

Greater Mekong Subregion
First Meeting of the Regional Power Trade Coordination Committee (RPTCC-1)
Guilin, PRC
13-14 July 2004

Summary of Proceedings

Introduction

1. The First Meeting of the Regional Power Trade Coordination Committee (RPTCC-1) was held in Guilin, PRC on 13-14 July 2004. The Meeting was co-organized by the National Development and Reform Commission (NDRC) and China Southern Power Grid Co. (CSG) of the People's Republic of China (PRC), and the Asian Development Bank (ADB).
2. The RPTCC-1 meeting discussed the following: overview of GMS energy cooperation; review/ adoption of RPTCC guidelines; proposals on RPTCC work plan by GMS members, World Bank and ADB; and review of Regional Power Trade Operating Agreement (PTOA) interim report including international experiences, simulations in cross border transactions and PTOA general design. Attached, as Appendix 1, is the Agenda and Program of the Meeting.
3. The participants included delegations from the Kingdom of Cambodia, the People's Republic of China (PRC), the Lao People's Democratic Republic (Lao PDR), the Kingdom of Thailand, and the Socialist Republic of Viet Nam. Representatives from the World Bank, Japan Bank for International Cooperation (JBIC), E7 Group, Soluziona (ADB PTOA Consultant) and ADB also attended. The meeting regrettably noted the absence of the delegation from Myanmar. The list of participants is attached as Appendix 2.

I. Opening Session

4. Mr. Shi Shengguang, Deputy Director, International Cooperation Department (ICD), CSG, requested heads of delegations to convene in the small meeting room for informal discussions on the election of the RPTCC Chairperson and Vice Chairperson. After this, the meeting convened and he then introduced the speakers for the opening session.
5. Mr. Wang Jun, Deputy Director General, Energy Bureau, National Development and Reform Commission (NDRC) warmly welcomed the officials of GMS countries and representatives of ADB, WB, and JBIC to Guilin, a city reputedly "with the most beautiful rivers and mountains in the world." He informed of PRC's approval of IGA and election of RPTCC members, and expressed PRC's commitment to play a positive role in GMS power cooperation. He added that the CSG was authorized to coordinate power trade promotion on behalf of the PRC Government, which involves interconnection planning, setting power market rules, PTOA drafting and implementing power projects. He said that after 10 years of power cooperation through EGP and EPF, a new period of rapid growth has been ushered in with ADB support. He cited that interconnection would bring about various advantages such as reduced reserve capacity, decreased power cost and improved grid security and stability. He said that the PRC would raise concrete suggestions on the RPTCC working mechanism and hoped the meeting, attended by leaders and experts in the energy and power field, would reach agreements on this.

He thanked ADB for the support, and the participants for their presence and wished all RPTCC members lasting cooperation and friendship.

6. Mr. Urooj Malik, Director, Infrastructure Division, Mekong Department, ADB, warmly welcomed participants to the RPTCC-1 meeting and noted the meeting's importance in defining the policy and institutional framework under which GMS power trade could take place. He thanked the Government of PRC for the excellent meeting arrangements, congratulated the GMS members for the IGA's ratification by five (5) GMS members, and warmly welcomed the WB and JBIC to the meeting. He briefed on the meeting's various sessions, the highlight of which is the election of the RPTCC Chair and Vice Chair, and the formal adoption of the RPTCC guidelines. He noted the session on milestones in GMS energy cooperation, designed to brief RPTCC members on the status and future directions of cooperation. He said that the meeting would also review the PTOA interim report submitted by the consultant, and would take up the remaining PTOA activities in relation to the functions of the RPTCC. He noted the steps taken by ADB to expand energy cooperation, and said that a road map or development strategies for expanded energy cooperation would be presented in the next EPF meeting. He was confident the RPTCC meeting would set the stage for making crucial decisions to operationalize the IGA and the PTOA, which are important in strengthening the policy/ institutional framework for enhanced cooperation in regional power trade.

Election of RPTCC Chairperson/ Introduction of Members

7. Mr. Malik said that based on the RPTCC guidelines, the first Chair of the RPTCC would be the host of the first RPTCC meeting, after which he requested Mr. Wang Jun to take over as Chairperson for one year, a post later to be rotated among other GMS members. Mr. Wang Jun graciously accepted his role as first Chair of the RPTCC and introduced himself to the participants, providing his power sector experience relevant to his role as RPTCC Chair. He asked all RPTCC members to introduce themselves, all of whom, as Mr. Wang Jun observed, possessed the necessary experience/ background for their tasks as RPTCC members.

Progress of IGA Ratification

8. Mr. Jong-Inn Kim, Project Engineer, Infrastructure Division, Mekong Department, ADB, reported the progress of IGA ratification/ acceptance and requested Cambodia to provide an update on the status of its IGA ratification. Mr. Yim Nolson, DDG, Electricite du Cambodge (EdC), noted that IGA ratification was hindered by the delay in the formation of the new government in Cambodia, but that the process of IGA ratification would continue once the new government has been formed. He mentioned that the process of government formation in Cambodia had reached its final stages and soonest the national assembly convenes, the IGA will be tabled for the assembly's consideration.

II. Overview of GMS Energy Cooperation Activities

Presentation of Milestones

9. Mr. Jong-Inn Kim first enumerated the benefits derived through power trade, which included reducing investments in reserves to meet demand and achieving more reliable supply. He said that the 1995 Subregional Energy Sector Study, which prescribed the framework of GMS energy cooperation, led to the formation of the Subregional Electric Power Forum (EPF) in

1995. Two hydropower projects and a river basins hydropower development study were implemented between 1994-1998. In 1998, a World Bank Power Trade Strategy study prescribed the need to efficiently operate a regional power network, and this was followed by the formation of the Experts Group on Power Interconnection and Trade (EGP) in June 1998 to promote the development of the regional transmission network. He explained the two-pronged approach to development of the regional power market, e.g., providing the policy and institutional framework, and developing the grid interconnection infrastructure. He explained the progress achieved in each policy/ institutional milestone consisting of the Policy Statement on Regional Power Trade, the IGA, establishment of the RPTCC, the WB Study for Options in the GMS Power Market, and the PTOA. He noted the GMS focus on developing the grid interconnection infrastructure and explained the indicative master plan on power interconnection, followed by the list of energy projects for possible ADB funding. He noted WB's GMS Power Trade: Operational Strategy Note, which was recently endorsed, signaling WB's greater involvement in power trade activities. Finally, he discussed the recent enhancements made on the GMS Development Matrix (DM), and said that the flagship program "Regional Power Interconnection and Power Trade" would be further discussed in the next EPF meeting.

10. Mr. Malik added that the DM is a rolling investment program, and that it is being refined as more information about projects is gathered. He said it is important for the DM to be shared among GMS members. He said that the DM was disseminated in the recent Mekong Development Forum in Paris with the intention of attracting investors in Europe to priority projects contained in the DM.

11. Mr. Houmphone (Lao PDR) asked about the progress of the interconnection project between Lao PDR, Thailand and Viet Nam, and Mr. Kim provided the status of PPTA implementation. He noted its implementation is dependent on progress of Nam Theun 2 project.

III. Review/ Adoption of RPTCC Guidelines for Establishment of RPTCC

Presentation on Guidelines: Meeting Rules, Working Groups, Decision on Meeting Venue

12. Mr. Jong-Inn Kim noted that the IGA entered into force on 15 September 2003 upon the date of issuance of third certified instruments. He said that the guidelines for the establishment of the RPTCC were adopted in EGP-8 (2002) and revised in EPF-10 (2003). He then cited and read line by line, IGA Articles 4.1, 4.2, 4.3 and 4.4, which pertain to the prescribed institutional framework for power trade, including the roles of the IGA Ministers and the RPTCC. He noted the provision that GMS members could authorize national authorities/ utilities making arrangements to regulate establishment/ operation of the PTOA, subject to RPTCC approval. He then proceeded to the relevant provisions of the RPTCC Guidelines, including the Preamble/ Objectives, functions, membership/ representation, coordinators for power trade, chair, vice chair and PTOA project manager, working groups, reporting process, meeting frequency/ venue, decision making, and financing and other support. He pointed to the provision on initiation and revision of guidelines.

Discussions/ Adoption of Guidelines

13. Mr. Kim suggested removing "Establishment" in the title of the Guidelines. He also suggested the following revisions based on consensus on the Vice Chairperson as discussed in the informal meeting earlier. He noted that members agreed to:

- a. Split the function of the Vice Chair and PTOA Manager;
- b. To elect the Vice Chair from the country that will next Chair the RPTCC, in alphabetical order; Lao PDR, the Chair next year, will be Vice Chair this year;
- c. Creation of Co-vice Chairperson/ Special Coordinator, with ADB taking on this role until agreement is reached on the PTOA.

14. He then invited comments and modifications to the guidelines from the participating RPTCC members. Mr. Zhang Yuebin (PRC) noted the necessity to make clear that the RPTCC should report also to the GMS Ministerial Conference, which could be different from the Minister responsible for electricity policy. Mr. Malik clarified that the GMS Ministerial Conference is multi-sector in composition, and Article 4.2 may include the minister for energy/ power, and sees no inconsistency in this regard.

15. Mr. Kim asked for the RPTCC members' position on the proposed modifications. All GMS countries agreed to the proposed modifications. However, Thailand suggested changing the title of Co-vice Chairperson/ Special Coordinator. It was agreed to retain ADB as Co-vice Chairperson, with the role as Special Coordinator, which will be reflected in the guidelines. Mr. Kim said the relevant clauses in the RPTCC guidelines would be revised to reflect the agreed changes. Later, the revised RPTCC guidelines would be circulated to the body for formal adoption.

Election of Vice Chairperson/ PTOA Project Manager

16. Mr. Chavalit (Thailand) asked about the specific roles of the Chairperson and Vice Chairpersons. Mr. Wang Jun said that the Co-vice Chairperson should undertake more specific tasks, which Mr. Malik clarified as providing the continuity needed in drafting of the PTOA. Mr. Zhang Yuebin (PRC) raised the issue of financing of normal operations of the RPTCC. Mr. Kim pointed out that per the guidelines, external assistance could be used to cover participation costs where necessary. Mr. Malik said that assistance could come from other donors or from other GMS members.

17. The meeting had a photo session at the end of Session III, prior to breaking for lunch.

IV. RPTCC Work Plan

Country Proposals / Discussions/ Synchronization of Proposals

18. **Cambodia.** Mr. Yim Nolsom noted that Cambodia's power sector is still in the early state of recovery and development. In the past years, emphasis was on rehabilitation of generation and distribution and in the next phase, he said the plan was to build the National Transmission grid connecting load centers such as the southern grid connection to Viet Nam and northwest grid connection to Thailand. He noted the enormous capital investment required for this, and appealed to private sector and international financial institutions for funding support. On the work plan, he proposed that the RPTCC:

- a. Harmonize all regulatory frameworks;
- b. Elaborate on the wheeling framework to guarantee supply;
- c. Build capacity;

d. Elaborate on Independent System Operator (ISO).

19. **PRC.** Mr. Xiao Peng, VP, CSG, cited the specific proposals under general areas of the RPTCC work. On indicative guidelines and goals he proposed reformulation of benefits to be gained from regional interconnection. On the functions of the RPTCC, he noted five (5) proposals which included establishing a well coordinated development strategy, identifying implementing steps in regional power cooperation and trade, and assisting GMS governments in addressing policy/ regulatory/ legal obstacles during the cooperation process. On the organization, he suggested that RPTCC establish working groups, based on existing EGP, in planning, law and regulation, technology and economy, project execution, market regulation, etc. On working mechanisms, he suggested that RPTCC meet annually, together with EPF, with each working group also meeting annually to report on progress and submit issues for resolution in RPTCC. Finally on the work plan, he noted that RPTCC is responsible for setting a plan of implementation for regional cooperation and trade, and identifying feasible projects in the near future. He said the plan of implementation for regional cooperation and trade should identify the timetable, leading body and required financial and technical assistance.

20. Mr. Qin Zhijun, Deputy Division Chief, Energy Department, NDRC, provided a brief on the process of PRC's power sector reforms. He said the reform scheme, adapted to international reform experiences in the 1980s and 1990s, was inspired by the need to reduce development costs. He said the state power monopoly was broken up according to its assets, largely based on the generation and transmission parts. He then discussed the reform of power tariffs, largely based on market, away from government-determined prices. He cited the benefits resulting from the reform process. After improving transparency from the generation side, there has been increased private sector interest in the sector. He cited the benefits of transmission regulation under the reform situation, relative to a monopoly situation. He said the CSG was set-up after completing the reform process, which was so organized to serve as focal point for GMS energy cooperation.

21. **Lao PDR.** Mr. Houmphone Bulyaphol, DG, Department of Electricity, Ministry of Industry and Handicrafts (MIH), discussed Lao PDR's ongoing RPTCC activities, which includes the PTOA study, formation of the RPTCC body, and the PPTA for the 500 kV regional interconnection (LAO-THA-VIE). He noted the next steps consisting of formulation of the PTOA document, identification of working groups, and study of national regulator for management of domestic electricity supply industry (ESI) and coordinate with RPTCC. He enumerated the short term plans as follows:

- a. Formulate uniform rules for cross-border exchange and third party access;
- b. Establish regional grid code compatible with national grid code;
- c. Set up transmission system operator (TSO);
- d. Identify regional infrastructure model to apply/ test draft PTOA mechanism, e.g., LAO-THA-VIE 500 kV link via Nam Theun 2.

22. **Thailand.** Mr. Prutichai Chonglertvanichkul, Director, System Planning Division-Transmission, EGAT, presented proposed tasks/ activities for 2004-2006. This included the following:

- a. Draft RPTCC organization structure- July 2004;

- b. Conclude/ review the study of options for the structure of GMS power market- July 2004;
- c. Draft the PTOA- 2004-2005;
- d. Establish working groups to solve/ discuss issues/ barriers of GMS interconnection projects- 204-2005;
 - o Thailand- Lao PDR- Nam Ngum 2 and 3, Nam Ngiep 1, Nam Theun-Hinboun expansion
 - o Thailand-Myanmar- Thanlwin basin, Taninthari hydroproject
 - o Thailand- PRC- supply of 3,000 MW to Thailand
 - o Thailand- Cambodia
 - o Lao PDR- Viet Nam
 - o Lao PDR- Cambodia
 - o Viet Nam- Cambodia
 - o Viet Nam- PRC
 - o PRC- Lao PDR
 - o PRC- Myanmar
 - o Thailand- Lao PDR- Viet Nam
- e. Prepare/ review common planning and operation criteria;
- f. Study transmission tariff pricing;
- g. Create website of RPTCC;
- h. Human resource development

23. **Viet Nam.** Mr. Pham Manh Thang, DDG, Energy and Petroleum Department, Ministry of Industry, proposed activities in addition to those proposed by Thailand. He briefed on the technical discussions regarding interconnection between PRC and Viet Nam. He noted the projects to interconnect Lao PDR and Viet Nam, and mentioned ongoing discussions on development of Nam Mo and Se-Kaman 3 hydropower projects, among others.

WB Suggestions on RPTCC Work Plan

24. Mr. Barry Trembath, Lead Power Sector Specialist, WB, recalled the objectives of the RPTCC, one of which was to put in place a sound foundation for long-term power trade. He noted that for development of the PTOA, the consultant recommended stages 1 (2004-2010 cross border lines associated with IPPs only) and stage 2 (transactions between two countries using third country transmission facilities). He looked at the proposed contents of the PTOA, such as short-term bilateral transactions, some standard PPA provisions, transmission tariffs, rules for new transmission lines, regional transmission planning, and regulatory board. He discussed required elements for grid code development. He said the PTOA report should take up the good practice guidelines for bilateral agreements, consisting of definition of standard product lines and associated pricing structure, avoided cost principle in tariff structure, and other issues for consideration such as capacity/ energy charges, seasonal/ time of day pricing, synergy between hydropower plants, value of ancillary services, sharing of benefits (“rents”), consideration of types of rents, rent sharing principles, etc. He commented on the recommendations to establish a Regional Planning Group (RPG) and a Regional Regulatory Board (RRB).

25. Mr. Liu Zhi, Infrastructure Coordinator, WB, added that the WB program has been mainly country-focused, but is now increasingly emphasizing regional work. The GMS power grid project is a part of the current work program. He hoped the first meeting of the RPTCC provides

input for the WB to further define the specific actions for the work program. He mentioned a WB-funded TA with the Mekong River Commission (MRC), which modeled the potential environmental impacts of various power grid development scenarios, which could be a useful tool for RPTCC in its future work in addressing environmental issues associated with regional grid development.

26. Mr. Malik noted that the discussions in the preceding session provided important insights on power sector reforms, tariff setting, and unbundling processes, among others. Given the importance of the preceding session, he asked the presentors to provide copies of their presentations, including those involving suggestions for RPTCC work plans to ADB/ Mr. Kim, so that these can be appropriately consolidated into the draft work plan.

ADB Proposal on RPTCC Work Plan

27. Mr. Kim recalled Article 4.3 of the IGA on the role of the RPTCC, which enumerated the tasks of the RPTCC in taking the first step to establish regional trade arrangements. Among the functions of the RPTCC he highlighted were to provide policy guidance for market options study and to provide final draft of the PTOA. He then cited the seven recommendations made by the WB Market Options Study, which included the study of the regulatory and institutional framework, and the development of pro-forma PPP and contract terms of trade. He next discussed the scope of the PTOA study, such as harmonizing the technical grid code for power trade, development of forms for regional power trade, and development of transmission tariff pricing formula. He enumerated what, in ADB's view, are the key aspects of power trade, namely, information sharing, technical, commercial, financial, legal and regulatory, institutional and capacity building/ human resource development. He cited the express provisions in the IGA pertaining to each of these aspects and provided examples of RPTCC work plan activities addressing these provisions. For example, information sharing includes development of communication channel for information flow. Technical/ commercial aspects, he added, includes development of technical guidelines, transmission tariff and open access, financing sources, etc. Other aspects include prioritizing list of projects with high potential for power trade, coordinating with other regional initiatives and other bilateral donors, and meeting social and environmental requirements.

28. Mr. Kim added that he would present a consolidated proposed RPTCC work plan on day 2 of the meeting.

Amendments to the RPTCC Guidelines

29. Mr. Kim showed the slide of the RPTCC guidelines as revised based on earlier meeting discussions/ agreements. The most important change concerns the Chairperson, Vice Chairperson and Co-vice chairperson and their tenure and manner of appointment. The revised guidelines were circulated to the RPTCC members for further review and comments, for finalization on day 2.

V. Review of PTOA Interim Report

Learning on International Experiences- Simulations of Cross Border Transactions

30. For the information of RPTCC members, Mr. Jorge Karacsonyi, Team Leader, Soluziona, presented the PTOA work plan/ project schedule, updated as of July 2004, which will be followed by the PTOA consulting team.

31. **Simulation of cross-border transactions.** Mr. Enrique Olveira, Consultant, Soluziona, enumerated the objectives of the simulations, and explained what were not covered in the simulation exercise. He proceeded with the assumptions and tool used in the simulation studies and the expected results for the regional as well as country electricity systems. He summarized the results for each of the four scenarios each with distinctive assumptions and sensitivity analysis. He then provided the general conclusions from the simulations, in terms of economies, lines congestion, sensibility for systems expansion, volume of energy traded, and expected use of resources. He discussed the international exchange patterns expected to occur, especially given effects of transmission development and of cross-border trading. These include thermal replacement with regional hydro plants. Mr. Olveira showed and explained the graphics on load flow congestion before and after integration is achieved. He quickly noted that several annexes contain the detailed assumptions and inputs, and the main results by scenario.

32. Mr. Xiao Peng invited everyone to the CSG-hosted dinner at 19:00.

Day 2

33. Mr. Wang Jun opened the day 2 meeting and invited Soluziona representative to make the presentation.

34. **Learnings on International Experiences.** Mr. Leo Benitez, Consultant, Soluziona, provided a summary of the cases analyzed for various existing regional power markets, in terms of market size (number of countries, maximum/ minimum capacity), initial state (interconnection capacity, market organization, regulation), regional transmission system (open access, regional tariffs, congestion management, expansion planning and implementation) and regional institutions (system operator, market operator, regulator). He then discussed in detail, each of the four sample regional power markets from which the most lessons could be derived by the GMS countries (Central American Regional Market, Nordic Power Exchange Pool or NORDPOOL, South Cone Countries and European Regional Market). He discussed their general aspects, organization of the power sector in each country, description of the regional market, and the main lessons to be derived for the GMS. Finally, he discussed the general conclusions derived from the cases analyzed. One is that regional markets can be developed even if there is great difference in the size and degree of development of power systems in different countries. Another is that while symmetry in regulations is desirable, conditions of symmetry to allow cross-border trading at the beginning are minimal.

Technical Analysis and Recommendations

35. Mr. Robert Fitzgibon, Consultant, Soluziona, discussed the general criteria and relevant physical issues to consider in design of the PTOA. These include the disparity in respective countries' market size, differences in levels of integration of national transmission systems, and limited market size for large-scale hydro or thermal projects. He noted the expected development of cross-border interconnections up to 2015. Regulatory issues were presented, which include: organization of generation and transmission with single buyer; the single buyer

as the only institution allowed to import and export energy; the single buyer acting also as Transmission System Operator (TSO); and acceptance of IPP, among others.

36. Mr. Jorge Karacsonyi discussed first the considerations for developing the PTOA, one of which was the need for some level of coordination/ harmonization for developing a regional market. He explained the four stages of the strategy, discussing the expected conditions in each stage in terms of the PTOA, the regulator and the planning process. He added that for the GMS, stages 1 and 2 are attainable, with stages 3 and 4 conditioned on future GMS energy policy. He gave the time frame for transition from stages 1 to 4. He then discussed the conceptual evolution for power trading, for regulating, and for planning. He described each stage in terms of cross-border transmission and regulation. Also for each stage, he provided the international references (the most relevant experiences to draw lessons from), targets (e.g., regulatory, physical and institutional), the type of transactions (e.g., contracts, real time balance), security/ service quality (e.g., security, reserves, access), transmission (e.g., tariffs, congestion management, planning, expansion) and institutions (e.g., transactions coordination, system operator, regulator). He noted that the PTOA could be developed only for stages 1 and 2, compatible with stage 3 and not making it difficult to transition to stage 4. He then went into details of stage 1 comprising the goals, trading rules, rules for PPA, transmission tariffs, construction of cross border lines, regional planning, and regulatory board. Finally for stage 2, he noted the goals, composition of the regional network elements, concepts of regional transactions coordinator (RTC) and the characteristics of stage 2 PTOA in terms of management of opportunity transactions by the RTC, among others.

37. **Comments.** Participants requested clarifications, which the consultant provided, on certain aspects of the report. Mr. Zhang (PRC) discussed a number of proposals to enhance the report, such as review of data/ assumptions used in report and conduct of sensitivity analysis, and the consultant requested Mr. Zhang to provide his proposals in writing, which will be taken into consideration in revising the report. Dr. Somboune Manolom (Lao PDR) raised issues concerning power trade currency, power pool and merchant plan, among others. Mr. Trembath (WB) raised the importance of including certain provisions such as “sunset clauses” in PPA contracts. Mr. Pham Manh Thang (Viet Nam) asked for more detailed analysis of country conditions needed to engage in power trade.

38. **Comments by Expert.** Mr. Yvon Hotte, Technical Expert, E7, noted that the report was extensive, but focused more on the financial and regulatory aspects and not enough on supply security aspects. He also suggested creation of a regional operating group, apart from the regional planning group. He submitted additional specific comments in writing for consideration by the consultant.

39. Mr. Malik asked the consultant to provide the timeline for revising/ finalizing the report. Mr. Malik proposed the end of July 2004 as deadline for submission of comments to the consultant, which was accepted by the meeting.

VI. Closing Session

Consolidation of RPTCC Work Plan

40. **Adoption of RPTCC Guidelines.** Mr. Kim requested GMS members for additional comments on the revised RPTCC guidelines distributed in day 1. There were no additional comments from the body; the meeting therefore adopted the guidelines as revised (Appendix 3).

41. Mr. Kim then summarized the proposals for the draft RPTCC work plan by the GMS members, WB and ADB. The detailed list is attached as Appendix 4. He noted the commonalities in the various proposals in such areas as drafting/ adoption of PTOA, creating RPTCC organization/ working groups and establishing platform and database for information exchange (details also in Appendix 4). He concluded with the following proposals: to expedite the formulation/ adoption of PTOA by 2005; to set up the technical working group within 2004; and to discuss/ finalize draft RPTCC work plan, with specific time frame, in next RPTCC meeting. Mr. Zhang (PRC) suggested inclusion of cooperation in rural electrification in the work plan. Mr. Trembath (WB) suggested consideration of exchange and training on regulation and power reform issues. Mr. Malik cited the GMS Development Matrix (DM) as the right vehicle for marketing priority regional proposals. He supported a measured approach by the RPTCC in the establishment of working groups, and suggested leaving the work plan as draft meanwhile, open to revision in the next meeting.

Consideration and Adoption of Proceedings

42. The RPTCC members reviewed the draft minutes and after incorporation of suggested changes, the body therefore approved the minutes of the RPTCC-1 meeting.

Closing Remarks

43. Mr. Malik situated the importance of RPTCC in the context of developments in the Mekong subregion. First, he noted the importance of meeting energy demand to sustain economic development and poverty reduction in the GMS. He cited that the GMS Indicative Master Plan forecast energy demand in the subregion to grow from 26 GW in 2000 to 100 GW in 2020, for an average growth rate of about 7 percent per annum. This will result from the increase in population, robust economic growth, and industrialization of the subregion. Second, he noted two ways to achieve enhanced competitiveness. One way is through improved energy efficiency and better demand management, and another way is through reduced energy costs by means of power trade. He noted that power interconnection and trade could potentially yield benefits of about \$1 billion during 2005 and 2020 for the subregion. He added that better planning for energy use would help achieve more sustainable development of shared resources at the regional level. Third, he cited the immense opportunities for reform at the national level, such as on pricing policies and unbundling programs, which could be integrated among GMS members at the regional level through regional planning and regulatory mechanisms of the RPTCC.

44. Mr. Malik then thanked the participants for their contributions which helped achieve the objectives of the RPTCC-1 meeting, namely, to reach agreement on organizational issues and to agree on a consolidated work plan for RPTCC. He thanked the Chair, Mr. Wang Jun, for steering the substantive discussions on the RPTCC work plan, given the limited time frame. He thanked the participants for their comments on the RPTCC organization, the RPTCC work plan, and the PTOA Interim Report. He expressed gratitude to RPTCC members for the appointment of ADB as RPTCC Co-vice Chairperson and Special Coordinator. He gave the gist of major outcomes of the meeting, which included: affirmation of GMS commitment to the IGA; indication

of support for less developed GMS members, by the more developed GMS members; agreement on the draft RPTCC work plan; and the discussion on the priorities which are reflected in the GMS development matrix. He expected further deepening of dialogue on power trade and looked forward to the next meeting in November 2004 in Thailand. He thanked the PRC and ADB Secretariat team for the dedicated support.

45. Mr. Wang Jun noted the successful conclusion of the RPTCC-1 meeting and congratulated and thanked the participants for their warmhearted support. He noted that participants freely and openly expressed themselves with valuable and practical suggestions. He said the meeting symbolized strong power cooperation among GMS members, and the working mechanism could play a profound influence in building a power market. He noted ADB, WB and the consultant made constructive suggestions for open market, fair competition and mutual interest. As Chairman, he promised efforts to actively coordinate smooth power cooperation. He mentioned that PRC is preparing a 3,000 MW transmission project with Thailand, and undertaking a preliminary study on Sino-Viet Nam grid interconnection in CSG's master plan. He expressed that power trade and interconnection would result to more affordable and stable supply, and which would contribute greatly to the economy, improve living standards and enhance the bio-environment. He proposed regional power cooperation be expanded, with ADB's leadership, into other energy fields such as renewable energy resources. He expressed, on behalf of PRC Government, his appreciation for ADB's contribution in promoting economic cooperation, particularly in the power sector. He said PRC would continue to support cooperation with other GMS countries based on the principle of reinforced cooperation, mutual development and win-win situation. He wished everyone an enjoyable stay in Guilin and a safe return trip.