Joint UNECE-e8-EBRD-WEC Clean Electricity Production Forum: Fostering Investment in Electricity Generation in Central and Eastern Europe and Central Asia

(Ended in the framework of the United Nations Development Account project: Mitigating Climate Change through Attracting Foreign Direct Investments in Advanced Fuel Technologies)

Agenda Item 5 of the Sixth session of the Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels

22-24 November 2010

Salle XII, 22-23 November
Salle V, 24 November

Palais des Nations, Geneva, Switzerland

Preliminary Programme

November 22, 2010

Introduction

To improve the development prospects and to move to a more sustainable energy and economic development process in economies in transition and emerging market economies in the UNECE region, which are confronted with the lack of investment in a cleaner electricity production from coal and other fossil-fuels with all negative consequences, the project targets to enhance the governments’ ability to attract FDI above all in advanced fossil fuels technologies for electricity production. Through a close cooperation with the countries concerned and in the framework of a desirable investment framework, a series of interactive events and the use of local experts, the projects focuses on facilitating the increased mobilization of financial resources for cleaner power sector. In turn those investments would all act as catalysts for the enhanced energy security and low-carbon sustainable development.

All UNECE transition economies will be covered by the Forum. However, to the extent possible, a regional approach would be taken to optimize resources, encourage cross-fertilization, and build partnerships among regional and international experts.

The immediate target groups of the Forum are experts, government officials, private enterprises, NGOs and academia, who deal with all aspects of cleaner electricity
production from coal and other fossil fuels: regulatory, policy, competitiveness, technological and financial.

The Forum will address
- Lack of skills in those countries to develop and maintain attractive investment climate to encourage sizeable domestic and foreign investment into the sector;
- Inefficient know-how for development of credible pre-feasibility studies for the energy projects in general and in particular of those that deal with advanced technologies and large investment amounts, and
- Insufficient cooperation between domestic policy makers and regulators, if any, with actual and potential investors on introducing not only the state-of-the-art techniques in the electricity production based on coal and other fossil-fuels but also in achieving the steady increase in efficiency in the sector and reducing its negative impact on the environment.

The Forum intends to
- Improve skills to develop and maintain attractive investment climate to encourage FDI to power sector;
- Share, through interactive dialogues with counterparts and key relevant actors in developing and emerging countries, business-oriented know-how and sector-specific expertise,
- Strengthen the cooperative relations between policy makers and investors, in particular the foreign ones,
- Enhance their know-how and skills to develop pre-feasibility studies for cleaner electricity production from coal and fossil fuels as well as the energy projects in general, and
- Contribute to enhancing countries' capacity to attract capital for the development and deployment of cleaner power generation and transmission technologies and projects, through the establishment of appropriate regulatory frameworks and policies.

In addition, the expected outcomes also include:
- Discussion and development of an action plan including strategies and specific policy options relative to the issues addressed;
- Tools to monitor action plans with the assistance of the sponsoring organizations following the completion of the dialogues.

Those efforts would in due course result into the increased FDI in advanced fossil fuels technologies for electricity production to support energy security and low-carbon sustainable development. The resulting increased mobilization of financial resources for power sector, the strengthened capacity of government and corporate officials to attract in particular FDI in the electricity generation, ultimately the increased even gradual application of advanced fossil fuel technologies and a favourable regulation for FDI in power sector would all act as catalysts for achieving low level of carbon emissions, increased efficiency in the energy and power sectors and the enhanced industrial and economic competitiveness.

1 This process should include the consideration of the regional approach for bigger clean energy projects to make investments more attractive.
The positive economic and social impact including on environment and health from undertaking such a course of action in fostering cleaner electricity production from coal and fossil fuels would be a crown of all other mentioned substantial benefits that economies in transition and emerging market economies in the UNECE region would receive in the years to come (See Figure 1).

The combined expertise on fostering electricity investment of the UNECE, e-8, European Bank for Reconstruction and Development and World Energy Council, as the organizers of this important event, will be presented to the targeted audience in a practical manner. This way, its required transfer to economies in transition would be very much facilitated.

In the final analysis, this Forum and the framework project would contribute to the creation of related long-term human capital\(^2\), to the establishment of networks amongst regional officials in countries with economies in transition and emerging economies in the UNECE region as well as with the investment community to encourage foreign direct investment into advanced electricity generation fossil fuel-based technologies\(^3\), the establishment of the long-term power generation investment blueprint for the countries concerned\(^4\) and the adoption of best practices in fostering foreign direct investment in cleaner power generation documented during the project by 2012\(^5\).

\(^2\) Expressed as the number of institutions as well as regional, national and local officials who are able to design and implement effective and enabling legal/regulatory frameworks supporting foreign direct investment into cleaner electricity production from coal and other fossil fuels by 2012

\(^3\) Expressed as the number of those networks established by 2012

\(^4\) Expressed as the number of pre-feasibility studies, which will produced by 2012 for the advanced cleaner electricity generation based on coal and other fossil-fuels developed in each targeted country for investors’ consideration

\(^5\) Expressed as the number of those practices adopted
Figure 1. Objective Tree

Positive economic and social impact including on environment and health

- Low level of carbon emissions
- Increased efficiency in energy and power sectors
- Enhanced industrial and economic competitiveness

- Increased mobilization of financial resources for power sector
- Strengthened capacity of government and corporate officials to attract FDI
- Increased application of advanced fossil fuels technologies in power sector
- Favourable regulation for FDI in power sector

Increased FDI in advanced fossil fuels technologies to support energy security and low-carbon sustainable development

- Improved skills to develop and maintain attractive investment climate to encourage FDI to power sector
- Strengthened cooperation between policy makers and investors
- Enhanced know-how and skills to develop pre-feasibility studies for energy projects

Positive economic and social impact including on environment and health
Preliminary programme

Sunday, 21 November 2010

18:30-20:00

Welcome Reception at The Observatory
Hotel d'Angleterre (Quai du Mont-Balnc 17 – 1201, Geneva, Switzerland)

Monday, 22 November 2010

9:00 – 10:00

Registration at the UNECE Palais des Nations

10:00 – 10:15

Opening and Introduction

- Mr. Branko Terzic, Chairman, UNECE Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels and Executive Director for the Center of Energy Solutions, Deloitte LLP
- Ms. Johane Meagher, Executive Director, e8
- Mr. Andrey Vasilyev, Officer in Charge, Sustainable Energy Division, UNECE

10:15 – 11:00

Session One: Electricity Generation Investment Case: Stakeholders, Key Issues, Obstacles and Objectives

This session will provide an introduction to the work and describe the stakeholders and key issues to be dealt with. In particular, this introductory session will also review the principal obstacles for the increased domestic and foreign investments in cleaner electricity production from fossil fuels and accordingly present the objectives of the project and this Forum.

- Chair: Mr. Branko Terzic, Executive Director for the Center of Energy Solutions, Deloitte LLP and Chairman of the UNECE Ad Hoc Group of Experts on Cleaner Electricity Production
- Ms. Johane Meagher, Executive Director, e8
- Mr. Sead Vilogorac, Chief, Energy Industry Section, Sustainable Energy Division, UNECE
- Mr. Tamas Jaszay, Head of Business Development, RWE, Hungary

Speakers followed by Q&A period
11:00 - 12:00

Session Two: Comparative Analysis of the electric generation and infrastructure in economies in transition and emerging economies

Given that the current state of the power generation capacity and related infrastructure in economies in transition and emerging economies determines the initial policy and investment choices, this session is designed to provide a brief overview of the national electricity sectors and thus related investment opportunities.

- Chair: Mr. Slav Slavov, WEC Regional Coordinator-Europe & Central Asia, World Energy Council (WEC)
- Mr. Sead Vilogorac, Chief, Energy Industry Section, Sustainable Energy division, UNECE

Speakers followed by Q&A period

12:00 – 13:00

Session Three: Developing a benchmark investment and regulatory framework

Based on the developed project baseline and a comparative analysis in the Sessions One and Two for each targeted country with regard to electric power generation status and infrastructure, the possibility to apply advanced electricity and related fossil energy technologies, including on domestic and foreign investment, programmes and policies in place to seek and encourage investment, and cooperation amongst participating countries, this session clearly seeks to contribute to the establishment of a benchmark against which the power generation investment and regulatory framework and climate in each individual participating country will be measured. Eventually, in this process a ranking of each country in terms of the obstacles and opportunities to move closer to the desired benchmark in alternative and realistic time frameworks would emerge.

Some of the issues that the session will address in this respect are:

- Transparency and stability of energy and power generation policies;
- Adapted regulatory frameworks;
- Existence and stability of financial markets (end-user needs, asset financing, risk mitigation);
- Legal frameworks allowing the establishment of appropriate project legal structures, with mitigated liability and contract protection;
- Local government support for project licensing, permit and rights authorisation.

- Chair: Mr. Branko Terzic, Executive Director for the Center of Energy Solutions, Deloitte LLP and Chairman of the UNECE Ad Hoc Group of Experts on Cleaner Electricity Production
- Mr. Tamas Jaszay, Head of Business Development, RWE, Hungary
- Mr. Gustav Grob, President, International Sustainable Energy Organisation

Speakers followed by Q&A period

13:00 – 15:00 Luncheon
Session Four: International perspectives on investment in power generation

Part I: Focus on perspectives from project developers, technology vendors, power industry actors

- Presentations by and interactive discussion with power generation project developers, technology vendors, and construction firms on key risk areas hampering the project investment in the region, with a focus on risk (including financial risk) associated with the deployment of advanced cleaner power technologies with significant potential in the region.

  – Moderator and speaker: Mr. Tamas Jaszay, Head of Business Development, RWE, Hungary
  – Mr. Alessandro Clerici, President’s Advisor, ABB Italy
  – Mr. Nicola Cotugno, Member of the Board in Slovenske Elektrarne and Head of the Power Division, Enel S.p.A

Speakers followed by Q&A period

Part II: Focus on perspectives from financial institutions (local and foreign banks and multilateral development banks)

- Presentations and interactive discussion with the financial institutions and multilateral development banks on:
  o Risk assessment models used and applied in the region.
  o Public-Private-Partnership financial models: role of the private sector?
  o Key factors to secure funds for initial investment and for the sustainable replicability of projects

  – Mr. Johannes Schmidt, CEO, Siemens Financial Services GmbH
  – Mr. Jan Troják, Head of Project Financing, CSOB, Czech Republic
  – Mr. Gábor Kurutz, Partner, Falkenburg Corporate Finance, Hungary

Speakers followed by Q&A period

18:15-20:00 Reception

Tuesday, 23 November 2010

10:00 – 13:00

Session Five: Technical and policy options for attracting investment in power generation – removing key obstacles and setting right policies

This session would focus on technical and policy options for fostering investments in cleaner electricity production. This is indeed a critical activity since the policy-makers and other government officials in economies in transition would benefit from an update on the current technological and related economic status of the advanced power generation
technologies, which in turn might require the removal of key obstacles and particular regulatory and putting in place the most effective policy and structural measures in local conditions.

In interactive cross-country working group sessions, participants will identify and discuss obstacles to investment and opportunities for policy and regulatory changes in their respective countries so that the favourable regulatory, policy and structural measures would prevail.

During this session specific issues to be addressed include, but not only:

- Legal and regulatory frameworks
- Tariffs, Subsidies and cost reduction incentives
- Financial model options (Joint Ventures, JI/CDM projects, Private-Public Partnerships (PPPs), direct investment etc.)
- Renewable technology options and associated cost/opportunities
- Regional cooperation
- Role of the private sector, government, multilateral development banks and institutions
- Local/regional capacity (R&D/Technology manufacturing/Operations and Maintenance)

Cross country discussions will be held in two groups. Each group will nominate its chairman and rapporteur. Each group will be supported by the private sector experts and financial experts.

At the end of the session, the rapporteur will present his/her group’s report to the general assembly. This will be followed by a period of Q&A

13:00 – 15:00 Luncheon

15:00-18:00 Session Six: Individual and cooperative strategies for attracting the power investments - Country Action Plan preparation

Session Six will concentrate on designing general directions, strategies and guidance for the formulation of national action plans to foster investment in cleaner electricity production.

In fact the session will be a part of the technical assistance efforts by the organizers to assist national officials in each targeted country to formulate and propose more efficient individual and cooperative policies intended to create a strong and encouraging investment framework for the implementation of advanced fossil fuel technologies in cleaner electricity generation. This activity would draw on a combination of insights into the most investment-friendly regulatory and policy frameworks both in developed and emerging market economies and the detailed knowledge of the local conditions and obstacles.

Thus, country participants, with the support of practitioners and attending experts, are supposed to draft and discuss general directions, strategies and guidance for the formulation of national action plans to be presented in a plenary.
To facilitate the action plan elaboration and presentation, the organizers prepared an action plan outline and presentation template to be submitted to all participants together with the invitation for the event. Equally, participants are kindly requested to return their first draft of the national action plan not later than 1 November 2010.

During the session, each country will present its proposed action plans, followed by the discussion including additional solutions and feedback from other country-participants, independent experts, financial institutions and power developers.

This session will include:
- Country action plan presentations and feedback (first group)
- Country action plan presentations and feedback (second group)

*Each country will be asked to make a 10 min presentation of its national plan of action using the template «Action plan outline». This plan would have been amended by the country spokesperson based upon the previous session discussions. Each presentation will be followed by a period of comments.*

18.15 – 20:00

Reception

**Wednesday, 24 November 2010**

10:00 – 12:00

**Session Seven**: Case studies as the basis for developing pre-feasibility studies to attract foreign investment in power generation

The organizers intend to present a number of detailed case studies on power generation investments which will serve as the basis to the provision of technical assistance to national experts to develop pre-feasibility studies on advanced and cleaner electricity generation and related fossil fuels-based energy project in each country.

The development of pre-feasibility studies is not only a technical process focusing on the technological, financial and risk elements of an individual power generation investment undertaking but would also need to deal with a careful evaluation of all concerned regulatory and policy elements. Those elements normally impact considerably the probability of the investment attracted at all as well as the expected investment project performance during its duration.

Case Study presentation and discussion would comprise the lessons learned from projects implemented in the region with an active contribution both from partnering organizations and from participating countries.

*Presentation of two relevant case studies of the region*
- Mr. Brice Alleman, European Regional Director, Electricité de France
- Mr. Juraj Chren, Head of Business Development for Centrel, Enel S.p.A.

*Speakers followed by Q&A period*
Conclusions on Fostering Investment in Electricity Generation in Central and Eastern Europe and Central Asia

While the conclusions of the Forum will summarize its major achievements, the future steps in this important activity the designation of a focal point for each country and the follow-up of the national plan implementation, they should also include a separate component on how to improve / enhance learning experience and lessons learnt shared among the countries participating in the Forum and the framework project.

To ensure a smooth follow-up of possible revisions, implementation of the national action plans as well as to improve / enhance learning experience and lessons learnt shared, the organizers will set-up an on-line facility on the UNECE website. Only the national focal points / contributors will have the privileged access to that facility.

Conclusion by the Forum sponsors

General feedback & participant survey

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