

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.

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## 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

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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.

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

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) CENTRAL OR EASTERN EUROPEAN COUN-  
4 TRY.—The term “Central or Eastern European  
5 country” includes—

6 (A) Albania;

7 (B) Bosnia and Herzegovina;

8 (C) Bulgaria;

9 (D) Croatia;

10 (E) Cyprus;

11 (F) the Czech Republic;

12 (G) Estonia;

13 (H) Greece;

14 (I) Hungary;

15 (J) Kosovo;

16 (K) Latvia;

17 (L) Lithuania;

18 (M) Macedonia;

19 (N) Moldova;

20 (O) Montenegro;

21 (P) Poland;

22 (Q) Romania;

23 (R) Serbia;

24 (S) Slovakia;

25 (T) Slovenia; and

26 (U) Ukraine.

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

3           (A) feasibility studies;

4           (B) resource evaluations;

5           (C) project appraisal and costing;

6           (D) pilot projects;

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

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

17           (G) long-term energy sector planning.

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

21 **SEC. 3. STATEMENT OF POLICY.**

22           (a) SENSE OF CONGRESS.—It is the sense of Con-  
23 gress that the United States has economic and national  
24 security interests in assisting Central and Eastern Euro-

1 pean countries achieve energy security through diversifica-  
2 tion of their energy sources and supply routes.

3 (b) STATEMENT OF POLICY.—It is the policy of the  
4 United States—

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

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

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

23 (4) to help facilitate the export of United States  
24 energy resources, technology, and expertise to global  
25 markets in a way that benefits the energy security

1 of allies and partners of the United States, including  
2 in Central and Eastern Europe.

3 **SEC. 4. PRIORITIZATION OF EFFORTS AND ASSISTANCE**  
4 **FOR ENERGY INFRASTRUCTURE PROJECTS**  
5 **IN CENTRAL AND EASTERN EUROPE.**

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

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

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

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

22 (C) to develop accessible, transparent, and  
23 competitive energy markets supplied by diverse  
24 sources, types, and routes of energy; and

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

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

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

11                  (C) to increase competition within energy  
12                  markets.

13           (b) PROJECT SELECTION.—

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

18                   (2) PROJECT ELIGIBILITY.—A project is eligible  
19                   for United States assistance under this section if the  
20                   project is—

21                           (A) related to—

22                                   (i) natural gas infrastructure, such as  
23                                   interconnectors, storage facilities, liquefied  
24                                   natural gas import facilities, or reverse  
25                                   flow capacity;

1 (ii) electricity transmission infrastruc-  
2 ture, electricity storage projects, or smart  
3 grid projects;

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

6 (iv) the improvement, rehabilitation,  
7 or construction of natural gas, coal, or  
8 other electricity generation facilities to in-  
9 crease the efficiency and reliability of elec-  
10 tricity production; and

11 (B) located in a Central or Eastern Euro-  
12 pean country.

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

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

19 (B) have already been identified by the  
20 European Commission as being integral for the  
21 energy security of Central and Eastern Euro-  
22 pean countries;

23 (C) are expected to enhance energy market  
24 integration;

1 (D) can attract funding from the private  
2 sector, an international financial institution, the  
3 government of the country in which the project  
4 will be carried out, or the European Commis-  
5 sion; or

6 (E) have the potential to use United States  
7 goods and services during project implementa-  
8 tion.

9 (c) TYPES OF ASSISTANCE.—

10 (1) DIPLOMATIC AND POLITICAL SUPPORT.—

11 The Secretary of State shall provide diplomatic and  
12 political support to the European Commission and  
13 the governments of Central and Eastern European  
14 countries, as necessary, including by using the diplo-  
15 matic and political influence and expertise of the De-  
16 partment of State to build the capacity of those  
17 countries to resolve any impediments to the develop-  
18 ment of projects selected under subsection (b).

19 (2) EARLY-STAGE PROJECT SUPPORT.—The Di-  
20 rector of the Trade and Development Agency shall  
21 provide early-stage project support with respect to  
22 projects selected under subsection (b), as necessary.

23 (3) LATE-STAGE PROJECT SUPPORT.—Agencies  
24 described in subsection (a) that provide late-stage



1 project support shall do so with respect to projects  
2 selected under subsection (b), as necessary.

3 (d) FUNDING.—

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

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

13 (B) shall ensure that amounts from such  
14 investments are available for fiscal years 2020  
15 through 2024 for debt financing and insurance  
16 for projects under this section.

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

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

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

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

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

12 **SEC. 5. PROGRESS REPORTS.**

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

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

23 (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.

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