

Comment regarding Green Tariffs in Ukraine

For the European-Ukrainian Energy Agency

Nefco is seriously disappointed that the Ukrainian government is cutting the green tariffs retroactively for projects already approved. This has negative effect on attracting new investments and on Ukraine's transition to clean energy and energy independence. A predictable framework is needed.

A green tariff was needed to initiate the market for renewable, clean energy. Unfortunately it was not structured in an appropriate way. It is normal that tariffs are high in the beginning in order to attract investments and create a market for clean energy. Over time green energy will become cheaper, this has been seen also in other countries, where green tariffs have been implemented and then gradually reduced. That makes the market more predictable and sustainable.

About 30% of the capacity was built at the expense of foreign investors. Had the tariffs been higher, there would have been more risk taking also from other financiers, so they were not too high. It is also important for Ukraine's energy independence that energy generation capacity is being built, and that should be done with clean energy solutions.

Nefco cannot accept negligence of payment obligations by the guaranteed buyer for transmitted green energy to our clients, that is, producers of renewable energy. That is breach of contract.

Additionally, introducing an excise tax on renewable energy is a step in the wrong direction. In fact, clean energy should be subsidised, whereas fossil energy should be subject to a CO₂ tax.

These issues seriously damage Ukraine as a destination for foreign investments. Nefco has therefore decided to stop investing in new projects in the renewable energy sector in Ukraine until a predictable and sustainable framework is in place and agreements are being honoured by the Ukrainian government

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