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HIGHLIGHTS

UKRAINIAN GOVERNMENT PLANS PRACTICAL STEPS TO IMPLEMENT ESPOO CONVENTION

Ukraine's special body on implementation of the Espoo Convention on Environmental Impact Assessment in a Transboundary Context held a meeting in mid-December last year. Several decisions were reached to take practical steps in implementing Espoo Convention in Ukraine, in particular in transport and energy sectors.

In energy sector, the decision was taken to start transboundary impact assessment procedure regarding nuclear safety reassessment and plant site for Rivne nuclear power plant reactors 1 and 2 (deadline January 2018), plant sites of South Ukrainian and Zaporizhska nuclear power plants (deadline February 2017). In addition, the meeting decided to continue transboundary consultations regarding construction of the 3rd and 4th nuclear reactors at Khmelnytska nuclear power plant (deadline April 2017).

The meeting also discussed the Danube-Black Sea project. The Government is planning to deal with Romanian disagreements bilaterally. Meanwhile, Romania will be notified of the fact that the canal is included into map of Ukraine's internal waterways (after adoption of the law on internal water transport). No decision was taken as to transboundary impact assessment of this project.

These decisions likely mean preparations for the upcoming session of the Meeting of the Parties to the Espoo Convention (June 2017). Ukraine's is supposed to show progress in fixing the violations of its obligations, in particular regarding Danube-Black Sea canal construction and life-time extension of the two reactors at Rivne nuclear power plant.

THE GOVERNMENT INITIATES MID-TERM STRATEGIC PLANNING

The Cabinet of Ministers of Ukraine started public consultations on the draft of the Mid-term Plan of the Priority Actions of the Government till 2020. In addition, the Ministry of the Environment and Natural Resources of Ukraine invites the public to participate in the draft plan discussion, which will take place on January 18, 2017.

This important document sets strategic objectives and priority actions in the relevant fields and agenda of the Government till 2020, including in the field of environmental protection. The document, inter alia, says "The goal of the Cabinet of Ministers of Ukraine is to ensure increasing the citizens life quality as a result of sustainable economic development". The draft document provides for 5 objectives, including economic development, good governance, development of human capital assets, rule of law and fight against corruption, defence and protection. There are priority actions in the environmental field within two objectives: good governance (new climate policy, nature conservation, good environmental governance, sustainable use of water resources), and defence and safety (effective and safe waste management). It's not clear why the environmental protection is not a separate objective, taking into account the high priority of environmental problems. The good governance objective may have included only good environmental governance, but not specific sectoral issues. The envisaged priority actions in the field of environmental protection don't take into account the need of timely implementation of the EU-Ukraine Association Agreement and obligations within the Energy Community.

BLITZ-ANALYTICS

REMARKS ON ENERGY STRATEGY OF UKRAINE TILL 2035

On December 19, 2016, the Ministry of Energy made public draft Energy Strategy of Ukraine till 2035 (hereinafter – energy strategy).

The draft energy strategy sets an ambitious goal of the energy sector development till 2035: to ensure energy security and transition to energy efficient and energy-saving use and consumption of energy resources relying on innovation technologies. Yet, the analysis of the document raises some critical remarks, which need to be taken into account at next steps.

The draft energy strategy lacks cohesiveness and logical framework. In particular, this is relevant for target configuration of production in 2035, development of nuclear and coal sectors after 2020. These issues are left open, their final shape will depend on decisions which yet are to be taken in the future. Therefore, there is a systemic failure of state planning in Ukraine: lack/unwillingness of strategic vision of the development of the country. Instead, we see a list of declarative intentions, based on tactical reactions and lack of will to avoid conflict of interests among key players on energy market.

Ukraine should not weaken or reduce current level of environmental protection. The proposed draft does not reflect Ukraine's obligations on greenhouse gases emissions reduction under Paris Agreement. Instead, the adoption of the proposed draft national emissions reduction plan is considered as a mechanism to postpone environmental obligations on Sox and dust air emissions till 2033. Plans for implementation in the third period of energy strategy of some key measures mean that the energy sector will continue to disregard environmental considerations. Delays are foreseen for (1) reconstruction of heat power plants to meet environment regulations and (2) introduction of internal emissions trading system (carbon market).

Lack of clarity as to the future of coal and nuclear sectors does not allow assessing environmental impacts in a long term. Despite reducing share of coal and nuclear energy in external primary energy supply, the key decisions on the future of these sectors are postponed. This raises concerns because of unfavorable energy market conditions in Ukraine. In light of the end of fossil fuels era, energy sector dependence on coal would be a wrong direction to go, as well as contradictory to current world trends, present and future climate change obligations.

Given the uncertainty of the long term target configuration of production (after 2025), the proposals for new nuclear units in 2015-2020 and 2020-2025 need some additional arguments. Most EU and developed countries are considering clean energy production and investments into energy efficiency as drivers of future growth.

Key remark: safe and environmentally friendly. The draft energy strategy makes a reference to the Program for Development of Hydro Energy Sector of Ukraine till 2026. That program was adopted against serious criticism by the Ministry of Environment and public. The draft energy strategy also has specific proposals for new energy projects, especially after 2025. These include 2,8 GW of renewable energy (including hydro energy), construction of 1-2 GW of nuclear units and 0,6GW of heat power plants. Such projects, as well as the proposal to build nuclear fuel plant in Ukraine, require strategic argumentation and environmental impact assessment.