

Reconstruction Efforts in the Energy Sector in Ukraine

DG NEAR

RESUA AHWP, 2 December 2024

EU support to Ukraine's energy sector

- Since Feb 2022, EU supported Ukraine's energy security with over EUR 2 billion
- This support aims to restore and export more than 4.5 GW in Ukraine this winter
- Overall, EU financed the repair of 1/3 of the existing electricity generation capacity
- Our winterisation support currently consists of three main strands:
 - **Repair**
 - **Connect**
 - **Stabilise**

Short-term measures - Winterisation

Repair

- EU helps restoring **1.8GW of generation capacity via the Ukraine Energy Support Fund** – by restoring damaged TPPs
- **700 MW of in-kind assistance via the Union Civil Protection Mechanism** – including more than 10,000 generators and transformers.



Connect

- **Export capacity from EU will increase by 400MW - to 2.35GW** (decided by ENTSO-E) by Dec 2024
- Exemplary of the **benefits of Ukraine's integration into the EU electricity market.**

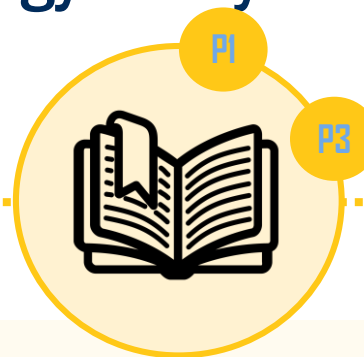
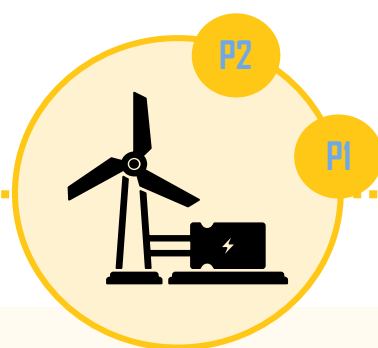


Stabilise

- Make the Ukrainian energy system more resilient: via **60 MW of mobile gas turbines** and **2 solar and 1 wind energy production sites** totaling **134 MW capacity.**



Medium-term support to UA's energy ecosystem



Target

Investments

≥20%
of UIF & Ukraine Plan Investments

Conducive Framework

Reforms for recovery and
modernisation

Green & modern UA Energy

Description

- ▶ De-risking Mechanism
- ▶ Signals To The Investors
- ▶ Increasing RES
- ▶ Medium & Long-term Goals

- ▶ Steer UA to EU standards
- ▶ Monitor and comment the positive trend
- ▶ Provide financial means

1 EU rules & standards

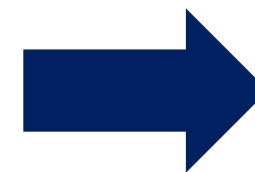
2 Big producer of clean energy integrated into the EU energy market

3 EU-UA integrated value chains for renewable energy

Tools

- ▶ **Budgetary Guarantees**
- ▶ **Grants & Financial Instr.**

- ▶ Ukraine Plan
- ▶ Enlargement report
- ▶ Technical assistance



Energy support under Ukraine Investment Framework

- Mobilising private financing – implemented through pillar-assessed public banks
- Financial products through EIB, EBRD, KfW and others
- Support includes Energy Efficiency, RES generation, SoE and municipal support, and more
 - **The estimated capacity added by Pillar II in various sectors is currently above 1.2 GW**
 - **Ongoing calls for proposals, with significant energy component**
- Blending facility – grant components used to make projects bankable, or to cover non-revenue generating parts of investments
 - E.g.: KfW – grant component covers the reconstruction and physical protection of Ukrenergo’s targeted transmission substations – such physical protection performed well against drone and missile attacks

Ukraine Plan - Energy Chapter

- Energy as a key Chapter of the Ukraine Plan: **7 reforms** and **1 investment** (18 steps to be implemented by 2027)

EUR 550 mil. in
energy
infrastructure
investments

Most
important
reforms

Reform to align electricity market legislation with the EU acquis

Strengthening the independence of the energy regulator

Introduction of competitive auctions for renewables

Increasing energy efficiency in buildings

Roadmap towards tariff liberalisation and reforming the public service obligations, while ensuring vulnerable consumers are adequately protected.

Crucial commitments achieved this year

○ **Adoption of the Integrated National Energy and Climate Plan:** The NECP sets out the coordination and the planning of energy and climate policies and sets out the following national and climate targets until 2030 linked to a 65% reduction of greenhouse gas emissions, increase of share of renewable energy to 27% and reduction of primary energy consumption.

○ **Adoption of the Strategy for thermal modernisation of buildings until 2050 and the Action Plan:** The strategy outlines the central steps the Ukrainian government envisions to ensure the thermal modernisation of buildings until 2050.

Entry into force of the secondary legislation implementing **REMIT** Law