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Session -2

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

**1st Meeting of Task Force 1 Coordination of
Policy, Legal and Regulatory Framework
24 July 2013**

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Outline of Presentation

- SARI/Energy A Legacy in Energy Cooperation in South Asia
- The evolution of SARI/EI (Phase-4)
- Objective of program and essential requirements.
- Transition process for Energy Integration
- Expected Results
- Actions required



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Cooperative grant Agreement

- USAID and IRADe entered into cooperative grant agreement No AID-386-A-12-00006 effective 1st October 2012.
- The agreement was a period of 5 years.



SARI/Energy A Legacy in Energy Cooperation in South Asia

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Phase 1
2000 – 2003

Phase 2
2004 – 2006

Phase 3
2007-2011

Goal
2015

Goal
2015

**P
1**

TRUST & CONFIDENCE

- *Starting a dialogue*
- *Studies on possible linkages*

TARGETS

- *Private sector*
- *Civil society*

**P
2**

ADVOCACY

- *Studies on socio-economic benefits*
- *Media, Regional Models, & Track 2 dialogue*

TARGETS

- *Decision makers*
- *Institutions*
- *Public opinion*

**P
3**

ENERGY SECURITY

- *Cross Border Trade & Investment*
- *Clean Energy Access; Institutional Capacity*

TARGETS

- *Decision makers*
- *Private sector*
- *Investors*

To create right “enabling environment” to support the establishment of a South Asia electricity market, and gain consensus and support from the key decision makers and stakeholders.



The evolution of SARI/EI (Phase-4)

RFA

1. Advance regional energy integration and increase cross-border energy trade in South Asia
2. Form three task forces by members nominated by resp. SA Country Govts.

IRADe Proposal

1. In addition to 3 task forces, Program steering Committee(PSC) will be formed to provide strategic vision and political Buy in of program .
2. Suggested list of experts & two representatives from SA countries for PSC members.
3. Background paper that show “win-win” nature of bilateral and multilateral energy trade, supported by South Asian think tanks .
5. Work to be supported by range of identified consultants

SARI/EI, Phase-4 (Implementation as per the AWP)

1. PSC have eminent persons and nominated members by resp. SA Country Govts.
2. Task Forces have members nominated by resp. SA Country Govts.
3. [Country Visits](#)
4. [Regulators Workshop](#)
5. Backgd. paper that show “win-win” nature of bilateral and multilateral energy trade, to be released in the inaugural conference.
6. Govt. Of Pakistan and India yet to nominate.
7. Maldives not approached

2012

2013.....

Time



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Political Economy

- SA (Eastern side) : Market focused, ready for commercialization
- SA (Western side) : Not stable , Economic health ? Will to grow?

Hardware(Interconnection links) : partly in place(east)

Software (Harmonized Laws, Policies, Procedures to be fixed): No considerable work worth mentioning done/available.

- Restructuring/Creation of Institutions on commercial requirements needed (Reforms to support Cross Border Energy Trade) . How to achieve ?
- Create Task Forces(TF)
 1. Legal, Policy, Regulatory
 2. Transmission infrastructure
 3. Market development.

TF to be supported by

- 1) Program secretariat
- 2) Focused and structured TF Meetings on Quarterly Basis facilitated by professionals .

Phase IV : Focused , Structured , Demand driven with tangible outcomes, supported by Govts. and eminent personalities /experts



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Transition process for Energy Integration

1. Bilateral trade for mutual assistance
2. Attracting investments into countries which have renewable resources
 - ✎ Supply contracts
 - ✎ Return on equity
 - ✎ Debt servicing
 - ✎ Level playing field
 - ✎ Open access
 - ✎ Transparent pricing mechanism
3. Competitive generation
4. Short term trading depending on market and system conditions.
5. Gradual easing of congestion in the transiting systems
6. Long term trading through PPAs

Objective of program: Enhance Cross Border Energy Transfer

Essential requirements for electricity trade/exchange:

- 👤 Some of the countries have to be surplus at times or different times
- 👤 Mutual trust between nations
- 👤 Rules, regulations and policies to permit and promote free trade in electricity
- 👤 Compatible and coordinated System operating & procedures
- 👤 Under emergency conditions automated islanding of national grids
- 👤 A suitable market framework to address the issues of all stakeholders
- 👤 Power purchase agreements, dispute resolution mechanism need to be in place for cross border issues





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Integrated Research and
IRADe Action for Development

Actions required

- Building consensus and trust
- Involvement of stake holders in formation of the processes for evolution
- Giving respective countries, sense of ownership to pilot required changes

Methodology adopted.

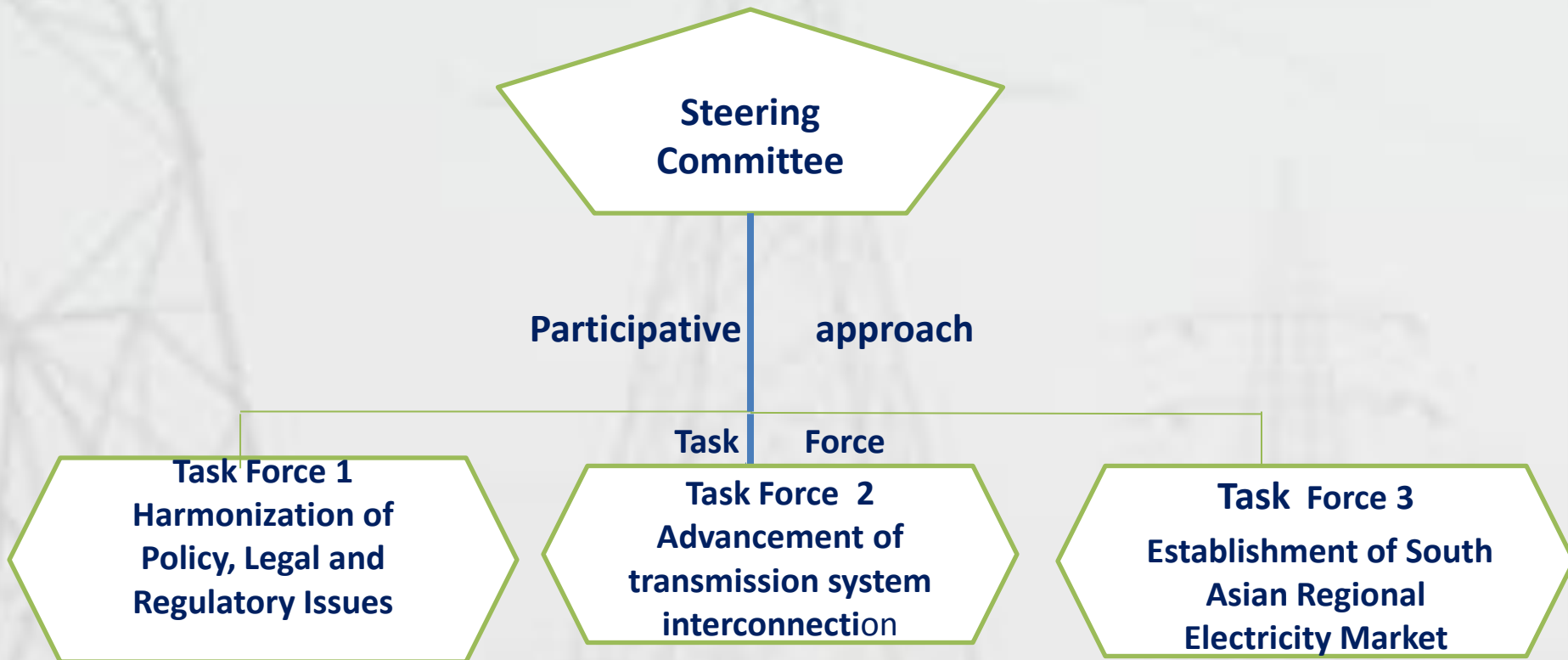
- Setting up program steering committee with membership from all countries to provide strategic vision and guidance to program and working towards consensus & trust building.
- Task forces comprising of representatives of all SA countries to deliberate and arrive at mutually acceptable coordinated solutions to issues.





SARI-Energy Integration: Methodology adopted

USAID SARI/EI's initiative is to create the right “enabling” environment to support the Establishment of a South Asia electricity market and gain consensus and support from the key decision makers and stakeholders





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Integrated Research and
IRADe Action for Development

Expected Outcomes

- Review of policies codes and procedures effecting CBET as well as investments, identify gaps and shortcomings, assess the impact of the short comings and work out the changes required to create an enabling environment.
- Review the planning process and evaluate the trading possibilities.
- Assess the ability of already proposed interconnectors and suggest new ones where required.
- Identify the shortcomings in upstream and downstream systems.
- Create Regulatory investment template,
- Create SA master plan





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Thank You

