

**Summary of Discussions
Inception Meeting of RETA 6440
Ho Chi Minh City, Viet Nam, 20 November 2008**

1. **Objectives.** The Inception Meeting of regional technical assistance (RETA) 6440 will present and discuss the approach, methodology, work plan and timetable, implementation organization and deliverables of RETA 6440. The meeting will also discuss the ways to advance further regional power trade by building up on the current outputs of RETA 6304 as taken up in the PWG-6 session earlier.

2. The RETA 6440 (Inception) meeting was held in Ho Chi Minh City, Viet Nam on 20 November 2008 and co-organized by the Electricity Regulatory Authority of Viet Nam (ERAV)-Ministry of Industry and Trade (MOIT) and the Asian Development Bank (ADB). It was attended by PWG nominees of the six GMS member countries, as well as by representatives of ADB, Agence Francaise de Developpement (AFD), Australian Agency for International Development (AusAid), Japan International Cooperation Agency (JICA), Mekong River Commission (MRC), RTE International, Swedish International Development Cooperation Agency (Sida), Soluziona, and World Bank (WB). Attached is the agenda and program of the meeting (Annex 1) and the list of inception workshop participants (Annex 2).

3. The meeting was co-chaired by Mr. Duy Thanh Bui, Energy Economist, Infrastructure Division, Southeast Asia Department (SEID), ADB and Mr. Daovong Phonekeo, Deputy Director General, Ministry of Energy and Mines, Lao PDR.

Opening Session

4. Mr. Duy Thanh Bui, Energy Economist, Infrastructure Division, Southeast Asia Department (SEID), ADB, welcomed the participants and thanked Sida for the valuable support provided to this RETA. He informed of the objective of the meeting is to discuss the consultant presentation and to set priority of the future activities taking into consideration the MOU-2 on the power trade road map. He noted that the consulting firm for the RETA (RTE France International), will present the proposed approach/ methodology for the RETA, and will lead in the discussions of the work plan/ timetable of the RETA and their links to RETA 6304 outputs. In refining the approach, methodology and work plan the consultant will be guided by the GMS representatives' views on the proposed approach and work plan, activities and outputs.

Inception Report of Consultant for RETA 6304

5. **Introduction.** Mr. Michel Caubet, Team Leader, RTE International gave the overview of the presentation organized as follows: background, project objectives, project organization, presentation of components 1 and 2, kick-off meeting, and evaluation of risks. He briefed on the two components of the project. As background, he discussed the challenges of the GMS electricity sector and the progress of power cooperation and integration since 1992. The key objectives of the project include, among others: review and update of the regional master plan; operationalizing the power database; demonstrating the benefit sharing mechanism; and defining an appropriate regulatory framework, among others. He described the project organization, comprising strong association of well-known international consulting firms, in partnership with national consulting firms in GMS countries. A regional project office was set up in Bangkok, and a website for the project is planned to be developed (with both public and private components).

6. **Presentation of Report- Component 1, Module 1.** RTE-EDF (Mr. Christian Viladrich) introduced the team for module 1 and explained the objective, which is to update the master plan. He discussed the various tasks planned for the module, which include: data gathering, description of power sector profiles in each GMS country, review and update of national power development programs (PDPs), common planning criteria for regional master plan, and the update of the master plan. The latter comprises four critical steps, e.g., analysis of potential power trade, review of master plan, update of master plan (simulation using planning software), and recommendation of a road map. He emphasized on the need for GMS countries to actively participate and provide inputs and use the outputs.

7. **Presentation of Report- Component 1, Module 2.** RTE-Nord Pool (Mr. Terje Lysfjord) briefed on the Nordic power market and the European power market (current and future scenario). He gave an overview of the five tasks for module 2 (Assessment of benefits) and introduced the project team. He then discussed the features of the candidate international projects that could be used as benchmarks, and stressed the importance of guidelines for a methodology for assessment and sharing of benefits.

8. **Presentation of Report- Component 1, Module 3.** RTE-PPA Energy (Mr. Jonathan Hedgecock) gave the overview of module 3 (power transmission studies) which is complementary to module 1. He explained the various tasks of the module as follows: review of previous studies/ update of data, assessment of candidate transmission projects, assessment of potential for synchronous operation, HVDC versus AC interconnection options, training, and load flow studies. He stressed the importance of drawing upon local knowledge and expertise for the effort.

9. **Presentation of Report- Component 1, Module 4.** Mr. Caubet explained the various tasks under this module as follows: data collection (with country reports as output), review and assessment of current regulatory framework, review of international experiences, conceptual design of the GMS regional electricity market, and institutionalization and implementation strategy for a regional regulatory forum (RRF). Mr. Caubet indicated that this Module 4 include activities envisaged in the MOU-2 in particular: completion of the study on GMS performance standard; completion of the study on transmission regulations and completion study on metering arrangement. He mentioned that these studies were not included in the TOR however during the contract negotiation, it was agreed to include them.

10. **Work Plan and Timetable.** Mr. Caubet gave the work plan and timetable for all four modules of component 1 and discussed the specific inputs required, and outputs expected under each module. He also showed some differences between the RTE proposal and the requirement of the MOU-2 and expressed hope that the meeting will provide clear guidance toward the priority of the activities.

11. **Discussions.** ADB (Mr. Bui) requested feedback from GMS representatives on their expectations from RETA 6440, and what activities should be given emphasis. Thailand noted the differences between the RETA's TOR earlier submitted to the GMS countries and the TOR as stemmed from the consultant proposal. ADB (Mr. Bui) explained that the structure of the TOR remains the same, comprising the same components and tasks. He further explained that there is in fact some elaboration of the original TOR because while ADB inviting for bidders, ADB received a number of questions for clarification, as a result of such clarification, TOR was further elaborated. In addition, given that the TA was approved in December 2007 while the MOU was signed in March 2008 during contract negotiations with the consultant, ADB elaborated further

the TOR to reflect closer the situation. ADB (Mr. Zhai) added that presentation of the inception report to the countries at the FG/ RPTCC constitutes one way of obtaining GMS countries' feedback on and confirmation of the TOR. Thailand opined that that the Road Map in MOU-2 should be followed and the proposal of RTE seems to go beyond the MOU. This point is to be elaborated and agreed upon by the RPTCC-7.

12. Lao PDR (Mr. Daovong) suggested review of MOU-2 to determine what are achievable given the resources under the RETA 6440. Myanmar noted that we should not deviate from the milestones in MOU-2 since this was signed by Ministers of the GMS countries. Viet Nam suggested that responsibilities of each GMS member must be specified with respect to the regional master plan, to ensure GMS ownership. ADB (Mr. Zhai) suggested moving to component 2 to give GMS members the total picture for the RETA.

13. **Presentation of Report- Component 2.** RTE-CEERD (Mr. Thierry Lefevre) provided a background on environmental issues of energy development, and discussed the specific objectives of component 2 and how this component would be linked with component 1. He discussed the scope of work and TOR for component 2, showed the team of experts for the component, and explained the methodology which includes desk studies, meetings and interviews, expert surveys, workshops, on-the-job trainings and field trips. He presented the inputs and outputs under this component. Mr. Lefevre then discussed the characteristics of strategic environmental assessments (SEA), and environmental impact assessments (EIA) and highlighted their differences. He explained the SEA process and discussed the need for alternative scenarios in implementing programs, with scenarios constituting a framework for predicting the future.

14. RTE-CEERD (Mr. Richard Frankel) summarized the goals of sustainable development and the role of SEA and EIA as tools for providing environmentally friendly options at early stages of development planning. He explained the generalized EIA process flowchart and discussed the characteristics of social impact assessment (SIA) and health impact assessment (HIA) which form part of the EIA.

15. RTE (Mr. Gaubet-Team Leader) reported on the outcome of the Kick-Off meeting of the project in Bangkok last 17-18 November 2008 and discussed the risk assessment (challenges, associated risks and preventive actions) for modules 1 to 4.

16. **Discussions.** ADB (Mr. Bui) welcome the RTE risk assessment at the beginning of the project remarked that the changing situation surrounding the project could heighten or mitigate these risks. Lao PDR noted that since component 2 refers more to the environment sector, he asked that the RPTCC be regularly furnished updates on the progress of this component. AFD said that work under the RETA's component 2 could be expanded to include scenario analysis that factors in environmental costs, and fully implement a SEA of the regional master plan under component 1.

17. WB recalled that the MOU-2 specified the minimum accomplishments by a certain time frame, and does not prohibit additional work that may be done, and recognized that concurrence of GMS countries is needed for additional work proposed. Sida requested that the Consultant's work plan and reporting be based on the logframe in the project document for RETA 6440 in order to ensure results based management of the contribution. Further, Sida asked whether the GMS countries have approved the logical framework of the RETA (objective, outcome and outputs) that should guide in the RETA's implementation, monitoring and evaluation. Mr. Bui requested GMS countries to reply to Sida question but there was not direct response. Mr. Bui

explained that by giving non-objection to the TA, GMS countries approved the TA and its logframe. As there was not further comment from the audience, Mr. Bui added that additional views on the RETA's approach may be raised in the FG/ RPTCC meetings the following day.

Closing Session

18. **Consideration and Adoption of Proceedings.** Mr. Bui announced the distribution of the draft summary of proceedings for review by the participants. After the body reviewed the draft summary of proceedings, and after incorporation of suggested changes, the body therefore approved the minutes of the inception meeting of RETA 6440 *ad referendum*.

19. **Summary and Closing Remarks.** Mr. Bui thanked the participants and appreciated the participants' contributions during the extensive discussions that took place.