

Statement from the G7+ Energy Coordination Group and the Government of Ukraine at the Ukraine Recovery Conference 2024 in Berlin (June 11)

Ukraine has survived an onslaught of Russian drones, missiles and shelling targeting its Integrated Energy System, thanks to the brave efforts of the Government of Ukraine, Ministry of Energy, energy companies and the Ukrainian people, and with support from the international community. Since March 22, 2024, Russia has escalated its attacks on Ukraine's power generation, electricity grid and natural gas infrastructure, disrupting access to critical public services. Given the severe destruction caused by brutal targeted shelling, during March-May 2024 Ukraine temporarily lost about 9 GW of the installed power generation capacity in the system.

We, the members of the G7+ Coordination Group in support of Ukraine's Energy System and the Government of Ukraine firmly condemn Russia's actions and demand that those implicated in these attacks on critical infrastructure impacting civilian lives be held responsible. As we have stood in solidarity with Ukraine for the last two years, we commit to continue to support Ukraine with significant emergency assistance to help repair and stabilise the energy grid and restore power generation, first and foremost in preparation for the next winter. We welcome and support the efforts by ENTSO-E to increase electricity exports to Ukraine. We will strengthen and accelerate efforts to mobilise assistance, including: equipment for repairs to damaged generation and transmission infrastructure prior to the winter 2024/2025; physical protection to protect essential components of the energy grid, air defence critical to protect Ukraine's people, economy and security; and vital decentralised power generation solutions and equipment, including with a focus on flexible generation solutions as a foundation to develop renewables and improve cross-border flow, to contribute to sustainability and operational resilience of energy infrastructure in wartime conditions and beyond.

Prior to March 2024, G7+ partners mobilized over \$3 billion in financial and material support to Ukraine's energy sector, including nearly €500 million in grant funding to the Ukraine Energy Support Fund (ESF), operated by the Energy Community Secretariat, for the rapid restoration of Ukraine's critically damaged energy infrastructure. International financial institutions have mobilised broad support for the energy sector so far – with EBRD alone providing support through own resources and mobilised donor funding in excess of €1.5 billion. G7+ partners have announced over \$1 billion in additional assistance following the latest attacks, including at least €70 million in new contributions from G7+ members to the UESF, \$500 million in new energy sector funding from the United States, €300 million in additional funding from the EBRD, at least \$47 million additional grant from World Bank, and thousands of in-kind contributions from EU member states. The group is delivering over 100 high voltage autotransformers and 6 mobile gas turbine generators, with more on the way, and we are working together closely with our Ukrainian partners to identify and deploy distributed power generation solutions to maintain critical services through next winter. We strive to deliver this support in a coordinated and efficient way in cooperation with the Ministry of Energy of Ukraine, other relevant Ukrainian ministries and the whole Government of Ukraine.

Today, we collectively reaffirm our unwavering commitment to supporting Ukraine's goal of rebuilding its energy system to be secure, sustainable, more decentralised and smarter, fit for a Net Zero future and integrated with the European market. We support the building of a resilient energy system as stated in Ukraine's National Energy and Climate Plan and the Government of Ukraine's 2050 Energy Strategy. We will continue to collaborate on this together under the G7+ "Clean Energy Partnership with Ukraine" as established at URC2023 in London.

We welcome Ukraine's status as a candidate country to the European Union and the decision of the European Council to launch the accession negotiations in late 2023. Ukraine is now firmly anchored on its EU path. Ukraine's energy recovery, reconstruction, and modernization is linked inextricably to its EU integration goals and, specifically the EU energy and climate policy. We look forward to Ukraine's adoption of its National Energy and Climate Plan (NECP) in June, which is being presented at URC2024 in Berlin and we call for it to serve as a compass for sustainable recovery and

reconstruction of the country. We also welcome the launch of the Green Transition Office to support the Ministry of Economy with NECP implementation. We highlight the importance of the European Union's adoption of the Ukraine Facility of €50 billion from 2024 to 2027 and the corresponding Ukraine Plan in March 2024. The Plan outlines Ukraine's comprehensive reform and investment strategy, underpinning key reforms supporting the country's recovery, reconstruction and modernisation, while complementing and reinforcing Ukraine's efforts in the EU enlargement track.

The group commends progress made on reforms to showcase Ukraine's investment potential, specifically:

- Adoption of legislation regarding renewable energy development on competitive and market basis, feed-in premium for existing RES producers, renewable auctions under contract for difference scheme, guaranties of origin for electricity from renewable energy sources, net billing model for active customers;
- Implementation of REMIT legislation;
- substantial advances in sectoral governance, including the transformation of Energoatom, as well as the completion of the transformation of corporate governance system for the gas transmission system operator of Ukraine, in line with the OECD Principles of SOE Corporate Governance and newly adopted Law on the Improvement of Corporate Governance in Ukraine.

In addition to full implementation of the above, we support Ukraine's work on further key reforms under the EU enlargement track, the Energy Community and the Ukraine Plan and using the National Energy and Climate Plan (NECP) to scale up private investments in a green and resilient recovery in Ukraine and as a support for the Peace Formula.

This includes inter alia:

- Implementation of the EU Acquis in the energy sector, including Electricity Integration Package, RED III, Hydrogen and Decarbonised Gas Market Package;
- Further electricity and natural gas market liberalisation, gradually phasing out of Public Service Obligations (PSOs) and strengthening protection of vulnerable customers;
- Strengthening and further ensuring the independence of the energy regulator - the National Energy and Utilities Regulatory Commission (NEURC);
- Implementation of principles of sustainable corporate governance in energy SOEs, including principles of sustainable reporting;
- Developing strategies, frameworks and legislation to enable the ramp-up of renewable energy solutions in line with EU Acquis, ESG criteria and climate-risk assessment, e.g. in the area of wind, solar, hydrogen, biomass and energy efficiency;
- Design and implement an emissions trading system in line with the European Union's ETS and with the perspective of ultimately joining the latter upon accession;
- Encourage green capital mobilisation and develop prospects for facilitating and de-risking investments in renewable energy projects in Ukraine by considering new instruments such as the collaboration between the Energy Community Secretariat and IRENA in the framework of the Ukraine Energy Support Fund.

To support the transparent reporting and assessment of reforms in the energy sector, we would like to acknowledge the efforts of the international institutions and civil society, e.a. EBRD, EIB, World Bank, IFC, UNDP, UN Global Compact and DiXi Group that are also monitoring progress on reforms. We also welcome the work of the Energy Community Secretariat on providing emergency energy assistance to the Ukrainian energy sector, as well as other activities such as legal aid, energy market observation and assistance on green reconstruction and recovery of Ukraine's Energy System.