

# Why is the need to tackle the industrial emissions problem in Ukraine so urgent?

## Policy briefing

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## DELAYS IN IMPLEMENTATION OF CRITICAL ENVIRONMENTAL REFORMS

In 2019-2020 with the assistance from European Commission, EBRD and GiZ Ministry of environmental protection and natural resources of Ukraine has designed draft law #4167 “On prevention, reduction and control of industrial pollution”, which is set to establish a new regime of environmental regulation with European rules and procedures and modern digital access to all parties involved. Also, to have functioning environmental regulations, means to control implementation and enforce them are necessary. For this reason, a roadmap for re-establishment of state environmental inspection with appropriate powers and responsibilities is provided in draft law #3091 “On the state environmental control”. Consideration of both laws is currently being delayed in the Verkhovna Rada. Why is their adoption without further delay so critical?

European Commission on May 12 adopted the Zero Pollution action plan, which sets out an integrated vision for 2050 where pollution is reduced to levels that are no longer harmful to human health and natural ecosystems, as well as the steps to get there. The EU's clean industrial strategy goes hand in hand with climate goals and the ambition to make Europe the first climate neutral continent by 2050. This also means that EU industrial and climate policies should be adopted by all partner countries in Eastern Europe, including Ukraine, the largest country on the continent.

Lack of progress on issues concerning the environment and industrial pollution reduction is undermining the whole process of European integration and driving Ukraine away from the European Green Deal. Existing massive opportunities for closer economic cooperation and joint decarbonization efforts will fade in vain if Ukrainian government continues to fail critical environmental reforms.

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## UNABATED POLLUTION AND LACK OF ENVIRONMENTAL CONTROL

According to the report from the Centre for Research on Energy and Clean Air Ukraine is the single biggest emitter of sulphur dioxide in Europe, with most of the emissions coming from coal-fired power plants. Ukraine ranks 4th in the world in terms of economic losses from air pollution, second only to China, Bulgaria and Hungary, who have larger economies. According to the center's experts estimate, in 2018 Ukraine lost 5.8% of GDP due to morbidity and mortality caused by toxic air pollution. According to the World Health Organisation's information on mortality and the burden of disease from ambient air pollution for 2016, Ukraine has 2,538 disability-adjusted life years lost annually per 100,000 people. This is the highest number in Europe.

The lack of environmental control reform makes the situation even worse. Most companies, especially top-polluters, do not comply with even current extremely low environmental standards due to the lack of appropriate sanctions for violations and the peculiarity of the court system. In addition, for non-admission to environmental inspection, the company will be obliged to pay only 750 UAH (about 25 EUR) fine. There are also legislative gaps and procedural inconsistencies, which become the basis for the cancellation of the inspection results and imposed sanctions.

For example, the State environmental inspectorate accrued 2.2 billion UAH losses caused by business to the environment in 2020, but only 4% of this amount was compensated, the rest of the cases fell apart in the courts. So, in fact, damages to the environment are not compensated at appropriate level by the violators of environmental laws. This is the reason why the industrial lobby is spreading fakes and manipulations on environmental reform control among deputies and statesmen in the most popular media to block the reform.

Rinat Akhmetov's DTEK Holding has a dominant position in the power sector and coal mining. It owns 9 of Ukraine's major 15 TPPs, 17 mines, coal processing plants, as well as metallurgical and coke plants, merged into Metinvest Holding. His enterprises in Ukraine are operated within legal entities registered through offshore shell companies and are using financial services in the UK, Netherlands and other EU countries.

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## CASE STUDY: SITUATION IN THERMAL POWER SECTOR

Emission reporting data for coal plants visualized by climate and energy policy think tank EMBER shows that 72% of total volumes of toxic fly ash emitted by coal plants in Europe are coming from Ukrainian thermal power plants. The top 30 rankings of dirtiest large combustion plants include 18 Ukrainian TPPs for fly ash, 12 for SO<sub>2</sub> and 9 for NO<sub>x</sub> respectively.

Since Ukraine joined the Energy Community Treaty 10 years ago, none of Ukraine's TPPs has been brought in line with the requirements of the EU Directives on large combustion plants and industrial emissions. Moreover, according to the recent audit of the State Inspectorate for Energy Supervision of Ukraine, 68 out of 75 power units of thermal power plants are operated beyond their technical adequacy resource. In the last 10 years modernization of primary equipment was performed on only a dozen units.

In November 2020 two major accidents at DTEK's Dobrotvir and Burshtyn thermal power plants happened. They resulted in large capacity outages and emergency situations for transmission grid operator NPC "Ukrenergo" and grid operators of Poland and Hungary. In February 2021 this was followed by a similar accident at DTEK Zaporizhyya TPP, which caused regional power supply outages.

Levels of hazardous emissions at Ukrainian coal-fired plants exceed the EU standards up to 40 times. Coal-fired power plants are responsible for 80% of the total emissions of sulfur dioxide in Ukraine and 25% of nitrogen oxides, while purification of flue gases from sulfur and nitrogen oxides is practically absent at all Ukrainian coal plants.

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## NO MORE DELAYS

Ukraine's government should take the industrial pollution problem seriously and take immediate and concrete measures to reduce emissions of hazardous substances and control pollution levels. Further delays must not be tolerated by any party involved, including the international community. As long as Ukraine's dangerous emissions continue unabated, people inside and outside of the country borders will continue to pay the cost with their health and lives as toxic pollution does not stop at borders.

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## POLICY RECOMENDATIONS

- Critical pieces of legislation, such as draft laws #4167 "On prevention, reduction and control of industrial pollution" and #3091 "On the state environmental control" should be adopted with no further delay.
- Environmental authorities in Ukraine must ensure that air pollution in locations prone to high emissions is thoroughly monitored and must make this data available to the public.
- Coal-fired power plants and other major polluters must install continuous emission monitoring systems (CEMS) and automatically submit CEMS data to authorities.
- National authorities are encouraged to design a long-term vision that would prioritise a decarbonised energy generation sector, putting energy efficiency first, and requiring cleaner/alternative fuels and electrification for all modes of transportation, as well as strict enforcement of air quality standards.
- The European Commission and Energy Community must ensure LCPD and IED enforcement in Ukraine.

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## ABOUT ECOACTION

Center for Environmental Initiatives 'Ecoaction' is a Ukrainian civil society organization that unites efforts of experts and activists in a joint struggle to protect the environment. We advocate for energy efficiency, renewable energy, countering climate change, clean air for all and sustainable development of transport and agriculture in Ukraine. Ecoaction's activities in the energy policy area are aimed at fostering the development of decentralised renewable energy capacities, where citizens and companies themselves generate energy. We work to engage as many communities, companies and households as possible in the energy transition.