



UKRAINE IN THE CONTEXT OF THE EUROPEAN TRENDS IN THE COAL FIRED POWER GENERATION

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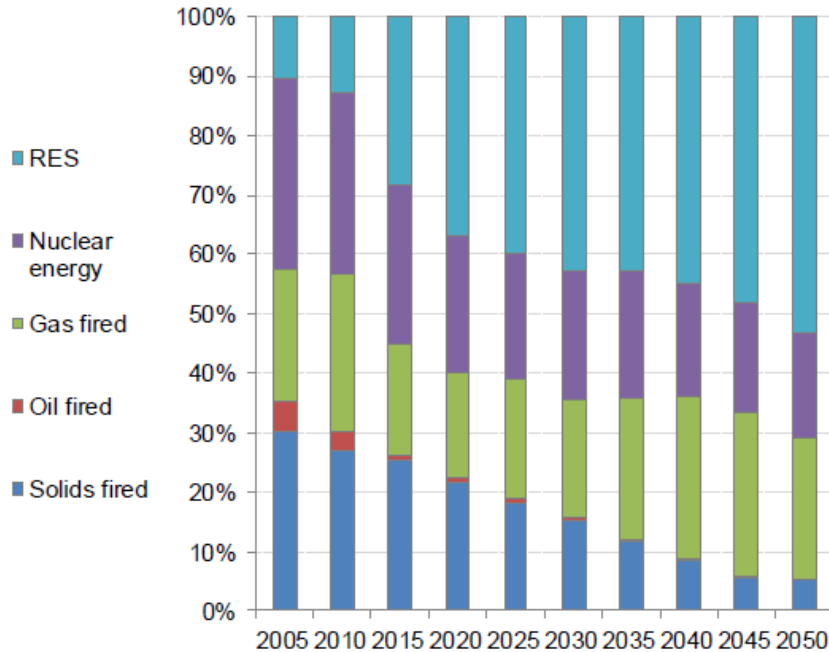
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TOPICS ADDRESSED IN THIS PRESENTATION

- Trends for the thermal power generation in the EU energy mix
- EU 2030 Energy Strategy and the package "Clean Energy for all Europeans"
- Energy transition and changes in the business models of power generating companies
- Clean Coal Technologies
- Implications for Ukraine: engagement and predictability is needed

Trends for the thermal power generation in the EU energy mix



Source: PRIMES, EU Reference Scenario 2016

April 2016 – Vattenfall agreed to sell its Germany lignite operations to Czech energy company EPH

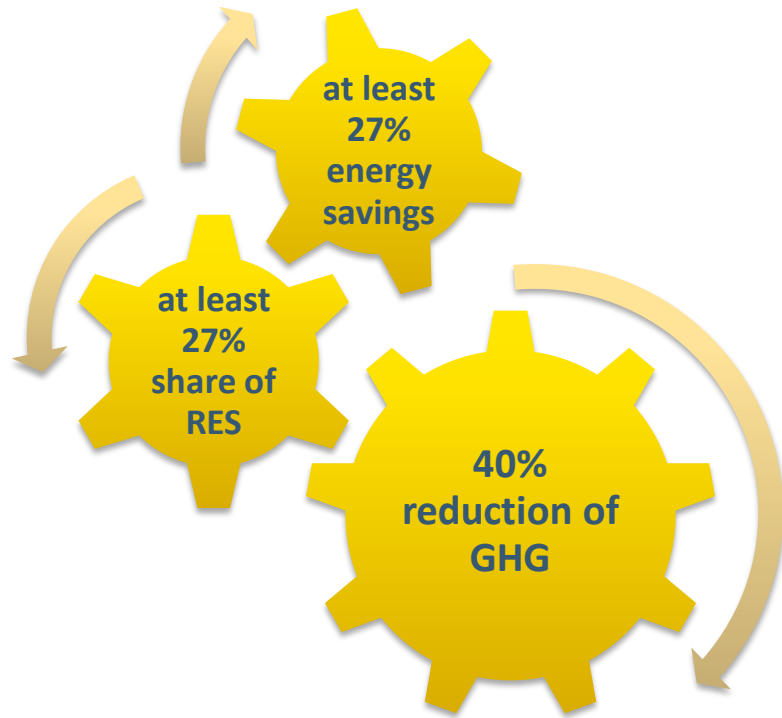
2 Feb 2017 – DONG Energy announced its intention to stop all use of coal by 2023

5 Apr 2017 – EURELECTRIC issued a statement with "no-intent" to invest in new build coal-fired power plants **after 2020**

- NOT supported by POLAND and GREECE

Dec 2016 – based on the data for 2014 share of RES in the EU gross final energy consumption reached 16%

EU 2030 Energy Strategy and the package "Clean Energy for all Europeans"



- new Electricity Regulation
 - Capacity Mechanism
 - RES Market Integration
 - DSO Entity
- Interconnection target (15%) and ROCs (Regional Operational Centers)
- Energy Efficiency
- **Governance**
- International Cooperation
 - **new Strategic Energy Partnership with Ukraine**

Energy transition and changes in the business models for energy utilities

- WHY?
 - value chain
 - energy policy
- January 2016, E.ON has announced the completion of split of its business operations between **E.ON** (focus on RES, energy networks and customer solutions) and **Uniper** (conventional energy and energy trading)
- June 2016, RWE announced the next step in restructuring of the company: "bundling" of the business segments of RES, grids and infrastructure, retail to **innogy**, with electricity generation and trading remaining in **RWE**

Clean Coal Technologies



CCS demonstration project, Niederaußem power station (RWE), Germany, photo taken in Sept 2011

November 2015: changes approved to the OECD arrangement of the officially supported export credits to cover only small (below 300MW) and medium (between 300 and 500MW)-sized super-critical plants to countries facing energy poverty challenges. CCS equipped power stations could benefit from credit support

Implications for Ukraine: engagement and predictability is needed

November 2016 – the EU and Ukraine has signed the Memorandum of Understanding on a Strategic Energy Partnership (MOU)

Signing of MOU with Ukraine was a part of the EU Energy Union Strategy (adopted in February 2015)

The MOU foresees: "With a view to strengthening energy security and independence of Ukraine, the Sides envisage co-operating on maintaining the integrity and increasing stability of the national electricity system and its availability to meet the long-term demand for electricity"

Thermal power generation continues to play notable role in securing stability of the Ukrainian energy system. Investors need the clear signals to enable them to make their decisions. Thus the clarity and commitment in adopting and implementing new Energy Strategy till 2035 is beneficial.

Thank you for your attention!