



# Functional Bureau Strategy

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## Bureau of Energy Resources (ENR)

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## 1. Executive Statement

The Bureau of Energy Resources (ENR) mission is to lead the Department's efforts to develop and execute international energy policy by leading diplomatic engagement to promote: 1) energy security for the United States and its partners and allies; 2) U.S. economic growth that benefits American business and people; and 3) global political stability and prosperity through energy development. ENR serves as the principal advisor to the Secretary of State on international energy issues, including security, policy, operations, and programs. ENR's diplomatic engagement and foreign assistance programs respond to energy challenges from around the world that affect U.S. economic policy and national security. ENR will ensure the Department meets energy-related objectives listed in the Department and USAID Joint Strategic Plan (JSP). The bureau will work with the interagency to keep the United States as the indispensable nation on global energy issues that affect national security.

U.S. national security is threatened when:

- U.S. allies lack reliable access to affordable energy;
- closed energy markets shut out U.S. companies;
- poor governance prevents market-based energy solutions;
- competition for energy leads to conflicts, and
- terrorists and rogue regimes exploit energy resources to fund violence and/or destabilizing behavior.

ENR manages the critical nexus between energy and U.S. national security. It provides the Department with a unique resource for policy and programmatic innovation to advance the U.S. National Security Strategy's energy-related objectives. The bureau interacts directly with foreign leaders at the highest levels to achieve key U.S. foreign energy policy objectives. It leverages energy diplomacy to advance U.S. energy security interests and strategic priorities, while advocating for U.S. companies in foreign markets.

ENR works to:

- open markets and reduce barriers to energy trade and development by promoting open, transparent, and market-based energy sectors to advance U.S. economic interests;
- promote exports of U.S. energy resources, technologies, and services globally to sustain U.S. economic growth and job creation;
- ensure the energy security of the United States, its partners, and allies by supporting the diversification of energy sources, supplies, and routes;
- prevent terrorists and rogue regimes from using energy resources to fund violence or destabilizing activities that would harm the United States and its allies;

- promote universal access to affordable, reliable energy, including highly efficient fossil fuels, nuclear, and renewables and energy efficiency, to help reduce poverty, foster economic growth, and promote prosperity; and
- improve regional cooperation, foster political stability, and work to prevent energy-related conflict.

ENR promotes these goals with the United States' international partners to build global recognition of the importance of shared responsibility for energy security. The bureau uses diplomatic engagement and foreign assistance programs to facilitate among U.S. partners increased diversification, interconnectivity, energy efficiency, access, transparency, and good governance. ENR engages governments and stakeholders to encourage them to pursue market-based, efficient, and sustainable energy policies to improve stability and reform of the global energy sector.

ENR continues to facilitate national security successes. ENR plays a lead role in multinational efforts to reduce North Korean earnings from coal exports and to prevent North Korea from importing energy resources needed to fund and sustain North Korea's nuclear and missile programs. ENR helps reduce ISIS' revenue from its energy operations by working with the Department of Defense and the intelligence community to identify, target, and degrade ISIS-captured energy infrastructure in Iraq and Syria. ENR implementation of energy sanctions is a vital tool in the administration's Iran policy, leading to reduced Iranian crude oil exports and less money for its malign regional activities. ENR engages European and NATO allies to strengthen energy security by encouraging allies to reduce dependence on Russian energy imports, opposing Russian-backed gas pipelines and supporting the diversification of fuel types, sources, and transportation routes.

The bureau advocates for U.S. energy firms overseas and opens key markets to all energy technology exports. ENR supports cross-border access to and trade of energy resources, which facilitates lower prices for electricity and transportation fuels for U.S. citizens and businesses. A consistent, long-term supply of lower-cost American energy brings with it a much larger economy, more jobs, and greater security for the American people.

ENR facilitates a broad exchange of views and informed policymaking through targeted public diplomacy and rapid response to geopolitical energy challenges. ENR advances U.S. interests in global energy security policy through its role representing the U.S. government in multilateral fora such as the G-7, the G-20, the International Energy Agency (IEA), the International Renewable Energy Association (IRENA), the International Energy Forum (IEF), and the Extractive Industries Transparency Initiative (EITI).

ENR faces risks from other geopolitical actors in achieving U.S. international energy policy goals. These risks range from hard-power actions by states and non-state actors to trade and environmental policies affecting the energy sector. Risks include: terrorism and security threats; politically determined energy infrastructure investment; compliance with energy sanctions; militarization of energy corridors and waterways; implementation of paris accords; and trade posture of energy importing nations. ENR will modify its tactics as necessary to minimize exposure to these risks. The bureau will accomplish this through focused coordination within the Department and among the interagency.

## 2. Bureau Strategic Framework

### Goal 1: Ensuring Energy Security of the United States, and U.S. Partners and Allies

**Objective 1.1:** Strengthen energy security in strategic regions through U.S. leadership in promoting energy diversification of fuel types, countries of origin, and delivery routes.

**Objective 1.2:** Formulate, implement, and monitor multilateral and U.S. energy sector sanctions in coordination with allies and partners.

**Objective 1.3:** Prevent terrorists, rogue regimes, and other malign actors from using energy production or sales to harm the United States and its allies.

**Objective 1.4:** Facilitate regional energy resource cooperation by encouraging partners to utilize shared hydrocarbon and renewable resources or share output from renewable resources to resolve long-standing disagreements and to bolster regional cooperation and integration.

### Goal 2: Promoting U.S. Energy Sector Exports

**Objective 2.1:** Promote U.S. exports of energy resources, technologies, and services globally through diplomacy, support for import infrastructure, and advocacy on behalf of U.S. companies.

**Objective 2.2:** Maximize North American energy development and strengthen North American energy security by promoting energy integration and access to cross-border energy resources, and facilitating the permitting process for cross-border infrastructure.

**Objective 2.3:** Promote U.S. finance and business models to support the transformation of electricity markets in key countries.

### Goal 3: Opening Markets and Reducing Barriers to Energy Trade and Development

**Objective 3.1:** Strengthen energy sector governance, access, and reliability in emerging economies and build governments' capacity to develop and utilize their energy resources through the development of well-governed hydrocarbon and mineral sectors, solvent and reliable power sectors, and appropriate energy efficiency solutions.

**Objective 3.2:** Strengthen and expand participation in and increase adherence to a transparent, rules-based global energy market with a level playing field for the United States through strategic energy policy cooperation with emerging partners in the developing world and multilateral institutions.

**Objective 3.3:** Advance the adoption of international best practices to improve global governance and transparency in energy and extractive industries.

**Goal 4: Promoting Universal Access to Affordable and Reliable Energy**

**Objective 4.1:** Promote modern utility systems based on effective grid management, adoption of appropriate smart-grid technologies, and advanced approaches to countering cyber security threats.

**Objective 4.2:** Work to ensure other countries, particularly other members of the International Energy Agency (IEA), develop and maintain their own energy supply disruption response capabilities.

**Objective 4.3:** Facilitate better-integrated regional energy infrastructure and markets to bolster energy resilience, strengthen regional cooperation, and increase access to energy.

### 3. Goals and Objectives

#### Bureau Goal 1: Ensuring Energy Security of the United States, and U.S. Partners and Allies

##### a. Description and Linkages

Energy sits at the nexus of national security and economic prosperity, both at home and abroad. Encouraging diversification of energy types, countries of origin, and delivery routes increases the resiliency of U.S. allies and partners to resist malign influence of dominant energy supplier countries. Preventing terrorists, rogue regimes, and others from using energy resources to harm the United States and its allies bolsters U.S. national security. Improving regional resource cooperation reduces risks to economic growth and security in those countries. This Goal supports JSP Strategic Objectives 1.4 *Increase capacity and strengthen resilience of our partners and allies to deter aggression, coercion, and malign influence by state and non-state actors* and 2.3 *Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms*. ENR will work collaboratively with the Department, the interagency and international organizations to meet U.S. international energy policy goals. Partners within the U.S. government include USAID, the Departments of the Interior, Commerce, Treasury, Defense and Energy, the Coast Guard, the Export-Import Bank of the United States, the Overseas Private Investment Corporation (OPIC), and the U.S. Trade and Development Agency (USTDA), as well as the intelligence community.

#### Bureau Objective 1.1: Strengthen energy security in strategic regions through U.S. leadership in promoting energy diversification of fuel types, countries of origin, and delivery routes.

##### a. Justification

ENR continues to lead U.S. government energy engagement in crisis regions to advance diversification of energy supply countries, transmission routes, and fuel types. In Europe, ENR leverages forums such as the U.S.-EU Energy Council and robust bilateral and regional engagement to accelerate critical energy infrastructure projects that will reduce monopolistic Russian control over energy supplies, prices, and consumers. ENR engages allies to facilitate reverse natural gas flows from neighboring countries to Ukraine after Russia's cut-off of gas supplies. In Asia, ENR strengthens energy security by increasing domestic resource development in contested areas of the South China Sea. In Latin America, ENR supports diversification of energy to reduce Venezuela's leverage over the region. A risk consideration is

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the lack of access to energy creates conditions for political instability, migration, and the proliferation of extremist organizations.

**Objective 1.2:** Formulate, implement, and monitor multilateral and U.S. energy sector sanctions in coordination with allies and partners.

**a. Justification**

ENR works to implement U.S. energy sanctions on Iran, North Korea, Russia and other rogue regimes in line with Presidential actions and U.S. law. ENR works with the international community to implement multilateral sanctions, where appropriate. ENR continues to monitor and ensure implementation of these measures. The bureau also works with the Treasury Department's Office of Foreign Assets Control (OFAC) and the Department's Economic Bureau on sanctions. ENR's effectiveness in implementing energy sanctions depends in part on the cooperation of third-party countries. A risk consideration is that companies and governments of countries may take steps to actively avoid triggering sanctions while pursuing policies counter to the goals of U.S. energy sanctions, particularly for sanctions that are not multilaterally applied.

**Objective 1.3:** Prevent terrorists, rogue regimes, and other malign actors from using energy production or sales to harm the United States and its allies.

**a. Justification**

ENR helps lead interagency and coalition anti-ISIS efforts to degrade and eventually eliminate the revenues derived from the sale of seized oil and gas assets in ISIS-controlled territory. The bureau works to leverage regional and industry contacts to deny ISIS access to energy markets and expertise in order to prevent its ability to monetize oil and gas resources and finance terrorist activities. However, expanded efforts by terrorist organizations to achieve control over territory may require ENR to work to deny energy resource revenues in new geographic areas. A risk consideration is that currently unforeseen security actions by foreign governments may constrain ENR's efforts to improve regional energy security.

**Objective 1.4:** Facilitate regional energy resource cooperation by encouraging partners to utilize shared hydrocarbon and renewable resources or share output from renewable resources to resolve long-standing disagreements and to bolster regional cooperation and integration.

**a. Justification**

Shared hydrocarbon and hydropower resources can be a source of regional friction or a driver for cooperation and greater regional integration. Cooperating to share output from other resources, including renewable, can help to improve broader regional cooperation efforts. ENR brings countries with shared hydrocarbons and hydropower potential together to discuss ways to resolve long-standing boundary disputes. These efforts enable an investment environment

that is attractive to investors. ENR engagement allows shared energy resources to power growth in employment and economic prosperity, and lower migration flows. ENR also seeks to bring countries together to discuss mutually beneficial producer-consumer relationships that deepen interaction, promote intra-regional trade, and strengthen sub-regional economies. A risk consideration is that geopolitically motivated investors may obtain undue influence in recipient countries and prevent regional energy resource cooperation. Additionally, another risk consideration is that countries may aggressively use their military presence in an area where there are competing maritime boundary claims to intimidate and slow or prevent the development of energy resources by other regional countries and impede global energy trade.

## **Goal 2: Promoting U.S. Energy Sector Exports**

### **Description and Linkages:**

Encouraging U.S. exports of energy resources, technologies, and services globally promotes prosperity at home and abroad. Barriers to energy trade and development include the lack of financing mechanisms and structural commercial arrangements in U.S. export markets. Adoption of U.S. financing mechanisms and business methods will unleash markets and provide opportunities for U.S. exports. The United States also anchors the North American energy system, which is one of the most highly integrated in the world. Vibrant North American cross-border energy trade and investment are vital for a robust and resilient U.S. economy and energy market. This Goal supports JSP Strategic Objective 2.3 *Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms*. ENR will work collaboratively with the Department, the interagency and international organizations to meet U.S. international energy policy goals. Partners within the U.S. government include USAID, the Departments of the Interior, Commerce, Treasury, Defense and Energy, the Coast Guard, the Export-Import Bank of the United States, the Overseas Private Investment Corporation (OPIC), and the U.S. Trade and Development Agency (USTDA), as well as the intelligence community.

**Objective 2.1:** Promote U.S. exports of energy resources, technologies, and services globally through diplomacy, support for import infrastructure, and advocacy on behalf of U.S. companies.

#### **a. Justification**

The United States is a growing LNG exporter. The United States also exports oil, coal, and energy technologies, including renewables such as solar and wind, energy efficiency technologies, oil field equipment, and other electric power equipment. ENR works to open new markets to U.S. LNG through engaging with energy policy makers in existing and potential LNG importing countries. The bureau provides technical assistance in support of gas import and utilization infrastructure in potential importing countries. It also advocates on behalf of U.S. companies especially in government procurements. ENR seeks to build on and replicate success in advocacy for power equipment exports to North Africa and oil and gas sector sales in

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the eastern Mediterranean. Trade partners, however, may not take a path toward breaking down overall barriers to trade and ensuring free and fair trade. Consequently, a risk consideration is that these countries may erect new barriers to trade in energy commodities, services, and technologies that may impact U.S. energy exports and investments.

**Objective 2.2:** Maximize North American energy development and strengthen North American energy security by promoting energy integration and access to cross-border energy resources and facilitating the permitting process for cross-border infrastructure.

**a. Justification**

U.S. energy trade with North America is higher than the rest of the world combined. Importing energy from Canada and Mexico reduces U.S. vulnerability to long supply lines from geopolitical flashpoints and provides emergency sources of energy during natural disasters. ENR works to reduce barriers to increased North American energy trade through diplomatic engagement. The bureau's permitting role impacts construction of new and expanded cross-border liquids energy pipelines. Trade partners, however, may not take a path toward breaking down overall barriers to trade and ensuring free and fair trade. Consequently, a risk consideration is that these countries may erect new barriers to trade in energy commodities, services, and technologies that may impact North American energy development and integration.

**Objective 2.3:** Promote U.S. finance and business models to support the transformation of electricity markets in key countries.

**a. Justification**

Barriers to the development of modern, efficient power generation, transmission and distribution of electric power go beyond infrastructure to include outdated financing and business models. ENR promotes U.S. solutions in bilateral and multilateral settings that improve the efficiency and operation of power systems and enable innovative approaches to financing new infrastructure. The construction of new infrastructure provides opportunities for U.S. firms in supplying renewable, energy efficiency technologies, and other electric power generation equipment. However, government-directed investment and development assistance from geopolitical competitors, such as China's Belt and Road Initiative, may crowd out market-oriented energy development. A risk consideration is geopolitically motivated investors may obtain undue influence in recipient countries and not adopt U.S. finance and business models.

**Goal 3: Opening Markets and Reducing Barriers to Energy Trade and Development**

**Description and Linkages:**

America's prosperity underwrites U.S. national security and depends on maintaining a fair, open, and stable international economy that guarantees reliable access to affordable energy for the United States and U.S. allies, and well-governed trading partners. ENR will expand the available markets for U.S. energy technology, equipment, and commodities by strengthening energy sector governance. ENR works through multilateral organizations to increase adherence to a transparent, rules-based global energy market with a level playing field for the United States. ENR promotes best practices in energy and extractives industries policy to ensure that U.S. firms investing in and providing services for these sectors are on an even footing around the world with their competitors. More transparency correspondingly makes target client states less desirable to less scrupulous investors. This Goal supports JSP Strategic Objectives *2.3 Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms* and *3.2 Engage international fora to further American values and foreign policy goals while seeking more equitable burden sharing*. ENR will work collaboratively with the Department, the interagency and international organizations to meet U.S. international energy policy goals. Partners within the U.S. government include USAID, the Departments of the Interior, Commerce, Treasury, Defense and Energy, the Coast Guard, the Export-Import Bank of the United States, the Overseas Private Investment Corporation (OPIC), and the U.S. Trade and Development Agency (USTDA), as well as the intelligence community.

**Objective 3.1:** Strengthen energy sector governance, access, and reliability in emerging economies and build governments' capacity to develop and utilize their energy resources through the development of well-governed hydrocarbon and mineral sectors, solvent and reliable power sectors, and appropriate energy efficiency solutions.

**a. Justification**

ENR's foreign assistance programs are integral to its diplomatic engagements overseas and provide critical support for Administration priorities and U.S. global diplomatic efforts. The Energy Governance and Capacity Initiative (EGCI) assists countries with emerging or rapidly expanding oil and gas and mining sectors on sustainable and transparent sector management to benefit national economic development. The Power Sector Program (PSP) assists countries to create solvent, reliable, transparent and sustainable power sectors. ENR's energy transformation programs focus on advancing U.S. models and technologies to support countries seeking to increase utilization of renewable energy and energy efficiency technologies as they diversify their energy mix. Government-directed investment and development assistance from geopolitical competitors, such as China's Belt and Road Initiative, may crowd out market-oriented energy development. A risk consideration is geopolitically motivated investors may obtain undue influence in recipient countries and prevent energy sector governance.

**Objective 3.2:** Strengthen and expand participation in and increase adherence to a transparent, rules-based global energy market with a level playing field for the United States through

strategic energy policy cooperation with emerging partners in the developing world and multilateral institutions.

**a. Justification**

ENR coordinates closely with DOE to influence international organizations, especially with the IEA, G-20, G-7, IRENA, and IEF, and developing countries in bilateral energy dialogues to promote a transparent, rules-based global energy market. A risk consideration is that policies pursued by other nations on climate change may affect the adherence to a transparent, rules-based global energy market with a level playing field for the United States.

**Objective 3.3:** Advance the adoption of international best practices to improve global governance and transparency in energy and extractive industries.

**a. Justification**

Sound and transparent management of a country's natural resource sector means revenues generated from oil, gas, and mining can fuel economic growth, produce jobs and foster responsible investments. Mismanagement and corruption undermine democracy and accountability, deter investment and economic growth, contribute to conflict, reduce the impact of aid dollars, and can boost the costs of oil and gas for consumers. ENR plays an active role in the EITI to promote transparency in the extractives sector. EITI enhances energy security by providing a more transparent and level playing field. This increases stability and encourages long-term investment in production, which can improve the reliability of supply. ENR also works with countries bilaterally to promote transparency. A risk consideration is that government-directed investment and development assistance from geopolitical competitors, such as China's Belt and Road Initiative, may crowd out market-oriented energy development. Geopolitically motivated investors may obtain undue influence in recipient countries and prevent the adoption of international best practices to improve global governance and transparency in energy and extractive industries.

**Goal 4: Promoting Universal Access to Affordable and Reliable Energy**

**Description and Linkages:**

Energy access is foundational to economic growth, political stability, and improved standards of living. Access undergirds the transition to a modern manufacturing and services-based economy, improves social services from medicine to education, and expands mobility. Multiple factors can limit energy access including, underdeveloped energy generation, inadequate distribution and transmission, deficient infrastructure, and poor governance and mismanagement. ENR supports the National Security Strategy goal of ensuring universal access to affordable, reliable energy, including highly efficient fossil fuels, nuclear, and renewables, to help reduce poverty, foster economic growth, and promote prosperity. ENR will expand universal access to affordable and reliable energy through modernizing utility systems,

promoting adequate energy supply disruption response capabilities, and facilitating regional energy infrastructure with U.S. partners. This Goal supports JSP Strategic Objective 2.3 *Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms*. ENR will work collaboratively with the Department, the interagency and international organizations to meet U.S. international energy policy goals. Partners within the U.S. government include USAID, the Departments of the Interior, Commerce, Treasury, Defense and Energy, the Coast Guard, the Export-Import Bank of the United States, the Overseas Private Investment Corporation (OPIC), and the U.S. Trade and Development Agency (USTDA), as well as the intelligence community.

**Objective 4.1:** Promote modern utility systems based on effective grid management, adoption of appropriate smart-grid technologies, and advanced approaches to countering cyber security threats.

**a. Justification**

More efficient usage of existing electric power infrastructure through improved grid management and smart grid technology coupled with sufficient attention to countering cyber security threats expand the availability and reliability of electric power. ENR encourages the adoption of innovative solutions in electric power grid management, markets, and distribution through diplomatic and technical engagement with utilities, government ministries, and regulatory agencies. Risk considerations include cyber security threats and geopolitically motivated investors obtaining undue influence in recipient countries to prevent adoption of appropriate smart-grid technologies and advanced approaches to countering cyber security threats.

**Objective 4.2:** Work to ensure other countries, particularly other members of the International Energy Agency (IEA), develop and maintain their own energy supply disruption response capabilities.

**a. Justification**

Although world GDP is becoming less sensitive to the effects of swings in energy markets, some energy commodities, particularly oil, remain vital to the functioning of the world economy. ENR supports the global maintenance of strategic oil stocks and other energy supply disruption response capabilities through its seat on the Governing Board and in various committees of the IEA. A risk consideration is that IEA members may experience budgetary issues that prevent them from developing and sustaining their own energy supply disruption response capabilities.

**Objective 4.3:** Facilitate better-integrated regional energy infrastructure and markets to bolster energy resilience, strengthen regional cooperation, and increase access to energy.

**a. Justification**

Expanding cross-border and regional energy infrastructure and markets allows for trade that benefits exporting and importing countries and improves countries' resilience and energy security. Interconnected power and natural gas systems allow greater integration of all sources of energy by facilitating development of the highest quality and most economic resources, as well as power exchanges among countries with varying environmental and seasonal needs. Expanding the size of markets also creates economies of scale that can attract private investment, lower capital costs, and reduce electricity costs for consumers. A risk consideration is that access to optimal resources is often limited because they may exist far from the population centers, including across political borders. Other risk considerations include: countries may aggressively use their military presence in an area where there are competing maritime boundary claims to intimidate and slow or prevent the development of regional energy infrastructure.

#### 4. Cross-cutting Management Objectives or Management Goal

**Objective 1:** Develop and implement management structures, business processes, and human capital development that support and facilitate achieving policy goals.

**a. Justification**

Robust use of flexible hiring mechanisms enables the bureau to meet some short-term work demands, but this comes at the cost of institutional continuity. The bureau will assess whether there are more effective ways to deploy its staff to achieve its policy objectives. ENR staff must have a strong foundation in energy market fundamentals and remain current on technical and policy developments. Also, processes for sharing information and managing knowledge are critical to minimizing the loss of knowledge resulting from frequent staff turnover. A risk consideration is inadequate funding. Funding constraints have prevented the bureau from reaching the full staffing levels envisioned when ENR was established in 2011.

**Objective 2:** Enhance cooperation among the bureau, regional bureaus, and other functional bureaus touching upon energy issues by coordination on regional energy strategies, incorporation of energy analysis into policy formulation, and joint exchanges with energy experts.

**a. Justification**

ENR's success in leading the Department's efforts on foreign energy policy requires close cooperation with regional bureaus and other functional bureaus such as EB and OES. ENR will enhance coordination with other bureaus, particularly through jointly developed regional energy strategies, by providing energy sector analysis that feeds into regional policy formation and improving the energy expertise of the Department through joint exchanges with energy experts. A risk consideration is regional bureau energy officers do not cooperate with ENR and develop foreign energy policies counter to ENR policies.