Regional Energy Governance in South Asia

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The South Asian Context

- South Asia is among the fastest growing regions of the world
- among the lowest per capita incomes in the world
- per capita energy consumption is also among the lowest in the world
- poorly endowed with conventional energy sources
- With more than **20%** population share, its share in global oil reserve is about **0.6 %;** natural gas reserve is about **1.4 %** and global coal reserve **10%**
- Huge energy gap and energy poverty
- Energy demand likely to grow by three times in the next two decades
- Given this context, energy governance both at national and regional levels is extremely important

Key Energy Indicators in South Asia

Country/Region	TPES/Pop (toe/capita)	TPES/GDP (toe/thous 2000USD)	TPES/GDP (PPP) (toe/thous 2000USD)	Elect Cons (KWh/capita)
South Asia	0.50	0.72	0.15	503
OECD Europe	3.35	0.17	0.14	6287
World	1.83	0.30	0.19	2782
Africa	0.67	0.75	0.26	571
Bangladesh	0.17	0.38	0.09	208
India	0.54	0.75	0.14	566
Nepal	0.34	1.34	0.23	90
Pakistan	0.50	0.74	0.21	436
Sri Lanka	0.44	0.37	0.09	409

Existing Energy Trade in the Region

India-Bhutan-Nepal (Power)	Bhutan is the only country in the region with surplus power generation and exports large part of it to India. Nepal imports power from India in limited quantity
India-Nepal, Bhutan, Bangladesh, Sri Lanka (petroleum products)	While Nepal and Bhutan are entirely dependent on India for petroleum products, Sri Lanka and Bangladesh import from India
India- Bangladesh (Coal)	Bangladesh imports from India
Afghanistan-Pakistan-Iran	Afghanistan imports power from Iran and Pakistan. However, power situation is improving in Afghanistan which may not import power for long.

Any Trade in Natural Gas?

- Except India nobody engages in NG trade as there is no infrastructure
- Major interntional gas pipeline plans: IPI, TAPI, MBI – India was most keen on MBI but could not make any progress due to bilateral differences – even IPI progress is hindered due to bilateral differences (?)
- Pakistan went ahead with IP but funding is an issue
- Why TAPI but not IPI? Any lessons from MBI history?
- Will a regional approach help? What about Nepal and Bhutan's needs for natural gas? Can that help in addressing Indian apprehensions?

Progress at Regional Level (1/2)

January 2000	**Technical Committee on Energy**
January 2004	Specialized Working Group on Energy
October 2005	First meeting of energy ministers, Islamabad: Formation of Expert Group on energy conservation and efficiency and Roadmap for SAARC region
March 2006	Establishment of the SAARC Energy Centre in Islamabad
March 2007	South Asia Energy Dialogue: Recommendations to promote cooperation
April 2009	Meeting of the Working Group: Establishment of expert groups on a) oil and gas, b) electricity, c) renewable energy, d) technology and knowledge sharing

Progress at Regional Level (2/2)

December 2009	**Meeting of the Working Group: Presentation of the Task Force draft report on the technical and commercial aspects of the electricity grid interconnections**
April 2010	Concept of SAARC Market for Electricity in the 16th SAARC Summit Declaration
January 2011	Expert Group on Electricity in its Meeting considered the (i) Concept Paper on the Road Map for developing SAARC Market for Electricity (SAME)) and (ii) concept paper on SAARC Inter-Governmental Framework Agreement for Regional Energy Cooperation.
September 2011	Energy Ministers Meeting reviews the progress on SAME and SAARC Inter-Governmental Framework Agreement for Regional Energy Cooperation.

Bilateral Initiatives (1/2)

- India-Bhutan: A success story – Significant impact on Bhutan's GDP, Export, Revenue and Human Development – Bhutan has plans to increase up to 10000MW with Indian guarantee of purchase of half of it
  - Can it be replicated? Will India fund projects in other countries with similar terms? If yes, how much
- So far Bhutan story is more about political and diplomatic success
- India- Sri Lanka power connection – being discussed since 2006 but little progress. Now deadline of 2014 has been fixed

Bilateral Initiatives (2/2)

- India-Bangladesh: Construction of transmission line is on, Bagerhat JV project, PPA signed in March 2012 – Can it go too far? Price agreed is not market based!!
- India-Nepal: Existing linkage is minimal. Several projects are in pipelines. Not much progress
  - Long history of cooperation (?) – some unfulfilled expectations – once Nepal was keen but India was not, then India changed its position but situation changed in Nepal
  - Political differences/opposition from CSOs
  - Private companies (Sutlej/GMR) are interested but govt. is slow
- India-Pakistan: Pipelines (gas), trade in oil, electricity trade (??)

Energy Governance at National Level

- Market development is incomplete in national level
- Energy governance entails balancing between energy security and other socio-economic and environmental concerns – reaching consensus is difficult
- In most countries, electricity and other energy are subsidized – Sri Lanka being relatively less subsidized
- In India, there is significant power trading, and to that extent, price is market-based in wholesale market
- In the absence of reference price international trade in electricty becomes difficult - Bangladesh perceived Indian offer price to be too high!!

Regional Governance- Some Pointers

- Some complexity – even Nepal wants electricity from Bhutan, Bangladesh wants from Nepal and Bhutan and opposes Indian project in Tipaimukh
- Offer of electricity to Bangladesh can change the equations on transit of gas and goods
- India has agreed in principle for transit of electricity
- Sri Lanka's finds/potential oil and reserves
- India's achievements in Renewable energy (solar, wind and biomass) – India can provide technology and finance?

Thank You