Enhancing Energy Security While Enabling Private Investment

United States Agency for International Development and United States Energy Association Energy Technology and Governance Program (ETAG)

OSCE Environment and Economic Forum
May 27, 2019

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Overview

• Nonprofit voluntary membership association
• 150 members – length and breadth of the U.S. energy industry
  • Utilities, regulatory agencies, oil and gas, nuclear, finance, research, consultancies
• U.S. member committee of World Energy Council
• Educational dissemination mission
• Annual State of the Energy Industry; Energy Efficiency Forum, Energy Supply Forum; regular briefings; overseas programs

25 years of cooperation and building partnerships with USAID
• Private sector investment tends to accelerate the move to:
  – The transfer of public risk to private entities
  – The introduction of new technologies, especially RES
  – Markets and competitive players, with downward pressure on prices
  – New infrastructure, including a more viable grid, and lower reserves
  – The ability to access private (and large) sources of capital
  – A more diverse, resilient electricity and fuel system
  – A cleaner energy future
• The private sector is not a panacea. It needs to be managed; the rules need to be clear; and the competition fair
What Conditions are Conducive to Private Sector Investment?

Accessible and Transparent Markets - EMI
Certainty of Fuel Supply - EENGP
Strong PPA/Credit-Worthy Utilities/Lower Subsidies
Rule of Law/Enforceable Contracts/Fair Competition
Public Understanding and Acceptance of Reforms - EJT
A Robust, Reliable Grid/Transparent Flows and Pricing - BSTP, SECI, EMI, DSO
Low Levels of Cyber Interference – UCSI, DSO
Clear Energy Policies, Regulation and Interconnection Rules - EMI

ETAG Works to Create a More Secure, Clean Competitive Energy Future
Electricity Market Initiative (EMI)

Objectives: Established in July 2018 to:
• Reduce seams between power markets
• Encourage more liquid electricity trade
• Accelerate a common regional market
• Rapidly grow RES, efficient generation

Fostering Private Participation by Creating a Market

• Demonstrate benefits to accelerate market coupling and reach critical mass
• Identify the need for new transmission
• Transfer capabilities to EMI members

Examples
• Quantify how regional market integration can:
  • Lower wholesale prices
  • Increase/optimize cross-border flows
  • Raise RES deployment; lower emissions
• Example – SECI justified the Italy-Montenegro transmission line; a huge expansion in trade

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Eastern Europe Natural Gas Partnership (EE-NGP)

**Objectives:**
- Promote regional gas planning and operations
- Identify potential gas transmission investments to expand markets and diversify supply
- Enable creation of regional market

Enabling Gas Investment Options

**EE-NGP Max 2040 Model**

- Create reliable, secure, alternative fuel supplies
- Use the TAP/IAP pipelines to support a range of gas trading/private exchanges

**Examples**
- Evaluate spurs from TAP/IAP to each country, and foster private investment options (e.g., KRK)

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Utility Cyber Security Initiative (UCSI)

Objectives:
• Improve threat detection and mgmt.
• Strengthen defense against attack/hacks
• Enhance network resiliency

Laying the Cyber Foundation for Private Investment

• Developing a risk assessment approach to identify hacking threats to each member
• Developing strategies for UCSI members to prioritize their cyber investments

Examples
• Conducted a cyber audit of the Georgian System; identified management and cultural change priorities
• Supporting development of a virtual cyber Information Sharing and Analysis Center (ISAC)

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Creating Links and Building Capacity to Foster Private Support

- Synchronizing with the rest of Europe - a prerequisite to greater access (seam reduction) and private investment
- Helping migrate these systems to the ENTSO-E grid code and best practices

Examples
- Conceptualized the $300 M station connecting GE to Borcka TR, enabling export of Georgian hydropower to Turkey
- Conducting synchronization tests to assess feasibility to integrate Ukraine into the Central European electricity system

The Bottom Line for OSCE

- ETAG’s work, with partnership and support from USAID, is creating fertile conditions for more private sector involvement
- We do so by fostering a more resilient, secure and robust energy sector throughout Eastern and Southern Europe, and the Black Sea Region, and have been engaged there for decades
- We would welcome the opportunity to collaborate with OSCE on current and future initiatives to meet our joint objectives