Energy Policies Beyond IEA Countries
Ukraine 2012 Review

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Accession countries (Chile and Estonia have begun the process of joining the IEA)

Key/important partner countries

IEA: Members (28 countries)

- Energy security
- Economic growth
- Environmental sustainability
- Engagement worldwide

- IEA members
- Accession countries (Chile and Estonia have begun the process of joining the IEA)
- Key/important partner countries
Ukraine matters

Key gas transmission system and transit position

This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
Energy sector at crossroads

Market based gas import prices since 2009

- Average German border price (USD/1,000 m³)
- Naftogaz gas import price (USD/1,000 m³)
The good news: an energy revolution is possible

- This revolution requires:
  - On the supply-side, a large increase in domestic gas production
  - On the demand side, rigorous efforts to increase energy efficiency

- As a result of this revolution, Ukraine could:
  - Become self sufficient in gas and remove imports by 2030
  - Foster economic growth and employment and
  - Enhance the competitiveness of its industries.
Opportunities on the supply side

- Raising conventional/non-conventional gas production
  - Large untapped resources
  - Interest from major foreign oil and gas companies
  - Domestic experience

- Energy Community Treaty: attractive regulatory framework

- Gas transmission system: key asset

- Diversification of supplies now possible

- Developing renewables
Increasing gas production

Domestic gas production stagnating, imports still high
Untapped opportunities on the demand side

- Energy efficiency - the “hidden fuel”
- Emphasis on gas consuming sectors to strengthen energy security and reduce the economic burden of imports
- Residential sector priority: 30 bcm/year of gas consumption
  - 10% decrease = EUR 1 billion saved per year
  - 30% decrease = EUR 6 billion saved per year
- Industry can deliver quick savings as competitiveness is at stake
- Already examples of energy efficiency investments in metallurgy
- Facilitators from the government should be available
Tariffs as triggers for change

Regulated tariffs for gas far below market levels

Regulated tariffs for electricity far below market levels
How can Ukraine reduce energy demand?

- Installation of modern metering systems at building level for heat supply
- Homeowner associations
- Financial support
- Energy service companies
- Appliances, building codes, energy audits for industry
- Policy coordination
- Data collection and use
Power generation

- Electricity market reform
- Switching from gas to coal for power generation
- Nuclear generation capacity, coal production
- Market reform oversight & controls
- Modernisation of thermal power plants:
  - price and regulatory incentives
  - use of climate related investment mechanisms
  - EU Large Combustion Plant Directive
Concluding remarks

Energy revolution can happen:
- reach gas self-sufficiency
- attract energy investment capital

Energy efficiency is key!

Secure large investments:
- Clear, transparent and predictable rules
- Implementation, monitoring, benchmarks and controls
- Business climate, good governance
- Competitive markets
- Progressive removal of subsidies
- Consensus building