



OSCE Energy Security Conference

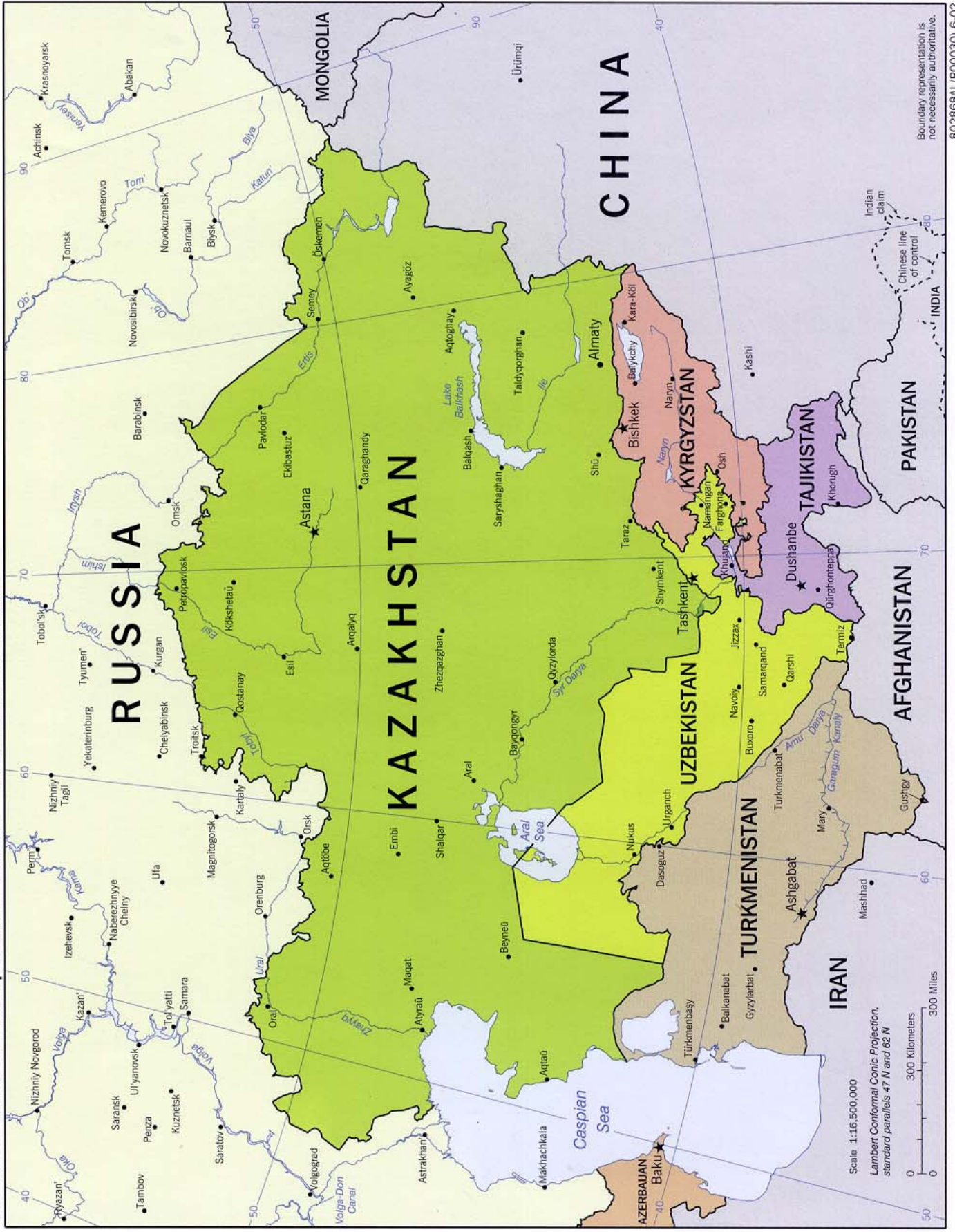
“Strengthening regional cooperation in Central Asia for promoting stable & reliable energy within Eurasia”, Ashgabad, 3-4 May 2010

Energy – Water Nexus in Central Asia: Evolution of Regional Legal & Institutional Frameworks

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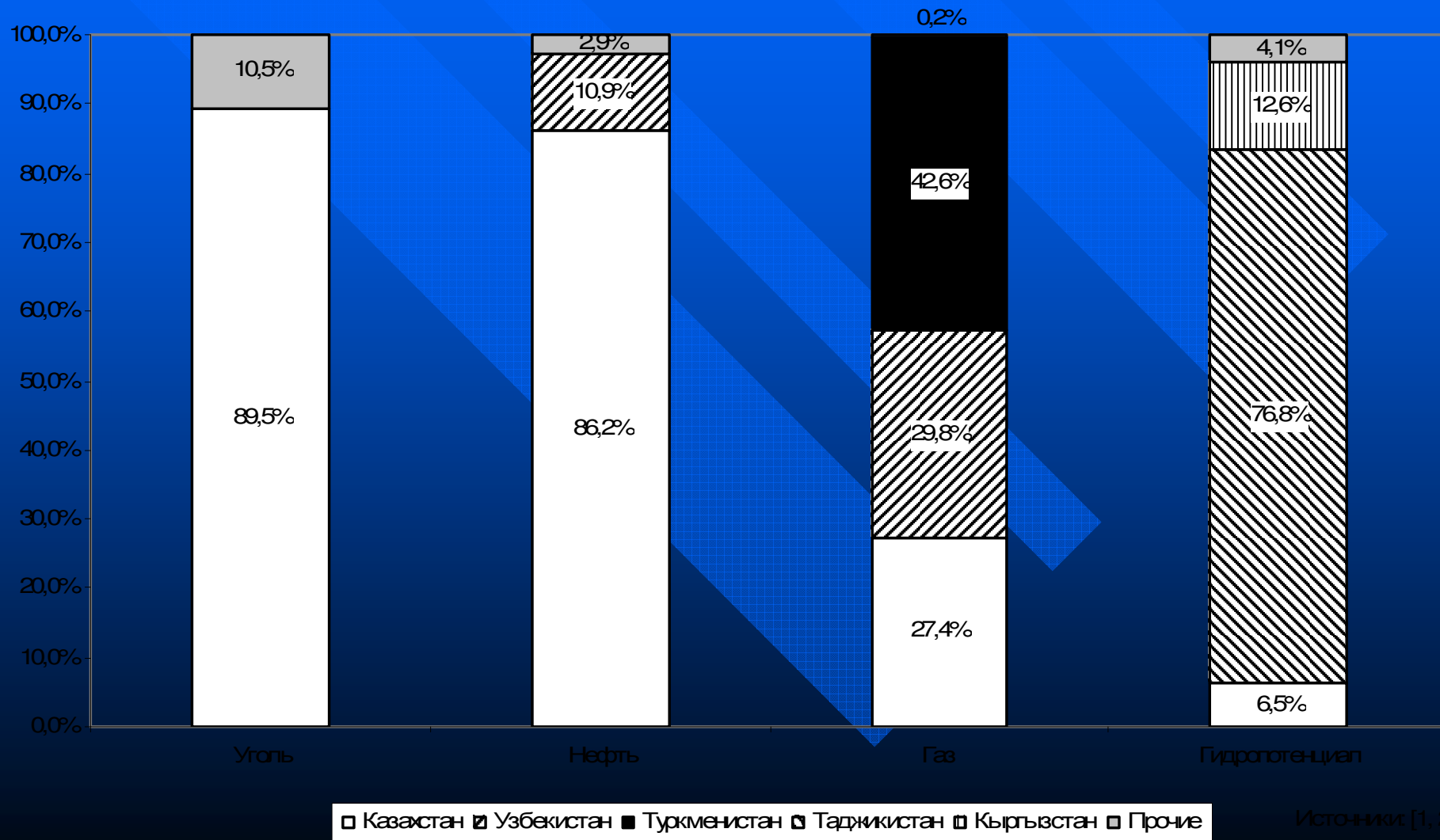


Energy security in Central Asia

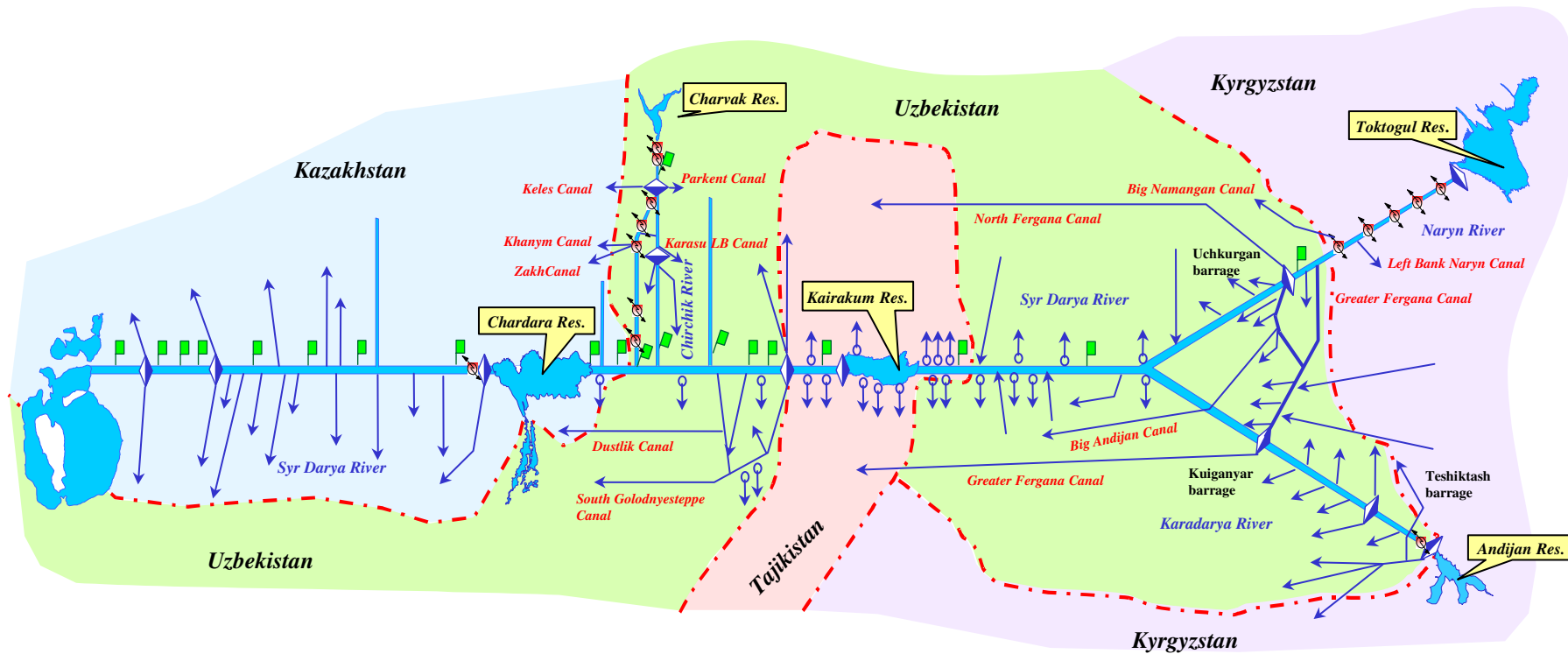
- External dimension – source of energy resources for Europe & North-Western Asia
- Internal dimension – **regional energy imbalance**
- Regional security discourse – focus on transboundary water resources
 - Water security – equitable & efficient use of transboundary waters
 - Energy security – reliable and adequate energy supply
 - Food security
 - Environmental security
- The Syrdarya and Amudarya rivers account for almost 90% of total available water resources
- Growing tension over water utilization: Downstream countries' use (irrigated agriculture) vs. Upstream countries' use (hydro-power generation)
 - Operational regime of the Toktogul reservoir (Kyrgyzstan)
 - Construction of the Rogun dam (Tajikistan), Kambarata (Kyrgyzstan)

Regional energy imbalance

Allocation of the confirmed reserves of mineral energy resources and hydro-energy potential in the CA region



Schematic Layout of the Syrdarya Basin



KEY :	Dam or barrage	Hydropost	Canal	Pump station	Hydro-electro station
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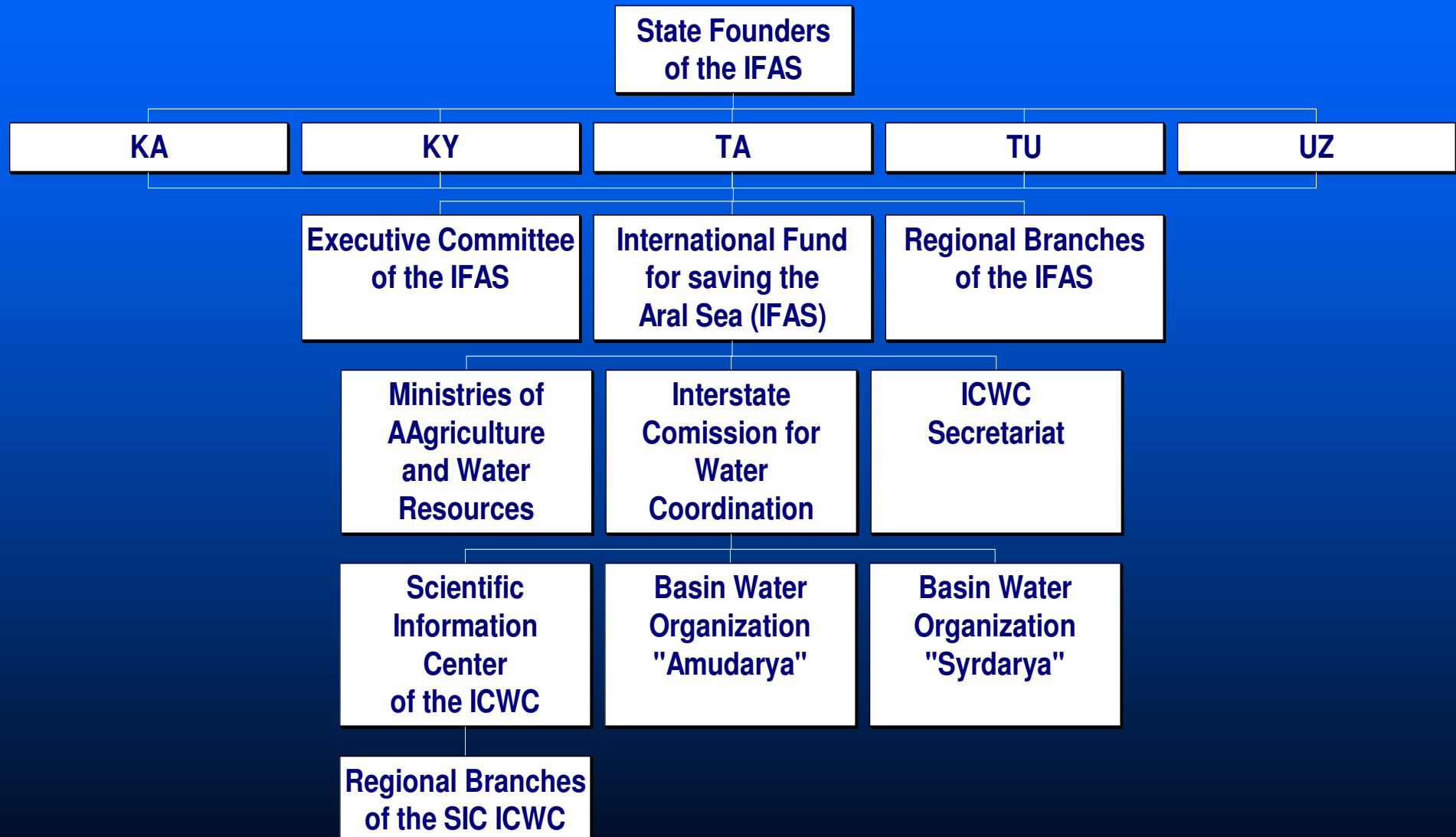
Regional developments since 1992

- 1992 Agreement on cooperation in the utilization of interstate water resources:
 - “Conservation” of the pre-independence regime of water use
 - Creation of the Interstate Commission on Water Coordination (ICWC)
- 1993 Agreement on joint actions in addressing the Aral Sea problems:
 - New regional institutional mechanism (ICAS → Int’l Fund AS)
- 1996 Agreement on the use of water & energy resources, construction & exploitation of gas pipelines in the CA region (Kaz., Kyrg., Uzb.)
- 1998 Agreement on the use of the fuel-energy and water resources of the Syrdarya river basin: Kaz., Uzb. & Kyrg. (+Tajikistan)
- International & supra-regional dimensions:
 - WB: ASBP, EU: WARMAP, UN ECE: SPECA
 - Eurasian Economic Community (EurAsEC)

UN ECE

- **SPECA: Special Programme for the Economies of CA**
 - Theme “Water & Energy” – among the initial work areas
 - Objective: to promote efficient use of water & energy resources on mutually agreed & beneficial terms
 - Project Working Group (PWG) on Water & Energy Resources
 - » Strategy for the Efficient Use of Water & Energy Resources
 - » Baku Initiative on Energy Efficiency & Conservation
 - » Development of cooperation on Chu & Talas rivers (with OSCE)
 - » **Dam safety in CA (international agreement and guidelines)**
- **Regional dialogue & cooperation in transboundary water resources management:**
 - Improvement of the regional legal & institutional framework

Regional Institutional Structure



EuRasEC: Common Energy Policy

- **Regional economic integration organization (Treaty of 2000):** RF, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan + Uzbekistan (suspended)
- **The Fundamentals of the Energy Policy (28.02.2003)**
 - Policy objective – energy security & energy independence of the member states through the formation of a common energy market
 - Main energy policy aims, principles and directions
 - Policy implementation - Programme of the development of fuel & energy industry of the member states
- **The Concept of the formation of a common energy market**
 - Common market for electricity, oil, gas & coal
 - Harmonization of applicable national regulatory frameworks
 - Gradual liberalization of the energy sector, facilitation of competition
- **Draft Concept of the efficient use of water and energy resources of Central Asia – currently being developed**

Concept of the Regional Water & Energy Consortium

- First proposed under the Central Asian Cooperation Organization
- Envisaged in the 1998 Syrdarya Agreement
- Inadequacy of the existing institutional framework: ICWC – a purely water-focused mechanism
- ICWC & BVOs – no powers to enforce decisions on water allocations & reservoir operations
- No effective dispute prevention & resolution mechanisms
- Proposed way forward:
 - At the policy level – Interstate Council for Water & Energy (to replace ICWC)
 - At the regulatory level – BVOs as regulators of water infrastructure & reservoir operations
 - Regional electricity market
 - Financial & compensatory mechanisms
 - New power-generating projects (such as Kambarata) – as regional projects
- New legal framework for transboundary river systems & institutional setup

Main challenges

- How to reconcile conflicting interests: Upstream vs. Downstream?
- How to integrate energy production and transmission and water resource utilization?
- How to manage extremely complex water utilization infrastructure and increase the efficiency of water use?
- How to improve inadequate institutional structure & weak legal and enforcement mechanisms?
- To summarize: Water is the principal factor in achieving regional energy security & sustainability