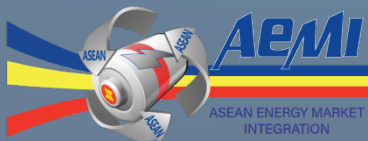


Feasibility Study for the AEE: An Outline

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AEE Feasibility Study – Terms of Reference

The purpose of the Feasibility Study is to allow ASEAN policy-makers to determine whether the creation of an electricity exchange can enable the ASEAN Power Grid (APG) to operate on a multinational basis, therefore allowing it to deliver the benefits it holds for all ASEAN Member States (AMS).

To inform such a decision, the Feasibility Study for an ASEAN Electricity Exchange (AEE) will address three main questions:

- Why – why would an AEE deliver benefits to all AMS ?
- How – how electricity exchanges operate, notably in Nordic Countries and in Southern Africa;
- What – what are the next steps and requirements for the Nordic model to be adapted to ASEAN?

AEE Feasibility Study -- Components

Why would ASEAN wish to create an AEE ?

- Establish the rationale for the creation of an ASEAN multinational electricity exchange, operated through the APG, and identify the potential benefits it would deliver to AMS.

How do electricity exchanges operate around the world?

- Outline how electricity exchanges operate, particularly in Nordic Countries and Southern Africa; identify their operational and governance structures; and highlight their successes and failures.

What are the requirements for an ASEAN electricity exchange?

- Identify the requirements for establishing the AEE with the APG as its operational vehicle, based on a review of the impediments for the APG to function on a multilateral basis; and an assessment of the current ASEAN regulatory framework.

Conclusions

- Based on findings in the feasibility study, develop initial options for the market design and operational structures of a prospective AEE; and identify the next steps for its design and implementation.

AEE Feasibility Study - Table of Content

1. Rationale for a multinational electricity exchange in ASEAN

- Why an Electricity Exchange in ASEAN?
- Increased operational and financial efficiency
- The Day-Ahead Market as cornerstone for multinational market design
- Financial impact of the new multinational market

2. Features of an Electricity Exchange

- Key design features
 - The DAM as the tool for connecting the region
 - Local control, regional cooperation
 - Co-existence of bilateral trade and markets
- Key operational roles
 - TSO
 - Balance Responsible Party (BRP)
 - Regulatory Authority
 - Roles of national regulatory authorities
 - Agreements & Licenses

AEE Feasibility Study - Table of Content

3. ASEAN SWOT-Analysis

- Identify the parameters for conducting a SWOT (Strength, Weakness, Opportunity, Threat) Analysis to gauge preparedness to participate in a multinational market; and to identify the opportunities emerging from such participation
- National SWOT analysis
- ASEAN SWOT analysis

4. AEE: Operational Structures

- Business model for the AEE
 - Income model
 - Operational costs
- Ownership model
- Legal setup
 - Governance
 - Ownership structure

AEE Feasibility Study - Table of Content

5. AEE: Organizational Structures

- Legal requirements
- Design of the Electricity Exchange organization
- Design Products and Draft Market rules
- Capacity building
- Market structure
- IT requirements

6. Conclusions

- Main findings
- Identification of options for AEE structure
- Recommendations High level roadmap for the establishment of the AEE

7. Next steps

- High level roadmap for the establishment of the AEE
- Cost estimates