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South Asia Regional Initiative for Energy Integration (SARI/EI)

Progress on SARI/EI and Task Force 1 & Strategies for synergies between TF-1,TF-2,TF-3

**Rajiv Panda
SARI/EI/IRADe**

**3rd Meeting of Task Force 1 on “Coordination of Policy, Legal and Regulatory
framework” on 4th and 5th June, 2014 at Thimphu,Bhutan**



Outline of Presentation

- **Cooperative Agreement: Highlights**
- **Four Phase approach of SARI/EI**
- **Plans 2013-2014: Essence**
- **Plans 2013-2014: Key Activities Planned**
- **Task force 1 Activities and Progress**
 - 1. Overall Working Methodology of Task Force 1:*
 - 2. Key findings of 1st and 2nd meeting of Task force -1*
 - 3. No of TF-1 meetings planned in 2013-2014*
 - 4. TF-1: Tangible outputs by the End of Year: 2013-2014*
 - 5. Supportive study/assignments to be carried out to achieve the deliverables of TF-1*
- **Synergies among Task Forces**
- **Progress of Task Force 2 and Task Force 3**
- **Program Strategies for synergizing the activities among task forces**



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Cooperative Agreement: Highlights

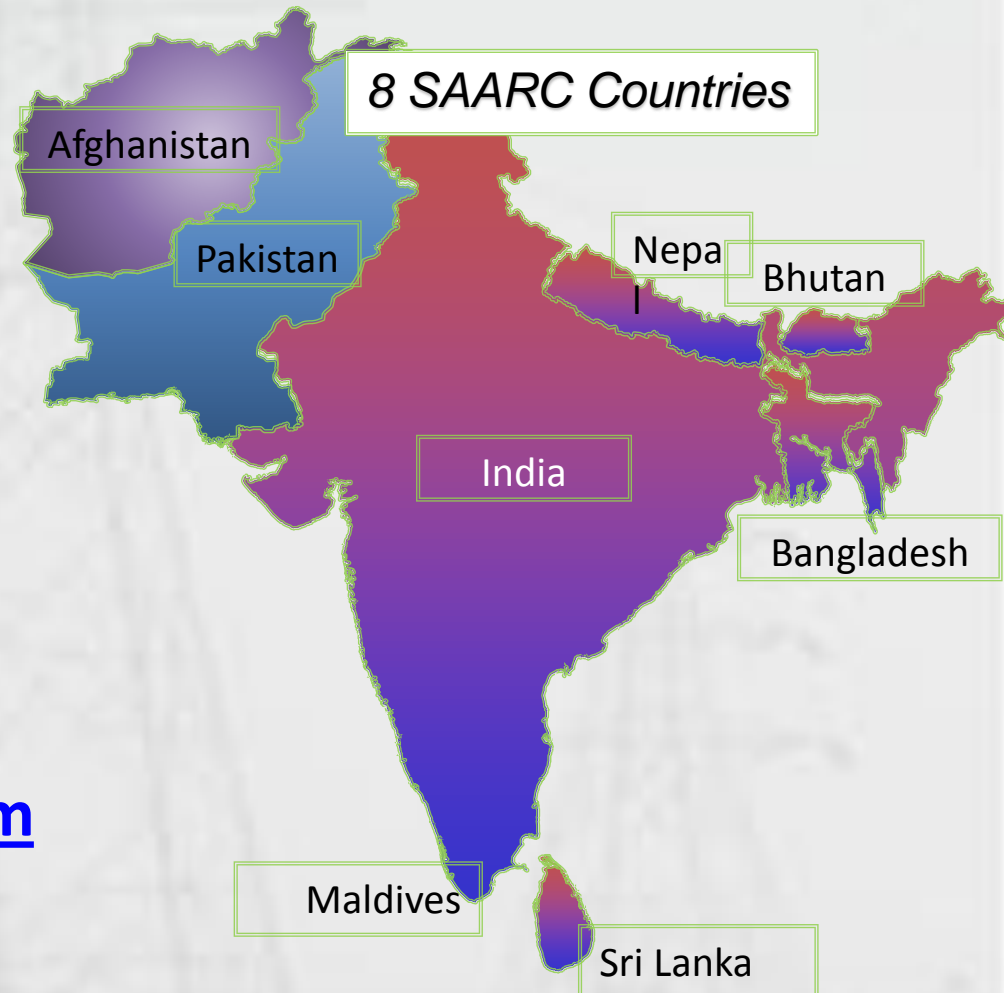
Cooperative Agreement: Highlights

Program goal and objective :

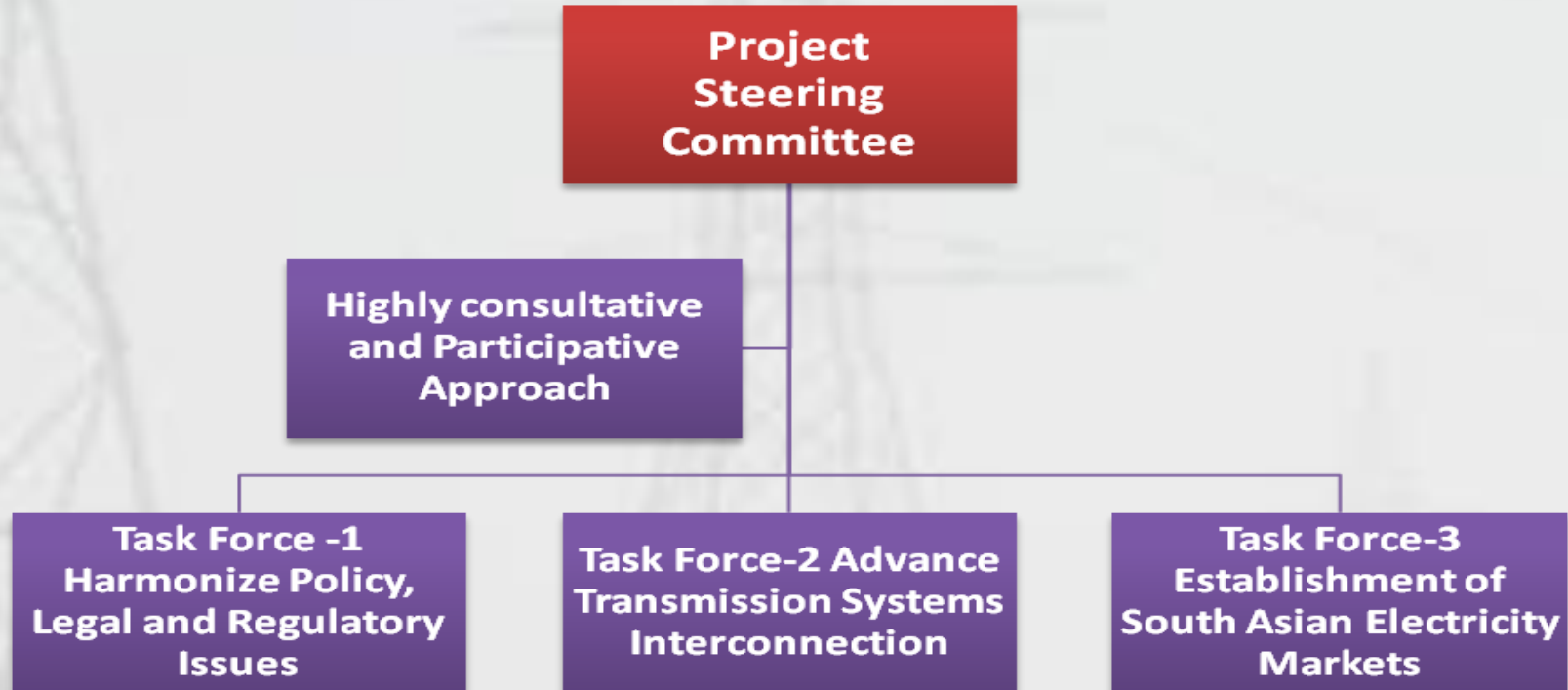
1. Regional Energy Integration
2. Cross border Electricity trade
3. Establishment of South Asia Electricity Market

- Effective from 1st October,2012
- Period -5 years (2012-2017)
- Fourth and Final Phase of SARI.

The program follows as Bottom Up approach



SARI/EI Framework



- **Task Force 1:** Harmonization of Policy, Legal and Regulatory Issues
- **Task Force 2:** Advancement of transmission system interconnection
- **Task Force 3:** Establishment of South Asian Regional Electricity Market



As per PIP 4 phase Approach and Strategy of SARI/EI

PHASE-1 (2012-13)

Establishment of Steering Committee and Task Forces, High Level Regional Conference , Back Ground Paper, Task Force Meetings

PHASE- 2 (2013-14)

Periodic Task Force Meetings
Analytical and Technical Studies
Workshop & Study Visits

PHASE-3 (2014-2015/2016)

Periodic Task Force Meetings,
Analytical and Technical Studies,
Task Force Reports.

PHASE-4 (2016/2017)

Combined Task Force Report.
Strategic Buy in and Dissemination of findings .
Program Sustainability and Exit strategy





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Plan for 2013-2014



3rd Meeting of Task Force 1 on "Coordination of Policy, Legal and Regulatory framework"

Plans 2013-2014: Essence

“Plans for 2013-2014 is focused on intensive task force meetings where each of the task forces will work to address the specifics issues concerning CBET and achieve the deliverables as defined in the terms of reference of Task Forces”



Plans 2013-2014: Key Task Activities

- ***Inaugural conference on 4-5 October 2013, Release of Background Paper during the Inaugural Conference***
- ***Organising Project Steering Committee meetings***
- ***Formation of Task Force 3***
- ***Country visits in the SA region***
- ***Study Tours***
- ***Organising Workshops (Investor workshop)***
- ***Task Force Meetings***
- ***Supportive exercises/assignments to be carried out to achieve the deliverables of the task Forces.***





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TASK FORCE 1 ACTIVITIES:
Activities planned to achieve deliverables of TF-1 as defined in the terms of reference of TF-1



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Overall Working Methodology of Task Force: Bottom Up Approach and Building Strategic ownership.

- Task force are the heart of the SARI/EI Program .
- TFs follows a highly structured and participatory approach.
- Members are the owners of the Task Force and its outcomes .
- Members if want to carryout a study to get the work done for the Task force , may ask the need for doing the same.
- IRADe will provide technical, coordinating and secretariat support for required TF-2 and for carrying out the study if needed.
- PSC committee will also be consulted and their guidance/directives will also be taken for activities of the Task Forces.



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Progress on Task Force-1 on Coordination of Policy, Legal & Regulatory Framework

Task Force-1 on Coordination of Policy, Legal & Regulatory Framework on 24th- 25th July, 2013 | Dhaka, Bangladesh : Findings

- TOR and methodology proposed by IRADe for TF 1 finalized and accepted.
- Members shall identify the provisions contained in their laws, policies and regulations on the various aspects and make Country wise presentation on the above shall be made in the 2nd meeting of TF 1.

Key Deliverables as per the Terms of reference of TF-1 :

- Aligning National Electricity Policy to recognize CBET as an integral part of the national electricity plan by **reviewing existing electricity plan and review of laws, acts ,policies for identifying specific provision/clauses that impacts CBET.**
- Develop **regulation and Policy Coordination Template** and Develop a regulatory pathway/Road Map for establishment of SAME starting with minimum set of enabling regulatory and legal provisions
- **Investment guidelines** and policies applicable across South Asia. Risk analysis and mitigation policies and Compilation of South Asian **Electricity Policies.**
- **Standard formats** for Bid Documents and Power Purchase Agreements.





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2nd meeting of Task Force-1 on Coordination of Policy, Legal & Regulatory Framework held on 19th & 20th February, 2014 | Colombo, Sri Lanka : Findings

- Scope of work(SOW) of the study finalized.
- The key legal, Regulatory and policy issues(Country wise) were discussed.
- Members to present Investment related issues pertaining to their country in the next TF1 meeting
- In the Third meeting Draft findings of the study shall be discussed.



3rd Meeting of Task Force 1 on "Coordination of Policy, Legal and Regulatory framework"



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Progress on action points of the 2nd meeting of TF-1



Progress on **Action points** of the 2nd meeting of TF-1

Action Points	Status
<ul style="list-style-type: none"> ✓ Scope of work of study was discussed and IRADe shall issue the updated TOR after incorporating their comments/observation to the members by 24th Feb, 2014 and will request members to give inputs latest by 26th, Feb, 2014 positively. 	<p style="text-align: center;">Completed</p>
<ul style="list-style-type: none"> ✓ Various Policies, regulatory and legal issues that were discussed shall be included in the scope of work, to ensure that study covers these issues by 26th, Feb, 2014. 	<p style="text-align: center;">Completed</p>
<ul style="list-style-type: none"> ✓ IRADe shall initiate the process for hiring the consultant to carry out the study as per the scope of work and study is expected to be completed within six months from the date of award which is expected by end March, 2014. 	<p style="text-align: center;">Consultant has been appointed</p>
<ul style="list-style-type: none"> ✓ Data format with an objective to carry out the study shall be prepared and will be sent to members seeking the requisite data if needed by consultant and members will provide the data as per the format within 1 month of the award of the study. 	<p style="text-align: center;">Data format to be discussed in the 3rd meeting of TF-1</p>
<ul style="list-style-type: none"> ✓ Members to present Investment related issues pertaining to their country in the next TF1 meeting. 	<p style="text-align: center;">To be presented in the 3rd meeting of TF-1</p>
<ul style="list-style-type: none"> ✓ The third meeting of TF1 shall be held in Bhutan and tentatively in May'2014. Brief Agenda of the third meeting was discussed as follows: <ul style="list-style-type: none"> • Present and discuss progress on action points emerged of 2nd TF-1 meeting. • Present and discuss the interim findings of study report on review of existing Acts, Policies and other regulations and agreements including gaps. • Discuss and seek suggestion from the members on draft findings and come out with preliminary recommendations on changes to be made on regulatory, legal, policy aspects for promoting CBET. • Members to present Investment related issues pertaining to their country. 	<p style="text-align: center;">Shall be carried out during 3rd meeting of TF-1</p>



TF-1 meetings planned in the year 2013-2014

- Three meetings of TF 1 is planned to be conducted in this year.

ACTIVITIES	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Task Force 2 meetings												
TF-1 Meetings					TF-1					TF-1		TF-1



TF-1: Tangible outputs from by the End of Year: 2013-2014

- Members findings on review of existing Acts, Policies and other regulations and clear recommendations on changes (country wise) to be made (including institutional changes if any) to facilitate CBET and **draft** report of the same.
- **Draft** report based on minimum regulatory/legal/ policy requirements needed to enable expansion of CBET and and report on a common/ coordinated legal, policy, regulatory frame work for CBET in SA.
- Country specific actions plans and strategies for buy in of recommendations of the report on “Review of existing Acts, Policies and other regulations and clear recommendations on changes to be made”.
- **Draft** outline Task force 1 report.



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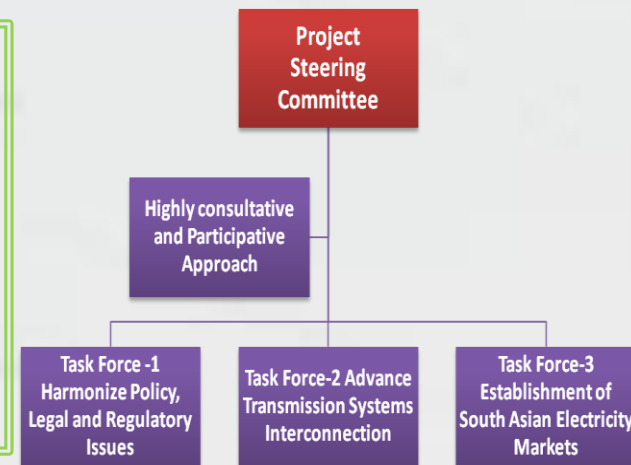


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Synergies among Task Forces

Synergies among Task Forces

1. Though the overall SARI/EI approach has been devised through three task forces, but there are lot of issues which has to be addressed jointly by task forces and the final findings of each of the task forces will be combined and will be carried forward for having strategic buy in of the findings of the Task force recommendations.
2. Moreover overall goal of the SARI/EI is to promote Cross Border Electricity Trade and this can only happen through right and appropriate Synergies between taskforces.



4. For example the Policy, Legal and Regulatory framework is also required for planning and operation aspects of power system interconnection which is covered by Task force 2 and For Establishment of Power Exchange i.e. covered by Task force -3.
5. Even for task force 3 an overall policy and regulatory environment is extremely important to devise the south Asian power market and the market rules and operational aspects of power market must be framed in conformity with overall Policy, Legal and Regulatory framework in the South Asia region.
7. Therefore it is extremely important to have Synergies among Task Forces ,particular about the task force -1 and task force members should be very clear and well aware of the activities of each of the task forces.
8. Task force 1 while designing the overall Legal, Regulatory and policy frame work In South Asia for advancing CBET , Preparing the Legal, Regulatory and policy Artichecture for creation of South Asian power Market and promoting investment in the region , TF-1 should work very closely with TF-2 and TF-3.

Key Deliverables: Task Force-2: Advancement of Transmission System Interconnection

Key Deliverables:

- Prepare Regional Electricity plan in 25-30 year time frame in periods of 5 years based on National plans
- Assess CBET opportunities in 25 – 30 year time frame
- Develop Standard Technical specifications for requirements of different voltage levels with parameters and list of codes to be prescribed for cross border requirements.
- Develop coordinated system operating procedures to be adopted for import export tie lines.

Progress:

- 1st Task Force-2 meeting held on 21st - 22nd August 2013 at Thimpu, Bhutan .
 - 1. Members finalized the TOR and Deliverables of TF-2**
- 2nd Meeting of Task force -2 was held on 16th and 17th April, 2014 at Kathmandu, Nepal.
 - 1. Members Discussed the planning and operational aspects for Power system interconnections.**
 - 2. Scope of work/ToR on trading potential and harmonization of Grid codes were discussed and commented upon which shall be further finalized by IRADe.**
 - 3. IRADe has finalized the TOR and subsequently consultant shall be appointed for carrying out the study.**

TF-2: Tangible outputs from by the End of Year: 2013-2014

By the end of the year TF-2 shall come out with following tangible outputs.

- **Member's findings on demand -supply projections to find trading potential for the region over a time period of next 20 years in each 5 year horizon and draft report on the same.**
- **Based on the trading potential available, member's findings and agreement on interconnection lines and export and import points for power trade.**
- **Member's draft findings on coordination procedures/guidelines/mechanisms and standards (country wise) needs to be adopted for import export tie lines and allow feasible cross border power trade draft report on the same.**
- **Draft report on the outline long term south Asia electricity master plan.**

Supportive exercises/assignments to be carried out to achieve the deliverables the Task Force 2

Supportive exercises/assignments for Task Force 2:

1. Study/exercise is to identify the trading potential in (MW, MWh.) of the South Asian nations over a period of next 20-25 years. This will include assessing the regional plan along with long and short term demand-supply scenarios of each country.
2. Review various transmission system operational procedures and related practices viz., Grid Codes, equipment standards, protection standards across the South Asia region

“Scope of the exercise has been finalized Draft findings of the study will be discussed in 3rd TF 2 meeting”

Key Deliverables: Task Force-3:South Asian Regional Electricity Market

Key Deliverables:

- Develop the design of a Pilot Regional Electricity Market
- Finalize market design of a South Asian grid at the completion of the Pilot phase should include a draft set of market rules
- A South Asian Electricity Plan document that identifies options for Energy Integration covering commercial aspects. This will also include a comprehensive inter-regional electricity road map which will enumerate the various phases of Cross-Border Electricity Trade.
- Statement of Opportunity for South Asian Electricity System for prospective investors and consumers.

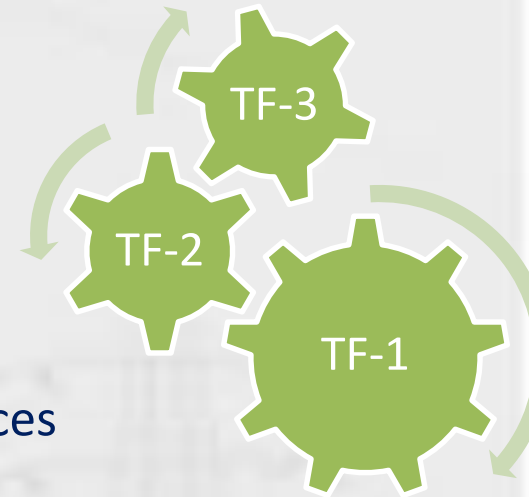
Progress:

- First meeting of TF-3 was organized on 29th and 30th April, 2014 at Mumbai.
- The ToR of TF-3 was discussed and finalized and Member suggested IRADe to prepare a road map for achieving the deliverables of the task forces.
- The road map has been prepared by IRADe and has been circulated to members for their suggestions and comments.

The overall strategy for Synergies among Task Forces:

To meet the objectives and achieve the deliverables of the each of the taskforces and to address and manage the cross cutting issues among task forces we have devised a strategy. The overall strategy overall strategy is:

- Combined and Joint task force meetings to address a Particular and specific issues.
- Participation of Task forces members in the PSC meetings.
- Combined meeting to discuss the findings of the Task Forces reports.
- Meeting to discuss and finalize the overall and combined report of all the three task forces task forces.
- The schedule of the above meeting shall depend on the progress of the task forces and may be organised in next year of the program.



How current TF activities expect to complement each other

1. TF- 1 Study is expected to suggest an Legal regulatory and policy framework for South Asia to Advance CBET and enhance Investment in the region.

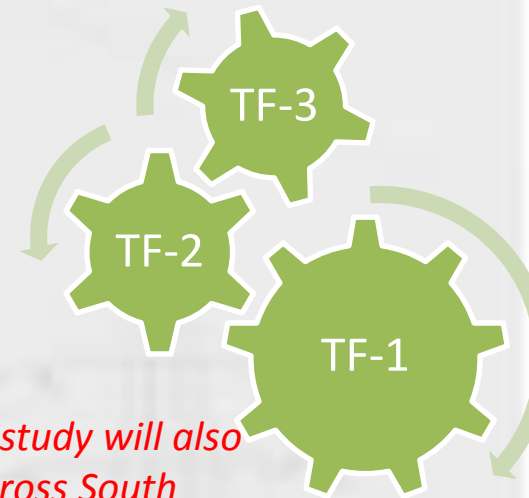
“This Study will be helpful for TF-3 to devise the South Asian power market and the market rules and operational aspects of power market to be framed in conformity with overall Policy, Legal and Regulatory framework in the South Asia region”

2. TF-2 Studies on trading potential will estimate the trading potential in each five year horizon over a period of 10 -20 years.

“This study will helpful for TF-3 in the feasibility aspects of power market .This study will also be helpful to TF-1 in preparing Investment guidelines and policies applicable across South Asia”

“TF-2 study on harmonization of Grid codes will feed in to the TF-3 and TF-1 in addressing overall operational aspects of power system interconnections”

3. Both TF-1 and TF-2 studies will feed in to have a preliminary assessment for preparedness for SAEM





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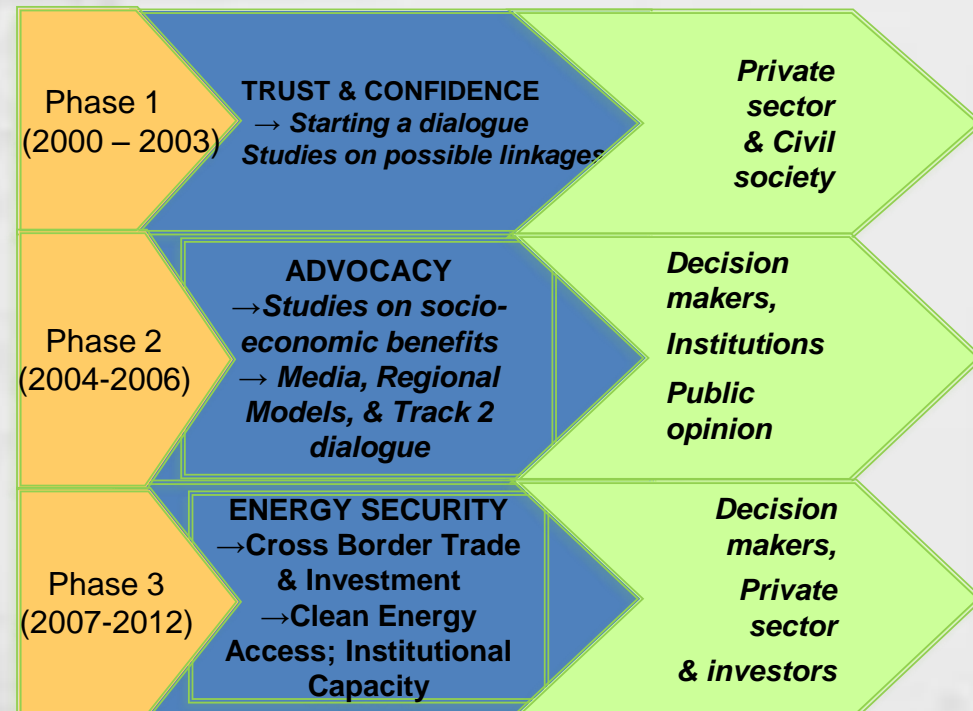
Thank You

SARI/EI- A Bottom Up Approach....

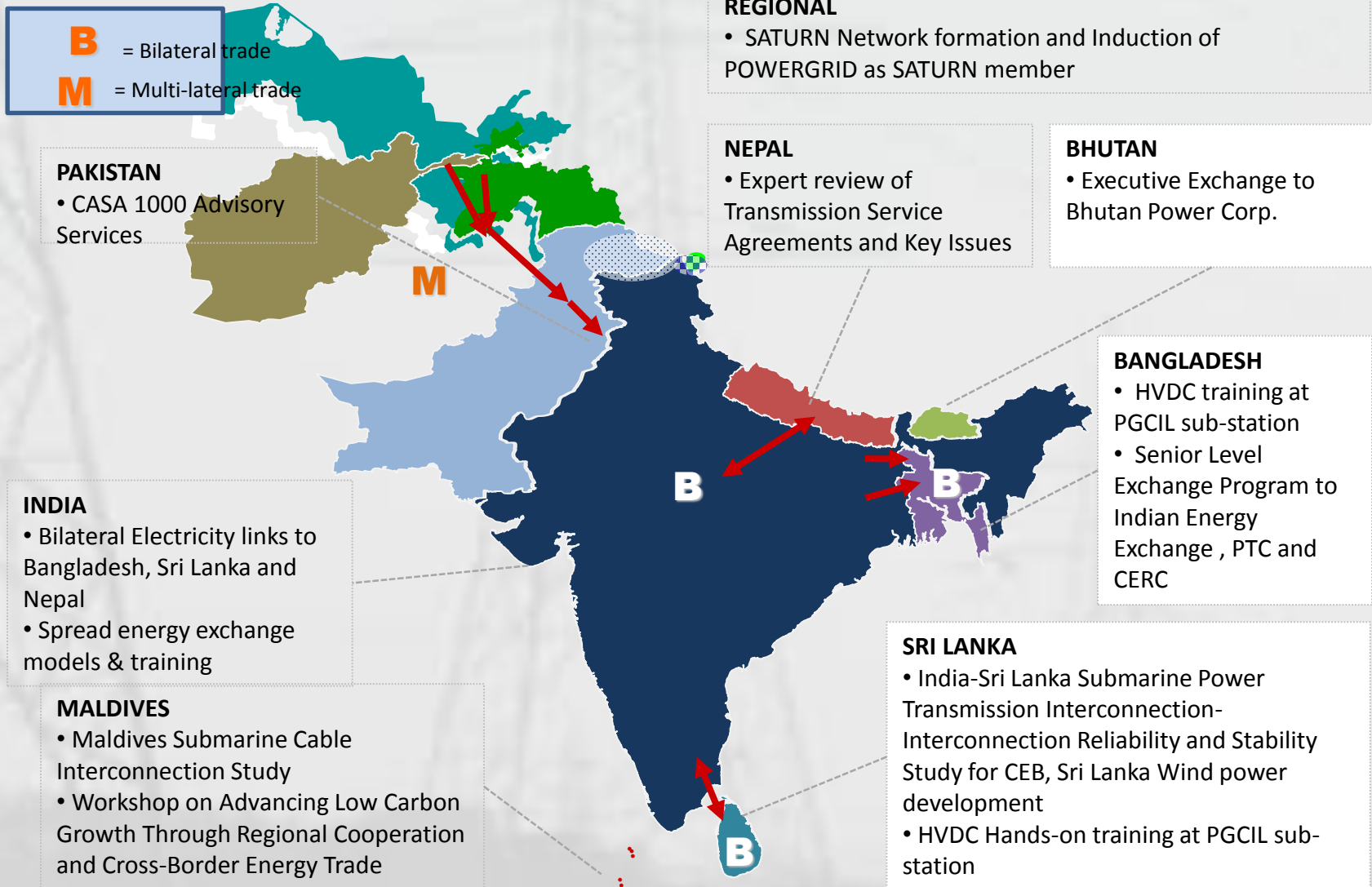
- ✓ Early phases of SARI/E concentrated on a **“top down”** process focusing on bringing parties together and identifying a decision making frameworks for developing projects.
- ✓ Current SARI/EI program focus is on a demand driven **“bottom up”** development paradigm specific for cross-border project development.

SARI/EI will support a multi-Stakeholder platform to convene, deliberate and provide recommendations in the following three areas:

1. Harmonization of policy, legal and regulatory issues
2. Advancement of transmission systems interconnections, and
3. Establishment of South Asia regional [electricity markets](#)



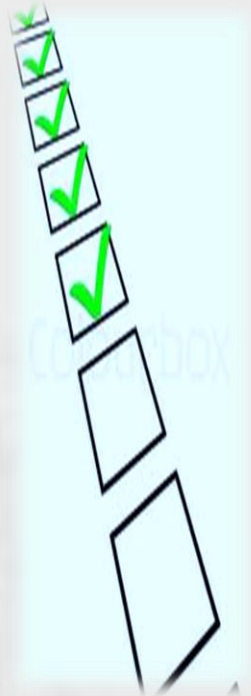
Twelve Key Cross Border Infrastructure Activities in the last Phase





Key activities completed in the Year 2012-2013

- Regulatory workshop on “Cross-Border Energy Trade - Issues before Regulators in the South Asia Region ”was successfully held on 19th- 20th February, 2013 at Kathmandu, Nepal.
- Visits to Nepal, Bangladesh, and Sri Lanka were organised along with USAID to interact with the key stakeholders and garner the support for Phase 4 of SARI program.
- Formation of Project Steering Committee.
- 1st Project Steering Committee meeting held on 12th March 2013 at New Delhi.
- Constituted the Task Force 1 & Task Force 2 .
- 1st and 2nd Meeting of Task Force-1 on Coordination of Policy, Legal & Regulatory Framework was held on 24th & 25th July 2013 at Dhaka, Bangladesh and 19th & 20th February, 2014 in Colombo, Sri Lanka.
- 1st meeting of Task Force 2 on Advance Transmission System Interconnections was held on 21st & 22nd August 2013 at Thimphu, Bhutan.



“Terms of reference (TOR) were finalized and various action points to meet the TF objectives and its deliverables were finalized during the meeting”

Key Lessons Learnt

- To follow a consultative, participative and structured approach through the Task forces.
- Strategic skilful policy advocacy in implementing the program and meeting the objectives of the program
- Importance of continuous TF meeting to ensure continuity of the TF activities.
- Providing intellectual inputs to the PSC and TF members through research and analysis for enabling them to making informed recommendations.





2nd PSC meeting : 8th January, 2014 | New Delhi, India

- 2nd Project Steering Committee Meeting, SARI/EI was organised on 8th January, 2014 | New Delhi, India.
- The progress of the program and future program activities were discussed.
- Task force 3 TOR were discussed , finalized TOR will be issued along with the letter of nomination for TF-3.
- Members discussed on building on the political consensus.
- Various studies to be carried out to achieve deliverables of the Task force were discussed.
- Members suggested to have Coordinated Project Steering Committee and Task Forces Meetings, the same shall be organised in 2013-2014.



1st Task Force-2 meeting “Advancement of Transmission System Interconnection “ held on 21st - 22nd August 2013 | Thimpu, Bhutan

❑ Members finalized the TOR and key deliverables

Key Deliverables:

- Prepare Regional Electricity plan in 25-30 year time frame in periods of 5 years based on National plans
- Assess CBET opportunities in 25 – 30 year time frame
- Develop Standard Technical specifications for requirements of different voltage levels with parameters and list of codes to be prescribed for cross border requirements.
- Develop coordinated system operating procedures to be adopted for import export tie lines.





Issues	TF1(Harmonize Policy, Legal and Regulatory Issues)	TF2(Advance Transmission Systems Interconnection)	TF3 (Establishment of South Asian Electricity Markets)
Regulations & Policies	TF-1		
1.Does Electricity Act recognize Cross Border Trade	TF-1		
2.National Policy on Electricity	TF-1		
3.Policy on Renewables & Fossils	TF-1		
4.Steps towards Commercialisation of the sector	TF-1		
❖ Independent Regulator	TF-1		
❖ Unbundling for accountability	TF-1		
❖ Recognize trading as an activity and permit import & export	TF-1		
5.Open access in transmission		TF-2	
❖ Transmission pricing & loss sharing		TF-2	TF-3
❖ Independent system operator	TF-1	TF-2	TF-3
6. Encouraging private investment into Generation	TF-1		TF-3
❖ Creating a level playing field	TF-1		
❖ Attractive returns	TF-1		
❖ Transparency in selection	TF-1		
❖ Long term commitment (Multi year Tariff Policy)	TF-1		
❖ Approvals & clearances	TF-1		
❖ ROW and land acquisition issues	TF-1	TF-2	



<u>Issues</u>	TF-1(Harmonize Policy, Legal and Regulatory Issues)	TF-2(Advance Transmission Systems Interconnection)	TF-3(Establishment of South Asian Electricity Markets)
7.Consumer protection	TF-1		
8. Balancing mechanism for schedule deviations UI		TF-2	TF-3
9.Provisions for transiting of electricity and priorities		TF-2	
10.Climate Change and Energy Efficiency	TF-1		TF-3
11.Export / import duties or restrictions	TF-1		TF-3
12. Facilitate creation of dedicated third party lines in host country	Not clear (But primarily will be in TF-1 and TF-2)		
13. Provision of ancillary services	TF-1		TF-3
Technical Issues		TF-2	
14.Transmission planning criterion	TF-1	TF-2	
15. System construction, connectivity, metering & operation codes		TF-2	
16.Harmonising equipment standards		TF-2	
17. Long term Electricity Plan for Generation & Transmission	TF-1	TF-2	
18. Long term Load Forecasting	TF-1	TF-2	
Financial Issues			
19. Government subsidies	TF-1		
20. Level playing field	TF-1		
Commercial Issues			TF-3
21.Market Design ,Payment security mechanism for IPPs			TF-3
22.Standard bidding and agreement documents	TF-1		TF-3
23. Metering standards, reading and accounting		TF-2	TF-3

Agenda Points of the TF-1 meetings planned in the year 2013-2014

	AGENDA POINTS	EXPECTED OUTCOMES
<p>TF-1 Third Meeting (Proposed to be held on 4th and 5th June,2014 at Thimphu, Bhutan)</p>	<p>1) Present and discuss the interim findings of study report on review of existing Acts, Policies and other regulations and agreements (as per the list in the TOR of TF-1) to identify inconsistencies that could have an impact on CBET and suggest corrective measures.</p>	<p>1. Interim findings of the review of existing acts, policies and other regulations to identify inconsistencies that could have an impact on CBET 2. Preliminary suggestions on changes to be made on regulatory, legal, policy aspects.</p>
<p>TF-1 Fourth Meeting (Planned in SEPT,2014)</p>	<p>1. Present and discuss the draft findings of the study and on minimum regulatory/legal/ policy requirements needed to enable expansion of CBET and for formation regional electricity market and bring investment in the region and preparation of a common/coordinated legal, policy, regulatory frame work for CBET in SA</p> <p>2. Come out with preliminary suggestions/ recommendations on (country wise) minimum regulatory/legal/policy requirement for promoting CBET in the form of regulation and policy coordination template.</p>	<p>1) Final report on the review of existing acts, policies and other regulations to identify inconsistencies that could have an impact on CBET. 2) Draft report of the study on minimum regulatory/legal/ policy requirements 3) Final report on (Country wise) preliminary recommendations on minimum regulatory and policy requirements.</p>