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## ДЕРЖЕНЕРГОЕФЕКТИВНОСТІ

Promoting Industrial Energy Efficiency in Ukraine and Neighbouring Countries

Workshop jointly organized by UNIDO and UNECE in partnership with the State Agency on Energy Efficiency and Energy Saving of Ukraine

Kyiv (Kiev), Ukraine, 27-28 May 2019

### Main findings and conclusions

The Workshop Promoting Industrial Energy Efficiency in Ukraine and Neighbouring Countries was jointly organized by UNIDO and UNECE in partnership with the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) in Kyiv (Kiev) on 27-28 May 2019. This workshop served as the first meeting of the ECE Task Force on Industrial Energy Efficiency (IEE Task Force). Over 90 participants from Albania, Armenia, Belarus, Denmark, Georgia, Ireland, Kazakhstan, North Macedonia, and Ukraine participated in two days of plenary and break-out sessions and open discussions.

Taking into consideration the status of industrial energy efficiency developments in Ukraine and other countries of South-Eastern and Eastern Europe, the Caucasus, and Central Asia, this workshop specifically focused on advancing engagement between energy intensive companies and policy makers so that policy developments can be adequately adapted to industry's business needs, while still aiming to achieve progressive national energy efficiency targets. The objective of the workshop was to demonstrate through peer-learning and exchange of experience how taking into consideration perspectives of the policy end-user (the company) concerning technical, business and confidence challenges can help provide valuable input into effective policy developments.

### Workshop outcomes

The workshop's focus was not only on the challenges that needed to be overcome. It also enabled sharing of experience on proven solutions and mechanisms that could be adapted to the needs of this region. This approach was taken to demonstrate how to support the complex task of developing industrial energy efficiency policies that are progressive and impactful, while also at the same time ensuring that they are adequately adapted to industry's everyday business reality.

The workshop provided an initial understanding of the energy efficiency policy situation in Ukraine and neighbouring countries and an overview of international insights on industrial energy efficiency approaches through a series of plenary presentations and discussions. This part was followed by two interactive break-out sessions (with participants split in two groups) that built upon these "setting the scene" perspectives. The first break-out session developed a priority list of the challenges facing energy efficiency implementation. The second session developed recommended policy solutions to overcome them. Both groups were made up of a mix of industry representatives and policy makers to enable variety of perspectives and joint development of proposals.

The **first break-out session** focused on the challenges posed by optimizing existing assets, investment in new technology and how to best identify opportunities and monitor the performance of implemented projects. While each group developed its own list of priority challenges, the outcome was that the results of the two groups were quite similar. This demonstrates that the typical challenges facing implementation of energy efficiency can be considered generally well understood and common across different countries and sectors. Several key challenges were identified.

*Optimization of existing assets.* The key challenge identified was a typical lack of motivation and/or commitment to modernize and upgrade existing assets due to a lack of awareness and general absence of an energy efficiency culture, in addition to an overall unsupportive market and/or financial environment. This in turn leads to a lack of systematic approach on energy efficiency across all business units.

*Investments in technology.* In terms of the challenges facing investments in new technology (typically undertaken after existing assets are optimized), a lack of affordable or innovative financing solutions (external and internal) was identified as a priority topic. This challenge also included the issue that there was a general lack of understanding both within companies and in financial institutions for making the business case for energy efficiency investments.

*Performance Monitoring and Reporting.* A primary challenge discussed for this topic concerned the lack of a general understanding and/or approach on energy performance indicators. Such a situation in turn resulted in a lack of clear legislation, capacity building and coordination within governments as well as companies to support unified in-house energy performance monitoring and external reporting.

The **second break-out session** had the objective to develop policy-driven solutions that could be used to overcome the identified challenges. Participants considered specifically different advantages of voluntary and mandatory policy mechanisms and how they might be best able to address the challenges. The experience of other countries that have such policies in place, as well as the opinion of industry representatives on how such policies could impact their business, played a key role in the discussions. A number of possible policy solutions were identified.

*Optimization of existing assets.* To improve awareness of the benefits of energy efficiency and support its integration into normal business operations across all business units it was proposed that a policy focus should be on education and guidance in parallel with motivational programmes such as tax incentives linked to savings and actions achieved and league tables/award schemes for companies.

*Investments in technology.* Policy solutions proposed for this topic focused on financing mechanisms, with the approach that small and medium enterprises (SMEs) in general require external financing while larger companies are often able to self-finance but need greater awareness of the business case for energy efficiency measures. An important point was that the initial approach should be kept simple, for instance small and easily accessible subsidies for a range of relevant technologies. Backing up any financial mechanisms developed would also have to be a strong network of competent energy efficiency experts to independently advise both companies and financial institutions.

*Performance Monitoring and Reporting.* Education was once again highlighted as a key policy tool to improve energy performance monitoring and reporting approaches and thereby also uptake. As part of the educational approach, an idea of a “CEO Club” was proposed which would enable sharing of experience, capacity building, and an energy saving competition between companies in some form, driven by the commitment of the top management.

## **Overall conclusions**

The workshop was very successful in building upon the previous ECE and UNIDO industrial energy efficiency workshops in targeting the active engagement of industry and policy makers to interact and join forces on groundwork for a new approach towards developing transformative policies. Since the first Policy Maker Meets the Engineer workshop in January 2017, the IEE Task Force has assiduously focused on highlighting the importance of engaging more proactively with industry, the policy end-user, in order to convert what has become common discussion into real action.

Moving forward, this workshop have set in motion what can be considered long-term effects, as the successful format of engaging with industry and bringing both industry and policy makers into active collaboration will be replicated on an ongoing basis. Overall these actions will play a valuable role in preparing industry to be a key agent to achieve the full potential offered by energy efficiency based on a business case approach, as well as channelling input and perspectives of global industrial energy end-users to policy makers to improve policy effectiveness and alignment with continuously evolving business reality.