



Terms of Reference of SARI/EI Task Force 1 on “Harmonization of Policy, Legal and Regulatory Issues”

OBJECTIVE:

The key objective of TF-1 is harmonization of policy, legal and Regulatory Issues for fair allocation of costs and risks in order to create the enabling systemic conditions for a sustainable market for investment and implementation of Cross Border Energy Trade (CBET) projects.

1. CONSTITUTION OF TASK FORCE:

The Task Force-1 would be constituted with nominated member from each country from their energy/power ministries, regulatory commission, or other policy making bodies of South Asian (SA) Countries.

2. TERMS OF REFERENCE:

- 2.1. Conduct a critical Review of existing Acts, Policies, Regulations and agreements from the perspective of CBET to identify any inconsistencies/gaps that could have an impact on CBET and suggest/recommend corrective legal, Policy and Regulations measures.
- 2.2. Review international best practices and practices inside the South Asia Region to develop common minimum rules, procedures & guidelines across policy, legal and regulatory aspects for sustainable implementation, expansion and governing CBET among all SA countries. The policy and regulation harmonization should be carried out by taking into account all existing policies and regulations of the member countries and by benchmarking with International best practices.
- 2.3. Evolve Regional Cross Border Energy Policy Outlook (RCEPO) with a 25 to 30-year time horizon in consultation with Policy makers for long term suitability of CBET in the region based on some common principle. Conduct regular Regional Energy Cooperation Policy Dialogues.
- 2.4. Evolve a Comprehensive Common/coordinated Regional Regulatory Framework and Regulation (CRRFR) for CBET including trilateral trade covering various regulatory aspects of following subjects (but not limited to) :
 - 2.4.1. Transmission planning, execution and operation of cross border transmission interconnections.
 - 2.4.2. Connectivity, minimum common grid codes and Technical standards, system protection and communication for cross border transmission elements.
 - 2.4.3. Licensing modalities for CBET, trading licenses for Imports and Exports.
 - 2.4.4. Metering, Energy Accounting & Deviation settlement or imbalance charges, Principles for Transmission pricing rules /mechanisms
 - 2.4.5. Payment of charges & payment security mechanism,
 - 2.4.6. Dispute Settlement and Resolution mechanism.
 - 2.4.6. Regional open access guidelines
 - 2.4.7. Regulatory framework for development of regional power market.



The above regulatory aspects either can be covered as a part of Comprehensive Common Regional Regulatory Framework and Regulation (CRRFR) for CBET or each subject as a separate regulation which will feed in to CRRFR. The policy and regulation harmonization will be carried out by taking into account all existing policies and regulations of the member countries and by benchmarking with International best practices.

2.5. Institutionalize regional regulatory institution to promote cross-border power trade: -

2.5.1 South Asia Forum of Energy/Electricity Regulators (SAFER): SARI/EI is already providing technical assistance and knowledge support to South Asia Forum of Infrastructure Regulators (SAFIR) working group On “Regulatory Cooperation to Facilitate Knowledge sharing, addressing Cross cutting Energy/Electricity Regulatory Issues and Capacity Building in South Asia” based on the already Approved terms of reference¹, which will contribute towards institution building and harmonization at accelerated speed.

2.5.2 Provide technical assistance to the SAARC working group on energy regulator and the SAARC council of experts of energy regulators to eventually evolve as an independent regional regulatory body that would oversee and guide the planning, design and implementation of regional CBET projects. The platform will engage with regulators in respective countries.

2.5.3 To act as a platform to promote cross-learning and network building of policy, legal and Regulatory aspects of CBET and facilitate knowledge sharing among regulators in South Asia.

2.6. Develop a regulatory pathway/Road Map for establishment of a South Asian Regional Electricity Markets starting with the minimum set of enabling policy, regulatory and legal provisions.

2.7. Considering that different countries of South Asia are at different stage of power sector reform/evolution, regulation and Policy framework developments, provide country specific need based technical support and assistance to relevant institutions for development of appropriate Policy, Legal and Regulatory frameworks.

2.8. Critically analyze the best case studies of trilateral and multilateral power trade across the globe in detail and draw inference for South Asia and evolve a framework for trilateral/ multilateral power trade in the South Asia Region.

2.9. Develop a detailed roadmap for effective energy cooperation identifying specific regulatory interventions

2.10. Develop Regional frameworks and guidelines to support regional infrastructure projects and power trade such as establishment of a dispute resolution mechanism, etc. for transmission.

2.11. Engage with relevant regional and sub-regional institutions such as Bangladesh, Bhutan, India, and Nepal (BBIN), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and SAARC for the adoption of these framework and guidelines.

2.12. Engage with regional institutions to identify specific studies to address cross cutting issues and implement activities for capacity building and building consensus.

¹ <https://sari-energy.org/wp-content/uploads/2018/01/Terms-of-Reference-SAFIR-Working-Group-Regulatory-Cooperation-to-Facilitate-addressing-Cross-Cutting-Energy-Electricity-Regulatory-Issues-Capacity-Building-in-South-Asia-RP-SARI-EI-IRADe-4.pdf>

- 2.13. Continuous interaction and exchange of ideas with the Policy makers and decision makers of South Asian countries, through briefing meetings, interaction, brain storming workshops and technical delegation and inter-regional study tours/visits to other regions of the world where there is successful regional power trade such as ASEAN, Northern America, Europe, Southern Africa .
- 2.14. Expand SARI/EI TF-1 studies and activities to South East Asia (BIMSTEC region)². SARI/EI will extend its focused analyses (for e.g. the study on harmonization of legislations, grid code, techno-economic studies on benefits of power trade, etc.) and regulatory and policy training programs to cover Myanmar and Thailand as well as provide technical support to BIMSTEC secretariat to enhance energy connectivity.

3. TIME SCHEDULE:

- 3.1. The Task Force 1 shall meet periodically (Twice in a year. More often depending on need.)

4. DELIVERABLES:

- 4.1. Studies for coordination between South Asian countries. Technical assistance and knowledge support to the existing regional regulatory institutions/mechanisms for regulatory cooperation and harmonization as explained in the section 2.5.
- 4.2. Creation and implementation of South Asia Forum of Energy/Electricity Regulators (SAFER) with focus on institutionalizing regional regulatory institution to promote CBET including Trilateral and Multilateral Power trade.
- 4.3. Regional Cross Border Energy Policy Outlook (RCEPO) with a 25 to 30-year time horizon.
- 4.4. Regulation and Policy Coordination Template/Toolkit for Regional Power Trade.
- 4.5. Common regional regulatory framework for CBET covering the various regulatory aspects as mentioned in the section 2.4.
- 4.6. Regulatory Risk analysis and mitigation options/instruments and developing Regional frameworks and guidelines for regional infrastructure, CBET including Trilateral and Multilateral power Trade.
- 4.7. Conduct techno-economic analysis of merits and demerits of following deviation settlement mechanism for CBET and suggest alternatives measures if deemed necessary for CBET.
- 4.8. Transmission interconnection with common operating standards. Development of a common minimum South Asian Grid Code for Cross Border Electricity Trade.
- 4.9. Case studies of trilateral and multilateral power trade across the globe and learnings and inference for South Asia and develop a framework for trilateral and multilateral power trade in the South Asia Region.
- 4.10. Regulatory pathway/Road Map for establishment of a South Asian Regional Electricity Markets starting with the minimum set of enabling regulatory and legal provisions.
- 4.11. Knowledge exchange, study tours, executive exchange and capacity building activities.

² Concurrence of USAID will be taken to initiative activities in South East Asia and it will be done in coordination with USAID missions in South East Asia