

**Greater Mekong Sub region, 29th Regional Power Trade
Coordination Committee (RPTCC-29)**

5 July 2022

8:15 am – 8:40 am (Cambodia Time Zone)

**Opening Remarks by Mr. Toru Kubo, Director, Energy Division,
Southeast Asia Department, Asian Development Bank**

Chairperson of the meeting, **Dr. Chansaveng Boungnong**,

Our gracious host from the Government of Cambodia, **Dr. Choun Sambathratanak**,

Honorable representatives from governments of GMS countries and international development agencies,

Distinguished participants, ladies and gentlemen:

1. Good morning! On behalf of the Asian Development Bank, it is my great pleasure to welcome you to this 29th meeting of the GMS Regional Power Trade Coordination Committee, which is organized by the Government of the Lao People's Democratic Republic and hosted by the Government of Cambodia.
2. Our special thanks to the Chairperson for the very insightful and encouraging opening remarks, and strong commitment to our shared objectives under the RPTCC.
3. Distinguished participants, first and foremost, we sincerely hope that you all have been safe and well. Many of our colleagues and loved ones have suffered, and are still suffering from COVID-19.
4. It's so wonderful to see all of you today, both face to face and virtually. This is our first hybrid meeting since the pandemic began, and what a delight to finally start the transition to a "new normal" after two years of full virtual meetings.

5. As I said in previous years, I would really like to congratulate all the policy makers, regulators, key market players, and stakeholders, many of whom are joining today, for the incredible job during the pandemic. Without electricity, none of us would be able to stay connected, and keep our economies running, allow essential health and social services to operate, including the cold chain needed for vaccination. You have been the unsung heroes during this pandemic.

RPTCC

6. This is a landmark meeting – the very last of this group under the designation of RPTCC. We have come a long way. Particularly over the past decade the RPTCC made significant progress on regulatory and technical harmonization among the GMS power systems.

- The **working group on technical performance standards**, reviewed country specific standards and suggested a GMS set of performance standards such as for frequency and voltage control.
- The **working group on planning and operations**, after extensive analysis and benchmarking, proposed the **GMS common grid codes** that could be adopted by the members.
- The **working group on regulatory issues** made progress on regulatory harmonization, such as examining rules for third party access, a methodology for estimating power wheeling charges, examining a balancing mechanism to support trade deviation from contracts, and a metering and settlement arrangement to support bilateral trade.
- The RPTCC has also updated the **regional transmission master plan**, identifying potential beneficial interconnections over this decade.

7. These are significant efforts that the member countries put into real cooperation, paving the way for physical interconnections with rules and terms for multi-directional, multi-country power trade. It has been a true privilege for ADB to support this work, together with our development partners, to help GMS members reap the benefits from more optimized use of energy resources across the region.

8. **It is now time to turn the page.** At the 28th RPTCC last year, you approved the terms of reference of the **Energy Transition Task Force**. This task force will cover all key aspects of the energy transition in the region including power trade, energy efficiency, renewable energy and storage, and green finance. It was discussed with and received strong support at the Senior Officials Meeting last week. It is also well aligned with the GMS Strategy 2030 and the Leaders' statement.

9. Let me briefly provide the context for this transition. Our economies are still recovering from the effects of Covid-19 which has led to job losses and pushed many people below the poverty line, reversing economic gains of previous years. In response to the crisis, many governments introduced economic relief packages, which have put a strain on national budgets.

10. Countries now have to grapple with yet another crisis: that of volatile and persistently high global energy prices. This risk is of particular relevance to GMS countries, who significantly rely on energy imports. Ensuring that energy prices remain stable and affordable is therefore more important than ever before.

11. But crisis also means "opportunity". High energy prices are an incentive for countries to prioritize the development of their own energy resources, especially renewables, and to step up the adoption of energy efficiency. This way, countries can accelerate their transition to a cleaner energy system and, with that, meet the goals of energy security, affordability and contribute to the Paris Agreement target of achieving net-zero emissions by around mid-century.

12. Importantly, investments in clean energy can boost the creation of new JOBS. According to IRENA, job creation per dollar invested in the renewable sector creates almost three times as many jobs as those in the fossil fuel industry.¹ And these jobs are more likely to attract the youth, employ women, and also tend to be more geographically diversified.

¹ IRENA. 2020. *Renewable Energy and Jobs – Annual Review 2020*. Abu Dhabi.

13. Then, there is a pressing issue of **protecting** jobs in the manufacturing and trade sectors. The Carbon Border Adjustment or “CBA” Mechanism that has been talked about for many years, is really picking up steam. The European Parliament already passed a resolution last year and moving forward with legislation. Similar discussions are ongoing in North America. GMS countries have large manufacturing bases and companies will need to be able to source affordable clean energy to remain competitive, and for global multinationals, to remain in the GMS.

14. The good news is that renewables have already become cost competitive with thermal power in many countries. Just to raise one example, in **Cambodia** we saw the lowest rates in Southeast Asia for grid connected solar — below 3 cents per kWh — approaching the prices seen in the middle-east, Latin America and other parts of the world. According to various analyses, new renewable energy will likely become more competitive than continuing to run existing coal plants within the next decade. So it certainly doesn’t make sense to invest in new coal plants that would become a financial burden to the government and/or consumers after only 10+ years.

15. It is against this broader canvas that the Energy Transition Task Force for the GMS is being established. This task force will cover all key aspects of the energy transition in the region while retaining its emphasis on power trade.

16. ADB stands ready to support the work of the ETTF. Just like the support extended to the activities of the RPTCC, ADB will provide secretariat functions, assisting and facilitating the preparation of regional meetings and technical assistance functions to support the work of the different workstreams and identify key investment needs.

Five Ps

17. To finalize, I would like to emphasize the key enabling role of governments in the energy transition. This rests on five pillars, which I designate as the “5 Ps”.

- First, governments need to have ambitious and sound long-term **plans** in place, for example in the form of long-term strategies on carbon neutrality or renewable energy strategies. These are important to provide the overall direction for the energy transition. Many GMS countries already have such plans in place.
- Second, there is a need for **enabling policies**. And here we can think of a vast array of policies and regulations that can support and accelerate the energy transition.
- Third, there is a need to support key stone **projects**. Projects that set standards, that can show how risks are mitigated, and that can serve as models for replication. Governments may need to lead the way initially with public funding and well-structured Public Private Partnerships.
- The fourth is just that, **partnerships**. Strong partnerships, for example, between governments and global sources of climate finance to access low-cost funding; among different ministries, local and central governments; between governments, corporations, and with civil society.
- And finally, **people**. People who can drive the change and mobilize others. We have many champions in this group, and one of the first activities being discussed under the ETTF is to provide trainings across the workstreams to invest in more champions.
- Plans, policy, projects, partnerships, and people. We hope the ETTF can contribute and move forward these pillars.

18. I want to thank all delegates, observers and guests who have joined us in Siem Reap and remotely through videoconference to attend this event over the next 2 days. I strongly encourage everyone to engage in the discussions and contribute with your expertise.

19. I wish you all a successful and fruitful meeting. Thank you.