



From: EUEA, UWEA, UARE

To: Dmytro Shmygal, Prime Minister of Ukraine

Copy:

Herman Halushchenko, Minister of Energy of Ukraine

Sergii Marchenko, Minister of Finance of Ukraine

Volodymyr Kudrytskyi, Chairman of the Board of PJSC “NPC “Ukrenergo”

Vadym Ulyda, Acting Director of the SE “Guaranteed Buyer”

Date: November 17, 2021

Subject: *Regarding the compliance with the principles of transparency, equality, and proportionality in the repayment of debts accumulated towards the RES producers in 2020-2021*

Dear Prime Minister!

On behalf of the European-Ukrainian Energy Agency (EUEA), the Ukrainian Wind Energy Association (UWEA), and the Ukrainian Association of Renewable Energy (UARE), which together unite more than 80% of Ukraine's renewable electricity market and represent international and Ukrainian investors, with deep respect we address to you with the following.

On November 3, 2021, PJSC “NPC “Ukrenergo” announced the placement of 5-year “green” Eurobonds worth USD 825 million (approximately UAH 21.6 billion) under government guarantees provided by the Cabinet of Ministers of Ukraine (the “Eurobonds”).

According to the official information published by the SE “Guaranteed Buyer”, as of November 17, 2021, the SE “Guaranteed Buyer” has made payments to RES producers in the total amount of UAH 16.27 billion and has another UAH 3.04 billion available.

At the same time, we have no information on the probable dates of the transfer of remaining UAH 3.04 billion in favor of RES producers by the Guaranteed Buyer and of the transfer of the remaining amount of money received from Eurobonds to the account of SE “Guaranteed Buyer” by PJSC “NPC “Ukrenergo”.

We would like to note that on October 11, 2021, the Cabinet of Ministers of Ukraine adopted a resolution¹ on state guarantee provision in 2021 to ensure complete fulfilment of debt obligations of PJSC “NPC “Ukrenergo” on borrowing with amount not exceeding UAH 22.8 billion. Separately, in this resolution, the Government obliged the Ministry of Energy to ensure (together with PJSC “NPC “Ukrenergo” and the SE

¹ Resolution of the Cabinet of Ministers of Ukraine dated October 11, 2021 No. 1049 “On providing in 2021 a state guarantee for the obligations of the Private Joint-Stock Company “National Power Company “Ukrenergo”.

“Guaranteed Buyer”) the allocation of funds to repay the debts incurred under the PPAs at FiT concluded by the SE “Guaranteed Buyer” with electricity producers operating at FiT.

In addition, according to the Section “Use of Proceeds” of the Eurobond Prospectus, “an amount equal to the net proceeds of the issue of the Notes, will be used to finance or re-finance, in whole or in part, Eligible Green Projects as described in the Issuer’s Green and Sustainability-Linked Bond Framework”.

The financial institutions which have invested in the bonds of PJSC “NPC “Ukrenergo” (including the international financial institutions such as the EBRD) purchased the bonds based on the Government’s assurance to use the raised funds in order to resolve the payment crisis in the renewable energy sector by repaying the debts of SE “Guaranteed Buyer” to the RES producers².

Therefore, the investors of PJSC “NPC “Ukrenergo” who purchased the Eurobonds as well as the RES producers expect the Government to comply with the set goal of Eurobonds issue and allocate the entire raised amount of UAH 21.6 billion to repay the debts of the SE “Guaranteed Buyer” for RES electricity accumulated during 2020-2021. The Ministry of Energy of Ukraine, PJSC “NPC “Ukrenergo”, and SE “Guaranteed Buyer” shall ensure the immediate use of borrowed funds to repay debts under the PPAs at FiT concluded by the SE “Guaranteed Buyer” and the RES producers. **In addition, we expect the SE “Guaranteed Buyer” to observe the principles of transparency, equality, and proportionality within distribution of funds among the RES producers.**

Thank you in advance for your attention to our letter. We remain at your disposal with respect to providing any additional comments and clarifications.

Sincerely,

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² <https://www.ebrd.com/news/2021/ebrd-backs-ukrenergos-eurobond-to-resolve-payment-crisis-in-ukraines-renewables-sector.html>