

## 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>Proposed FY 2004 Obligation:</b>	\$1,645,000 AEEB
<b>Prior Year Unobligated:</b>	\$2,110,000 AEEB
<b>Proposed FY 2005 Obligation:</b>	\$1,349,000 AEEB
<b>Year of Initial Obligation:</b>	FY 1991
<b>Year of Final Obligation:</b>	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 approaches to facilitate trade and investment.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Improve Policy and Energy Regulatory Capacities (\$400,000 AEEB). The development of professional, independent energy regulatory organizations is essential to attract investment and create efficient and financially viable energy systems in this region. Nineteen countries in the Europe and Eurasia region have established such bodies and are members of the Energy Regulators Regional Association (ERRA). This program element finances a cooperative agreement with the US National Association of Regulatory Utility Commissions (NARUC) to support 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.

Establish Balkan Regional Electricity and Gas Markets (\$1,000,000 AEEB carryover, \$1,000,000 AEEB prior year recoveries). The Energy and Economic Ministers of the Balkans agreed in Athens on November 15, 2002 and again in December 2003, to work together to create a Southeast Europe regional electricity market integrated with the internal EU electricity market by 2005. USAID is participating in a multi-donor process to support this initiative and is financing: 1) harmonization of legal and regulatory frameworks; 2) development of transparent and standard electricity commercial trading and contracting mechanisms; 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. Principal contractors/grantees are Pierce Atwood, Hunton and Williams, U.S. Energy Association, National Association of Regulatory Utility Commissioners, Electrotek Concepts, Montgomery Watson Harza.

Promote Private Financing and Investment in Energy Efficiency (\$750,000 AEEB). USAID has been working with municipal governments and private/NGO groups to overcome barriers to commercial financing of energy efficiency. Funding support will continue to develop innovative policies and projects and disseminate the results throughout the region through the region-wide Municipal Energy Efficiency Network (MUNEE) and project development activities in the Balkans involving: 1) an Alliance to Save Energy activity with the Bulgarian Energy Efficiency Center and other NGOs on municipal energy efficiency activities; 2) Nexant efforts in Romania, Bulgaria, Serbia, Croatia, and Macedonia on municipal heat and efficiency planning and project development for funding by the World Bank, European Bank for Reconstruction and Development, and commercial lenders; 3) support for a Development Credit Authority loan guarantee program involving private banks and energy service companies to finance projects. Contractors are the Alliance to Save Energy and Nexant.

Provide policy and technical support (\$495,000 AEEB, \$110,000 AEEB 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 Energy Regulatory Capacities (\$650,000 AEEB). USAID will provide continued funding to NARUC for the Energy Regulatory Regional Association. 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. Close coordination will be pursued with the Council of European Energy Regulators (CEER) to seek their support for ERRA activities.

Promote Private Financing and Investment in Energy Efficiency (\$125,000 AEEB). USAID has been working with municipal governments and private/NGO groups to overcome barriers to commercial financing of energy efficiency. Funding support will continue to develop innovative policies and projects and disseminate the results throughout the region through the region-wide Municipal Energy Efficiency Network (MUNEE) and project development activities in the Balkans involving: 1) an Alliance to Save Energy activity with the Bulgarian Energy Efficiency Center and other NGOs on municipal energy efficiency activities; 2) Nexant efforts in Romania, Bulgaria, Serbia, Croatia, and Macedonia on municipal heat and efficiency planning and project development for funding by the World Bank, European Bank for Reconstruction and Development and commercial lenders; 3) support for a Development Credit Authority loan guarantee program involving private banks and energy service companies to finance projects. Contractors are the Alliance to Save Energy and Nexant.

Provide policy and technical support (\$574,000 AEEB). 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, and providing critical technical expertise to support assistance programs.

**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: 1) 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; 2) 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; 3) USAID regional efforts in regulation and transmission system development have been instrumental in securing political support by the Balkan governments for the creation of a regional electricity market in the region; and 4) USAID has worked with the international financial institutions and commercial lenders to develop model municipal energy efficiency projects in Romania, Bulgaria, Serbia, and Croatia.