

Calendar No. 331

116TH CONGRESS
1ST SESSION

S. 704

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

MARCH 7, 2019

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

DECEMBER 17, 2019

Reported by Mr. RISCH, with an amendment and an amendment to the title
[Strike out all after the enacting clause and insert the part printed in *italic*]

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “European Energy Se-
3 curity and Diversification Act of 2019”.

4 **SEC. 2. DEFINITIONS.**

5 In this Act:

6 ~~(1) CENTRAL OR EASTERN EUROPEAN COUN-~~
7 TRY.—The term “Central or Eastern European
8 country” includes—

9 ~~(A) Albania;~~

10 ~~(B) Bosnia and Herzegovina;~~

11 ~~(C) Bulgaria;~~

12 ~~(D) Croatia;~~

13 ~~(E) Cyprus;~~

14 ~~(F) the Czech Republic;~~

15 ~~(G) Estonia;~~

16 ~~(H) Greece;~~

17 ~~(I) Hungary;~~

18 ~~(J) Kosovo;~~

19 ~~(K) Latvia;~~

20 ~~(L) Lithuania;~~

21 ~~(M) Macedonia;~~

22 ~~(N) Moldova;~~

23 ~~(O) Montenegro;~~

24 ~~(P) Poland;~~

25 ~~(Q) Romania;~~

26 ~~(R) Serbia;~~

1 ~~(S) Slovakia;~~

2 ~~(T) Slovenia; and~~

3 ~~(U) Ukraine.~~

4 ~~(2) EARLY-STAGE PROJECT SUPPORT.—The~~
 5 ~~term “early-stage project support” includes—~~

6 ~~(A) feasibility studies;~~

7 ~~(B) resource evaluations;~~

8 ~~(C) project appraisal and costing;~~

9 ~~(D) pilot projects;~~

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

15 ~~(F) technical assistance and other guid-~~
 16 ~~ance to improve the local regulatory environ-~~
 17 ~~ment and market frameworks to encourage~~
 18 ~~transparent competition and enhance energy se-~~
 19 ~~curity; and~~

20 ~~(G) long-term energy sector planning.~~

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

1 **SEC. 3. STATEMENT OF POLICY.**

2 (a) SENSE OF CONGRESS.—It is the sense of Con-
3 gress that the United States has economic and national
4 security interests in assisting Central and Eastern Euro-
5 pean countries achieve energy security through diversifica-
6 tion of their energy sources and supply routes.

7 (b) STATEMENT OF POLICY.—It is the policy of the
8 United States—

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

16 (2) to promote the energy security of allies and
17 partners of the United States by encouraging the de-
18 velopment of accessible, transparent, and competitive
19 energy markets that provide diversified sources,
20 types, and routes of energy;

21 (3) to encourage United States public and pri-
22 vate sector investment in European energy infra-
23 structure projects to bridge the gap between energy
24 security requirements and commercial demand in a
25 way that is consistent with the region's absorptive
26 capacity; and

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

6 **SEC. 4. PRIORITIZATION OF EFFORTS AND ASSISTANCE**
 7 **FOR ENERGY INFRASTRUCTURE PROJECTS**
 8 **IN CENTRAL AND EASTERN EUROPE.**

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

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

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

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

1 (C) to develop accessible, transparent, and
 2 competitive energy markets supplied by diverse
 3 sources, types, and routes of energy; and

4 (2) providing support to improve European en-
 5 ergy markets, including early-stage project support
 6 and late-stage project support for the construction
 7 or improvement of energy infrastructure, as nec-
 8 essary—

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

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

14 (C) to increase competition within energy
 15 markets.

16 (b) PROJECT SELECTION.—

17 (1) IN GENERAL.—The agencies described in
 18 subsection (a) shall identify energy infrastructure
 19 projects that would be appropriate for United States
 20 assistance under this section.

21 (2) PROJECT ELIGIBILITY.—A project is eligible
 22 for United States assistance under this section if the
 23 project is—

24 (A) related to—

1 (i) natural gas infrastructure, such as
 2 interconnectors, storage facilities, liquefied
 3 natural gas import facilities, or reverse
 4 flow capacity;

5 (ii) electricity transmission infrastruc-
 6 ture, electricity storage projects, or smart
 7 grid projects;

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

10 (iv) the improvement, rehabilitation,
 11 or construction of natural gas, coal, or
 12 other electricity generation facilities to in-
 13 crease the efficiency and reliability of elec-
 14 tricity production; and

15 (B) located in a Central or Eastern Euro-
 16 pean country.

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

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

23 (B) have already been identified by the
 24 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.

(c) 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 Di-

rector of the Trade and Development Agency shall

1 provide early-stage project support with respect to
 2 projects selected under subsection (b); as necessary.

3 ~~(3) LATE-STAGE PROJECT SUPPORT.—~~Agencies
 4 described in subsection (a) that provide late-stage
 5 project support shall do so with respect to projects
 6 selected under subsection (b); as necessary.

7 ~~(d) FUNDING.—~~

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

10 ~~(A)~~ are authorized to provide financing of
 11 not more than \$1,000,000,000 to support pri-
 12 vate sector investment in projects that diversify
 13 the energy sources and energy transport capa-
 14 bilities of Central and Eastern European coun-
 15 tries and to improve energy market integration
 16 in those countries; and

17 ~~(B)~~ shall ensure that amounts from such
 18 investments are available for fiscal years 2020
 19 through 2024 for debt financing and insurance
 20 for projects under this section.

21 ~~(2) AUTHORIZATION OF APPROPRIATIONS FOR~~
 22 ~~TRADE AND DEVELOPMENT AGENCY.—~~There are au-
 23 thorized to be appropriated to the Director of the
 24 Trade and Development Agency for each of fiscal
 25 years 2020 through 2024—

1 (A) \$5,000,000 to provide assistance under
2 this section; and

3 (B) such sums as may be necessary for the
4 Agency to employ additional personnel to pro-
5 vide such assistance.

6 ~~(3) COUNTERING RUSSIAN INFLUENCE FUND.—~~

7 Section 254(b) of the Countering Russian Influence
8 in Europe and Eurasia Act of 2017 (22 U.S.C.
9 9543(b)) is amended by adding at the end the fol-
10 lowing:

11 ~~“(7) To assist United States agencies in pro-~~
12 ~~viding assistance under section 4 of the European~~
13 ~~Energy Security and Diversification Act of 2019.”.~~

14 **SEC. 5. PROGRESS REPORTS.**

15 Not later than one year after the date of the enact-
16 ment of this Act, and annually thereafter, the President
17 shall submit to the Committee on Foreign Relations of the
18 Senate and the Committee on Foreign Affairs of the
19 House of Representatives a report on progress made in
20 providing assistance for projects under section 4 that in-
21 cludes—

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

25 (2) for each such project—

1 (A) a description of the role of the United
2 States in the project, including in early-stage
3 project support and late-stage project support;

4 (B) the amount and form of any debt fi-
5 nancing and insurance provided by the United
6 States Government for the project;

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

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

11 **SECTION 1. SHORT TITLE.**

12 *This Act may be cited as the “European Energy Secu-*
13 *rity and Diversification Act of 2019”.*

14 **SEC. 2. DEFINITIONS.**

15 *In this Act:*

16 (1) *EARLY-STAGE PROJECT SUPPORT.*—*The term*
17 *“early-stage project support” includes—*

18 (A) *feasibility studies;*

19 (B) *resource evaluations;*

20 (C) *project appraisal and costing;*

21 (D) *pilot projects;*

22 (E) *commercial support, such as trade mis-*
23 *sions, reverse trade missions, technical work-*
24 *shops, international buyer programs, and inter-*

1 *national partner searchers to link suppliers to*
 2 *projects;*

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

7 *(G) long-term energy sector planning.*

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

11 **SEC. 3. STATEMENT OF POLICY.**

12 (a) *SENSE OF CONGRESS.*—*It is the sense of Congress*
 13 *that the United States has economic and national security*
 14 *interests in assisting European and Eurasian countries*
 15 *achieve energy security through diversification of their en-*
 16 *ergy sources and supply routes.*

17 (b) *STATEMENT OF POLICY.*—*It is the policy of the*
 18 *United States—*

19 (1) *to advance United States foreign policy and*
 20 *development goals by assisting European and Eur-*
 21 *asian countries to reduce their dependence on energy*
 22 *resources from countries that use energy dependence*
 23 *for undue political influence, such as the Russian*
 24 *Federation, which has used natural gas to coerce, in-*
 25 *timidate, and influence other countries;*

1 (2) *to promote the energy security of allies and*
 2 *partners of the United States by encouraging the de-*
 3 *velopment of accessible, transparent, and competitive*
 4 *energy markets that provide diversified sources, types,*
 5 *and routes of energy;*

6 (3) *to encourage United States public and pri-*
 7 *rate sector investment in European energy infrastruc-*
 8 *ture projects to bridge the gap between energy security*
 9 *requirements and commercial demand in a way that*
 10 *is consistent with the region's absorptive capacity;*
 11 *and*

12 (4) *to help facilitate the export of United States*
 13 *energy resources, technology, and expertise to global*
 14 *markets in a way that benefits the energy security of*
 15 *allies and partners of the United States, including in*
 16 *Europe and Eurasia.*

17 **SEC. 4. PRIORITIZATION OF EFFORTS AND ASSISTANCE**
 18 **FOR ENERGY INFRASTRUCTURE PROJECTS IN**
 19 **EUROPE AND EURASIA.**

20 (a) *IN GENERAL.*—*In pursuing the policy described in*
 21 *section 3, the Secretary of State, in consultation with the*
 22 *Secretary of Energy and the heads of other relevant United*
 23 *States agencies, shall, as appropriate, prioritize and expe-*
 24 *dite the efforts of the Department of State and those agen-*
 25 *cies in supporting the efforts of the European Commission*

1 *and the governments of European and Eurasian countries*
 2 *to increase their energy security, including through—*

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

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

8 *(B) to enhance Europe’s regulatory environ-*
 9 *ment with respect to energy; and*

10 *(C) to develop accessible, transparent, and*
 11 *competitive energy markets supplied by diverse*
 12 *sources, types, and routes of energy; and*

13 *(2) providing support to improve European and*
 14 *Eurasian energy markets, including early-stage*
 15 *project support and late-stage project support for the*
 16 *construction or improvement of energy and related*
 17 *infrastructure, as necessary—*

18 *(A) to diversify the energy sources and sup-*
 19 *ply routes of European and Eurasian countries;*

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

22 *(C) to increase competition within energy*
 23 *markets.*

24 *(b) PROJECT SELECTION.—*

1 (1) *IN GENERAL.*—*The agencies described in sub-*
 2 *section (a) shall identify energy infrastructure*
 3 *projects that would be appropriate for United States*
 4 *assistance under this section.*

5 (2) *PROJECT ELIGIBILITY.*—*A project is eligible*
 6 *for United States assistance under this section if the*
 7 *project—*

8 (A)(i) *improves electricity transmission in-*
 9 *frastructure, power generation through the use of*
 10 *a broad power mix (including fossil fuel and re-*
 11 *newable energy), or energy efficiency; or*

12 (ii) *advances electricity storage projects,*
 13 *smart grid projects, distributed generation mod-*
 14 *els, or other technological innovations, as appro-*
 15 *priate; and*

16 (B) *is located in a European or Eurasian*
 17 *country.*

18 (3) *PREFERENCE.*—*In selecting among projects*
 19 *that are eligible under paragraph (2), the agencies de-*
 20 *scribed in subsection (a) shall give preference to*
 21 *projects that—*

22 (A) *link the energy systems of 2 or more*
 23 *European or Eurasian countries;*

1 (B) have already been identified by the Eu-
 2 ropean Commission as being integral for the en-
 3 ergy security of European countries;

4 (C) are expected to enhance energy market
 5 integration;

6 (D) can attract funding from the private
 7 sector, an international financial institution, the
 8 government of the country in which the project
 9 will be carried out, or the European Commis-
 10 sion; or

11 (E) have the potential to use United States
 12 goods and services during project implementa-
 13 tion.

14 (c) TYPES OF ASSISTANCE.—

15 (1) DIPLOMATIC AND POLITICAL SUPPORT.—The
 16 Secretary of State shall provide diplomatic and polit-
 17 ical support to the European Commission and the
 18 governments of European and Eurasian countries, as
 19 necessary, including by using the diplomatic and po-
 20 litical influence and expertise of the Department of
 21 State to build the capacity of those countries to re-
 22 solve any impediments to the development of projects
 23 selected under subsection (b).

24 (2) EARLY-STAGE PROJECT SUPPORT.—The Di-
 25 rector of the Trade and Development Agency shall

1 *provide early-stage project support with respect to*
 2 *projects selected under subsection (b), as necessary.*

3 (3) *LATE-STAGE PROJECT SUPPORT.*—*Agencies*
 4 *described in subsection (a) that provide late-stage*
 5 *project support shall do so with respect to projects se-*
 6 *lected under subsection (b), as necessary.*

7 (d) *FUNDING.*—

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

10 (A) *are authorized to obligate and expend*
 11 *not more than \$1,000,000,000 to support private*
 12 *sector investment in projects that diversify the*
 13 *energy sources and energy transport capabilities*
 14 *of European and Eurasian countries and to im-*
 15 *prove energy market integration in those coun-*
 16 *tries; and*

17 (B) *shall ensure that amounts from such in-*
 18 *vestments are available for fiscal years 2020*
 19 *through 2024 for debt financing and insurance*
 20 *for projects under this section.*

21 (2) *AUTHORIZATION OF APPROPRIATIONS FOR*
 22 *TRADE AND DEVELOPMENT AGENCY.*—*There are au-*
 23 *thorized to be appropriated to the Director of the*
 24 *Trade and Development Agency for each of fiscal*
 25 *years 2020 through 2024—*

1 (A) \$5,000,000 to provide assistance under
2 this section; and

3 (B) such sums as may be necessary for the
4 Agency to employ additional personnel to pro-
5 vide such assistance.

6 (3) *COUNTERING RUSSIAN INFLUENCE FUND.*—
7 Section 254(b) of the Countering Russian Influence in
8 Europe and Eurasia Act of 2017 (22 U.S.C. 9543(b))
9 is amended by adding at the end the following:

10 “(7) To assist United States agencies in pro-
11 viding assistance under section 4 of the European
12 Energy Security and Diversification Act of 2019.”.

13 (e) *EXCEPTION FROM CERTAIN LIMITATION UNDER*
14 *BUILD ACT.*—

15 (1) *IN GENERAL.*—For purposes of providing
16 support for projects under this section—

17 (A) the United States International Devel-
18 opment Finance Corporation may provide sup-
19 port for projects in countries with upper-middle-
20 income economies or high-income economies (as
21 those terms are defined by the World Bank);

22 (B) the restriction under section 1412(c)(2)
23 of the Better Utilization of Investments Leading
24 to Development Act of 2018 (22 U.S.C.
25 9612(c)(2)) shall not apply; and

1 (C) the Corporation shall restrict the provi-
 2 sion of such support in a country described in
 3 subparagraph (A) unless—

4 (i) the President certifies to the appro-
 5 priate congressional committees that such
 6 support furthers the national economic or
 7 foreign policy interests of the United States;
 8 and

9 (ii) such support is—

10 (I) designed to produce significant
 11 developmental outcomes or provide de-
 12 velopmental benefits to the poorest pop-
 13 ulation of that country; or

14 (II) necessary to preempt or
 15 counter efforts by a strategic compet-
 16 itor of the United States to secure sig-
 17 nificant political or economic leverage
 18 or acquire national security-sensitive
 19 technologies or infrastructure in a
 20 country that is an ally or partner of
 21 the United States.

22 (2) *DEFINITIONS.*—In this subsection, the terms
 23 “appropriate congressional committees” and “less de-
 24 veloped country” have the meanings given those terms
 25 in section 1402 of the Better Utilization of Invest-

1 *ments Leading to Development Act of 2018 (22*
 2 *U.S.C. 9601).*

3 **SEC. 5. PROGRESS REPORTS.**

4 *Not later than one year after the date of the enactment*
 5 *of this Act, and annually thereafter, the President shall sub-*
 6 *mit to the Committee on Foreign Relations of the Senate*
 7 *and the Committee on Foreign Affairs of the House of Rep-*
 8 *resentatives a report on progress made in providing assist-*
 9 *ance for projects under section 4 that includes—*

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

13 *(2) for each such project—*

14 *(A) a description of the role of the United*
 15 *States in the project, including in early-stage*
 16 *project support and late-stage project support;*

17 *(B) the amount and form of any debt fi-*
 18 *nancing and insurance provided by the United*
 19 *States Government for the project;*

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

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

Amend the title so as to read: “A bill to prioritize the efforts of and enhance coordination among United States agencies to encourage European and Eurasian

countries 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.”.

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116TH CONGRESS
1ST Session
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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.

DECEMBER 17, 2019

Reported with an amendment and an amendment to the title