

Summary of Discussions
Thirteenth Meeting of the
Regional Power Trade Coordination Committee (RPTCC-13)
Yangon, Myanmar, 27 November 2012

Objectives

1. The RPTCC-13 Meeting was held to: (i) update the cross border power trade by each GMS member country; (ii) inform the progress of GMS members' internal clearances for the signing of the Inter Governmental MOU to Establish the Regional Power Coordination Center (RPCC); (iii) discuss the proposed draft Articles of Association (AA) to be agreed after MOU signing; (iv) discuss revision of guidelines for RPTCC in line with the Inter-Governmental MOU; (v) share knowledge on regional energy cooperation experiences relevant to the GMS; (vi) update on progress of Strategic Environmental Assessment (SEA) activities under RETA 7764; and (vii) consider the report on the GMS energy sector assessment as part of the RETA to develop the GMS Regional Investment Framework (RIF) under the new GMS Strategy 2012-2022.
2. The RPTCC-13 Meeting was held in Yangon, Myanmar on 27 November 2012 and co-organized by the Ministry of Electric Power (MOEP) of Myanmar and the Asian Development Bank (ADB). It was attended by the members of the RPTCC and other participants of the six GMS member countries, as well as by representatives of ADB, Agence Francais de Developpement (AFD), and the Swedish International Development Cooperation Agency (Sida). Attached is the list of participants of the RPTCC-13 meeting (Annex 2).
3. The RPTCC-13 Meeting was chaired by Mr. Anthony Jude, Director, Energy Division (SEEN), Southeast Asia Department, ADB.

Opening Session

4. U Aung Than Oo, Vice Minister, Ministry of Electric Power (MOEP) of Myanmar, warmly welcomed the participants to the meeting. He recalled that the GMS Program, since its beginnings in 1992, was able to help transform the GMS into a more integrated and prosperous subregion, where trade and investment flows more freely. He cited the ADB's key role in the GMS Program as financier, technical adviser, honest broker, secretariat and coordinator. He expressed Myanmar's full support for the RPTCC's efforts to develop performance standards, transmission regulations and other technical requirements for developing regional interconnections. He added that the knowledge exchanges under the RPTCC would play an important role in advancing development of the power market. He wished everyone a memorable and pleasant stay in Myanmar.
5. Mr. Anthony Jude, Director, SEEN, ADB, thanked the RPTCC members for their support and thanked the MOEP of Myanmar for the excellent meeting arrangements. He recalled the important milestones in GMS energy cooperation, mainly the setting up of the RPTCC, which played a key role in updating the master plan and now, in establishing the RPCC. He hoped the discussions on the MOU to establish the RPCC, along with its Articles of Association would lead to the MOU's signing at the 18th Ministerial Conference. He noted the completion of the energy sector assessment, which was undertaken as part of the Regional Investment Framework (RIF) formulation under the new GMS strategy. The study's findings included proposals for improving

consultations, power sector organization, and extension of modern energy access, among others. He emphasized Myanmar's key role in realizing the subregion's energy development goals, given its strategic location and abundant energy resources. However, Myanmar faces a host of challenges for it to meaningfully play this role, which it hopes to address through active participation in GMS power trade cooperation and pursuing a serious capacity building program. He was pleased to announce today's launch of the Myanmar Energy Sector Initial Assessment at the ADB Headquarters as part of ADB's contribution to energy knowledge management. He concluded by reiterating the central role of energy in addressing GMS development challenges, adding that the agenda for the meeting reflects the energy road map priorities- enhancing institutions for power trade coordination through the RPCC, exchanging energy cooperation experiences, and enhancing Strategic Environmental Assessment (SEA) applications in the power sector.

Country Updates of Power Development Programs: Focus on Cross Border Projects (Annex 3)

6. **Cambodia.** The presentation by the Electricity of Cambodia (EDC) provided the structure of power sources and national grid set up in Cambodia, and cited the milestones in terms of completion of main transmission links to hydro projects, the increase in high voltage lines, and the improvement in the grid's load profile. Under the power development program to 2020, main generation sources cited were hydro, coal and gas fired plants.

7. **PRC.** The presentation by China Southern Power Grid Co. (CSG) discussed the status of CSG in 2011 and details of the 12th 5-year plan (demand forecast, power transfers). The status and details of cooperation projects with GMS neighbors (Viet Nam, Lao PDR, Myanmar, Cambodia and Thailand) were presented and explained. CSG informed of recent efforts to revive the PRC-Lao PDR-Thailand 500 kV interconnection under the GMS master plan.

8. **Lao PDR.** The presentation by Electricite du Laos (EDL) provided updates on cross-border interconnections in 2012 and on the planned interconnections up to 2015. EDL explained the planned interconnections up to 2020, and noted that the 1,285 MW Xayaburi plant is now ongoing (groundbreaking ceremony was held in November 2012). EDL informed of the progress of constructing the Load Dispatch Center.

9. **Myanmar.** The presentation by the Ministry of Electric Power (MOEP) informed of the organization structure of the recently formed MOEP (merging of MOEP-1 and 2), the location of existing power plants, and the generation/ demand mix. The MOEP discussed the composition of cooperation projects, the results of long term demand forecasting, and the plan to develop hydropower (2012-2021) and combined cycle gas turbines (2012-2015).

10. **Thailand.** The presentation by the Electricity Generating Authority of Thailand (EGAT) provided updates on the power sector in 2011-2012 (generation mix, producers' mix) and the status of power purchases from neighboring countries. EGAT presented the magnitude of power purchases from specific hydro projects, and showed the power interconnection points between Lao PDR and Thailand.

11. **Viet Nam.** The presentation by the Electricity Regulatory Authority of Viet Nam (ERAV) provided the status of Viet Nam's power system (1995-2011), covering load, generation mix, and transmission network. ERAV gave an overview of the network in 2012, and briefed on the Power Development Plan 2011-2020 (Master Plan VII) approved by the Prime Minister. Updates cross-border interconnections with GMS countries were presented.

12. ADB inquired about the timeline of the PRC-LAO-THA 500 kV interconnection and the plan for involving Lao PDR in the discussions. CSG and EGAT discussed the ongoing technical efforts for advancing the joint project, including the holding of training workshops on cooperation between the utilities.

Presentation of Progress of Internal Clearances for the Signing of Draft Inter-Governmental MOU to Establish the RPCC

13. Mr. Jong-Inn Kim, Lead Energy Specialist, Energy Division, Southeast Asia Department (SEEN), ADB, recalled that at the last GMS Senior Officials' Meeting (SOM) held in Nanning, two countries (Myanmar and Thailand) informed they might be unable to obtain clearance to sign the MOU at the 18th GMS Ministerial Conference (MC) in December 2012. He requested each GMS member to report the status of internal clearance process for signing the MOU.

14. Cambodia confirmed that it will be ready to sign the MOU by the 18th MC, but MOU ratification would take some time after the signing. PRC reported that the State Council fully supported the MOU's goals but the formal clearance process is not finished yet, though this is expected to be completed shortly. Lao PDR reported that it has completed its internal clearance process to sign the MOU; the Lao GMS Minister was named for the signatory. Myanmar reported that the MOU had been submitted to the President's Office but approval could take some time (about two months) if comments from three concerned ministries would be awaited. Myanmar was concerned about each member's financial contribution to the RPCC as this has to be included in the government budget, but ADB clarified such contributions would not be in effect until the RPCC is set up. Myanmar informed that its GMS focal agency, Ministry of National Planning and Economic Development, may however be authorized to sign if it is able to get the Cabinet approval for the MOU. Thailand informed that Cabinet approval of the MOU could take three more months, and explained the reasons for the long process of internal clearance for signing the MOU. It is expected the required internal processes could be completed by Feb/March 2013. Viet Nam reported that the Prime Minister's approval to sign the MOU is in process and will be completed by the time of the 18th MC.

15. **Discussions.** The meeting discussed Viet Nam's comments on specific sections of the MOU. ADB explained the rationale for keeping the MOU simple and devoid of specifics, mainly to facilitate internal clearances of GMS members. The RPCC details would be provided in the Articles of Association (AA). Based on Viet Nam's comments, it was agreed to edit the Articles of 8, 10 and 15 as proposed. Also, members informed the expected signatory to the MOU. This will be further confirmed by members once decided by the government. Incorporating these, the revised draft MOU was initialed by all members. Upon the request by Thailand, each member expressed their views on whether the signing of MOU will be deferred until all six members can sign or it will be signed by four or five members in the 18th MC first. Other remaining member(s) will sign it later upon completion of their internal legal processes. Other five members support SOM's decision on the signing of MOU in the 18th MC meeting even though all six members can not sign it. The meeting agreed to defer to the GMS SOM on whether to sign the MOU at the 18th MC, after reporting that four countries would be ready to sign the MOU by December 2012.

16. ADB reported that PRC and Thailand submitted their application for hosting RPCC Headquarters and requested for guidance of the RPTCC on the timing of opening bids, bearing in mind that one or two members would be unable to sign the MOU at the 18th MC. All countries agreed to wait until all six GMS members have signed the MOU before opening the bids.

Discussions on Proposed Articles of Association to be Agreed After MOU Signing (Annex 4)

17. Mr. M. Caubet, Consultant, presented the draft Articles of Association (AA) which will provide the rules and regulations for the management of the RPCC's internal affairs. He noted the various sections of the AA, and explained the key sections of special interest to the RPTCC members, such as the Objective, Function, and Compliance with the Rules Issued by the RPCC, which were formulated consistent with the pertinent RPCC MOU provisions. He discussed the provisions of the following: Article 9 (The Board of RPCC) highlighting the duties of the Chairperson and the Board en banc; Article 10 (Executive Director), pointing out the proposed term of the ED; Article 11 (The Technical Groups), detailing each TG's functions; and Article 12 (The RPCC Administration) giving the proposed structure of the Secretariat.

18. Thailand suggested further edits to make the AA more concise, in accordance with the RPTCC's agreement earlier. Mr. Kim agreed and noted that the draft presented is only the second cut of the AA, and could be further refined with suggestions from the countries. On the Article 10 (Executive Director) the meeting agreed to leave as is the draft provision on the term and functions of the ED, to be subject to in-country consultations later. On Article 11 (Technical Groups), Mr. Kim explained that it would be preferable to have more details in the draft, subject to simplification later, to ensure the countries have considered the various possibilities for the technical groups. Mr. Kim reminded of the need to strike a balance between the desire for simplicity and the need to ensure that the AA provides adequate guidance to the administration of the RPCC. PRC noted the absence of a Market Development unit in indicative organization chart in Annex 1, which would be important for enhancing power market operations. Mr. Kim explained that Annex 1 shows the initial set up and the Marketing unit could be created later when the need for this arises.

19. The meeting agreed that ADB consultant would revise the AA based on the views expressed by the RPTCC members, and circulate the revised version by 15 January 2013. The GMS RPTCC members were requested to submit their comments on the revised AA version after two months or on 15 March 2013 for further discussion in next RPTCC meeting.

Revision of Guidelines for RPTCC in Line with the Inter-Governmental MOU

20. The RPTCC-13 meeting agreed to take up the revision of Guidelines for RPTCC at the next RPTCC meeting.

RPTCC Knowledge Sharing: Sharing Regional Energy Cooperation Experiences Relevant to GMS (Annex 5)

21. Ms. Annelie Gabrielson, Sida, presented the rationale for power trading in the South Africa Power Pool (SAPP), which was basically to enhance the generation mix to ensure supply security and to support each other during periods of deficiency and crises. This was made possible as the SAPP was made up of power deficit and surplus countries. She said there was a fair level of interconnection given the SAPP's common colonial past, although level of investments was still inadequate. She explained the management and governance of the power coordinating center (RERA¹) which developed most of the documents and guidelines that governed the SAPP power trade. She presented the elements in the development of market design (transfer of efficiency gains to traders, investment attraction, transmission management

¹ Regional Electricity Regulatory Association (RERA) of South Africa

and operational efficiency). She discussed the critical lessons from the SAPP trading arrangements, in terms of how the SAPP's vision has been fulfilled (e.g., facilitating development of competitive market, attracting investments, providing end users with more supply choices, etc.).

22. **Discussions.** Among the areas/ issues of interest that were raised included the following: third party access, occasional power purchases by sellers (to fill in day-to-day power deficits), the roles of regulators, and the importance of unbundling and power sector reform. Mr. Caubet noted the differences in the market conditions of the SAPP with the GMS power market, e.g, only one major player in SAPP (with many smaller players experiencing deficits), as against three large players in the GMS (which can take on both buyer and seller role).

RETA 7764: Progress of SEA Activities (Annex 6)

23. Mr. P. J. Meynell (ICEM) recalled the four steps of the SEA process and enumerated the tasks undertaken by the ICEM team since May 2012. He explained the scope of the study (geographic, temporal) and key strategic issues- environmental, social and economic. He briefed on the mechanics and results of the national consultation exercises. Mr. Nguyen Anh Tuan (ICEM) discussed the modeling of current PDPs scenario compared with the Renewable Energy (RE)/ Energy Efficiency (EE) scenario, using the OptGen modeling process. He presented the results of the modeling which showed that RE and EE scenarios displacing planned conventional energy capacity, with a different mix of RE and EE. He explained that countries however face constraints in attaining the RE/ EE scenarios, such as technical potential of RE, costs of investment/ implementation and demand and supply-side EE potential. He stressed that EE is likely to be cheaper and should be explored before new capacity is built. He showed the changes in generation mix that would result with the RE and EE scenarios with emphasis on either global or regional concerns.

24. Mr. P. J. Meynell presented the indicators being developed that would illustrate how the situation would change given particular scenarios earlier described. He listed the indicators depicting ecological security, climate security, food and social security, health and safety, governance, and state of energy and economic development. He discussed the next steps for the project, ranging from the baseline report to the preparation of the final report with mitigation and management recommendations.

25. **Discussions.** Thailand noted that the results of country consultations (e.g., list of pressing concerns) have not been faithfully reflected in the consultant's report. ICEM expressed that this shortcoming could be addressed in planned regional consultations to be held later. Considering required time for the review of consultant report, the consultant should provide their report at least three weeks before the regional workshop where the report will be discussed.

Overall Assessment of GMS Energy Sector Development Progress, Prospects and Regional Investment Priorities (Annex 7)

26. Mr. Nigel Lucas, consultant, explained the objectives of the study (e.g., assess progress in GMS energy cooperation, develop an investment pipeline) and presented the main subject of discussions of the study, namely: objectives of energy policy, power sector organization, energy access extension, RE policy, EE policy, private finance frameworks, and regional energy outlooks. He noted that while much progress has been achieved at the national level, this was not so at the regional level, given limited connectivity created by extending the national grid of large consuming countries into the territories of hydro producers. He also noted uneven

progress in market liberalization, as well as uneven efforts in RE and EE promotion, which are important in realizing energy policy objectives of improved energy security (through supply diversity), extended energy access and environmental sustainability. He stressed the need for action by the countries now in the face of complex and rapidly changing circumstances (e.g., climate change and resource depletion). He then presented criteria for the investment and TA pipeline and presented a matrix showing how regional cooperation contributes to specific national objectives (e.g., energy security, lower costs, extended access, etc.). He showed a proposed investment pipeline that addresses critical infrastructure constraints. He also showed a list of proposed TA projects that would help shift cooperation from information exchange towards decision support.

27. **Discussions.** Mr. Kim noted that recent discussions at ADB revolved around the issue of linking the development of economic corridors with the alignment of GMS transmission interconnections. PRC raised the possibility of considering the transformation of the RPTCC into an SEF-like body that could handle general energy concerns (beyond the power sector). Mr. Lucas said the issue, particularly the proposed GMS pipeline, would require further study.

Closing Session

28. **Next Meeting and Venue.** The meeting agreed that PRC would host the next meeting of the RPTCC. The PRC delegation said it would discuss the matter internally and inform the RPTCC of its decision shortly. It was announced that the next RPTCC Chair would be Cambodia (since the two-year term of the current Chair, Viet Nam, ends this year).

29. **Consideration and Adoption of Proceedings** The Chair announced the distribution of the draft summary of proceedings for review by the participants. After the RPTCC members have reviewed the draft summary of proceedings, and after incorporation of suggested changes, the body therefore approved the minutes of the RPTCC-13 meeting *ad referendum*.

30. **Closing Remarks by RPTCC Chair.** Mr. Kim summarized the results of the RPTCC-13 meeting and was pleased to note that the RPCC MOU is now ready for signing at the forthcoming 18th GMS MC. Particularly, he requested three members to expedite the internal clearance for signing the MOU in the 18th MC meeting so that five members can signed the MOU. He noted that discussions on the AA provided the basis for preparation of a revised version that would be circulated to the GMS countries for comments on 15 January 2013. He cited the interesting discussions on the special topics (e.g., cooperation experiences, SEA report, and energy sector assessment). He thanked the RPTCC members for their contributions, and thanked the host, MOEP, for the excellent meeting arrangements.