

 Early Warning System

EBRD-22093

Ukraine - Renewable Energy Risk Mitigation Mechanism - Design and
Implementation



Quick Facts

Countries	Ukraine
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Borrower	Government of Ukraine
Sectors	Energy, Law and Government, Technical Cooperation
Investment Type(s)	Advisory Services



Project Description

As stated by the EBRD, the war on Ukraine has devastated the power sector and has led to a significant deficit in generation capacity. Ukraine entered the 2024/2025 heating season with considerably less operating assets when compared to the pre-war scenario, leaving a deficit in cold periods. Building new generation capacity is therefore a priority for the reconstruction of the Ukrainian economy. The country possesses substantial renewable energy ("RES") potential, and in line with the Ukraine's Energy Strategy until 2050, new renewables will be a critical route for meeting the country's electricity needs now and in the future.

Accelerating investment is essential for energy security, economic resilience, and a cleaner energy system. Mobilising private capital is key and there is an urgent need to address investments barriers. However, Ukraine has not been able to rely on support schemes, such as a CfD scheme awarded through auctions, given the absence of a credit-worthy support counterparty. The corporate PPA market is also limited by a few creditworthy offtakers and merchant projects cannot attract financing due to high revenue uncertainty. Yet recent day-ahead market prices suggest renewables could be commercially viable. The real barrier lies in stabilising price, ensure payment, and manage currency risk.

Recent day-ahead-market (DAM) prices have, on average, been higher than the levels that renewable energy projects have needed to be commercially viable in other countries in the region. This suggests that there is a sound underlying commercial basis for RES projects in Ukraine. However, price volatility, and other related risks such as exchange rate risk, prevent investments from proceeding

Within this context, the Bank is developing the REMA Programme in Ukraine. The Programme includes the design and implementation of the Ukraine Renewable Energy Risk Mitigation Mechanism ("URMM" or "Mechanism"), which seeks to address the barriers that are inhibiting investment in renewables in Ukraine. The Mechanism is financially backed by the European Union and other bilateral donors. The URMM is a revenue stabilisation mechanism for renewable energy power plants, targeting price volatility risk to unlock investments into renewable energy sources (and potentially storage). This TC supports the setup, design and implementation of the Mechanism, ensuring its effective delivery, specifically, the arrangements for the implementation of the Mechanism Counterparty and the design and implementation the support scheme for renewable energy projects, including the underlying competitive bidding process.

The Mechanism is expected to support new generation capacity of 1,000 MW of wind and solar capacity (possibly with battery energy storage systems, depending on the findings of the design phase).



Investment Description

- European Bank for Reconstruction and Development (EBRD)

Information on the investment amount was not provided at the time of disclosure.



Contact Information

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ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form:

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