Energy Cooperation and Integration; Role of the International Energy Forum

Said Nachet
Energy Director
International Energy Forum (IEF)

More than 90% of Global Oil & Gas Supply and Demand...
Benefits of Regional Integration are well known ....

- Provide broader access to energy sources (electricity, natural gas, etc.)
- Optimal use of spare capacity and resources at regional level;
- Strengthen the reliability of supplies through coordination of domestic power systems;
- Reducing cost of investment in generation capacity (electricity)
- Reduction in operating costs;
- Help reducing risks of energy supply disruptions;
- Diversification of fuel mix used for electricity generation
- Benefit from low-cost energy sources such as hydro power
- Develop and strengthen cooperation, partnership and implementation of joint operations and projects (multilateral cooperation, companies collaboration, etc.)

..... but are achieved only if investment is made ...

- **INVESTMENT**
  - Investment framework: should favor projects development (generation/production, infrastructure (lines/pipelines), etc.);
  - Need to be attractive to all investors (local/foreign);
  - Stable and regulatory framework
  - Allow for different agreement schemes whenever desirable (Energy Purchase Agreement, Energy Conversion Agreement, Financing arrangements, etc.);
  - Independent regulatory bodies (when applicable) and transparent rules for all (local/foreign);
  - Sound dispute resolution mechanisms;
  - End user prices based on economic cost; (subsidies may be necessary but should be kept to minimum and phased out as soon as feasible);
….. and is sustainable on the long run

TECHNICAL SUSTAINABILITY

• Harmonization of technical standards to facilitate cross-border trade;
• Plan for future network expansion and define an appropriate criteria for such expansion (assessment of demand growth at regional level);
• Agreed procedures to operate an interconnected system;

OTHER

• Political support to integration (or at least no opposition);
• Learn from other experiences (European Union, North America, Latin America, etc.)

11th International Energy Forum
Rome, 20-22 April 2008
Closing Statement

“Transparency of energy markets, more stable legal and regulatory frameworks and more predictability of energy policies are critical in reducing uncertainties and unwarranted political influence that may affect investment and its profitability”

“The Forum advocated increased co-operation between IOC’s, NOC’s and service companies as a major opportunity in coping with the increasing costs, complexity and risks of large investment projects. There was a wide-ranging discussion in the Forum on how the framework conditions and conducts for this kind of co-operation can be improved to optimize its potential with due respect to the laws, rights and expectations of all parties.”
Mission of IEF

**What?**

- Enhance and deepen global consumer-producer dialogue
- Promote more stable and transparent energy markets

**How?**

- High-level platforms involving governments and industry
  - Practical ways to improve:
    - Market transparency in oil & gas
    - Investment conditions
    - Sustainability
**Key Global Energy Challenges**

- Availability
- Deliverability
- Volatility
- Sustainability

**Oil & Gas Resources**

**Investment**

**Oil Price**

**Climate Change/Energy Poverty**

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**Key Results from 11th IEF – Rome, April 2008**

**Investment**
- NOC/IOC Forum (Mar 2009)
- 3rd Asian Ministerial Roundtable / Investment (Apr 2009)
- Human Resources Symposium (Apr 2009)

**Transparency**
- 1st IEF - IGU Gas Forum (Nov 2008)
- 2nd IEF - IGU Gas Forum (Fall 2010)

**Sustainability**
- IEF / IFP Technology Symposium (Dec 2008)
- 3rd Asian Ministerial Roundtable / Efficiency (Apr 2009)
- CCS Symposium (H2 2009)
- Energy Poverty (Fall 2009)

**Platforms for Dialogue**
- Unpacking Uncertainties Report (2009-2010)
- Biofuels Assessment Report (H1 2009)

**Research & Analysis**
- Extension to Annual Data (End 2009)
- Extension to Natural Gas (End 2009)

**Data Transparency** (Joint Oil Data Initiative, JODI)

**Input to 12th IEF Ministerial in Mexico 2010**