

Ukraine's industry can save at least **9-12 million tons of CO<sub>2</sub>** per year with new legislative measures. Today the industry emits about 60 million tons of CO<sub>2</sub> annually.

## DANISH EXPERIENCE CONTRIBUTES TO SIGNIFICANT CO<sub>2</sub> REDUCTIONS IN THE UKRAINIAN INDUSTRY

The Ukrainian-Danish energy partnership contributes to a more energy-efficient industry in Ukraine. In the next 5 years, new initiatives within energy efficiency in industry can reduce CO<sub>2</sub> emissions in Ukraine with at least 9 to 12 million tons of CO<sub>2</sub> annually. This is equivalent to about one-third of the annual Danish CO<sub>2</sub> emissions from energy consumption.

Ukraine's government aims to improve the national security of supply while undergoing a green transition of the energy system. Today the national energy resources are primarily coal, gas, and nuclear power, with high reliance on energy imports. This situation poses a challenge on achieving competitive energy prices and national security of supply.

The industry sector plays an important role in this transition, emitting about 60 million tons of CO<sub>2</sub> annually - almost twice as much as the total CO<sub>2</sub> emissions from the Danish energy consumption. The industry relies on cheap and stable energy. However, in recent years, both energy prices and stability have worsened, making the industry less competitive.

### Danish regulation behind green initiatives

Denmark has 30 years of experience with energy regulation in the industrial sector. The Danish industry is one of the world's most energy-efficient. Denmark has consistently achieved significant energy savings of 2-3 percent annually in the industry.

A key instrument in this effort is voluntary agreements

between industry and the Danish Energy Agency.

As part of the Ukrainian-Danish energy partnership, the two countries have worked closely together to highlight how Danish initiatives such as subsidy schemes and other mechanisms can inspire Ukrainian solutions for energy efficiency in the industry.

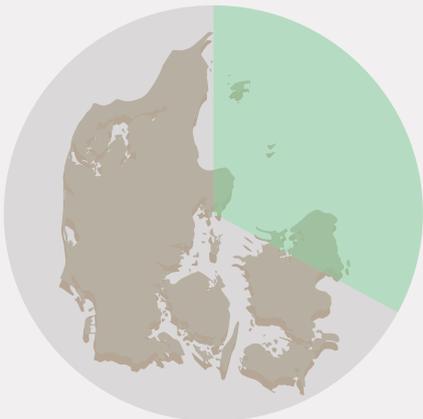
A technical assessment shows that the energy saving potential of the Ukrainian industry will be at least 3 to 4 percent per year, if these initiatives are implemented. After 5 years, the initiatives will result in a reduction of at least 9 to 12 million tons of CO<sub>2</sub> annually. This is equivalent to about one-third of the annual Danish CO<sub>2</sub> emissions from energy consumption.

The Ukrainian Parliament has already started the implementation. The Parliament has tripled the CO<sub>2</sub> tax for large energy consumers based on Danish experiences, and is planning for further increases. In addition, the parliament is considering a legislative measure, which, through investment grants, ensures that the CO<sub>2</sub> tax will be reinvested into the industry sector, in return for the implementation of energy efficiency measures.



As part of the tax reversal, companies must be a part of a voluntary agreement on energy audits and energy management. This entitles them to receive between 30 and 50 percent in investment aid to complete the identified energy efficiency projects. The projects have payback times between 1.5 and 5 years. Moreover, the companies also get access to green loans to finance the projects through banks affiliated with the scheme.

In addition to an increased energy efficiency and lower energy consumption, Ukraine achieves a number of other positive results through these initiatives, including reduced emissions of NO<sub>x</sub>, SO<sub>2</sub> and particles, job creation, and improved security of supply.



The savings in the Ukrainian industry are equivalent to approximately **one-third of Denmark's CO<sub>2</sub> emissions** from energy consumption.

## FACTS

- The Ukrainian-Danish government cooperation on energy is operated by the Danish Energy Agency and financed by the Ministry of Foreign Affairs through the Neighbourhood Program.
- The cooperation was established in 2014 and is implemented by the joint Ukrainian-Danish Energy Center (UDEEC).
- The aim of the cooperation is to ensure solutions for an independent and more sustainable energy sector in Ukraine. The program focuses on supporting Ukraine's energy restructuring and security of supply, including the fulfilment of the Paris Agreement and the UN's sustainable development goals no. 7 and 13.
- As part of the cooperation, the Ukrainian State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) and the Danish Energy Agency are carrying out efforts focusing on conversion to a more energy-efficient industry.
- Denmark has 15 government-to-government cooperation programmes on energy with countries that collectively emit more than 60 percent of the world's CO<sub>2</sub>. The cooperation aims to empower policy makers to make sustainable and cost-effective energy policy decisions that support the global green transition.