UKRAINE: ENERGY EFFICIENCY SUPPORT PROGRAM IN RESIDENTIAL SECTOR

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STATE SUPPORT PROGRAM FOR HOUSEHOLDS
(“WARM LOANS” PROGRAM)

Established: Oct’2014

Mechanism: Partial reimbursement of the loans obtained by Individual Households & Home Owners Associations (HOAs) - in multi-dwelling buildings

Financial intermediaries: Oschadbank, Privatbank, Ukreximbank, Ukrgazbank

Amount of reimbursement:
- 20% - for biomass boilers
- 35% - for energy efficiency measures for individual households
- 40% - for HOAs
- 35% / 70% - for individual households / families from HOAs who are obtainers of housing subsidies
2014 (October) - Start of the Program

Just for private households to install "non-gas" boilers, 20% of the loan amount

2015 - Prolongation of the Program

April 2015: Spreading the mechanism to individual households and HOAs for energy efficiency measures, 30% and 40% of the loan amount respectively.

2 more banks (Ukreximbank and Ukrgazbank) were added.

August 2015: Introduction of specific reimbursement conditions for subsidy obtainers, 70% of the loan amount for all measures

2016 - Prolongation of the Program

July 2016: Increased reimbursement (from 30% to 35%) for individual households, reduced reimbursement (from 70% to 35%) for subsidy obtainers for installation of non-gas boilers and energy efficiency measures for individual households.

2017 - Prolongation of the Program

Inclusion of one more bank – Privatbank
Mandatory metering
DYNAMICS OF “WARM LOANS” PROGRAM: ALL PARTICIPANTS

Total reimbursement paid in 2014 -2017 – 1,4 bln UAH (≈ €50 mln)
Total amount of loans issued in 2014 -2017 – 3,7 bln UAH (≈ €137k)
REGIONAL ENERGY EFFICIENCY PROGRAMS

There are 289 local programs of additional reimbursement of % or the amount of "warm" loans

2017:
- Funding 104 mln UAH (€4 mln)
- Reimbursed 20,4 mln UAH (€750k) for 33k households

129 approved
160 approved

No funding / mechanism

18 oblasts
58 rayons
53 cities

8 oblasts
109 rayons
43 cities

TEMPORARILY OCCUPIED TERRITORY

42 programs

Under development
FUNDING OF “WARM LOANS” PROGRAM

Million UAH

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Funding</th>
<th>Reimbursement Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>50,00</td>
<td>2,40</td>
</tr>
<tr>
<td>2015</td>
<td>405,32</td>
<td>301,87</td>
</tr>
<tr>
<td>2016</td>
<td>860,65</td>
<td>432,44</td>
</tr>
<tr>
<td>2017</td>
<td>893,85</td>
<td>432,44</td>
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</tbody>
</table>

+400 reserved for EE Fund

Under reimbursement procedures
RESULTS OF “WARM LOANS” PROGRAM

During 2014-2017:
(individual households, HOAs)

- 286 thousand households - participants
- >155 mln EURO - investments (via EE equipment purchase)
- >50 mln EURO - State Budget expenditures
- 127 mln m³ Energy resources saved (natural gas equivalent)
EFFECT OF “WARM LOANS” PROGRAM

Savings achieved by each type of energy efficient measures:
(based on results of survey of the Program participants conducted jointly with USAID and IFC)

**HOAs**
- **Insulation**: 24% of heat saved per building
- **EE windows, doors**: 14% of heat saved per building
- **Engineering systems modernization**: 12% of heat saved per building
- **Individual heating substations**: 10% of heat saved per building
- **EE lightning**: 71% of electricity saved per building

**Individual households**
- **Insulation**: 29% of gas saved for private house
- **EE windows**: 12% of gas saved for private house
- **Non-gas boilers**: 40% of gas saved for private house
- **Modernization of heating/ventilation**: 21% of gas saved for private house
Lviv

I stage: EE windows installment, II stage: wall insulation

Total value - UAH 1,3 million
Reimbursed:
Regional program - UAH 0,4 million
State program - UAH 0,5 million

Savings achieved - 43% of heat energy
Rivne

Solar collector installment

Total value - UAH 591,000
Reimbursed:
Regional program - UAH 413,000
State program - UAH 63,000

Savings achieved - 10% of heat energy
Kremenchuk (Poltava region)

**Individual heating substation installment**

Total value - **UAH 258 000**
Reimbursed: **UAH 92 000**
State program - **UAH 92 000**

**Savings achieved - 45% of heat energy**
SUCCESSFUL CASES: Individual households

Zaporizhia

Insulation, EE windows and radiators installment

Loan: - UAH 31,8 thousand
Reimbursed: Government program - UAH 9,6 thousand

Savings achieved - 25% of natural gas
SUCCESSFUL CASES: Individual households

Vinnytsia region

Non-gas boiler installment

Loan: - UAH 8,5 thousand
Reimbursed:
Government program - UAH 6,0 thousand

Savings achieved - 575 m³ of natural gas substituted per month
The Law of Ukraine “On Energy Efficiency Fund” was adopted 22.06.2017

Main purpose of the Fund is to support energy efficiency in buildings and other EE initiatives according to:
- National Energy Efficiency Action Plans
- Paris Agreement
- Acquis communautaire of Energy Community
- Other international obligations of Ukraine on energy efficiency

The Law determines provisions on:
- Charter of the Fund
- Governing bodies
- Share capital and budget
- General operating principles of the Fund
- List of directions of support provided by the Fund etc.

Further steps (3-month deadline):
- Adoption of secondary legislation
- Launching the Fund in operation
  (including formation of the Governing bodies, developing the financial mechanisms, determination of financial intermediaries etc.)
**“WARM LOANS” PROGRAM – FURTHER STEPS**

**Additional funding** in 2017 due to redistribution of expenditures from the Energy Efficiency Fund (**+300 million UAH**)

**Additional funding** in 2017 due to the Law on amendments to the State Budget-2017 (**+100 million UAH**) (draft Law was adopted in the first reading, 22.06.2017)

**Improvement of monitoring and control** over the implementation of the Program

**Sample survey of the Program participants** involving the international technical assistance (similar to the one carried in 2016) with obtaining additional data from utility companies concerning energy consumption

The possibility of **introducing the same mechanism of state support for electric vehicles** is under considering and developing

**Prolongation of the Program for 2018** (paragraph 191 of the Government Priority Action Plan, approved by the Cabinet of Ministers of Ukraine as of April 3, 2017 No. 275-p)
THANK YOU
FOR YOUR ATTENTION!

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