

**19th CAREC Energy Sector Coordinating Committee Meeting
30-31 March 2015, Ulaanbaatar, Mongolia**

MEETING SUMMARY

Agenda Item	Action Taken
Session I. Evaluation of the EWP 2013-2015	
<p><u>CAREC Development Effectiveness Review 2014</u></p> <p>ADB reported on CAREC Energy Sector Results Framework both in terms of outcome and outputs, highlighting the lack of data to substantiate the indicated objectives. It's a report card of what have been done or what have not been done in order to know future directions. However, for a report card, targets are needed. As homework, countries were requested to report on their data for the appropriate indicators. It was proposed that provisional targets be reported at SOM in June 2015 and the targets be confirmed at the next ESCC meeting in September.</p>	<p>The countries agreed to provide their respective data by 30 April 2015.</p>
<p><u>Element 1: Developing the Central Asia – South Asia Energy Corridor</u></p> <p>World Bank reported on the progress of the different segments of the CASA 1000 project, i.e., commercial deal involving the commercial agreements (planned signing of the Master Agreement and Power Purchase Agreements on 24 April 2015), procurement, financing and institutional arrangements.</p> <p>In addition to the complementarity of CASA and TUTAP resulting in higher investment returns, ADB presented on the addendum to the Afghanistan Master Plan which considered impact of CASA 1000 (approved on Feb 2014) on future development needs of Afghanistan.</p> <p>It was also highlighted that CASA 1000 provides an open access regime for exporting surplus energy and Afghanistan can earn transmission wheeling revenue by exporting power through its lines.</p>	<p>The ESCC noted the updates presented on CASA 1000 and TUTAP. World Bank and ADB to continue to provide updates on the projects in subsequent ESCC meetings.</p>
<p><u>Element 2: Resolving Regional Energy Dispatch and Trade Issues</u></p> <p>Mr. Talgat Abilgazy, Deputy Director, Department of Power, Ministry of Energy, the Republic of Kazakhstan, presented the draft outline of the Terms of Reference of a proposed study on the Regional Power Trade Development in Central Asia that will prepare/update analysis to help political decision to promote regional power trade in Central Asia. The study will be financially supported by World Bank.</p>	<p>The ESCC appreciated the presentation. Countries agreed to establish a Working Group, comprised of dispatch head from each country, CDC, plus two other representatives from each country, in order to promote the Element 2. Its first meeting is slated in May 2015 in Almaty, supported by WB. ADB announced that it supports the initiative and is willing to assist. It was suggested that the next Working Group meeting be held in the framework of the Energy Charter Taskforce for Central and South Asia at 22 September 2015.</p>
<p><u>Element 3: Managing Energy-Water Linkages</u></p> <p>World Bank presented updates on Energy Vulnerability to Climate Change Study which seek to: (1) contribute to better understanding of challenges and opportunities for effective regional coordination of climate change adaptation, (2) build on national-level work completed to identify adaptation priorities for CA countries, and (3) connect to and refine existing efforts at regional scale. WB conducted consultations through workshops. The findings will be presented in the next ESCC meeting in September 2015.</p>	<p>The ESCC appreciated the updates provided by World Bank.</p>

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<p><u>Element 4: Mobilizing Funds for Building Energy Assets</u></p> <p>ADB reported updates on the proposed CAREC Power Sector Financing Roadmap Study, mainly, the engagement of consultant to prepare the study. CAREC members were also informed of the required inputs from countries for TA implementation such as quick access to data and information for the study; office accommodation and counterpart staff. CAREC countries are expected to provide ADB with the name, position and contact information of the focal point by 15 April 2015. If no nomination is received, the Energy Sector Focal Point will be the country's focal point for the study.</p>	<p>The ESCC noted the updates presented on the proposed TA and agreed on the requirements and the deadline given by ADB.</p>
<p><u>Element 5: Implementation of Energy Sector Priority Projects</u></p> <p>In order to support determining targets for DEfR, financial roadmap activities and new Energy Work Plan (2016-2020), the priority projects identified by member countries as of the 16th ESCC meeting on 10-12 September 2014 in Almaty needs to be updated to cover a period up to 2020. Inputs required from CAREC member countries include basic project description, project objectives, sources of project financing and energy output indicators such as transmission lines installed or upgraded, increased generation capacity, etc. Also, energy efficiency (decision on energy efficiency criteria to be discussed in the next ESCC meeting) and renewable energy priority projects can be included at the discretion of each country in the initial provision to ADB.</p> <p>ADB reiterated its proposal to hold an investors' forum coinciding with the next ESCC meeting. ADB also proposed to come up with a one-page summary of the various energy data of each country that will be put up in the CAREC website as information to potential investors. Clearance of the content will be requested to each country.</p> <p>It was proposed that a project list for investors' forum be separately prepared.</p>	<p>The Secretariat requested the countries to submit their inputs for both the Energy Sector Priority Projects and Project list for the investors' forum by end of April 2015.</p> <p>The priority project list will be confirmed at ESCC in September 2015.</p>
<p><u>Element 6: Capacity Building, Knowledge Management and Sector Prospects</u></p> <p>USAID presented its regional objective of enhanced regional cooperation on shared energy and water resources, and activities like supporting energy trade, providing additional funding for CASA 1000, sector reforms and institutional change, etc. USAID pointed out how its interests overlap considerably with other donor partners and how it stands ready to assist. It emphasized its commitment to support ESCC capacity building and knowledge management activities.</p> <p>The Energy Charter Secretariat (ECS) briefed the meeting on regional cooperation in the framework of the Energy Charter. In connection with its regional initiatives of promoting political dialogue for the development of sustainable energy resources and energy trade and facilitating construction of cross-border energy infrastructure, several regional cooperation meetings have been organized in Central and South Asia.</p> <p>ADB presented the oil price slump and its causes which include the greater than anticipated supply and less than anticipated demand, OPEC's decision to maintain its current production level of 30mb/d. The slump had macroeconomic and financial impacts on growth and</p>	<p>The ESCC appreciated the presentation.</p> <p>The ESCC appreciated the presentation.</p> <p>The information was noted by the ESCC.</p>

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<p>inflation and the shift in the balance of payments, mainly on reduced oil import bills and lower energy subsidy bills, among others. However, the slump presents an opportunity to implement reforms on fuel and non-fuel subsidies and energy taxes, among others.</p> <p>ADB also led the discussion on planning of capacity building and knowledge sharing activities for the future. Some common capacity building activities have been proposed by the countries, such as smart metering, solar power, energy efficiency technologies, demand forecasting, tariff and regulatory reforms etc. Four general themes were discussed:</p> <ul style="list-style-type: none"> (i) Knowledge Sharing (smart meters, project management, independent regulation, tariff policy, forecasting, planning and energy efficiency) (ii) Technology Adoption (smart metering, solar power, battery storage, electric vehicles, energy efficiency) (iii) Regulatory Issues (framework for independent regulation, tariff setting for time-of-use tariffs, pre-paid meters, IPPs tariffs, and benchmarking) (iv) Training (demand management, forecasting, solar power, battery storage, energy efficiency, managing large transmission and distribution projects) 	<p>Several suggestions have been made to ensure better coordination among donor partners for their capacity building activities and knowledge sharing activities.</p> <p>The ESCC agreed to invite authorities in charge of regulatory functions from each country to the next ESCC meeting to share their experience and knowledge.</p> <p>Sharing of information through the CAREC newsletter is considered.</p> <p>Azerbaijan agreed to share its experience on smart metering in the next ESCC meeting.</p>
<p>Knowledge Sharing Session</p>	
<p>1. <u>Air Pollution Reduction Measurements in Ulaanbaatar City</u></p> <p>Ms. Dorjgotov Tsendsuren, Operations Manager, Project Management Unit of the Ulaanbaatar Clean Air Project, showed the achievements of the project in improving the air quality of Ulaanbaatar. The project promoted the use of clean and efficient stoves, developed technical documents and standards and better coordination on the implementation of activities to reduce air pollution in Ulaanbaatar.</p> <p>Afghanistan Kyrgyz and Tajikistan delegates showed interest on the possible replication of the project in their countries.</p>	<p>The ESCC appreciated the presentation.</p>
<p>2. <u>Regional Energy Cooperation</u></p> <p>Mr. Yeren-Ulzii Batmunkh, Senior Officer of the Mongolia Ministry of Energy, presented the energy endowments of Mongolia, making it among the top ten mineral richest countries in the world with only 17% of its vast territory explored. Its coal, uranium, oil, solar, wind and hydro resources are its bases for engaging in resource-based power trade with other countries. In addition to its resource endowments, its geographic location is advantageous, e.g., the Russia-China infrastructure connection goes through Mongolia which can be a gas and oil pipeline, HVDC line, etc. Mongolia can consider Central Asia for these international opportunities as well.</p>	<p>The ESCC appreciated the presentation.</p>
<p>Session 2. Planning for EWP 2016-2020</p>	
<p>Emerging Megatrends: Shifts in the Energy Sector</p> <p>ADB presented a megatrend based on three disruptive technologies: solar power, Lithium Ion batteries, and efficient appliances. Collectively these innovations are likely to change the energy sector significantly in the medium term as the innovation in data storage and battery</p>	<p>The ESCC appreciated the presentation.</p>

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<p>development has changed the telecommunication and information technology industry. The combination of the three disruptive innovations will create a new product of off-grid DC based solar power supply, which may threaten the traditional power companies that will fail to innovate and adapt to the changes. Many changes have taken place over time resulting in substantial reduction in price and improved quality and use.</p>	
<p><u>Outline of Energy Work Plan for 2016-2020</u></p> <p>ADB, through its consultant, Mr. Denzel Hankinson, presented the outline of the proposed Energy Work Plan for 2016-2020. Building on the progress of the EWP 2013-2015, several achievements/updates were elucidated. While the successor plan will maintain having six (6) elements, modifications have been introduced to better reflect activities under the elements. A new element was also introduced, "Promoting clean energy technologies and energy efficiency".</p>	<p>The ESCC agreed on the following elements for the 2016-2020 EWP:</p> <ul style="list-style-type: none"> -Developing the East-Central-South Asia Corridor -Promoting Central Asia regional trade and dispatch -Managing energy-water linkages -Mobilizing financing for priority projects -Capacity development & knowledge management -Promoting clean energy and energy efficiency technologies. <p>As part of the element on energy-water linkages it was agreed that the CAREC member countries will consider the formation of a working group which will include water resource management and energy experts as working group members.</p> <p>It was agreed that ADB and its consultant would produce a draft of the EWP by end-June 2015 for review by the CAREC members. The EWP would then be revised according to comments received and finalized for endorsement at the September 2015 ESCC meeting.</p>