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UKRAINE AND DENMARK ARE COOPERATING ON A GREEN ENERGY TRANSITION

The Ukrainian-Danish energy partnership aims at advancing Ukraine's green ambitions for renewable energy, energy efficiency and district heating. This, while maintaining security of supply.

Energy security and transition to efficient and sustainable use of energy resources are the main focus for Ukraine's energy system development. According to the National Energy Strategy until 2035, currently under revision, Ukraine aims at achieving a renewable energy share of 25 percent by 2035. Energy efficiency enforces energy security and is also prioritized with a national energy saving target of 9 percent in 2020 compared to the average domestic final energy consumption for the period of 2005-2009.

The energy mix in Ukraine is currently dominated by nuclear power, coal and gas, which increase the country's reliance on imports. On the other hand, the introduction of attractive feed-in tariffs for renewable energy during the latest years has accelerated investments in wind and solar installations, reaching a capacity around 6 gigawatt by the end of 2019, corresponding to around 9 percent of the annual electricity generation. However, a recent restructuring of the tariff system in 2020 has led to a stall in investments in renewable energy in the country.

As one of the signatories of the Paris Agreement, Ukraine has pledged to a greenhouse gas (GHG) emission reduction of at least 40 percent by 2030, compared to 1990 levels. The Nationally Determined Contribution (NDC) is currently under revision, with Ukraine contributing to

220 Mt CO₂-eq GHG emissions annually (2017) from the energy sector.

On the recovery path from the COVID-19 crisis, Ukraine will look into enabling investments in green technologies in the country to reach the energy and climate targets, as well as pursue an interest in exploring the potential for a hydrogen economy and efficiently utilize the extensive energy infrastructure.

Government-to-government cooperation on key Danish core competences

The purpose of the Ukraine-Denmark energy partnership, financed by the Neighborhood Program under the Ministry of Foreign Affairs and in cooperation with the Royal Embassy of Denmark in Ukraine, is to strengthen the enabling environment for investments in sustainable energy, and to assist Ukraine in achieving its renewable energy, energy efficiency and energy independence targets.

The Danish Energy Agency, therefore, provides technical assistance to partner institutions in Ukraine to support energy policy-making, economic diplomacy and strengthening Ukraine's security of supply, through the following key areas of expertise:



1) Long-term energy planning

Through capacity building in modelling and scenario development to the Ministry of Energy, the Danish assistance aims at supporting the revision of the National Energy Strategy. Another important aspect is to strengthen the framework for energy statistics and develop the Ukraine Energy Outlook. The latter explores long-term energy and climate scenarios to illustrate optimal and cost-efficient pathways for the transition of the Ukrainian energy system to meet the goals of the Paris Agreement, and to align with the EU New Green Deal.

2) Renewable energy integration

Through peer-to-peer twinning between the Danish Transmission System Operator (TSO) Energinet and the Ukrainian TSO Ukrenergo, the cooperation brings forward technical, regulatory and legal recommendations for enhanced flexibility in the power system and improved forecasting systems. It also supports the regulatory framework for renewable operation and development, such as auctions based on Danish experiences.

3) District heating

By assisting the central administration and local authorities, Danish expertise is aimed at unlocking the great potential for modernization and utilization of the extensive district heating infrastructure in Ukraine. The systemic modernization of district heating, along with the creation of a favorable regulatory framework, could support the goals of security of supply, power system balancing and green transition, through fuel diversification and utilization of local resources. In this regard, the Danish Energy Agency also focuses on the dialogue with financing institutions, such as IFU, DSIF and EKF, for the implementation of district heating renovation projects.

4) Energy efficiency

By assisting the State Agency for Energy Efficiency and Energy Savings (SAEE), the Danish Energy Agency has developed an incentive scheme for supporting energy efficiency projects in the industrial sector in Ukraine, based on Danish experiences. Ensuring full implementation of the scheme will improve access to funds to support energy efficiency, thereby contributing to the green recovery in Ukraine. The scheme holds the potential to reduce 9 to 12 million tons of CO₂ in just five years, corresponding to 20 percent of the industry CO₂ emissions.

FACTS

- The Ukrainian-Danish government partnership on energy was established in 2014 and is operated by the Danish Energy Agency, with the aim of ensuring solutions for an independent and more sustainable energy sector in Ukraine.
- The current program phase (Ukraine-Denmark Energy Center II), is part of the Danish Neighbourhood Program (DANEP) 2017-2021 of the Ministry of Foreign Affairs, under the thematic pillar on Sustainable and Inclusive Economic Growth.
- The new Ukraine-Denmark Energy Partnership Program (UDEPP) financed by DANEP is currently under formulation and is expected to run in the period 2021-2026 to support the Ministry of Energy and the Ministry for Communities and Territories Development of Ukraine.

Contact person:

Giada Venturini
Advisor
gve@ens.dk
Phone +45 33 92 76 11

