



## Safe for life climate in future!

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### Comments to the EBRD Energy Policy prepared by the Ukrainian Climate Network (UCN) as part of policy revision process

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Ukrainian Climate Network (UCN) is a coalition of 25 CSOs from Ukraine working to advance better climate and energy policy on national and local levels. UCN welcomes Sustainable Energy Initiative of the EBRD and confirms the importance of a holistic approach to development of the energy sector in close relation with other sectors. With this input, we would like to stress the importance of RES and inform about opportunities in energy sector created by decentralization in Ukraine. In the same time, we warn EBRD against supporting any activity that leads to increased extraction or burning of fossil fuels as such, which is inconsistent with world-approved climate goal of staying below 2 degrees.

1. The biggest change that took place from the last review of EBRD Energy Strategy was adoption of the Paris Agreement. It sets a clear goal of staying below 2C global temperature rise, which is impossible to reach, if we continue mining and burning of fossil fuels. According to the research<sup>1</sup>,  $\frac{4}{5}$  of the fossil fuel must stay in the ground to limit global warming to 2C. Therefore, it is vitally important that EBRD abstain from financing projects related to fossil fuels, including also natural gas. While natural gas is often seen as a transition fuel from CO<sub>2</sub>-intensive coal to CO<sub>2</sub>-neutral renewables, in Ukraine it is definitely not the case. Natural gas was historically accounting for up to 38% of final energy consumption in Ukraine, being single biggest source of energy in the country. Helping Ukraine to buy more gas is supporting Ukraine's energy "business as usual" and not helping its transformation to a cleaner and efficient new energy system.

The following projects supported by the EBRD in Ukraine during the period of the current Energy Policy are the types we think should not be supported in a future:

- a. Burning coal waste<sup>2</sup>
  - b. Purchase<sup>3</sup> and extraction<sup>4</sup> of natural gas.
2. We welcome efforts of the EBRD on decentralization of energy supply and we think they should be further reinforced. Decentralization is the area where support, still, is very limited but where the potential for the development is huge. First of all, such efforts focus on establishment of tools that offer support to citizens-owned and community based energy projects. Decentralization reform in Ukraine started

<sup>1</sup> <https://www.nature.com/articles/nature14016>

<sup>2</sup> <http://www.ebrd.com/work-with-us/projects/psd/coal-energy.html>

<sup>3</sup> <http://www.ebrd.com/work-with-us/projects/psd/naftogaz-gas-purchase-facility.html>

<sup>4</sup> <http://www.ebrd.com/work-with-us/projects/psd/kubgas-project.html>

in 2015 led to establishment of 665 amalgamated territorial communities (ATC), including 41 registered already in 2018. The average size ATC varies from two to 35 thousand inhabitants and more than six mil. Ukrainians live in ATCs<sup>5</sup>. Most of ATCs are motivated, have necessary authority and resources to foster local economic development. With EBRD support on mobilization of ATCs resources, the process of decentralization can become even more fruitful, while bringing higher standards of environmental management to ATCs.

3. Deployment of renewables is happening as fast as the most ambitious forecasts had predicted<sup>6</sup>. It consequently leads to improvement of knowledge on RES integration in energy systems. For Ukraine in 2016-2017 scientific institute with the wide involvement of CSO and RES associations' experts conducted an economic modelling of different scenarios of energy sector development by 2050<sup>7</sup>. One of scenarios, a revolutionary one, has shown that by 2050 Ukraine can cover up to 91% of its energy demands by renewable energy sources. It concludes that energy transition to an energy system based on renewables is technically possible and economically viable, and leads to higher GDP growth in comparison to scenarios based on fossil fuels and nuclear energy. The EBRD should expand its support of renewables as clean and reliable source of energy, which stimulates economic development.
4. According to the presentation of state fund for energy efficiency, only in housing sector investments of 45 bil. USD are necessary to bring building efficiency to EU average levels<sup>8</sup>. These investments can create 100 thousand new jobs in Ukraine. EBRD already contributes to energy efficiency in residential sector<sup>9</sup> and should keep it as a priority because of its huge potential of job creation and economy growth. In the same time, it's crucial to track and report on the efficiency of such investments, i.e. energy savings and resulted CO2 emissions reductions achieved.
5. In its strategy for next period, EBRD should consider a climate litigation and climate insurance. With constantly growing damage from climate disasters, the world will see more and more cases when energy corporations or even states may be charged for climate-related damage. On other hand, insurance from extreme weather events should also be considered as a part of adaptation to unavoidable effects of climate change.
6. While the EBRD is not financing construction of new nuclear installations, bank's current Energy Policy allows to support functioning and prolongation of operation of the existing nuclear power plants as it was with Ukraine's Nuclear Power Plants Safety Upgrade Programme. At the same time the bank has an extensive experience with supporting efforts on decommissioning of old nuclear power plants, through Nuclear Safety Account in Lithuania, Russia, Bulgaria, and the Chernobyl NPP in Ukraine. Because nuclear power is neither young nor

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<sup>5</sup> <http://decentralization.gov.ua/en/gromada>

<sup>6</sup> Greenpeace in its advanced energy [R]evolution scenario, 2010  
<http://www.greenpeace.org/international/Global/international/publications/climate/2010/fullreport.pdf>  
predicted 1,891 GW of installed RES capacity for 2015 and the actual number was 1,849 according to REN21 report [http://www.ren21.net/wp-content/uploads/2016/06/GSR\\_2016\\_Full\\_Report.pdf](http://www.ren21.net/wp-content/uploads/2016/06/GSR_2016_Full_Report.pdf)

<sup>7</sup> <https://ua.boell.org/en/2017/11/07/transition-ukraine-renewable-energy-2050>

<sup>8</sup> [https://strategy2020.lg.ua/images/docs/Fond\\_EE\\_22.02.2016.pdf](https://strategy2020.lg.ua/images/docs/Fond_EE_22.02.2016.pdf) (Ukrainian only)

<sup>9</sup> <http://www.ebrd.com/work-with-us/projects/psd/ukrainian-residential-ee-financing-facility.html>

sustainable energy source and poses great environmental and health risks, we believe no public money should be allocated to sustain its further operation. The 2013 EBRD energy strategy correctly acknowledged problems associated with the nuclear power in the reality of climate change - it's high demand for cooling water and its vulnerability to extreme weather like heat waves. Thus Banks involvement in the programme that allow longer operation of the Nuclear power plants means decreasing security for the region. We urge the bank in its new Energy Strategy to commit to channell support in nuclear energy sector only to projects related to safe decommissioning of nuclear installations and to solution of the radioactive waste problem.

- a. <http://www.ebrd.com/work-with-us/projects/psd/nuclear-power-plant-safety-upgrade-program.html>

Sincerely,  
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