To prioritize the efforts of and enhance coordination among United States agencies to encourage countries in Central and Eastern Europe to diversify their energy sources and supply routes, increase Europe’s energy security, and help the United States reach its global energy security goals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 11, 2018

Mr. MURPHY (for himself and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To prioritize the efforts of and enhance coordination among United States agencies to encourage countries in Central and Eastern Europe to diversify their energy sources and supply routes, increase Europe’s energy security, and help the United States reach its global energy security goals, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “European Energy Security and Diversification Act of 2018”.

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SEC. 2. DEFINITIONS.

In this Act:

(1) CENTRAL OR EASTERN EUROPEAN COUNTRY.—The term “Central or Eastern European country” includes—

(A) Albania;
(B) Bosnia and Herzegovina;
(C) Bulgaria;
(D) Croatia;
(E) Cyprus;
(F) the Czech Republic;
(G) Estonia;
(H) Greece;
(I) Hungary;
(J) Kosovo;
(K) Latvia;
(L) Lithuania;
(M) Macedonia;
(N) Moldova;
(O) Montenegro;
(P) Poland;
(Q) Romania;
(R) Serbia;
(S) Slovakia;
(T) Slovenia; and
(U) Ukraine.
(2) EARLY-STAGE PROJECT SUPPORT.—The term “early-stage project support” includes—

(A) feasibility studies;

(B) resource evaluations;

(C) project appraisal and costing;

(D) pilot projects;

(E) commercial support, such as trade missions, reverse trade missions, technical workshops, international buyer programs, and international partner searchers to link suppliers to projects;

(F) technical assistance and other guidance to improve the local regulatory environment and market frameworks to encourage transparent competition and enhance energy security; and

(G) long-term energy sector planning.

(3) LATE-STAGE PROJECT SUPPORT.—The term “late-stage project support” includes debt financing, insurance, and transaction advisory services.

SEC. 3. STATEMENT OF POLICY.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the United States has economic and national security interests in assisting Central and Eastern Euro-
pean countries achieve energy security through diversification of their energy sources and supply routes.

(b) Statement of Policy.—It is the policy of the United States—

(1) to advance United States foreign policy and development goals by assisting Central and Eastern European countries to reduce their dependence on energy resources from countries that use energy dependence for undue political influence, such as the Russian Federation, which has used natural gas to coerce, intimidate, and influence other countries;

(2) to promote the energy security of allies and partners of the United States by encouraging the development of accessible, transparent, and competitive energy markets that provide diversified sources, types, and routes of energy;

(3) to encourage United States public and private sector investment in European energy infrastructure projects to bridge the gap between energy security requirements and commercial demand in a way that is consistent with the region’s absorptive capacity; and

(4) to help facilitate the export of United States energy resources, technology, and expertise to global markets in a way that benefits the energy security
of allies and partners of the United States, including
in Central and Eastern Europe.

SEC. 4. PRIORITY OF EFFORTS AND ASSISTANCE

FOR ENERGY INFRASTRUCTURE PROJECTS

IN CENTRAL AND EASTERN EUROPE.

(a) IN GENERAL.—In pursuing the policy described
in section 3, the Secretary of State, in coordination with
the heads of United States agencies that operate under
the policy guidance of the Secretary, shall, as appropriate,
prioritize and expedite the efforts of the Department of
State and those agencies in supporting the efforts of the
European Commission and the governments of Central
and Eastern European countries to increase their energy
security, including through—

(1) providing diplomatic and political support to
the European Commission and those governments,
as necessary—

(A) to facilitate international negotiations
concerning cross-border infrastructure;

(B) to enhance Europe’s regulatory envi-
ronment with respect to energy; and

(C) to develop accessible, transparent, and
competitive energy markets supplied by diverse
sources, types, and routes of energy; and
(2) providing support to improve European energy markets, including early-stage project support and late-stage project support for the construction or improvement of energy infrastructure, as necessary—

(A) to diversify the energy sources and supply routes of Central and Eastern European countries;

(B) to enhance energy market integration across the region; and

(C) to increase competition within energy markets.

(b) Project Selection.—

(1) In general.—The agencies described in subsection (a) shall identify energy infrastructure projects that would be appropriate for United States assistance under this section.

(2) Project eligibility.—A project is eligible for United States assistance under this section if the project is—

(A) related to—

(i) natural gas infrastructure, such as interconnectors, storage facilities, liquefied natural gas import facilities, or reverse flow capacity;
(ii) electricity transmission infrastructure, electricity storage projects, or smart grid projects;

(iii) renewable energy projects in wind, solar, tidal, or other forms; or

(iv) the improvement, rehabilitation, or construction of natural gas, coal, or other electricity generation facilities to increase the efficiency and reliability of electricity production; and

(B) located in a Central or Eastern European country.

(3) PREFERENCE.—In selecting among projects that are eligible under paragraph (2), the agencies described in subsection (a) shall give preference to projects that—

(A) link the energy systems of 2 or more Central and Eastern European countries;

(B) have already been identified by the European Commission as being integral for the energy security of Central and Eastern European countries;

(C) are expected to enhance energy market integration;
(D) can attract funding from the private sector, an international financial institution, the government of the country in which the project will be carried out, or the European Commission; or

(E) have the potential to use United States goods and services during project implementation.

(e) Types of Assistance.—

(1) Diplomatic and Political Support.—The Secretary of State shall provide diplomatic and political support to the European Commission and the governments of Central and Eastern European countries, as necessary, including by using the diplomatic and political influence and expertise of the Department of State to build the capacity of those countries to resolve any impediments to the development of projects selected under subsection (b).

(2) Early-Stage Project Support.—The Director of the Trade and Development Agency shall provide early-stage project support with respect to projects selected under subsection (b), as necessary.

(3) Late-Stage Project Support.—Agencies described in subsection (a) that provide late-stage
project support shall do so with respect to projects
selected under subsection (b), as necessary.

(d) FUNDING.—

(1) PRIVATE SECTOR INVESTMENT.—The agen-
cies described in subsection (a)—

(A) are authorized to obligate and expend
not more than $1,000,000,000 to support pri-
ivate sector investment in projects that diversify
the energy sources and energy transport capa-
bilities of Central and Eastern European coun-
tries and to improve energy market integration
in those countries; and

(B) shall ensure that amounts from such
investments are available for fiscal years 2019
through 2023 for debt financing and insurance
for projects under this section.

(2) AUTHORIZATION OF APPROPRIATIONS FOR
TRADE AND DEVELOPMENT AGENCY.—There are au-
thorized to be appropriated to the Director of the
Trade and Development Agency for each of fiscal
years 2019 through 2023—

(A) $5,000,000 to provide assistance under
this section; and
(B) such sums as may be necessary for the
Agency to employ additional personnel to pro-
vide such assistance.

(3) COUNTERING RUSSIAN INFLUENCE FUND.—
Section 254(b) of the Countering Russian Influence
in Europe and Eurasia Act of 2017 (22 U.S.C.
9543(b)) is amended by adding at the end the fol-
lowing:

“(7) To assist United States agencies in pro-
viding assistance under section 4 of the European
Energy Security and Diversification Act of 2018.”.

SEC. 5. PROGRESS REPORTS.
Not later than one year after the date of the enact-
ment of this Act, and annually thereafter, the President
shall submit to the Committee on Foreign Relations of the
Senate and the Committee on Foreign Affairs of the
House of Representatives a report on progress made in
providing assistance for projects under section 4 that in-
cludes—

(1) a description of the energy infrastructure
projects the United States has identified for such as-
sistance; and

(2) for each such project—
(A) a description of the role of the United States in the project, including in early-stage project support and late-stage project support;

(B) the amount and form of any debt financing and insurance provided by the United States Government for the project;

(C) the amount and form of any early-stage project support; and

(D) an update on the progress made on the project as of the date of the report.