

Conference on Enhancing Energy Cooperation in the BIMSTEC Region

25-26 February 2020, BIMSTEC Secretariat, Dhaka, Bangladesh

Concept Note

I. Background and Context

Access to reliable, affordable and clean energy is a high priority to support rapid economic growth and improved welfare of more than 1.6 billion population of the Bay of Bengal region. With the rapidly rising demand across all the countries of the BIMSTEC region, there are huge opportunities for optimization of energy resources through interconnected power system in the region. Increased energy cooperation among countries can bring economies of scale in investment, strengthen in electricity sector financing capability, enhance competition, and improve sector efficiency. Thus, there is a need for regional energy cooperation that offers an ideal platform for achieving sustainable growth through sharing of available energy resources in the South and South-East Asian region.

02. South Asia Regional Initiative for Energy Integration (SARI/EI) is a long standing program of USAID since the year 2000. The current and fourth phase of the program (2018-2022) implemented by Integrated Research and Action for Development (IRADe), aims to enhance energy security in South Asia by promoting cross-border electricity trade. A major objective of SARI/EI is to create the right “enabling” environment to support transition of bilateral power trade to multi-lateral trade, establishment of a South Asia power market, and gain consensus and support from the key decision-makers and stakeholders. A new element of the fourth phase of the SARI/EI program is to expand its coverage to the BIMSTEC region that brings together five countries from South Asia (Bangladesh, Bhutan, India, Nepal and Sri Lanka) and two countries from South-east Asia (Myanmar and Thailand). In 2018, BIMSTEC signed an **MOU for Establishment of the BIMSTEC Grid Interconnection** to facilitate electricity trade among the Member States by putting in place a region-wide grid. SARI/EI has expressed its readiness to support BIMSTEC in the implementation of the BIMSTEC Grid Interconnection.

03. Considering that BIMSTEC and SARI/EI are working towards the common goal to promote regional energy cooperation and advance cross border energy trade in the region, SARI/EI is partnering with BIMSTEC to jointly organize the **“Conference on Enhancing Energy Cooperation in the BIMSTEC Region”** to create awareness among stakeholders for accelerated regional energy cooperation and improved cross border energy trade in the region. The Conference will help in taking forward the implementation of various articles of the MOU for establishment of the BIMSTEC Grid Interconnection and in forging a partnership among various stakeholders.

II. Format of the Conference

04. The one and half-day Conference will be held in the Conference Room of the **BIMSTEC Secretariat at House 6, Road 53, Gulshan 2, Dhaka, Bangladesh**. The Conference will be divided into four (4) working sessions apart from inaugural and closing sessions. The **inaugural session** is expected to be addressed by **His Excellency Dr. Tawfiq-e-Elahi Chowdhury, BB, Power, Energy and Mineral Resources Affairs Adviser to the Hon'ble Prime Minister of Bangladesh and His Excellency Mr. Md. Shahriar Alam, M.P. , Hon'ble State Minister for Foreign Affairs of Bangladesh**.

Working Session 1: BIMSTEC Energy Outlook for Energy Integration: Overview, Energy Capacity, Policy Frameworks

05. According to BIMSTEC Energy Outlook 2030, the BIMSTEC region is endowed with an abundant amount of natural energy resources; together the region holds 92,615 million tonnes of coal, 5,888 million tonnes of crude oil, 295 TCF of natural gas and 392 GW of hydropower potential. However, due to a lack of adequate development of energy resources, both domestically as well as on a regional level, it depends more on imports of energy. The **Fourth BIMSTEC Summit (2018)** recognized the high potentials of energy resources in the region, particularly renewable and clean energy sources, and agreed to expedite efforts to develop a comprehensive plan for energy cooperation by working closely with each other within the region and decided to constitute an intergovernmental group of experts to enhance energy cooperation including in hydro-power and other sources of renewable energy. This working session will examine the scope of energy potentials and their development as well as the ways and means to make their optimal use on a long-term basis.

Working Session 2: BIMSTEC Grid Interconnection and Regional Energy Trade

06. Globally, experiences have proven that interconnection of smaller power systems to form a large power pool or regional grid is beneficial to all participants in terms of efficiency, economy, reliability and resilience. The MOU for Establishment of the BIMSTEC Grid Interconnection, signed on 31 August 2018, provides a broad framework for the Parties to cooperate towards the implementation of grid interconnections with a view to promoting power transmission and electricity trade in the BIMSTEC region. The Parties to the MOU agreed to consider such issues as ensuring (i) power flow among participating Member States on a non-discriminatory basis; (ii) arrangements for the mutually agreed imposition or exemption of import, export or transit fee, duty, tax or other government imposed fees and charges on the construction, operation and maintenance of the BIMSTEC grid interconnections, and (iii) harmonization of institutional, operational, legal and regulatory frameworks for implementation and operation of the grid interconnections and trade among the Parties. As per provisions of the MOU, the **BIMSTEC Grid Interconnection Coordination Committee (BGICC)** has been established to coordinate implementation of grid interconnections and trade in electricity. This session will examine steps that are involved in the implementation and

maintenance of the BIMSTEC electricity grid and how to create synergy with existing bilateral cross-border electricity trade arrangements rather than duplicate them.

Working Session 3: Harmonization of Institutional, Operational, Legal and Regulatory Frameworks for Implementation and Operation of the Grid Interconnections and Trade among the Parties

07. Currently, there are several bilateral cross-border electricity trade arrangements in the BIMSTEC region. The Indian grid is already connected to the grids of Bangladesh, Bhutan and Nepal. Interconnection with Sri Lanka is also proposed through undersea cables. The challenge is to connect the existing bilateral arrangements and make it multi-lateral to cover the entire BIMSTEC region. This will not only require new constructions but would also need harmonization of institutional, operational, legal and regulatory framework for implementation and operation of the grid interconnection. BIMSTEC has expressed its interest to conduct a **BIMSTEC Grid Interconnection Master Plan Study** to identify various hardware and software components to address these issues. This session will examine and come up with practical suggestions for harmonization of institutional, operational, legal and regulatory framework for implementation and operation of the grid interconnection.

Working Session 4: The Role of External Partners in BIMSTEC Energy Cooperation and Way Forward

08. The development and sustainable use of energy resources in the region will need huge investment. While governments of BIMSTEC Member States will continue to use their own resources to develop energy resources available in their respective territory, a region-wide energy cooperation involving both grid interconnection as well as additional generation capacity, would require external funding from development partners. This session will examine how to mobilize investment in the energy sector of the region.

III. Intended Participants

09. Participants from government, diplomatic community, think tanks, academia, business and media are expected to attend the event. Efforts will be made to ensure participation of experts who will work as National Representatives to the **BIMSTEC Grid Interconnection Coordination Committee (BGICC)** so that the recommendations of the Conference can support the future work of the BGICC.

IV. Expected Outcome

10. The event will lead to: (i) improved understanding and awareness on the potential of energy cooperation and cross border energy trade among the BIMSTEC Member States, various initiatives as well as the energy challenges being faced by different countries; ii) provide practical ideas and thoughts for developing the future work plan of the BIMSTEC Energy Cooperation, and iii) help in taking forward the implementation of various articles of the MOU for Establishment of the BIMSTEC Grid Interconnection and forging technical partnership.

V. Contact

11. SARI/EI and BIMSTEC have designated the following officials as point of contact for all information about the Workshop:

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