



## South Asia Regional Initiative for Energy Integration

Quarterly Update – April to June 2015

### ACCOMPLISHMENTS FOR THE QUARTER

#### NEPAL EARTHQUAKE

The massive earthquake that struck Nepal in April 2015 killed more than 9,000 and over half a million homes were destroyed. In the wake of this tragedy, SARI/EI combined meeting of Task Force 1 and Task Force 3 scheduled in April 2015 was postponed.

While the country has not faced a disaster of this magnitude for over 80 years, the people are confronting this adversity bravely and proving their resilience to the world. Nepal is already finding ways to rebuild their country. Immediate neighbors and the global community at large stood in solidarity by sending unprecedented volumes of technical, financial and humanitarian aid.

#### STATUS OF DEMAND DRIVEN STUDIES

##### a) Task Force 1 Studies

- Study 1: Mercados/KPMG has submitted the draft report on the “Review and Analysis of Electricity Laws, Regulations, Policies, and Legal Structure.” This report has emerged with the Regional Regulatory Guidelines (RRGs) for regulators, proposed changes and amendments in electricity laws, policies and regulations of South Asian countries, proposed formation of South Asia Forum of Electricity Regulators (SAFER), road map for implementation and disseminations, and country-wise short, medium and long term action plans.
- Study 2: IRADe has drafted the terms of reference (TOR) for the “Investment Friendly Policies and Guidelines for Promoting Investment in South Asian Power Sector” study. The TOR will be discussed and finalized in consultation with the task force members during the combined meeting of task forces scheduled to be held in August 2015, New Delhi, India.

##### b) Task Force 2 Studies

- Study 1: ICF International will present the draft interim findings of the study on “Assessment of the Electricity Trading Potential in the South Asian Region” during the combined meeting of task forces scheduled to be held in August 2015, New Delhi, India.
- Study 2: Power Research & Development Consultants Pvt. Ltd (PRDC), Bangalore has submitted the draft report on “Harmonization of Grid Codes, Operating Procedures and Standards to Facilitate and Promote CBET in the South Asian Region.” This will be discussed during the combined meeting of task forces to be held in August 2015, New Delhi, India.

##### c) Task Force 3 Studies

- Study 1: Pricewaterhouse Coopers (PwC) Private Limited has submitted the as-is report of the study on “Assessment of Commercial Terms and Conditions for CBET and Suggested Model of Power Exchange in South Asian Region.” This will be discussed and deliberated during the combined meeting of task forces to be held in August 2015, New Delhi, India.
- Study 2: The study on “Market Rules and Pilot Market Design” will be initiated in FY-2015.

## Quarterly Update – April to June 2015

### d) Analytical Studies

The SARI/EI Analytical Studies was awarded to IRADe in May, 2015. Preparation of a working paper on Nepal has been initiated. The paper will provide key insights into Nepal's economy and present scenarios of its power sector. IRADe's India Activity Model is being updated.

## CAPACITY BUILDING IN POWER TRADING

Through its implementing partner U.S. Energy Association, the SARI/EI program has been in the design phase of a series of capacity building activities targeted towards Nepal to strengthen key institutions on (1) techno-economic appraisal of large hydro power projects and associated transmission projects, and (2) on power trading.

USEA has contracted PTC India Ltd. to conduct a three-module training program tailored for the Nepalese to provide them with the institutional and human capacity to design, manage and operate a power trading entity in Nepal. The activities, which will be targeted at Nepal Electricity Authority, GON representatives and private sector, and include representatives from the other SARI/EI countries, will lay major stress on hands-on experiences that emphasize development of skills and knowledge in the functional operations of power trading and be supplemented by classroom lectures delivered by highly experienced instructors.

This training will be conducted September 14 – 18, November 30 – December 4, 2015, and January 4 – 8, 2016 in New Delhi.

## ONGOING AND UPCOMING ACTIVITIES

- a) Combined meeting of SARI/EI Task Forces, August 5 – 6, 2015, New Delhi, India:
  - 5th meeting of Task Force 1 on “Coordination of Policy, Legal and Regulatory Framework”
  - 4th meeting of Task Force 2 on “Advancement of Transmission Systems Interconnections”
  - 2nd meeting of Task Force 3 on “South Asian Regional Electricity Market”
- b) The contract for the execution of the SARI/EI Weekly News mailer and Quarterly News letter generation and circulation will be awarded in July 2015.
- c) A new SARI/EI Website will be designed and developed in FY - 2015.
- d) Analytical Studies: Establishment of required infrastructure such as software and computing machines, training on software to be used for undertaking analytical studies and initiation of modelling activities for India and Nepal.
- e) Module 1 of the Power Trading Training will be conducted September 14 – 18, 2015 at the National Power Training Institute, Faridabad, India, organized by USEA.

## ABOUT SARI/EI

The SARI/EI program, funded by the United States Agency for International Development (USAID), promotes integration of energy systems and enhances cross-border energy trade among the South Asian countries by focusing on the following three development outcomes for overall socio-economic development of the region:

### **Harmonize Policy, Legal and Regulatory Issues**

The key result of the Harmonization of Policy, Legal and Regulatory Issues component is to create the enabling systemic conditions for a sustainable market for investment and implementation of cross-border energy trade.

### **Advance Transmission System Interconnections**

The key result of the Advancement of Transmission System Interconnections component is to create the enabling, systemic conditions for a sustainable market for investment and implementation of subregional bilateral transmission interconnections beginning with the Eastern Subregion of South Asia.

### Establishment of South Asian Regional Electricity Markets

The key result of this component on Establishment of South Asian Regional Energy Market is to create the enabling and systemic conditions for a sustainable market for energy trading and exchange among the South Asian countries.

The overarching objective of the SARI/EI program is to develop a common template for technical and commercial aspects of power exchange among the South Asian countries. It intends to create the right enabling environment to support the establishment of a South Asian electricity market, gain consensus and support from the key decision makers and stakeholders in the South Asian region.

### SARI/EI WEB PAGE

For current information on SARI/EI, please visit the web page: [www.sari-energy.org](http://www.sari-energy.org).

### BACKGROUND

Over the last two decades, South Asia has been one of the fastest growing regions in the world, with an average annual growth rate of 6% as measured by GDP per capita. Yet despite this impressive macroeconomic growth, the energy sector in the region has not been able to keep pace, and continues to experience chronic problems of supply shortage and poor quality of service. South Asia's energy security dilemma is one of the single energy development challenges of the 21st century critical to the economic future of almost 1.5 billion people. Given this dilemma, the only long-term solution is the sustained increase in regional energy cooperation among the South Asian countries.

USAID's South Asia Regional Initiative for Energy's (SARI/E) role over the past decade in advocating energy cooperation in South Asia has transitioned to the next phase of advancing regional energy integration and cross-border energy trade (CBET) in eight South Asian countries (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka).

This new phase titled South Asia Regional Initiative for Energy Integration (SARI/EI) is designed to

build upon USAID SARI/Energy's successful implementation in the past decade to move South Asian countries towards increased regional energy security. The program will address policy, legal, and regulatory issues related to energy in the region; promote transmission interconnections; and work towards establishing a regional market exchange for electricity.





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