



*10<sup>th</sup> European-Ukrainian Energy Day*

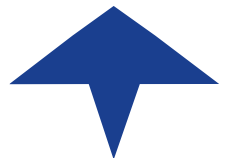
***Clean Energy Package, Energy Efficiency and  
Renewables: Priorities for EU-Ukraine Cooperation***

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Kyiv  
14.11.2019

MOVING FORWARD  
TOGETHER



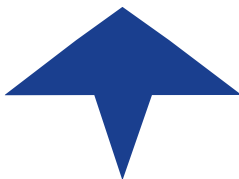
European Union



# "CLEAN ENERGY FOR ALL EUROPEANS" EU LEGISLATIVE PACKAGE

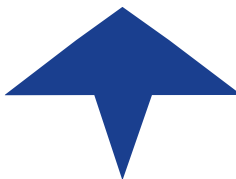


- ▶ New policy framework brings **regulatory certainty**, incl. through introduction of the **national energy and climate plans**; will encourage essential investments;
- ▶ Empowers European **consumers** to become **active players in the energy transition**;
- ▶ Fixes two new targets for the EU in 2030: a **binding renewable energy target - at least 32%** and an **energy efficiency target - at least 32.5%**;
- ▶ Consists of 8 decisions, including **revised RES, Energy Efficiency, Energy Performance in Buildings and Electricity Directives**;



## **EU LEGAL FRAMEWORK IMPLEMENTED IN UKRAINE**

- ▶ Ukraine signed **Association Agreement with the EU** in 2014 and has been a party of the **Energy Community Treaty** since 2011;
- ▶ In June 2019, **Ukraine ratified updated energy Annex XXVII to the Association Agreement**, in particular to reflect the evolving EU acquis;
- ▶ In addition to EU acquis which is part of the Energy Community Treaty, **Annex XXVII also covers other EU acquis in energy sector**



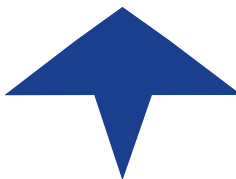
# PROVISIONS OF ANNEX XXVII ON ENERGY EFFICIENCY AND RES

## ▶ Energy Community package:

- ▶ Directive 2012/27/EU on energy efficiency;
- ▶ Directive 2010/31/EU on the energy performance in buildings;
- ▶ Regulation (EU) 2017/1369 setting framework for energy labelling, including 18 implementing regulations
- ▶ Council Directive 2009/28/EC on the promotion of the use of energy from renewable energy sources (RES) or *RED-I*

## ▶ EU acquis beyond EnCT obligations:

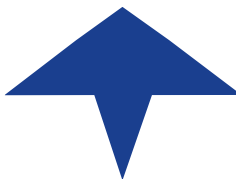
- ▶ Commission Delegated Regulation 244/2012 on energy performance in buildings
- ▶ Directive 2009/125/EC establishing framework for setting of eco-design requirements for energy-related products, including 36 implementing regulations



# ENERGY EFFICIENCY

## Energy Efficiency in buildings

- ▶ Law on energy efficiency in buildings transposes ca. 70% of the requirements of the Energy Performance in Buildings Directive 2010/31/EU;
  - ▶ Some secondary legislation may need further improvements and/or simplification ;
  - ▶ Massive needs for training energy auditors and energy performance certifiers;
  - ▶ Needs for continued awareness-raising among population
- 
- ▶ **Energy Efficiency Directive: Adoption of legislation is important but not enough!**
    - ▶ Other steps are necessary:
    - ▶ national **energy efficiency targets**, mandatory energy efficiency criteria in public procurement, energy efficiency obligations or alternatives (EE Fund)
    - ▶ **long-term strategy for the renovation of buildings**
    - ▶ renovation of central government buildings & empowerment of local/regional public bodies
    - ▶ energy audits and energy management systems in industry
    - ▶ accurate metering and informative billing



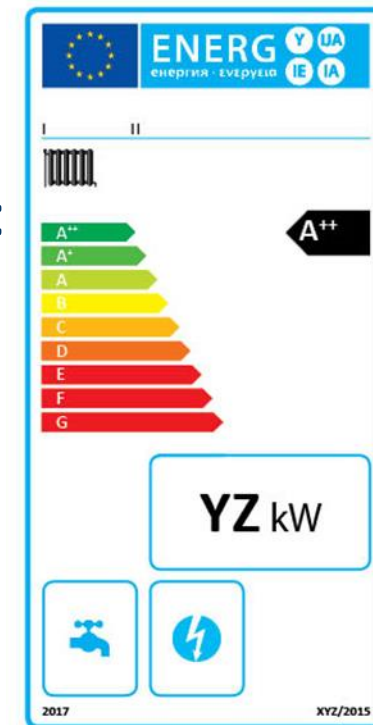
# PUSHING FOR HIGHER EFFICIENCY OF PRODUCTS

- ▶ Combined effect ensures a dynamic improvement of the market



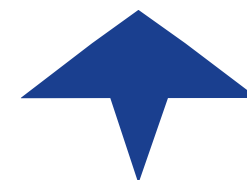
*Ecodesign Directive 2009/125/EC*  
setting minimum requirements

*Energy Labelling Directive 2010/30/EU*  
providing consumer information



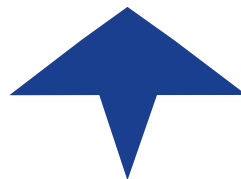
Both Directives are «frameworks» defining the «rules» for **setting product-specific requirements** through Regulations:

- ▶ critical links to be established in **public procurement**
- ▶ needs for building up capacities for **transparent market surveillance**



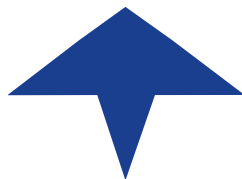
## **ELECTRICITY MARKET REFORM IN UKRAINE – objectives**

- ▶ Ukraine committed to reform its **electricity market based on EU rules** through the Association Agreement, including recently revised Energy Annex XXVII, & the Energy Community Treaty. Key reform objectives:
  - ▶ competitive electricity market at wholesale and retail level
  - ▶ open access to the market for the new entrants
  - ▶ real choice for consumers
  - ▶ electricity prices remain affordable
- ▶ Need for strong, competent and **independent** energy market regulator (NEURC) and **competition authority (AMCU)**;
- ▶ **Market opening on 1 July 2019** led to mixed results as was not properly prepared ;
- ▶ MOST CRUCIAL: Orderly development of **sound implementing rules** and a **reliable oversight** of the market



## **REFORMED ELECTRICITY MARKET - A GATEWAY TO RES**

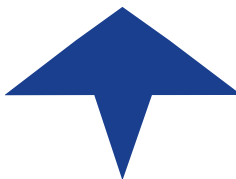
- ▶ EU advanced its RES market based on a **solid electricity market framework**. Ukraine should learn from EU experience, including **mistakes made having severe impact on investment climate**;
- ▶ **Preparation of electricity market for expansion of RES** in accordance with the targets set in Ukraine`s Energy Strategy **is important**;
- ▶ **Preparation of RES for the market** - moving to truly competitive auctions ensuring cost efficiency, supporting new market entrants and providing predictable and stable investment framework;
- ▶ **Sustainability of support schemes** –EU experience might help Ukraine to find the right balance. **Any decision-making must be based on proper impact assessment including on investment climate**;
- ▶ **Investment in networks** is a crucial challenge for the stability of the grid and to integrate RES - urgent priority, also in view of integration of electricity grid with EU / ENTSO-E network;
- ▶ **Full implementation of 2009 RES Directive (RED-I)**, in particular to remove the barriers, improve administrative procedures and access to information remains a priority for Ukraine to be followed up with implementation of RED-II once included in the Energy Community legislative package.





## ***ELECTRICITY MARKET REFORM IN UKRAINE – short term priorities***

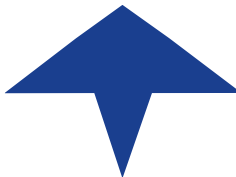
- ▶ Address the judgment of the Constitutional Court on Energy Regulator but with due account of obligations under the Association Agreement – **Regulator must be independent!**
- ▶ Establish a road map paving a way towards **genuine competitive market design** to incentivize investments, while protecting vulnerable consumers. **Regulated prices & state aid** in well justified cases;
- ▶ Improve **transparency and integrity requirements** (including monitoring, reporting and cooperation with the ENTSO-E Transparency platform);
- ▶ Improve **cross-border electricity trade with EU** (including imports and access to grids), increased cooperation with ENTSO-E partners;
- ▶ Level out revenues and costs: address existing **debts** and prevent future deficit;
- ▶ **Accelerate certification of TSO:** Ukrenergo to be equipped to perform its function;
- ▶ **Ensure transparency and accountability of distribution companies** to prepare future competitive retail market, including through unbundling in accordance with EU rules;



# EU ASSISTANCE TO UKRAINE

## More than 220 Million EUR ongoing support programs:

- ▶ EUR 104 mln **Energy Efficiency Support Programme for Ukraine (EE4U)**, support to the Ukrainian Energy Efficiency Fund (EEF), including:
  - ▶ EUR 80 mln grants for **Home-Owners Associations** via the EEF
- ▶ EUR 40 mln **Eastern Europe Energy Efficiency and Environment Partnership (E5P)** – EU contribution to EBRD managed multi-donor fund for Ukraine in municipal sector
- ▶ EUR 1 mln **Twinning project on RES** for SAEE to assist with the implementation of the RES Directive
- ▶ EUR 19,5 mln **Covenant of Mayors** regional initiative, including EUR 4 mln for demonstration projects in Ukraine (SUDeP)
- ▶ EUR 4,1 mln **Financing Technologies against Climate change (FINTECC)** helps private sector in Ukraine with deployment of best available climate technologies
- ▶ EUR 50 mln **Neighborhood Investment Fund** blending to investment projects in electricity, energy efficiency and water sectors in Ukraine implemented by EBRD, EIB and KfW;





Thank you !



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