



## ***ASEAN ENERGY MARKET INTEGRATION (AEMI)***

### ***BRAINSTORMING SESSION***

***Grand Mercure Fortune Bangkok***

***May 13-14-15, 2014***

### **AEMI INITIATIVE: MOVING FORWARD**

#### **A. ACHIEVEMENTS**

1. The ASEAN Energy Market Integration (AEMI) initiative makes the case for energy market integration across ASEAN in the framework of the ASEAN Economic Community (AEC). A network of ASEAN academics have constituted the AEMI Group to develop the rationale for such an approach, assess the benefits it would deliver, design its architectural structure, and draw a strategy for its deployment through 2030 within the AEC. The 31st Senior Officials Meeting on Energy (SOME) endorsed the AEMI initiative last June in Bali. The AEMI Group has also benefited from the continuous support and guidance by the ASEAN Secretariat, and has relied on the publications from the ASEAN Center for Energy (ACE).
2. The AEC is to provide for arrangements to transform ASEAN into a single market with a free flow of goods, services, investment and skilled labor, so that resources go into their most productive uses within ASEAN for the benefit of all. The objective of AEMI is to extend the scope of such provisions to the energy sector – that is, to allow the free flow of energy products, services, investment and skilled labor in the framework of AEC, in order to achieve access to secure, affordable and sustainable energy sources for all ASEAN Member States (AMS).
3. AEMI would build on the current ASEAN Plan of Action for Energy Cooperation (APAEC, 2010-2015), taking it a step further, from regional energy cooperation into energy integration. It would deepen APAEC accomplishments by lifting the challenges it faces, and would broaden them by capturing the new opportunities provided within the AEC. The approach would move from Memoranda of Understanding to policy agreements at the ASEAN level; from coordination and harmonization on a bilateral basis, to framework agreements on a broader basis within the AEC; from piecemeal disparate actions as agreed upon during forums, to regional ASEAN energy policy formulation designed within an agreed framework; and from disparate decision-making entities into a cohesive institutional framework within the AEC.
4. AEMI would be a logical progression of the APAEC and a credible successor to it in the broader context created by the AEC. AEMI would elevate key energy challenges to the AEC level, taking them beyond piecemeal trading arrangements to fully integrated policies and frameworks across

ASEAN. It would focus on energy policies and institutional frameworks that would gain from being elevated to the ASEAN level for greater cohesion, efficiency and leverage within the AEC.

5. The development of AEMI is an imperative requirement for the success of the AEC, given the vital role that energy plays in sustaining economic growth and in securing the well-being of people. AEMI holds the promise of enabling AMS to share the least cost energy resources, with the best attainable environmental impact. If designed properly and implemented efficiently, AEMI has the potential to insulate net energy importers within the AEC from uncertainties of international oil markets, while offering net energy exporters a readily available and efficient market for their energy products and services, with leveraged investments to develop them. AEMI would also have the potential to preserve long-term secure and reliable supply of energy in the region, and to provide opportunities for private sector involvement in terms of investment, including financing of technological innovation, development and transfer.

### **B. BUILDING ON AEMI FORUM 2013**

6. The AEMI Forum was convened on August 27-28, 2013 on behalf of the ASEAN Secretariat, ACE, the AEMI Group and Chulalongkorn University (ASEAN Studies Center, Faculty of Economics and Energy Research Institute). The objective of the Forum was to engage a dialogue between ASEAN policymakers (Track I) and academics (Track II) on the AEMI concept and the way to develop it further. Its participants included representatives from academic institutions, research centers, and regional decision making entities from across ASEAN. The proceedings from the Forum, as well as the seven AEMI papers were published in a book by the AEMI Group “AEMI: From coordination to integration”, and is available upon request.
7. Participants unanimously expressed their support for the vision of AEMI within the framework of the AEC and for its deployment through 2030, and further identified the agenda in moving forward. They agreed that AEMI would deliver benefits throughout AMS by promoting better energy efficiency; improving energy access; enhancing economic prospects; improving reliability and energy security; and achieving overall higher economic growth for AMS and improved wellbeing for their people. However, in order to reap these benefits, the AEMI Forum recognized that AMS will have to address challenges, notably building energy market infrastructure; harmonizing energy prices and subsidies; identifying infrastructure needs; enhancing ability to diversify sources of energy; and heightening public awareness about AEMI.
8. The AEMI Forum also recommended that in developing AEMI, the focus should not only be on management of energy resources, but also on addressing the legal and regulatory frameworks, as well as the technical, environmental and business perspectives for the production, distribution and consumption of energy. The Forum also recognized that the path to AEMI should emerge from the combined perspectives of policymakers, the private sector and civil society in each country. Participants agreed with the suggestion that “national teams” could be set up to combine such perspectives and participate in the establishment of AEMI. Furthermore, they recommended that AEMI be equipped with a clear mechanism for its implementation and a timeline for its deployment, with specific goals and next steps for the short, medium and long term.
9. In terms of the interaction with policy makers (Track I), the AEMI Forum recommended that its conclusions be presented to the Senior Officials Meeting on Energy (SOME), and subsequently to ASEAN Ministers of Energy Meeting (AMEM). It also called for tasking the SOE and all

Specialized Energy Bodies (namely, HAPUA, ASCOPE, AFOC, RE-SSN, EE&C-SSN, NEC-SSN, REPP-SSN) to develop *a blueprint and a roadmap* for AEMI, with appropriate goals and steps for the short term (2015), medium term (2020) and long term (2030). It specified that this work be coordinated by the REPP-SSN, and supported by the ASEAN Secretariat and ACE, with technical support from the AEMI Group in delivering commissioned studies, both at the national and ASEAN levels. Finally, the Forum also recommended that the REPP-SSN presents a progress report on AEMI to the SOME in June 2014.

### C. AEMI GROUP OPERATING PRINCIPLES

10. *The AEMI Group is a network of ASEAN economists and engineers*, creating a neutral platform to develop the case for AEMI as a way to support the provision of affordable, secure and sustainable energy for all people within the AEC. Members of the AEMI Group work together to provide the academic support to develop the AEMI vision and deliver it, and stand ready to support the work for drafting the next APAEC. The value proposition is based on the national expertise within the Group, the commitment of its members, and their first hand understanding of the issues at stake.
11. *Independent academic work*. The work of the AEMI Group will remain a Track II input into the policy dialogue. It would continue to get its strength from the academic work of its members across the ASEAN community of academic institutions and research centers. Through its members, it would conduct its investigative analyses and provide support to policy makers as needed. It would be available to respond to requests for advice or analytical work from the ASEAN Secretariat, ACE, the REPP-SSN, as well as Specialized Energy Bodies, when such requests are consistent with its work agenda. It would remain independent from affiliation with any institutional framework, national or international, and would continue to seek funding with “no strings” attached.
12. *AEMI Group status*. The AEMI Group is currently viewed as an informal ASEAN network of academics from well-established institutions across ASEAN, committed to developing the vision and structure of AEMI within the framework of the AEC. Although common in other fields across ASEAN, such initiative (akin to Track II) is rather new to energy. The AEMI Group would therefore seek to get some recognition as a pool of “neutral” ASEAN academics contributing their expertise to the emergence of a strong and sustainable ASEAN community. The AEMI Group will approach the ASEAN Secretariat to seek ways to get such recognition from within ASEAN structure, which would give it valuable credentials in delivering support to ASEAN bodies as required. *Annex I* provides an overview of ASEAN organizational structure.
13. *AEMI Group funding – moving beyond a single sponsor*. The current funding for the AEMI work has generously been provided by the *ASEAN Studies Center*, Chulalongkorn University, a testimony to the vision and its foresight in embracing the ASEAN perspective for the benefit of all. This has provided a strong basis to develop the initial stages of the AEMI work, and an effective approach to deliver it. At subsequent stages, more academic institutions across ASEAN will need to join in sponsoring this work, in order to give it a broader ASEAN character. Such sponsorship and support could take various forms, including in-kind contributions, or financial participation. Moreover, the AEMI Group should also seek funding from broader “neutral” sources, including international organizations, development institutions, foundations, as well as bilateral donors.

14. The project will continue to be conducted under the auspices of the *ASEAN Studies Center*, Chulalongkorn University and managed by the *Faculty of Economics*. The work will continue to be overseen by the *AEMI Advisory Committee*, which would review progress, provide advice and supervise the budget. The *AEMI Review Committee* will review the AEMI Papers, provide comments to authors and oversee the academic quality of the work to support the drafting APAEC (2016-2019).

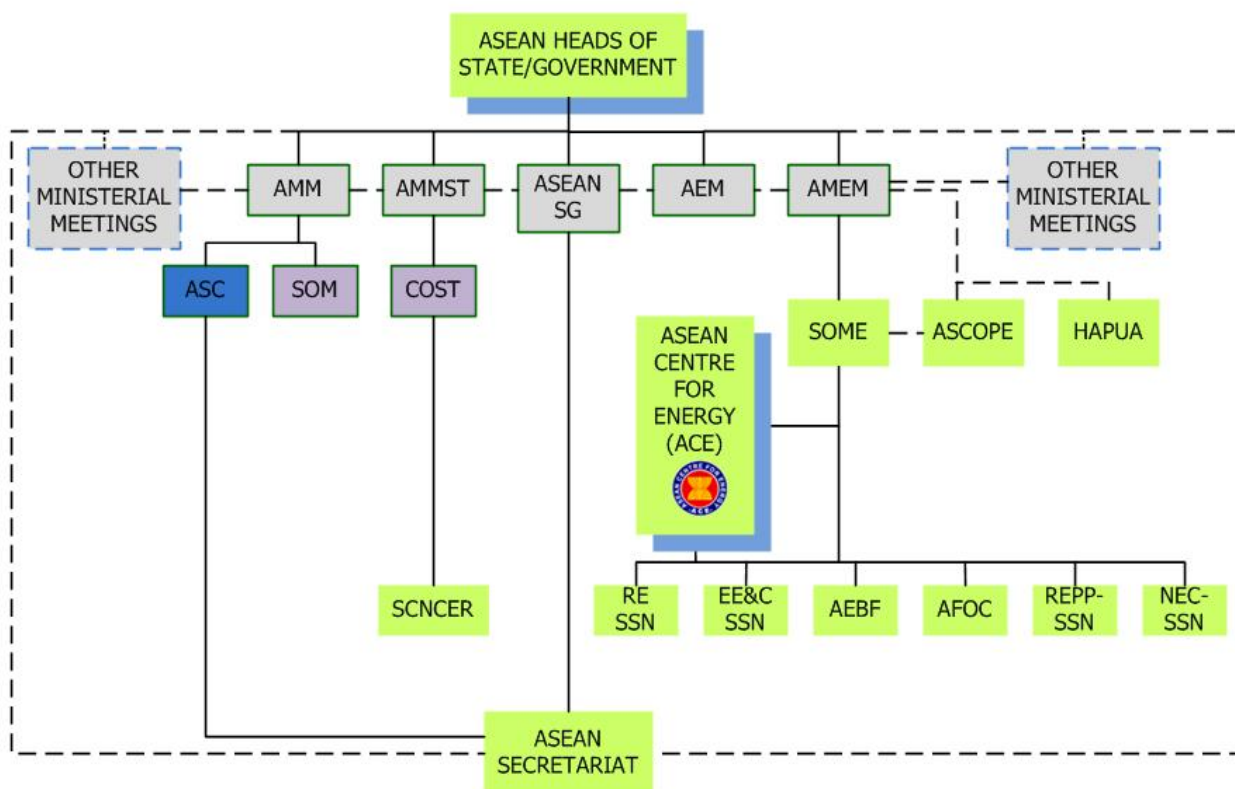
*Nawal Kamel, May 2014*  
*Chulalongkorn University, Bangkok*

## ANNEX 1

### **ASEAN ORGANIZATIONAL STRUCTURE<sup>1</sup>**

ASEAN is organized in three Communities, each of which is defined by a “Blue Print” (e.g. ASEAN Economic Community Blueprint) which indicates the principles the Community adheres to and the objectives it pursues. Each Community has a governance structure, starting with the highest inter-governmental level (where it exists), followed by the Ministerial levels, and finally the various sector Ministerial bodies. Following is the list of these entities (and their acronyms).

### **ASEAN ORGANIZATIONAL STRUCTURE**



<sup>1</sup>This list and diagram has been compiled through the ASEAN Community website.

### **A. ASEAN Political-Security Community**

- ASEAN Intergovernmental Commission on Human Rights (AICHR)
- ASEAN Ministerial Meeting (AMM)
- ASEAN Regional Forum (ARF)
- ASEAN Defense Ministers Meeting (ADMM)
- ASEAN Law Ministers Meeting (ALAWMM)
- ASEAN Ministerial Meeting on Transnational Crime (AMMTC)

### **B. ASEAN Economic Community**

- ASEAN Economic Ministers (AEM)
- ASEAN Free Trade Area (AFTA Council)
- ASEAN Ministers on Energy Meeting (AMEM)
- ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF)
- ASEAN Finance Ministers Meeting (AFMM)
- ASEAN Investment Area (AIA) Council
- ASEAN Ministerial Meeting on Minerals (AMMin)
- ASEAN Ministerial Meeting on Science and Technology (AMMST)
- ASEAN Mekong Basin Development Cooperation (AMBDC)
- ASEAN Transport Ministers Meeting (ATM)
- ASEAN Telecommunications and IT Ministers Meeting (TELMIN)
- ASEAN Tourism Ministers Meeting (M-ATM)
- Initiative for ASEAN Integration (IAI) and Narrowing the Development Gap (NDG)
- Sector Bodies under the Purview of AEM

### **C. ASEAN Socio-Cultural Economic Community**

- ASEAN Ministers Responsible for Culture & Arts (AMCA)
- ASEAN Ministerial Meeting on Disaster Management (AMMDM)
- ASEAN Education Ministers Meeting (ASED)
- ASEAN Ministerial Meeting on Environment (AMME)
- COP to AATHP (Conference of the Parties to the ASEAN Agreement on Transboundary Haze Pollution)
- ASEAN Health Ministers Meeting (AHMM)
- ASEAN Ministers Responsible for Information (AMRI)
- ASEAN Labour Ministers Meeting (ALMM)
- ASEAN Ministers Meeting on Rural Development and Poverty Eradication (AMRDPE)
- ASEAN Ministerial Meeting on Science and Technology (AMMST)
- ASEAN Ministerial Meeting on Social Welfare and Development (AMMSWD)
- ASEAN Ministerial Meeting on Women (AMMW)
- ASEAN Ministerial Meeting on Youth (AMMY)

#### D. ENERGY STRUCTURES ACRONYMS

|          |                                                           |
|----------|-----------------------------------------------------------|
| AEBF     | ASEAN Energy Business Forum                               |
| AEM      | ASEAN Economy Ministers                                   |
| AFOC     | ASEAN Forum on Coal                                       |
| AMEM     | ASEAN Ministers of Energy Meeting                         |
| AMM      | ASEAN Ministerial Meeting                                 |
| AMMST    | ASEAN Ministerial Meeting on Science & Technology         |
| ASC      | ASEAN Standing Committee                                  |
| ASCOPE   | ASEAN Council on Petroleum                                |
| COST     | Committee on Science & Technology                         |
| EE&C SSN | Energy Efficiency and Conservation Subsector Network      |
| HAPUA    | Heads of ASEAN Power Utilities/ Authorities               |
| NRSE SSN | New & Renewable Energy Source of Energy Subsector Network |
| SG       | Secretary General                                         |
| SOM      | Senior officials Meeting                                  |
| SOME     | Senior Officials Meeting on Energy                        |
| REPP-SSN | Regional Energy Policy and Planning Subsector Network     |