



USAID | UKRAINE

FROM THE AMERICAN PEOPLE

ENERGY PROGRAMS



THE CHALLENGE

Ukraine has one of the most energy- and pollution-intensive economies in the industrialized world.

Ukraine depends on imports for most of its energy supply. Natural gas is the primary energy source in Ukraine, followed by coal, nuclear fuel and oil.

Ukraine's energy sector problems – low energy efficiency, high vulnerability to price fluctuations and dependence on imports – are especially evident in the municipal heating sector.

The municipal heating sector requires fundamental reforms to save energy and provide quality services to the Ukrainian population, public institutions and local industries.

Heat must also be more efficiently used, especially in residential and commercial buildings, which consume nearly half of all municipal heating. Experts estimate that up to 60 percent of energy is wasted within the municipal heating chain – and that the largest losses occur at end-user facilities.

OVERVIEW

USAID energy programs are working to improve Ukraine's energy efficiency and reduce the country's heavy dependence on imported energy resources. USAID helps to reform the Ukrainian municipal heating sector, a large consumer of energy, by strengthening the legal, regulatory and institutional frameworks necessary to improve heating services. USAID is also helping implement measures to provide an effective social safety net to ensure affordability of heat for vulnerable populations.

OUR PROGRAMS

Municipal Heating Reform Project (MHRP)

This four-year, \$18.5 million USAID project aims to create a viable municipal heating sector that delivers reliable and efficient services to residents, public institutions and local industries. The project works closely with the national government of Ukraine to establish the legal and regulatory basis for heating sector reform at all levels. The project is also assisting 38 municipalities across Ukraine to improve their district heating, and make energy more efficient and affordable for consumers by developing municipal energy plans, helping municipalities to attract investment in implementing energy efficiency measures, and introducing energy efficient technologies. By promoting and facilitating the creation of condominium and homeowner associations, USAID's MHR project seeks to improve collective condominium management and increase homeowners' financial responsibility. The project's comprehensive public awareness campaign encourages citizens to take an active personal role in energy saving and to contribute to the country's energy independence.

Cooperation in Research and Education in Science and Technology (CREST)

The CREST Center for Energy Efficiency at Ivano-Frankivsk University is working to develop solutions and technologies for energy conservation and efficiency. Research areas include alternative energy, fuel cells, industrial and residential energy efficiency, and sustainable and renewable energy sources. By integrating research into a university curriculum, the CREST Center is strengthening the university's research capacity and helping stimulate the development of new solutions and technologies to improve energy conservation and efficiency. The center also provides information and training on best practices in energy use.

Partnership for Cleaner Energy Project

USAID is partnering with the Dnipropetrovsk oblast and rayon Councils, and the Donbas Fuel and Energy Company (DTEK) to develop a five-year strategy to save energy and reduce CO2 emission in the Dnipropetrovsk oblast industry, agriculture, communal and

PROGRAM OBJECTIVE

To assist the Government of Ukraine and local governments to create a viable municipal heating sector that is able to deliver quality services to residents, public institutions and local industries.

Implementing Partners Municipal Heating Reform

Project: International Resources Group

Cooperation in Research and Education in Science and Technology (CREST): U.S. Civilian Research and Development Foundation

Partnership for Cleaner Energy Project: East Eurasia Foundation (EEF)

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housing sectors. Through demonstration projects, the project seeks to attract investment in energy efficiency and CO2 reduction technologies and disseminate knowledge and best practices.

PROGRAM HIGHLIGHTS

USAID assistance has:

- Assisted the GOU in drafting critical laws for municipal heating reform: on the *National Communal Services Regulatory Commission* (passed by the Parliament and signed by the President); on the *Housing Code*; on *Lease and Concessions*; on *Energy Efficiency in Buildings*, and on *Condominium Development* (passed in the first reading by the Parliament).
- Assisted the GOU in establishing the legal basis for a new Regulatory Authority (National Communal Services Regulatory Commission) that will bring transparency to the tariff setting process and decrease tariff associated corruption at the local level.
- Worked with 38 cities, including five in Crimea, to build their capacity to plan, manage and fund activities that improve municipal heating systems operations and services.
- Completed 25 energy efficiency and heating improvement projects with expected energy savings of 220 million cubic meters of natural gas over five years.
- Leveraged \$94 million in public and private financing to implement 32 energy efficiency demonstration projects in district heating. Signed two PPPs, with the *Donbas Fuel and Energy Company* (DTEK) and *Contour Global* (U.S. Investor and Operator of heating utilities), to implement projects in the cities of Kurakhovo and Kramatorsk.
- Trained and certified representatives of 25 Energy Service Companies (ESCOs) on how to conduct an Energy Audit in Buildings (EAB), and trained representatives of 38 pilot cities in municipal energy management. This work resulted in the improvement of the cities' capacity in energy planning and the improvement of local ESCOs' ability to conduct professional energy audits.
- Prepared investment projects catalogues for 21 cities to attract IFIs and private sector financing. As a result, EBRD committed €30 mln to improve the municipal heating system in Lviv.
- Developed and broadcasted six TV Public Service Announcements (PSAs) about Ukraine's energy dependence and heat conservation in multi-story buildings on regional and nation-wide television channels.
- Designed the *Energy Efficient Schools Program* to educate children on responsible and efficiency-conscious consumption. The program was successfully introduced in 24 schools and it is officially approved by the Ministry of Education and Science for use in all educational establishments in Ukraine.
- Implemented eight demo projects in Dnipropetrovsk Oblast. These include installation of LED street lighting in Zelenodolsk and Bohdanivka; installation of solar panels to heat water for a kindergarten swimming pool in Pavlohrad; introduction of basic energy efficiency measures such as roof and walls insulation, windows and doors replacement to improve comfort and save resources in the kindergartens of Novooleksandrivka, Tomakivka, Loboikivka and Mezхова, and at a library in Devladove.

