

## **Recommendations for the establishment of a systematic instrument of "energy consultants" in Ukraine**

As an answer to Russia's attacks on the country's highly centralised energy system, the advantages of decentralised alternatives have come into sharp focus. In particular, Ukraine has seen a rapid growth of small renewable generation (mainly, PV stations) on the prosumers' side - households, businesses, municipal buildings and social infrastructure.

Ukrainian civil society advocating for a green and sustainable reconstruction has prioritised providing concrete help in this process. By the end of June 2024 **almost 50 renewable energy projects overall exceeding 1,7 MW** of installed capacity, primarily small solar for hospitals, schools and water utilities, have been put into operation with the facilitation of various Ukrainian NGOs. A crucial part of these endeavors and experiences was supported and scaled by the Renewables for a Resilient Ukraine (R2U) project, funded by IKI/BMWK, and is set to increase with the EIB and German government providing a €20 million grant for the Renewable Energy Solutions Programme.

### **At the same time, we acknowledge that:**

- A grants-only approach and an exclusive reliance on the work of Ukrainian NGOs are not the most sustainable way to go forward for the massive tasks of reconstruction and rapid energy transition.
- While generation from renewables (supply side of the energy transition) is getting more and more popular in Ukraine, the extremely important energy efficiency strategy (demand side of the transition) is not prioritised to the same extent, although a significant demand reduction would be very effective given the current and foreseeable generation shortages.

So far, Ukraine lacks the capacities to address these issues. Ukrainian communities, households, small and medium businesses would need to be able to rely on professionals who look at energy assets (buildings, production sites etc.) from an integrated point of view (both from the demand and supply side). Such experts could propose needs-based, smart, scenario-backed options for both energy efficiency **and** renewables deployment, taking into account various government and international regulatory and funding options, especially in the context of the EU integration.

**We see the establishment of a proven "energy consultants" system**, variations of which are functioning in Germany, Sweden, the Netherlands and other countries, as one of the key instruments required to address these challenges.

Currently, the help with conducting pre-feasibility studies, development of design and estimate documentation, and coordination of construction is being provided by external experts hired by international projects, donors and IFIs, as well as NGOs. Such a strong role in the implementation of technical projects is atypical for environmental and regional development NGOs. However, faced with the urgency following the start of the Russian full-scale invasion, NGOs jumped in with the help in place of lacking or absent structures and institutions.

Following the successful implementation of a first wave of projects and drawing lessons learned, NGOs are now aiming to help set up a self-sustaining system of energy consultants, able to support various clients with

decentralised energy projects' initial analyses, set-up, management and implementation, built on more market-based support mechanisms.

**For that to happen several topics should be addressed:**

1. **Financing opportunities.** Taking into account the current extremely limited financial capacities of both the Ukrainian government and Ukrainian local communities due to the war, we see the need for international financing and setting up a special program for financing the instrument of energy consultants through investment and development banks. To illustrate, BMWK and KfW support such programs in Germany. We see the need for external support during the initial stages of getting the system up and running, while fully acknowledging that in the future it should also be supported from the Ukrainian state budget. As the next, more advanced step, Ukrainian banks with the support of IFIs could set up loans or blended instruments for citizens, municipalities or businesses to close any gaps in the economic viability of renewable energy and energy efficiency projects.
2. **Certification of skilled professionals as energy consultants.** A new special certification program must be established and overseen by the government, IFIs and those countries, willing to share their experience. The ongoing Russian full-scale invasion and an active mobilisation campaign which will speed up due to the need of rotations, create additional opportunities for the involvement of **women** into a traditionally male-dominated sector. Moreover, new jobs for **veterans** returning from the frontline could be created, helping their reintegration into the society.
3. **Governance and management system.** The management of the energy consultants system will also require Ukrainian ownership and corresponding state or independent body which would be responsible for general coordination, establishing and maintaining databases, certification of consultants etc. For example, the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) could take up such a role with proper capacity building support. Taking into consideration the experiences of other countries, it could also be a viable option to establish an association of practitioners, which incorporates state, civil society and private partners. In any case, a first step could be a qualified analysis of organisational and institutional options for providing an effective organisational umbrella for energy consultants.
4. **Communication and advertising.** Access to information about the possibility to get advice from energy consultants will be crucial in the success of the program. An integrated approach, encompassing all state- and privately-owned media, as well as local community-owned media must be devised. NGOs should also take up an active role in the promotion of the new system using their communication channels. Creation of a dedicated website, an online one-stop shop, with the information for financial aid for projects and hiring a consultant, and its promotion would also be advisable.

Additional knowledge sharing with the countries which have similar set-ups will also be of the utmost importance. For that end, **we propose to add the topic of energy consultation into the existing German-Ukrainian Energy Partnership and/or direct dedicated funding to start pilot activities supported through IKI funds** on establishing and promoting a systematic instrument of "energy consultants" in Ukraine.

Based on our extensive experience, **the pilot initiative should focus on establishing energy consultants' services for municipalities and municipal projects** with a potential to expand to include requests from households and businesses down the road, after the successful piloting and lessons learned.