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# New Draft Energy Strategy to 2030 Brief Critical Assessment

By David E. Ceschia

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Workshop: Energy Efficiency in Ukraine: Policy, Experience, Reforms



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## DRAFT STRATEGY OUTLOOK – BASIC ISSUES

Several issues have been underlined as not being adequate for an important document such as a nation's long term energy strategy:

- The initial assessment of D/S data is in reverse:
  - A general assessment of the possible Supply sources is analyzed and then the Demand, to make sure that Supply is fully used, is provided.
- The economic growth assumption on which the overall assessment is made has been seen by donors as unrealistic.
- The cases used (*best, reference, worse*) have not been logically constructed, i.e. the *best* case scenario has a higher Demand for energy (?).
- There are no clear references as to where the data used has been taken from (no clear sources) or how they have been constructed, nor are the conversion factors used correct.



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## DRAFT STRATEGY OUTLOOK – MAIN DEVELOPMENTS

The New Draft Strategy is very clear on several things:

- Internal production should be increased
- Coal and Nuclear need be further developed
- Imports need to be lowered

...all this in the name of a more energy independent Ukraine.

But is this really the way forward? Is it sustainable?

## D/S BALANCE: EXPECTED DEVELOPMENTS 2010 - 2030



- Fossil fuel production
- Heat generation by NPP
- Other fuel and energy sources
- Fuel in storages / stock

- Power generation without fossil fuel consumption
- Environmental heat
- Fossil Fuel Import
- ◆- Total Demand



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## THE ENERGY SUPPLY

- Production Growth Rates (2010-2030)
  - **Overall fossil fuel production growth: 82%.**
    - Coal: 71%
    - Natural Gas: 115%
- Power Gen. of non-fossil fuels is mostly covered by NPP (approx. 80%)
- By 2030 Coal will be responsible for 25.8% of total energy production, while Natural Gas will cover 18% and NPP 16.1%.
- **Imports** are gradually cut with a rate of 52%.
- **RES: 1.57% by 2030 of overall energy production...**
- Quote: “*one of the priorities to ensure the growth of the Country’s economy is to develop RES*” (p.27)
- Installed RES capacity is expected to reach approx. 10% share... However, transmission lines and overall generation expectation related to RES only allow RES to cover between **1.57% and 1.88% of Tot. Supply in 2030, or 2% of total production.**

## BRIEF FOCUS ON RES

- “*EE and energy saving is one of the underlying reasons for the strategy review*” – p.4), Projections however are far from this statement.
- The highest share of RES is in the Worst Case Scenario: 1,88% of Total Supply (239 Mln TCE) in 2030.
- Generation from RES: 13-14 TWh in 2030 in the 3 different cases.
- **RES installed capacity: 5-7 GW** equal to  $\pm 10\%$  of overall installed capacity, BUT production from RES remains superficial: **4.6% of Total Power Generation** and as little as **2% of Total Energy Production**.
- As a member of the **European Energy Community**, Ukraine has to reach 12% target share of energy produced from RES by 2020 From the current projections included in the draft Strategy this objective will be far from reached even in 2030!!!



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## WHAT ABOUT ENERGY EFFICIENCY?

- Energy efficiency should be the first and foremost chapter of the strategy.
- No clear relationship between introduction notes and potential expectations (43% reduction in GDP electric power intensity, and 68% reduction in GDP gas intensity), and clear short, mid and long-term objectives. (“We know where we could get to but not how to get there...”).
- The Draft Energy Strategy only provides a mere assessment of the situation related to the biggest consumers of energy and the potential savings that can be reached. No strategic action is proposed.
- Grid losses reduction is not clear: the value remains constant at 22-23 TWh/year (p.16) but it’s hard to understand how this has been calculated. Hence, no improvement on old systems?
- It is clear that EE has not been prioritized as it should have, and actions to be undertaken are not (clearly) outlined or exposed.



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## COCONCLUSIONS AND RECOMMENDATIONS

- New Draft Strategy looks more like a Market Assessment than a clear National Strategy.
- Energy Efficiency should be the first chapter of the Strategy.
- **Sustainable development** perspective needs to be considered and applied.
- RES should be further investigated and prioritized.
- Environmental issues considered and included
- Commitments must be integrated in the Strategy.
- Dialogue and cooperation with Stakeholders should be increased.
- Simplify the overall Strategy document and avoid lack of clarity.
- Additional Action Plans should subsequently be developed accordingly.



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