

## Data Sheet

<b>USAID Mission:</b>	Europe Regional
<b>Program Title:</b>	Sustainable Energy Systems
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	180-0150
<b>Status:</b>	Program Support Objective
<b>Planned FY 2005 Obligation:</b>	\$1,500,000 AEEB
<b>Prior Year Unobligated:</b>	\$1,462,000 AEEB
<b>Proposed FY 2006 Obligation:</b>	\$1,500,000 AEEB
<b>Year of Initial Obligation:</b>	1991
<b>Estimated Year of Final Obligation:</b>	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 approaches to facilitate trade and investment.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$1,500,000 AEEB, \$1,083 AEEB carryover, \$766,477 AEEB prior year recoveries). The development of professional, independent energy regulatory organizations is essential to attract investment and create efficient and financial viable energy systems in this region. Twenty countries in the Europe and Eurasia region have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program supports the professional development programs and exchange of regulatory information and experience 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. This component will also finance technical expertise to support and complement mission programs and capabilities and to help manage regional activities. Implementer: The US National Association of Regulatory Utility Commissions (NARUC) (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$694,440 AEEB prior year recoveries). The Energy and Economic Ministers of the Balkans agreed in 2003 to work together to create a Southeast Europe regional electricity market integrated with the European Union (EU) electricity market. In late 2004 the countries reached agreement on the principles for a Treaty for the Energy Community of South East Europe. USAID is participating in a multi-donor process to support this initiative and is financing: 1) harmonization of legal and regulatory frameworks and planning for a regional regulatory Board; 2) development of transparent and standard electricity commercial operation and contracting mechanisms and market rules; 3) implementation of the plan USAID previously helped to develop for a tele-information system connecting national dispatch centers; and 4) planning of transmission grid development and identification of priorities for investment. This component will also finance technical expertise to support and complement mission programs and capabilities and to help manage regional activities. Contractors/grantees: Pierce Atwood, Hunton and Williams, U.S. Energy Association (USEA), and NARUC (primes).

USAID will also promote private financing and investment in energy efficiency as part of the Southeast Europe regional energy market development. This will include assistance to develop pilot municipal energy efficiency projects and financing approaches for regional replication by private banks, the World Bank, and EBRD on private sector participation in district heating and other innovative financing approaches involving the private sector, and a regional Development Credit Authority facility to provide loan guarantees to leverage a \$15 million loan portfolio. Other areas of focus include identification of energy efficiency investment needs and savings associated with regional energy demand planning; affordability and social safety net approaches to address utility tariff increases; and heating system reform and the potential for increased use of natural gas. USAID's Municipal Network for Energy Efficiency (MUNEE) program will provide

assistance on assessing and disseminating effective strategies and policies for promoting more efficient delivery of energy and heat. Implementer: International Resources Group (IRG) and the Alliance to Save Energy (primes).

Policy and technical support will include 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 2006 Program:** Improve Economic Policy and Governance (\$1,000,000 AEEB). USAID will assist the Energy Regulatory Regional Association (ERRA). The emphasis in FY 2006 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. Close coordination will be pursued with the Council of European Energy Regulators (CEER) to seek their support for ERRA activities. Implementer: NARUC (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$500,000 AEEB). USAID will continue to play a catalytic role in fostering the national and regional reforms necessary to establish Balkan Regional Electricity and Gas Markets with the goal of integrating them into the EU internal market. The focus will be on the harmonization of regulatory frameworks across countries, development of competitive market arrangements, and support for the establishment of regional regulatory approaches necessary for transparent economic electricity trading. To support this, USEA and NARUC will conduct regional regulatory and utility partnership (twinning) arrangements involving one-to-one cost sharing with US state regulatory commissions and US utility and industry companies. Implementers: USEA and NARUC (primes).

Energy demand planning, innovative project financing of energy efficiency projects with municipalities, incorporating energy efficiency into low income and social safety nets and opportunities for substitution of natural gas in heating and other uses will be pursued. Implementers: IRG and the Alliance to Save Energy (primes).

USAID will provide policy and technical support including 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. Several highlights from this performance are: the development of an independent association of 22 national energy regulatory agencies; electricity interconnection between South East Europe and the EU market; agreement of countries in the region to the principles for establishment of a Treaty for the Energy Community for South East Europe; an effective non-governmental organization energy efficiency network; model municipal energy efficiency projects in Romania, Bulgaria, Serbia, and Croatia; and additional transmission investments within and among the countries in South East Europe.

## US Financing in Thousands of Dollars

Eurasia Regional

110-0150 Sustainable Energy Systems	ESF	FSA
<b>Through September 30, 2003</b>		
Obligations	1,769	22,808
Expenditures	1,769	21,264
Unliquidated	0	1,544
<b>Fiscal Year 2004</b>		
Obligations	0	1,005
Expenditures	0	967
<b>Through September 30, 2004</b>		
Obligations	1,769	23,813
Expenditures	1,769	22,231
Unliquidated	0	1,582
<b>Prior Year Unobligated Funds</b>		
Obligations	0	180
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	1,045
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	1,225
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	1,250
Future Obligations	0	0
Est. Total Cost	1,769	26,288