To provide assistance to Ukraine to reduce the dependence of Ukraine on imports of natural gas from the Russian Federation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. MARKEY introduced the following bill; which was read twice and referred to the Committee on

A BILL

To provide assistance to Ukraine to reduce the dependence of Ukraine on imports of natural gas from the Russian Federation, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Ukrainian Independence from Russian Energy Act”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Ukraine is dependent on natural gas supplies from the Russian Federation to meet more than half of demand in Ukraine.
(2) Entities owned by the Government of the Russian Federation have manipulated natural gas supplies and prices in Ukraine in order to gain geopolitical leverage over Ukraine and neighboring countries of Ukraine.

(3) Energy subsidies provided by the Government of Ukraine amount to roughly 8 percent of the gross domestic product of Ukraine and make energy markets opaque, inefficient, and susceptible to corruption.

(4) Ukraine is the second-least energy efficient country in the world.

(5) The International Energy Agency has estimated that if the economy of Ukraine were as energy efficient as the average country in Europe, Ukraine would reduce natural gas consumption by greater than 50 percent.

(6) The level of savings from the reduction described in paragraph (6) could nearly eliminate the dependence of Ukraine on imports of natural gas from the Russian Federation.

(7) The World Bank Group has estimated that Ukraine could reduce the amount of natural gas used for heating by 50 percent through efficiency measures.
(8) On April 25, 2014, a coalition of 35 cities in Ukraine sent a letter urgently requesting assistance in increasing the energy efficiency of their buildings, district heating systems, and transportation networks in order to reduce dependence on imports of natural gas from the Russian Federation.

(9) A $17,000,000,000 loan package from the International Monetary Fund to help stabilize the economy of Ukraine requires reforms of energy markets in Ukraine and includes provisions to gradually eliminate energy subsidies, which will raise retail natural gas rates by 56 percent in 2014, 40 percent in 2015, and 20 percent in 2016 and 2017.

(10) Absent large reductions in energy consumption, the rate increases mandated by the International Monetary Fund loan package from the International Monetary Fund could have devastating impacts on low-income households in Ukraine.

(11) Ukraine is estimated to have significant conventional and unconventional oil and gas reserves, which are mostly untapped.

(12) The International Energy Agency has estimated that Ukraine possesses natural gas reserves of approximately 5,400,000,000,000 cubic meters, although the annexation of Crimea by the Russian
Federation may impact Ukraine’s recoverable oil and gas reserves.

(13) Exports of liquefied natural gas from the United States to Ukraine would not provide assistance for Ukraine in the short term and would be unlikely to reach Ukraine in the long term because—

(A) of natural gas global market dynamics;

(B) there are no liquefied natural gas import facilities in Ukraine; and

(C) the Government of Turkey has indicated it would block shipments of liquefied natural gas through the Bosphorus Strait because of safety concerns.

SEC. 3. POLICY ON SUPPORTING ENERGY INDEPENDENCE OF UKRAINE.

It is the policy of the United States to use all resources of the United States Government—

(1) to coordinate with a multi-donor efforts to reform energy subsidies provided by the Government of Ukraine and energy markets in Ukraine;

(2) to encourage private sector investment in the energy sector of Ukraine;

(3) to protect low-income households in Ukraine from dramatic increases in energy rates;
(4) to increase transparency and reduce corruption in the energy sector of Ukraine;

(5) to improve energy efficiency, increase domestic energy supplies, and develop alternative sources of energy in Ukraine in order to reduce the reliance of Ukraine on energy from the Russian Federation; and

(6) to increase the capacity of agencies of the Government of Ukraine, nongovernmental organizations, and private entities to administer and manage energy efficiency and energy security-related projects in Ukraine.

SEC. 4. ASSISTANCE FROM THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

(a) IN GENERAL.—The Administrator of the United States Agency for International Development shall, in fiscal years 2015 through 2017—

(1) prioritize, to the extent feasible, the provision of direct assistance to Ukraine to improve energy efficiency, increase energy supplies produced in Ukraine, and reduce reliance on energy imports from the Russian Federation through measures described in subsection (b); and

(2) through the Development Credit Authority, make loan, lease, and bond guarantees to appro-
appropriate financial institutions and other eligible borrowers to facilitate the involvement of such institutions and other borrowers in financing and expanding efforts in Ukraine to improve energy efficiency, increase energy supplies produced in Ukraine, and reduce reliance on energy imports from the Russian Federation through measures described in subsection (b).

(b) MEASURES DESCRIBED.—The measures described in this subsection include—

(1) replacing inefficient boilers;
(2) upgrading district heating systems;
(3) improving metering and measurement systems for natural gas use and heating;
(4) upgrading natural gas and heat distribution systems, including pipes that leak or are poorly insulated;
(5) improving the efficiency of buildings;
(6) reducing losses in natural gas transmission systems;
(7) improving the efficiency of compressor stations;
(8) improving efficiency in the industrial sector;
(9) legal and regulatory support focused on natural gas and electricity market rules, regulations,
and transparency, developed in accordance with the terms of the stand-by arrangement between the International Monetary Fund and Ukraine, approved in April 2014;

(10) support for structuring of gas and electricity markets with cost-reflective pricing, developed in accordance with the terms of the stand-by arrangement;

(11) encouraging greater natural gas and electricity interconnections between Ukraine and neighboring countries;

(12) developing renewable sources of energy;

and

(13) developing energy transmission, refining, and storage facilities.

(e) Authorization of Appropriations.—The are authorized to be appropriated to the Administrator of the United States Agency for International Development $10,000,000 for each of fiscal years 2015 through 2017 to carry out this section.

SEC. 5. ASSISTANCE FROM THE DEPARTMENT OF STATE.

(a) In General.—The Secretary of State shall, in fiscal years 2015 through 2017, coordinate the activities of United States agencies related to the energy sector of Ukraine and prioritize, to the extent feasible, support and
technical assistance to increase responsible production in
and transparency of the natural gas sector in Ukraine
through measures that include—

(1) resource and technology assessments;
(2) evaluation of production capabilities;
(3) economic assessments of potential resources;
and

(4) dissemination of international best practices
and provision of legal and regulatory information
and guidance to help establish energy policies that—

(A) protect public health and safety;
(B) protect the environment;
(C) effectively manage royalties and rev-

ue; and

(D) increase transparency and reduce cor-

ruption.

(b) Authorization of Appropriations.—The are
authorized to be appropriated to the Secretary of State
$2,500,000 for each of fiscal years 2015 through 2017
to carry out this section.

SEC. 6. PROMOTION OF UNITED STATES PRIVATE SECTOR

PARTICIPATION IN ENERGY EFFICIENCY AND

ENERGY DEVELOPMENT IN UKRAINE.

(a) In General.—The Director of the Trade and
Development Agency shall promote United States private
sector efforts to help improve energy efficiency, develop
domestic oil and natural gas reserves, and develop renew-
able sources of energy in Ukraine by—

(1) conducting and funding project preparation
activities, feasibility studies, technical assistance,
pilot projects, reverse trade missions, conferences,
and workshops; and

(2) providing any other assistance that the Di-
rector considers appropriate to promote such efforts.

(b) Authorization of Appropriations.—The are
authorized to be appropriated to the Director of the Trade
and Development Agency $1,000,000 for each of fiscal
years 2015 through 2017 to carry out this section.

SEC. 7. SUPPORT FROM THE OVERSEAS PRIVATE INVEST-
MENT CORPORATION.

The Overseas Private Investment Corporation shall—

(1) prioritize support for investments to help in-
crease energy efficiency, develop domestic oil and
natural gas reserves, and develop renewable sources
of energy in Ukraine; and

(2) implement procedures for expedited review
of and, as appropriate, approval of, applications by
eligible investors (as defined in section 238 of the
Foreign Assistance Act of 1961 (22 U.S.C. 2198))
for loans, loan guarantees, and insurance for such investments.

SEC. 8. SUPPORT FROM THE EXPORT-IMPORT BANK OF THE UNITED STATES.

The Board of Directors of the Export-Import Bank of the United States shall take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the financial commitments of the Bank under the loan, guarantee, and insurance programs and special financing programs of the Bank for projects to improve energy efficiency, develop domestic oil and natural gas reserves, and develop renewable sources of energy in Ukraine.

SEC. 9. PRIORITIZATION OF ENERGY EFFICIENCY AND DOMESTIC ENERGY PROJECTS IN UKRAINE BY THE WORLD BANK GROUP AND THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT.

The President shall direct the United States Executive Directors of the World Bank Group and the European Bank for Reconstruction and Development to use the voice, vote, and influence of the United States to encourage the World Bank Group and the European Bank for Reconstruction and Development and other international financial institutions to invest in, and increase their efforts
to promote investment in, projects to improve energy efficiency, develop domestic oil and natural gas reserves, and develop renewable sources of energy in Ukraine, and to stimulate private investment in such projects.

SEC. 10. EFFECTIVENESS MEASUREMENT.

In providing loan guarantees, assistance, and support pursuant to this Act and in prioritizing the projects described in this Act, the President and the heads and other appropriate officials of the United States Agency for International Development, the Trade and Development Agency, the Overseas Private Investment Corporation, and the Export-Import Bank of United States shall ensure that the effectiveness of such guarantees, assistance, support, and projects is measured through the use of clear, accountable, and metric-based targets aimed at achieving enhanced energy security for Ukraine.

SEC. 11. BRIEFING ON ALTERNATIVE PIPELINE ACCESS AND SUPPLIES FOR UKRAINE.

Not later than 30 days after the date of the enactment of this Act, the Secretary of State shall provide to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a briefing on—

(1) the economic and political viability of transporting natural gas supplies into Ukraine from coun-
tries other than the Russian Federation through the reversal of existing pipeline flows or through new or expanded pipelines; and

(2) the potential to reduce natural gas consumption in Ukraine through efficiency measures or through the use of alternative sources of energy.