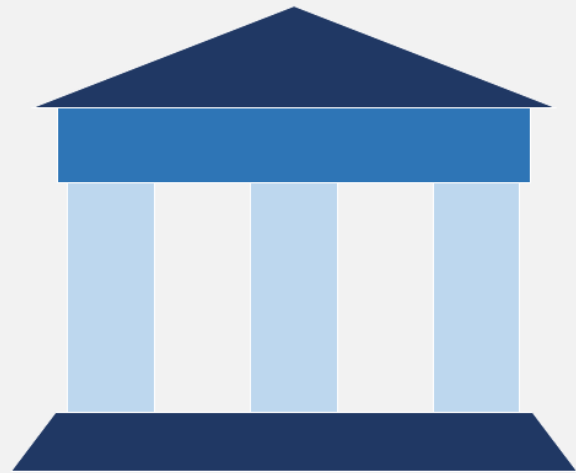




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# Presentation on- **South Asia Forum of Electricity Regulators (SAFER)**

*5<sup>th</sup> August 2015*





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## South Asia- *Need for regional cooperation*

- ❑ South Asia continues to **experience chronic power shortages and poor quality of service**
- ❑ Slow pace of capacity addition, stranded assets and failure to meet the growing demand may result in **the region remaining static and undeveloped**
- ❑ Acceleration in economic development can **exacerbate the region's electricity supply crunch and vice versa.**



**Regional cooperation in the form of Cross Border Electricity Trade (CBET) is a useful long-term solution**

### **In SA, CBET intends to serve two objectives**

- Harness the **complementarities in electricity demand patterns, diversities in resource endowments in power generation etc.**
- Create a large robust power system that will feed in the energy starved countries

### **CBET is on national agenda**

The SAARC Inter-governmental Framework Agreement for Energy Cooperation signed on November 27, 2014 by the **Foreign Ministers of the eight member states provides a strong basis for advising CBET in the region**

# Regional Harmonization and Coordination

## *A key imperative for cross border electricity trade*

- ❑ The SACs are at various stages of **electricity reform**
- ❑ Regulators in the region have **differing structure and mandates**
- ❑ The Legal, Policy and Regulatory framework in SACs differ



**Well defined, coherent/harmonized energy policies, enabling legal and regulatory framework are an essential criterion for regional trade and investment**

- **Favorable and coherent provisions across the key ingredients of CBET** are likely to provide certainty to CBET and promote investments
- Necessitates **establishment of common rules & protocols and making changes/ amendments in the EL&P&R framework of the SAC**
- Important to mention that such common principles are necessary in few areas only, for all other purposes national regulations apply and govern CBET

**A regional forum working in close coordination with various regional entities and SAARC bodies is best placed to evolve such framework, rules & regulations**

# South Asia Forum of Electricity Regulators (SAFER)...(1/3)



Forum focused to work towards a consistent and harmonized regulatory framework for facilitation of regional energy integration issues in South Asia

**International best practices on regional forum/agency globally**



ACER in European Union

Issues non-binding opinions and recommendations to national energy regulators, transmission system operators

**RPTCC**

(Regional Power Trade Coordination Committee)

RPTCC in Greater Mekong Subregion

Established as the high level body responsible for actively coordinating and guiding the market's development

**HAPUA**

(Heads of ASEAN Power Utilities/Authorities)

HAPUA in ASEAN

HAPUA is responsible for the effective implementation of the ASEAN Power Grid



RERA in Southern Africa

Cooperation on regulatory & contractual aspects done through common set of regulatory guidelines

**SAFER to act as a neutral, apolitical platform for experts to assemble, brainstorm, strategize and recommend specific steps to address the multiple barriers to CBET.**

**“It will not be a Super Regulator”**

# South Asia Forum of Electricity Regulators (SAFER)...(2/3)

## SAFER: Vision and Mission

### Vision Statement

To be a world class Regional Forum that catalyzes enabling conditions for regional energy integration in the SA region.

### Mission Statement:

To provide a multi-stakeholder platform among SACs to convene, deliberate and provide recommendations to the country governments on overcoming barriers to advancement of CBET in the region.

# South Asia Forum of Electricity Regulators (SAFER)...(3/3)

## SAFER's Objective:

- ❖ **To act as a platform for cross-cutting deliberations across the set of policy, regulatory and legal issues** that advance CBET in South Asia;
- ❖ To facilitate coordination and harmonization of regulatory issues that have a bearing on CBET. This would involve the **preparation of guidelines, regulatory opinions, monitoring of implementation and provision of technical assistance**
- ❖ **To facilitate regulatory capacity building among members at both national and regional levels** through information sharing and skills training
- ❖ **To act as a clearing house of information and data bank** including dissemination of global and regional best practices

**The long-term objective is to set up as a platform responsible for the facilitation of regional energy integration issues**

Thanks



# Discussion

1. What will be the role of SAFER ?
2. What will be the legal status of SAFER ?
3. What will be the operating structure of SAFER including working groups, expert committees etc.?
4. How can SAFER be aligned to SAARC?
5. How to take it forward ?

# Annexure-

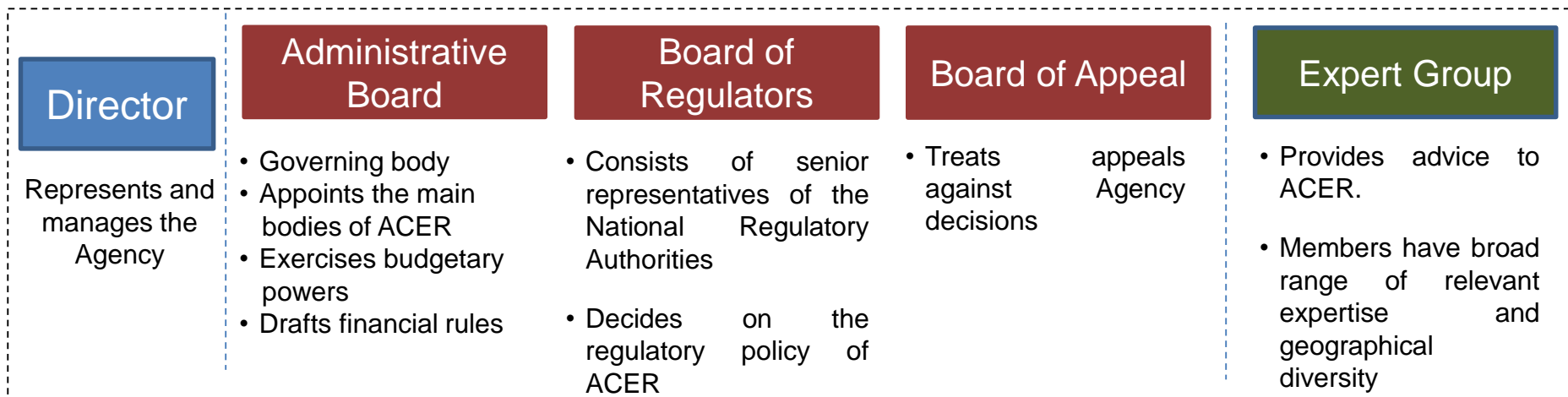
# International best practices

# Agency for the Cooperation of Energy Regulators (ACER)..(1/2)



An independent European structure which fosters cooperation among European energy regulators, ACER ensures that market integration and the harmonisation of regulatory frameworks are achieved within the framework of the EU's energy policy objectives

## Organizational Structure



**ACER is composed of both permanent staff and experts seconded by national regulatory authorities (NRAs) in the field of energy**

In ACER, **Framework Guidelines and Network Codes** aim at providing harmonized rules for CBET. The drafting of those documents involves the European Commission, ACER and European Network of Transmission System Operators of Electricity or ENTSO-E

# Agency for the Cooperation of Energy Regulators (ACER)..(2/2)



## Key tasks undertaken by ACER

- Complement and coordinate the work of national regulatory authorities in member countries,
- Participate in the creation of European network rules,
- Issue non-binding opinions and recommendations to national energy regulators, transmission system operators, and the EU institutions.
- Take binding individual decisions in specific cases and under certain conditions on cross-border infrastructure issues.
- Upon request from the European Commission, submits draft framework guidelines which serves as basis for the drafting of network codes. The network codes only become binding after comitology procedure involving member states and the European Commission.



# Regional Power Trade Coordination Committee (RPTCC)- Greater Mekong Sub-region (GMS)

The RPTCC was established as the high level body **responsible for actively coordinating and guiding the market's development**. RPTCC is responsible for following

- *Specifying basic rules for bilateral power trading among Parties as a first step towards regional power trading*
- *Providing a recommendation for the overall policy and day-to-day management of regional power trade;*
- *Establishing the short, medium and longer initiatives which need to be pursued on a priority basis in order to achieve the objectives of regional power trade within a specified timetable;*
- Identifying necessary steps for expanding the scope of regional power trade

## Working groups established under RPTCC

### Working Group on Performance Standards and Grid Code (WGPG)

- Analyses on technical **performance standards and grid code across 6 GMS countries**
- Implementation plan for harmonization of countries' performance **standards and grid code into a regional standard**
- Studies on transmission regulation: (i) policy on scheduling & accounting; (ii) coordinated operational planning; (iii) communication infrastructure;

### Working Group on Regulatory Issues (WGRI)

- Study on **regulatory barriers to power trade development**.
- Study on Transmission Regulations **enabling third party access to interconnections, prioritizing contracts / PPAs and Dispute Resolution Mechanism**.
- Task forces for **transmission pricing mechanism, including wheeling charge for third party access**



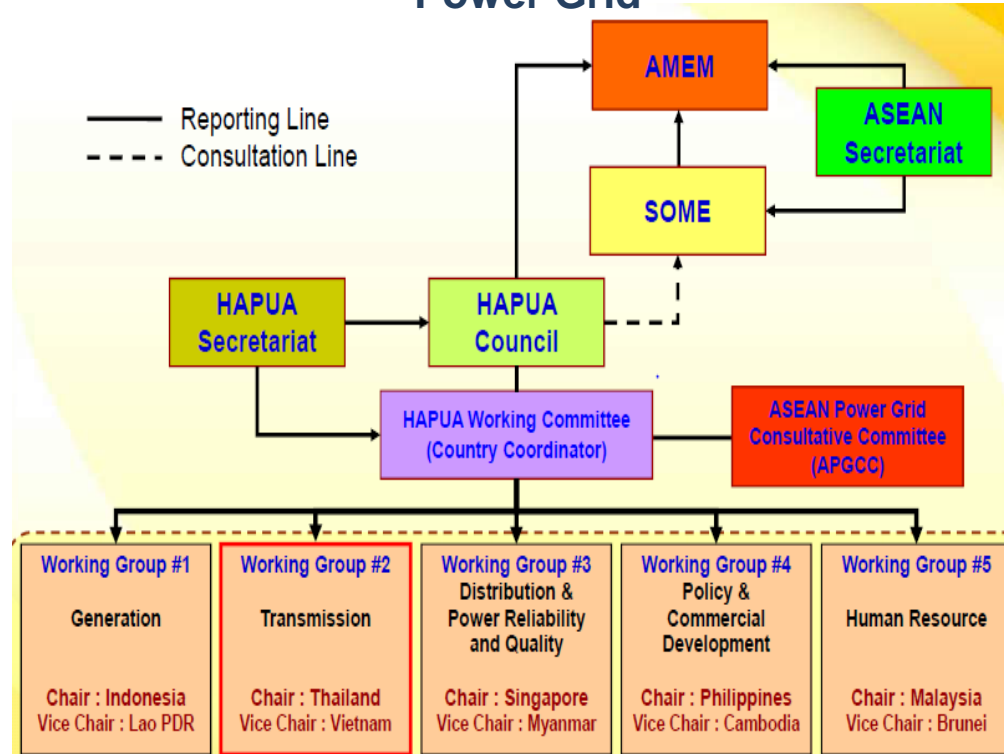
# Head of ASEAN Power Utilities/Authorities- HAPUA

HAPUA is responsible for the effective implementation of the ASEAN Power Grid. It consists of HAPUA council, Secretariat, Working Committees and ASEAN Power Grid Consultative Committee (APGCC).

APGCC under HAPUA has following key objectives and functions:

- Support and promote the relevant studies which includes providing **guidelines on technical, financing, taxation and tariff, regulatory and legal frameworks**, electric power trade and third party concerns.
- Establish necessary task forces to conduct the studies
- Prepare annual and multi year action plans for the development of the ASEAN Power Grid
- Report annually the performance, outstanding tasks and issues/problems to HAPUA Council through HAPUA Working Committee.

## Structure\_ Implementation of ASEAN Power Grid



The **Regional Electricity Regulators Association of Southern Africa (RERA)** was established by the Southern African Development Community (SADC) as a **formal association of electricity regulators** in July 2002, more particularly in terms of the SADC Protocol on Energy (1996) and of the SADC Energy Cooperation Policy and Strategy (1996).

### Guidelines for regulating cross-border power trading in SADC are as follows:

- **Regulator's powers and duties in cross-border trading**
- **Working to ensure compatible regulatory decisions**
- **Timing of regulatory interactions for proposed cross-border transactions**
- **Approving cross-border agreements in transit countries**
- **Approving transmission access and pricing and ancillary services**
- **Promoting transparency in the regulation of cross-border trading**

