

## Data Sheet

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| <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 2006 Obligation:</b>         | \$1,500,000 AEEB                       |
| <b>Prior Year Unobligated:</b>             | \$1,147,000 AEEB                       |
| <b>Proposed FY 2007 Obligation:</b>        | \$1,157,000 AEEB                       |
| <b>Year of Initial Obligation:</b>         | 1991                                   |
| <b>Estimated Year of Final Obligation:</b> | 2011                                   |

**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 and enhance security.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$1,500,000 AEEB, \$3,608 AEEB carryover, \$643,392 AEEB prior year recoveries). USAID has played a key catalytic role in promote the development of a Southeast Europe energy market for electricity and gas. In late 2005, a legally-binding Treaty was signed in Athens establishing an Energy Community of Southeast Europe and committing the signatory countries to adopt European Union Directives in energy, environment, and competition. USAID is participating in a multi-donor process to support this initiative and is financing: 1) harmonization of legal and regulatory frameworks and the development of the Community Regulatory Board established under the Treaty; 2) development of transparent and efficient market designs/rules and implementation strategies; 3) planning and implementation of transmission system development to increase reliability and overcome key bottlenecks to trade, especially since the late 2004 synchronous interconnection of Southeast Europe with the Western Europe grid; and 4) cooperation among countries on energy efficiency and demand management strategies, including development of regional demand planning capacity, tariff harmonization analyses, demonstration of energy efficiency in municipalities/schools and in residential buildings in Macedonia and Albania, and studies related to urban heating and energy affordability and the potential for energy efficiency applications for municipal and low-income groups. Previous USAID energy efficiency financing and investment activities have been integrated into this Treaty framework. Principal contractors/grantees: Pierce Atwood, Hunton and Williams, U.S. Energy Association, U.S. National Association of Regulatory Utility Commissioners, International Resources Group, and the Alliance to Save Energy.

Improve Economic Policy and the Business Environment (\$500,000 AEEB prior year recoveries). The development of professional, independent energy regulatory organizations is essential to attract investment and create efficient and financially viable energy systems. Over 20 countries have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program supports professional development programs and the exchange of regulatory information and experience of the ERRA commissioners and staff. 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. Progress was made in enlisting European Commission agreement on financing ERRA activities in the future. Excellent cooperation and joint activities are proceeding with the Council of European Energy Regulators (CEER). Implementer: The U.S. National Association of Regulatory Utility Commissioners (NARUC) (prime).

#### FY 2007 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$800,000 AEEB) USAID will support the implementation of the Athens Treaty for the Energy Community of Southeast Europe. Focus will be on support for the new Community Regulatory Board and the development of a formal market monitoring

function for the Community to facilitate transparent trade and increased market information for traders and investors. Utility and regulatory partnerships will create technical and management capacity needed to operate in this new market environment. Increased emphasis will be given to gas regulatory and market issues. Regional energy efficiency, urban heating improvement, and demand management activities will continue and help ECSEE signatory countries meet new EU directives on energy efficiency and renewable energy.

New regional policy and technical analyses will be done on energy security issues in Southeast Europe and Black Sea regions in response to major supply diversification and higher price challenges facing Europe. Critical technical expertise to support mission programs and manage regional contracts will be provided. Implementers: Pierce Atwood, Hunton and Williams, U.S. Energy Association, U.S. National Association of Regulatory Utility Commissioners, International Resources Group, and the Alliance to Save Energy.

Improve Economic Policy and the Business Environment (\$357,000 AEEB). USAID will continue to assist the Energy Regulators Regional Association (ERRA). The FY 2006 emphasis will be on expansion of the training programs that were designed and implemented in FY 2005 and FY 2006, including successful E-learning activities. Further collaborative activities will be undertaken with the Council of European Energy Regulators and a specific ERRA Financial Sustainability and Cost-Sharing Plan will be developed with the European Commission and other interested public and private organizations. Implementers: U.S. National Association of Regulatory Utility Commissioners (NARUC).

**Performance and Results:** USAID regional energy programs have achieved significant results by focusing resources on strategic institutional development. USAID has been successful at creating and building energy regulatory agencies in all the Southeast Europe countries over the past four years. USAID has designed and implemented an annual benchmarking process to identify areas for legal, institutional, and technical strengthening. These organizations will now be working on the Community Regulatory Board to develop a sound regional regulatory framework and market. Progress has been made in restructuring electric utilities, i.e. Croatia, Macedonia, Romania, Albania, and in improving energy efficiency in utilities, municipalities, schools and hospitals, notably in Bulgaria, Macedonia, Romania, Serbia and Croatia.

## US Financing in Thousands of Dollars

Europe Regional

| 180-0150 Sustainable Energy Systems   | AEEB   | ESF   |
|---------------------------------------|--------|-------|
| <b>Through September 30, 2004</b>     |        |       |
| Obligations                           | 63,526 | 1,724 |
| Expenditures                          | 58,700 | 1,724 |
| Unliquidated                          | 4,826  | 0     |
| <b>Fiscal Year 2005</b>               |        |       |
| Obligations                           | 2,951  | 0     |
| Expenditures                          | 4,065  | 0     |
| <b>Through September 30, 2005</b>     |        |       |
| Obligations                           | 66,477 | 1,724 |
| Expenditures                          | 62,765 | 1,724 |
| Unliquidated                          | 3,712  | 0     |
| <b>Prior Year Unobligated Funds</b>   |        |       |
| Obligations                           | 1,147  | 0     |
| <b>Planned Fiscal Year 2006 NOA</b>   |        |       |
| Obligations                           | 1,500  | 0     |
| <b>Total Planned Fiscal Year 2006</b> |        |       |
| Obligations                           | 2,647  | 0     |
| <b>Proposed Fiscal Year 2007 NOA</b>  |        |       |
| Obligations                           | 1,157  | 0     |
| Future Obligations                    | 0      | 0     |
| Est. Total Cost                       | 70,281 | 1,724 |