Summary of Discussions
Joint Meeting of the Working Groups of the Regional Power Trade Coordination Committee (RPTCC): Performance Standards and Grid Code (WGPG) and Regulatory Issues (WGRI)
Yangon, Myanmar, 26 November 2012

Objectives

1. The Joint Meeting of the Working Groups of RPTCC was held to: (i) review and adopt the summary of proceedings of the first meetings of the two WGs; (ii) assess the potential of synchronous power market operations; (iii) agree on the work plans of the two WGs; and (iv) discuss the next steps for the WGs. The agenda for the meeting is attached for your kind reference (Annex 1).

2. The Joint Meeting of the WGs was held in Yangon, Myanmar on 26 November 2012 and co-organized by the Ministry of Electric Power (MOEP) of Myanmar and the Asian Development Bank (ADB). It was attended by the members of the WGPG and WGRI and other participants of the six GMS member countries, as well as by representatives of ADB, Agence Francais de Developpement (AFD), and Swedish International Development Coordination Agency (Sida). Attached is the list of participants of the Joint Meeting of the WGs (Annex 2).

3. The Joint Meeting was co-chaired by Mr. Samerjai Suksumek, Deputy Director General, Energy Policy and Planning Office (EPPO) of Thailand (for the WGPG sessions), Ms. Yang Jun, Director of International Cooperation, PRC State Electricity Regulatory Commission (SERC) (for the WGRI sessions), and Mr. Jong-Inn Kim, Lead Energy Specialist, Energy Division, Southeast Asia Department (SEEN), ADB.

Opening Session

4. Mr. Jong-Inn Kim, SEEN, ADB, welcomed the participants and gave an overview of the meeting’s objectives, which follows up on the discussions during the first meetings of the WGs.

5. Mr. Samerjai Suksumek, DDG, EPPO, Thailand, a Chair of WGPG, warmly welcomed the participants to the meeting and noted the productive discussions at the 1st meeting of the WGPG held in Bangkok in June 2012. He said believed that hard work by the countries will ensure the realization of the WGPG’s goals toward the development of the GMS power market.

6. Ms. Yang Jun, DIC, SERC, PRC welcomed the WG members and thanked Myanmar for the excellent meeting arrangements, ADB and development partners for the continued support to GMS energy cooperation, and to the GMS countries for their active participation. She stressed the need for the WGs to go beyond the “business as usual” practices in order to overcome the challenges of building the GMS power market, in line with the call of the GMS pioneers (during the GMS 20th Anniversary in Manila in September 2012). She called on her WG colleagues to make a difference by being open-minded to creative solutions which could then be elevated to the decision makers for adoption.
7. Mr. Samerjai reviewed the various agenda items and main points discussed and agreed during WGPG-1, which summarized the work to be done in the next three years, namely: (i) preparation of regional grid code by 2015; and (ii) preparation of regional performance standards, transmission regulations, and metering arrangements to prepare grid code; regional performance standards to be prepared by 2013. The meeting unanimously adopted the summary proceedings of WGPG-1. It was announced during the meeting that the WGPG co-chair is Mr. Zou Jian of PRC.

Review/Adoption of Summary Proceedings of First Meeting of WGRI (Annex 4)

8. Ms. Yang Jun gave a summary of the main agenda items and agreements of the 1st WGRI meeting, which included: (i) establishment and composition of the WGRI, with PRC as chair and Viet Nam as vice-chair (Mr. Pham Quang Huy); (ii) rotation of the meeting venue, with membership not to be changed unless dismissed; (iii) completion of revised questionnaire to identify regulatory barriers; (iv) conduct of study on transmission pricing mechanism by 2013; and (v) presentation of the composition of the Task Force on transmission pricing mechanism. Ms. Yang shared key views from the outsource expert, such as the need for balance between in-house work of actors/consultant, and identification of critical path and easy win activities. She noted that the WGRI would brainstorm on the tasks, how to do these, and the timeline; she offered the quote “Power for GMS Happiness, Power for GMS Beauty” to guide the WG’s work.

9. Discussion. Mr. Kim noted that the issues for WGRI are not as clear cut as those for the WGPG, which the meeting would then address in the discussions during the meeting.

WGPG Session: Chaired by Mr. Samerjai Suksumek

Assessment of Potential Synchronous Power Market Operation and the Proposed Regional Performance Standards (RPS) (Annex 5)

10. Mr. M. Caubet, Consultant, presented the results of the assessment of the capability of the GMS countries to provide adequate reserve capacity in order to maintain frequency control during power failures. This ability to study and update values of interconnection capacities will be important for future work of GMS utilities. He presented the key criteria which affect the potential for synchronous operation, which include among others: capacity planning margins for each country; transmission voltage standards; acceptable ranges of system frequencies and frequency control methods. The prepared tables on offer/demand balance, fault clearance times, power system studies, voltage control system, harmonic distortion based on updates by each member. Mr. Caubet provided his conclusion of the assessment of the GMS countries’ capacity for synchronous power market operation.

11. On the proposed RPS, Mr. Caubet presented the hierarchical levels of GMS coordination and presented important definitions that the WG should agree on to guide the WG’s work, such as nominal frequency, frequency levels and frequency deviations, reference incident, and primary control. Key areas for standards to be set included primary control reliability and target, primary control action by generators or loads, joint action for primary control, primary control reserve characteristics, and monitoring and observation. He suggested that the countries refer back to the reports of RETA 6440.
12. **Country Presentations** (Annex 6)

   a. Viet Nam presented the assessment and proposed remedies of various barriers which arose from gap analysis. Technical barriers covered infrastructure issues, performance standard of grid operation, and national power system security. Differences in structure in each country posed as institutional barriers. Among legal/commercial barriers cited were: third party access was not allowed, and there were differences among countries in regulatory body and dispute resolution.

   b. Thailand presented key challenge areas for analysis of RPS and grid code (GC), which included transmission infrastructure (TI). Under PS, issues included common system frequency; under GC, issues included common generation planning and scheduling procedure; issues under TI included control equipment to avoid instability. Discussed were the components (current and future 5-10 years) and remedy measures, the need for projects to fill gaps, and possible RPCC responsibilities (e.g., for frequency, voltage and other controls).

   c. Lao PDR noted that the gap analysis of RPS showed the need for technical rules for coordinated planning and operation of the power market. Lao PDR informed that the country has effectively two segregated transmission systems (e.g., domestic and export), and their interconnection would need to be addressed in future power development programs (PDP).

   d. PRC noted the need for better fault clearance times, and the need for a study on whether all components should abide by this standard. PRC discussed the issue on whether voltage control demand would be applied to the entire system, or whether it could be applied to segregated systems.

   e. Cambodia presented the physical operation structure and network configuration of its electricity supply system, and showed its power reliability index, fault record (115kV, 230kV of Phnom Penh system), and provisions of its grid code.

**Presentation of WGPG Indicative Work Plan** (Annex 7)

13. Mr. Kim (ADB) reviewed the implementation arrangements for the WGPG, and noted that updating of technical information could be done every six months. The Secretariat, EGAT, will consolidated updated information. He summarized the proposed indicative work plan which included the timeline for completion of various studies (subject to further discussion and firming up):

   a. GMS Performance Standards (2013): including updating information, proposed RPS, gap and remedy measures identified;

   b. Transmission Regulation (2013-2014): including implementation of the proposed GMS policies (scheduling and accounting, coordinated operational planning, communication infrastructure and data exchange) and technical coordination for transmission regulation;

   c. Standard Regional Metering Arrangements (2013-2014);


**WGRI Session: Chaired by Ms. Yang Jun**

**Consolidation of Identification of Technical, Institutional, Legal and Commercial Barriers** (Annex 8)

14. Mr. Caubet presented the tables consolidating the various national barriers-technical, institutional, legal and commercial- affecting domestic power market development and focused
on the highlights of his assessment of these barriers. There were queries and discussions on issues involving third party access, tariff structures, wheeling charges, disputes resolution, and tax rates. Mr. Caubet presented the table consolidating the various regional legal and institutional barriers affecting regional power market development. He enumerated the issues to be addressed which included: removal of identified technical barriers, identification of the country to act as authorized wholesale buyer, establishment of independent regulator in each country, establishment of Regional Regulatory Authority, adoption of third party access, and adoption of common methodology for wheeling charges, among others. Thailand proposed to soften the language on issues to be addressed; for instance, instead of using terms like “adoption” (or third party access) or “removal” (of technical barriers), the document could simply use “for consideration” or “for discussion” to avoid the impression that a decision would need to be made urgently. The third party access and common methodology for wheeling charge would be key issues to be discussed in the WGRI.

15. **Priority Tasks.** Mr. Kim recalled the earlier agreement in the first meeting of WGRI to establish two task forces (TFs) to do specific priority tasks, namely: (i) the TF for Transmission Pricing Mechanism, and (ii) the TF for Power Trade Rules in Short Term Cross Border Trading. Also definition of Stage 2 regional power cooperation and next step for the use of the consolidated update of barriers for technical, institutional, and legal and regulatory framework should be discussed again today.

**Presentation of WGRI Indicative Work Plan (Annex 9)**

16. Based on separate discussion with Vice-Chair, the Chair explained the proposed priority tasks for the WGRI to consider, such as: (i) Task A- guidelines for regulatory frameworks improvement for mid-term GMS cross-border power trading; (ii) Task B- study on transmission pricing mechanisms; and (iii) Task C- study on power trading rules; (iv) implementation plan. She explained the implementation plan for these tasks earlier proposed under RETA 6440, and recommended a transition plan covering legal frameworks, institutional issues, infrastructure (trading platform) and capacity building. The Chair showed a proposed timeline for key WGRI activities, e.g., summary/ information updating, competitive tender and offer for new TA, RETA commencement, mid-term evaluation and final report evaluation. The Chair clarified that guidelines in Task A are not compulsory rules, but rather items that countries may consider adopting.

**Discussion/ Brainstorming on Next Steps for the Working Groups**

17. **WGPG.** Mr. Kim summarized the agreements concerning the proposed indicative work plan for WGPG, as follows:

   a. GMS Performance Standards: submission of updated information and gaps and remedies by each member by end of Feb 2013; consolidation by ADB by 15 April 2013, and subsequent discussion in next WG meeting for completion by Dec 2013. As requested, ADB will conduct the study on gaps and remedies for Cambodia, Lao PDR and Myanmar and other members can provide by themselves.

   b. Transmission Regulation (2013-2014): summary of around ten pages for each policy would be prepared (e.g., policy on scheduling and accounting, policy on coordinated operational planning, etc.) for discussion in next WG meeting.

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1 It was tentatively agreed in the first WG meeting that the GMS reaches Stage 2 when power exchange/trade takes place between any two (2) countries through one (1) country.
c. Standard Regional Metering Arrangements (2013-2014): to discuss the TOR in the next WG meeting;
e. GMS performance standards, transmission regulation, and standard regional metering arrangements could be undertaken in parallel and feed-in in preparing the GMS grid guidelines.

18. **WGRI.** It was agreed that Task B (study on transmission pricing mechanisms) would be completed one year after commencement of the study. The task force for transmission pricing mechanisms will comprise one representative from each country. But number of participants will be added, if needed, upon each country’s decision. Each member should inform ADB of the name of representative by end of December 2012. The chair of this TF would be PRC and co-Chairs would be Lao PDR and Thailand. For Tasks A and C, these will discussed further in the next meeting together with another proposed TF. It was agreed to present the summary of power market conceptual design as practiced in other regions in the next meeting, which was undertaken under TA 6440 to facilitate the WG decision to implement Tasks A and C.

19. Both WGRI and WGPG agreed to follow the principle of rotating the meeting venue. Both WGs agreed that membership should not keep changing to ensure continuity. A directory of membership of the WGs would be prepared with photographs of the members. It was agreed that the WGs would hold separate meetings to provide enough time for in-depth discussions, but that joint meetings of the WGs may be held from time to time as warranted, such as to enable sharing of information. Such joint WG meetings may be timed to coincide with the RPTCC meetings given the overlapping memberships.

**Closing Session**

20. **Next Meeting and Venue.** Mr. Kim announced that the next meeting of the WGPG would be in Viet Nam while the next meeting of the WGRI would be in Lao PDR in alphabetical order. The next meeting venue and date would be discussed among ADB, the Chair, and the hosting country and each member would be informed later.

21. **Closing Remarks by WGPG Chair/ WGRI Chair.** Mr. Samerjai noted that all the members contributed much to the discussions and expressed his appreciation to the contributions of the GMS members and ADB and development partners. Ms. Yang thanked all the GMS member countries, ADB and development partners, for the consistent support in developing power trade arrangements in the GMS. She thanked Myanmar for the excellent meeting arrangements. She stressed that the WGs need to continue working hard in addressing various issues, hopefully reaching common understanding on the promotion of regional power trading in the GMS.