



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
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United States Energy Association



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**



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**ENGAGING THE PRIVATE
SECTOR CAN LEAD TO
REAL BENEFITS, BUT...**

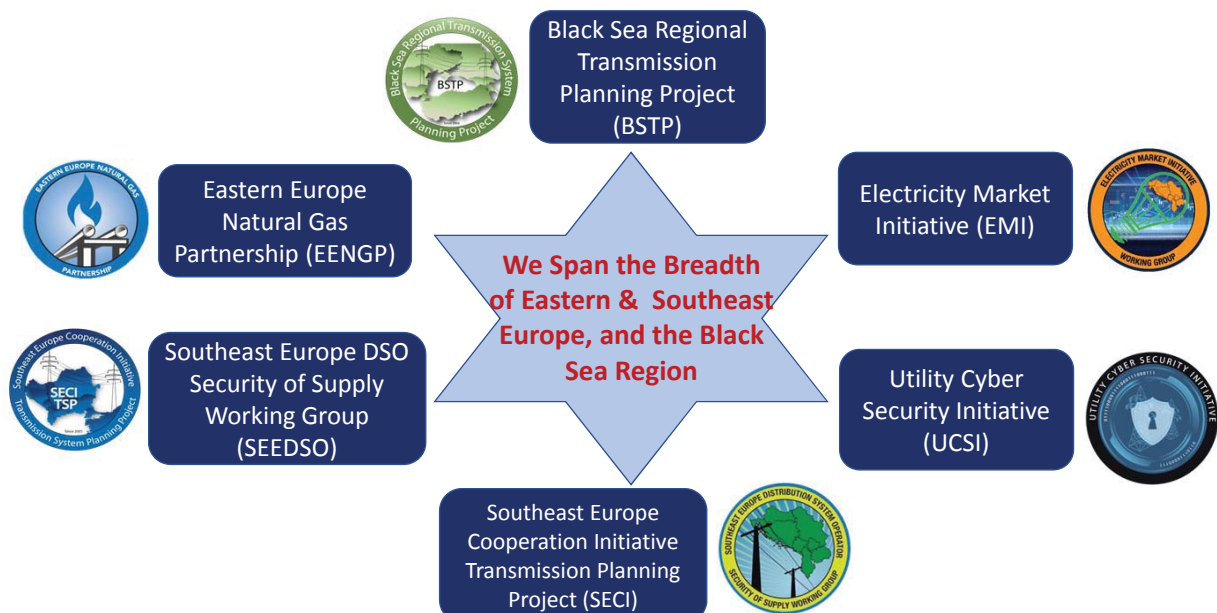


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- **Private sector investment tends to accelerate the move to:**
 - The transfer of public risk to private entities
 - **The introduction of new technologies, especially RES**
 - Markets and competitive players, with downward pressure on prices
 - **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**

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The ETAG Programs Foster Private Sector Development





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What Conditions are Conducive to Private Sector Investment?



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Accessible and
Transparent Markets - **EMI**

Certainty of Fuel
Supply - **EENGP**

Strong PPA/Credit-Worthy
Utilities/Lower Subsidies

Rule of Law/
Enforceable Contracts/
Fair Competition

**ETAG Works to
Create a More
Secure, Clean
Competitive Energy
Future**

A Robust, Reliable Grid/
Transparent Flows and Pricing
- **BSTP, SECI, EMI, DSO**

Low Levels of Cyber
Interference - **UCSI, DSO**

Clear Energy Policies,
Regulation and Inter-
connection Rules - **EMI**

Public Understanding
and Acceptance of
Reforms - **EJT**

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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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A Reliable Grid/ Transparent Flows and Pricing – BSTP, SECI, EMI, DSO

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ETAG Works to Create a More Secure, Clean Competitive Energy Future

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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

Partners: BH-GAS D.O.O., Plinacro D.O.O., Montenegro Bonus, Srbijagas, Eustream, Transgaz, Bulgartransgaz, Ministry of Economic Development, GA-MA AD - Skopje, Albgas.

Enabling Gas Investment Options

EE-NGP Max 2040 Model


Future system: 7,219 km
146 offtake points
856 system elements

Total: 15,342 km
590 offtake points
3,264 system elements


- 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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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)

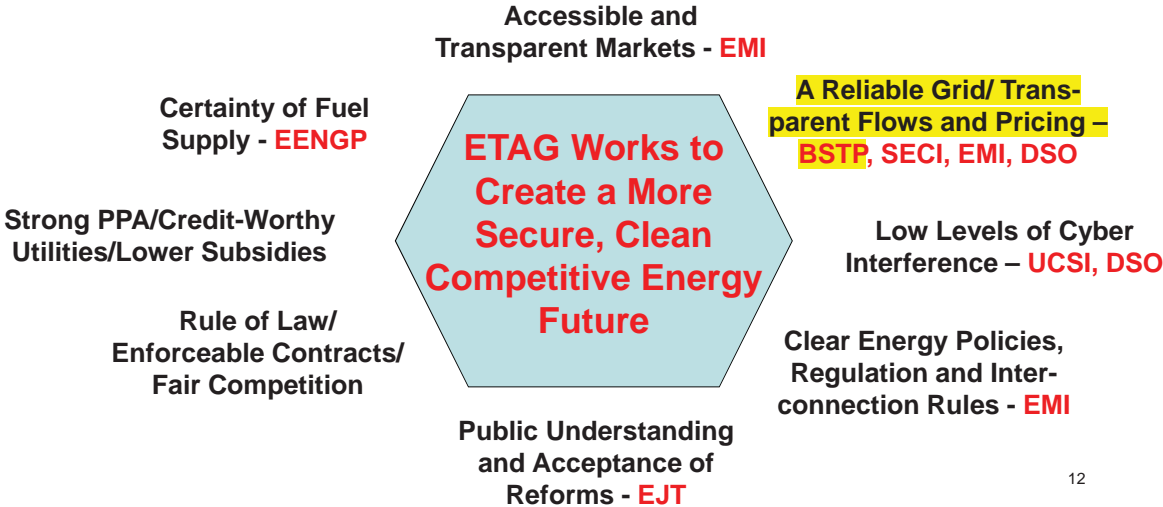
Utility Cyber Security Initiative (UCSI)

Objectives:

- Improve threat detection and mgmt.
- Strengthen defense against attack/hacks
- Enhance network resiliency



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Black Sea Transmission Planning Project (BSTP)

Objectives:

- Develop/maintain models of Black Sea infrastructure, regional trade, and European trade
- Support adoption of European network practices to accelerate ENTSO-E integration

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



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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