

To the First Vice-President of the European Commission

Mr. Frans Timmermans

Copy: To the Head of the EU Delegation to Ukraine

Mr. Matti Maasikas

We, the **Energy Transition Coalition**, a group of Ukrainian non-governmental organizations,¹ welcome the news that Ukraine and the European Union are ready to jointly negotiate a “Green Deal” option for Ukraine. We are convinced that this is the right initiative at the right time, as a low-carbon-development path in line with the EGD will not only define Ukraine’s climate mitigation policy. It will deeply affect Ukraine’s economic development opportunities and social stability. Finally, the carbon footprint of the European continent will also depend on the subsequent policies of Ukraine, its economy and energy system.

At the same time, Ukraine needs not only support on this pathway, but also guidance for ambitious transformation policies and sustainable options for low-carbon, Paris-compatible development for economic and social stability.

For the past several months the Government of Ukraine has been publicly communicating its **readiness to join the implementation of the European Green Deal initiative**².

Though a development to be commended, we are deeply concerned that in response to the corona crisis, Ukraine’s government will backtrack on its low-carbon transition. For example, the draft of the 2021 state budget does not include funding of the State Energy Efficiency Fund and other energy efficiency measures (“warm loans”), environmental protection measures are severely underfunded. On the other hand, subsidies into the coal sector continue to increase in a year-to-year comparison and are planned to reach 4,5 bln. UAH in 2021.

In addition, the Ministry of Energy officially announced plans to support a Chinese-backed project to build new capacities at the Sloviansk TPP. Furthermore the newly created Ministry of Strategic Industries of Ukraine declared the necessity of postponing implementation of the EU-Ukraine Association agreement in the environmental sector. **All these proposals go against the spirit of the Green Deal and need to be addressed.**

The Government of Ukraine needs clear signals and support from its most important partners, especially the European Union. Ukraine climate goals are far from ambitious - they are counter-productive for the decarbonization of the European continent and should be made congruent with the 1.5° path. Any green recovery programs supported by the EU should provide a powerful incentive for the Ukrainian economy to significantly reduce emissions. For example, a relevant carbon tax should be introduced and investments should be assessed by up-to-date criteria for climate compatibility.

The next EU-Ukraine summit is planned to be held on October 1st 2020. We therefore urge the European Commission to make a long-term commitment to a comprehensive and transformative

¹ The Energy Transition Coalition consist of 350.org Ukraine, Ecoaction, Ekoltava, Ecoclub, City of Sun, the Khmelnytskyi Energy Cluster, and the All-Ukrainian Sustainable Development & Investment Agency.

² In August 2020 Ms. Olha Stefanishyna, the Vice Prime Minister for European and Euro-Atlantic Integration of Ukraine, announced that proposals for a roadmap on Ukraine's participation in the EGD were being drafted.

climate and energy partnership with Ukraine through the implementation of European Green Deal initiative. This partnership should:

- enable introduction of serious, Paris Agreement-compatible climate policy targets and actions;
- facilitate a just transition to an energy system supplying clean, secure energy;
- be built on a clear principle of conditionality at its centre. Conditions on technological and financial assistance should be applied and any funding made available only after completion of certain stages that must include concrete actions and results;
- help continue to develop the decentralization reform by creating enabling framework for energy communities;
- be supported with a Roadmap during the development of which relevant representatives of civil society should be consulted. On the subject of energy transition and just transition, affected businesses and regions should take part as well. Integration within the expected renewed Association Agreement EU-Ukraine is highly recommended.

We must also highlight several aspects in key sectors that need to be jointly addressed in the forthcoming cooperation between the EU and Ukraine.

Energy supply:

- Provide political and technical support for overall electricity market restructuring, integration and new mechanisms (such as RES capacity auctions) that facilitate the large-scale but sustainable deployment of renewable energy (starting at 1 MW for solar and 5 MW for wind generation)
- Enable a breakthrough in decentralized, locally-owned generation (energy cooperatives, comprehensive energy efficiency retrofits etc.). A municipality-based energy transition is key for the social acceptance, local development opportunities and the stability of the decentralization reform in Ukraine.
- Ensure that the state has sufficient, safeguarded from inflation funds for the impending nuclear decommissioning process. To this end two principal things need to be done: Decommissioning Fund needs to be safeguarded against inflation and the Concept of Nuclear Power Plants Decommissioning needs to be revised to raise the fees Energoatom pays to the Fund.

Energy efficiency:

- Ensure that the Energy Efficiency Fund gets sufficient state funding to build on first successes and drive the much-needed energy saving and efficiency improvements in the housing sector. At the same time ensure that all resources of the State Energy Efficiency Fund are used thanks to the growing number and increasing capacity of housing cooperatives
- Support the energy efficiency certification of buildings and its integration into the real estate market.
- Implement consistent digitalization and the proper regulation of energy data access to facilitate energy efficiency and transparency in the power sector, both on the supply and demand sides.

Air Pollution

- Strongly discourage postponement of the implementation of the National Emission Reduction Plan for large industrial installations.
- Encourage and support local authorities to achieve cleaner air by development and adoption of local air quality management plans.

Transport

- Encourage and technically support Ukrainian government in the development and setting the system of monitoring pollutants' emissions in the transport sector, which was canceled in 2015 and never reintroduced back.
- Encourage and support Ukrainian Parliament and government in the development of taxation system for cars' acquisition and property (including used cars), in order to reflect emissions (eg, based on age, fuel type, engine volume) and to encourage people to buy more sustainable vehicles. Do not support any attempts of Ukrainian Parliament and government to cancel taxes for used cars' import.
- Encourage Ukrainian government to develop railroad connections inside Ukraine and to the EU, which would help to decrease emissions from flights and car trips between our countries.

Agriculture

- Develop and apply ambitious and effective environmental and social standards at agriculture products' production sites. Therefore strong advocacy needed for development of efficient environmental management of fertilizers, manure and livestock by-products, agrochemicals.
- Encourage development and implementation of ambitious policies on environmental pollution from agriculture sources. Namely, as of now there is no environmental monitoring or control over non-point pollution sources.
- Highlight the need for action at all levels for agriculture production mitigation and adaptation to climate change, as the number of vulnerable producers and rural households are growing every year due to climate change effects.
- Encourage and support Ukrainian government to establish an efficient and just state support system for farmers and agriculture producers to help them implement good agricultural practices and best available techniques in the field.

Just transition of coal regions:

- Strongly advocate a clear commitment to a coal phase-out pathway with a final phase-out date.
- Strongly recommend that representatives of environmental civil society organizations, coal regions, local communities, scientific and research bodies receive a pro-active role in the development of government strategies for transition policies - e.g., they should become full-scale members of the newly created Coordination Center for the Transformation of Coal Regions.
- Strongly discourage preferential treatment for private-owned mines over state-owned mines in local implementation projects. There should be equal access to support and funding for the affected municipalities.

Energy Transition Coalition on behalf of NGOs Ecoaction, Ekoltava, Ecoclub, City of Sun, Khmelnytskyi Energy Cluster, All-Ukrainian Sustainable Development & Investment Agency, 350.org (Ukraine)

Coordinator of the Coalition

Ms. Nataliia Lytvyn