «with measures». Ukraine justifies the target based on the projections for emissions in National Energy Strategy till 2030. This strategy is heavily criticized in Ukraine and by international experts for overestimation of energy demand, focus on building new big energy generating facilities and little attention to energy efficiency and renewable energy development. According to the energy strategy in 2030 Ukraine will reach energy intensity level, which Poland has today. “The more – the better” approach continues to drive energy policy in the country. Ukrainian National Energy Strategy till 2030 cannot be considered as scenario «with climate change mitigation measures» - climate change was mentioned once in the introduction to this document and then the need to reduce emissions was not taken into account while planning energy sector development.

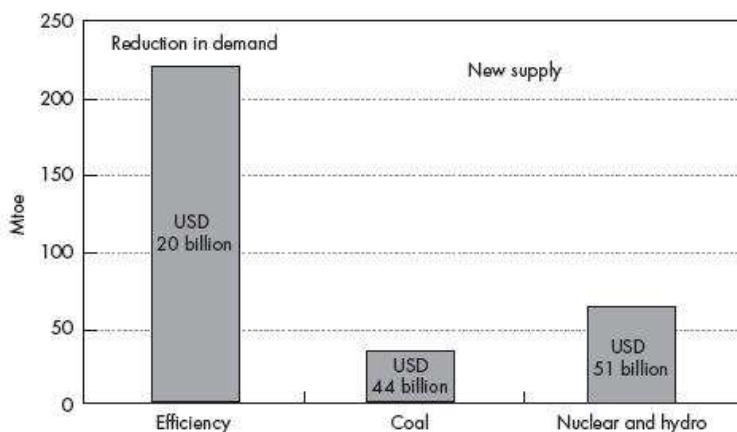
What are potential and costs for emission reduction?

Energy efficiency.

1. Ukraine has a huge potential for energy efficiency being among countries with the highest energy intensity level in the world. Ukrainian energy intensive industries consume 2-3 times more energy per unit of GDP, most of the energy companies are very inefficient, there is up to 60% potential to reduce energy consumption in households, etc.

2. Energy efficiency in Ukraine is economically feasible even without international support. It is 4-10 times cheaper to invest into energy efficiency in Ukraine rather than in development of new energy supply facilities [OECD/IEA, Ukraine. Energy policy review 2006].

Investment Results: Investment Cost vs. Change in Energy Balance, 2005-2030



Source: OECD/IEA, 2006.

Finances for mitigation.

According to National Energy Strategy till 2030 Ukraine plans to build 22 new nuclear power blocks and also coal heat and power plants, which will be funded mainly from public funds. It will be 4-10 times more efficient to use public money if they are directed to energy efficiency.

The main argument of Ukraine against stricter target for mitigation is low GDP level. But in the same time subsidies for producing coal in 2007 have amounted to more than UAH 8 billion annually (about 1 billion USD). Ukrainian government subsidizes at least 20\$ from public finance per 1 ton of coal. Up to 2009 the tariffs on electricity from nuclear and coal power plants have been lower than their production costs, which is due to government subsidies. Every year the country spends billions to support these sectors. The statement that Ukraine does not have money for energy efficiency implementation is misleading.

Renewable energy, including large hydro, accounts for some 0.08-0.14 % of total primary energy supply in Ukraine in 2004 (TPES). By 2030 Ukrainian government plans to increase the share of renewable energy sources only to 6% of total primary energy supply, which is envisioned in the Energy Strategy by 2030. According to experts renewable energy sources are estimated to constitute from 11 to 14,2% in the country's TPES in 2030 (depending on different figures for TPES) on economically feasible basis .

Position of Ukrainian NGO Working Group on Climate Change

Ukrainian network of NGOs working on climate change is calling the government of Ukraine to adopt the target of stabilization of greenhouse gas emissions by 2020 or 0% growth from the 2007 level of emissions. Ukraine can take international commitment to reduce GHG emissions by at least 55% by 2020 from the level 1990.

It is technically and economically feasible for Ukraine. Such target could be achieved through energy efficiency programs both in supply and demand side and from increasing the use of renewable sources in the energy mix.