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## REG: Greater Mekong Subregion

### Summary of Proceedings: 19<sup>th</sup> Meeting of the GMS Regional Power Trade Coordination Committee (RPTCC-19)

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**Greater Mekong Subregion Economic Program**  
**19<sup>th</sup> Meeting of the Regional Power Trade Coordination Committee (RPTCC-19)**  
Bangkok, Thailand, 16–17 November 2015

## **Introduction**

1. The GMS countries convened the 19<sup>th</sup> meeting of the Regional Power Trade Coordination Committee (RPTCC-19) on 16–17 November in Bangkok, Thailand. The meeting (i) provided updates on the latest development in the six GMS countries with regard to cross-border power trading and development in regulatory reforms; (ii) presented the GMS Regional Investment Framework; (iii) held a technical session to discuss the (a) generation and transmission planning in the interconnected system–methodology and application using integrated computer model and (b) development prospects of the ASEAN power sector; (iv) shared experience of People’s Republic of China’s (PRC) regulatory reform of the power sector; and (v) discussed revision of criteria for hosting the Regional Power Coordination Center (RPCC). Refer to **Annex 1** for the agenda and program.

2. The RPTCC-19 Meeting was organized by Thailand’s Energy Policy and Planning Office (EPPO), Ministry of Energy, in cooperation with the Asian Development Bank (ADB). Members of Regional Power Trade Coordination Committee (RPTCC) and representatives of ADB, Department of Foreign Affairs and Trade (DFAT), Agence Française de Développement (AFD), and the World Bank attended the meeting. **Annex 2** provides the list of participants.

3. Dr. Daovong Phonekeo, Director General, Department of Energy Policy and Planning, Ministry of Energy and Mines, Lao Peoples Democratic Republic chaired RPTCC-19. Dr. Twarath Sutabutr, Director General, EPPO, Ministry of Energy, Thailand and Mr. Chong Chi Nai, Director, Energy Division, Southeast Asia Department, ADB both acted as Vice Chair of RPTCC-19.

### **A. Opening Session**

4. Dr. Daovong Phonekeo, Chair, RPTCC-19, opened the meeting and thanked the government of Thailand for hosting the RPTCC-19 and ADB for the meeting arrangements. He enjoined all countries and development partners to enhance cooperation to overcome the challenges in integrating regional power market and trade which is a shared vision and part of the energy road map adopted by the GMS countries in 2009. Dr. Daovong also emphasized that the energy road map which aims to deliver sustainable, secure, competitive, and low carbon energy in the region will (i) enhance energy access to alleviate poverty; (ii) develop low carbon/renewable domestic resources; and (iii) improve regional power cooperation for energy security. He wished all participants a fruitful discussion.

5. Dr. Twarath Sutabutr, Director General, Energy Policy and Planning Office, Ministry of Energy, Thailand, welcomed all participants and expressed appreciation for the opportunity to share the developments in the energy sector in Thailand. He highlighted two milestones: (i) the 100 year celebration of the lifetime achievement of Dr. Boonrod Binson who contributed to the energy development of Thailand; and (ii) the 50<sup>th</sup> anniversary of the first large dam in Northeastern part of Thailand, Ubol Ratana Dam, in 2016. He invited participants to view the highlights of these two milestones in a mini exhibit and seminar concurrently held with RPTCC-19. Dr. Sutabutr echoed Dr. Bundod’s vision of strong collaboration between all countries and

stressed the need for a strong core team led by ADB and GMS countries to work together to accelerate program implementation.

6. Mr. Chong Chi Nai, Director, Energy Division, Southeast Asia Department, ADB expressed appreciation to EPPO, Ministry of Energy, Thailand for the excellent meeting arrangements and the participants' continued support to RPTCC and commitment to advancing the energy cooperation agenda in the GMS. Mr. Chi Nai cited the significant progress in the GMS energy sector over the past two decades and stressing the need for further cooperation in order to establish a competitive and integrated regional power market that will (i) develop in a sustainable manner the rich energy resources of the GMS; and (ii) improve the subregion's energy security and access to modern and affordable energy supplies.

## **B. Country Updates on Power Development Plans with Focus on Cross-Border Projects**

7. **Cambodia.** The Ministry of Mines and Energy (MIME), Cambodia presented an updated power development and exchange in Cambodia. The presentation highlights Cambodia's structure of electricity organization, energy policy, and power strategy. The country's power strategy comprised the following: (i) development of generation—Cambodia aims to develop more domestic hydropower to contribute more than 50% of overall energy mix in power generation by 2020; (ii) development of transmission lines which is planned to increase to more than 2,100 kilometers by 2020; and (iii) expansion of rural electrification with the goal of providing access to all villages to any type of electricity by 2020 and at least 70% of all household to have access to grid quality electricity by 2030. MIME also shared Cambodia's power demand forecast of national grid, ranging from 6% of GDP (low case scenario) to 8% of GDP (high case scenario).

8. **People's Republic of China.** The China Southern Power Grid Company (CSG) presented (i) an introduction of PRC's power industry; (ii) CGS's operations; (iii) the future power plan of CSG; and (iv) cooperation projects in the GMS. With regards to CSG's future plans, forecast on the growth of peak load and electricity consumption, and total installed capacity have been lowered; while renewable energy proportion will increase from 4% in 2010 to 10% in 2020; and increase in transmission channels from west to east. CSG also shared its vision on these initiatives: (i) the "One Belt and One Road"; (ii) building the GMS regional power cooperation and win-win vision of "strong power interconnection, big scale of investment, and large volume of power trade" with the support of partners; and (iii) optimizing the energy resource distribution, increasing energy efficiency, and ensuring a friendly environmental power development.

9. **Discussion.** On the question on requirements and possible sources of financing for projects, PRC indicated plans to tap financial companies, including private investors and commercial banks and in the future, the **Asian Infrastructure Investment Bank (AIIB)**. With regards to the role of **AIIB with respect to ADB**, ADB articulated that ADB and AIIB are not competitors but have complementary roles and could work as co-financers. Further, ADB noted that the Yunnan and Myanmar interconnection could be one of the co-financing opportunities with AIIB. With regards to the management of unused capacity and absorption of cost, PRC shared that excess power is exported in other provinces and that the details in managing overcapacity will be reflected in the next Power Development Plan (PDP).

10. **Lao PDR.** Electricite Du Laos (EDL) provided updates on (i) the present status and future of energy supply industry in Lao PDR including the generation capacity of producer, energy consumption by sector, hour peak demand, distribution loss, and EDL's transmission lines and substation facilities; (ii) Long-term Power Development Plan, 2012–2022, including demand forecast (from 881 MW in 2013 to increase to 4,099 MW in 2022), power projects with total capacity of 5,448 MW and transmission lines under construction; and (iii) existing and cross-border interconnection plans with GMS countries.

11. **Discussion.** On the clarification by ADB as to why Nam Ngum 3 (NN3) was missing from the report, EDL shared that EDL together with Sinohydro will develop the project for supplying electricity for domestic use and negotiations are currently taking place. On Thailand's question about Lao PDR's vision on energy storage schemes, EDL noted that Lao PDR's main power comes from hydropower. With energy consumption of 900 MW in 2015 and generating power of only 600 MW, there is a need to import. As their transmission line is not connected between Central 2 and South regions and some area without transmission line coverage, power cannot flow and they have to import for medium voltage from 22 kV, 35 kV, and 115kV. In the near future, there are plans for system to system power trade. Energy storage will depend on future projects. With regards to the PRC's inquiry on the status of 500 MW project between PRC and Lao PDR, EDL remarked that progress is expected and CSG should be aware of the status.

12. ADB observed that there are many transmission projects in Lao PDR currently planned and under negotiation. The contemplated system to system power exchange will require large financial investment and are being done by different partners and private investors from neighboring country. In this regard, ADB inquired if there are plans to have one entity that will be in charge in operating and maintaining the new transmission networks to be developed to ensure the open access to the generators and electricity consumers. EDL communicated that all proposals and plans will be submitted to EDL and the Ministry of Energy and Mines to approve the concepts and EDL will act as major coordinator during the planning stage. On the status of the proposed 100 MW export from Lao PDR to Singapore via the existing interconnection of Thailand and Malaysia's grid, further study is being undertaken, including running a system analysis if the 100 MW power could be absorbed using existing facilities.

13. **Myanmar.** The Ministry of Electric Power (MOEP) discussed the progress of power sector development in Myanmar, highlighting (i) the existing facilities and activities (e.g., increase in peak load, electricity consumption, electrification; and reduction in power loss ratio, among others); (ii) the National Electricity Master Plan of power sources and transmission system; and (iii) Power Development Plan, including the forecasts for demand and power supply composition. MOEP also shared its long-term power distribution plan, with planned connections of 7.2 million by 2030; the objective of achieving universal access to electricity in Myanmar by 2030; the status of interconnections with neighboring countries; and the challenges in achieving these goals.

14. **Discussion.** ADB clarified the difference between the electrification ratio (32%) and rural electrification ratio (41%). Myanmar explained that the rural electrification ratio of 41% includes remote areas, solar home system, and grid connections that are implemented by other concerned ministries. On the query on the possibility of interconnection between Thailand and southern part of Myanmar, MOEP noted that a private company signed an agreement with MOEP with plans to export the excess power to Thailand. In addition, MOEP shared the plans for more coal fired thermal plants with some Thai companies cooperating with local companies in Myanmar.

15. **Thailand.** Electricity Generating Authority of Thailand (EGAT) presented the current status, characteristics and power planning of Thailand power system and grid. EGAT discussed updates on the power sector, including contracted capacity by plant type and producer (total contract capacity is 36,197 MW (as of 30 September 2015) and peak demand is 27,346 MW (as of 11 June 2015); and energy generation (137,744 GWh as of 30 September 2015); and power purchases from neighboring countries, 2013–2019. EGAT shared that from 2020–2030, the maximum of power import from neighboring countries should not exceed 15% of Thailand's generating capacity. EGAT also reported the status of cross-border projects and power interconnection points between Thailand and Lao PDR.

16. **Discussion.** In connection with Nam Ngiep 1 (NN1), which is currently under construction, ADB noted that once it is operational, power from NN1 will be evacuated through the Nabong transmission facility to Udon Thani substation 3. In this regard, ADB inquired about the arrangement for the operation of the future Nabong facility when NN1 comes online and the wheeling charges to be paid by NN1 to the operator. Thailand shared that in the Nabong Framework agreement, the Lao government will be the owner of the Nabong facility and transmission line. With regards to the wheeling charge, the calculation was already done, based on the previous assistance from ADB. Once NN1 will be completed in 2019, wheeling charge will be paid to the owner of the transmission line. With regards to the Xe Pian Xe Namnoy hydropower project in the southern part of Lao, it will evacuate power via a new transmission line, linking together between Pakse substation connecting to Ubon Ratchatani. Further, Don Sahong project will sell electric power for domestic consumption and will not connect to Pakse substation. On PRC's clarifications on the difference in the activities and functions of EGAT and IPP, EGAT explained that they finance power projects based on revenue and investment per regulation based on the Ministry of Finance. On the investment of IPP, EGAT noted that IPPs seek funding from banks to develop their own projects.

17. With reference to the clarification on nuclear power plants planned in the future and the pumped storage power plant to accompany these power plants, Thailand discussed plans that are reflected in the latest PDP 2015, including installation of additional units of Lam Takhong pumped storage power plant (hydro power plants, now with 2 units) and add 2 more units to go with the power restoration. Thailand also said that the north eastern part has been saturated with renewable power plants and have interconnections with neighboring countries with storage also being put up.

18. **Viet Nam.** Electricity Regulatory Authority of Viet Nam (ERAV) updated the meeting on interconnections of Viet Nam, including the status of Viet Nam's power system (11.7% average energy growth rate in 2005–2014 and 164 billion kWh electricity production forecast in 2015), generation mix, and transmission network. ERAV also presented the following: (i) overview of the transmission network and peak load as of November 2015; (ii) the Revised Power Development Plan VII for the period 2011-2020 with vision 2030; (iii) the energy production forecast (is expected to reach 265,406 GWh in 2020 to 571,752 GWh in 2030 while peak load is estimated at 42,080 MW in 2020 and 90,651 MW in 2030); and (iv) updates on existing and future inter-connection projects with neighboring countries.

19. **Discussion.** On Thailand's clarification of 10.5% load forecast for 2016–2020, Viet Nam pointed out that the 10.5% is the base scenario and there are 3 forecast scenarios. In terms of linking the northern part to the southern part, Viet Nam disclosed that there are double circuit lines linking the northern part to the center and from the center to the southern part. Viet Nam also shared that various transmission lines will be commissioned for the next five years. On

interconnection with PRC, Viet Nam stated that given the small hydro power plants being commissioned, it will stop buying electricity through 3 110kV line in 2016.

20. The details of six country presentations are in **Annex 3**.

### **C. Implementation of the GMS Regional Investment Framework**

21. ADB presented the GMS Regional Investment Framework (RIF), discussing the preparation of the following: (i) RIF 2013–200, comprising more than 200 projects across 10 sectors with a total investment cost of \$50 billion; (ii) RIF Implementation Plan (RIF-IP) 2014–2018, which is the principal means to operationalize the new GMS Strategic Framework in the medium term, identifying 93 projects in priority areas valued at \$30.4 billion; (iii) First Progress Report of the RIF-IP; and (iv) next steps for subsequent RIF-IP progress reports and web-based monitoring system.

22. On the outcome of the first progress report as of 30 June 2015, some progress has been achieved, however, 55% of all investment projects have not secured funding, and 50% of all technical assistance (TA) projects have not secured funding. The financing gap for investment projects amounted to \$26 billion (85% of total cost estimates) and \$48 million for TA projects (80% of total cost estimates). For energy projects, two investment and two TA projects have secured financing. ADB also highlighted that RIF IP is not a list of ADB financed projects. This is the list of potential projects for collaboration with development partners. The presentation is in **Annex 4**.

23. **Discussion.** ADB observed that there are a number relevant energy projects with strong cross-border dimension being implemented or planned to be implemented in the countries, as discussed in the country presentations. However, these projects are not reflected in the RIF, rendering the energy sector underreporting in the RIF-IP. A suggestion by ADB to include relevant country energy projects in the RIF/RIF-IP was proposed to RPTCC members. However, there is a concern on the implication of adding projects to RIF IP given the implication, that is, the need to regularly monitor and report the implementation progress of these projects. ADB clarified that the RIF-IP serves for two purposes (i) it is a platform to help coordinate and mobilize resources for implementation of GMS projects; and (ii) the RIF-IP is also a mechanism to report progress and achievements of GMS cooperation in all sectors. However, there was no consensus whether to include these regional energy projects in the RIF-IP. Given that there is no decision formally made at the RPTCC-19 meeting regarding the inclusion of additional energy projects in the RIF, countries were requested to inform ADB of the decision on the matter.

24. Related to the selection/prioritization of projects in the RIF/RIF IP, a clarification on the criteria was raised. It was pointed out that one of the criteria for selection is the availability of financing. In this regard, further clarification was asked regarding the reasons/factors on the slow progress on RIF-IP implementation. It was discussed that the 1<sup>st</sup> progress report did not go deep in analyzing the factors causing low rate of progress. However, one of the reasons cited is the short time table to report (6 months) and relatedly, a short time to identify and get financing. In addition, a number of projects included in the RIF have not yet been firmed up. Sector working groups are enjoined to review the projects carefully, such that if they are not firmed up/not well designed, they can be excluded from the list to narrow the financing gap. To address financing issues, it was shared that there are plans to organize an investment forum to mobilize funding for RIF-IP, possibly as sideline event at the next Economic Corridors Forum in August 2016 to be held in Cambodia or Ministerial Conference in December 2016 in Thailand.

25. RIF was developed in the framework of GMS and approved by leaders; but for RPTCC, a clarification was raised on the benefit of including or excluding projects in the RIF-IP. Participants raised a concern on the need to report the progress of these projects every six months. ADB explained that while inclusion will require monitoring on the progress, it will also provide an opportunity to showcase these projects during the investment forum as discussed to get funding. It was also reiterated that these projects should be included so as not to under report the projects in the energy sector.

#### **D. Technical Session**

##### **1. Generation and Transmission Planning in the Interconnected System – Methodology, Application Using a Computer Model and Various Regional Applications**

26. Mr. Bruce Hamilton, ADB resource person, presented a modeling framework using a computer model for integrated resource planning for power development for interconnected power systems. He highlighted the benefits of interconnected systems such as lower costs and reliability of benefits and stressed that robust and reliable regional power trade requires harmonized generation and transmission planning methodologies. The topics discussed are as follows: (i) generation and transmission planning for interconnected systems; (ii) methodology to support regional power trade in Southeast Europe; and (iii) applications in Asia, Africa, Europe, and North America.

27. Mr. Hamilton reported various models/methodologies, namely, WASP, GTmax, and PSSE/E which are used to support regional energy trade in Asia, Africa, Europe and North America. Specifically, these models are used as follows: (i) WASP, for developing long-term expansion plans for all national power systems within the region; (ii) GTMax, to analyze hourly operation of the regional electricity market; and (iii) PSS/E, to perform load flow and contingency analyses for GTMax demand/production scenarios. Mr. Hamilton emphasized that these tools could provide beneficial path to move forward regional energy trade in the GMS. The presentation is in **Annex 5**.

28. **Discussion.** On the query on accuracy of GTmax, Mr. Hamilton explained that GTmax is found to be very accurate for short-term analysis, including hourly simulation, daily and weekly planning but underscored that uncertainty of forecast increases with a longer time frame. Mr. Hamilton also mentioned that forecast results are normally reviewed in parallel with reports from actual market situation and emphasized that accuracy of results does not only depend on the tool but also the quality of information that feeds into the model.

29. Regarding the inquiry of Viet Nam on other similar tools aside from GTmax model, Mr. Hamilton cited that PLEXOS and SDDP provide similar capability as the GTmax. He stressed the need for a consistent planning tool to be used both within the country and by other neighboring countries in the region in order to efficiently evaluate trading opportunities. In addition, he pointed out that GTmax model has similar capability compared to other tools with respect to transmission; water reuse, water power distribution functions.

30. On the inquiry of PRC on the intellectual property right about the computer software for example the possibility of research institutes in GMS countries to develop the interface between their own software and GTmax or some other software. For example there are several electric

power research institutes in PRC, which develop software for electric power system planning and system stability analysis, especially regarding to power trading platform in the progress of power market development, whether there is any intellectual property right limits in case for those research institutes develop an interface model with GTmax, Mr. Hamilton offered to assist PRC to facilitate the process. He further clarified that PRC will retain the intellectual property right of the interface model which could be developed by PRC in collaboration with GTmax.

## 2. Development Prospects of the ASEAN Power Market

31. Mr. Matthew Wittenstein, International Energy Agency presented the results of the recent study on ASEAN regional power development prospects. The findings of the study are as follows: (i) electricity market integration in the ASEAN requires development of the regional power infrastructure, governance structures, and harmonization of national policies and regulatory frameworks; (ii) inadequate system planning, insufficient awareness, and real-time management capabilities can cause cross-border blackouts; (iii) the harmonization of regulations and standards is necessary to achieve gains from trade in natural resources and electricity; and (iv) clear and reliable governance and regulatory frameworks can establish reliable business cases which will attract efficient and private-based investors. Some of the key recommendations include the need to establish an ASEAN coordination committee on grid codes and a regional regulatory body and proposed for next steps to further develop the ASEAN power sector.

32. Mr. Wittenstein cited that in contrast to European Union, electricity demand in ASEAN countries continue to rise and emphasized the need for investments in generating capacities, transmission and distribution infrastructure. He cited five models in the report for regional coordination, namely: (i) unidirectional trades based on electricity cost differences; (ii) bilateral, bi-directional power trades between national utilities; (iii) imports from IPPs in neighboring countries; (iv) trade with one or more intermediary countries; and (v) multi-buyer, multi-seller market. **Annex 6** includes the presentation.

33. **Discussion.** ADB confirmed the synergy between GMS and ASEAN power grid and reiterated support for ASEAN power grid interconnection, citing mechanisms in ADB such as the working groups on regulatory issues and grid codes performance standards and the setting up of RPCC. PRC commented that financing and investment mechanism is very important for the cross-ocean (or strait) interconnections between two countries due to their higher investments compared to those on the mainland. It was suggested that further research to be done in order to avoid the potential increase on electricity price due to big investment, which eventually may result in decreasing on electricity demand in the receiving area, and also reducing the power trading volume. A fair and transparency mechanism of sharing project expenses and revenues shall be established following the principle of market-orientation.

34. On the participants' query on how power trading occurs among the 12 countries in the South African Pool, Mr. Wittenstein explained that the 12 countries use a bidding model, wherein all countries have a single common system/software platform such that each utility can offer bids and serve as basis for determining the cost of power. He further discussed that these countries aim to establish a formal regulatory body in South Africa in order to get the full benefits of integration. In the case of GMS, he remarked that integration will depend on physical connectivity to facilitate the market in the region.

### 3. The Progress of Power Market Development in PRC

35. The National Energy Administration (NEA), PRC provided an introduction of the power market construction and regulation in China including, (i) its energy structure; (ii) an overview of electric power industry development; (iii) energy regulation system; (iv) power market construction and regulation practices, for examples, Large C&I Direct Purchase; Generation Contract Transfer; Inter-provincial and inter-regional Energy Trade; Ancillary Service Compensation Mechanism; and (v) the future power market modes. NEA, in consultation with other ministries and market players discussed the plans to further promote power market mode through (i) establishing power market, focusing on long-term and spot market trading; (ii) promoting power market construction; and (iii) undertaking research on establishing retail power market.

36. To facilitate power trade in the GMS, NEA's priorities include (i) harmonizing the GMS power systems to facilitate regional power trade; (ii) promoting green carbon transformation and development path innovation; and (iii) enhancing efforts to remove regulatory barriers to advance the establishment of GMS power integrated market. Refer to **Annex 7** for the presentation.

37. **Discussion.** Participants appreciated PRC's recognition of the need to reduce coal based power generation and move to clean coal technology. On the query of how PRC is considering carbon pricing to help reduce coal based fire generation, PRC shared that facing domestic pressures on air pollution, China has made bold commitments for carbon emissions reduction and issued series of policy documents. These policies promote clean and effective utilization of coal. In the past decade, the policy of "constructing large units and restricting small ones" was implemented: the country has eliminated small thermal power units with a significant total generating capacity (76.8 GW was shut down during 2005–2010, and about 20 GW was shut down during 2011–2015). Today, PRC is continuing to implement a series of policies to further reduce the consumption of coal and realize ultra-low emission.

38. On creating a competitive market, NEA conveyed that PRC is in the process of revising Electricity Law and drafting Energy Law; implementing power sector reforms; and coordinating with NDRC and concerned ministries to discuss next steps. With regards to future plans on spot market, PRC is still searching for mechanism for spot market and doing research on price mechanism, which is a key part of power market.

39. On the inquiry on the power sector reforms in PRC, NEA discussed some developments as follows: (i) consumers' selection of generating company to buy energy; (ii) regulation of transmission costs; and (iii) NEA's streamlined functions in charge of reforms and regulations. On the query regarding the approval process of the interconnection between Yunnan province and Myanmar, NEA clarified that the approval is done by the central government, either NEA or National Development and Reform Commission (NDRC).

#### E. Revision of Criteria for Bidding on RPCC Headquarters Hosting

40. Ms. Galia Ismakova, ADB facilitated the discussion about the need to revise the bidding criteria for selecting the country to host the Regional Power Coordinating Center (RPCC) headquarters. She noted that RPTCC's decisions are consensus-based. With regard to the selecting a host country for the RPCC HQ, the decision could not be reached by consensus in view of unresolved evaluation issues. She pointed out that In order to be able to make a

decision to select the host country, it is necessary to establish criteria that will rank the countries' proposals according to their ability to accommodate the RPCC.

41. To facilitate the discussion a number of key documents were provided, including: (i) Inter-Governmental Memorandum of Understanding for the Establishment of the Regional Power Coordination Centre in the Greater Mekong Subregion (December 2013); (ii) Articles of Association of the RPCC, draft, 17 December 2013; (iii) the Invitation Letter Inviting GMS Countries to Submit Bids and (iv) Summary Proceedings of various RPTCC meetings.

42. Discussing about the previous bidding process and the follow-up bilateral consultations between PRC and Thailand, the meeting pointed out that the bidding process (opening of bid took place at the RPTCC-14 in June 2012) has failed. This is due to unresolved difficulties related to the applications of the three criteria to score the two bids, namely: (i) Criteria 2: secondment, for which evaluation criteria did not provide sufficient guidance on scoring technical staff and local staff; and (ii) Criteria 5: living costs, for which, Mercer does not have data for PRC.

43. In order to revise the criteria, it is important to understand that there are five components in the bidding process, namely, (i) specifications (what is being acquired); (ii) request for bids (bidding procedure and bidding forms); (iii) bidding (deadlines, eligibility, qualifications); (iv) evaluation of bids; and (v) awards. The revision needs to take into account these five components. Other considerations were also raised for discussion, which includes: (i) will RPTCC agree to elevate the stand-off to the higher level such as GMS senior official meeting for resolution or re-bid or to follow negotiated procedure; (ii) will one stage or two stage bidding to be used; and (iii) predefined procedure to deal with the situation that two bids come out equal.

44. Annex 8 provides the details on RPCC bidding process.

45. **Discussion.** Following an extensive discussion on the bidding process, the following issues were deliberated:

- (i) **Consultation Process.** ADB GMS Secretariat shared the experience of the GMS Program which RPTCC may consider in resolving the RPCC hosting issue. In GMS, there is a Senior Officials Meeting (SOM), above the SOM, the Ministerial Meeting (MM), and the highest is the Summit of Leaders. This hierarchical structure in the GMS can be utilized. In case consensus cannot be reached at the RPTCC level, the issue of hosting of RPCC HQ can be elevated to a higher level such as the SOM, MM, and the Summit of Leaders.
- (ii) In relation to the suggestion of elevating the issue to higher level, Cambodia explained that ASEAN and GMS have different structures and framework. Unlike ASEAN, GMS does not have a higher body on energy issues. The SOM is comprised with representatives from MOF and are not expert on energy issues. The Chair also contended that RPTCC members are given authorities and responsibilities to handle businesses under their purview, elevating the difficulties to higher level is not a solution because the higher levels will ask the opinions of the RPTCC level.

- (iii) **Design of Criteria.** Normally, bidding criteria should not be designed by bidders themselves. In contrast, the bidders in RPCC are also involved in the design of criteria. A concern was raised on the possible conflict of interest and how it can be avoided. ADB stated that while in some ways, there is conflict of interest, it can be avoided because the criteria are standard criteria used before by international organizations, e.g., cross country support, immunity, facilities etc. The only conflicting criterion is 'secondment' which gives extra point to a country that second their people. There is an implication that nationals of certain country would be given more power by being seconded.
- (iv) **Unclear Instructions.** There are a few acknowledgments that the process of bidding was not clear, instructions of what is expected; the form is expected and the form it will be evaluated. Thailand pointed out that there are different ways of answering the questions, to the extent that the Evaluation Committee cannot make decisions.
- (v) **Option on Two Stage Bidding.** Given that there is not enough guidance to use the documents that were issued and the bids received to reach a conclusion, two stage bidding might be a good option. One stage bidding procedure might not be adequate but suggested to think of certain instructions to bidding which leaves an option, which if substantial number of clarification can be required, it can be done through a re-issuance of revised specifications (second stage) to the same bidders in subsequent evaluation. However, if there is much better specification and better Articles of Association, then we leave an option that second stage will not happen if everything will become clear in order not to waste time in re issuing the same documents.
- (vi) **Lack of Standard Documents.** There are no such bidding documents from ADB, World Bank, DFAT, and AFD that could be used as the standard for bidding procedure. Thus, there is a need to create these documents but in a way that takes into account the learnings from previous bid/process.
- (vii) **Caution in Using Negotiating Procedure.** It was acknowledged that there is a danger in negotiating procedure, without coming to a conclusion. Other option is through a voting procedure, e.g., anonymous voting that is not necessarily giving all points to a country but giving a combination of certain number of points to different countries, acknowledging certain qualifications of one country in a different scale or a mix of qualitative/quantitative or technical/political selection decision which might be more suited than a negotiated procedure.
- (viii) **Transparency in Revised Guidelines.** PRC stressed that that the revised guidelines should be more transparent, give more details/explanation to solve the issues and move to next steps.

46. Subsequent to the review of the Articles of Association, the meeting moved to look at the bidding criteria in detail with the objective of coming up of revised criteria. The meeting looked into details of the five evaluation criteria used in the last bidding process:

- (i) **EC#1: Office space, facilities and benefit.** It was suggested to revise this criterion by adding more specifications to it, such as: (a) specify what facilities

are to be provided; (b) specify how many/what are ‘free of charge’ facilities; (c) specify if expenses are initial expenses or permanent type of expenses; and (d) differentiate between providing equipment vs. maintenance/insurance;

- (ii) **EC#2: Secondment.** It was suggested to redefine this criterion as the current criteria is ambiguous, especially the meaning of secondment. Will this include payment of salary or not, what about the total of number of required staff as compared to the secondment staff etc.
- (iii) **EC#3: Contribution to RPCC operating budget.** After the clarification in the language of this criterion, this criterion was to keep unchanged, except PRC proposed that since the contribution to the RPCC budget is important, suggest more contribution more scores increasing the scale from 100 to 200%.
- (iv) **EC #4: Living Condition. The criterion needs** to be reconsidered. It was noted that living conditions are subject to a lot of factors; thus criteria should have a long lasting effect. So it may be appropriate to drop this criterion and find a suitable substitute for it. Some of the conditions can remain like schools, hospital, but Mercer living conditions can be dropped.
- (v) **EC#5: Country balance** for numbers of international organization (10 points). ADB suggested to drop this as it is a discriminating criteria. PRC suggested to remain this criterion because it is an approach to stimulate the city’s development in the region that owns less international organizations. Meanwhile, it is also the initiative and common criterion of UN.

47. Further, the meeting discussed that as the criteria will be revised, the score attached to them will also need to be revised. There may be a need to distinguish financial bid from the technical bid (which is not the case for the current situation). Thailand pointed out that based on the ADB invitation letter for RPCC headquarter bidding proposal in the role and conduct of business, there is still one task that the Evaluation Committee would need to complete, i.e., the Evaluation Committee shall set out their recommendations in the report and submits it to the RPTCC. Until now RPTCC members have not received the report, therefore this report should be prepared and sent to RPTCC members for their official record. The Chairman also supported that the official report should have prepared by the Evaluation Committee and stated what problems are and ways to do such as re-bidding, or even RPTCC may not be ready for RPCC headquarter setup at this time. Lao PDR proposed that if the meeting spends time for revision of bidding criteria by paragraph to paragraph, it would spend a lot of time and so the ADB Consultant is requested to prepare the revision of the bidding criteria and this revision of the evaluation criteria shall be sent to RPTCC members their review and comments. Thailand and Viet Nam supported this idea.

48. After long discussion the meeting requested (i) the Evaluation Committee to prepare and submit to RPTCC its evaluation report of the bid; and (ii) ADB and EC to prepare a draft revision of the evaluation criteria and submit to RPTCC for review and comments.

## **F. Agreements and Next Steps**

49. The following agreements were reached:

- (i) RPTCC members requested the Evaluation Committee to prepare a report on the difficulties/issues of the first bidding exercise.
- (ii) ADB, together with all members of Evaluation Committee (AFD, DFAT, and World Bank) will prepare a draft of the revision of criteria and provide the draft to countries to get their views with a deadline. All comments will be sent to ADB and copied to all countries for their information.
- (iii) The Evaluation Committee will prepare a report on the revised criteria. The report will be provided to all countries for submission to higher authorities.

## **G. Other Matters**

### **1. Appointment of RPTCC Chair and Vice Chair, 2016-2017**

50. Lao PDR is the RPTCC chair for two years. For 2016-2017, Myanmar is the RPTCC Chair for the next two meetings with Thailand as Vice Chair. Myanmar representative shared that there are three Director General in the Ministry of Electric Power (MOEP) and one of them should be the Chair. Myanmar requested to be given time to consult with superiors on the nomination of Chair and RPTCC will wait for the decision.

### **2. Venue of Next RPTCC Meeting**

51. Viet Nam has agreed to host the next meeting tentatively scheduled mid-2016. Viet Nam will correspond with ADB and other countries to fix the date and exact venue.

## **H. Closing Session**

52. RPTCC Vice Chair, Mr. Hein Htet, Deputy Director General, Ministry of Electric Power Planning, summarized the topics discussed. On the rebidding process, he stresses the need to refocus on the bidding criteria and get recommendation from evaluation committee. He quoted, Henry Ford, "coming together is a beginning, keeping together is progress, and working together is success. He enjoined all participants to work together for the progress and success of all GMS countries.

53. Dr. Daovong Phonekeo, Lao PDR expressed appreciation to ADB, the host country, Thailand, and all participants for attending RPTCC-19. He officially closed the meeting and wished all participants a good journey back home.

### **List of Annexes**

- Annex 1: Agenda
- Annex 2: List of Participants
- Annex 3: Country Updates on Power Development Plans: Focus on Cross-Border Projects
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  - 3.2: PRC
  - 3.3: Lao PDR
  - 3.4: Myanmar
  - 3.5: Thailand
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- Annex 4: Implementation of the GMS Regional Investment Framework
- Annex 5: Generation and Transmission planning in the interconnected system – methodology, application using a computer model and various regional applications
- Annex 6: Development Prospects of the ASEAN Power Market
- Annex 7: The Progress of Power Market Development in PRC
- Annex 8: Regional Power Coordination Center