

Workshop “Strengthening national capacity in applying sustainable energy policies and practices based on the recommendations of the Environmental Performance Reviews”

30 June 2021, Online
09:00 a.m. – 12:00 p.m. (CEST)

Belarus - 3rd EPR

Report	No.	Topic	SDG	Recommendation (quote)	Implementation
Part III	8.1 (a) (b)	Infrastructure; Market mechanisms;	7.3	<i>The Government should: (a) Pursue a policy of restructuring electricity tariffs to eliminate cross-subsidies and achieve price levels that reflect the costs of production in the power sector, while taking adequate measures to protect socially vulnerable groups; (b) Guarantee that the financial resources saved through energy efficiency measures are accumulated in the budgets of the respective organizations undertaking such measures.</i>	<i>The absence of an independent energy regulatory authority, the prominent role of the state-controlled Belenergo in the tariff setting process for electricity, and the absence of a market structure in the energy sector are among the barriers to meeting energy efficiency targets. The electricity sector is still a state monopoly and measures to improve tariff setting policy are lacking. Energy pricing remains inadequate to encourage efficient use of energy, and market mechanisms for setting energy tariffs are still absent. Government plans to reform the electricity sector by creating a wholesale market have been delayed, and electricity remains heavily subsidized for households. Cross subsidization is a mechanism of energy pricing that does not fulfil its stabilizing function, which causes significant damage to the economy of the country. Motivating households to save energy is an important question to be addressed and implies the need for reform of the household sector. Should an effective motivating system be created, the State could attract inward investment into energy-saving equipment and technologies.</i>
	8.2 (a) (b) (c)	Compliance with international laws, regulations, standards; Market mechanisms		<i>The Government should improve the framework conditions to allow growth of the market for energy services, in particular by: (a) Allowing banks to finance long-term projects; (b) Guarantee that the financial resources saved through energy efficiency measures are accumulated in the budgets of the respective organizations undertaking such measures; (c) Adopting a model ESCO contract.</i>	<i>There are barriers to ESCO operations, in particular, the legislative basis for the development and operation of an ESCO is not sufficiently developed. In the industry sector, as well as in state-funded organizations, current accounting rules and taxation systems do not take into consideration benefits from energy savings in the overall cash flow of the company, which rather discourages energy conservation. Most potential ESCO projects are long term, while commercial bank loans are only available for up to seven years and the interest rate is relatively high.</i>

8.3 (a) (b)	Legal, Policy and Institutional framework	9.4	<p><i>The Government should:</i></p> <p>(a) <i>Apply recommendations of the International Atomic Energy Agency (IAEA) to provide necessary safeguards to reduce environmental and health risks associated with nuclear power plant construction and operation;</i></p> <p>(b) <i>Carry out strategic environmental assessments on major energy sector plans and programmes under development, even though strategic environmental assessment is not yet provided for in the legislation.</i></p>	<p><i>Belarus' main energy supply targets include a 1,000 MW coal-fired plant and an NPP. Construction and operation of a 2,400 MW NPP can potentially have significant environmental impacts, and it is important to ensure its compliance with the international standards on power plant construction and operation and make this compliance strategy known to all stakeholders. Strategic environmental assessment does not exist in the legislation of Belarus.</i></p>
8.4 (a) (b) (c) (d) (e)	Legal, Policy and Institutional framework; Market mechanisms	7.2	<p><i>The Government should:</i></p> <p>(a) <i>Improve the institutional framework in the renewable energy sector to facilitate implementation of the strategic goals set;</i></p> <p>(b) <i>Maintain economic incentives by regularly reviewing and keeping adequate feed-in tariffs for energy generated from renewable energy sources;</i></p> <p>(c) <i>Create an effective motivating system to attract inward investment into energy-saving equipment and technologies to modernize energy plants in the country;</i></p> <p>(d) <i>Provide economic incentives for enterprises and households to pursue energy-saving policies and for the development of renewable energy sources;</i></p> <p>(e) <i>Develop a national low carbon development strategy.</i></p>	<p><i>Limited energy resources complemented by a very energy-intensive economy are strong prerequisites for the continuing development of RES to improve energy interdependence and facilitate reduction of GHG emissions. Although notable progress has been achieved in development of RES since 2005, legislation on renewable energy, economic incentives, affordability of loans, and technical and institutional capacity require further development, and only a small proportion of energy comes from renewable resources. This is an important element of energy security in Belarus, as the vast majority of its domestic energy resources are renewable or nonconventional by nature. // The current national energy policy stipulates selling electricity at low prices, which, in turn, stimulates excessive consumption and does not provide sufficient incentives for energy conservation.</i></p>
8.5 (a) (b) (c)	Market mechanisms		<p><i>The Government should:</i></p> <p>(a) <i>Develop and implement a restructuring of the power system with the establishment of wholesale and retail markets;</i></p> <p>(b) <i>Set up a procedure for relationships among business entities in the electricity sector to transform the sector into a well-functioning competitive market and to provide incentives for attracting investment to energy development;</i></p> <p>(c) <i>Gradually introduce the transformation from purely administrative measures towards measures based on</i></p>	<p><i>At present, there is no legislation on an energy market in Belarus that supports further development of the national energy system according to market rules. No law on energy covers all aspects of the energy sector, including production, transport, distribution and consumption, to transform the sector into a competitive market. Government plans to reform the electricity sector by creating a wholesale market have been delayed.</i></p>

				<i>economic incentives and market mechanisms.</i>	
	8.6	Legal, Policy and Institutional framework		<i>The Government should improve monitoring and verification of data from the energy sector in accordance with internationally agreed standards</i>	<i>Some differences were observed between energy related data, in particular, on renewable energy sources, included in various sources (international databases which rely on the information provided by the country, national statistics, national strategic documents, etc.).</i>
Annex I	6.1	Legal, Policy and Institutional framework		<i>The Council of Ministers should develop a law on energy covering all aspects of the energy sector, including production, transport, distribution and consumption. The Law on Energy Saving and other energy-related legislation should become part of the law on energy with the necessary amendments.</i>	<i>This recommendation has not been implemented. A law on energy covering all aspects of the energy sector, including production, transport, distribution and consumption to transform the sector into a well-functioning competitive market has not been developed.</i>
	6.2	Market mechanisms		<i>The Council of Ministers should consider reforming the current energy tariff-setting policy and improve the entire energy chain with a purpose of creating a competitive energy market to make it more attractive to investments.</i>	<i>The recommendation has been partially implemented. Since 2015, active measures have been taken to address the problem of cross-subsidies. The 2010 Strategy for Development of the Energy Potential of the Republic of Belarus sets out the gradual 100 per cent elimination of cross-subsidies in tariffs for energy resources. The plan is to phase out preferential tariffs for natural gas and energy for certain legal entities and individual entrepreneurs and provide for household energy tariffs, which would cover at least 60 per cent of costs by 2015. There is no competitive energy market to make the energy sector more attractive to investments.</i>