



Energy
Security
Project

Development of biomethane legislation in Ukraine

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USAID Ukraine Energy Security Project

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Sectors:	Gas, Electricity, District Heating
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ESP activities in renewable and decarbonized gases

Biomethane



Capacity building for the full value chain



Feasibility studies of investment projects



Development of biomethane legislation

Hydrogen



Developed hydrogen strategy for GoU



Support for implementation

Project for Development of Biomethane Legislation: Purpose



Create a favorable environment
for the development of
biomethane market in Ukraine



Enable access of Ukrainian
biomethane to the gas
infrastructure and its export to
EU countries



Allow for integration of Ukrainian
biomethane market into the pan-
European one, including
Certificates of Origin (CoO) and
Guarantees of Origin (GoO)
schemes

Project for Development of Biomethane Legislation: Stages

Benchmarking

- 5 jurisdictions: France, Germany, Netherlands, Poland, UK
- Legal framework and incentives
- Interviews with traders
- As-is analysis on Ukrainian legislative framework

Developing scenarios

- Gap analysis
- Developing scenarios for UA biomethane market based on outcomes of benchmarking
- 3 scenarios depending on availability of funds in UA
- Consultations with stakeholders to agree on scenario to go with

Drafting legislation

- “No regret” amendments to legislation needed in any scenario
- Amendments to legislation depending on scenario
- Consultation with key stakeholders
- Round table with stakeholders to present results of the project

ESP will hand over the drafted legislation to stakeholders for adoption and implementation

Highlights of the interviews with traders

- Standard “product bundle” for biomethane is a physical commodity + Proof of Sustainability + Guarantee of origin
 - The practices in biomethane trading are not unified so far, most standard way is to have a **bespoke agreement for transfer of green value** and EFET agreement for transfer of gas commodity
 - In favor of **long-term purchase agreements with producers**, although they secure volume, they don’t secure the price
 - Availability of feedstock, right infrastructure, investment incentives are key
 - In export-oriented scenario, **Capex subsidies are better** than FITs. FIT may be expensive for the country of origin
 - Compared to GoOs, **voluntary certification scheme** is better suited for emerging biomethane markets such as Ukraine: more uniform, convenient, reliable, and adapted. War hinders certification – it’s risky for auditors to travel to Ukraine
- Renewable energy targets in EU **can be met through** consumption of a biofuel originating from a non-EU State in the transport sector
 - It is **not 100% certain** that biomethane produced in Ukraine is accountable in the main European biomethane buyers’ sectors, even if certified under EC-recognized voluntary scheme

Is there a possible need for clarification, more communication, official statement at EU level ?

Benchmarking highlights: most popular incentives

		UK	FR	DE	NL	PL
Supply	Feed-in tariff	Green	Green	Green	Grey	Grey
	Feed-in premium	Grey	Grey	Green	Green	Grey
	Investment subsidy	Grey	Green	Green	Green	Green
Demand	National GoO register	Green	Green	Green	Green	Grey
	GoOs recognized in EU ETS	Grey	Green	Green	Green	Grey
	Quotas for fuel or gas supply	Green	Green	Grey	Green	Grey
	Tax incentives	Grey	Green	Green	Grey	Green

Considerations for biomethane legislative development in Ukraine

Ukraine is working on the most popular incentive on Demand side – GoOs register

The most popular incentive on supply side remains absent in Ukraine – investment / Capex

SAEE (GoOs register operator) to take part in voluntary schemes + bilateral agreements

Legislation shall cover all crucial elements of biomethane trading: Physical Commodity + Proof of Sustainability + Guarantee of Origin

Lift export ban / legally separate biomethane from natural gas

— Thank you!

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