

EBRD press release

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EBRD finances cogeneration facility at Alchevsk Steel Works

The European Bank for Reconstruction and Development is providing a \$150 million loan to CJSC Ekoenergia, a special purpose company owned by the second largest Ukrainian industrial group the Industrial Union of Donbass (ISD) and Alchevsk Iron & Steel Works (AMK). Calyon Bank is underwriting the syndication of a \$50 million part of the loan.

The project will finance the construction of a 303MW cogeneration facility, owned and operated by Ekoenergia, at AMK, which will use waste gases produced by AMK and coke oven gases produced by Alchevsk Coke Works. The cogeneration facility is expected to produce enough electricity each year to meet the demands of a region like Poltava.

The facility will generate electricity by utilising waste gases from the production process and therefore will significantly reduce the emissions of greenhouse gases in Ukraine. According to the preliminary estimates this investment in its first four years will reduce annual AMK carbon emissions by 6 million tonnes, which equals the annual emissions of a large European industrial city, like Manchester.

The project will also set best international standards of environmental management at the AMK facility and more generally, help improve the environmental conditions and energy efficiency of Ukrainian manufacturing facilities, helping to bring levels of atmosphere pollution close to those in developed economies and within the EU standards.

Olivier Descamps, EBRD Business Group Director for southern and eastern Europe, said the facility will be one the first of its kind in the FSU, and its successful commissioning will have a strong demonstration effect on other energy inefficient enterprises. By working with one of the highest profile industrial groups in Ukraine, the successful financing and implementation of the project will send a strong message to other companies, he added.

The European Bank for Reconstruction and Development is the biggest financial investor in Ukraine. As of 31 December 2006 it had committed €2.87 billion through more than 130 projects.

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