



People examine on June 23, 2016, the first bench with a built-in solar panel installed in Kyiv for free charging of mobile devices using USB ports. (AFP)

Renewable energy growing, but needs more investment

BY WILL COHEN

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Like so much in Ukraine, renewable energy has enormous potential. But while it is developing, it remains held back by insufficient investment.

In its 2014 national action plan, Ukraine set the target of producing 11 percent of its energy from renewable sources by 2020. However, barring a massive influx of investment, it is likely to miss this goal.

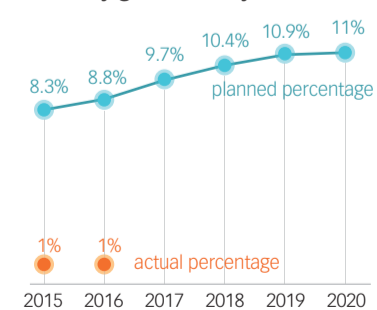
Renewables have attracted significant interest, but accounted for just 1.3 percent Ukraine's energy production in 2016, with another 6.1 percent from large-scale hydroelectric plants.

Oleksiy Orzhel, the head of the Ukrainian Association of Renewable Energy, is optimistic, but conceded that the goal "will be rather tough."

One issue is that the 11 percent target does not factor in the Russian occupation since 2014 of Crimea and parts of the eastern Donbas, a major setback.

Renewable energy producers ben-

National plan to increase share of electricity generated by renewables



Source: Institute for Social and Economic Research

Ukraine aims to generate 11 percent of its electricity from renewable sources by 2020. But it is falling far short of the target thus far.

efit from high green tariffs, or so called feed-in tariffs, that make such sources more attractive financially to produce. Currently, state-owned Energorynok purchases renewable energy at green tariff rates, but new legislation liberalizing the market was adopted in April. Orzhel said the changes will not affect green tariff rates, as renewable energy producers will have "a guaranteed buyer that has to buy renewable energy at the feed-in tariffs."

The tariffs will be in place until 2030, but they will decrease incrementally starting in 2020.

Alina Sviderska, founder of the Clean Energy Lab, said investors are rushing to set up operations to lock in current rates. "The green tariff is until 2030, but every five years it decreases," she said. "Right now it's very high, so most companies are trying to build their projects by 2019."

Solar is hot

Solar projects have attracted attention. "There are a lot of new players on the solar market," Orzhel said. Most, naturally, are in the country's sunnier southern oblasts, in particular Kherson, Odesa and Mykolaiv.

The projects tend to be small with less than 10 megawatts of capacity. "This decentralization is good, because solar isn't a stable and depends on whether the sun is shining," Orzhel said.

In 2016, the government floated the idea of turning part of the Chernobyl exclusion zone into a massive, 2-gigawatt solar park. This won interest from Chinese, French and German companies, but so far the project remains stuck by technical challenges and a lack of clarity, since the exclusion zone is managed by three government agencies.

Orzhel said the chief attraction is that high radiation makes the region

useful for little else. An electricity transmission grid is in place, but it would require restoration after 30 years of disuse. Finally, creating something positive out of Chernobyl makes for good publicity.

Most recently, the French government commissioned Engie SA — one of France's largest energy companies — to perform a feasibility study.

There has also been growth in the use of household solar panels.

Currently just 1,300 Ukrainian households have solar panels — compared, for example, with 13 million in Germany. But this number will grow as costs drop.

High green tariff rates compel most home solar stations owners to sell energy to the grid, although experts hope this will change as the green tariff rates move closer to market value.

"We hope that people will consume less," Sviderska said. "It would be nice if people used energy wisely and just sold the leftovers to the grid."

Hydro problems

Hydro energy figures are muddled by the inclusion of large hydro in the 11 percent target.

"All hydro is considered renewable, but because of the ecological issues with large-scale hydro, they don't get the green feed-in tariff," Orzhel explained.

While there are small-scale investments, these account for 6 percent of renewable energy production. Small projects in the Carpathian Mountains have attracted interest.

Sviderska noted that there are 1,000 Soviet-era hydro-stations that could be restored. However, "small hydro is more technically challenging," Sviderska said. "You need to find the right river flow, turbines and so

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Energy-efficiency certification for buildings: a new step towards resource saving, or just a formality?



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The Law of Ukraine "On the energy efficiency of buildings" was adopted on June 22, 2017 after a long debate. The law enters into force 12 months after its publication, so both the state and business have some time to get prepared for the changes anticipated in 2018.

The main purpose of the legislation is to introduce energy efficiency certification for buildings and assigning a respective class to buildings. The law only has general provisions for certification - the methodology for certification still has to be developed and approved by the Ministry of Regional Development, Construction, and Housing and Communal Services of Ukraine.

Fortunately, the most controversial provisions of the previous drafts of the law, in particular, such as the obligatory certification of all buildings and the need to obtain a certificate while concluding a sale purchase or lease agreement, were not adopted. The law states that certification is obligatory:

- when new buildings of the CC2 and CC3 classes are constructed, or existing buildings of the same classes are reconstructed or undergo capital repairs;
- for state-owned buildings with a heating area of over 250 square meters, that are frequently occupied and in all premises where government offices are located in;
- for buildings of municipal property with heating areas exceeding 250 square meters and in all premises where local authority offices are located in;
- when carrying out the thermo-modernization of buildings with attracting of the state funding.

It should be noted that the legislation remains quite debatable. Namely, the criteria for the need for all premises to be occupied by public authorities or local government are unclear. According to the logic of the law, if even one part of the premises is occupied by a state, municipal or private company, or by an individual (e.g. under a lease agreement), this building is not subject to obligatory certification. The same applies when part of the building is simply not in use.

Obviously, trying to avoid creating excessive burden for the business, the legislator have limited the need for obligatory certification to such a level that the practical implementation of the main purpose of the law, which is to obtain information on the energy efficiency of as many buildings in Ukraine as possible, may take decades.

Another interesting element of the law is the fact that the validity period of the certificate is limited to 10 years. Moreover, the law does not in any way oblige a person to renew the certificate. In fact, there is a significant risk that the certificates will be issued exclusively for construction or capital repair projects.

This issue becomes even more relevant given the fact that the law stipulates that at least once every five years minimum requirements for the energy efficiency of buildings have to be approved and reviewed.

In case of new constructions and reconstruction, this requirement is reasonable, but there are questions regarding capital repair works. On practice such provisions may prevent the carrying out of any works classified as capital repairs without the simultaneous thermo-modernization of the building. Taking into account the condition of buildings, especially owned by state and municipalities, this could prevent making even absolutely necessary repairs in cases where the authorities simply do not have enough money to carry out a full thermo-modernization.

One interesting norm of the law grants the buyer or lessee of premises in a new building the right to claim damages if the actual parameters of energy efficiency after the commissioning of the object are less than those calculated according to the design documentation. Theoretically, this should protect the rights of buyers/lessees. However, it is difficult to understand how the legislator pictured the implementation of this norm in practice. Obligatory certification during construction is based on calculations, and the certificate is included in the design documentation. But no obligation to confirm the certificate after the building is commissioned is set by the law. Taking into account the potential risk of receiving claims from buyers or lessees of apartments and premises, the owner is unlikely to be very motivated to re-certify.

In addition, it is hard to understand the need in provisions of the law on the examination of the engineering systems of the building. According to the law, such examination aims to calculate the energy efficiency of such systems, and its results are outlined in the corresponding report. According to the law examination of engineering systems is a different from certification procedure. It is obligatory in cases where it is planned to attract state support for the modernization or repair of engineering systems, but it's unclear why normal certification couldn't be used for this purpose?

The law also provides for the creation of a public database, which will include all energy certificates and reports on the examination of engineering systems, as well as responsibilities for placing an extract from the certificate inside the building and the obligatory indication of the energy efficiency class when advertising real estate. Nevertheless, it is unlikely that this information will be in-demand if there is no need for certification for the vast majority of existing objects, and without social advertising to explain what each class of energy efficiency means for a particular consumer.

In general, the law gives an impression of ambiguity. On the one hand, a positive point is that business will not be burdened with additional responsibilities due to the certification. On the other hand, energy certification is a necessary step to further reducing energy consumption and increasing public awareness about resource savings, but this goal clearly is not achieved in the current version of the law. Certification will in fact be more of formality, just another piece of paper among other required approvals necessary when drafting design documentation for construction.



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