

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

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Energy Charter Secretariat
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2015 International Energy Charter

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



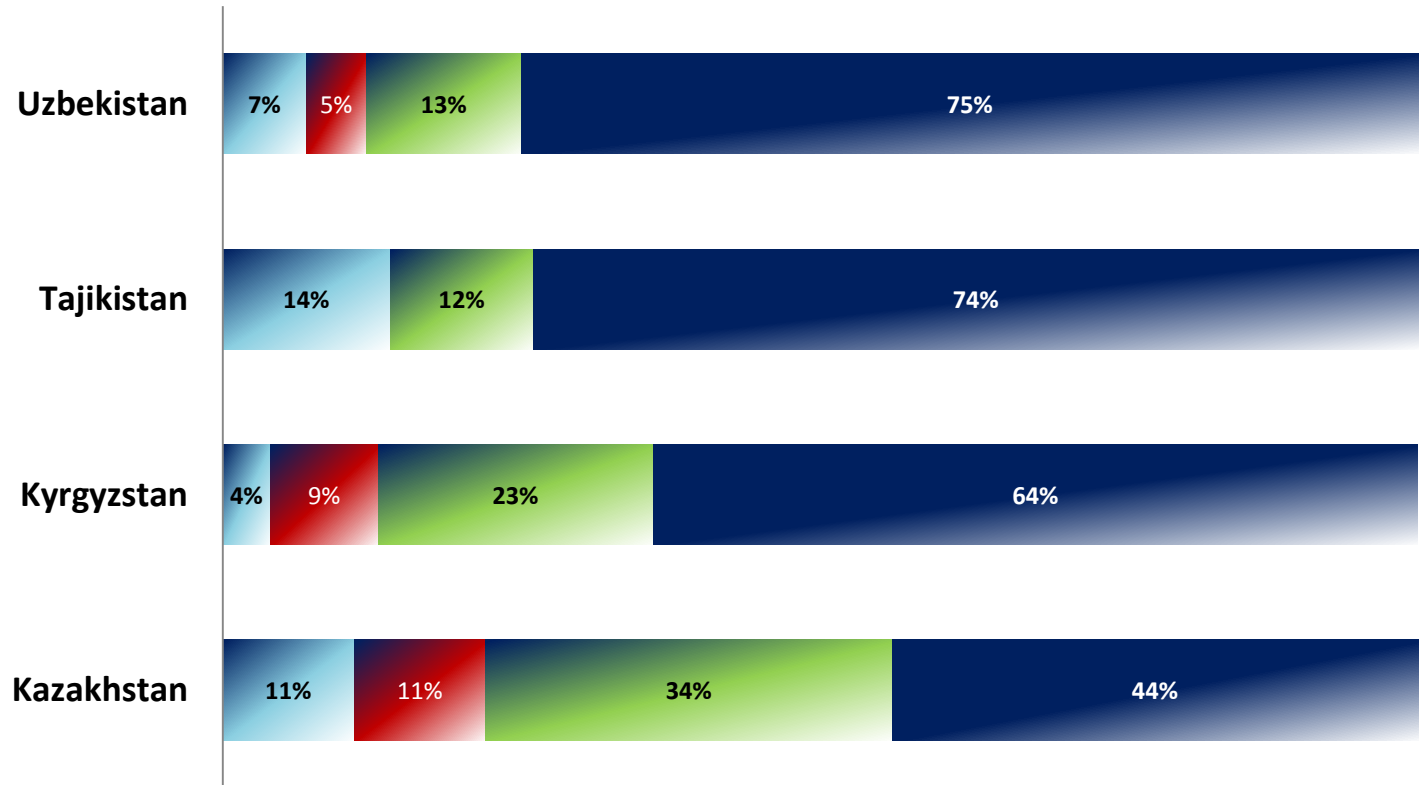
Sustainable Development

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.

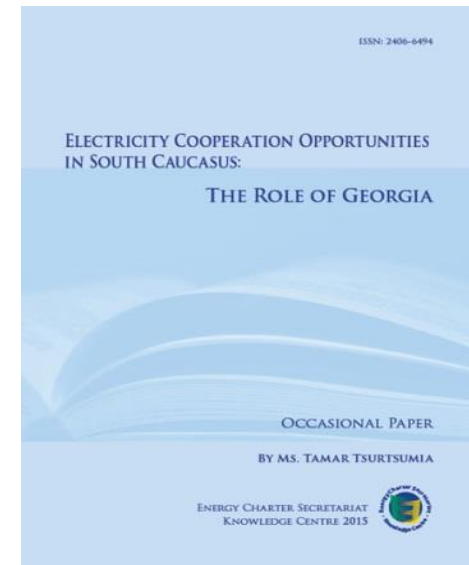
Age of existing capacity

■ <10 year ■ 11-20 year ■ 21-30 year ■ >30 year



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”.

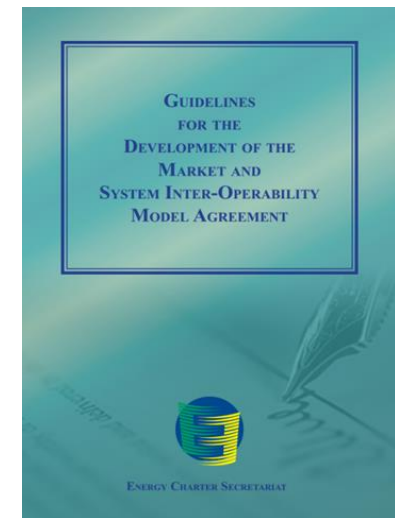
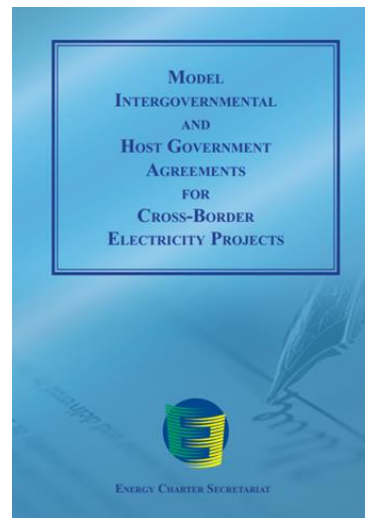
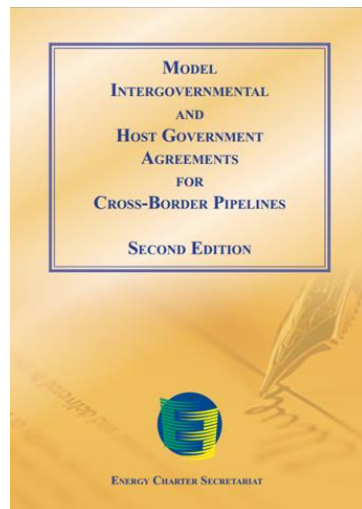


Integration of Regional Markets

	Technical	Regulatory	Market
No integration	Isolated national systems	National regulation	National market
↓	Cross-border interconnections	Compatible regulation	Cross-border trade
	Regional coordination	Coordination of regulators	Spot market
	Full integration	Fully integrated operation	Regional regulator

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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