



Creating Energy Solutions for Ukraine's Industry

Industries in Ukraine consume 11 times more energy than their American counterparts, 26 times more than the Japanese, and at least twice as much as any other Newly Independent State, including Russia.

Ukraine still relies on an outdated infrastructure that cannot provide a steady, reliable and cost-efficient supply of energy. Companies, therefore, face a tremendous challenge in optimizing consumption. New technologies are desperately needed, but most Ukrainian companies have limited resources for energy improvement projects and cannot afford to invest in them.

With \$150 million in support from USAID, Western NIS Enterprise Fund established the Energy Alliance to help Ukrainian companies design, install and finance energy- and cost-saving technologies. Recently, the Energy Alliance completed a pilot project at the Hostomel Glass Plant, Ukraine's largest glass container manufacturer. To reduce energy costs — which accounted for 15 percent of the total cost of goods sold — the Energy Alliance installed and financed a natural gas-fired mini power station that produces energy for three times less than the state energy company. One kilowatt-hour, which used to cost the plant \$0.047, now costs \$0.015.



Photo: Yevheniya Bulatova
Energy Alliance CEO Maxym Burtovy demonstrates equipment at the Hostomel Glass Plant.

Mini plants constructed for the Energy Alliance's clients "recycle energy" — using the client's own thermal waste to produce heat, cooling, steam and electricity. At Hostomel, recycling energy, using efficient equipment to produce energy and eliminating losses that come from transmitting energy over long distances have reduced total energy costs by 10 percent. And the support of the Energy Alliance has allowed the Hostomel Glass Plant to considerably improve the quality and cost of its energy supply without having to allocate valuable human and capital resources that could negate the cost benefits in the short term.

"Through the use of this power station we will be able to meet approximately 57 percent of our overall energy needs while significantly reducing energy costs, making our product even more competitive," said Dmytro Oliynyk, chairman of Hostomel's Supervisory Council.

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which used to cost the
Hostomel Glass Plant \$0.047,
now costs \$0.015.*

While the Energy Alliance was funded by USAID and its partners, it has, more importantly, attracted attention from other lenders. Its high-quality management, strong technical abilities and attractive marketplace drew in the European Bank for Reconstruction and Development, which has provided the Energy Alliance with \$10 million in credit.

Its growing international profile and accumulating success stories ensure that the Energy Alliance will continue to expand its services throughout Ukraine, helping other companies develop private sector solutions to energy consumption.

Success Story

