



# ASIA EDGE

Enhancing Development and Growth through Energy  
The U.S. Government's Indo-Pacific Energy Initiative

United States  
Department  
of State

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of Energy

Last July, Secretary Pompeo announced the Asia EDGE (Enhancing Development and Growth through Energy) as part of the economic pillar of the U.S. Indo-Pacific strategy. The U.S. Department of State's Bureau of Energy Resources leads this initiative with the support of seven other U.S. agencies: the Department of the Treasury (DOT), the Department of Commerce (DOC), the Export-Import Bank of the United States (EXIM), the United States Agency for International Development (USAID), the U.S. Trade and Development Agency (USTDA), the Overseas Private Investment Corporation, and the Department of Energy (DOE). The following report highlights some of these agencies' successes over the last year and how our work achieves Asia EDGE's strategic objectives: strengthening the energy security of allies and partners; creating open, efficient, rules-based, and transparent energy markets; improving free, fair, and reciprocal energy trading relationships; and expanding access to affordable, reliable energy.

We look forward to continuing our efforts and sharing additional Asia EDGE results at the upcoming Indo-Pacific Business Forum in Bangkok, Thailand later this year.

Respectfully,

**Francis R. Fannon,**  
*Assistant Secretary for Energy Resources*



## Strengthening the Energy Security of Allies and Partners

- Through June of 2019, the U.S. Department of Energy authorized exports of liquefied natural gas (LNG) to 13 large-scale export projects from all non-sanctioned countries. Seven of these projects are already in construction or operation. Asia has imported approximately 40 percent of U.S. LNG capacity since exports of LNG from the continental United States began three years ago. Once all LNG capacity under construction in the United States is completed, we will be capable of exporting over 100 million tonnes per annum (MTPA) and become the top global LNG exporter in the world. LNG exports from the United States — including any new facilities that reach a final investment decision in the future — can provide a reliable, diverse, and secure source of energy to Indo-Pacific countries.
- In May 2019, the U.S. Trade and Development Agency signed a grant with Vietnam electricity (EVN) to support a feasibility study to determine the optimal site(s) and designs for liquefied natural gas (LNG) import terminals and gas-to-power project(s) in Southern Vietnam. The study will support the use of LNG in Vietnam, while opening new opportunities for U.S. firms to supply gas infrastructure solutions.
- The U.S. Department of State's Southeast Asia Efficiency Initiative partners with governments of the Association of Southeast Asian Nations (ASEAN) to strengthen existing policy frameworks for more efficient air conditioning. Fifty percent of peak electricity demand in Southeast Asia comes from air conditioning that strains power grids, contributes to air pollution, and therefore drives regional energy security concerns.
- The Export-Import Bank of the United States and Japan's Nippon Export and Investment Insurance (NEXI) expanded their existing co-financing agreement with the goal of expanding joint U.S.-Japan insurance for liquefied natural gas (LNG) shipments to the Indo-Pacific region. Both export credit agencies have extensive experience financing projects in the Indo-Pacific region, and have co-financed large energy projects in the past. This agreement allows EXIM to strengthen the energy security of Japan and foster a more open and transparent market in the Indo-Pacific.
- In Indonesia, the United States Agency for International Development helped 11 renewable energy projects get off the ground, mobilizing a combined \$806 million in investments from the public and private sectors.
- In November 2018, the U.S. Department of State and India's Ministry of New and Renewable Energy signed a Statement of Intent to expand cooperation under the U.S.-India Clean Energy Finance Task Force. This agreement will strengthen India's energy security by enhancing the solvency of its utilities and shift the country away from dependence on subsidies
- In April 2019, the U.S. Department of State hosted the second annual U.S.-Vietnam Energy Security Dialogue in Washington, D.C. The Dialogue built on a year of intensive engagement since an inaugural dialogue in 2018, and reaffirmed the two countries' joint commitment to deepening cooperation on energy security.
- The U.S. Department of Energy advances energy solutions for small-scale shallow draft liquefied natural gas (LNG) carriers and floating storage regasification units, and promotes carbon capture, utilization, and storage as well as best practices for optimizing coal-fired power plant performance among Indo-Pacific member countries of the Asia Pacific Economic Cooperation (APEC). As APEC's Energy Resilience Task Force co-chair with the Philippines, DOE works with Indo-Pacific countries to address vulnerabilities in energy infrastructure and improve preparedness and recovery from hazards.

- U.S. Department of State assistance helps the government of the Philippines establish the legal and regulatory frameworks needed to import liquefied natural gas (LNG) and construct the associated infrastructure to diversify its energy mix and compensate for depleting offshore gas production.
- The U.S. Department of State led the first annual Energy Security Dialogue with Australia and signed a Memorandum of Understanding (MOU) to form a strategic partnership on energy in the Indo-Pacific. The MOU fosters and advances the transition to open, efficient, and transparent energy markets; supports regional efforts to increase universal access to affordable and reliable energy; and promotes regional energy infrastructure development, cooperation, and improved standards in the Indo-Pacific.

## **Creating Open, Efficient, Rule-based, and Transparent Energy Markets**

- The Department of Commerce’s Commercial Law Development Program (CLDP) held a regional power pool summit in New Delhi, India in April 2019, in partnership with the United States Agency for International Development South Asia Regional Initiative/Energy’s (SARI/E). The summit is the culmination of CLDP’s energy work in South Asia, focused on building a legal governance system for cross border power trading.
- The U.S. Department of State and the ASEAN Council on Petroleum (ASCOPE) agreed to institutional cooperation by forming the U.S.-ASCOPE Joint Study Group (JSG). The JSG convened for the first time in August 2018 to discuss the evolution of global liquefied natural gas (LNG) markets, U.S. technical assistance for ASEAN gas market development, and growth in U.S. energy production.
- United States Agency for International Development support in South Asia towards developing a competitive regional power market and creating an enabling environment for power trade led to transformative policy changes. In December 2018, India revised guidelines on cross-border power trade, enabling other countries to use its transmission lines as a pass-through for electricity exchanges. This increases power trade in the region — including between Nepal and Bangladesh who struck an agreement in June 2019 to trade power using Indian power lines. This cooperation is critical in South Asia, where intra-regional economic activity is roughly five percent of South Asia’s total trade and holds tremendous potential to spur growth.
- U.S. Department of State assistance supports the ASEAN Council on Petroleum’s best practices for cross-border pipeline management and natural gas quality standardization. Both are central issues to advancing the Trans-ASEAN Gas Partnership (TAGP), a key vehicle for ASEAN energy integration.

## **Improving Free, Fair, and Reciprocal Energy Trading Relationships**

- The U.S. Department of Commerce coordinates interagency advocacy efforts on behalf of U.S. exporters competing against foreign firms for international public sector projects. With 57 active energy sector cases in the Indo-Pacific, valued at \$192 billion and an estimated \$172 billion in U.S. export content, these efforts support hundreds of thousands of U.S. jobs.
- The United States Agency for International Development supports the integration of renewable energy into Indonesian power grids in partnership with the California Independent System Operator and Indonesia’s national power utility. This work paved the way for the development of Indonesia’s first two utility-scale wind farms — by Colorado-based UPC Renewables, and Vena Energy, a subsidiary of Global Infrastructure Partners.

- In March 2019, the U.S. Department of Commerce, U.S. Agency for International Development, and U.S. Trade and Development Agency held the fifth U.S.-India Smart Grid Workshop in New Delhi. This workshop facilitated sharing of best practices among U.S. and Indian government and business representatives.
- In June 2019, at the Asia Clean Energy Forum in Manila, Philippines, the United States Agency for International Development launched a partnership with the Asian Development Bank (ADB) to accelerate the transition to a sustainable, secure and market-driven energy sector in Asia. Under the framework of this agreement, USAID and ADB will mobilize \$7 billion of investment for energy projects in Asia, increase the capacity of deployed energy systems by six gigawatts, and increase regional energy trade by 10 percent over the next five years. This agreement promotes energy efficiency, energy sector reform, and good governance in Asia's energy sector.
- The U.S. Department of Commerce actively engages the U.S. private sector to improve the U.S. government's understanding of private sector interests as well as programmatic and policy needs. In November 2018, DOC issued a Federal Register Notice for public comment on Asia EDGE and two other Indo-Pacific initiatives. DOC received written responses and facilitated a roundtable discussion with 23 energy industry representatives and representatives from six USG agencies in December 2018. U.S. industry participants reflected a cross-section of energy exporters and investors.
- In July 2018, the U.S. Trade and Development Agency partnered with SURE Global W2WI Philippines, Inc. (SGW Philippines) to support the development of three waste-to-energy (WTE) projects in the Philippines. Leveraging advanced U.S. technology, USTDA's involvement helped accelerate the development of WTE projects and supported U.S. firms in playing an active role in the Philippines' growing renewable sector.
- Through the Asia EDGE Energy Industry Working Group (EIWG) Network, the Department of Commerce facilitated the participation of 90 U.S. private sector member firms in Asia EDGE interagency activities. With working groups in Indonesia, Korea, and Vietnam, EIWG members maintain headquarters offices in 32 U.S. states with 44 percent classified as small-to-medium-sized enterprises.
- In May 2019, the Ha Do Group, one of U.S. Agency for International Development's, partners, completed construction of its first solar power farm in Vietnam utilizing services and advanced solar technology from SunPower, a U.S. leader in solar energy. This utility-scale solar farm will produce 48 megawatts of energy, enough power to electrify over 20,000 homes a year.
- In late 2018, the U.S. Trade and Development Agency hosted an India Energy Storage and Smart Grid Reverse Trade Mission and Workshop that introduced key decision-makers from India's energy sector to leading U.S. technologies for smart grid, renewable energy, and energy efficiency. The delegation discussed best practices, policies, and financing mechanisms to support upcoming procurements in India. The workshop in Mumbai, India convened utilities, regulators, equipment manufacturers, and power sector experts from both India and the United States to discuss ways to support India's goals in meeting energy demand while showcasing the latest U.S. technology.
- In 2018, the U.S. Department of Commerce launched a series of U.S.-based events called "Access Asia." These efforts connect commercial diplomats and policy experts from U.S. embassies with U.S. companies. To date, the program has conducted events in more than 25 cities across the United States reaching over 1,000 new companies. Building on this momentum, DOC is planning a new series of domestic and international event through its new "Access Asia 2.0" initiative.

## Expanding access to affordable, reliable energy

- The U.S. Department of Energy helps Lower Mekong countries optimize hydropower operations and integrated river planning, with a focus on improving data collection and transboundary coordination of multipurpose water resource systems. Working with the Lower Mekong Initiative, DOE improves efficiency in power systems in Cambodia, Laos, Myanmar, Thailand, and Vietnam.
- The U.S. Department of State's assistance informs Sri Lanka's long-term energy investment and an appropriate generation mix to meet rapidly increasing demand. Assistance addresses achieving renewable energy targets, incentivizing distributed generation and cost-effective storage.
- The U.S. Agency for International Development works closely with the Government of Vietnam at the national and provincial levels to develop and implement policies that support scaling-up clean energy to help the country meet its growing energy needs.
- The U.S. Trade and Development Agency assisted North Delhi Power Limited in assessing the company's smart grid capabilities and preparing a roadmap for smart grid implementation in India. Because of the study, several U.S. companies exported hardware and software products to implement the recommended advanced metering solution.
- The U.S. Department of Energy leads our interagency engagement with the Government of India through the U.S.-India Strategic Energy Partnership (SEP) to expand energy and innovation linkages and drive U.S. commercial opportunities. This effort helps the country meet its growing energy demand and goals towards sustainable development. Through our all-of-the-above approach toward energy security, the sides identified priorities and workstreams to modernize power infrastructure, expand renewables, increase the resilience and reliability of the electric grid, enhance energy efficiency, advance coal-plant efficiency, and facilitate expanded energy trade, particularly in oil and gas.
- The U.S. Department of State's assistance in the Lower Mekong helps modernize power sectors, attract investment, and develop frameworks to encourage interconnection. Rapid economic growth in the Lower Mekong and associated growth in power demand threatens to outstrip generation and transmission capacity and undermine economic growth.
- The U.S. Department of Energy and India's Ministry of Petroleum and Natural Gas oversee government-to-government and industry engagement under the U.S.-India Gas Task Force (GTF). The industry-focused forum enhances and fosters India's gas economy. The GTF's three work-streams – Markets & Regulation, Gas Grid Strengthening, and Gas Demand Growth — are critical to providing recommendations that support India's gas economy and further energy cooperation and trade between both countries.

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