

4/23/2014

Comments Received from Germany-- Approval by Mail: CTF Ukraine: District Heating Modernisation (EBRD)

Dear Patricia, dear EBRD-Ukraine-team, dear all,

GER welcomes EBRD's engagement to increase EE in the Ukrainian DH sector and EBRD's Integrated Approach, including ongoing policy dialogue on the urgently needed tariff reform and the TA supporting the Regulator in consultation with USAID and the WB. Before approval however, we are also interested in EBRD's responses to the queries raised by the UK, especially with respect to the calculation of the CO2 reductions / emission conversion factor and the update on the status of the regulatory reform roll out / on the current political situation. In addition we want to add the following queries and comments:

- Risks to market transformation (p. 10): "risks are mitigated by... appropriate covenants in the loan documentation and structuring of the Project"
- Could you provide some more information on this please?
- Risks to market transformation (p. 10): "Cities chosen will have to have modest debt levels and demonstrate resilience ... to various negative revenue and / or expenditure shocks, through stress tests."
- Could you provide some more information on this please?
- Pricing: Please provide some more information, especially we want to know how high the floor interest rate is and how high average interest rate is estimated.
- Political risk: Seems rather high than medium at the time.

Kind regards,

Frank

Frank Fass-Metz
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
Federal Ministry for Economic Cooperation and Development
Leiter Referat 312
Head of Division
Klimapolitik und Klimafinanzierung
Climate policy and climate financing
Tel.: 0049-228-535-3745
Fax: 0049-228-535-3980
E-Mail: frank.fass-metz@bmz.bund.de
Internet: www.bmz.de