

№ 140

To: the “Energy security” Working Group  
of the National Council for the Recovery of Ukraine from the War  
**Copy:** The Ministry of Energy of Ukraine  
The Ministry of Communities and Territories Development of Ukraine

## **Joint Statement of NGOs, businesses and municipalities’ representatives on the role of distributed generation of renewable energy sources in Ukraine’s Recovery Plan Blueprint**

For the past two months, Ukraine’s Recovery Plan Blueprint, presented in Lugano on July 4-5 this year (hereinafter - the Recovery Plan), has been actively discussed. Having analyzed the Recovery Plan Blueprint in the section “*Objective 3: Decarbonisation, optimisation of the energy mix and development of low-carbon generation*”, we, representatives of NGOs, businesses and municipalities, emphasize the importance of introducing the provision on the development of distributed generation of renewable energy sources (hereinafter - RES) in the objectives of the Recovery Plan in accordance with the principles of the Fourth Energy Package of the European Energy "Clean Energy for All Europeans".

We welcome the provision on the Law of Ukraine “On Amendments to the Law of Ukraine "On Alternative Fuel”, as well as the provision on the formation of a regulatory framework and incentive mechanisms for the creation of energy communities and aggregators (virtual stations) to produce energy from renewable sources in the Appendices section titled “*List of legislations for the fulfillment of goals*”. Nonetheless, such provisions of the Recovery Plan propose a selective approach towards a “green” transition and do not address comprehensively the development of small-scale installations.

In this regard, this Joint Statement on the role of decentralized RES generation in the Recovery Plan was consolidated based on the results of the discussion which took place on August 18<sup>th</sup>, 2022. Mainly, the participants of the discussion determined that the projects of the decentralized RES generation are in a great need. Community representatives emphasized the importance of local renewable energy sources to ensure energy independence, security, and economic development. Given the existing demand, there is a need for the rollout of small-scale RES projects, in particular, through the establishing of energy communities, while focus on the interests of all interested parties.

**Even so, despite the high level of interest in small-scale RES projects, the following barriers to their implementation were identified as a result of the discussion:**

*at national level:*

- lack of a regulatory framework for the effective development of decentralized RES generation with the consumers involvement;
- imperfect existing legislation, which prevent fostering of the energy community development;

*at community level:*

- lack of trust to the state as an entity that guarantees economic and legislative stability; as well as the lack of internal trust between community members;
- in a number of cases, the absence of a leader who would be able to encourage participants and coordinate the day-to-day work of energy community;

*at business level:*

- lack of information on inventorying available resources and creating a project initiative at local level, which leads to a lack of reliable data for investors throughout decision-making process of project selection.

Meanwhile, people are gradually adapting to the requirements for meeting their basic needs and priorities under conditions of martial law. The war triggered a change in citizens' consciousness and attitude towards more independent decisions to meet their energy needs. In particular, it is reflected in the so-called *energy freedom* (free access to energy resources and energy market, freedom from dependence on monopolies) and the use of available local resources, which might become a vital incentive to use renewable energy sources.

## **Recommendations**

1. Ukraine's Recovery Plan should **focus on the interests of communities through increase of community engagement in the development and implementation processes of the Recovery Plan.**
2. Taking into account the challenges the communities face during the Russia's full-scale invasion of Ukraine, the energy security issue is even more imperative. In this regard, **we suggest to include to the Recovery Plan measures to boost the implementation of decentralized RES projects.** Importantly, the move towards decentralized energy production should consist of the participation of household customers into energy communities.
3. The concept of energy freedom should be the main pillar of the Recovery Plan. It anticipates **the full ability of individual households, organizations and communities to produce and manage energy in their households,** building relations with other customers in order to the produce, distribute, store and sell energy.

4. With regard to the abovementioned principles, it is necessary to bring the national legislation and the regulatory framework of the Ukrainian energy sector in line with the principles of the Fourth Energy Package of the European Union as follows:
  - establishing mechanisms to ensure the support of local small-scale RES projects, including the introduction of the net billing mechanism, which allows the owners of RES facilities to sell generated energy over surplus and, to offset consumption during times when their onsite renewable generation is absent or not sufficient;
  - establishing a regulatory framework for promotion of the organization of energy communities and other forms of citizens' associations.
5. **Investments should be attracted to innovations** that will facilitate the deployment of new technologies and optimize cost of electricity and heating.
6. **Public awareness should be raised about the possibility and benefits of successful energy cases (in particular, establishing of energy communities), i.e.** increase of the local installed RES capacity and reduction of energy consumption due to the efficient use of energy resources.
7. **Educational, scientific institutions and public organizations should be included in solving the urgent problems and adaptation of innovative solutions in the energy field** to the realities of war and post-war times; community support in the further implementation of developed practically oriented solutions to ensure heat and electricity supply.
8. **The experts in renewable energy should be trained** according to the European requirements in order to have the ability and credentials to implement technical solutions.

**We ask the “Energy security” Working Group of the National Council for the Recovery of Ukraine from the War to consider the contents of this Joint Statement and integrate the mentioned recommendation into the work of the National Council for the Recovery of Ukraine from the War, in particular, regarding their consideration in the provisions of Ukraine’s Recovery Plan.**

**Sincerely yours,**

**Head of Energy Department**



**Kostiantyn Krynytskyi**

**Signed by:**

*Centre for Environmental Initiatives “Ecoaction” NGO*  
*All-Ukrainian Sustainable Development & Investment Agency NGO*  
*Ecoclub NGO*  
*Energy Transition Coalition*  
*LLC “IKNET”*  
*NGO EUROSOLAR Ukraine*  
*LLC “Atmosphere – technologies of nature”*  
*Luhansk Regional Human Rights Center “Alternative”*

*Razom We Stand NGO*

*Ecoltava NGO*

*Social initiative "City of the sun" NGO*

*Flora NGO*

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