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USAID CENTRAL ASIA REGIONAL ELECTRICITY MARKET (CAREM)

Enhancing regional cooperation to build a regional electricity market and increase electricity trade

USAID is providing technical assistance and capacity building to the five Central Asian countries to help create an economically viable Central Asia Regional Electricity Market (CAREM). Through its assistance and leadership, USAID is partnering with Central Asian governments, donors, and other key stakeholders to develop and implement the market’s technical and regulatory frameworks and establish institutions needed to maintain a secure and stable regional electricity market.

A Central Asian Regional Electricity Market (CAREM) will reduce electricity costs for customers, enhance the security of energy supply, and promote economic growth across the region and in Central Asian countries. The market will also facilitate commercial trade transactions and attract investments to the power sectors of Central Asian countries and neighboring South Asian countries. This integrated market will also help the Central Asian countries transition to low-emission and climate resilient economies by facilitating the increased trade of renewable energy, providing for fair transmission costs, and optimizing the usage of water resources in the region. Inevitably, CAREM will help to lower carbon dioxide emissions in some countries and enable others to achieve their Nationally Determined Contributions (NDCs) established under the Paris Agreement.

INCREASING ELECTRICITY TRADE

USAID is supporting the Central Asian governments to create the conditions for increasing cross-border flows and supporting regional energy trade by providing tools, technology, and global best practice analysis. USAID has conducted numerous assessments and studies to assess the national and regional economic benefits of regional trade as well as the ability of the region's electricity grid to support increased trade. All assessments and studies have been shared with Central Asian government partners for concurrence to ensure the findings and recommendations are effective tools to build a regional electricity market.

REFORMING THE ELECTRICITY SECTOR

USAID is providing leadership and extensive technical assistance to build the capacities of Central Asian government policy makers and energy specialists in electricity sector governance. USAID is conducting workshops and trainings for Central Asian government policymakers on multiple topics ranging from grid code compliance, regional and national benefits of the Central Asia Regional Electricity Market, and the fundamentals of electricity market's structure and operation. In May and June 2021, USAID conducted a series of trainings on energy sector regulation and how national energy regulators play critical roles in the future regional electricity market. These capacity building efforts are part of USAID's strategy to help Central Asian partners understand the institutional structures, processes and procedures that are critical to establishing an operational regional electricity market in Central Asia.

DEVELOPING A REGIONAL POWER MARKET

USAID closely collaborates with the Central Asian government partners to develop the structures, rules and institutions that will guide the implementation of a safe, secure, and reliable regional electricity market. In coordination with the CAREM working groups, USAID developed the CAREM Roadmap and Action Plan, a guiding regional document that was officially endorsed by the Central Asian ministries of energy in October 2020. Since then, USAID has worked closely with the Central Asian governments and key regional stakeholders to help establish and develop regional institutions that are critical to creating and operating CAREM. On June 22, 2021, USAID again gathered the Deputy Ministers of Energy to present a proposed design for the regional market, expected economic benefits from regional trade, and how CAREM can contribute to reductions in greenhouse gas emissions. This successful meeting continued to pave the way for collaborative efforts to build an economically viable and stable Central Asian regional power market. At the next deputy ministerial meeting, USAID will present the proposed market rules for discussion and approval by the Central Asian governments.

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