

TO:

**Executive Directors
European Bank for Reconstruction and Development**

Bulgaria:

Centre for Environmental
Information and Education
(CEIE)
For the Earth

Czech Republic:

Centrum pro dopravu a
energetiku (CDE)
Hnutí Duha

Estonia:

Estonian Green Movement–FoE

Georgia:

Green Alternative

Hungary:

National Society of
Conservationists – Friends of
the Earth Hungary (MTVSZ)

Lithuania:

Atgaja

Macedonia:

Eko–svest

Poland:

Polish Green Network (PGN)
Institute of Environmental
Economics (IEE)

Serbia:

Center for Ecology and
Sustainable Development
(CEKOR)

Slovakia:

Friends of the Earth – Center
for Environmental Public
Advocacy (FoE–CEPA)

Ukraine:

National Ecological Centre of
Ukraine (NECU)

CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of
international development
finance, and to promote
alternative solutions and public
participation.

23 September, 2010
Kyiv, Ukraine

Dear Executive Directors of European Bank for Reconstruction and
Development,

According to recently updated information on the EBRD website, the
South Ukraine Transmission Project is currently scheduled for board
meeting approval on 12 October 2010.

Since this project appeared in the EBRD's project pipeline early last year,
our organisation has been concerned by its potential to harm the
environment, and the far from certain social and economic benefits it will
deliver for the local population and Ukrainian citizens generally. After
more than one year of observing the performance of Ukrenergo (the
project sponsor), our doubts and concerns have only multiplied.

These concerns have been communicated to the EBRD board and staff
members on several occasions. A number of our misgivings have still to
receive a response, and hereby we restate them in the hope that they can
be given adequate attention and discussion during your deliberations
ahead of the board meeting on October 12.

We have seven specific questions concerning the South Ukraine
Transmission Lines Project that we feel board members should be fully
informed about by EBRD staff:

1. What changes – if any – have been implemented in the project
design to address the conclusions from the public consultations
and the general critical input from civil society organisations? In
particular, what changes in the Environmental and Social
Management and Monitoring Plan have been made so as to avoid
harming the protected nature areas that the transmission lines are
supposed to cross?

2. Why has an additional bird survey, carried out with use of the Technical cooperation funds, not been published yet? When will this study be made public?
3. How will the proposed project improve the electricity supply of the Ukrainian South and Crimea region when the local distribution grids are in a bad state and require urgent investment for upgrading? Why have projects like Krymenergo (now cancelled, but supposed to have involved the reconstruction of existing 110 kV power lines and the modernisation of sub-stations in Crimea) not received support from the EBRD despite being of greater worth and importance for the local population?
4. What economic analysis was carried out to prove that a 750 kV transmission line, operating at only 1/3 of its capacity for 20 percent of the time, is necessary to make this project profitable? Is it anticipated that this analysis – if done – will be made public?
5. Is there an urgent need to approve this current project when two other previously financed projects (the Rivne Kyiv High Voltage Line Project and the Odessa High Voltage Grid Upgrade – also known as Adajalyk–Usatove) have clearly demonstrated the sponsor's inability to implement these kind of projects within agreed timelines (both have been delayed for a few years) and conditions? Social and environmental controversies have blighted these previous projects because of, we would argue, the sponsor's unreliability and recklessness.
6. What leverage will the EBRD retain to further influence Ukrenergo to remove its transmission lines from the villages of Usatove and Nerubayske, constructed as they were in non-conformity with the initial design and causing conflicts with local people, if the current project is approved by the Board?
7. How can it be that projects that facilitate electricity generation and export from Soviet-designed nuclear power plants, that cause serious harm to the environment and that bring no visible benefits to local people are considered to be sustainable energy projects by the EBRD's staff?

By reiterating these questions we hope that should the South Ukraine Transmission Project be brought to your consideration, the final decision will be based on a thorough discussion of these acute issues. In our view, given the nature of some of these controversies, the board should not agree to provide finance for the South Ukraine Transmission Project as it stands currently.

With kind regards,

Yury Urbansky,

National Ecological Centre of Ukraine/CEE Bankwatch Network