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NEPAL, AFGHANISTAN, BANGLADESH, AND NEPAL PREPARE FOR POWER TRADING (MODULE 2)

TRAINING FOR SOUTH ASIA REGIONAL INITIATIVE FOR ENERGY INTEGRATION (SARI/EI)

Delhi, India – Energy executives representing South Asia Regional Initiative for Energy Integration (SARI/EI) countries participated in the second of three modules on the design, management and operation of a power trading entity. The training was conducted jointly by PTC India Ltd. (India’s largest power trader) and the National Power Training Institute (NPTI). It was tailored for the Nepalese, to provide them with the institutional and human capacity to establish a power trading entity in Nepal. The activities, which were targeted at Nepal Electricity Authority, Government of Nepal representatives and private sector, also included additional representatives from Afghanistan, Bangladesh, and Bhutan. The same sixteen delegates from Module 1 participated in the Module 2 training. In continuation, the second module of the training was designed as a natural progression from Module 1, and was concentrated on the specifics and nuances of the day-to-day functioning of a power trading entity in India.



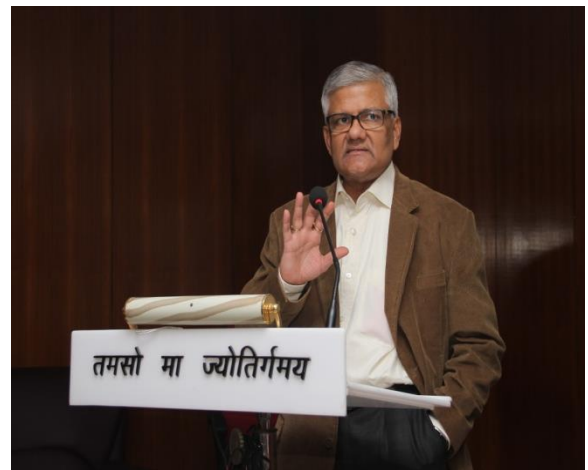


Above: Mr. J.S.S. Rao, Principal Director, National Power Training Institute (NPTI) addresses and welcomes the delegates.

The Module 2 training was conducted November 30 – December 4, 2015 at the NPTI campus in Faridabad, India by PTC and NPTI. The module commenced with a welcome address by Mr. J.S.S. Rao, Principal Director, NPTI. Mr. R. K. Mishra, Director, NPTI highlighted the significance of the program in the context of Nepal and other SAARC countries. Mr. Harish Saran, Executive Director (Marketing), PTC, gave an overview of Module 2 and clarified that while Module 1 provided an overview of the Indian power sector, Module 2 focus will be on the commercials aspects of power trading.



Above: Mr. Harish Saran, Executive Director (Marketing), PTC India Ltd. gives an intense and interactive presentation on short, medium and long term power purchases and sales.



Above: Mr. T.N. Thakur, Ex CMD, PTC India Ltd. and Director, Karaat Infrastructure Development Pvt. Ltd. speaks on the process and procedures, terms and conditions etc. of setting up a power trading entity

Over the course of five days, the participants were given detailed insights on the most important activities of a power trading entity, such as:

- (a) Avenues of sale and purchase of power under various regulatory provisions
- (b) Drafting and negotiation of agreements
- (c) Significance of various contractual provisions
- (d) Rationale behind a range of financial and commercial clauses incorporated in an agreement
- (e) Legal and regulatory risks to be considered

The participants were exposed to the procedures for obtaining a trading license in India and establishing a power trading entity.

Presentations were made by the following:

- Mr. T.N. Thakur, Ex. CMD, PTC India Ltd. and Director, Karaat Infrastructure Devp. Pvt. Ltd.
- Mr. A. Mohan Menon, Ex. PTC and Director, BalSa Consulting

From PTC India Ltd.:

- Mr. Harish Saran, Executive Director, Marketing
- Dr. Rajib K. Mishra, Director, Marketing and BD
- Mr. Rajiv Malhotra, Executive Director and Group CRO
- Mr. Arun Kumar, Director, Finance and CFO
- Mr. Ajit Kumar, Director, Commercial and Operations
- Mr. H. L. Choudhary, Vice President
- Mr. Varun Sethi, Manager
- Mr. Bharat Sharma, Manager
- Mr. Ravi Shankar, Manager



Discussions and interactions in the classroom

Background:

Although South Asia has been one of the fastest growing regions in the world, with an average annual GDP growth rate of 6%, its energy sector is beset by shortages and poor service quality. In order to meet the rising energy demands, the region's governments have had to increase their reliance on oil imports, with the result that all the countries without exception rely on these supplies to meet more than a quarter of their commercial energy needs. Despite tremendous benefits to be derived out of regional cooperation, the region lags significantly behind most, if not all, regions of the world in energy trade and regional integration. Limited cross-border transmission interconnections and cross-border trading transactions are taking place only between India and Bhutan, India and Bangladesh and to a lesser extent between India and Nepal. Despite the complementarities of the energy resource base of Nepal and India, the two countries have barely begun to exploit the potential and opportunities for cross-border electricity trade (CBET). (Source: USAID)

However, there has been significant progress between the South Asian countries on moving towards expanded regional energy cooperation. In 2014, the South Asian Association for Regional Cooperation (SAARC) signed a landmark Framework Agreement on Energy Cooperation, aimed at easier distribution

and transmission of electricity and allowing public and private entities of member states to buy and sell electricity.

On a bilateral level – India and Nepal are making substantial strides on cross-border exchange. Following Indian Prime Minister Modi’s August 2014 visit to Nepal, a Power Trading Agreement (PTA) between the two countries was signed. The PTA will enable cooperation in the power sector, including developing transmission interconnections, grid connectivity, power exchange and trading through the governmental, public and private enterprises of the two countries. This collaboration will provide much needed economic and environmental benefits and improved energy security to both countries, and ultimately the region.

Since 2000, USAID’s South Asia Regional Initiative/Energy (SARI/E) program focused on advocating energy cooperation in South Asia. The program is now in its next phase of advancing regional energy integration and cross-border energy trade in eight South Asian countries (Afghanistan, Bangladesh, Bhutan, India, Pakistan, Nepal, Sri Lanka & Maldives). This new phase titled South Asia Regional Initiative for Energy Integration (SARI/EI) is designed to build upon SARI/Energy’s successful initiatives of the past to move South Asian countries towards increased regional energy security.

While India has been conducting cross-border electricity exchange for decades, the expanded Nepal-India interconnection will represent a substantial step for Nepal. To assist, USAID SARI/EI assigned the United States Energy Association (USEA) with the task of implementing a program focused on capacity building for the Nepalese. This training is the first in a series of capacity building activities to lend support to Nepal, as well as to the other SARI/EI countries.

Results & Next Steps

The participants completed an assessment that was designed to measure their understanding on the topics covered, the relevance of the training program and the overall rating of the training. The participants reported on their understanding on the various topics, both before and after the activity. The survey analysis showed great improvement of knowledge from the activity. The greatest increase in their understanding was observed in the subjects of:

- Setting-up of a power trading entity
- Overview of short-term power purchase and sales
- Overview of short-term power purchase and sales through power exchanges
- Long-term power purchase and sales
- Tariff models

The participants also listed the top four topics from among the eleven topics covered, which according to them were the most relevant. The topics judged as the most relevant were:

- Tariff models for competitive bidding processes
- Setting up of a power trading entity
- Drafting of power purchase and sales agreements
- Long and medium term power purchase and sales

USEA will be conducting the last module, Module 3, of the training program for the same 16 participants January 4 – 8, 2016 at PTC headquarters in New Delhi.

Training Participants

Afghanistan

- Mr. Sayed Arif Ahmadzada, Energy and Control Manager, Da Afghanistan Breshna Sherkat (DABS), Afghanistan

Bangladesh

- H.M. Imran Hassan, Assistant Engineer, IPP Cell-1, Bangladesh Power Development Board
- Muhammad Faisal Hasan, Assistant Engineer, IPP Cell-1, Bangladesh Power Development Board

Bhutan

- Mr. Denkar, Engineer, Transmission & Power System Division, Department of Hydropower & Power Systems, Ministry of Economic Affairs

Nepal

- Mr. Sanjaya Dhungel, Senior Divisional Engineer (SDE), Office of the Investment Board
- Mr. Madhu Prasad Bhetuwal, Deputy Director General, Department of Electricity Development
- Mr. Shyam Kishor Yadav, Senior Divisional Engineer (SDE), Ministry of Energy
- Mr. Ananda Chaudhary, Senior Manager, Naulo Nepal Hydroelectric Pvt. Ltd.
- Mr. Apar Neupane, Business Manager, Nepal Liaison Office, Statkraft Holding Singapore Pte. Ltd.
- Mr. Krishna Bahadur Khadka, Deputy Director of Services, Nepal Electricity Authority
- Mr. Prabal Adhikari, Chief of Power Purchase, Power Trade Department, Nepal Electricity Authority
- Mr. Subarna Sapkota, Assistant Manager, Power Trade Department, Nepal Electricity Authority
- Mr. Binod Lohani, Assistant Manager, Load Despatch, Power System Operations, Nepal Electricity Authority
- Mr. Aman Rajbhandari, Assistant Manager, System Planning Department, Nepal Electricity Authority
- Ms. Milana Prajapati, Engineer, Corporate, Planning & Monitoring Department, Nepal Electricity Authority
- Mr. Ramesh Kumar Ghimire, Deputy Director (Legal), Nepal Electricity Authority

For more information about the South Asia Regional Initiative for Energy Integration, please contact Ms. Sarah Blanford at sblanford@usea.org.