

NORTH AMERICAN ENERGY INTEGRATION

Kimberly Gianopoulos, Director International Affairs & Trade U.S. Government Accountability Office

NARUC Committee on International Relations February 10, 2019



U.S. Government Accountability Office (GAO) – Who Are We?

- GAO is the U.S. government's audit institution and is part of the legislative branch
- Mission: We support Congress in meeting its constitutional responsibilities, and help improve the performance and ensure the accountability of the federal government. We provide Congress with timely information that is objective, fact-based, nonpartisan, non-ideological, and balanced.
- Most work comes from legislative mandates and requests from Members of Congress.



Where Did Our Work Originate?

Requesters were from the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs House of Representatives

- Chairman Paul Cook
- Ranking Member Albio Sires
- Congressman Jeff Duncan (former Chairman)

Interests included the role of U.S. agencies in supporting the integration of North American energy markets and infrastructure



Objectives of GAO's Review

We examined:

- 1. Ways in which the U.S., Canadian, and Mexican governments cooperate on North American energy integration;
- 2. U.S. agencies' activities to facilitate North American energy integration;
- 3. U.S. agencies' efforts to coordinate among themselves and obtain feedback and input from U.S. industry and civil society
- 4. Steps that U.S., Canadian, and Mexican officials suggested to further facilitate North American energy integration



Scope and Methodology

- Interviewed U.S. Canadian and Mexican officials about the process used to cooperate on energy integration at the ministerial and technical levels and reviewed policies and coordination mechanisms
- Developed an inventory of U.S. agencies' activities related to energy integration form 2014 to 2017
- Reviewed the mechanisms and processes in place for U.S. agencies to coordinate among themselves, and to collaborate with industry and civil society and compare them to GAO's Leading Practices for Interagency Collaboration
- Asked officials in each country to suggest steps to further facilitate integration



Background

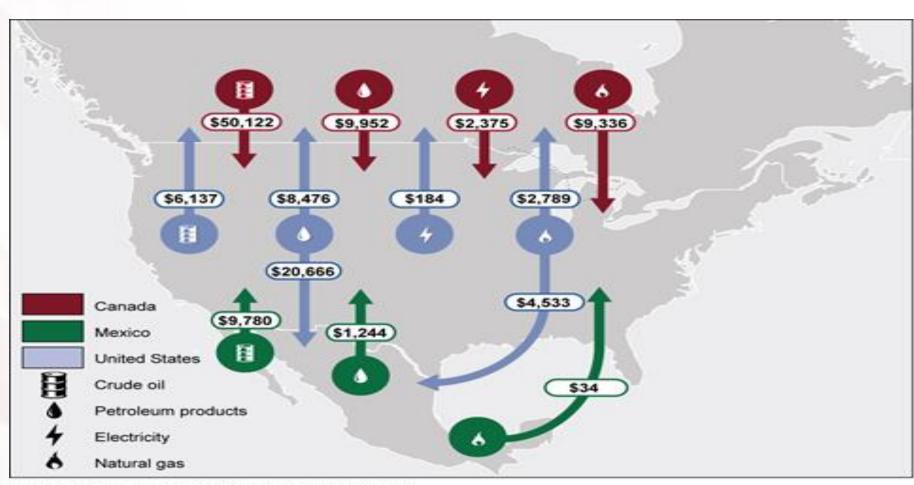
In 2017, energy trade among the U.S., Canada, and Mexico exceeded \$125 billion (\$83B exports, \$43B imports)

NAFTA provisions have gradually eliminated nearly all tariff and most nontariff barriers on energy commodities

According to DOE, energy integration supports energy security



Background



Source: GAO analysis of U.S. Census data. | GAO-18-575



U.S., Canada and Mexico Cooperate at Multiple Levels on Energy Integration



Source: GAO analysis of information from the Departments of Energy and State. | GAO-18-575



U.S. Agencies' Activities to Facilitate North American Energy Integration

Energy, Interior, Commerce, State, Transportation, FERC and other agencies reported 81 activities in several areas, including:

- technical discussions and assistance
- regulatory cooperation
- international agreements and other instruments
- trade promotion
- research and development



U.S. Interagency Coordination North American Energy Integration

- National Security Council Interagency meetings
- Preparing for bilateral and trilateral engagements
- Working-level efforts



U.S. Agencies' Process to Obtain Feedback and Input from U.S. Industry and Civil Society

- Formal mechanisms:
 - requests for public comment through the Federal Register,
 - public hearings,
 - public-private bodies, and
 - joint stakeholder events
- Informal mechanisms:
 - letters, emails, phone calls,
 - interactions at various related events,
 - personal connections, and
 - reports



Suggestions by U.S., Canadian, and Mexican Officials to Further Facilitate Energy Integration

- Align energy-related regulations
- Streamline the U.S. presidential permitting process
- Facilitate cross-border movement of equipment and workers
- Involve states and provinces in energy integration efforts



U.S., Canadian, and Mexican Officials Expressed Satisfaction With Cooperation on Energy Integration

According to U.S., Canadian and Mexican Government officials:

- Energy interests align and cooperation is well established
- Regional cooperation enhances energy security
- Strategic level cooperation has resulted in action to address shared priorities
- Extensive communication at the ministerial and agency levels has led to improved integration

PRELIMINARY



GAO on the Web

Connect with GAO on <u>LinkedIn</u>, <u>Facebook</u>, <u>Flickr</u>, <u>Twitter</u>, <u>YouTube</u> and our Web site: <u>https://www.gao.gov/</u> Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts and read The Watchblog

Congressional Relations

Orice Williams Brown, Managing Director, WilliamsO@gao.gov (202) 512-4400, U.S. Government Accountability Office 441 G Street, NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov (202) 512-4800, U.S. Government Accountability Office 441 G Street, NW, Room 7149, Washington, DC 20548

Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, spel@gao.gov (202) 512-4707, U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548

Copyright

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.