

**Summary of Discussions**  
**Fourth Meeting of the Focal Group (FG-4) of the**  
**Regional Power Trade Coordination Committee (RPTCC)**  
**Sanya, PRC, 17 May 2007**

1. **Objectives.** The FG-4 meeting was held to undertake the following: (i) confirm the PWG-3 agreements and recommendations on the priority RPTCC studies and activities; (ii) discuss updates and advance the progress of two priority interconnection projects; (iii) review and further refine the proposed MOU on the Strategic Road Map for GMS Power Trade Development; and (iv) brief GMS representatives with the latest in private technology for power interconnection.

2. The FG-4 meeting was held in Sanya, PRC and was co-organized by the China Southern Power Grid Company Limited (CSG) and the Asian Development Bank (ADB). It was attended by FG nominees of the six GMS member countries, as well as by representatives of ADB, Agence Francaise de Developpement (AFD), GMS Environment Operations Center (EOC), International Rivers Network (IRN), Japan Bank for International Cooperation (JBIC), PRC State Environmental Protection Administration (SEPA), Soluziona, and the Swedish International Development Cooperation Agency (SIDA). Asea Brown Boveri (ABB) was invited to make a technical presentation on the interconnected grids. Attached is the agenda and program of the meeting (Annex 1) and the list of FG-4 participants (Annex 2).

**Session I: Opening Session**

3. Mr. Liang Zhou, Director, International Cooperation Department, China Southern Power Grid Company (CSG) informed that he succeeded Mr. Shi Shengguang as Director of ICD, CSG and Chair of the FG. He hoped that his tenure as FG Chair would lead to substantial accomplishment by the FG in promoting GMS power trade. He gave an overview of the agenda of the FG meeting, and what it intends to achieve, particularly in firming up the next steps for priority RPTCC activities and in refining the proposed MOU on the road map for GMS power trade. He thanked ADB for co-organizing the meeting and wished the meeting a success.

4. Mr. Yongping Zhai, Principal Energy Specialist, Infrastructure Division, Southeast Asia Department (SEID), ADB, welcomed the participants and explained the items for discussion in each session of the FG-4 meeting. He said that three sessions would discuss the updates and confirm the next steps for the conduct of the priority RPTCC studies and activities, and the preparation of priority GMS interconnection projects. He added that the meeting would also review and revise the proposed MOU to commit to a strategic road map to advance power trade, for possible signing at the Third GMS Summit in 2008. The afternoon session would be devoted to the ABB technical presentation on interconnected transmission systems and their management, to provide added insights useful for planning transmission grid development. He stressed that other industry players would be invited to future RPTCC meetings to make technical presentations.

**Session II: Confirmation of Next Steps for Priority Studies (Performance Standards, Transmission Regulation)**

5. Soluziona (Mr. Castrillo) presented the matrix summaries of agreements on the studies on performance standards and transmission regulation (Annex 3). The highlights are as follows: (i) coordination with GMS countries to complete missing information on performance standards

questionnaire (end-May 2007); (ii) submission of methodology for performance standards to PWG members (18 June 2007); (iii) revisiting of key PWG persons identified for transmission regulation study (before 25 June 2007); and (iv) holding of joint workshop on the two studies in the week of 25 June 2007, in Thailand.

### **Session III: Update on the Progress/ Next Steps of Priority Activities: Training Program; Power Master Plan; Database/ ICT Strategy**

6. **Training Program.** Soluziona (Mr. Castrillo) presented the matrix of agreed schedules and arrangements for the training courses (Annex 4): Power System Planning (Ban Na, PRC, 4-8 June 2007); Electricity Markets and Cross-Border Trading (Cambodia, week of 23 July 2007); and Electricity Regulation (Thailand, 1<sup>st</sup> half of September 2007). He asked the countries to send their list of nominees for the Power System Planning course by the week of 21 May 2007. PRC agreed to finance one participant from each country for the said course, in addition to the four to be financed by ADB from TA 6304.

7. **Regional Power Database and ICT Strategy.** Soluziona (Mr. Castrillo) informed that Soluziona would first negotiate with the sole bidder to lower their offer to comply with the budget by the week of 21 May 2007. If this fails, Soluziona would engage a programmer for the software part, and bid out the hardware component by the week of 28 May 2007. He provided the proposed schedule for the next steps in the development of the database (Annex 4). The development and implementation of the database and website is targeted for September 2007.

8. **Regional Power Master Plan.** Soluziona (Mr. Castrillo) informed of the agreement that the PRC would host the separate workshop on the Long Term Indicative Master Plan (LTMP) also in the week of 25 June 2007. He presented the next steps and schedules for the LTMP (Annex 4) and noted that letters of invitation would be sent out by the week of 28 May 2007. It was noted that the LTMP workshop would be carried out for information enhancement, preliminary results analysis, inclusion of policies & security criteria from each countries, and acquisition of data on relevant projects

### **Session IV: Updates on Priority Transmission Line Projects**

9. **GMS 500 kV HVDC Interconnection (PRC-LAO-THA).** Thailand informed that the MOU for the project remains valid, but the discussions on the interconnection project are suspended due to the price gap. Thailand's position was also duly noted by the PRC side, conveyed at the Technical Stocktaking Meeting in Bangkok in March 2007. The meeting also noted the possibility of reconsidering the project if and when the price gap is narrowed to a level that is acceptable to both parties.

10. **GMS Power Interconnection Phase I (Lao PDR- Viet Nam).** ADB (Mr. Baardsen) provided a summary of the draft final report of TA 6147: GMS Power Interconnection Project Phase I. He gave the project status and showed the configurations for the two line alternatives, the Ban Sok-Savannakhet (original) and the Ban Sok-Ubon (new), and compared their cost estimates. He listed the candidate hydropower projects for export from Southern Lao PDR and explained the various scenarios of power exports from Lao PDR, and power exchange between Thailand and Viet Nam. He presented the total costs and EIRRs of the line for each country and requested the countries to submit comments on the draft final report by 25 May 2007.

11. Discussions focused on the optimal technical configurations for the project. Viet Nam (Mr. Thang) expressed that the Ban Sok-Pleiku line should be given priority, and requested for

more time for Viet Nam to submit comments on the report. He requested that in the future such reports should be sent to the nominated PWG members for review. Mr. Baardsen outlined the next steps after the report is finalized, mainly involving negotiations among Lao PDR, Viet Nam and Thailand on the configuration of the interconnection project. On this basis, ADB will consider providing financing for the detailed feasibility study.

12. **PRC- Viet Nam 500 kV HVDC/ AC Interconnection.** Viet Nam (Mr. Thang) provided updates on the status of the project, in terms of recruiting consultant to prepare the FS. He added that a number of discussions have taken place between Viet Nam and PRC to prepare the detailed terms of reference for the FS of the project. He said that the timeline for the project, such as expected date of commissioning, would be determined by the consultant to be engaged to prepare the study.

13. **Discussions.** ADB (Mr. Zhai) thanked Lao PDR delegation for preparing a country presentation on the power sector. He suggested that in future FG/RPTCC meetings, GMS representatives should prepare a country presentation to share information on the power system status of their respective countries for the information of the meeting participants, especially the development partners. He said that Lao PDR's report on the status of its power sector and elements of its Power Development Plan would be circulated for the information of the body.

#### **Session V: Proposed MOU on the Power Trade Operating Agreement**

14. **Presentation of Draft MOU.** Soluziona (Mr. Karacsonyi) presented a revised draft of the MOU (Annex 5) and stressed the importance of featuring the findings of the studies on performance standards and transmission regulation and the master plan, as critical elements of the proposed MOU. Thailand (Mr. Chavalit) recalled however that the TSM held in Bangkok last March 2007 agreed that the focus of the MOU would be on the strategic road map for power trade. Mr. Zhai suggested that the FG defer giving the MOU a title in the meantime to facilitate discussions on the elements that the MOU should cover. Soluziona presented the key elements in the road map to be covered by the proposed MOU.

15. **Discussions.** Thailand (Mr. Prutichai) expressed concern that the MOU preparation would be dependent on the results of the studies (performance standards and transmission regulation) and on the master plan development. Myanmar (Dr. Tun) noted that sufficient time should be given to the GMS countries to secure the needed clearances to prepare the MOU for signing at the Third GMS Summit. Lao PDR (Mr. Daovong) requested clarification as to the level of the signatory to the MOU. ADB said that a critical step would be to review the progress made versus the roadmap laid out in previous GMS agreements e.g., the Inter-Governmental Agreement on Power Trade (IGA) and the MOU to Initiate Stage 1 Power Trade, and reaffirm such roadmap with necessary adjustments.

16. Lao PDR proposed that the MOU should contain commitment to the road map and action plan for power trade, including the capacity building program. Mr. Karacsonyi recalled that the RPTCC-4 meeting in Yangon in 2005 agreed on an action plan that included advancing priority interconnection lines, various studies, and the capacity building program. EOC (Mr. Ramachandran) suggested greater consideration of sustainability issues in generation and transmission projects that form part of the projected regional grid. Mr. Karacsonyi informed that environmental constraints have been duly factored in the master plan simulations.

17. **Summary.** The body agreed that Soluziona would review the earlier commitments to power trade already made by the GMS countries (IGA and MOU Stage 1 Power Trade), and determine the status of the subregion in terms of these commitments. Soluziona would then draft a document reaffirming these commitments, and if possible, incorporate certain agreements to further advance realization of the subregion's power trade goals, including committing to an action plan comprising priority power projects, technical studies and capacity building activities. ADB (Mr. Zhai) said this document could be adopted by the RPTCC. However, he suggested that the FG and RPTCC should be ready to endorse a new MOU when higher authorities would so require.

#### **Session VI: Closing Session**

18. **Consideration and Adoption of Proceedings.** Mr. Zhai announced the distribution of the draft summary of proceedings for review by the body. After the FG members reviewed the draft summary of proceedings, and after incorporation of suggested changes, the body therefore approved the minutes of the FG-4 meeting *ad referendum*.

19. **Summary and Closing Remarks.** Mr. Zhai thanked the participants for their contributions to the discussions and looked forward to subsequent actions to advance the various studies and activities discussed by the FG. He said that the afternoon's technical presentation by ABB would be the start of a series of technical presentations on the power system by various industry players to be invited to attend the RPTCC meetings.