Early Warning System

EBRD-42524

Ternopil District Heating Modernisation

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	Ukraine
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	B
Voting Date	2012-09-18

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Project Description

TRANSLATED VERSION OF THIS PSD:UKRAINIAN

Ukrainian

PROJECT DESCRIPTION

The EBRD is considering providing a loan to the municipal district heating utility operating in the City of Ternopil to finance the installation of individual heating substations, installation of a bio-fuel boiler, modernisation and rehabilitation of existing boilers and sections of networks, installation of controlling and monitoring equipment. The project aims at significantly improving the energy efficiency, reducing energy losses, gas and electricity consumption and improving the quality of heat and hot water supply services in the City of Ternopil.

TRANSITION IMPACT

Demonstration of successful restructuring: Through physical investments and implementation of the Corporate Development Support Programme, the project will improve operational and financial performance of the Company and will have significant demonstration effect for other cities and utilities in Ukraine concerning ways to improve energy efficiency of district heating operations and reduce losses and costs.Framework for markets: A Public Service Contract is to be signed between the City and the Company, establishing an arms' length relationship between the Company and the City and formalising the rights and responsibilities regarding the full cost-recovery tariffs (within the limits of the existing tariff regulatory framework), service provision and capital improvements. The Public Service Contract will include short, medium and long term operational and financial performance benchmarks and targets. The demand side measures proposed by the project and further corporate strengthening will help the Company increase its consumption-based billing and improve revenue collection. The Project will support a tariff setting methodology development and adoption at the National Utility Tariff Regulator level with a view to ensuring:(i) the full operating cost recovery and cost control;(ii) full investment cost recovery based on the investment programme assessment to be performed by the National Utility Tariff Regulator and(iii) improved revenue predictability and planning through a process of formalised, regular, transparent and timely adjustment of rates.Transfer and dispersion of skills: The donor funded technical assistance will provide substantial training for the key staff of the Company enabling substantial market skill transfer.

THE CLIENT

Communal Enterprise "Ternopilmiskteplokomunenergo", a municipal district heating utility wholly owned by the City of Ternopil.

EBRD FINANCE

EUR 10 million loan to the Company, secured by a full municipal guarantee.The project is expected to be co-financed by an up to EUR 5 million grant from the Eastern Europe Energy Efficiency and Environment Partnership (E5P).

PROJECT COST

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Investment Description

- European Bank for Reconstruction and Development (EBRD)

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Contact Information

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.

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Other Related Projects

- EBRD-57901 RLF - Ternopil Emergency Liquidity