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Date: 11/12/2009 03:28 AM  
Subject: Ang. UK comments on Ukraine CTF investment plan

Dear Colleagues,

I would like to reiterate that we strongly support a CTF intervention in the Ukraine. The Ukraine is a country with enormous potential for energy efficiency.

The current political context, where energy subsidies are a very sensitive issue, makes it more difficult for a CTF intervention to really have a transformational impact. A more correct pricing regime would stimulate many of the investments needed. We would like to ask that the IP include a discussion of energy subsidies and any work that is going on to address them.

On the other hand, we believe that CTF can still play a role. We would like to see the IP revised to reflect thinking on the following areas:

#### Energy Efficiency

Quantification of emission reductions: The IP highlights that a positive impact on economic growth can reasonably be expected to result from improved energy efficiency due to the highly inefficient use and conversion of energy in the Ukraine. Against this background **the IP needs to elaborate on how immediate emissions reductions resulting from energy efficiency improvements may be partly offset by elevated emissions due to increased demand for energy**, which is associated with enhanced economic growth. The implications may be quite different between proposed sectors and this needs to be considered.

The IP explains that many energy efficiency investments are economically viable and that experience from energy efficiency lending shows that market penetration is limited due to barriers even for investments with attractive returns and that subsidies are required to overcome barriers. **The IP fails to address what the actual barriers are and other ways than subsidies to address barriers for EE investment. The transformational impact of CTF funding**

can be strengthened if more thought is given to how the the actual barriers can be mitigated or removed.

### Smart Grids

It is necessary to strengthen arguments that support the transformational capacity. It would be helpful if the IP could elaborate in quantitative terms on the relationship between plans/scenarios regarding an expanded renewable energy sector and the need to implement smart grid technology. If there are threshold values at which further expanded renewable electricity production capacity will necessitate implementation of smart grids such thresholds should be identified. **The transformational potential could be motivated if it is clearly shown that such threshold values are likely to be reached and the grid would be an actual barrier to expansion of renewable electricity expansion.**

### NG-fired CC cogeneration

The transformational potential can be questioned since this is a well-proven technology. It is questionable whether simply demonstrating the technology in the Ukraine would spark further investment in CC co-generation. **The IP needs to clearly explain the transformational potential in a more convincing way and how the CTF investments could lead to spreading this technology in the region. Are there other barriers that need to be adressed?**

Yours sincerely,  
Carly Jönsson



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