



Central Asia Regional Economic Cooperation Program

**TOPICS OF
THE ENERGY WORKPLAN (EWP)
OF ESCC
2013-15**

Presented for endorsement by the
ESCC Meeting (21-22 May 2012), Manila

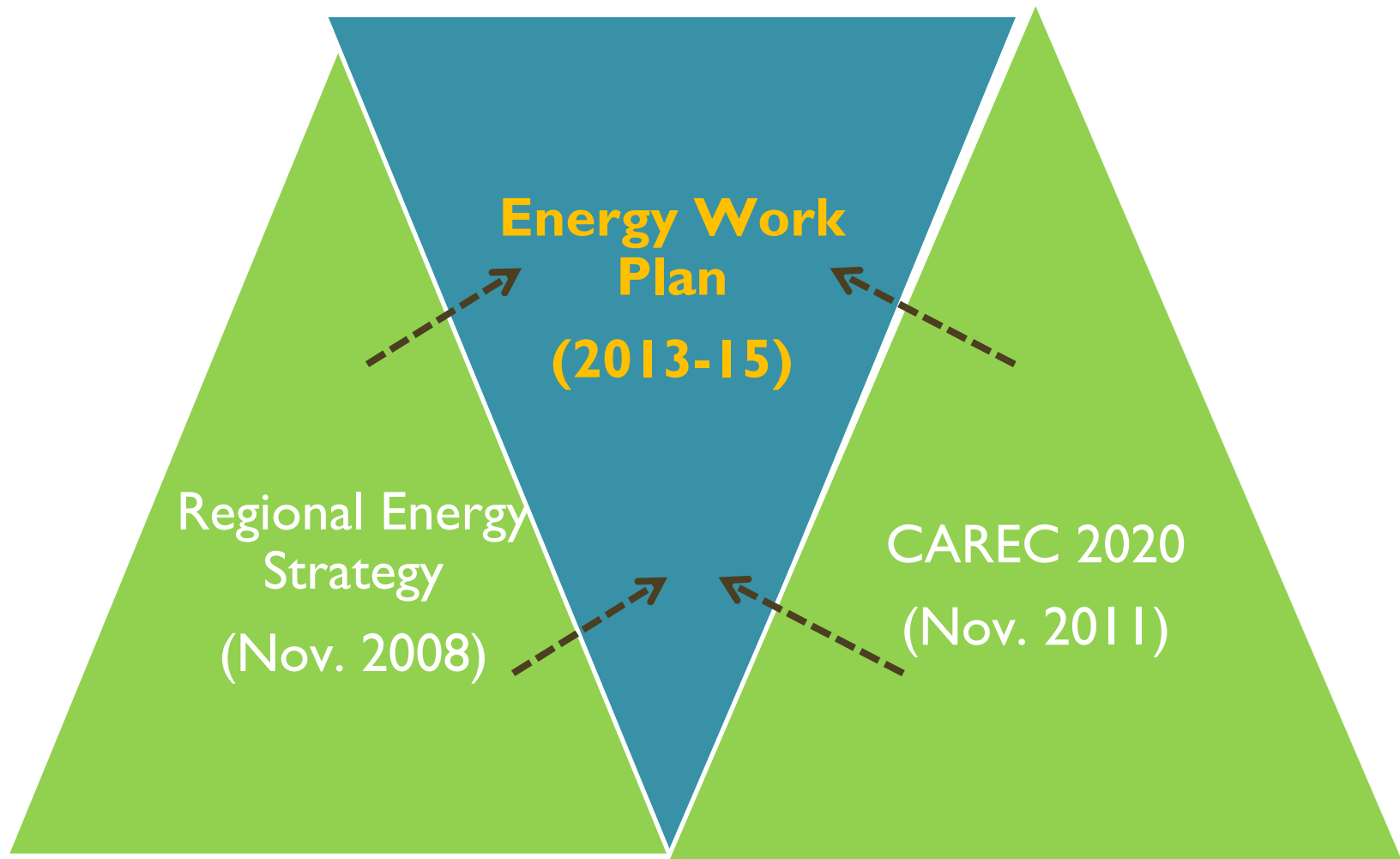
Why an Energy Work Plan is needed?

- Further build on the success of the Energy Action Plan (EAP) Framework
- Provide a mechanism to fast-track the “high potential” regional integration and trade initiatives
- Promote national production facilities having a potential to export their outputs to the second and third countries
- Concretize and identify funding sources for the MTPP (medium term priority projects) List

Core documents providing the vision for future sector work

- “Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011-2020” (CAREC 2020), which was approved by SOM in November 2011
- Strategy for Regional Cooperation in the Energy Sector of CAREC Countries (“Energy Strategy”), which was approved by SOM in November 2008

EWP guided by CAREC 2020 & energy strategy document and replaces EAP




EWP Strategic Thrusts

- I. Development of the Central – South Asia Energy Corridor
- II. Resolving the regional energy dispatch issues
- III. Mobilization of funds to meet the large financial needs for building facilities
- IV. Capacity & knowledge enhancement to identify and implement projects

I. New focus on the Central – South Asia Corridor: Offers cross-cutting benefits

Strategic Theme / Region	Central Asia - East Asia	The 2 regions with the highest need and potential of integration		Central Asia - Russian Federation	Central Asia - EU
		Central Asia - South Asia	Intra-Central Asia		
Energy Demand/Supply Balance and Infrastructure Constraints	X	X	X		X
Regional Dispatch and Regulatory Development		X	X	X	X
Energy-Water Linkages		X	X		



I. New focus on the Central – South Asia Corridor: (2) Key elements

Offers all the elements of economically/financially sound domestic and regional investments, including:

- Cross border energy transmission
- Access/transit to third country energy markets
- Production for export
- Development of energy resources on a joint or cooperative basis
- Integration of energy markets
- Capacity building for energy trade

I. New focus on the Central – South Asia Corridor (3): Potential Flag-ship Projects

- Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline (US\$ 8 billion)
- Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) power trade program (US\$ 1.5 billion)
- Central Asia – South Asia (CASA) power transmission line project (US\$ 1.3 billion)

II. Resolving regional energy dispatch issues

Economic benefits in 2015 due to an interconnected mode will reach US\$ 550 million, provided that:

- Energy exchanges take place strictly according to agreed terms of trade with minimum violations
- The interconnections and “dispatch regime” are seamless and efficient so that full system integration is achieved
- Market principles of energy trade are adapted and fully adhered to

The above pre-conditions must be met if the existing large potential for intraregional energy trade arising from different sources of power generation is to be realized in the future

III. Need to mobilize financing resources: Initial assessment of cost estimates

The huge domestic and regional infrastructure to be built calls for lining up all possible funding sources because:

- Aging power infrastructure offers the greatest risk to energy security and, therefore, needs replacement
- 9000 MW of new generation capacity is needed in the CIS countries alone by 2020 (cost estimate US\$ 30 billion)
- Additional US\$ 3 billion required to replace existing transmission assets and build new ones
- Of the above amount required, over US\$ 23 billion is needed in the first 10 years alone

III. Need to mobilize financing resources (2): Potential funding sources


A combination of public sector and private sector funding sources is necessary given the regional nature of the facilities to be built. These include:

- States' own budget allocations
- MDBs (for concessional financing facilities)
- Bilateral funding agencies
- Sovereign wealth funds
- International commercial financing arrangements
- Private sponsors of projects (under PPP mechanism)

IV. Capacity Building and Knowledge Sharing

To realize the goal of regional energy integration, capacity and knowledge for identification and implementation of regional projects is a necessary prerequisite, especially in following areas:

- Commercial operation of energy facilities and institutions
- Sound regulations – to ensure transparency and stability
- Public-private partnership arrangements
- Renewable energy – benefiting from world-wide developments
- Riparian issues – understanding of the key issues and ability to carry out negotiations
- Demand side management – conservation, efficiency improvement, etc.
- Unplanned power flows – need for mitigation



The afore-mentioned 4 (four) strategic thrusts of the Energy Work Plan are submitted for endorsement by the Energy Sector Coordination Committee (ESCC) of CAREC

Thank you