



# EUROSAI

Working Group on  
Environmental Auditing

## 25<sup>th</sup> ANNIVERSARY OF EWGEA

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## NEWSLETTER 1/2024

# EWGEA CHAIR NIK PRESIDENT MARIAN BANAŚ

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*Dear Reader,*

The first edition of the EWGEA Newsletter on 2024 has just been published and it is accessible here.

Sustainable energy was the subject of last year's Annual EWGEA Meeting in Prague, and the energy security – of the Spring Session in Malta in May 2024.

Over the last years, energy security and energy production have been widely discussed both in the EU and in the world – not only as one of basic citizen's rights, but also as one of major greenhouse gases emitters that contribute to the global warming.

International commitments to the climate change mitigation demand severe reductions of GHG emission and direct reporting on every year progress of nationally determined and accepted by governments contributions to the UNFCCC. At the same time, tense political situation and the Russian aggression on Ukraine cut off the access to fossil fuel sources, which considerably increased energy prices. An appropriate energy policy should help reducing GHG emissions and mitigate effects of climate change. Europe still depends on energy supplies, often imported from countries with an unstable political situation. Therefore, it is very important to develop independent energy strategies to provide energy security in the region.

This EWGEA newsletter offers auditors perspective aimed at answering: how do EWGEA member countries deal with energy security and what progress has been made since 2022 and after the introduction of more ambitious European climate Green Deal and GHG reduction targets?

Which strategies and investments made towards the climate neutral economy were justified and which were not? Were they based on reliable scientific data and assumptions? Have the energy choices made by European countries affected their international relations and position on the world stage?

This edition of the EWGEA Newsletter presents recent developments aimed at the energy security audited by SAIs and also the perspective of our Ukrainian colleagues who told us about the impact of the war on ensuring energy security and planned restoration of key infrastructure.

We also offer an insight from the European Court of Auditors on audits in the field of energy security in the context of key EU policy developments and the security of gas supplies with a focus on assessments of key risks in the field.

If you want to learn more on energy security, security of supply, cybersecurity and on auditing the energy transition, then this edition is just for you.

Enjoy the read!

Marian Banaś  
EWGEA Chair







# EWGEA SECRETARIAT

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The 2024 spring season was meaningful for the EWGEA for many reasons.

Firstly, the EWGEA celebrated its 25th anniversary at the Spring Session in May, generously hosted by the National Audit Office and Auditor General of Malta and the Group Chair received many words of appreciation on this occasion also from both previous EWGEA Chairs: a congratulation letter from the Auditor General of Norway and a [video message](#) from the Auditor General of Estonia.

Having the green light from the EWGEA members and its Steering committee, the SAI of Poland as current EWGEA Chair, applied for the second term of office, presenting the current progress report and the strategic work plan for the next three years. The Governing Board and EUROSAI Congress considered and accepted the EWGEA efforts aimed at supporting professional cooperation and facilitating knowledge and experience sharing, and decided to appoint NIK for the second term of office as the EWGEA Chair, which is both a privilege and huge responsibility. We are honored and grateful to EWGEA Members for their confidence and we promise to do our best to come up to their expectations.

The second important issue was the auditors' perspective on energy security that was widely discussed at brainstorming sessions and workshops during the EWGEA spring meeting in Malta.

The meeting, organised in a hybrid formula, was attended by representatives of the European Commission Directorate General for Climate Action, Adaptation & Resilience, Communication and Civil Society Relations, the European Institute of Innovation and Technology – Knowledge Innovation Community – Climate KIC, the University of Malta and the Head of Secretariat of INTOSAI WGEA, as well as 82 auditors from 31 EWGEA member SAIs, out of which 46 were present in person in Floriana.

During the meeting in Floriana, the results of the latest audits on energy security and supply were presented and discussed, including: securing reliable electricity distribution network in Malta, the security of electricity supply in Estonia, the ECA audits in the field of energy security in the context of EU key policy developments and on the security of gas supplies with a focus on assessment of key risks, cybersecurity in power supply sector and escalating cyberattacks in Norway, securing access to the grid and growing demand for grid access in Norway, as well as auditing the UK government's energy security policies. SAI Ukraine presented a report on ensuring energy security – activities of state bodies in determining damages and losses caused by the Russian aggression on Ukraine.

Representatives of the ECA, SAI Poland, SAI the Netherlands and SAI Malta moderated workshops on risks assessments for audits in the field of energy security supplies, security of energy infrastructure and challenges of auditing energy security through renewable energy



and energy efficiency measures. Potential audit questions were also formulated during the workshops. The perspective on using climate justice criteria in energy audits was also discussed during an online workshop moderated by auditors from the Netherlands.

The third important issue was the EWGEA approach to the innovative tool Climate Scanner. The EWGEA Secretariat contributed to the Climate Scanner training workshop moderated by colleagues from the Brazilian Federal Court of Accounts in which 40 auditors from 25 SAIs participated. SAI Brazil developed a comprehensive training program for auditors to ensure smooth filling in data into the Climate Scanner app, in the form of a five-day face-to-face technical workshop that was hosted by SAI Czech Republic in Prague early June. During the meeting President of the Swedish Climate Policy Council highlighted that projections and estimates suggest the Earth has probably already reached its peak in greenhouse gas emissions and is now on a downward trajectory, so next step should be to intensify activities to capture carbon or negative emissions. The EUROSAI regional workshop was one of six regional Climate Scanner workshops held between April and August 2024, which trained 224 auditors from 124 different SAIs. Now the training phase is closed, auditors from SAIs that accepted the challenge introduced their data into the tool and the outlook of global Climate Scanner assessment shall be presented by SAI Brasil and Climate Scanner executive group during the upcoming UNFCCC COP 29 in Baku Azerbaijan in November.

In 2024 the EWGEA eagerly continued supporting the Climate Project group, co-chaired by the UK NAO and the European Court of Auditors. The Climate Project group provides regular and informal opportunity for auditors to discuss emerging issues for governments' approaches to climate change and aims to help raising awareness on potential risks and emerging issues and to share good practice. During its first 2024 webinar in February, the group focused on Public Engagement on Climate Change with presentations and discussions from the UN Environment Programme and Climate Outreach: a climate communications organisation that works with clients and partners around the world.

In 2025, the EWGEA Spring Session is planned for first week of May and for the Annual Meeting we are invited to SAI of Slovakia. A potential topic for the EWGEA Spring Session is challenges for agriculture resulting from the climate change mitigation and adaptation policies. Secretariat will ask group members for their opinions in a short survey.

For more information [www.eursaiwgea.org/](http://www.eursaiwgea.org/) [eurosaiwgea@nik.gov.pl](mailto:eurosaiwgea@nik.gov.pl)

■ Iwona Zubrzycka-Wasil, EWGEA Secretariat



Office of the Auditor  
General of Norway

Executive officer  
Øivind Berg Larsen  
Our date  
09.04.2024  
Your date  
March 2024

Our reference  
2024/00211-7  
Your reference

President Marian Banás  
Supreme Audit Office of Poland (NIK)  
ul. Filtrowa 57  
02-056 Warszawa  
Poland

*Dear president Marian Banás,*

Thank you for the personal invitation to participate in the Spring Session of the EUROSAI Working Group on Environmental auditing, of which you are the present Chair. It is a grand occasion as the group will celebrate its 25<sup>th</sup> anniversary during the session this year. Unfortunately, I am not able to take part in person, due to other commitments, but my office will be represented by two auditors, who will also be giving a presentation at the event.

At this important anniversary I offer my heartfelt congratulations to you as Chair and to all the members for the achievement of the group in the first 25 years of its life. Today, even more than at the beginning of this work, it is paramount that Supreme Audit Institutions hold their respective governments accountable for their responsibilities when it comes to guarding the Environment. The work of the group in supporting audits in this field, and specifically the multilateral audits that have been conducted over the years, are so important in this respect.

I wish you all the success in the continuation of the EUROSAI WGEA and hope it will continue for many years to come, to support the SAIs of Europe in this very important area of our work.

Yours sincerely,

Karl Eirik Schjøtt-Pedersen  
Auditor General of Norway

# EUROSAI 19TH GOVERNING BOARD INFORMATION ON THE EWGEA SET-UP APPROVAL



4<sup>TH</sup> EUROSAI Congress, Paris, 1999  
 External Control of International Bodies and Institutions  
 Some Evaluations and Results of Controlling the Management  
 of Humanitarian Aid  
 The Principles of Sound Financial Management

2000-2002 and on the headquarters for holding the 5<sup>th</sup> EUROSAI Congress.

Among the agreements adopted by this Governing Board can be highlighted the support given to the proposal from the SAI

of Hungary to be appointed the headquarters of the 18<sup>th</sup> INCOSAI to be held in the year 2004. The Governing Board also approved the request from the SAI of Ukraine to become a member of EUROSAI.

## 19<sup>th</sup> GOVERNING BOARD OF EUROSAI

The 19<sup>th</sup> meeting of the Governing Board of EUROSAI took place on the same day as the start of the 4<sup>th</sup> EUROSAI Congress, held in Paris (France). M. Joxe, the host of the Governing Board and of the 4<sup>th</sup> Congress, welcomed everyone present. The works carried out by each member of the Governing Board in the time that had passed since its last meeting made it possible to approve a proposed resolution to the 4<sup>th</sup> Congress on training in EUROSAI and also a proposal to set up a EUROSAI Working Group on Environmental Audit. As well as these proposals, the Governing Board drew up a balance

of all the information and proposals which it would bring before the 4<sup>th</sup> Congress in compliance with the Statutes of EUROSAI.

The 19<sup>th</sup> Governing Board of EUROSAI approved the incorporation of the SAI of Armenia into the Organisation.

The Governing Board concluded its session with some speeches from several of its members who, expressing the general sentiment, stated their gratitude to Mr. Volenik for the efficient work carried out during his term of office as President of EUROSAI



## 21<sup>st</sup> GOVERNING BOARD OF EUROSAI

The 21<sup>st</sup> meeting of the Governing Board of EUROSAI, which was held in Paris in November 1999, had as its central topic of debate the analysis of the responses to the questionnaire on "training in EUROSAI" drawn up by the SAI of France, as a continuation of the questionnaire that had previously been prepared by the EU-

ROSAI Secretariat. The different possible alternatives were analysed for carrying out this training.

Standing out as the most significant conclusion was the decision not to consider creating a Training Centre, but nevertheless to study the possibility of setting up an Internet Resources Centre.

## NEWS ON EUROSAI MEMBERS

### NEW MEMBER AND NEW PRESIDENT ALGEMENE REKENKAMER

On the 15<sup>th</sup> of May 1999 the Queen appointed Mr Pieter Zevenbergen to the Netherlands Court of Audit and so the Court was completed with its third member. The other members are Mrs Saskia J Stuiveling (member since October 1984)

and Dr Ad J E Havermans (member since August 1996).

On the same date Mrs Stuiveling was appointed by the Queen as the New President of the Court succeeding Mr Henk Koning





**Climate Scanner workshop in SAI Czech Republic  
in Prague in June 2024**



# ENEMALTA'S PLANNING AND INVESTMENT IN THE LOCAL ELECTRICITY DISTRIBUTION NETWORK

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The extensive power outages in Malta experienced during July 2023 highlighted the importance of a reliable electricity distribution network. These outages attracted significant coverage from local media and were the cause of public complaints subsequently giving rise to particular concerns to NAO.

The audit focused on Enemalta's (being Malta's electricity distribution system operator – DSO) planning and investment effort in the High Voltage (HV) distribution network between the period 2014 to 2023 and assessed the extent to which the management of this network was conducive to a robust system capable of meeting current and future electricity demand in Malta.

## *Key Findings and Analysis*

Findings show that the power outages experienced in July 2023 were due to extensive faults throughout the network rather than emanating from a single point of failure. With the DSO citing sustained peak temperatures and increases in peak demands as the main reasons behind these faults, NAO mapped out the progression of these two factors, as well as other indicators such as actual demand and GDP per capita to identify related trends across the scoped ten-year period. This exercise revealed that all the analysed factors have been on a clear upward trajectory throughout the period under review. In contrast however, capital expenditure invested in the HV network during the scoped period experienced a downward trend.

This review also showed that the DSO's annual actual expenditure on the HV network during the scoped period was significantly lower than the allocated capital budgets. Enemalta asserted that this was due to significant challenges, such as contractor availability and sourcing of materials, which hampered it from executing planned projects and works, even if these would have been budgeted for.

NAO additionally found that the DSO's network development plans did not fulfil all the benchmarked criteria, most of which emanate from pertinent legislation and the DSO's own network code.

## *Concluding Remark*

This review highlighted the critical importance of a robust planning function and timely capital investment in ascertaining security of energy supply – including aspects relating to the electricity distribution network. To varying degrees, the concerns identified during this audit contributed to the prolonged power outages experienced during July 2023.



Throughout this review, the DSO asserted that, in response to the 2023 outages and in addition to the capital investment done in previous years, substantial funds are now being channelled towards the repair and upgrade of parts of the electricity distribution network. In this context, this audit encouraged the DSO to strengthen its planning function, not only by honouring the associated legal obligations, but also by taking into consideration demographics, climatic trends, and associated risks, as well as the lifetime of all assets making up the distribution network, to ensure a more reliable electricity supply to its consumers.

■ Tesmarie Busuttil, Principal Auditor & Karl Galea, Principal Auditor, Performance Audit Section National Audit Office of Malta



# SAI ESTONIA AUDIT ON THE PROMOTING WIND ENERGY

In January 2024, SAI Estonia published an audit report on the government's activities for promoting wind energy. Estonia has a goal that by 2030 the total electricity consumed in Estonia in a year will be produced from renewable sources. Currently, renewable energy amounts to roughly one-third of total yearly electricity consumption and wind energy amounts to 9 percent of that.

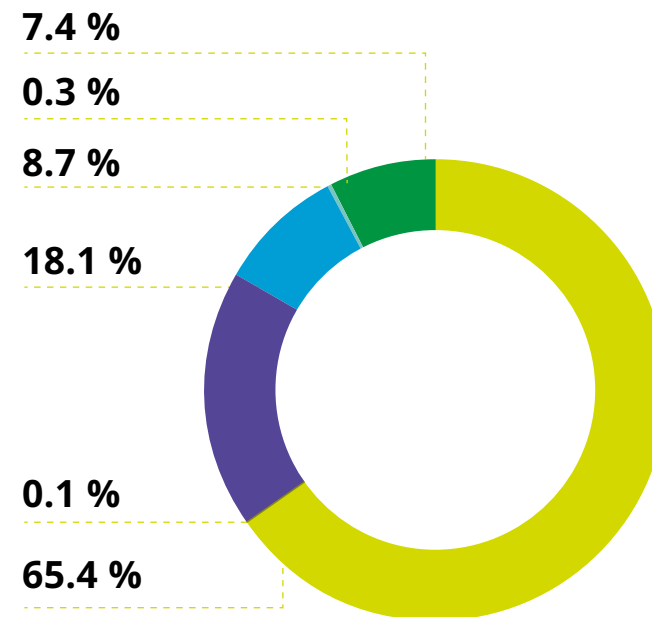
SAI Estonia concluded that there is no action plan to achieve Estonia's renewable energy goal by 2030. Although ministries have taken some steps to streamline planning processes and speed up environmental impact assessments, the impact of these measures has been modest. Planning processes remain lengthy in duration, and there are several unsolved issues related to planning and environmental impact assessments.

The audit also concluded that although the electric grid must be strengthened before connecting new wind farms, the relevant ministry has no clear strategy or action plan for accomplishing this.

In addition, the government has not properly analyzed the impacts and benefits of offshore wind. SAI Estonia found that, despite some progress, it is rather doubtful that Estonia will reach the renewable energy goal by 2030.

The audit materials are available at <https://www.riigikontroll.ee/>.

- Alar Jürgenson Auditor Audit Department National Audit Office of Estonia



- NON-RENEWABLE ENERGY
- BIOGAS
- BIOMASS (INCLUDING WASTE)
- WIND
- HYDRO
- SOLAR

Share of energy sources used for electricity generation in 2022. Source: National Audit Office of Estonia





# ECA PERFORMANCE AUDIT ON SECURITY OF THE SUPPLY OF GAS IN THE EU

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At the EWGEA Spring Session, the ECA auditors presented the performance audit on security of the supply of gas in the EU. The presentation focused on the audit scope and approach, without discussing the final observations yet as the audit work was still ongoing.

The audit work was finalised after the Spring Session and the report was published in June 2024 – [the special report 09/2024: Security of the supply of gas in the EU – EU’s framework helped member states respond to the crisis but impact of some crisis response measures cannot be demonstrated](#). The publication of the report was accompanied with the press release available [here](#).

This report examined whether the EU’s policy framework and action in support of gas security of supply have been effective. The ECA auditors looked at the EU’s pre-crisis framework as well as at the EU’s responses to the crisis. The topic of the report was chosen because of the EU’s very high dependence on imported gas and the unprecedented nature of the security of supply challenge it has faced since early 2022.

The overall finding of this report was that, while the EU’s framework addressed the secure supply of gas, albeit unequally, the achievement of crisis-response objectives often cannot be demonstrated. The ECA auditors found that some long-standing EU actions played a part in securing the supply of natural gas, notably during the crisis; and encouraged cooperation among member states. However, the EU’s security of supply architecture fell short on some of its key deliverables, and the EU has only recently started to develop an affordability framework for gas security of supply.

The report includes recommendations to complete the EU’s gas affordability framework; optimise the process of member state reporting on gas security of supply and revise the structure of regional cooperation; and improve transparency of the implementation of projects of common interest.

The ECA findings and recommendations from this report can contribute both to the further development of the EU’s gas security of supply framework as it pursues its transition away from Russian gas, and to its efforts to achieve climate neutrality by 2050.



### ***EWGEA workshop on key risks in the field of security of energy supplies in Europe***

One of the workshops at the last EWGEA Spring Session covered the discussion on **key audit risks in the field of security of energy supplies in Europe and possible audits targeted at these risks**. For the purpose of this workshop, the EWGEA auditors used the International Energy Agency's definition of energy security: 'the uninterrupted availability of energy sources at affordable price'. The auditors considered the risks to **availability, affordability, accessibility and acceptability** of energy sources and relevant possible audit questions. The risk discussed included:

- **Dependence on imported energy (gas):** importing countries are vulnerable to price shocks and supply disruptions in the exporting countries causing risks to uninterrupted availability of energy sources. The auditors may assess the design of the policy framework for energy security including for the infrastructure and wholesale markets. They may also consider the risk that the practices of some energy operators may limit energy flows across the borders. These issues are also linked to the risk of **lack of diversification of energy sources** when a country relies on a single source of energy and is therefore more vulnerable to disruptions.
- **Disruptions of supplies** caused by e.g. natural disasters, accidents, geopolitical instability. The auditors may assess how these risks are addressed in the short and long-term.
- **Price volatility:** the price of energy can fluctuate significantly which can impact the affordability and security of supplies. The auditors may assess how the policy framework addresses energy affordability.
- **Inadequate or outdated infrastructure:** the energy infrastructure (e.g. pipelines, interconnectors, grids) needs to be properly maintained. The auditors may consider whether funds for the energy infrastructure are well spent and whether the investments in new technologies that can improve energy security, such as energy storage and smart grids systems yield the intended results.
- **Cybersecurity threats:** energy infrastructure is increasingly vulnerable to cyberattacks, which could disrupt supplies. Audits may consider whether cybersecurity threats are sufficiently considered and addressed by national operators.
- **Transition from CO2 emitting energy sources to renewables** (risks to acceptability). The auditors may assess whether the design and operation of energy systems are fit for meeting agreed climate targets. Transition to renewables requires securing **access to critical raw materials**. Auditors may consider whether access to critical raw materials is secured at the strategic level.

■ Joanna Kokot Assistant to the Director - Audit - Chamber 1 Directorate – Sustainable use of natural resources European Court of Auditors



# CYBERSECURITY IN THE POWER SUPPLY SECTOR

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In 2021, SAI Norway conducted a performance audit on cybersecurity in the power supply sector, with a follow-up scheduled for 2024. The investigation was prompted by an increased risk of cyberattacks against the power supply, highlighted by the significant cyberattack on Ukraine's power grid in December 2015. This attack used sophisticated malware to disrupt critical systems, leading to temporary electricity loss in several regions. As digitalization increases, so do vulnerability surfaces, making the power supply, a critical infrastructure, particularly susceptible to espionage and targeted attacks during crises and wartime. Cyberattacks on the power supply can have severe consequences. The audit assessed the Norwegian Water Resources and Energy Directorate (NVE) efforts in strengthening ICT security, revealing significant weaknesses in internal control systems, risk assessments, supplier follow-up, and technical security measures among power companies. NVE's supervision and preparedness were found inadequate, and the Norwegian Ministry of Energy lacked sufficient information about the results of NVE's work and the state of ICT security to evaluate necessary measures.

So far, there have been no disruptions in power supply due to ICT attacks in Norway. This provides limited incentive for NVE to prioritize efforts to reduce the risk of ICT attacks affecting the power supply, compared to physical maintenance that prevents natural disasters. However, the absence of disruptions does not necessarily mean that ICT security in the power supply is adequate. The statistics for delivery reliability in peacetime do not reflect the risk of a serious ICT attack in crisis situations and war.

Key recommendations include ensuring NVE's reporting provides sufficient management information, enhancing ICT security efforts through better management tools and methodologies, and improving systems for incident detection and emergency preparedness. The emphasis is on building capacity and thoroughly following up on suppliers' ICT security to ensure a resilient power supply sector.

■ Anne Margit Grønningsæter Rudsro, Special Advisor, National Audit Office of Norway



# ACCESSING NORWAY'S GROWING DEMAND FOR GRID ACCESS

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The Office of the Auditor General of Norway is currently conducting an audit to address the increasing strain on the country's electrical grid. Since 2018, Norway has seen a significant rise in demand from both established industries looking to expand their power usage and new enterprises seeking grid access. Notable examples include large data centers, green ammonia production, and the electrification of the oil industry. This surge in demand has been driven by the availability of clean electrical energy, historically low electricity prices, and national and international commitments to reduce greenhouse gas emissions while exploring new industrial opportunities.

Norway's publicly owned grid companies operate under licenses from the Norwegian Energy Regulatory Authority. These companies are legally obligated to connect new facilities to the power grid, regardless of the scale of energy consumption, without unreasonable delays. However, the ability to meet this obligation is increasingly under threat due to the sheer volume of industrial applications. In many regions, the grid is now operating at full capacity, and planned grid expansions are already reserved by companies seeking access. Consequently, a growing number of businesses are finding themselves in long queues for grid access.

Part of the challenge lies in the discrepancy between the time required to establish new power-intensive industries and the time needed to develop the necessary grid infrastructure. It can take up to 12 years from the initial planning stages to the completion of a new transmission line. One of the challenges in this area is the significant goal conflicts and conflicts of interest. Although there is a great need for more capacity to help transform the industry, the expansion of the grid comes at the expense of nature and is costly.

Our ongoing audit seeks to assess the severity of the current grid challenges and evaluate how effectively state institutions are addressing these issues. The audit is planned to be published in early 2025.

- Håkon Eika Senior Advisor National Audit Office of Norway



# AUDITING THE UK GOVERNMENT'S ENERGY SECURITY POLICIES

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The UK National Audit Office has reported three times in the past two years on the UK government's policies to ensure energy security during the energy crisis. This work has identified the risks of not ensuring the energy sector is resilient to external shocks as well as the impact of needing to deal with short-term crises on the government's ability to maintain progress towards long-term ambitions.

Like most European countries, the UK's energy market has faced a series of challenges in recent years, first in the wake of the COVID-19 pandemic and then following Russia's illegal invasion of Ukraine. In the UK, the impacts of the war were primarily related to energy prices rather than security given only 3% of UK gas imports came directly from Russia.

The UK government first intervened to mitigate the impact of price increases on households when around 30 energy suppliers collapsed in late 2021 and early 2022 because of increasing wholesale costs. The UK's energy regulator, Ofgem, was well prepared to deal with the consequences, with its 'supplier of last resort' (SoLR) arrangement enabling the customers affected to be moved to a new supplier without interruption to their gas or electricity supply. But our report showed that the government's approach to regulating the energy market, which focused on competition and consumers switching suppliers, had stored up problems that were exposed when prices began to rise, with many small suppliers not having the financial resilience to weather the adverse conditions. We concluded that government had 'failed to imagine' the different scenarios and their consequences that could impact the energy sector. Reallocating customers from failed suppliers cost nearly £3 billion, which was equivalent to £94 per customer.

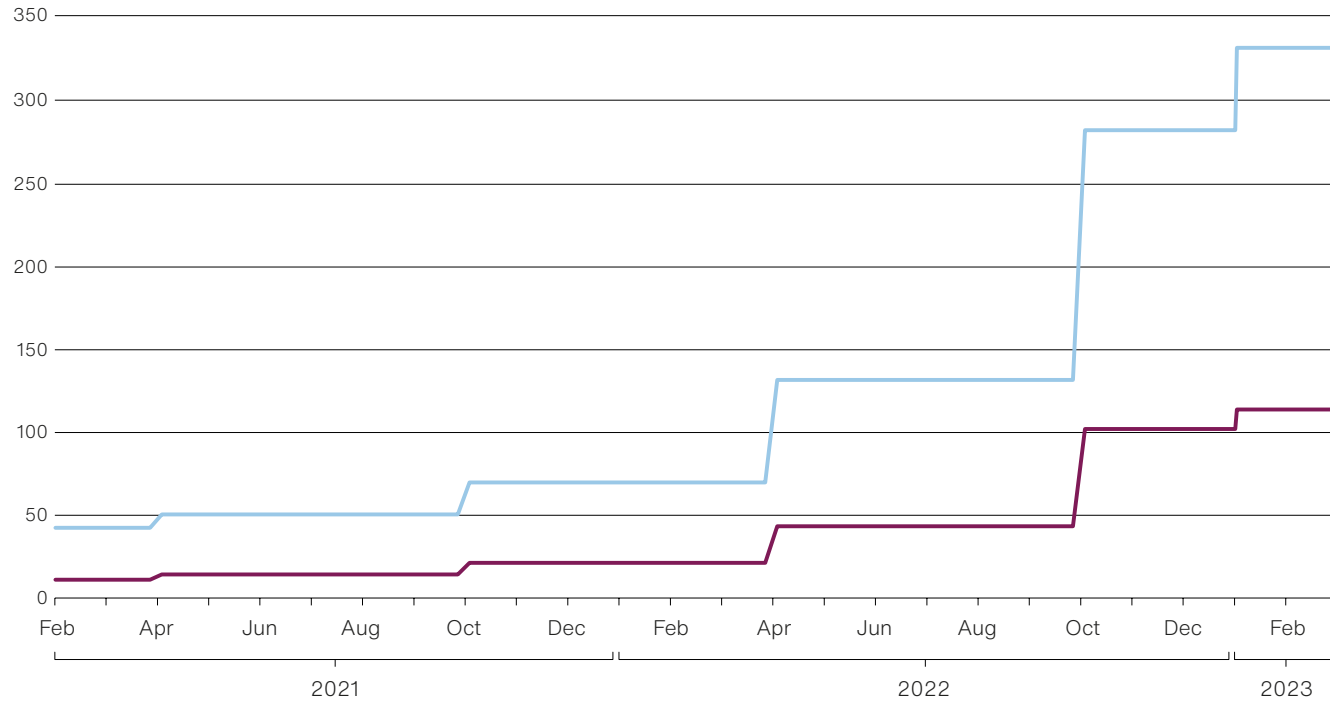
Energy bills continued to increase throughout 2022 with the prospect of a devastating price spike as demand rose going into winter 2022-2023, with potentially catastrophic consequences for households left unable to heat their homes. The UK government intervened through an 'Energy Price Guarantee' that would cap the cost of household bills at £2,500. Unlike with SoLR, the government did not have a ready-made solution and officials only had three weeks from when the scheme was announced to set it up. In February 2023, we found that the government did well to implement the schemes in time but had had to compromise on value for money by implementing universal support, which meant all households received it regardless of need.

Finally, in March 2023 we reported on the government's progress towards achieving its target to decarbonise the power sector by 2035. Our report emphasised that decarbonisation would require government to coordinate a range of activities: expanding generation; reforming markets; investing in networks; and increasing the flexibility of electricity demand. We concluded that government needed an overarching plan that brought these elements together to ensure it could achieve its ambition. But the government's development of this plan – originally to be established by October 2022 – had been delayed because of the need to focus on the short-term challenges of ensuring consumers were protected from bill increases.

## Ofgem's gas price assumption in the default tariff charged to consumers, February 2021 to March 2023

Gas and electricity price assumptions increased 431% and 375% between October 2021 to March 2022 and January to March 2023 impacting the energy price cap

Price cap assumption (£ per MWh)



- Gas - Price cap assumption (£ per MWh)
- Electricity - Price cap assumption (£ per MWh)

### Notes

- 1 Gas and electricity prices are for Great Britain.
- 2 Ofgem's price cap limits the rates that suppliers can charge for the standing charge and for each unit of electricity and gas used. It does not cap individual's total bills which depends on how much energy they use.

Source: [Energy bills support \(nao.org.uk\)](https://www.nao.org.uk/resources/publications/energy-bills-support/)

References:

[The energy supplier market \(June 2022\)](#)

[Energy bills support \(February 2023\)](#)

[Decarbonising the power sector \(March 2023\)](#)

■ Simon Bittlestone Director Department for Energy Security & Net Zero value for money  
National Audit Office of UK



# ENSURING ENERGY SECURITY: ACTIVITIES OF STATE BODIES TO DETERMINE THE DAMAGE AND LOSSES CAUSED TO UKRAINE AS A RESULT OF THE ARMED AGGRESSION OF RUSSIAN FEDERATION AND RESTORATION OF KEY COMPONENTS OF THE ENERGY SYSTEM

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The energy infrastructure of the country is one of the main targets of the aggressor, and it has suffered significant destruction and damage (Kakhovka hydroelectric power plant was completely destroyed; Zaporizhzhya nuclear power plant was seized by the occupants and disconnected from the Ukrainian power system; almost all thermal power plants were damaged; a large number of transformers and power grids were destroyed).

The Accounting Chamber of Ukraine set a goal to report to society on the actual state of affairs in terms of ensuring that the entities managing state-owned objects exercise their powers to create a methodological framework, introduce mechanisms for interaction, and recording cases of destruction or damage to energy facilities, collect and process information, and determine the damage and losses caused by the armed aggression. For this purpose, a relevant audit was conducted in early 2023.

The results of this audit showed that the development of organizational and legal mechanisms for recording and determining damage and losses began in March 2022, in a month after the full-scale invasion of the Russian Federation. Thus, the Government adopted Resolution No. 326, which approved the relevant Procedure. However, it was imperfect and did not contain a system of specific and consistent actions or rules aimed at determining and recording the damage caused and establishing the amount of damage. It was subsequently amended several times.

The Procedure provided instruction to state bodies to develop and approve methods for assessing damages by area of liability within six months. In fact, this work took too long. Only four bodies approved the methodologies on time; two reported that such work was inexpedient because they could use unified methodologies developed by other bodies, and the rest of the methodologies were approved after the deadlines set by the Government. The analysis of the methods approved at the time of the audit showed that some of them had shortcomings or partially did not meet the procedural requirements established by the Government.

The other Government decision of March 2023, Resolution No. 380, introduced the collection, transfer, recording, processing and storage of information on damaged and destroyed real estate. The audit confirmed the imperfection of some of its provisions, for example, the rules for submitting and registering information reports; the technical possibility of submitting certain information has not been implemented for almost a year. This has prevented the collection of information from legal entities, the coordination of technical regulations, and the verification of information reports from citizens.

In order to optimize the activities and avoid duplication in the work of state bodies, the Accounting Chamber proposed a number of recommendations to the Government, which were implemented. In particular, the conditions, mechanism, and procedure for submitting information reports on damaged and destroyed real estate were improved. The general, organizational, and methodological principles for determining losses have been improved. A clear classification by categories of damage and losses was introduced for the purpose of forming and submitting applications for compensation for losses, damages, or damage to the Register of Damage Caused by the Aggression of the Russian Federation Against Ukraine, established by the Resolution of the Committee of Ministers of the Council of Europe on the Establishment of an Enlarged Partial Agreement on the Register of Damages Caused by the Aggression of the Russian Federation against Ukraine of 12 May 2023.

- Andrii Maidebura, Director of the Department for Control (Audit) in the field of economy, digital transformation, protection of economic competition and state property management of the Accounting Chamber of Ukraine





EUROSAI

Working Group on  
Environmental Auditing

