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South Asia Regional Energy Partnership (SAREP)

Presentation

on

Draft Terms of Reference (TOR) of the Knowledge Study

on

“Long Term Regional Cross Border Energy Policy & Regulatory Vision (RCEPRV) as a future outlook with a 25 to 30-year time horizon for long term Sustainability of CBET based on Common Principles”

Session 3: Updates on the planned Interventions of the SAREP Task Force-I on “Coordination of Policies, Legal and Regulatory Frameworks for CBET”

**11th Meeting of SAREP Task Force-I on “Coordination of Policies, Legal and Regulatory Frameworks for Cross Border Electricity Trade”
Maitland State Room, 9th October 2023, Mount Lavinia Hotel, Mount Lavinia, Colombo, Sri Lanka**

Presented by

Rajiv Ratna Panda, Power Market Specialist, SAREP



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South Asia (SA): Background and Context

- ❖ Energy & Power System are undergoing **Transformation** due to various Socio-economic, Climate Change, Technological factors, and Energy Security concerns in South Asia (SA)- From **Global Grid to Prosumers**.
- ❖ Future of Cross Border Electricity Trade (CBET) & Regional Energy Cooperation (REC) in SA to **navigate these changes** & maintain its relevance.
- ❖ Cross Border Investment are **Long Term** and **Irreversible** in Nature. Needs Long term **Regional Policy** and **Regulatory Vision** and clarity.
- ❖ CBET & REC can accelerate **Optimal** Clean Energy Transition in South Asia. (Large Scale Hydro Energy, Energy Storage, Managing RE Intermittency, Reducing Curtailments).
- ❖ Regional Vision/Policy/Regulation Framework are seen in other regional grids such as in Europe as the **building block for sustainable grid integration**.
- ❖ In South Asia there is **absence of a collective comprehensive** Regional Policy Vision on Cross Border Electricity Trade (CBET) and REC.

South Asia- Where it Stands in CBET

Southern Africa



9 TWh

Europe

427 TWh



ASEAN

49 TWh

South Asia

19 TWh



Renewable (%) in Electricity Capacity

Europe- 45 % | South Asia-38 %

ASEAN-34% | SAPP-30 %

Regional Vision/Policy/Planning/Regulation

Europe- Yes | South Asia- No

ASEAN-Yes | SAPP- Yes

Regional Electricity Market

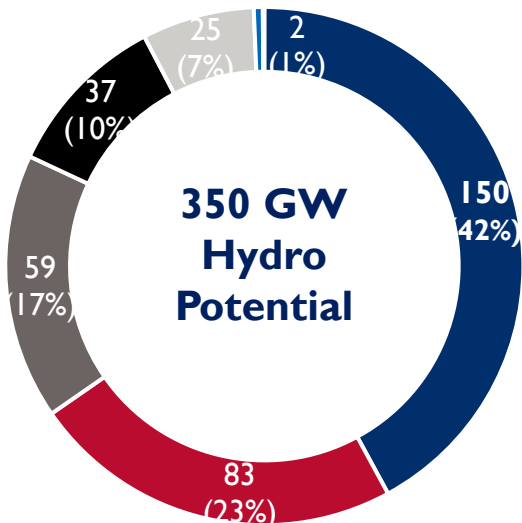
Europe-Yes | ASEAN-No | South Asia-No | SAPP-Yes

Source : Terawatt-hour (TWh) SAPP AR-2020, ASEAN, EUROPE, South Asia

Long Term Regional Cross Border Energy Policy & Regulatory Vision as collective South Asian approach could be helpful to advance CBET

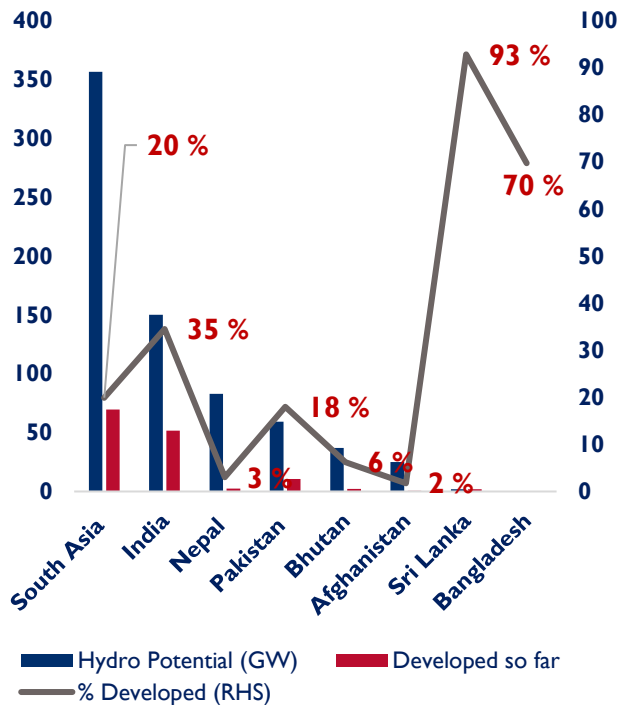
South Asia (SA): Background and Context

South Asia Hydro Power Potential GW (%)



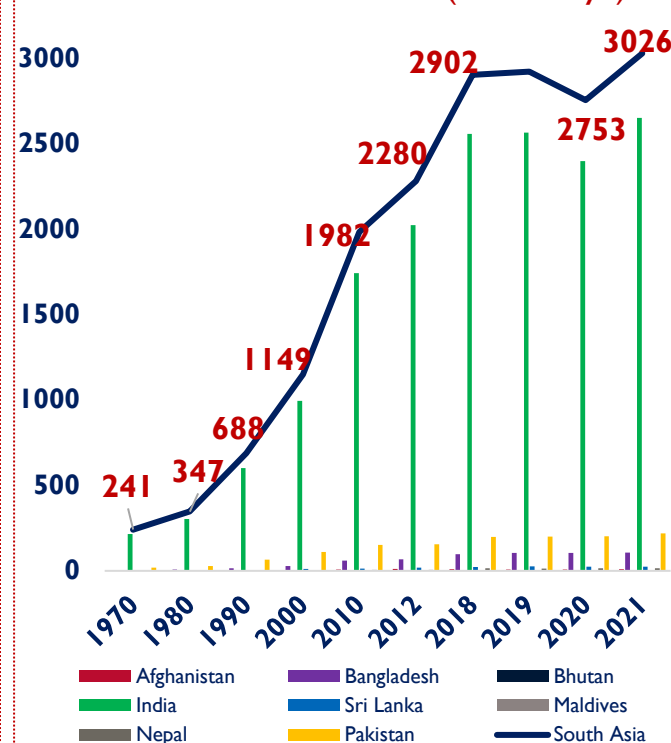
Source: CEM Presentation

Hydro Power Potential (GW) & % tapped so far



Source: CEM Presentation

Fossil Co2 Emission (Mt Co2/yr)



Data Source: EDGAR - Emissions Database for Global Atmospheric Research, 2022 report

World Bank Study- Hydropower would increase by 2.7 times if there is unconstrained flow of electricity across the borders in SA

Regional Energy Integration (REI) initiatives often needs to Navigate various long term consideration which shapes larger Policy & Regulatory Environment/Design



Regional & National Interest ?

(How to Balance ? Which one to Prevail ?
Finding Win-Win Proposition)



Energy Security & Energy-Interdependence ?

(How much Interdependence ?
Green Attribution to whom ?)



Navigating Geopolitical Realities

(Idealism vs Realism, Managing Uncertainty)



Energy Resource Nationalism & State Governance

(How Much State Control ?
Resource Sharing at what cost ?)



Competitive & Cooperative Principle

(Relying on Competition ?
Sharing of Burden of Grid Integration ?



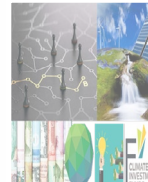
Political-Economy of Undertaking Power Market Reform

(How to steer CBET market integration in the absence of adequate market reform ?)



Common Agreed Principle for Equitable Sharing of Cost & Benefits

(How ? Setting the Expectations ?)



Limited Public Resource & Investment Strategy

(How to attract investment while in a dominant state control environment ?)



Market & Development Approach

(limitation of market ? Is developmental approach, is a better for South Asia)

While electricity policy & regulation depends on the political economy of the jurisdiction that creates it, Policy Makers and Regulators will have to play an important role in ensuring a balanced Clean Energy Transition—that is affordable, sustainable with minimal environmental and socioeconomic repercussions—and it requires Policy and regulatory leaders to navigate these difficult trade-offs with a long-term vision/outlook.

Objective of the Knowledge Study

Objective

To carry out a Knowledge Study to come up with a “Long Term Regional Cross Border Energy Policy & Regulatory Vision (RCEPRV) as a future outlook with a 25 to 30-year time horizon in consultation with Policy Makers, Regulators for long term Sustainability of CBET based on Common Principles for South Asia Region



03

Terms of Reference of the Knowledge Study

Long Term Regional Cross Border Energy Policy & Regulatory Vision



Terms of Reference of the Knowledge Study

1

Review, analyze the current, emerging trends & future perspectives in energy and power sector across “generation-to-consumption” value chain including Clean Energy Transition (CET) & Net Zero (NZ) perspectives in each South Asian countries

2

Analyse and assess (Qualitatively & Quantitatively) the potential role of advancing Regional Energy Cooperation (REC), Cross Border Energy/Electricity Trade (CBET) & development of Regional Power Market in accelerating Clean Energy Transition and contribute towards achieving Net Zero Goals in next 25 to 30-year.

3

Taking into consideration the findings of 1 to 2 , analyse the prevailing institutional, policy, regulatory framework related to energy and power sector from the perspective of REC and Cross Border Electricity Trade.

4

Undertake a high-level Landscape Questionnaire Survey/Interview among Policy Makers, Regulators and other South Asian Energy stakeholders (40 Number) on Long Term Cross Border Energy Policy and Regulatory expectation in next 25 to 30-year in the context CET and NZ priorities

5

Taking in consideration the findings of 1 to 4 , Conduct a comprehensive gap analysis vis-à-vis prevailing Cross Border Energy Policy & Regulatory framework, prepare common guiding principles for advancing REC & CBET

6

Analyze the international experience/best practices in Regional Cross Border Energy Policy & Regulatory Vision/Regulation/Policies such as in Europe, ASEAN, Its Potential Impact & Key lessons for South Asia

7

Taking in consideration the findings of 1 to 6 , Prepare the Draft Report , Regional Cross Border Energy Policy & Regulatory Vision Statement and Summary for Policy Makers and Regulators

8

Present the Draft Report , Regional Cross Border Energy Policy & Regulatory Vision Document, Summary for Policy Makers and Regulators and Roadmap for Implementation in the 12th Meeting of Task Force-I and incorporate the suggestions/comments

9

Submit the Final Comprehensive Report , Regional Cross Border Energy Policy & Regulatory Vision Document , Summary for Policy Makers and Regulators and Roadmap (Regional & Country wise) for Implementation.

10

Organise a dissemination workshop to release the report, Regional Cross Border Energy Policy & Regulatory Vision Document , Summary for Policy Makers and Regulators and present findings of the study.



04

Tentative Timeline of the Knowledge Study

Long Term Regional Cross Border Energy Policy & Regulatory Vision



Timeline of the Knowledge Study

Tentative Timeline : Seven Month

SL NO	Deliverable	TIMELINE
1	Consultant On board	T
2	Inception Report	T+1
3	Draft Report , Regional Cross Border Energy Policy & Regulatory Vision Statement and Summary for Policy Makers and Regulators	T+4
4	Present the Draft Report , Regional Cross Border Energy Policy & Regulatory Vision Statement and Summary for Policy Makers and Regulators in 12 th TF-I Meeting	T+5
6	Fina Report, Regional Cross Border Energy Policy & Regulatory Vision Statement and Summary for Policy Makers and Regulators	T+6
7	Report Release and Dissemination Workshop	T+7

Thank You



Contact: rpanda@sarep-southasia.org
rajivratnapanda@gmail.com
+91-9650598697



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