The role of the International Energy Charter in regional cooperation

UN ESCAP Workshop on Challenges and Prospects for Regional Electricity Cooperation and Trade in Central Asia and the Caucasus

Baku, 18-19 October 2016
Energy Charter Secretariat
Kanat Botbaev
The International Energy Charter is a declaration of political intention aimed at strengthening energy cooperation among its signatories:

- “access to national, regional and international markets”;
- “promoting the compatibility of national and regional energy systems and to create a common energy space”;
- “promoting the realisation of infrastructure projects important for providing global and regional energy security”;
- “promoting the development and interconnection of energy transport infrastructure and the regional integration of energy markets”.
Energy Charter Regional Initiatives

• Task Force for Regional Energy Cooperation in Central and South Asia (RECA);
• Georgian Flagship Initiative on Energy Cooperation in South Caucasus;
• Regional Energy Cooperation in Northeast Asia – Gobitec and Asian Super Grid.
Role of the Energy Charter

The Energy Charter as a multilateral instrument for international cooperation with its legal components and broad geographic scope could provide the necessary institutional platform:

• Promoting political dialogue and building trust to facilitate regional energy cooperation;

• Developing sustainable energy resources and transport corridors;

• Enhancing cooperation through a systematic channel for knowledge sharing, exchange of best practices and lessons learnt.
Benefits of Regional Cooperation

**Economic**
- Economies of scale
- Optimal use of available resources
- Sharing capacity reserves
- Export revenues

**Social**
- Access to energy resources
- Poverty alleviation
- Reliability and quality of service

**Technical**
- Energy security
- Enhanced reliability and emergency support
- Technology transfer
- Efficiency gains

**Environmental**
- Climate change mitigation
- CO2 reduction
- Deforestation

Sustainable Development
RECA – Key findings

• Regional electricity trade depends on modernisation of infrastructure;
• National strategies highlight role of FDI, but tariff and institutional barriers remain;
• National strategies mainly focus on “self-sufficiency” and export – not energy savings benefits of import;
• Legal basis for international energy efficiency cooperation, but no mention of regional power trade;
• The role of energy efficiency as a source of supply is underestimated.
Age of existing capacity

- **Uzbekistan**
  - <10 year: 7%
  - 11-20 year: 5%
  - 21-30 year: 13%
  - >30 year: 75%

- **Tajikistan**
  - <10 year: 14%
  - 11-20 year: 12%
  - 21-30 year: 74%

- **Kyrgyzstan**
  - <10 year: 4%
  - 11-20 year: 9%
  - 21-30 year: 23%
  - >30 year: 64%

- **Kazakhstan**
  - <10 year: 11%
  - 11-20 year: 11%
  - 21-30 year: 34%
  - >30 year: 44%

*Fichtner, 2012*
Georgian Flagship Initiative

• Existing cooperation in power sector along two electricity corridors:
  • East–West Electricity Corridor (EWEC): Power Bridge Project and BSTP;
  • North-South Electricity Corridor (NOSEC): Interconnections Georgia–Russia and Armenia–Iran

• Broader regional scope:
  • Security of supply;
  • Exports diversification;
  • Power trade “hub”.

Electricity Cooperation Opportunities in South Caucasus

The Role of Georgia

Occasional Paper

By Ms. Tamar Tsetuismia

Energy Charter Secretariat
Knowledge Centre 2015
### Integration of Regional Markets

<table>
<thead>
<tr>
<th>Integration Level</th>
<th>Technical</th>
<th>Regulatory</th>
<th>Market</th>
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</thead>
<tbody>
<tr>
<td>No integration</td>
<td>Isolated national systems</td>
<td>National regulation</td>
<td>National market</td>
</tr>
<tr>
<td></td>
<td>Cross-border interconnections</td>
<td>Compatible regulation</td>
<td>Cross-border trade</td>
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<tr>
<td></td>
<td>Regional coordination</td>
<td>Coordination of regulators</td>
<td>Spot market</td>
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<tr>
<td>Full integration</td>
<td>Fully integrated operation</td>
<td>Regional regulator</td>
<td>Future market</td>
</tr>
</tbody>
</table>
Key features of Transit

• Dispute resolution – Conciliation Rules;
• Model Early Warning Mechanism;
• Model IGAs and HGAs;
• Multilateral Framework Agreement on Energy Transit.
Conclusion

- Energy trade is an important element of regional cooperation contributing to the energy security;
- The promotion and protection of energy investment as well as stable and reliable transportation routes are core to achieving such security;
- Re-conceptualisation of the notion of “energy security” – diversification of energy supply instead of self-sufficiency and autonomy.
Thank you for your attention!

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