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# Newsletter

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## CONTENT

What does Energy Security mean for Ukraine

Women in Energy: Priorities for Improving Diversity and Inclusion in the Context of COVID-19

Gender Equality: Questions and Answers

Training for District Heating Companies and Local Governments to Work in Ukraine's Open Gas Market

USAID ESP signs Memorandum of Understanding with MinRegion

USAID ESP Recommends Ways to Use Battery Storage Systems

Ukrainian Cities will Receive New Heat Supply Schemes and Investment Plans to Modernize their Heating Networks

Reconnecting Consumers to More Cost-Effective Heat Sources

Reports

USAID ESP Grantees' Work

Tenders

Vacancies

Where to Study?



# What does Energy Security mean for Ukraine

If your country has enough energy sources, adequate capacity to generate electricity and heat, and the ability to deliver these services to your home on time and uninterrupted by suppliers, you will feel confident that you can get as much light, hot water, and heat as you need. In other words, energy security is the assurance that energy will be available in the quantity and quality required under these conditions.

Energy security is protection for the state, its citizens, and the economy against the threat of energy shortages. You can learn more about energy security in the article on our [website](#).



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# Women in Energy: Priorities for Improving Diversity and Inclusion in the Context of COVID-19

In March, USAID ESP held its Third Annual Roundtable dedicated to International Women’s Day to highlight inclusion and diversity across Ukraine’s energy sector and to reduce gender vulnerability during COVID-19.

The Deputy Minister of Energy, Yaroslav Demchenkov, affirmed that “the development of an effective COVID-19 recovery strategy includes sharing perspectives and experiences from the field and seeks to mobilize actions and funding to mitigate impacts while ensuring that a gender lens to the coronavirus response is on the government’s agenda, and it should be on the agenda of every energy company and others working in the sector.”

Read more [here](#).



# Gender Equality: Questions and Answers

[Interview](#) with ESP Expert Yulia Galustian.



# Training for District Heating Companies and Local Governments to Work in Ukraine’s Open Gas Market



In partnership with the Ministry of Communities and Territories Development of Ukraine (MinRegion), the USAID Energy Security Project (ESP) led an online seminar on “Conditions for District Heating Companies’ Operations after the PSO for Gas Market Entities is Lifted” on March 11 and 12. Five hundred and fifty representatives of district heating companies (DHCs) and local governments, which are responsible for supplying heat to communities, attended the seminar.

The event aimed to help DHCs and local governments ensure efficient heat supply while engaging with the open gas market. Beginning May 1, the public service obligations (PSO) safety net will be completely lifted, leaving municipal heating parties to purchase gas in an open and competitive market.

During the seminar, participants learned about how heat supply companies’ operating conditions will change after the PSO is lifted, principles of gas market operation for non-household consumers, the practice of purchasing gas on organized trading platforms (exchanges) in the European Union, opportunities for DHCs to buy gas on the Ukrainian Energy Exchange, terms and conditions of gas transportation, the role of the supplier of last resort in the gas market, legislative initiatives on heat supply such as tariffs and energy payments on the open natural gas market, cooperation between NJSC Naftogaz of Ukraine and heat supply companies, and the regulation of heat supply companies under the new conditions.

More details on our [website](#).



## USAID ESP signs Memorandum of Understanding with MinRegion

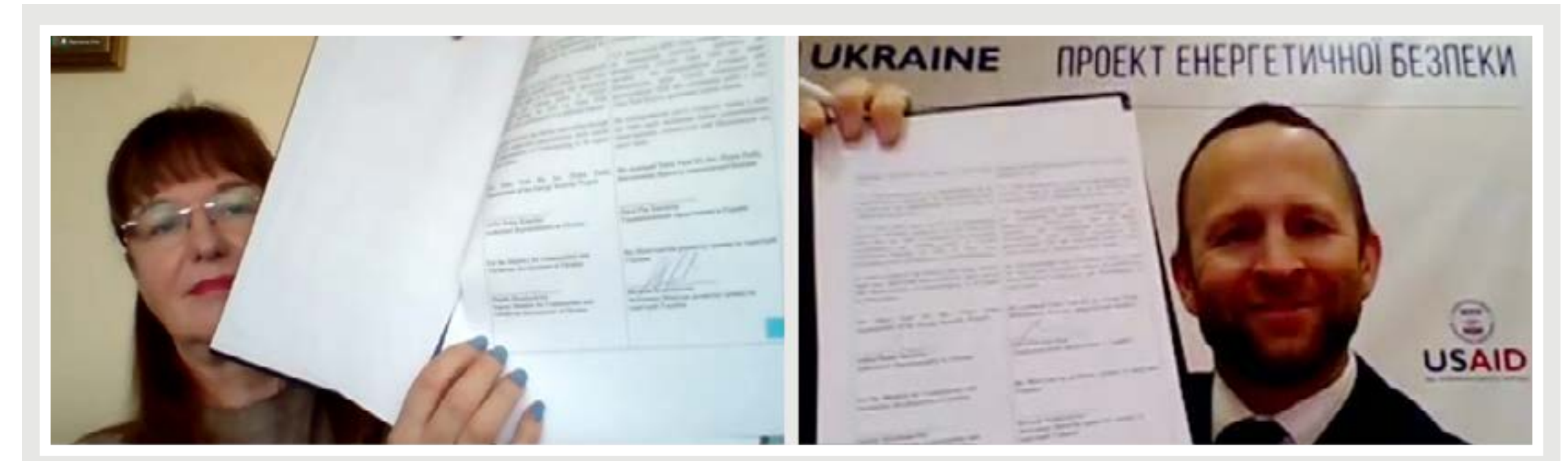
Deputy Minister for Communities and Territories Development of Ukraine Natalia Khotsianivska signed the MoU on behalf of MinRegion, and Ashley Hunziker, authorized representative of the implementer signed on behalf of USAID ESP.

The MoU aims to support to the Ministry in the following areas:

- Unifying the regulatory system for Ukraine's DH sector;
- Improving the cost-plus tariff system;
- Supporting DH entities to transition to a competitive market environment for gas and electricity;
- Enabling ODA/KCSA licensees to apply to incentive-based tariffs;
- Establishing a policy and legislative framework for heat supply planning;
- Embedding long-term investment programming by DH entities into legislation and ensuring a legal and regulatory environment that facilitates investment programs;
- Increasing energy security through enhanced efficiency and sustainability of thermal energy generation and transportation;
- Enhancing Ukraine's potential for demand optimization through mass installation of individual heat substations;
- Developing a national DH sector transformation strategy;
- Improving communication about changes in the DH sector.

Ms. Khotsianivska declared that the signing of the MoU is a landmark for the Ministry, as it formalizes joint work to reform the DH system that will help increase the sector's competitiveness and effectiveness.

Sukru Bogut, Senior Energy Advisor at USAID-Ukraine, stressed that «the signing of the Memorandum is a signal of our readiness to continue supporting heat supply sector reform in Ukraine.»





## USAID ESP Recommends Ways to Use Battery Storage Systems

A discussion on promising approaches to energy storage organized by USAID ESP on March 22 brought together nearly 200 participants. During the event, USAID ESP experts recommended ways to use energy storage systems and discussed current policies, global trends, generally accepted approaches and current EU legislation on energy storage system development in the electricity sector with key Ukrainian stakeholders and decision-makers.

USAID ESP's Renewable Energy Sources (RES) Sector Lead Allen Eisendrath and Senior RES Expert Oleksii Chupryna presented ESP's research backed best practices for effective energy storage services, including:

- free competition among storage services in all types of electricity markets; and
- a ban on transmission and distribution companies owning and operating energy storage systems, except in very limited conditions. Exceptions include situations where such systems are fully integrated components of the electricity grid, the regulator has given its approval, or when these systems are procured on a competitive basis and do not compete in any electricity market.



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The approaches USAID ESP proposed to energy storage are similar to the current EU energy storage policy, which makes sense for Ukraine.

Read more [here](#).



## Ukrainian Cities will Receive New Heat Supply Schemes and Investment Plans to Modernize their Heating Networks

In March, USAID ESP experts held a series of kick-off meetings after signing MoUs with Slavutych, Mariupol and Zaporizhia City Councils and their local DH companies. These engagements launched a series of practical steps to develop a modern heat supply scheme for each of these cities and to plan long-term investment projects to modernize their heating networks.

The parties identified key areas of cooperation and priorities for the near future to include:

- conducting a seminar on the new methodology's main provisions for developing heat supply schemes;
- developing a new heat supply scheme for every city mentioned above;
- preparing the cities' heat supply strategies;
- training partners on how to use the multifactor model to assess the investment attractiveness of heat network modernization projects;
- developing long-term investment programs;
- conducting energy audits of municipal DH systems to determine the sources of heat loss; and
- searching for a solution to implement third-party access to the existing DH infrastructure on a non-discriminatory basis.

USAID ESP's cooperation with Slavutych, Mariupol and Zaporizhia will help bring the municipal DH system to a modern European level, delivering the cities' residents access to uninterrupted, high-quality heat and hot water at clear and affordable prices.

Our work continues - we are creating the basis for a more efficient and financially stable heat supply system in Ukraine.





## Reconnecting Consumers to More Cost-Effective Heat Sources

USAID ESP is implementing a large project to optimize the heat supply scheme for consumers of 45 inefficient boiler houses run by CU Kyivteploenergo. The project is helping disconnect these consumers and reconnect them to more economical heat sources.

Reconnecting consumers will require infrastructure designs.

Based on the results of a tendering process the following companies will implement this effort:

- UKRENERGOPROM-3 LLC
- SYNERGY GROUP UKRAINE LLC
- Mathematical Center LLC
- PKNDI ENERGOTEHPROEKT LLC
- ELITVODOTEPLOMONTAZH LLC



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The design documentation will enable CU Kyivteploenergo to reconstruct the boiler houses with modern equipment that will deliver heat to customers more cost- effectively. These measures will improve the boiler houses by increasing the load of existing equipment and reducing the consumption of fuel, electricity, manpower, etc. This project is part of a larger effort which is expected to save €893,700 annually and would cover the cost of the project within 3 - 4 years.



# Reports

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Increased integration of Ukrainian and Polish Transmission Systems and Gas Markets

White Paper on Transforming District Heating in Ukraine: Assessment and Recommendations

Options for large-scale installation of Individual Heat Substations based on international best practices

Production Sharing Agreements: What Constitutes a Good PSA? Should They be Pursued?



# USAID ESP Grantees’ Work

This articles and infographics were presented by the USAID ESP grantee NGO Skyscraper for a Ukrainian audience.  
 No translations will be available under the scope of this grant.



## How do we Protect Vulnerable Consumers in the Energy Sector? Experiences of the European Union and Ukraine

Although almost every country has its own approach to the problem of energy poverty, among the most popular solutions are measures to improve the energy efficiency of housing and social support. Who are the vulnerable consumers and how many of them are there? What are the criteria for energy poverty, protection of vulnerable consumers, social assistance, and administrative price regulation? All these questions are covered in this [article](#), prepared with the support of USAID ESP.



## Ancillary Services Market: How Does the Ukrainian Energy System Balance Consumption and Production?

Who works in the ancillary services market? What do potential participants need to join the market? What are ancillary services and how are their prices set? What is the ancillary services market and why should we develop it? The answers to all these and other questions are in this [article](#) from Skyscraper, prepared with the support of USAID ESP.



## The Future of Hydrogen in Transport, Heating, and Electricity

Since 2014, more and more countries have been switching from natural gas to hydrogen, not only for industrial but also for domestic use. First Germany, Italy, Denmark, and the Netherlands, and later, the UK. Scotland, meanwhile, has ambitious plans for the near future. What is Scotland planning and how realistic is it to replace gas with hydrogen on a large scale? Read the [link](#).



# Tenders

[Equipment for Lugansk Energy Interconnection](#)

[Technical Assistance to Ukrenergo for developing strategies for isolated mode of operation](#)

# Vacancies

[Senior Grants Manager](#)

[Grants Manager](#)

[Electricity Market Expert and Senior Electricity Market Expert](#)

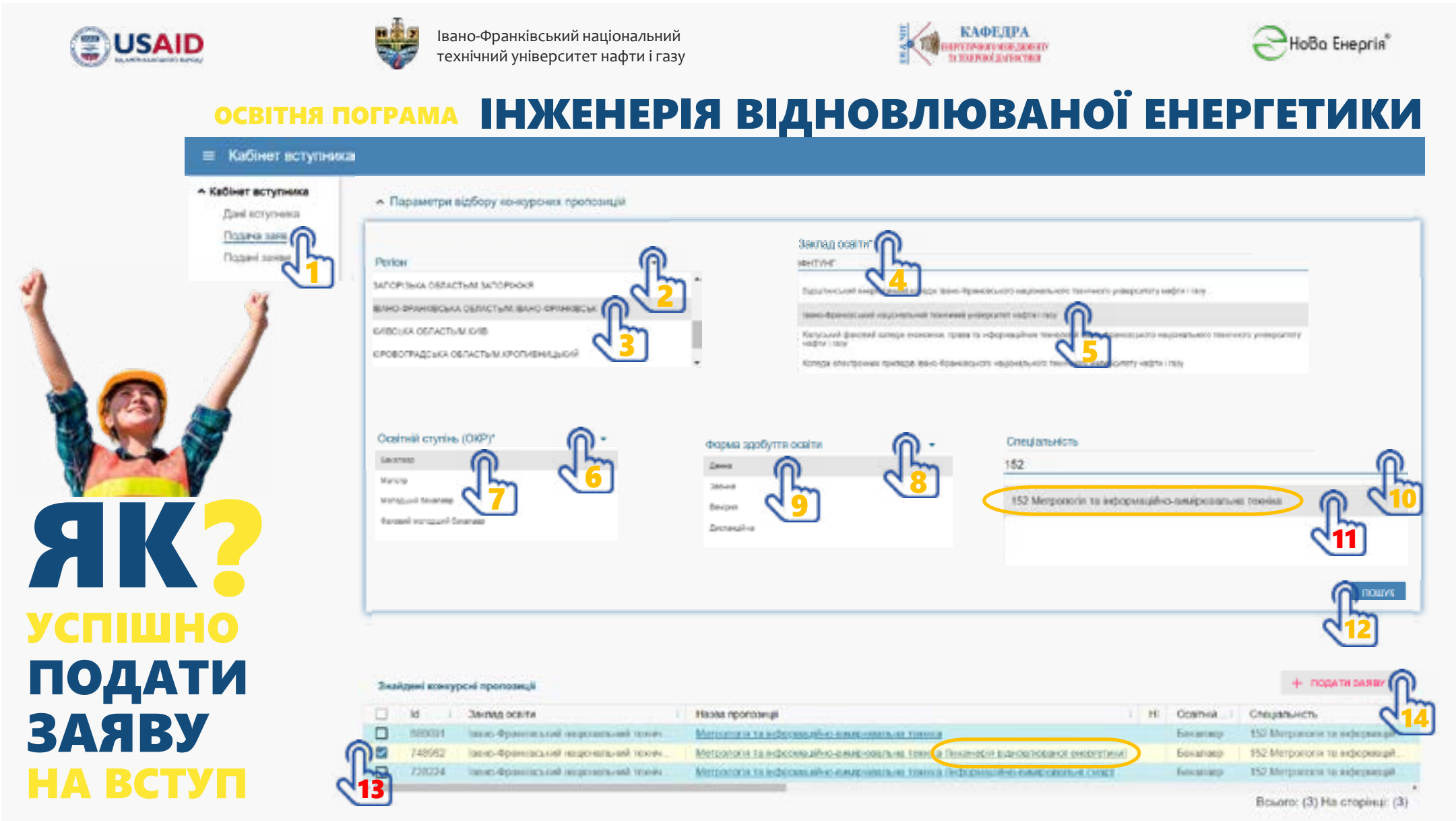
# Where to Study?

*This material is intended for a Ukrainian audience. No translations will be available.*

In Ukraine, the renewable energy sector is actively developing, which means an increase in the need for specialists. Responding to the requests and needs of the sector, and together with Ivano-Frankivsk National Technical University of Oil and Gas, USAID ESP is implementing a curriculum on renewable energy engineering.

Graduates of the program will be able to work as:

- electronics and telecommunications professionals;
- electronics and telecommunications engineers;
- electronics engineers in systems producing non-traditional and renewable energy sources.



You can learn more about this renewable energy engineering program by phone (+38 067 342 8282) or at the [website](#).



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