



ENERGY COOPERATION AND DEVELOPMENT IN CASE OF MONGOLIA

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Government Policy on Energy

Legal framework for energy:

○The Government enacted the Energy Law in 2001, which provides the establishment of an efficient and commercially viable energy services.

○The Renewable Energy Law was enacted in January 2007.

○In 2008, the Government approved the State Policy on Fuel and Energy which identifies sector strategies, priorities, and actions for the energy sector from 2008 to 2015.

Government Policy on Energy

Government policy intentions:

○ Development of cooperation with neighboring countries

○ Development of cooperation with regional countries in Asia

○ Development of cooperation with third countries

○ Cooperate with International financial institutions and donor countries

Government Policy on Energy

Government policy trends:

- Revision and amendments to the “Energy Law”
- Development and adoption of new “Energy sector Master Plan”
- Adoption of “Concept of Government Energy Policy”
- Creation of clear legal environment for public-private partnership in Energy Sector
- Development of “Energy conservation Law”
- Introduction of new competition model for electricity market

Regional Initiatives on Energy Cooperation

- Mongolia is involved in several regional and sub-regional initiatives work on broad strategic, political and economic issues including energy cooperation:
- 32 international initiatives and Mongolia involved 10 of them:
- ADB (CAREC Program), Asian Cooperation Dialogue, UNDP (Greater Tumen Initiative), Bao forum for Asia, NEA economic forum, Shanghai cooperation org, ECNEA, Energy Charter Treaty, International Energy Agency and International Renewable Energy Agency.
- Intergovernmental Collaborative Mechanism on Energy Planning and Policy in the NEA region.

Regional Initiatives on Energy Cooperation

- ✓ North-East Asia (NEA) accounted for a quarter of global population and about 20 % of the world's GDP and is a net importer of energy.
- ✓ In November 2005, the Senior Officials of four countries in North-East Asia, namely, the democratic People's Republic of Korea, Mongolia, the Republic of Korea, and the Russian Federation, created by consensus the Intergovernmental Collaborative Mechanism on Energy Cooperation in North-East Asia (or Collaborative Mechanism).
- ✓ The geographical scope of the Intergovernmental Collaborative Mechanism is defined as the areas under the jurisdiction of the 6 countries in North-East Asia. Japan is an observer, while China participates in most of its activities.

Regional Initiatives on Energy Cooperation

- ✓ The Collaborative Mechanism has the vision: ***“By 2020, improved energy security in North-East Asia through energy cooperation in a sustainable manner”***
- ✓ The Collaborative Mechanism has undertaken a number of activities and meetings in order to achieve its vision

Regional Initiatives on Energy Cooperation

The major outcomes of the IGM activities in 2006 – 2009 are:

- Publication of Country Report for Energy Policy Survey for 4 Countries
- Establishment of Common Energy Database for the Energy Balance Tables and Time Series Data for Four Countries
- Publication of Country Report for Energy Demand/Supply Outlook by 2020 Countries
- Joint Study and Development a Common Database on Energy Production Potential and Development Plans of Countries in North-East Asia by 2030 – Upstream for Oil, Natural Gas, Coal, Hydro-power and Uranium in 2008
- Joint Study and Development a Common Database on Energy Production Potential and Development Plans of Countries in North-East Asia by 2030 – Downstream for Oil, Natural Gas, Hydro-power and in 2009 – 2010.
- Organization of the Government-Business Dialogue (GBD) on Energy Cooperation.

Regional Initiatives on Energy Cooperation

At present, the ECNEA's strengths include its:

- broadening network of government officials, researchers and industry players
- its growing information base, which provides harmonized and standardized energy statistics, energy policies and possible cooperation projects

Regional Initiatives on Energy Cooperation

Furthermore, the Collaborative Mechanism covers different aspects in the energy field:

- Data and information collection and dissemination,
- Networking and dialogue,
- Facilitation of policy and regulation,
- Research and development,
- Trade and investment, and
- Capacity building and training.

Regional Initiatives on Energy Cooperation

Principles for the development and implementation of the Five-Year Strategy are as follows:

- Recognition of sovereign rights of the Member States over energy resources,
- Development of free and fair trade,
- Promotion and protection of investment in energy sector,
- Addressing special needs and collaboration in emergencies, and
- Ensuring environmental protection and other sustainable development needs.

The Strategy shall be

- acceptable to all Member States;
- set realistic goals and identify action-oriented programs/projects;
- contribute to the creation of an enabling environment for energy trade, investment and sub-regional cooperation at large; and
- Be based on the accomplishments of activities implemented under the Collaborative Mechanism.

Regional Initiatives on Energy Cooperation

Expected Outcomes

By the end of the Strategy period, member countries of NEA are expected to have a common capability to identify the projects to be developed within regional cooperation framework at the multilateral level.

- ✓ Prioritized list of possible joint resources development projects in North-East Asia.
- ✓ Benefits from regional cooperation for the development of energy sources will be identified.
- ✓ Market environment for energy development cooperation will be improved, and cooperation agenda will be developed for the Collaborative Mechanism to implement to enhance the development/investment cooperation in the region.

Mongolian Policy on Energy Cooperation

There are some existing bilateral energy cooperation involving Mongolia and its neighboring countries, and a number of initiatives or projects are promoting bilateral or multilateral cooperation.

In recent years, many discussions and negotiations has occurred between Mongolia and its 2 neighbors mostly at the bilateral level as well as at the governmental and industrial levels.

These cooperation projects are categorized into the following:

- Expanding energy trade
- Exploration/development of upstream sector for oil, and coal
- Construction of cross-border energy trade infrastructure, including pipelines and power interconnection networks
- Power plant development and cross-border interconnections, and
- Bilateral energy talks for policy cooperation

Energy Cooperation with Neighboring Countries

Mongolia-PRC

- High level dialogues were hold during officials visit's
- There is big potentials in cooperation in energy sector
- Both countries are interested in jointly developing energy and mineral resources, including coal and oil, building power plants and overhead power lines to the mineral deposits, and jointly investing in the renewable energy sector in Mongolia.

Energy Cooperation with Neighboring Countries

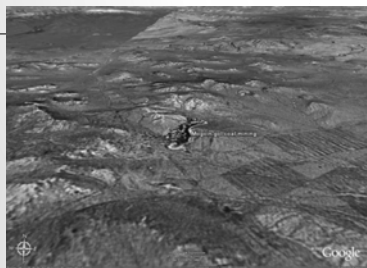
Mongolia-PRC

- Shivee-Ovoo PP is under negotiation
- Construction projects: Mogoin gol TPP, Durgun HPP, Taishir HPPs
- Electricity import to border towns of Mongolia (4242,4 thousand kW.h in 2009)

Import of Electricity from PRC

№	Import direction	Voltage level /kV/	Imported electricity in 2009 /in thous.kWh/
1	China - Dornogovi aimag	10	103.8
2	China - Dornod аймаг	10	542.6
3	China - Dornod аймаг	10	45.6
4	China - Dornod аймаг	10	0
5	China - Sykhbaatar aimag	10	188.1
6	China- Umnugovi aimag	10	82.2
7	China- Dornogobi aimag	10	4.1
8	China- Khovd aimag	10	52.6
9	China- Umnugovi aimag	35	3223.4
Total			4242.4

Energy Cooperation with Neighboring Countries



Project name : **Mogoin Gol TPP**

Project venue : Mogoingol coal mine, Tsetserleg soum, Khuvsgul province

Production scale : 60 MW

Total investment : 110 million US\$

Market orientation and market analyses : The generation source for Altaï-Uliastay Power System

Cooperation mode: Chinese company direct investment

Project progress : Under construction

Employer: MMRE

Implementing agency: Energy Authority

Energy Cooperation with Neighboring Countries

Mongolia-Russia

Two countries have a history of cooperation in the fuel and power sector.

The major fields of energy cooperation between the two countries is in the development and trade in the _____

- electricity import and export,
- coal,
- oil products and
- nuclear sectors

*** Import of electricity from Russia**

№	Import direction	Voltage level, kV	Imported electricity in 2009, in thous.kWh
1	Russia - Sykhbaatar aimag	220	120026.2
2	Russia - Uvs aimag	110	60232.0
3	Russia - Uvs aimag	10	523.9
4	Russia - Khuvsgul aimag	10	719.1
5	Russia - Dornod aimag	10	37.9
6	Russia - Zavkhan aimag	10	40
7	Russia - Dornod aimag	10	297.7
	Total		181876.8

Mongolia-Republic of Korea

- The Republic of Korea-Mongolia Committee for Energy and Mineral Resources Cooperation was established in 1999 as an official communication channel for government-level cooperation.
- Both countries are interested in jointly developing energy and mineral resources, including coal and uranium, building power plants and overhead power lines to the mineral deposits, and jointly investing in the renewable energy sector in Mongolia.

Mongolia-Japan

Mongolia-Japan cooperation has greatly expanded in the power sector.

- The latest example of the cooperation is the feasibility study of power plant and overhead power lines in Gobi region of Mongolia
- There are some initiatives established with Japanese Government and as well as with Japan's public management organization, the Department of the New Energy and Industrial Technology Development Organization (NEDO), to work together in the field of emission-free fuel, reducing air pollution of Ulaanbaatar city.
- The Government of Mongolia is working for closer cooperation with the Japan Bank for International Cooperation (JBIC). Some initiatives and proposals of cooperation in Mongolia's power sector are included in the Mongolia-Japan Comprehensive Partnership Programme.

Investment and Cooperation Opportunities In Energy Sector of Mongolia

- Energy Law adopted in 2001 is legal foundation of Energy Sector Restructuring process:
Unbundling \implies Corporatization \implies Commercialization \implies
 \implies Privatization
- Mongolian Parliamentary adopted at beginning of the 2010 “Restructuring and privatization guiding principle of state property in period of 2010-2012”.
- The Government also adopted list of entities to privatize and restructure in 2010 in compliance with the guiding principle.

Investment and Cooperation Opportunities In Energy Sector of Mongolia

- Public and private partnership
 - Some Power Plants such as “TPP-3” and ‘Erdenet TPP’ will be operated by national investors under 100% public service concession awarded by competitive bidding.
 - Electricity distribution companies shall be privatized completely to Mongolian enterprises by open bidding.
- Some potential large scale energy projects
 - Power supply of Oyu-tolgoi copper and gold mining
 - PP at Tavantolgoi coal deposit
 - Shivee-Ovoo Thermal PP

**THANK YOU FOR YOUR
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