

# ASIA CLEAN ENERGY FORUM 2019

**PARTNERING FOR IMPACT**

17-21 June 2019 | Manila



## Deep Dive Workshop

Friday 21 June 2019, 9:00 a.m. – 5:00 p.m.

*Auditorium B*

## Regional Cooperation and Integration (RCI) for Cross-Border Energy Markets



Point of Contact: **Chris MacCormac**,  
[cwpmaccormac@gmail.com](mailto:cwpmaccormac@gmail.com)  
and/or  
[christopher.maccormac@yahoo.com](mailto:christopher.maccormac@yahoo.com)

### Background

Regional Cooperation and Integration (RCI) is a process by which a group of countries actively cooperate to achieve common goals for mutual benefit. This facilitates market-driven regional integration and the generation of regional public goods. The Asian Development Bank (ADB) and its development partners across Asia and the Pacific recognize that RCI can be a powerful mechanism for unlocking the vast energy and energy trade potential in the Asia and the Pacific for the benefit of its people. However, limited inter-country cooperation and integration of the region's energy sector constrains a greater supply of affordable and sustainable energy and thus broader economic development, yet there is an evolving experience of successful RCI in the context of the energy sector outside the Asia and Pacific Region. It is now timely for ADB and the region to consider how RCI can be applied more widely and successfully to the energy sector and energy trade, including renewable energy, for the benefit of the region's future development.

### Objective

The objective of this one-day 'Deep Dive' workshop on RCI for cross-border energy markets is to develop clearer understandings and consider future directions in relation to:

- (i) emerging cross-border trends in the energy sector in Asia;
- (ii) experience/lessons-learned with cross-border energy markets in Asia and elsewhere;
- (iii) opportunities, challenges and priorities for further development of cross-border energy markets and energy trade in Asia, including conventional and renewable energy sources;
- (iv) planning, cooperating and scaling-up investment in new cross-border energy projects in Asia and the Pacific - roles of the public/private sectors and development partners; and
- (v) how to move forward implementing a stronger RCI/cross-border focus in ADB's operations in the energy sector.

ACEF 2019 participants will benefit from the knowledge and experience of select experts and resource persons in relation to a range of policy, institutional, technical, and investment opportunities for bringing greater regional cooperation and integration to the region's energy sector. ACEF 2019 participants will hear how other developing regions such as the Latin America and Caribbean and southern Africa established cross-border power markets. ACEF 2019 participants from the Asia-Pacific region will gain insights on policies, institutions, regulations, and technologies helpful for considering the establishment of power pools and expanding energy

trade, including renewable energy, within their respective subregions. And there will be opportunity to consider how ADB and other development partners could assist countries in the region to plan and implement an expansion of cross-border energy trade, for mutual benefit.

## Agenda

9:00 – 9:15 a.m.

### **Welcome and Introductory Remarks**

Mr. Yongping Zhai, Chief, Energy Sector Group, ADB

Mr. Arjun Goswami, Chief, Regional Cooperation and Integration (RCI) Thematic Group Secretariat, ADB

9:15 – 9:45 a.m.

### **Session I: Emerging Cross-border Trends in the Energy Sector in Asia**

This Session will consider regional and global trends impacting the energy sector in the Asia-Pacific region, with a view to expanding cross-border energy markets and trade. The Session will identify some of the trend's implications for investing in new technologies, including 'green' technologies, as well the kinds of cooperation and collective action that are supportive of cross-border energy investment and trade.

**Presentation:** Mr. Yongping Zhai Chief, Energy Sector Group, ADB (tbc)

9:45 – 10:45 a.m.

### **Session II: Experience/Lessons-learned with Cross-border Energy Markets:**

This Session considers the experience of regions outside Asia (e.g., Latin America, Southern Africa) with establishment and management of cross-border energy markets and power pools, and identification of key lessons-learned from that experience. Panelists will draw upon their own experience with specific energy markets and power pool operations.

#### **Key Issues for Discussion:**

- (1) **How does a cross-border energy market or power pool begin? What are the initial reasons or goals that originate cooperation on energy trade among countries?** What is the scope of the 'knowledge base' or analyses that provide a rationale for starting a cross-border energy market or power pool?
- (2) **How does the cooperation process continue and be sustained? What institutional or other collective action arrangements provide the 'leadership'?** Are formal agreements among countries an early or later component of this process? Is 'pilot-testing' involved at this stage?
- (3) **What are the crucial factors for transitioning successfully from national markets to a regional energy market and power pool, and then maintaining its operation?** What are the key risks, market and non-market risks? How has 'success' been measured?
- (4) **What are some key lessons-learned from experience in Central America and Southern Africa. How have those lessons been applied to improve future operational performance and sustain cooperation?**

**Experts Panel:** Mr. Hans-Arild Bredesen, CEO, Nord Pool Consulting; Mr. Rene Gonzalez, Executive Director, Ente Operador Regional (Regional System and Market Operator) (tbc); Mr. Salvador Rivas, Energy Advisor and Consultant;

**Moderator:** Mr. Diwesh Sharan, Deputy Director General, South Asia Department, ADB

10:45 – 11:00 a.m.

Coffee/Tea

11:00 a.m. – 12:00 p.m.

### **Session III: Opportunities, Challenges and Priorities for Developing Cross-border Energy Markets and Energy Trade in Asia**

This Session will explore the potential and rationale for expanding cross-border energy markets and power pools in developing Asia, taking into account lessons-learned in other regions. It will identify needs for further studies and/or making more concerted use of available analyses for planning and decision-making in relation to subregional and intersubregional opportunities. The Session will consider types of cooperation mechanisms suitable for advancing cross-border energy initiatives in the region.

#### **Key Issues for Discussion:**

- (1) **What are the economic, technology, energy security and environmental reasons for further development of cross-border energy markets across developing Asia? What specific priorities been defined?** What are some of the gaps in information and analyses that inhibit countries from strategic consideration of cross-border energy markets and power pools?
- (2) **How might developing Asia begin to consider or apply--in a collective or cooperative way--some of the key lessons-learned from the establishment and operation of cross-border energy markets and power pools in other regions?**
- (3) **What opportunities exist for intersubregional cooperation on cross-border energy markets and power pools in developing Asia, for example, between Central Asia and South Asia, or between East Asia and Southeast Asia?** Would a new inter-subregional entity be the preferred mechanism to establish and manage intersubregional cross-border energy markets and power pools, or a new cooperation agreement among existing subregional or national entities entities?
- (4) **What other opportunities exist, or could be examined, to improve cross-border technology innovation and transfer, freer trade of technology goods and services, and easier cross-border movement of professional and other skilled labor to support cross-border energy markets and power pools?**

**Experts Panel:** Mr. Hot Matua Bakara, Secretary in Charge, Heads of ASEAN Power Utilities/Authorities (tbc); Mr. Matthew Wittenstein, Energy Analyst, International Energy Agency; Mr. Hongpeng Liu, Director, Energy Division, United Nations Economic and Social Commission for Asia and the Pacific; Prof. Jyoti Parikh, Executive Director, IRADe; Mr. Andrew Jeffries, Director, Energy Division, Southeast Asia Department, ADB; Mr. Kaoro Ogino, Principal Energy Specialist, East Asia Department, ADB.

**Moderator:** Ms. Cleo Kawawaki Deputy Director General, Southeast Asia Department, ADB

12:00 p.m. – 1:00 p.m.

LUNCH (venue in ADB headquarters to be confirmed)

1:00 – 2:00 p.m.

**Session IV: Scaling-up Investment in New Cross-border Energy Projects in Asia and the Pacific – Roles of the Private and Public Sectors, and Development Partners**

This Session will consider the respective/complementary roles of the private and public sectors and external development partners in advancing planning, financing and operating cross-border energy projects in Asia.

**Key Issues for Discussion:**

- (1) **What new or unique opportunities would cross-border energy markets and regional power pools offer the private sector?** What are their interests, what opportunities do they see? What risks might concern them the most? Which form of participation would they prefer, what operating or business models?
- (2) **What new or unique trade and regulatory reform/innovation opportunities as well as approaches to public-private partnership would cross-border energy markets and regional energy trade present to Governments?** Are broader trade agreements and/or energy sector policy/regulatory harmonization or alignment ‘pre-requisites’ for establishing cross-border energy markets and regional power pools?
- (3) **What roles could multilateral and development partners play to foster and support strategic development and implementation of cross-border energy markets and power pools in the region?** For example, project specific investment but also non-investment advisory services (e.g., facilitate inter-country dialogue, advising on an acceptable distribution of the gains, putting in place a common enforcement mechanism, preparation of inter-country agreements, and capacity building)?

**Experts Panel:** Mr. Hans-Arild Bredesen, CEO, Nord Pool Consulting; Mr. Rene Gonzalez, Executive Director, Ente Operador Regional (Regional System and Market Operator), (tbc); Mr. Quan Nan, Representative of Southeast Asia Office, Global Energy Interconnection Development and Cooperation Organization (GEIDCO); Mr. Jackie Surtani, Director, Infrastructure Finance Division 2, Private Sector Department, ADB; Mr. Ashok Bhargava, Director, Energy Division, Central West Asia Department, ADB.

**Moderator:** Mr. Nianshan Zhang, Deputy Director General, Central West Asia Department, ADB

2:00 – 3:00 p.m.

### **Session V: The Role of Renewable Energy (beyond hydro) in Cross-border Energy Markets and Power Pools**

This Session will discuss the potential of renewable energy (beyond hydro) as an economic and environmentally beneficial category of energy for supporting cross-border energy trade, focusing on the challenges as well as opportunities that renewable energy presents to expanding cross-border energy trade in the region.

#### **Key Issues for Discussion:**

- (1) **Given Asia’s strong, long-term demand for energy, how can cross-border trade and power pools help ensure that all types of energy—nonrenewable and renewable (including and going beyond hydro)—are made available in cross-border energy markets?**
- (2) **What could renewable energy (beyond hydro) contribute to the success and sustainability of cross-border energy markets and power pools?** An expanded and more reliable supply of energy? Reduced price volatility? Superior technologies? Generate additional tradable carbon credits? How do such benefits compare to renewable energy’s potential for strengthening national energy security through ‘more localized’ energy demand and supply?
- (3) **What are some examples where inter-country cooperation and agreements on cross-border energy markets and power pools include targets or commitments for low-carbon/low GHG emissions, and thereby incentivize a more significant role for renewables?** How could an increase in the share of renewable energy from diversified sources attract greater consumer and/or investor interest in cross-border energy trade?

**Experts Panel:** Mr. Matthew Wittenstein, Energy Analyst, International Energy Agency; Mr. Hongpeng Liu, Director, United Nations Economic and Social Commission for Asia and the Pacific Energy Division; Prof. Jyoti Parikh, Executive Director, IRADe; Mr. Dan Millison, Manager, Transcendery L.L.C.

**Moderator:** Mr. Robert Guild, Chief Sector Officer, Sustainable Development and Climate Change Department, ADB

3:00 – 3:45 p.m.

### **Session VI: Some Thoughts on the Way Forward:**

Taking into account the deliberations in the preceding five Sessions, this Session will focus on delineating some concrete ‘next steps’ ADB and other development partners could consider, to advance cooperation among ADB’s developing member countries for planning and expanding investment in cross-border energy trade in the region.

#### **Key Issues for Discussion:**

- (1) **How should the region move forward over the next few years with more concerted efforts to develop cross-border energy markets and power pools?** What might be some relevant ‘next steps’ undertaken, including with support from ADB and others—for example; feasibility studies, cross-border dialogue among countries, support for sector policy and institutional reforms, and identifying new technologies?
- (2) **What other advisory, capacity building, technical assistance, or investment support from development partners, such as ADB, would countries and/or relevant regional bodies likely request in order to begin and complete the ‘next steps’?** For example, pilot-testing small-scale cross-border energy operations on a timebound basis, including operations that introduce new technologies, operational management and financing modalities?
- (3) **In what ways could multilateral or bilateral cooperation mechanisms in Asia foster and take forward a strategic expansion of cross-border energy markets and power pools in the region?** What types of ‘special purpose vehicles’—public or private—might need to be established, in some cases, to develop and implement cross-border energy markets and power pools?

**Experts Panel:** Mr. Hot Matua Bakara, Secretary in Charge, Heads of ASEAN Power Utilities/Authorities, (tbc); Mr. Salvador Rivas, Energy Advisor and Consultant; Mr. Safdar Parvez, Director, RCI Division, Central West Asia Department, ADB; Mr. Priyantha Wijayatunga, Director, Energy Division, South Asia Department, ADB

**Moderator:** Mr. Woochong Um, Director General, Sustainable Development and Climate Change Department, ADB

3:45 – 4:00 p.m.

**Closing Remarks**

Mr. Yongpin Zhai, Chief, ADB Energy Sector Group

Mr. Arjun Goswami, Chief, ADB Regional Cooperation and Integration (RCI) Thematic Group Secretariat