

**ASEAN - AUSTRALIA
ENERGY POLICY AND SYSTEMS ANALYSIS
PROJECT**

8TH PROJECT COORDINATING COMMITTEE MEETING

AGREED SUMMARY RECORD

**Phnom Penh, Cambodia
15-16 July 2004**

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Introduction

1. The 8th Project Coordinating Committee (PCC) Meeting was held in Phnom Penh, Cambodia on 15-16 July 2004.
2. The Meeting was attended by the PCC members from Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Viet Nam, AusAID and ASEAN Secretariat. The participants from the Australian Managing Contractor (AMC) and the ASEAN Centre for Energy (ACE) also attended the Meeting. The list of participants appears in **Annex 1**.
3. Thailand conveyed its regret for inability to participate in the 8th PCC Meeting.

Welcome Remarks

4. Under-Secretary of State H.E. Khlaut Randy welcomed participants from Indonesia, Lao PDR, Malaysia, Myanmar, Philippines and Viet Nam to the Meeting. He also extended a welcome to AusAID, AMC, ASEAN Secretariat and ASEAN Centre for Energy (ACE). In his remarks, he expressed the Kingdom of Cambodia's appreciation in being able to host the 8th PCC Meeting.
5. He stressed the importance of the Meeting to the PCC members as the forum to strengthen the technical capabilities and cooperation on regional energy planning and policy research within and between ASEAN countries as well as ASEAN-Australia. He thanked the Australian government in providing both the technical and financial support for the project and expressed hope that all the participants will have fruitful and enlightening discussions.
6. A copy of His Excellency's address is included as **Annex 2**.

AusAID Statement

7. The AusAID representative, Mr. Neil Young, welcomed participants to the Meeting and acknowledged the invaluable efforts the partner ASEAN countries and the Australian Managing Contractor (AMC) have extended to the Project.
8. Mr Young expressed his appreciation on the remarkable progress and noticeable independence and active participation of the AAMRUG participants over the past 18 months. AAMRUG plays an important role to the sustainability of the project. Sustainability is one of key issues especially in this concluding part of the project. One of the sustainability issues is the diminishing resources the project is facing at this ending phase.
9. Mr Young suggested that there is a need for the key players including AusAID to promote the outcomes of the project and active participation of the ASEAN senior energy officials. An example of this is to strengthen Regional Policy Study by incorporating recommendations from participating countries.

Opening Remarks by PCC Chairman

10. The PCC Chairman, Dr Anuar Abdul Rahman of Malaysia, opened the meeting and warmly welcomed the PCC members to the 8th PCC Meeting of the ASEAN Australia Energy Policy and Systems Analysis Project (EPSAP).
11. The Chairman expressed confidence that the PCC Meeting will be able to reach consensus on very important matters such as the Handover Plan and Strategy and the third regional policy study.
12. The Chairman expressed appreciation for the arrangements made by the host country Cambodia and AMC for the Meeting.

Adoption of Agenda

13. The Meeting agreed to adopt the Agenda which appears in **Annex 3**.

AMC Progress Report

14. The AMC Project Manager (APM) presented the AMC Progress Report which appears in **Annex 4**.
15. The PCC expressed appreciation of the comprehensive and very informative Progress Report. The PCC noted that the project is relatively on schedule with manageable delays.
16. The PCC also noted that there is now greater confidence in the technical capacity in the MARKAL database management, general analysis of policy options, and model development in both the participating countries and ACE. The PCC expressed the need to have the models calibrated and the outcomes validated.
17. However, the PCC acknowledged that there is need for further assistance to the CLM countries to enhance their technical skills and capacity especially of the national project teams to get them well acquainted with MARKAL software.
18. The APM highlighted the following:
 - The draft of the second regional policy study is expected to be completed by August 2004.
 - Four of the five national policy studies have been completed in draft and are being reviewed by ABARE. The last report is expected to be completed in approximately two weeks time.
 - The second set of technical exchanges to AHO was completed in December 2003 and the ASEAN exchanges to ACE for 2004 including CLM will be completed by the end of July 2004.
 - All national models and the regional model have been substantially improved, especially in the area of electricity representation, renewable energy, modelling of emissions, and inclusion of taxes/subsidies and prescribed prices.

19. The APM also highlighted the following concerns to achieve project sustainability in the medium to long term:
 - Some NPTs still need to become self sustaining.
 - Further development of basic analytical skills is desirable.
 - The need for a strategy for project sustainability after the AusAID/AMC technical assistance ends.
20. In this regard, the PCC agreed to adequately address these concerns in the finalization of the project's Handover Plan and Strategy. The final plan is due by May 2005.
21. The PCC welcomed the ACE commitment to continue EPSAP activities in the overall ACE work activities. The ACE Executive Director informed the meeting that options are being considered in this regard such as: restructuring of ACE staffing; incorporating EPSAP into the proposed Energy Confidence Index for public awareness, provision of in-kind contribution, etc.
22. On the request of further assistance to the CLM countries, the ASEAN side will submit a proposal on extended TA for further action and consideration by AusAID.
23. On the issue of the confidentiality of data, as a matter arising from the previous meeting, the PCC noted, under the previously approved Treatment of Confidential Information paper, that all data being used for the regional policy analysis by ACE are no longer confidential in nature and are cleared and submitted by the National Project Teams. On the national level, the treatment or disclosure of the stakeholder data will have to be at the discretion of the National Project Teams/National Coordinating Committees.

AMC Annual Plan for 2004-2005

24. The AMC Project Director outlined the major activities contained in the draft 2004-2005 Annual Plan, a copy of this presentation appears in **Annex 5**.
25. The PCC considered and endorsed in principle those major activities. Noting however that, the draft Annual Plan is still awaiting AusAID's approval.
26. The Meeting agreed on the following actions:
 - The need for wider dissemination of the major outcomes of the regional policy studies and the benefits derived from the use of MARKAL modelling activities as strategic inputs in the formulation of national energy policies in the participating countries. One possible platform will be presenting the result of the 2nd regional policy study on the ASEAN Energy Market Integration at the 7th ACE Governing Council Meeting sometime in December 2004/January 2005.
 - Conduct a project assessment survey to supplement and provide additional input for the Handover Plan and Strategy. The survey will be conducted in a very objective manner focussing on the identification of means to extend and enhance project's sustainability. The survey will be conducted amongst the stakeholders such as NPT, NCC, and will also solicit independent views of

ABARE and AusAID's TAG. The AMC will circulate the draft questionnaire for PCC review and comments by end of August 2004.

- Close consultation with HAPUA on the proposed AMC work activity on the Pre-Feasibility Study on the Regional Grid Interconnection with the objective of seeking the views on its necessity, considering that HAPUA has conducted and completed the ASEAN Interconnection Masterplan Study (AIMS). This AIMS study has become the guiding document in the implementation of the ASEAN power grid being pursued in the APAEC 2004-2009.
- National seminars were suggested as a good way to seek views on the proposed Regional Grid Study and the application of the MARKAL model to the integration of the ASEAN electricity grid and gas pipeline network.
- ACE will take the lead in consulting and coordinating related project activities with HAPUA and ASCOPE.
- The AMC confirmed that the single user license in Malaysia, Thailand and Vietnam will be replaced by small group (5-user) licenses. These users may be in separate organizations and locations.

Report on the ASEAN Breakfast Meeting

27. The PCC noted the following actions agreed at the ASEAN Breakfast Meeting:

- The regional activities on EPSAP is part of the Regional Energy Policy Planning Sub-sector Network (REPP-SSN) programmes as reflected in the ASEAN Plan of Action on Energy Cooperation (APAEC) 2004-2009 which has been endorsed at the SOME/22nd AMEM. In this regard, ACE will be the prime mover to coordinate and facilitate the EPSAP activities.
- The participating countries will carry forward the related EPSAP activities after project completion.
- The ASEAN participating countries will seek internal budgetary support for the future maintenance of the software licenses. The AMC clarified that the annual maintenance cost is about USD 2,400 for the small group license.
- Technical assistance will still be required in particular for the Cambodia, Lao PDR and Myanmar countries.
- The participating countries will support the wider dissemination of the project outcomes, the benefits of the MARKAL model applications and the conduct of the project assessment survey in order to supplement the Handover Plan and Strategy.
- ACE will develop the website which includes forum for Question and Answer (Discussion Forum/Bulletin Board) for any technical concerns/issues. This website will include contact list of all personnel involved in MARKAL and experts worldwide.
- The proposed host countries for the two remaining PCC/AAMRUG Meetings:
 - 9th PCC/5th AAMRUG: Myanmar (subject to confirmation)
 - 10th PCC/6th AAMRUG: Lao PDR

ACE Progress Report

28. The PCC was pleased with the ACE progress report which appears in **Annex 6**.
29. The PCC noted that ACE is taking progressive steps to address the project sustainability with the following actions: a) strategy on staffing plan, b) dedicated website facility; and c) reporting EPSAP outcomes and activities to the ACE Governing Council Meeting.

Report on the 4th AAMRUG Meeting

30. Mr Heng Kunleang of Cambodia on behalf of the AAMRUG Chairman presented the highlight of the 4th AAMRUG Meeting held on 13-14 July 2004 which appears in **Annex 7**.
31. The PCC noted the following AAMRUG's recommendations:
 - Support for the conduct of the follow up study on the regional grid interconnection
 - Support for the third regional policy study on the Environmental Strategies and Energy Trade in the ASEAN region with some amendments.
 - Finalization of the topics for the third national policy analysis as follows:
 - Cambodia: Cambodia Energy Policy-Analysis of Options
 - Indonesia: Utilisation of Renewable Energy and Diversified Coal Products for Electricity Generation in the National Energy Mix
 - Lao PDR: Energy Security and Diversity in Laos
 - Malaysia: Green House Gas Mitigation Options with Emphasis on Energy Efficiency and Renewable Energy Strategies
 - Myanmar: Energy Self-Sufficiency Options and Strategies for Myanmar
 - Philippines: Full Accounting of the Environmental Costs of Electricity Supply
 - Thailand: Renewable Energy in Thailand (subject to final confirmation)
 - Vietnam: Energy Pricing and Its Implications for Energy Efficiency and Environment
 - Request for additional training such as Graphical User Interface, result analysis, building and analyzing constraints, etc.

Country Reports

32. The PCC noted the Country Reports on the progress of EPSAP activities which collectively appear as **Annex 8**.

33. The draft of the third national policy studies are to be completed by December 2004 for the AMC review.

Discussion Paper on Project Handover Strategy

34. The APM presented the discussion paper on the Project Handover Plan and Strategy which appears as **Annex 9**.
35. The PCC agreed that after project completion, ACE will provide the support core regional modelling facility with the following functions:
- Serve as the regional coordination and data centre.
 - Perform regional studies under commission or with other support, with own staff, country secondees, and possible AHO assistance.
 - Promote the dissemination of study results.
 - Co-ordinate AAMRUG activities.
 - Manage AAMRUG website.
36. The Handover Plan and Strategy will call for the participating countries to provide commitments and funding support for:
- Providing technical continuity in the related EPSAP activities
 - Participating in the regional energy policy analysis activities eg. technical exchanges, conduct regional study, etc.
 - Attending and hosting AAMRUG activities
 - Providing software maintenance
37. The PCC appreciated the generous offer of the AHO to provide in-kind technical assistance and advisory support to ASEAN energy policy activities over a period of two years after project completion. The AusAID representative thanked the AHO for this assistance. The details on this assistance will be discussed in the future.
38. The PCC agreed that the Project Handover Plan and Strategy will also identify what activities will require national funding support and those requiring external or third party assistance. The PCC requested AMC to incorporate this requirement in the Plan.
39. The final draft will be submitted for PCC endorsement at the 9th PCC Meeting in January 2005. The PCC requested ACE as the proposed central coordinator and facilitator for EPSAP activities to submit the Handover Plan and Strategy for consideration and approval of the ACE Governing Council. The PCC will forward a formal request to ACE on this regard.

The Second Regional Energy Policy Study

40. ACE briefed the PCC on the progress of the modeling activities for the Second Regional Energy Policy Study on the ASEAN Energy Market Integration which appear in **Annex 10**. The draft report will be made available by August 2004.
41. ACE Executive Director proposed additional scenario: “Low oil Price” to capture the impact of low world oil market. In addition he proposed to prepare a separate chapter on future research activities.
42. The PCC recognized that the Energy Market Integration section of the study report will be a review of the present status and not duplicate the on-going study on Electricity Trading in ASEAN under the ASEAN-Australia Development Cooperation Program – Regional Economic Policy Support Facility (AADCP-REPSF).
43. The final report and outcome of the Second Regional Policy Study will be presented at the 7th ACE Governing Council.

Discussion Paper for the Third Regional Energy Policy Study

44. ACE presented the discussion paper on the proposed Third Regional Energy Policy Study on Environmental Strategies and Energy Trade in the ASEAN region which appears in **Annex 11**. The final report will be completed by May 2005.
45. The PCC discussed the possibility of modifying the research focus to align with the proposed theme for the Cambodian hosting of the SOME/23rd AMEM in July 2005 to gain wider public awareness and publicity. The theme as proposed by Cambodia is “Promoting Renewable Energy and Energy Efficiency”.
46. The possible research focus are as follows:
 - Environmental Strategies and Energy Trade in the ASEAN Region (Original)
 - Impacts of the Environmental Policies and Strategies in the ASEAN Energy Sector: The Role of Renewable Energy and Energy Efficiency Technologies
 - Energy Policies and Strategies Towards Sustainable Development in ASEAN: The Role of Renewable Energy and Energy Efficient Technologies
 - Environmental Policies and Strategies Relative to the ASEAN Energy Sector: The Role of Renewable Energy and Energy Efficiency Technologies
 - Energy Policies and Strategies Towards Energy Trade and Sustainable Development in ASEAN: The Role of Renewable Energy and Energy Efficient Technologies
 - Policies and Strategies Towards Energy Trade and Sustainable Development in ASEAN
47. After extensive deliberation the PCC finally agreed on the research focus entitled “Policies and Strategies Towards Energy Trade and Sustainable Development in ASEAN.” AMC clarified that Renewable Energy and Energy Efficiency will be part of the third regional policy study.

Others Matters and Discussion

48. Some PCC members expressed interest in the use of the MARKAL model to assess the strategic oil stockpiling mechanism to enhance energy security in ASEAN as part of the future research plan.

Date and Venue of Next Meeting

49. The Meeting agreed that the 5th AAMRUG and the 9th PCC Meeting would be held in January 2005 in Myanmar, subject to the approval of higher authorities in due course.

Consideration and Adoption of the Summary Record

50. The Meeting considered and adopted the Summary Record of the 8th PCC Meeting held on 15-16 July 2004 in Phnom Penh, Cambodia.

Acknowledgements

51. Cambodia expressed appreciation to Australian Government, the AMC, ASEAN member countries, ACE and the ASEAN Secretariat for their excellent cooperation and support to make the meeting successful.
52. AusAID expressed his appreciation to the Cambodian host for their hospitality and thanked PCC members, ASEAN Secretariat, ACE, and AMC for excellent project progress being displayed at the meeting.
53. The PCC expressed gratitude to the Ministry of Industry, Mines and Energy Cambodia for hosting the meeting, their warm hospitality and the well planned arrangements made for the meeting and the Government of Australia for its continued support to the Project.
54. The Meeting was held in the traditional spirit of ASEAN-Australia cordiality and solidarity.