

Data Sheet

USAID Mission:	Eurasia Regional
Program Title:	Sustainable Energy Systems
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	110-0150
Proposed FY 2004 Obligation:	\$898,000 FSA
Prior Year Unobligated:	\$287,000 FSA
Proposed FY 2005 Obligation:	\$1,054,000 FSA
Year of Initial Obligation:	FY 1991
Year of Final Obligation:	FY 2007

Summary: The regional energy program increases regional cooperation in electricity, heat, energy efficiency, and natural gas and promotes harmonization of regulatory and market development to facilitate trade and investment.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve energy regulatory capacities (\$400,000 FSA). The development of professional, independent energy regulatory organizations is essential to attract investment and create efficient and financially viable energy systems in this region. Seven countries in Eurasia have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program element finances a cooperative agreement with the U.S. National Association of Regulatory Utility Commissions (NARUC) to support the professional development programs and regulatory exchanges of the ERRA. The regulators work together on practical, common issues in tariff policy and implementation, licensing and standards, market design and operation, public involvement and anti-corruption. They collaborate to develop training that increases the capabilities of new and existing regulators and staff. Since ERRA includes eleven Central European countries, it serves as a useful mechanism to keep the Eurasia regulators up-to-date on regulatory developments related to EU accession. This component also will focus on East-West energy system integration issues in electricity and natural gas as part of an overall effort involving both Europe and Eurasia missions. Contractor is the U.S. National Association of Regulatory Utility Commissions (NARUC).

Promote private financing and investment in energy efficiency (\$200,000 FSA). USAID has been working with municipal governments and private/NGO groups to overcome barriers to commercial financing of energy efficiency. Funding support will continue for the region-wide Municipal Energy Efficiency Network (MUNEE). Through a cooperative agreement with the Alliance to Save Energy, the MUNEE network involves NGOs in Russia, Ukraine, Moldova, Armenia, Georgia, and Kazakhstan in training and comparative policy work with Eastern European counterparts on methodologies for management and financing of municipal energy efficiency projects. USAID will continue to build capacity and foster the exchange of experiences in municipal energy efficiency programs and efforts to develop regional financing mechanisms with private banks, energy service companies, leasing companies, and vendor credits. The focus will be on: replication of successful experiences in district heating system management; metering and consumption-based billing; the role of energy efficiency to help low-income households meet the rising costs of energy; and more efficient alternatives to electricity for space heating. Contractor is the Alliance to Save Energy.

Provide policy and technical support (\$148,000 FSA; \$286,787 FSA carryover). This element of the program is financing regional analyses on energy infrastructure development issues, e.g., low income energy needs and strategies and electricity transmission system development and electricity trade in the Black Sea Region, as well as providing critical technical expertise to support mission programs and manage regional contracts.

FY 2005 Program:

Improve policy and energy regulatory capacities (\$500,000 FSA). USAID will provide continued funding to the National Association of Regulatory Utility Commissioners (NARUC) for the Energy Regulatory Regional Association (ERRA). The emphasis in FY 2005 will be on establishment of the institutional arrangements to expand training development and delivery and activities that seek to move ERRA towards greater financial sustainability and cost-sharing. Expanded collaboration is planned with the Council of European Energy Regulators (CEER), which is participating in selected ERRA activities at their own expense. In addition, this component will finance expertise to support and complement mission programs and manage regional projects.

Promote private financing and investment in energy efficiency (\$100,000 FSA). USAID will continue to foster the exchange of experiences in municipal energy efficiency programs and efforts to develop regional financing mechanisms with private banks, energy service companies, leasing companies, and vendor credits. The focus will be on: replication of successful experiences in using innovative financing sources for improving energy efficiency in municipal facilities and district heating systems; the role of energy efficiency to help low-income households meet the rising costs of energy and reduce energy subsidies; and more efficient alternatives to electricity for space heating.

Provide policy and technical support (\$454,000 FSA). This element of the program is financing regional analyses on energy infrastructure development issues, e.g., low income energy needs and strategies and electricity transmission system development and electricity trade in the Black Sea Region, as well as providing critical technical expertise to support mission programs and manage regional contracts.

Performance and Results: USAID regional energy programs have achieved significant results by focusing resources on strategic regional institutional development. For example, a success story has been the development, through a cooperative effort with NARUC of the Energy Regulators Regional Association, an independent association of 19 national energy regulatory agencies legally registered in Hungary, and the improvement of the knowledge and credibility of the new energy regulatory agencies in the countries and in the region. In addition, under a partnership with the Alliance to Save Energy, a network of committed NGOs and private organizations has been established through which lessons in municipal efficiency and heat projects have been disseminated and municipal capabilities increased.