ENERGY SECURITY SEMINAR

RAPID RESPONSE EXPERT FACILITY FOR DEVELOPING GAS SUPPLIES AND INTERSTATE TRANSPORTATION IN CENTRAL ASIA

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Introduction

Originally 26 September 2006 to 25 September 2008; extended to 25 September 2009;

Budget: 2 385 750 euros

Beneficiary countries: Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan (following amendment to scope of work)
Introduction – overall objectives of project

The overall objective is to facilitate the development of gas supplies and interstate transportation in Central Asia, as well as oil projects, electricity projects, energy efficiency projects, renewable energy projects and CDM energy sector projects that will significantly enhance this development by substitution, economy of scale and/or market stimulation. Such development is aimed at contributing to the implementation INOGATE Umbrella Agreement and to enhancing the safety and security of energy supply within the region and towards Europe in line with the Baku initiative and the conclusions reached at the Ministerial Conference held in Astana in November 2006.
Introduction – specific objectives of the project

The specific objective of the project is to provide expertise and advice on technical, financial, legal and policy to energy administration and companies with a view to modernizing management and supporting the development of sound regional investment plans and projects in the energy sector.
The outputs of the projects are:

- to prepare and support investment projects with a balanced coverage of the different energy thematic areas;
- to increase IFI financing in the energy sector;
- to enhance intra and inter regional cooperation in the energy sector;
- to create suitable investment conditions for infrastructure financing, including leveraging funds and to facilitate close cooperation with IFIs and EU investors.
Activities and results so far

- Project identification;
- Enlargement of original scope of work following the Astana Declaration;
- Assistance to ADB – KKG gas transmission rehabilitation project;
- Regional emergency rehabilitation of the Ferghana Valley gas transmission and distribution networks – KYR, UZB, TAD;
- Pre-feasibility investment study of hydro-electric potential of the Sary Jaz river basin in KYR;
- Social impact assessment on Bishkek to Tokmok pipeline;
ADB – KKG gas transmission rehabilitation project

Rehabilitation of Kyrgyz section of TBA gas pipeline

Activities undertaken
- Identification of overall risks and mitigation measures;
- Validation of project CAPEX;
- Compilation of OPEX data;
- Legal Due Diligence;
- Compilation of economic and financial model;
- Creation of GIS database;
- Evaluation of environmental & social issues;
- Overall: USD 120 million project.
Regional emergency rehabilitation of the Ferghana Valley gas transmission and distribution networks

- KYR, UZB and TAD components;
- Objective: evaluate status of systems and identify potential bankable projects for financing Concept Paper;
- KYR: high pressure transmission lines and distribution systems in Osh and Jalalabat; several rehabilitation projects identified; preparing economics;
- UZB: distribution systems in Andijan; several rehabilitation projects identified; preparing economics;
- TAD: transmission & distribution system in the region of Khodjand; mission underway;
Pre-feasibility investment study of hydro-electric potential of the Sary Jaz river basin in KYR;

Objective: conduct a pre-feasibility study to define a potential scheme of HPP on the Sary Jaz river basin and to evaluate the potential economics of such scheme;

Preliminary data acquisition and field mission undertaken;

GIS mapping, hydrology and scheme identification underway;

Evaluation of potential social and environmental impacts;

Definition of scheme, capital costs and economics to follow;
Rehabilitation of the Bishkek to Tokmok gas pipeline in KYR;

- Objective: conduct Social impact assessment on the proposed route which might affect an existing community, suggest potential alternative(s);
- Baseline survey & community survey done including meetings with community leaders;
- Evaluation of options, including bypass, underway;
Further activities:

- Received approval on 23rd January to undertake 4 additional studies;
- TAD: scoping study of Surhob river basin hydro electric scheme;
- TAD: scoping study of mini hydro power schemes;
- UZB: compilation of financing Concept Paper for phase 2 rehabilitation of Andijan district heating system;
- UZB: Application of renewable energies in remote social assets;
- Activities to begin subject to signature of contract addendum covering resources reallocation;
Contribution to Energy Security in the Central Asian region

- Promotion of hydro power in KYR and TAD will contribute to energy supply security in countries with no gas production;
- Rehabilitation of Kyrgyz section of TBA will contribute to gas supply security for both KYR and KAZ;
- Rehabilitation of Ferghana Valley gas distribution systems will positively impact the energy security of local populations;
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► Contribution to implementing objectives of Astana Declaration/Energy Road Map

2\textsuperscript{nd} area of cooperation - Enhancing energy security: Rehabilitation of existing gas transport networks (Kyrgyz section of TBA, Tokmok pipeline KYR, Ferghana Valley gas rehabilitation);

3\textsuperscript{rd} area of cooperation: Promoting the market uptake of energy efficiency and renewable energy technologies, namely the installation of small hydro energy production units (KYR and TAD HPP projects, UZB solar/wind) as well as other low carbon technologies (UZB district heating boiler replacements)

4\textsuperscript{th} area of cooperation - Attracting investment towards energy projects of common interest (Kyrgyz section of TBA, Ferghana Valley gas rehabilitation);
Lessons learned – issues - where to go from here?

- Trans-boundary water management issues and hydro power projects;
- Know-how on the financing mechanisms and processes within a financing pipeline;
- How to convert an idea into a project;
- Co-financing issues;
- CDM as an add-on;
- Many more worthwhile and potential projects are out there waiting!