

**Summary of Discussions**  
**1<sup>st</sup> Meeting of the Focal Group (FG-1) of the**  
**Regional Power Trade Coordination Committee (RPTCC)**  
**Hanoi, Viet Nam, 12-13 January 2006**

**I. Background**

1. The establishment of the Focal Group (FG) was agreed during the RPTCC-4 meeting held in Yangon in September 2005, to coordinate the implementation of the RPTCC activities in each GMS country. The FG was the first institution created for the implementation of the Regional Power Trade Operating Agreement (PTOA). The list of FG members was recently finalized based on nominations submitted by the GMS countries. The FG-1 meeting was attended by FG members nominated by the six GMS member countries, as well as by representatives of AFD, Soluziona, World Bank and ADB.

2. **Objectives.** The FG-1 meeting was held to undertake the following: (i) appoint the authorities (Chair, Vice-Chair, etc.); (ii) discuss and agree on decision-making methodology, communication channels and procedures; (iii) discuss and prioritize FG activities for the next two years; and (iv) establish necessary sub-group(s) for priority activities, including for preparing terms of reference (TOR), scheduling of activity, agreeing on methodology and appointing task manager and/ or technical group. The RPTCC-4 discussions initially indicated that priority be given to six of the 15 activities listed in the TOR for the FG, namely: (i) internal procedures; (ii) developing the action plan; (iii) developing best practices for PPAs; (iv) developing a Regional Master Plan; (v) developing and maintaining a regional database on the region's power sector; and (vi) establishing the Planning Working Group (PWG). Attached is agenda and program of meeting (Annex 1) and the list of FG-1 participants (Annex 2).

3. **Opening & Welcome Remarks.** Mr. Cao Quoc Hung, RPTCC Coordinator, Director General, Ministry of Industry, Viet Nam, warmly welcomed the members of the FG. He reviewed the milestones achieved to promote cross-border power trade and the regional power market in the GMS and outlined the objectives of the RPTCC. He hoped the FG members would have open and substantive discussions on the steps needed to put in place the institutions/ mechanisms needed to realize power trade in the subregion.

4. Anthony Jude, Principal Project Specialist, MKID, ADB stressed the importance of establishing the Focal Group in implementing the PTOA and developing the regional power market. He noted that the first meeting of the FG intends to fulfill two priority activities, namely, to set internal procedures, and to firm up its Action Plan. He explained that the meeting would involve breakout sessions to facilitate detailed decisions on organizational issues and topics. He added that a plenary session would be held to synthesize discussions and ensure consistency in agreements, with Soluziona facilitating the sessions. He enjoined everyone to strive achieving a strong consensus on various issues presented to further advance the GMS power trade agenda.

**II. Discussion on Institutional Arrangements for the FG and Next Steps**

5. *Closed Session with GMS Representatives on FG Authorities.* Mr. Jude requested heads of country delegations to remain for the closed session.

6. *Formal Selection/ Appointment of Chair/ Vice Chair/ Other FG Authorities.* The meeting agreed that PRC would chair the FG. The FG members also agreed that the chair should serve for a 2-year term. They also agreed that ADB would be the co-chair of the FG.

*Focal Group Activities: Terms of Reference (TOR)*

7. Mr. Enrique Patino, Consultant, Soluziona, presented the list of 16 proposed activities for the FG, and pointed to the proposed seven (7) priority activities and those that are permanent activities that do not need TORs. Priority activities included: internal procedures, promote the use of capacity in lines of PPAs, develop best practices for PPAs, establish the Planning Working Group (PWG), develop TORs of PWGs tasks, initiate the tasks required to establish regional database and website, and short term Action Plan for FG. He then presented the proposed schedule of activities.

8. Mr. Jude suggested that the country presentations be held prior to discussing the internal procedures, to give a better perspective of the appropriate institutional and other arrangements for the FG.

### **III. Focal Group Activities**

*Country Presentations (individual presentations attached as Annex 3)*

9. *Cambodia.* Mr. Nolson, Deputy Managing Director, Electricite du Cambodge (EDC), gave the status of Cambodia's power system, presently all isolated systems. He showed the plan to build half of the national grid from 2006 to 2010, and the plan for the power grid from 2011 to 2020. He outlined the work plan activities: two existing PPAs and two PPAs under negotiation, but no spare capacity of the lines was studied; develop capacity building in HV transmission; establish national working group; learn standard mechanism to analyze PPAs; participate in FG; participate in PWG; and would like to participate in training for the Regional Regulatory Board (RRB), Regional Transmission Coordinator (RTC), Systems Planning Working Group (SPWG) and Operations Planning WG (OPWG).

10. *PRC.* Ms. Long Qing, Superintendent, China Southern Power Grid (CSG), gave PRC's plans/ suggestions for four priority work plan activities: internal procedures, best practices for PPAs, Action Plan for the FG, and installation of the Technical Secretariat (TS). Under Action Plan PRC suggested organizing seminar on GMS Electric Power Planning, and conducting study on feasibility of GMS Unified Power Planning. She thanked ADB for supporting the conduct of 1<sup>st</sup> Rural Electrification Seminar in July 2005. She provided an update on the progress of PRC in promoting GMS power cooperation: PRC- Viet Nam, and PRC- Thailand cooperation.

11. *Lao PDR.* Mr. Anousak Phongsavath, Deputy Chief, Rural Electrification Division, Department of Electricity, Ministry of Industry and Handicraft (MIH), gave the status of Lao PDR's power facilities, which is divided into four regions (Northern, Central 1 and 2, Southern). He showed the country's current and prospective power imports and exports with Thailand, Viet Nam and PRC. He discussed the transmission line development plan up to 2020 for the four regions. He showed the related country work plan activities of Lao PDR per the checklist provided by ADB.

12. *Myanmar.* U Tun Naing, Deputy Director, Department of Electric Power, Ministry of Electric Power (MOEP), provided Myanmar's views on internal procedures for the FG,

particularly related to meeting frequency, venue, procedure, communication channel, documentation and register of FG decisions. He gave prospective PPAs that may be agreed with Thailand and PRC in the near future and noted the related cross-border transmission lines that may be constructed. He suggested some parameters for the PWG, including its composition and reporting mechanism, and gave the possible short/ medium term work plans for the Systems PWG and Operations PWG. He recommended activities for the short/ medium term Action Plan for the FG.

13. *Thailand.* Mr. Prutchai Chonglertvanichkul, General Manager, Electricity Generating Authority of Thailand PLC (EGAT), noted that power interconnection in the GMS region is currently in stage 1, and gave Thailand's proposals on work plan activities of the FG, particularly on: internal procedures, promoting excess capacity in interconnection lines, establishing the PWG (2006), developing TORs of PWG's tasks, short/ medium term action plan of RPTCC, plan for installing TS, initiating tasks to establish regional database and website, initial studies, and training program. He discussed Thailand's related country work plan activities per the ADB checklist.

14. *Viet Nam.* Mr. Tran Dang Khoa, Expert, Power Market Department, Electricity of Viet Nam (EVN), gave updated information on Viet Nam's power sector (demand, installed capacity, generation, transmission and distribution, new projects), the power development plan, power exchange and interconnection network, and potential interconnection projects. He informed of provisions of cross border PPAs: Sekaman 3, 220 kV PPA (CSG & EVN), and 110 kV PPA (CSG & EVN). He noted that each PPA had only single price provisions, and did not result to synchronizing two transmission systems.

15. *Discussions.* Mr. Jude summarized the issues discussed and points agreed upon. He noted the consensus that the FG should meet at least twice a year, with at least one FG meeting back-to-back with RPTCC. PRC suggested clearer delineation of RPTCC and FG TORs, with RPTCC providing overall supervision of power trade activities and the FG undertaking the detailed technical work. The other agreed FG arrangements were:

- a. Chair to propose agenda for each FG meeting and this will be circulated to all FG members for comments;
- b. Location of FG Secretariat: no agreement on permanent location, but ADB to be the interim depository of all documentation;
- c. PRC to take the lead in database development and host the virtual location where database could be accessed/ exchanged, which would be linked to a special location in the ADB website;
- d. Budget: funding from AFD and SIDA assistance to RPTCC could be tapped for priority FG activities up to 2008;
- e. Venue: GMS countries to consider rotating venue of FG meetings.

16. *Finalization of Priority List of Activities.* Mr. Patino presented the eight (8) proposed priority activities based on discussions of country positions. He showed the proposed schedule for these activities for the first two years. Discussions pertaining to these activities were as follows:

- a. Internal procedures- Covered in earlier discussions related to the chair/ co-chair of the FG, the frequency of FG meetings, documentation and reporting channels, and other procedural matters.
- b. Promote the use of capacity lines of PPAs- Mr. Prutchai briefed on the provision of the PPAs for Nam Theun 2 and Nam Ngum projects. These PPAs allow connections to the

PPA transmission lines for purposes of cross-border power exchange, but not for connection to the power plant.

- c. Development of best practices for PPAs- Mr. Larsen briefed on the World Bank's financial support to Lao PDR to incorporate best practices in standard PPA contracts.
- d. Establish the PWG- The meeting agreed to the proposal to nominate two persons from the utility firm of each GMS country. Nominations would be submitted one month after the FG-1 meeting, after consulting with authorities in each country.
- e. Development of TORs for the PWG's tasks- Mr. Patino said the first step would be to determine which tasks should be assigned to the PWG; detailed tasks could be discussed and agreed upon later. The FG members were requested to clarify the type of tasks they plan to undertake.
- f. Initiate tasks required to establish Regional Database and Website- Mr. Shi Shengguang said that the priority activity would be to establish the database/ information platform.
- g. Short term Action Plan for FG- FG members agreed that issues concerning bilateral power exchanges could be included in the PWG's TOR. Mr. Patino said the PWG could provide the proper environment to thresh out bilateral power exchange issues.
- h. Updating the Regional Master Plan- Mr. Jude said the unified Master Plan would ideally be the integration of the individual country plans. He enjoined GMS members to actively participate in the implementation of the forthcoming RPTCC TA project, to better reflect country plans in the Master Plan. Mr. Luo said that completing the Master Plan (Phase I of the RPTCC TA project) would be undertaken in coordination with other important RPTCC activities such as training, institution building and database development.

17. Mr. Luo asked whether the book of procedures or a "rule book" would be needed to guide the operations of the FG. All GMS FG members agreed to keep it simple, e.g., rules may be spelled out in the summary of proceedings. Mr. Shi reviewed the main functions of the chair: (i) to draft the agenda; (ii) to facilitate the communication among FG members; (iii) to coordinate studies under supervision by the FG; and (iv) to chair FG meetings during his term.

18. *Discussion/ Creation of Sub-Groups or Other Working Teams to Handle Selected Activities.* Mr. Patino suggested going through the main tasks identified. The succeeding paragraphs discuss the detailed work involved in each task.

19. *Database development.* Mr. Prutichai suggested determining first the content of the regional database. He said database of the Heads of ASEAN Power Utilities (HAPUA) could contain the same data planned for the regional database of the FG. Mr. Shi suggested that information used in the individual power sector plans (including economic information) should be included on the regional database. Mr. Prutichai said the HAPUA database even includes the power sector structure of individual countries, but noted that the FG database could go into more detail, such as on the existing and prospective transmission lines. Mr. Jude noted that the ADB earlier published the Electric Utilities Databook, which detailed profiles of power utilities in its member countries, but this has been discontinued. Mr. Jude said the database development is part of the TOR of the consultant of the RPTCC TA project, and parts of the databook information format could be adopted. It was agreed that PRC would take the lead in coordinating development of the database, and host the database in its server, with ADB financing the activity through the RPTCC TA. However the GMS members should eventually own up to maintaining/ updating the data. The FG agreed that database development would be a function of the PWG.

20. *Master Plan.* The World Bank has prepared TOR for the consulting study of the Master Plan for Power Development, which ADB has consolidated under the TA financed by AFD. FG

members were asked to submit comments on the TOR of the Master Plan study within two weeks after the FG-1 meeting.

21. *Best Practices for PPAs.* This study is under Lao PDR leadership with the support of the World Bank.

22. *Training.* Mr. Jude asked the FG members to think of the priority training needs, which could later be supported by the ADB and WB.

## DAY 2

### IV. Presentation of TOR, Priority Activities/ Methodologies, Schedule

23. *Presentation on Terms of Reference (TOR), Priority Activities/ Methodologies, Schedule.* Mr. Patino presented the TORs for each of the priority activities of the PWG, namely: database; website; Master Plan; best practices on PPAs; operational compatibility of national grids with standards of regional grid; and compatibility of performance standards of national grids with regional grid.

24. *Database.* He said the objective is to establish a regional database to systematize regional information. Activities comprise defining the information to be included in the database, defining the variables that will integrate each block, and establishing procedures for gathering, processing, validating and making available the information. Mr. Jude said ADB would propose a format by 10 February 2006 for consideration of the FG Chair, to be circulated for comments by the FG members. Frequency of updating data would be determined after the variables have been defined. Mr. Jude reminded that it is important to ensure that database management could be sustained. Mr. Luo suggested review of the format of the HAPUA database before designing the FG database.

25. *Website.* Mr. Patino said the website could be developed after the database has been developed. Mr. Pruticai noted that the website could include, in addition to the database, other information such as proceedings, articles, etc. Mr. Patino said the activities include defining the information, designing the website and its hosting, determining responsibility for administering, and uploading information. Mr. Shi said the website could inform interested parties outside of the GMS about the GMS power market, which could be used in decision making.

26. *Master Plan.* Activities included the FG members' active participation in the formulation of the TOR of study, and in the conduct of the study such as providing information, discussing criteria, methodology and models to be used for the study, and the analysis of results.

27. *Best Practices for PPAs.* Mr. Patino said the objective is to develop standard general conditions that any PPA that involves cross-border trading must comply with. He said the FG should be acquainted with the study being managed by Lao PDR, and to analyze the reports produced by the study. Mr. Larsen informed that the study covered the GMS region, but that Lao PDR was requested to implement it only because WB rules do not allow the RPTCC as a body to implement projects. He said that a preliminary desk study was made available to Lao PDR but a draft final report would be due in April. Mr. Jude requested Lao PDR to share the desk study with other GMS FG members within two weeks. The final report due in April would be reviewed by FG members, who would then submit their comments to the FG Chair, which would be discussed at the FG meeting back-to-back with the RPTCC meeting in June.

28. *Operational Compatibility of National Grids with Standards for Regional Grid.* This involves review of operational rules of national grids and how these are compatible with standards set to operate the regional grid. He gave two options for conducting the study: outsourcing the study; and making use of local resources. Mr. Prutchai noted that it would be difficult for some GMS members to meet operational criteria in the short term, so that this activity may not be needed at this time. Mr. Shi said it would be necessary to look into the differences of security standards. The FG members agreed to keep this activity and the TOR would be prepared for discussion at the next FG meeting.

29. *Focal Group Meeting Venue.* Mr. Jude requested guidance from GMS members on the mechanism for selecting the venue of FG meetings. The members agreed to holding the meeting on rotational basis, and agreed to hold the next FG meeting back to back with RPTCC meeting in Cambodia in June 2006.

## **V. World Bank and ADB Presentations**

30. *World Bank Presentation: Progress Report on Preparation of GMS Power Trade Program Phase I.* Mr. Morten Larsen, Consultant, World Bank Field Office (Vientiane), presented the progress report of preparations for the GMS Power Trade Program Phase I (Annex 4). He discussed the investment components of the WB program, which included transmission investments and feasibility studies for generation in Cambodia and Lao PDR. He noted the progress of preparatory work/ consultant studies (KEPCO and TEPCO) for transmission and generation investments in Cambodia and Lao PDR. He discussed the following: ownership and benefits sharing study being done by TEPCO for the CSG-EdL-EGAT 500 kV line, which would need to be re-oriented due to inadequate data; and good practice PPA guidelines for bilateral trade. He outlined the next steps for consultants' studies for Cambodia, (including completion of the PPAs between EDC and EdL, and EDC and EVN) and for Lao PDR (covering the good practice study and the CSG-EdL-EGAT study). He gave the time frame for the Phase I program, which extends from January 2005 to 2008.

31. *ADB Presentation: Proposed ADB/ SIDA Assistance to RPTCC, Energy Efficiency Renewables.* Mr. Jude informed of the \$5 million assistance to the RPTCC and for energy efficiency to be provided by Swedish International Development Agency (SIDA) covering five areas: energy efficiency and conservation, renewable energy for rural areas, clean development mechanism (CDM), support to RPTCC, and environmental capacity building for development of energy projects. He asked the FG members for comments on the proposal especially on proposed activities under each of the components, after two weeks. He informed that this would be discussed in the forthcoming Mekong Development Forum (MDF) in Stockholm in April 2006, during which the agreement between ADB and SIDA would be finalized.

32. *TA for Regional Power Trade Coordination and Development.* Mr. Luo briefed on the status of the TA financed by AFD and discussed the proposed TOR for the consultant to perform various inter-related tasks in developing regional power trade, including: developing the Master Plan, facilitating creation of institutions for power trade, capacity building and HRD, and establishing the platform and database for information exchange and communication. Mr. Jude requested the FG members for their comments on the TOR after two weeks.

## **VI. Plenary: Discussions of FG Activity Plans**

33. *Discussions: Formal Creation of Subgroup, Appointment of “Task Manager” or “Technical Group”.* Mr. Jude presented a matrix outlining the overall tasks of the FG and PWG and sought confirmation and comments from FG members on the arrangements and timing of various items: for the FG, these included the internal procedures, establishment of the PWG, and PPA best practices and its follow-up activities; for the PWG, these included the Regional Master Plan (and on the job training and planning software), regional database, operational and planning criteria and other activities. The matrix summarizing the agreed arrangements and timetable for FG and PWG activities is attached as Annex 5. The meeting noted the coordinators of activities of the following PWG activities: database and website, PRC; PPA best practices, Lao PDR; Regional Master Plan, Thailand; and training, to be determined.

34. *Possible Agenda Items.* Mr. Jude enumerated the possible agenda items for the June 2006 RPTCC meeting, which included: PWG internal procedures and other activities (training, planning, operational agreements, legal, tariffs, others); presentation of PPA best practices final report; follow up activities of PPA best practices for SIDA funding; formatted FG database; and initial findings of energy sector strategy study.

## **VII. Closing Session**

35. *Consideration and Adoption of Proceedings.* Mr. Jude announced the distribution of the draft summary of proceedings for review by the body. The FG members reviewed the draft summary of proceedings and after incorporation of suggested changes, the body therefore approved the minutes of the FG-1 meeting.

36. Mr. Shi Shengguang thanked FG members for the appointment of PRC as chair of the FG and assured that PRC would meet its obligations. He requested continued support from GMS members and ADB and WB. He looked forward to closer communication and cooperation among the FG members to achieve the important work ahead. He hoped that forthcoming meetings would further cement ties among GMS members, and invited the GMS members to visit the beautiful cities covered by the CSG. He asked confirmation from the FG members of the work that the FG Chair is expected to deliver, which he would reflect in preparing the proposed agenda for the next FG meeting.

37. Mr. Jude provided a summary of the agreements of the FG meeting, particularly the specific TORs of the various proposed activities under the FG and the establishment of the PWG. He thanked PRC for accepting the chairmanship of the FG, Thailand for agreeing to coordinate the Regional Master Plan, and Lao PDR for the work on the PPA best practices. He expected Cambodia, Myanmar and Viet Nam to later take on other important activities of the FG and PWG. He also thanked the WB and AFD for their contributions to the power trade program. He thanked Viet Nam for hosting the workshop in the beautiful city of Hanoi and greeted the FG members a happy new year.