



ASEAN-AUSTRALIA DEVELOPMENT COOPERATION PROGRAM (AADCP) PHASE II

TERMS OF REFERENCE FOR

Technical Assistance to the ASEAN Secretariat's Energy and Minerals Division to Support the ASEAN Energy Regulators Network's Role in Multilateral Power Trade

The ASEAN Secretariat and the Australian Government, through AADCP II, invite applications from consultants for the above-referenced project.

I. Background

The integration of their power systems through a common ASEAN Power Grid (APG) is among the longstanding goals of the ASEAN Member States (AMS). Thus far, the development of the APG has primarily focused on cross-border infrastructure and bilateral trading. However, to fully unlock the benefits of the APG there is a need to establish some form of multilateral trading in the region.

The "Feasibility Study for ASEAN Multilateral Power Trade (MPT)" put forth a set of concrete recommendations on how to establish multilateral power trading in the region. These recommendations are guided by international best practices but took note of ASEAN's unique circumstances. Among these is a set of core principles that multilateral power trading must respect, including stepwise and voluntary development and upholding national sovereignty.¹

The efficacy of cross border power trade is contingent on available infrastructure and supportive institutional arrangements. In terms of infrastructure, bilaterally developed interconnectors enabled increased regional trade by allowing countries that are not direct neighbours to trade with one another. On the other hand, improving the appropriate enabling institutions to help operationalize ASEAN's preferred MPT market design will support the delivery of long-run economic development and social prosperity. This includes strong and independent regulatory bodies capable of collectively addressing regional concerns which will enable the effective functioning of an integrated power market.

Among the key takeaways emerging from the feasibility is the necessity for having regional institutions to support the increased cooperation and coordination needed to implement multilateral trading. The presence of regional institutions can potentially support better knowledge management through sharing good practices and capacity building. These may help in enhancing national regulations and standards as well as in analysing infrastructure requirements and in designing dispute settlement mechanisms.

As efforts towards multilateral power trading in ASEAN gains momentum, ensuring that the key supporting institutions necessary to design and implement the market design have the same understanding of issues and have sufficient capacity is essential. As market development often moves faster than the development of regulations, regulators need to catch up. Regulators control market power, facilitate competition, promote investment, system expansion, and stabilize markets. However, as regulators often lag behind utilities and other market participants in reacting to evolving technical and market innovation in power markets and there being no established mechanism for regulatory coordination on MPT at the regional level, unnecessary delays in negotiations may take place.

¹ IEA (2019), "Establishing multilateral power trade in ASEAN", IEA, Paris, <https://www.iea.org/publications/reports/EstablishingmultilateralpowertradeinASEAN/>

In preparation for helping achieve the minimum requirements for MPT, an assessment of the ASEAN Energy Regulators Network's (AERN) terms of reference to meet the requirements of the MPT was recommended. Established only in 2012, the AERN is a relatively new organisation in ASEAN with its chairmanship rotating among the AMS every two years. Currently, the AERN is a relatively loose collaborative body that has no permanent headquarters or staff, and secretariat functions had been recently assigned to the Energy and Minerals Division of the ASEAN Secretariat (EMD).

EMD was tasked by AERN to help review its TOR and provide recommendations to enhance how relevant AMS institutions can collaborate strategically and create synergies. AADCP II, which partners with the ASEAN Secretariat to identify and implement strategic efforts to strengthen the ASEAN Secretariat's organisational capacity, was approached by EMD to secure technical assistance so the unit can effectively deliver on the newly added responsibility.

The AERN was formed to forge closer cooperation among ASEAN energy regulators in order to promote sustainability and economic development in the region. The AERN is tasked to: i) Collaborate on regulatory issues related to ASEAN flagship integrated energy projects such as the ASEAN Power Grid (APG) and the Trans-ASEAN Gas Pipeline (TAGP); ii) Promote consistency in energy regulation in the region through information exchange and dialogue; iii) Develop a channel for communications among ASEAN energy regulators to promote mutual understanding and mutual benefit to energy regulation and regional economic development; and iv) Promote knowledge sharing and capacity building among ASEAN energy regulators on regulatory issues and best practices.

AERN's effectiveness hinges on the quality of its member agencies. Whichever of the three proposed models for an ASEAN MPT an AMS opts to participate in, the regulatory bodies will likely have to evolve and adapt to fulfil their obligations. The recommendations of the MPT feasibility study points out that among the institutional requirements of a functional ASEAN MPT includes the further development of existing institutions and the possible establishment of new ones. This will involve designing suitable structures, mechanics and rules governing trading, as well as the staffing requirements and capacities of the AMS. As such, the envisioned functions of the AERN should be linked to the national regulatory requirements. Analysing the workings of the AERN and its further development is also an essential step towards addressing capacity gaps for regulators. Establishing a more permanent structure and potentially defining staffing requirements for AERN would help in managing regional issues by providing a structure and home for training and collaboration.

Regulators would require both national/domestic and regional capacity building. The latter would be necessary to enable them to participate in aspects of MPT that require regional regulatory collaboration by ensuring that they "speak the same language". National capacity building would contribute in addressing the implications of MPT within their own countries.

This project was designed to support the design a functional regulatory mechanism supportive of the MPT. In addition to the regulatory assessment, the EMD will also need general advice on other relevant aspects of the MPT that may not have been expounded in detail in the feasibility study. This would require the services of an expert that is not just knowledgeable in the mechanics of power trading but is aware of the idiosyncrasies of ASEAN and its Member States.

II. Needs and Objectives

Among the responsibilities of the EMD is to support the formulation and implementation of ASEAN regional integration policy in energy including providing inputs into the development of sectoral workplans. The proposed technical advisory services will enhance EMD's capacity to support AMS on initiating multilateral electricity trading in the APG, including a recommended institutional design for AERN or an alternative regulatory mechanism. EMD will have better understanding of actions required to further support the development of enabling regulatory institutions to establish multilateral electricity trading in the APG.

The expected outcomes of the proposed project are as follows:

- a) Augmented technical capacity of the EMD through access to timely advice and information;
- b) Establishment of a design for a relevant and functional regulatory, and coordination mechanism that is aligned with the requirements of an ASEAN MPT; and,
- c) A more responsive AERN as evidenced by the increase in the number of strategic and productive joint activities within the next five years.

III. Outputs

The project will have two components with corresponding outputs:

- ❖ A study that will assess MPT regulatory networks in place in other parts of the world and provide specific recommendations for further development of AERN as an institution as well as the basic requirements for a national regulatory agency to support MPT. The paper/study would be roughly 40-60 pages in length.

This will contain the following:

- Description of the international examples of regional regulatory institutions (corresponding to the ones on the MPT Feasibility Study), regulatory networks and other collaborative bodies that focus on regulatory issues. It would include, but not limited to, the following specific elements:
 - How and why did the institutions develop? How do regulatory networks (e.g., National Association of Regulatory Utility Commissioners (NARUC), Council of European Energy Regulators (CEER) work with (and/or fill different roles from) regional regulators (e.g., Federal Energy Regulatory Commission (FERC), Agency for the Cooperation of Energy Regulators (ACER))?
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 - What are their roles and responsibilities?
 - What authorities do they have (if any)? How are these authorities enforced?
 - How are they funded and staffed?
 - What is their relationship with other institutions?
 - What is their relationship with national (or local) institutions?
 - Analysis and connection of the international examples with AERN and ASEAN needs, with the aim of providing specific recommendations for further development of AERN as an institution and future work including enhancing future capacities. It will discuss ways in which AERN could potentially evolve, based on the international examples but tied explicitly to ASEAN needs. The focus would be on AERN's role in the development of the APG, in particular MPT, but also other relevant areas (e.g., developing cross-border transmission lines, integration of renewables into the grid, design of AERN functions that also consider its potential role as an enabling institution for the Trans-ASEAN Gas Pipeline project and overall cooperation in the ASEAN gas market).
- ❖ Advisory support to EMD in relation to the MPT (with outputs to be determined). This service provides support for EMD in undertaking their priority activities, which may include technical assistance, advisory, training and mentoring support. This includes up to 30 (thirty) days of home-based, on-call service, to be delivered based on tasks requested by EMD. A written Work Order will need to be agreed upon by EMD, the Consultant and AADCP II, prior to the provision of each tasks/assignment covered by this service.

In addition to the above outputs, the consultant is required to submit activity/progress reports as described in Section V: Reporting

IV. Tasks/Activities

Given the exploratory nature of the study, multiple methods may be proposed to obtain the needed information. Should in-depth data gathering and assessments of AMSs be deemed necessary, clear criteria for selecting which AMS will be the focus will have to be determined. It is envisioned that a maximum of two presentations to the AERN for the duration of the project will be conducted.

For the advisory services component, the activities and outputs will be based on EMD requirements and determined during the implementation of the consultancy itself.

Bidders are expected to design their own work plans ensuring delivery of the desired outputs. The bidder should provide details on its approach, specific activities, corresponding number of working days and expected completion dates.

The eventual project implementation design will be determined in consultation between EMD, AADCP II and the winning bidder during the inception stage.

V. Reporting

The consultant is expected to produce reports in accordance with Section III and IV above. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

No.	Reports	Target Delivery Date
1	Inception Report This would detail the consultant's approach to the project and provide a detailed work plan.	Month 1 after contract signing
2	Presentation Reports In line with the various outputs which would be presented in meetings, corresponding reports would be prepared.	2 weeks after the conduct of the presentation
3	Project Completion Report The Project Completion Report will establish a record of the project achievements against the project's original intended purpose and outputs. It is intended to assist in assessing impact, draw out conclusions and lessons learned that may be valuable in designing new related initiatives.	Within two weeks of completion of each team's final outputs

All reports will be submitted based on AADCP II Guidelines for Contractors in draft format to the ASEAN Secretariat, EMD (with a copy to AADCP II) and, following ASEC approval, in final form. All outputs and reports must be suitable for publication, although the decision to publish lies with the ASEAN.

The contractor will also provide regular (monthly or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to EMD and AADCP II via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the Special Services Agreement (SSA).

VI. Project Management

The Energy and Minerals Division of the ASEAN Secretariat with oversight support from AADCP II will be responsible for the overall management of the project. The EMD will work closely with AADCP II in the selection of external consultant(s) for the project, in ensuring the timely delivery of planned activities and key deliverables of the project, and in ensuring efficient reporting and disbursement of funds.

The project will be funded by the ASEAN-Australia Development Cooperation Program II and managed by the EMD of the ASEAN Secretariat. Contractor(s) will report directly to EMD.

EMD will act as the ASEC key focal point for the project. It will:

- manage project implementation and together with AADCP II monitor progress of the consultancy work;
- provide technical supervision to the project;
- assist/facilitate introductory consultation meetings with key Member States focal points; and
- provide over-all guidance on the presentations and meetings.

The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the ASEAN Secretariat. The preparation of the project outputs will be the main responsibility of a contractor selected via open tender with inputs from AMS.

AADCP II will monitor progress from the perspective of the use of AADCP II resources, and provide advice to the EMD accordingly.

VII. Scope of Services

The consultancy will be undertaken over a maximum period of **90 person days** of professional services. Work will commence immediately after contract signing.

Individual contractors will be hired to implement the project.

VIII. Qualifications

In its proposal, the bidder must demonstrate the following qualifications:

- Tertiary qualifications in Engineering, Energy Management, Industrial Organisation, Economics, Public Management, Organisational Development, Development Management, or any other sustainability related field;
- Proven track record in energy policy research, activity design and delivering technical assistance, including needs assessment, and effective capacity-building, related to institutional development preferably with energy agencies and institutions in AMSs;
- Expertise providing analytical and advisory services related to institutional building and development, specifically in the context of regulation and regulatory mechanisms, and regional/cross-border mechanisms of cooperation;
- Knowledge of the ASEAN energy and power systems and issues;
- Involvement in designing multilateral power trade systems;
- Experience in policy making and providing policy advice to governments and having considerable exposure and network with energy agencies, particularly in AMSs;
- Understanding of ASEAN and its work on economic community building;
- Proven experience in dealing with senior government officials, parliamentarians and other identified stakeholders;
- Good computer skills with adequate knowledge of multi-media presentation and dissemination of outputs

- and documentation;
- Proven ability for accuracy under pressure and adherence to deadlines; and
- Proven skills in writing and conversing in English.

A thorough understanding of ASEAN, ASEC and AACDPII procedures will be considered added value.

IX. Bidding

Interested individual consultants are invited to submit a proposal in response to these Terms of Reference. This proposal should be in two parts: **Technical** and **Financial components**, submitted in separate files.

The Technical component should present the following information:

- A brief discussion indicating the bidder's understanding of the needs of the project;
- A brief analysis of key issues;
- A methodological discussion of how the bidder proposes to address those needs including assessment of key issues, analytical strategies that will underlie the project, specific techniques to be utilised, and practical discussion of possible limitations in carrying out the project;
- A detailed work plan that specifies activities to be undertaken, expected outputs and deliverables, resources to be utilised and timing;
- Staffing and management plan;
- A discussion on how measures to ensure the future sustainability of the outcomes of the project will be addressed;
- CV of expert;
- Brief discussion of expert's past experience in undertaking similar work and brief summaries of all projects undertaken.

The Financial component should specify:

- 1) Professional fees of expert, including individual daily rates for on-call, advisory services
- 2) Management and/or operational fees (if any), which include all costs incurred by the person for internal coordination, communication, travels and any other associated project management cost;
- 3) Applicable taxes such as VAT, GST, PPN, etc. See Section XI point 3 for an additional note on tax liability.

Activity costs for expert and participants such as reimbursable expenses for airfare, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities do not need to be included in the Financial Component. These items will be discussed with the preferred contractor during the finalisation of the scope of services. Costs will be based on prevailing ASEC rates.

X. Submission of Application

Applicants should send their application with a cover letter, materials specified in Section IX above and other supporting documents with "**Technical Assistance to the Energy and Minerals Division to Support the ASEAN Energy Regulators Network's Role in Multilateral Power Trade**" as the subject via email to tender@aadcp2.org, no later than **24 October 2019 at 05:00pm Jakarta time**. Please note that only short-listed candidates will be notified.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequently-asked-questions/>

Any queries on the TOR should be sent to contact@aadcp2.org with the subject line: "**Technical Assistance to the Energy and Minerals Division to Support the ASEAN Energy Regulators Network's Role in Multilateral Power Trade**".

XI. Additional Notes on Terms and Conditions of the Project

1. Any future studies/reports/analysis in any form of intellectual property rights (including but not limited to patents, copyright and any related rights) submitted by the Contractor to ASEAN arising out of or in connection to the services performed by the Consultant to ASEAN shall belong to ASEC under the name of **ASEAN** only;
2. Successful bidder shall agree to be bound by and to sign the Special Services Agreement (SSA) with all requirements under the terms and conditions provided therein, including but not limited to the AADCP II Guidelines for the Contractors attached to the SSA.
3. As an intergovernmental organisation, ASEAN shall not be responsible for any tax(es), levy, tax claim or any tax liability which may be imposed by any law in relation to any amount payable by the ASEAN Secretariat.