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International Energy Forum

Global Energy Dialogue

ESCWA Expert Group Meeting on
“The Role of Energy Networks in Regional Integration”
Beirut - December 22-23, 2009

Energy Cooperation and Integration; Role of the International Energy Forum

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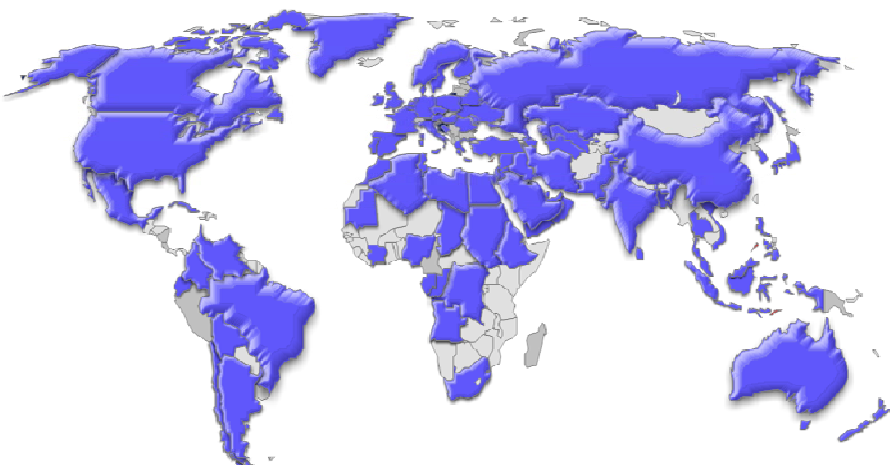
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Participating Countries IEF covers key consuming & producing countries including those outside IEA and OPEC



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) ;

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..... 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

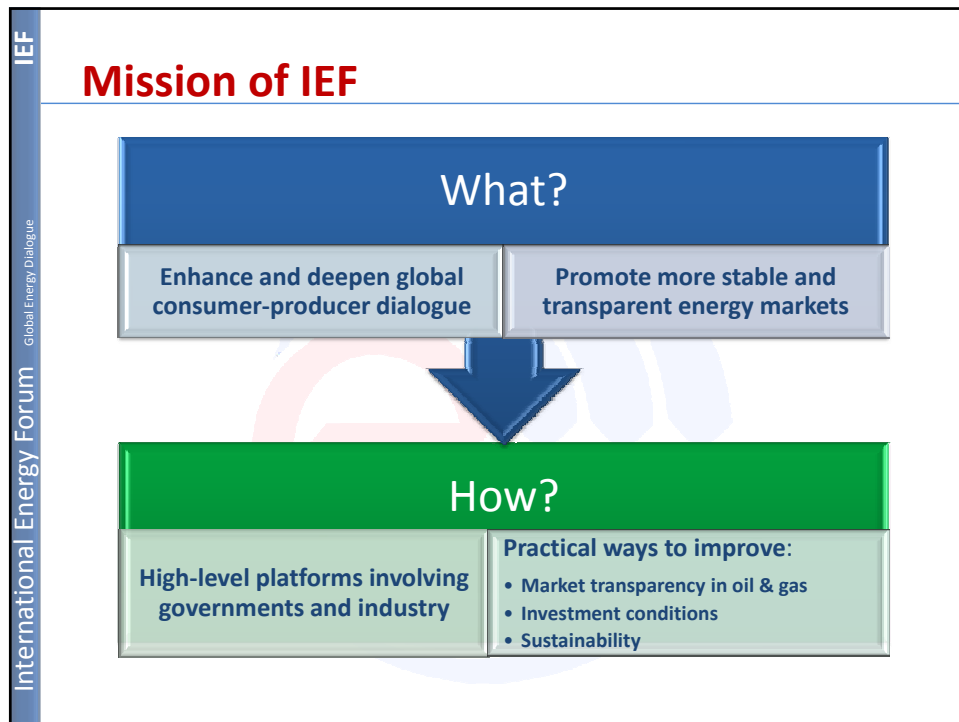
- Political support to integration (or at least no opposition) ;
- Learn from other experiences (European Union, North America, Latin America, etc.)

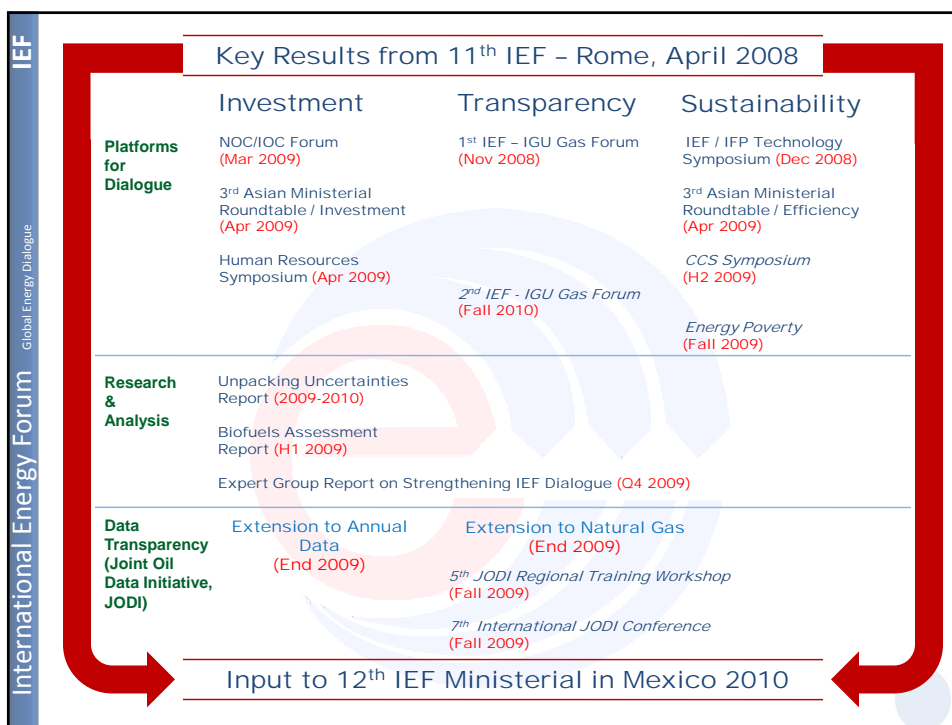
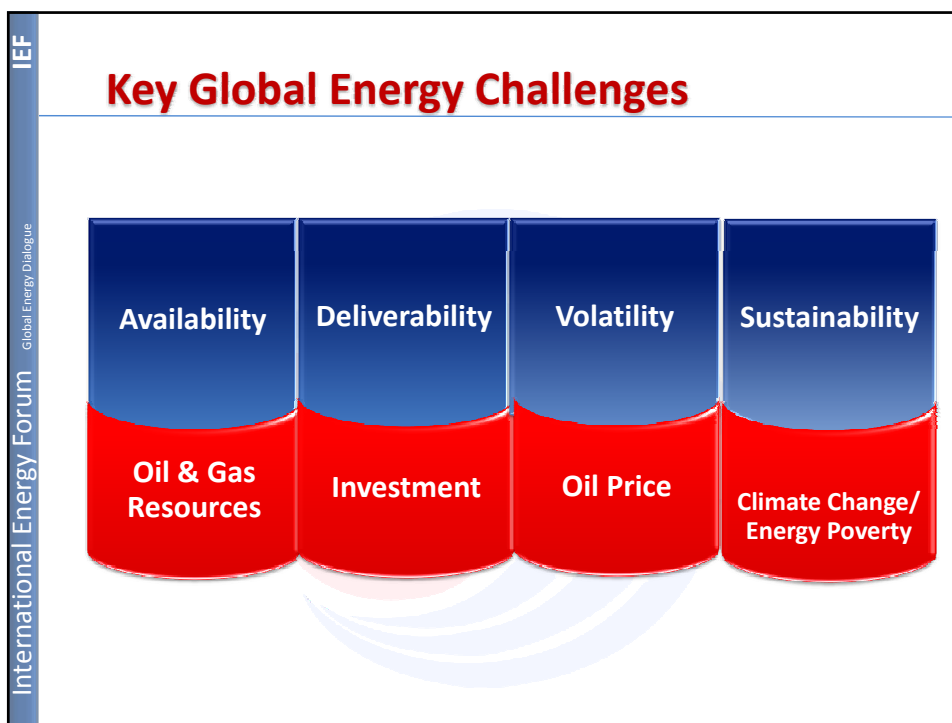
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11th International Energy Forum
Rome, 20-22 April 2008
Closing Statement

"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.**"





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