Review of
Electricity Laws and Regulations of SAARC Member States

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Afghanistan and Maldives

Afghanistan

- Afghanistan is desirous to get power sector back on rail thru reform and encouraging private investment.
- It is finalizing its electricity laws, regulation and policies to have self-sustaining electricity sector.
- Afghanistan will benefit as a transit country from power trade between CARs and SA.
- For this Afghanistan has to convince Stakeholders that it can provide security for inter-regional electricity infrastructure.
- Investment in power sector will help attract investment in other sectors as well.

Maldives

- Maldives power sector is an isolated system due to geographical location.
- It has therefore not laid emphasis on cross border electricity trade while formulating its EL&R.
- Limited load and high cost of undersea interconnections makes it difficult to connect Sri Lankan with Maldives grid.
- New technologies may make it possible to interconnect Sri Lanka with Maldives.
- Maldives may therefore evolve EL&R to join any regional electricity trading mechanism.
Bangladesh

- Though not meant to govern cross border power trade BERC Act will have implications thereon.

- Sections-24: GoB can ask regulator to undertake planning creating conflict of interest.

- Section-34: Tariff Fixation by BERC in consultation with GoB, compromising its independence.

- Section-36: BERC can vest properties, licensee etc. of an operator to any other person.

- Section-55: Decision of BERC final with no provision for further appeal.

- Bangladesh need to amend its EL&R to govern cross border electricity trade.

- A SAARC wide IGA could lay detail procedure of licensing, ownership, maintenance, operation, payment settlement mechanisms for smooth and orderly evolution of a South Asia electricity market.

- GoB has expressed desire to import electricity from Bhutan.

- For this to happen, new Generation plants have to be built in Bhutan and India has to facilitate power transfer.
Bhutan

BE Act 2001 provides for development of hydropower as a revenue generator thru power exports.

The Act clearly lays down the rules and procedures with regard to:

- duties and obligation of the developer;
- licensing norms;
- provision of open access on transmission systems;
- role and responsibilities of system operator including that for power exports;
- designating bulk supplier including import/export of power; and
- lay down rules and procedures relating to private sector participation.

BEA 2001 is one of the Acts in SA that sets out legal/regulatory framework to promote cross border power trade.

Electricity flows from Bhutan to any SMS has to be facilitated by India.

IGA between India and Bhutan provides for Bhutan to export the surpluses energy to India.

Since existing plants are committed new plants have to be set up for supply of power to other countries.
India

- India, Bhutan, Nepal power trade predate EA2003, and are under bilateral aid assistance programs hence not covered under EA 2003.

- Despite India exchanges power with Nepal/Bhutan, EA 2003 silent about cross border power trade.

- Only reference to power imports as part of the implementation of provisions of EA 2003 has been made in CERC Notification No. L.7/143/158/2008-CERC

- Issued under Section 178 of EA 2003 (36 of 2008), it deals with requirements, qualification etc. for obtaining license to become an “Electricity Trader”.

- Sub-section (k), under Section 2 (Definition and Interpretation) of Chapter-I (Preliminary), of this notification states that: “inter-state trading” mean transfer of electricity from the territory of one State for re-sale to the territory of another State and includes electricity imported from any other country for re-sale in India”.

- But CERC order dated Feb.16, 2009 clarified that above Notification does not apply to cross-border trade, and India’s present agreements for cross-border electricity trade fall within purview of MEA.

- It further states that definition referred to in the previous paragraph, “export of electricity needs to be excluded from the definition of inter-state trading”. The order further states that the Regulation deals with electricity trade “after the stage of import”.
Electricity Act, 2049 (1992) and Electricity Regulation, 2050 (1993) provide for import/export of electricity, including procedures for obtaining license/permits; approvals and agencies to grant these.

The EL&R clearly specify legal/regulatory requirements of an importer or exporter of power.

Regulations specify technical/operational performance parameters to be abided by Exporters/importers.

There are no discriminatory provisions therein that would hinder cross border power trade.

Bill to set up ERC with full power to regulate power tariffs waiting approval of the Parliament.

Electricity Tariff Fixation Commission can only recommend tariff to GON, but is not functional.

EL&R specify the quality and safety standards with regard to voltage level, technical parameter etc.

Non-nationalization of electricity assets is assured by the government.
Pakistan

Section 7: Sub-section 1 of NEPRA Act 1997 gives it exclusive power to regulating electric services but weather electricity imports(exports/imports/wheeled thru Pakistan will be dealt with NEPRA is not clear.

Sub-section 2 empowers NEPRA to grant licenses for Gen., Trans., Dist.; prescribe procedures/standard of investment programs; operational and performance standards.

Sub-section 3 of Section 7 defines NEPRA’s role in to tariff fixation, review of performance of sector entities, setting of operational codes and standards among other functions.

Section 7: Sub-section 4 permits Provincial govt. to build power plants and trans. lines and fix tariff for them. NEPRA to consult Provincial Governments in fixing tariffs from plants located in their states.

Under Section-15 only KESC can build, own/operate Gen., trans facility without license from NEPRA.

Section 19 provides for Open Access on Trans. Systems at approved user charges.

Under Section 32: Sub-section 1 prior NEPRA approval needed for power procurement by Trans./Dist licensees.

Would power imports have to comply with norms laid by NEPRA not clearly defined.
Sri Lanka

- Regulation Section 9 restricts issue of license to entities other than CEB, local authorities, societies and companies in which GOSL does not hold more than 50% equity stake; restricting investment.

- Section 10 (1) and (2) make provisions for exemption for issue of Gen./Dist license, but no norm laid down.

- Section 16 (b), (b) requires licensee to sell electricity only to transmission licensees.

- These provisions are a major hindrance in attracting investments in electricity sector including those for projects aimed at cross border power trade.

- Not having considered possibility of interconnection with SMS; Sri Lanka’s EL&R do not have any provisions with regard to cross border electricity trade.

- Creation of India-Sri Lanka power interconnection and development of generation facilities could help Sri Lanka to export power to other SMS.
Power Trades taking place between Afghanistan-CARs, India-Bhutan, India-Nepal, and Pakistan-Iran are not governed by their EL&R.

Private investment essential in the sector in view of diminishing government investment.

EL&R have to help attract investment to give confidence to investors, lenders and other stakeholders.

Capacity additions supported by private sector is key to enhance supply to meet the demand in SMS.

That can happen only when there is will to allow and facilitate electricity trade amongst the SMS.

SMS need to arrive at a SAARC wide IGA to promote cross border electricity trade and develop an electricity market in South Asia.

The IGA should address all issues including: investment, building of cross border electricity infrastructure; setting up operational and technical parameters for connectivity; commercial matters, payment security mechanism etc; if SMS want to meet their electricity demand.

Once the SAARC IGA on electricity trade is agreed upon, each country will have to align their EL&R so that there are no inconsistencies therein with regard to governing the sector operations within the country and trading electricity with other countries.
THANK YOU!