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**CLOSE-OUT SHEET**

This File Covers The Period From January 15th, 93 To September 30th, 93

For Further Correspondence, See VOL. 93-02

Text line unsupported by terminal type

IENPD-DIS-LEN - general  
(Tanzania-Electric power  
Distribution Workshop)

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 30, 1993 05:09pm

TO: Stephen Weissman ( STEPHEN WEISSMAN )

FROM: Karl Jechoutek, IENPD ( KARL JECHOUTEK )

EXT.: 82872

SUBJECT: Tanzania: Electric Power Distribution Workshop

As part of the ESMAP activity, IENPD is arranging a workshop in Tanzania to provide technical assistance in power distribution planning to TANESCO staff. The workshop will take place November 1 to 5 inclusive and will be led by staff of the international division of the Electricity Supply Board of Ireland.

I would like to request the assistance of Ms. Paivi Koljonen of your division in the presentation of this workshop. While working in this division Ms. Koljonen was directly involved in developing plans for the workshop and is familiar with all the arrangements. ESMAP will have to provide staff to assist ESB when dealing with smaller groups, as will frequently be the case during the formal sessions. Economic evaluation of projects is a major focus of the workshop and is also an area in which she has already been working with TANESCO staff. She could therefore be of immediate and valuable assistance in the presentation of the workshop.

If necessary, the direct cost of her assistance could be met from the funds allocated to the ESMAP activity.

CC: Central Files Ien ( IEN CENTRAL FILES )  
CC: Institutional ISC Files ( INSTITUTIONAL ISC FILES )

1ENPD-DIS-CSW-general  
(Power sector Reform in India)

Joint UNDP/World Bank Energy Sector Management Assistance Programme

## ESMAP OFFICE MEMORANDUM

**Date:** September 22, 1993

**To:** Karl Jechoutek, Chief (IENPD)

**From:** Luis E. Gutiérrez, Sr. Energy Economist 

**Ext:** 3-1033

**Fax:** 477-0542

**Subject:** India *ESMAP* —Conference on Power Sector Reform  
—Mission Back to Office Report

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1.1 As per Terms of Reference, an *ESMAP* mission composed of Messrs Luis Gutiérrez (Mission Leader), James Bond, and Jose Escay visited India from September 6 to 17, 1993. Messrs Alfonso Mejia and Mohinder Gulati of the World Bank Resident Representation participated in several of the meetings in New Delhi, while Mr. Gulati accompanied the Mission to Hyderabad. The main purpose of the mission was to complete with the Indian counterparts the final arrangements for the above referenced Conference planned for October 29-31, 1993 in Jaipur, financed by the World Bank and *ESMAP*. The specific Mission objectives were:

- Finalize with the Ministry of Power (MOP) the conference's organization and schedule.
- Review the papers commissioned for the conference with the Indian consultants and provide inputs as may be requested.
- Examine the conference logistics with the WelcomGroup.

1.2 The Mission was successful in accomplishing all of its objectives and in achieving a fruitful and cordial relationship with all Indian interlocutors. The Mission confirmed the high interest of Indian policy makers and utility managers in the Conference. There seems to be a building of resolve among Indian decision makers to address the long term issues that hinder sector efficiency, considering the Conference as a necessary step in this direction.

1.3 The Mission met with representatives and key officials from the following organizations: (a) MOP; (b) UNDP; (c) the Tata Economic Research Institute (TERI); (d) Powergrid; (e) the State Government of Madhya Pradesh; (f) the Administrative Staff College of India (ASCI) in Hyderabad; (g) the Rajasthan State Electricity Board in Jaipur; and (h) the Tata Electric Companies (TEC) in Bombay. The Mission also visited the Hotel Rajputana Palace Sheraton in Jaipur (WelcomGroup) to finalize the conference logistics and other venue details. Annex 1 presents the Mission's Aide Memoir; Annex 2 gives the list of the people met.

### 2. Conference Organization

2.1 During two meetings with MOP representatives, the following agreements were reached:

- Conference Director. MOP appointed Mr. Ajay Dua, Joint Secretary, Ministry of Power as Conference Director. A. L. Bunet, Director of Personnel of NHPC, will continue to act as logistics facilitator.
- Invitation. Several changes were introduced in the invitation, and MOP send out the invitations on Friday 10 September.
- Conference Program (Annex 3). The final Program Outline and Schedule were finalized. The conference will start on 29 October at 1400 hours and end 31 October at 1230 hours. Among the interesting changes to the program was the MOP proposal to invite Mr. S. Rajgopal, former Minister of Power, to participate in the Panel Discussion: Principal Issues and Reform Options of the Indian Power Sector.
- Attendance List (Annex 4). MOP send invitations to 94 Indian prospective participants, 80 percent of which are expected to attend. MOP asked the Mission to coordinate the invitations for the 24 international participants, including World Bank and IFC staff.
- Travel Arrangements. MOP, through Mr. Bunet, will coordinate the travel arrangements for all Indian participants. World Bank/*ESMAP* will coordinate travel arrangements for the international participants.

### 3. Review of Conference Papers

3.1 The Mission had working interviews with the Indian authors of the papers. In total, five drafts were presented to the Mission in different stages of completion. Since final responsibility and ownership of the papers is that of the authors, the Mission only scrutinized whether the drafts followed the agreed Terms of Reference for each paper, suggesting some options, and making a few comments. For the papers commissioned by TERI and ASCI, the Mission was asked to provide written comments and suggestions, with which the Mission concurred (Annex 5).

### 4. Conference logistics

4.1 Venue. The Rajputana Palace Hotel administered by the WelcomGroup in Jaipur has been contracted for the Conference.

4.2 Participants' rooms and meals will be financed by World Bank/*ESMAP*. Additional days will be at the participants' own expense. The Hotel will provide complementary pick-up from and to the airport.

4.3 Social Functions. A welcome dinner will be provided by World Bank/*ESMAP* on Friday night. The farewell dinner will be organized by Rajasthan SEB on the evening of Saturday 30 October.

## 5. Next Steps

5.1 The Table below presents the next steps to be carried out for the Conference.

<b>MOP</b>	<b>World Bank/ESMAP</b>
<ul style="list-style-type: none"> <li>• <i>MOP to confirm with Rajasthan SEB its agreement to host the farewell dinner.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>World Bank/ESMAP will review the next drafts of the background papers as soon as received.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>MOP to inform the Bank the participants that accepted MOP's invitation by 7 October, along with their travel arrangements.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>World Bank/ESMAP will review the country case studies.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>MOP to send Conference prospectus to the participants by 12 October.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>World Bank/ESMAP will put together a Conference prospectus for the participants and send it to MOP by 7 October.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>MOP to provide five Conference hostesses and a photographer.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Compilation of Conference packages, including the background papers.</i></li> </ul>

## 6. Other.

6.1 The Mission leader visited UNDP offices in New Delhi. Mr. B.S. Aguirre, Deputy Representative in New Delhi, expressed interest in sending a UNDP representative to the Conference. The Mission Leader informed him that World Bank/ESMAP would appreciate the UNDP presence, but that given the space constraints, UNDP would need to confirm early (before 7 October) to make all necessary arrangements.

### **Distribution**

Messrs./Mmes: Stern, Anderson, Breteau, Hamilton, O'leary (IENDR); Churchill (FPDVP); Onorato (LEGEC); Byer, Cordukes (IENEP); Razavi, Khelil, Daffern (IENOG); Bond, Garcia, Bakovic, Tenembaun, Schenk, Hay, Lamech, Escay (IENPD); Moscote (LATAD); Mejia, Gulati, Nader, Gopalan (New Delhi Office); Cox (UNDP, New York)

• IISC, ESMAP Subject Files and Chron. files.

Attachments:



**Conference on Power Sector Reform**  
**World Bank/ESMAP Mission from September 4 to 17, 1993**  
**Aide-Memoir**

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A World Bank/*ESMAP* mission composed of Messrs Luis Gutiérrez (Mission Leader), James Bond, and Jose Escay visited India from September 6 to 17, 1993. Mr. Mohinder Gulati of the Resident Representation accompanied the Mission in New Delhi and Hyderabad. The purpose of the mission was to finalize with the Ministry of Power (MOP) and other Indian counterparts the organization and arrangements for the **Indian Conference on Power Sector Reform** planned for October 29-31, 1993 in Jaipur, financed by the World Bank and *ESMAP*. The specific Mission objectives were:

- Finalize with the Ministry of Power (MOP) the Conference organization and schedule;
- Review the papers commissioned for the Conference with the Indian consultants and provide inputs as may be requested; and
- Examine the Conference logistics with the WelcomGroup.

The Mission met with representatives and key officials from: (1) MOP; (2) the Tata Economic Research Institute (TERI); (3) Powergrid; (4) the State Government of Madhya Pradesh; (5) the Administrative Staff College of India (ASCI) in Hyderabad; (6) the Rajasthan State Electricity Board in Jaipur; and (7) Tata Electric Companies (TEC) in Bombay. The Mission also visited the Hotel Rajputana Palace Sheraton in Jaipur to finalize the Conference logistics and other details. The Mission wishes to thank all its interlocutors for their cooperation and assistance during this visit, in particular the MOP for its useful guidance which was instrumental in achieving the Mission objectives.

## **6.2 Conference Schedule and Logistics**

The following points were discussed and finalized during the Mission.

- Invitation. The Mission agreed to various changes suggested by MOP. MOP send out the invitations on Friday 10 September.
- Conference Director. MOP appointed Mr. Ajay Dua, Joint Secretary, Ministry of Power as Conference Director.
- Conference Program, Speakers and Schedule (Annex 1). MOP made a series of useful suggestions on timing and speakers which have been incorporated to the Conference Schedule. The Conference will start on 29 October at 14:00 hours, and end 31 October at 12:30 noon.
- Attendance List (Annex 2). A total of about 118 participants will be invited, 24 of which from abroad. An 85% attendance rate is expected of the Indian personalities invited to attend the Conference. About 100 persons in total are expected to attend.
- Travel Arrangements. MOP, through Mr. A. L. Bunet, Director of Personnel of NHPC will coordinate travel arrangements for all Indian participants. Mr. Bunet will inform the Bank no later than 7 October the final list of participants and their travel arrangements to coordinate with the hotel accommodation and Conference arrangements.
- Background Papers (see B below). The completed draft papers commissioned from Indian experts were examined. The delivery dates and outlines of the pending papers were reviewed and agreed.

- Venue. The Rajputana Palace Hotel in Jaipur has been contracted for the Conference. Participants' rooms and meals will be financed by *ESMAP* and SA2EG. Since the Conference begins on a Friday afternoon and ends on a Sunday noon, *ESMAP* will only cover the hotel and meals associated with three days and two nights (Friday and Saturday). Additional days will be at the participants' own expense.
- Social Functions. A welcome dinner will be provided by *ESMAP* and the Bank on Friday night. The farewell dinner will be organized by Rajasthan SEB on the evening of Saturday 30 October.

### 6.3 Background Papers

The Mission met and examined with the authors the background papers for the Conference. The status of these is as follows:

- Institutional and Regulatory Framework in the Indian Power Sector (TERI). This document was provided to the Bank prior to the arrival of the Mission. It was agreed that the next version of this paper would be strengthened in the areas of analysis and of options for reform, and an Executive Summary would be added. This paper would be forwarded to the Bank by 20 September.
- Power Sector Performance (TERI). This paper will be part of an international comparison of power systems. As of the departure of the Mission, this paper has not been completed. TERI agreed to forward it to the Bank by 20 September.
- Transmission of Power, Trade and the Regulatory Framework (Powergrid). A synopsis of the paper was given to the Bank prior to the arrival of the Mission. It was agreed that the first draft would be provided by September 20.
- Situation of the Indian Power Sector —A Macro Perspective (ASCI). A first draft of this paper was reviewed. It was agreed that it would be directed to a greater extent toward the linkages between the electricity sector and the Indian economy, as per the terms of reference. ASCI will provide the next draft by 20 September.
- Commerciality of the State Power Utilities (ASCI). A first draft of the paper was presented to the Mission and extensively discussed. It was agreed that a new organization of the paper was required. ASCI will send the Bank the next draft by 20 September.
- Andhra Pradesh SEB —A Case Study for Institutional and Regulatory Reforms (ASCI/APSEB). The first draft of this paper was reviewed, agreeing that the next draft would relate the main ideas developed in papers 4 and 5 with the case of the APSEB. This paper will be provided to the Bank by 20 September.
- Madhya Pradesh SEB —A Case Study for Institutional and Regulatory Reforms (Mr. Nene). The first draft was reviewed. It was agreed on a new organization consistent with that of the other Conference papers. The next draft would be provided to the Bank by 20 September.

- Private Sector Role in the Indian Power Industry (TEC).  
The outline and delivery dates were discussed. It was agreed that a first draft would be sent to the Bank by 27 September.

#### 6.4 Next Steps

The Table below presents the next steps to be carried out for the Conference.

<b>MOP</b>	<b>World Bank/<i>ESMAP</i></b>
<ul style="list-style-type: none"><li>• MOP to confirm with Rajasthan SEB its agreement to host the farewell dinner.</li></ul>	<ul style="list-style-type: none"><li>• Next drafts of the background papers to be sent to the Bank.</li></ul>
<ul style="list-style-type: none"><li>• MOP to inform the Bank the participants that accepted MOP's invitation by 7 October, along with their travel arrangements.</li></ul>	<ul style="list-style-type: none"><li>• Review the country case studies.</li></ul>
<ul style="list-style-type: none"><li>• MOP to send Conference prospectus to the participants by 12 October.</li></ul>	<ul style="list-style-type: none"><li>• Send MOP the Conference prospectus for the participants by 7 October.</li></ul>
<ul style="list-style-type: none"><li>• MOP to provide five Conference hostesses and a photographer.</li></ul>	<ul style="list-style-type: none"><li>• Compilation of Conference packages.</li></ul>

---

Luis E. Gutiérrez  
Mission Leader

## LIST OF PERSONS MET

NAME	TITLE	ORGANIZATION	ADDRESS	TELEPHONE
Sankar, T.L.	Principal	Administrative Staff College of India	Bella Vista Hyderabad 500049	210852, 210952 238579 (res) 0842-212954 (fax)
Nene, P.L.	Ex-Chairman, OSD Power Planning	Gov't. of Madyah Pradesh, Bhopal	M.P. Electricity Board Jabalpur 482008	21251 28810, 21002 (res) 0761-311565 (fax) Bhopal: 551814 554512 (res)
Gouri, Dr. Geeta	Professor and Chairperson Economics and Development Planning Division	Institute of Public Enterprise	Osmania University Campus Hyderabad 500007	868145, 868937 868938
Dua, Ajay	Joint Secretary	Ministry of Power	Room 402 Shram Shakti Bhawan Rafi Marg, New Delhi	3714009
Suryanarayanan, Subhadra	Deputy Secretary (Planning)	Ministry of Power	Shram Shakti Bhawan Rafi Marg, New Delhi	3711133
Bunet, A. I.	Director Personnel	NHPC, Ltd.	Hemkunt Tower 98 Nehru Place New Delhi 110019	643-2135 (fax)
Bhushan, Bhanu	General Manager - Commercial	PowerGrid Corp. of India Ltd.	Hemkunt Chambers, 10th floor 89 Nehru Place New Delhi 110019	11-6428808 6473328 6843074 (res) 11-6466823 (fax)
Charan, Amulya	General Manager - Corporate Planning	PowerGrid Corp. of India Ltd.	Hemkunt Chambers, 10th floor 89 Nehru Place New Delhi 110019	11-6471259 6893365 (res) 11-6428065 (fax) 11-6473332 (fax)
Juneja, Yogesh	Deputy Manager - Corporate Planning	PowerGrid Corp. of India Ltd.	Hemkunt Chambers, 10th floor 89 Nehru Place New Delhi 110019	6428808 ext 322 6471259, 6453393 5506437 (res) 11-6466823 (fax) 11-6473332 (fax)

NAME	TITLE	ORGANIZATION	ADDRESS	TELEPHONE
Bhowmik, K.B. Das	Officer	Rajasthan State Electricity Board	Vidyut Bhawan Jaipur 302005	514016, 515858 364635 (res) 0141-515594 (fax)
Dave, R. C.	Chairman	Rajasthan State Electricity Board	Vidyut Bhawan, Jyoti Nagar Jaipur 302005	514359, 515018 374420 (res) 0141-515594 (fax)
Mathur, Arun	Assistant Director, Public Relations	Rajasthan State Electricity Board	Vidyut Bhawan Jaipur 302005	
Zutshi, P.	Superintending Engineer	Rajasthan State Electricity Board	Vidyut Bhawan Jaipur 302005	
Haksar, Dipak	Manager	Rajputana Palace Sheraton	Palace Road Jaipur 302006	62031, 68254 141-67848 (fax)
Kaul, Ranjit	Sales Manager	Rajputana Palace Sheraton	Palace Road Jaipur 302006	62031, 68254 141-67848 (fax)
Rathore, Dhruv	Assistant Manager, Sales	Rajputana Palace Sheraton	Palace Road Jaipur 302006	62031, 68254 141-67848 (fax)
Bhatia, Bhavna	Research Associate	Tata Energy Research Institute	94 Jor Bagh New Delhi 110003	617025, 615032 690503, 4621738 4622246 4626032 (res) 11-4621770 (fax)
Gherda, K.M.	Vice-Chairman & Managing Director	Tata Electric Companies	Bombay House Homi Mody Street. Bombay 400001	(91-22)2044315 (91-22)2049131 (22)2045359 (fax)
Suri, L.R.	Senior Fellow	Tata Energy Research Institute	94 Jor Bagh New Delhi 110003	617025, 4621490 690503 661673 (res)
Lal, Aradhana	Commercial Sales Executive	The Taj Mahal Hotel	Number One, Mansingh Road New Delhi 110011	3016162 ext 3754 3017299
Aguirre, Bayani S.	Sr. Deputy Resident Representative	UNDP	55 Lodi Estate New Delhi 110003	4628877 11-4627612 (fax)
Radhakrishnan, S.	Programme Officer	UNDP	55 Lodi Estate New Delhi 110003	4628877 683-2019 (res) 11-4627612 (fax)

**INDIA:**  
**CONFERENCE ON POWER SECTOR REFORM**  
*Jaipur, India*  
*October 29-31, 1993*  
**Program Schedule**

<b>Friday, October 29</b>		
<b>Opening Session</b>		
14:00 - 14:05	Welcome	V.K. Shunglu*, Conference Director, Ministry of Power
14:05 - 14:10	Opening Remarks	Heinz Vergin, Director India Department, World Bank
14:10 - 14:30	Inaugural Address	N.K.P. Salve, Union Minister of Power
<b>Session 1:</b>	<b><i>Background for Power Sector Reform</i></b>	<b><i>Moderator: R. Vasudevan, Secretary of Power</i></b>
14:30 - 15:00	The Situation of the Indian Power Sector: The Need for Reforms	S. Rajgopal Former Secretary of Power
15:00 - 15:30	How does the Indian Power Sector Compare Internationally	Odgers Olsen*, Partner Ernst & Young
15:30 - 16:00	Discussion	
16:00 - 16:15	Tea Break	
16:15 - 16:45	Conceptual Framework for Power Sector Reform	Richard Stern, Director Industry & Energy Dept., World Bank
16:45 - 17:45	Discussion	
17:45	End of Session	

## Saturday, October 30

<b>Session 2: <i>International Experience</i></b>		<b>Moderator: <i>R. Vasudevan Secretary of Power</i></b>
<i>(country presentations will not exceed 30 minutes to allow a period of questions and answers for 45 minutes)</i>		
09:00 - 10:15	China Experience	Ye Rongsi, Vice-President China Electricity Council
10:15 - 10:30	Coffee Break	
10:30 - 11:45	Argentina Experience	Carlos Bastos, Secretary of Power, Govt. of Argentina
11:45 - 13:00	United Kingdom Experience	Roger Witcomb, Dir. Corporate Planning, National Power
13:00 - 14:30	Lunch	
14:30 - 15:45	United States Experience	Bernard Tenenbaum, Former Assoc. Director FERC
15:45 - 16:00	Tea Break	
<b>Session 3: <i>Challenges Facing SEBs</i></b>		<b>Chairman: <i>N.K.P. Salve, Union Minister of Power</i></b>
16:00 - 16:20	Madhya Pradesh Presentation	P.L. Nene, OSD, Government of Madhya Pradesh
16:20 - 16:40	Andhra Pradesh Presentation	D. Sankaraguruswamy, Former Chairman, Power Finance Corporation
16:40 - 17:10	Discussion	
17:10 - 17:30	SEBs Issues and Options	Sharad Pawar, Chairman, NDC Committee on Power
17:30 - 18:00	Discussion and End of Session	

<b>Sunday, October 31</b>		
<b>Session 4:</b>		<b><i>Commerciality, Competition and Sector Reform</i></b>
		<b><i>Chairman: Raja Chelliah Fiscal Adviser to the Union Minister of Finance</i></b>
09:00 - 09:15	Commerciality of SEBs	T.L. Sankar, Principal, Administrative Staff College of India
09:15 - 09:30	The Role of the Private Sector	K.M. Gherda, VP & Managing Director Tata Electric Companies
09:30 - 09:45	Design of the Reform Process	Anthony Churchill*, Adviser to the VP, FPD, World Bank
09:45 - 11:15	Panel Discussion: Principal Issues and Reform Options of the Indian Power Sector	Y.P. Gambhir, CEA Chairman J.C. Lynn, State Secretary R.C. Dave, SEB Chairman M.L. Shiskov Anthony Churchill*, IBRD M. Webb*, London Economics
11:15 - 11:30	Coffee Break	
<b>Session 5:</b>		<b><i>Where do we go from here?</i></b>
		<b><i>Chairman: N.K. Salve, Union Minister of Power</i></b>
11:30 - 12:30	Next Steps	R. Vasudevan, Secretary of Power, Government of India
	The World Bank's Role	Heinz Vergin, Director India Department, IBRD
	Valedictory Address	K.C. Pant, Chairman Finance Commission
	Closing Remarks	R. Naidu, Union Minister of State for Power
12:30	End of Session and of Conference	

*Note: This program has been prepared based on the discussions with MOP (Bank missions of July-August 1993 and of September 1993). Mr. Oktay Yenil, Chief, Resident Mission in India, may also address the conference.*

\* *To be confirmed*



## List of Participants

Participants and Title	Number
<i>Ministry of Power:</i>	7
• Union Minister of Power	1
• Minister of State	1
• Secretary of Power	1
• Joint Secretaries	2
• MOP Officers	2
<i>Other Ministries</i>	7
Secretaries of Finance and Expenditure, Coal, Petroleum and Natural Gas, Planning Commission, Environment, and Additional Secretary of Economic Affairs	
<i>CEA Chairman</i>	1
<i>Central Utilities</i>	5
Chairmen of NTPC, NHPC, POWERGRID, REC, PFC	
<i>State participation</i>	52
• Chief Secretary (25 states + Union Territory of Delhi)	26
• Chairmen of the state power utilities (18 SEBs and 8 Secretaries of Power)	26
<i>Private power utilities</i>	5
Chairmen/Chief Executives	
<i>Other Indian Institutions, CEOs of:</i>	7
• TERI	1
• Indira Gandhi Institute of Development Research	1
• Confederation of Indian Industries (CII)	1
• Federation of Indian Chambers of Commerce and industry (CCI)	1
• BHEL	1
• ABL	1
• ASSOCHAM	1
<i>Indian Personalities</i>	10
• Mr. P.L. Nene, OSD, Government of Madhya Pradesh	1
• S. Rajgopal, former Minister of Power	1

<b>Participants and Title</b>	<b>Number</b>
• Dr. Raja Chelliah, Advisor to the Union Minister of Finance	1
• Mr. K.C. Pant, Chairman, Finance Commission	1
• Mr. Sharad Pawar, Chairman, NDC Committee on Power	1
• Other Indian personalities of the power sector	5
<b><i>World Bank and IFC</i></b>	<b><i>13</i></b>
• Mr. Richard Stern, Director, Industry and Energy Department	1
• Mr. Karl Jechoutek, Division Chief, IENPD	1
• Mr. Luis E. Gutiérrez, Senior Energy Economist, IENPD	1
• Mr. James Bond, Principal Energy Specialist, IENPD	1
• Mr. Jose R. Escay, Consultant, IENPD	1
• Ms. Manju Malik, Consultant, EDI	1
• Mr. Vergin, Director, India Department	1
• Mr. Jean-Francois Bauer, Division Chief, SA2EG	1
• Mr. Djamal Mostefai, Energy Specialist, SA2EG	1
• Mr. Yenal Oktay, Chief, Resident Mission	1
• Mr. Alfonso Mejia, Principal Financial Analyst, Resident Mission	1
• Mr. Mohinder Gulati, Financial Analyst, Resident Mission	1
• Mr. Vijay Chaudhry, Manager Private Power, IFC	1
<b><i>International Participation</i></b>	<b><i>11</i></b>
• ADB	1
• UNDP	1
• Country speakers	4
• Consultants	3
• ESCAP	1
• Ms. Helga Steiger, International Initiative on Energy, OECD	1
<b><i>Total maximum participation:</i></b>	<b><i>118</i></b>
<b><i>Total approximate participation:</i></b>	<b><i>100</i></b>

**INDIA —Conference on Power Sector Reform  
World Bank/ESMAP Mission from September 4 to 17, 1993**

**Mission Comments and Suggestions to Background Papers**

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**I. Summary of Background Papers**

1. Power Sector Performance (TERI). This paper will be part of an international comparison of power systems. As of the departure of the Mission, the paper had not been completed. TERI agreed to forward it by 20 September.
2. Transmission of Power, Trade and the Regulatory Framework (Powergrid). The paper still needs to be done. However, a synopsis was given to the Mission. It was agreed that the first draft would be provided by September 20.
3. Madhya Pradesh SEB —A Case Study for Institutional and Regulatory Reforms (Mr. Nene). The Mission reviewed a draft of the paper. The Mission suggested Mr. Nene a new organization consistent with that of the other Conference papers. The next draft would be provided to the Bank by 20 September.
4. Private Sector Role in the Indian Power Industry (TEC). The paper has not been completed. Thus, the outline and delivery dates were examined with TEC. A first draft will be sent to the Bank by 27 September.

**II. Specific Comments (Four Papers)**

These comments were provided at the request of TERI and ASCI to assist them to improve their papers for the Conference on Power Sector Reform. Their second drafts are expected by September 22.

**A. TATA Research Institute, Institutional and Regulatory Framework in the Indian Power Sector (Draft dated August 1993)**

This document presents a sound sector description, but the analysis needs strengthening and the options for reform need to be related to the sector description and analysis. In terms of presentation, the report would benefit with a one/two page Executive Summary. The amended paper will be forwarded to the Bank by 20 September.

**Presentation**

1. The general presentation is fine. However, we would suggest:
  - An Executive Summary/Main Issues and Options at the start of the paper;
  - Graphs in the text (rather than extensive tables);
  - Small selected tables in the text, and extensive tables moved to the annex;
  - Boxes in the text to highlight key issues and/or statistics.

**Content**

2. The paper is made up of five chapters. These cover the topic adequately and do not need to be modified.

3. As mentioned during the meeting between TERI and the Bank, the paper is very strong on the descriptive level; uneven on the analytical/issues level; and could be substantially improved on the conclusions and recommendations (see below). We recommend that each of the five sections be made up of:

- descriptive section;
- analysis of main issues; and
- options for reform, recommendations etc.

Great care must be taken on the analytical section—this is the central part of the paper and of the entire conference. The participants know the sector very well; if necessary, cut back on the descriptive section to avoid excessive length.

4. We suggest that the conclusion, currently at the end, be redrafted as a section on Issues and Options (for content, see below), and placed at the start of the paper within the Executive Summary. It should be “punchy” and self-contained to have maximum impact, on the assumption that it may be the only thing read by the participants.

#### Issues and Options

5. The Conclusion (Section 7), which we recommend converting to an Issues and Options section, is rather weak:

- Legal Framework. It is difficult to understand how the present legal framework can be considered satisfactory given the preceding description of the sector. There must be some fundamental problems relating to the institutional setup and regulatory framework to explain the performance of the sector (para. 1 of chapter 7);
- Improved Performance. SEBs clearly have a performance problem. A recommendation or series of options on how to insulate the boards from the arbitrary interference by the state governments would be useful (e.g. making SEBs subject to Company Law; commercialization of SEBs; creating separate cost/profit centers for generation, transmission and distribution; management contracts or franchising for distribution; privatization of generation and opening the sector to private marketing companies; etc.). How does TERI feel about the benefits of private sector participation for power? (para. 1 of chapter 7.)
- Tariffs. The suggestion on regional tariff commissions and State Electricity Consultative Council is a little lukewarm. The system hasn’t worked and is unlikely to work in the current context: what does TERI feel as necessary to rationalize tariffs and bring them to levels to provide cost recovery? What about unregulated, free prices at the generation level (with competition), and regulation only of tariffs for transmission and distribution? (More below—para. 2 of chapter 7);
- Commercialization. This is not an objective in itself but may well be the only way to achieve adequate performance in the sector. We suggest that the paper separate the “social” functions of the sector such as rural electrification, which can be provided for a fee (by another supplier if necessary), from the necessary commercial functions of providing electricity of adequate quality at an acceptable cost. Also, if the “message” of this paragraph is that monopoly profits should be avoided, this should then indicate that

the monopoly areas of the sector, such as T&D, would be subject to regulation to avoid monopoly abuses.

Specific Comments

- 1. Introduction** As indicated above, suggest this be folded into the Executive Summary/Main Issues and Options section.
  
- 2. Institutional Framework** The descriptive material is excellent although somewhat long. We suggest that it be pruned back and the analysis of issues and options for reform be added. Issues might be:
  - 2.1 State Owned Organizational Structure**
    - Excessive political interference of state governments in SEBs.
    - Lack of clarity concerning responsibility for tariff setting.
    - Unclear rules of the game for main players in the sector: Government, regulatory entity, utilities and consumers.
    - Unclear definition and separation of roles between MOP and CEA.
  
  - 2.3 MOP and CEA** Confusion of role of CEA: Regulatory Authority? Policy Maker? or Provider of technical assistance?
  
  - 2.4 REBs**
    - Has the August 1991 amendment to the E(S) Act, which aims to improve grid integration by strengthening RLDCs, had any effect?
    - Why is grid discipline among SEBs so poor, and what should the REBs/RLDCs do to improve it?
  
  - 2.5 National Grid** It is unclear whether Powergrid is to be a tight or a loose pool. Will they ultimately carry out all SEB dispatch (option 1), buy and sell surplus power between the states (option 2), or wheel power as a service for third party customers who buy and sell on their own account (option 3)?
  
  - 2.6 Financial Institutions** Have PFC and REC had any significant effect on financing of sector investments? What is the breakdown of PFC's lending; how has it evolved? Is it concentrated in certain states or for certain types of investment?
  
  - 2.7 Privatization**
    - Why has nothing materialized from the Government's privatization terms?
    - What does TERI think of the terms? Is it advisable to stipulate that many specific details?
  
- 3. Power Planning** This chapter is interesting, particularly concerning the delays. Could these be graphed? Some issues:

- Why, despite a formal and complex planning process, is there such an imbalance between generation and T&D?
- Does India's planning process, which allocates power sector investment resources to the states on non-financial criteria, introduce distortions into the sector by "punishing" the well run SEBs (who would normally be able to obtain a greater share of financing) and "rewarding" the poorly run boards? (See section 4.1 below).

#### **4. Finances for Power Sector Development**

A useful discussion of some of the main issues in the second paragraph (see section 3 above). What the paper describes is a situation of "soft budget constraint" identified as a major issue in public enterprise reform in East European and CIS countries.

##### **4.1 Integration of Finances in the Five Year Plans**

##### **4.2 Capital Structure of SEBs**

The negative rate of return, and consequent lack of internal resource generation within the SEBs, must be one of the key issues in the sector:

- How does this influence sector investments?
- If the statutory 3% rate of return were achieved by all SEBs, what would the corresponding reduction in resource transfers from the central government be?

What the paper recommends at the end of this chapter (to increase depreciation rates) would improve the accounting situation of the SEBs but of course would not affect the cashflow (or economic) situation unless tariffs were also aligned with economic cost of supply (see below).

#### **5. Tariffs**

The section on tariffs is interesting although somewhat long. Its main weakness is that it is essentially a financial analysis, without the underlying economic rationale. It should compare Indian power tariffs to what economic theory might suggest as appropriate, e.g.:

- What is the level of total subsidy and of cross-subsidy;
- What are the ratios of each tariff category and its marginal cost of supply? (i.e. the percentage of LRMC paid by the industrial, residential, agricultural sectors, etc.)
- What are the distortions in consumption patterns due to the existing flat-rate tariffs compared to time variable two-part tariffs? (For example, the tariff mechanism for agriculture, based on notional installed capacity, presumably has led to excess and inefficient consumption. Agriculture represents 35% of total consumption, while agricultural tariffs range between 10 and 50 paise per kWh for an economic cost of supplying this sector of around 90 - 100 paise/kWh.)
- At what level (or on what basis) should bulk tariffs be set?

- How about simply setting tariffs on transmission and distribution, and allowing competition amongst generators to set the generation component of the electricity price?
  - Is it realistic to expect that tariffs set at the state level could be based on economic parameters rather than political?
- 6. Operational and Management Issues in the Boards**
- Given the strong linkage to the Institutional Framework (chapter 2), would it be more appropriate to place the two chapters closer together? Also, some issues:
- 6.1 Organizational Structure of the Board**
- What does TERI think of having board members appointed by state governments? How can an armslength relationship be developed?
- 6.3 (&6.4) Recruitment and Performance Evaluation**
- Why are productivity so low, and staffing levels so high? Would more autonomy for SEB managers improve the situation?
- 6.5 Incentives**
- What distortions do incentives based on plant load factor (rather than availability) introduce? How does this affect grid frequency?
  - Why, in a resource-constrained environment (not enough finances for capital expenditure requirements), are cost criteria not of major importance, as you indicate?
- 6.6 Fuel**
- Presumably the pricing of some fuels at levels below economic cost introduces distortions: for example, some autogenerators can produce their own diesel-based electricity at below Powergrid's wholesale cost, because diesel is subsidized.
- 6.7 Metering, Billing &Collection**
- As the paper indicates, the commercial record here is very poor; it cannot be due to inaccurate meters alone. Would franchising this activity (i.e. having it operated under a management contract by an outside company) improve the situation, as has been observed in a number of countries?
  - Could this be a symptom of the underlying institutional malaise within the SEBs, i.e. financial viability is not an issue (or a priority) as long as they are controlled by the political process?
- 6.8 Theft**
- To what extent does the tariff system for agriculture encourage misuse of this type of energy? Would contracting out billing and collection, with appropriate incentives for loss reduction, improve the situation in this area?
- Quality of Supply**
- The problem here seems to be one of grid discipline among SEBs, exacerbated by the incentives system for generation staff. What does TERI suggest to rectify the situation?

**B. Administrative Staff College of India (ASCI), Situation of the Indian Power Sector —A Macro Perspective**

A section of the paper has been developed, but it requires further work —specially on the linkages between the electricity sector and the Indian economy— to complete the paper as per the agreed Terms of Reference. Mr. Sankar presented an interesting eight page overview of the power sector in India. It was agreed that the paper should be complemented with relevant macroeconomic and power sector indicators to assess (1) the relevance of the power sector in the economy, and (2) the economic cost of continuing with a “business as usual” scenario. These two topics would provide the framework for the third and final topic, the need for in-depth reforms to address the long term issues in the sector. The Mission explained that the ideas should only be consider as options since final responsibility for the paper was of ASCI. ASCI will provide the next draft by 20 September.

**Macro Sector Relationships**

Nine relationships could be used to appraise the relationships between the power sector and the economy. Data should cover a minimum historical 10 year period and a forecast period of about 10 years:

- GDP Growth and electricity demand
- Share of electricity investment in energy sector, total public sector and total investment in the economy
- Shares of sector debt in total energy sector debt, total public sector debt, and total country debt
- Relationship of average tariff to LRMC by average consumer categories
- Cost per kWh delivered
- Structure of investment sources eg. share of own resources in total investment, Government contributions, commercial financing, etc. (forecast resource gap under “business as usual” and “efficient” scenario).
- Generating efficiencies by groups of plants (forecast these under the two above scenarios)
- Losses by transmission and distribution, identify technical and non-technical (what are the expected losses, valued at LRMC, for both scenarios)
- Productivity indicators such as consumers per employee, kWh per employee, etc., for both scenarios.

**Assessment of Economic Cost**

This section will attempt to evaluate the cost to the economy of the inefficiencies in the sector, due to:

- Unplanned outages
  - unmet demand
  - generation inefficiencies & power losses
  - distortions in industry due to tariffs
  - management practices
- 
- Outage costs. These costs can be estimated by assuming a cost based on Monhasinghe’s book, “Power Sector Reliability and Supply”.
  - Unmet demand. Two alternatives amy be used: a dynamic estimate based on elasticities of electrification to GDP growth, whereby the most efficient states’ elasticity estimates would be applied to the other states; second alternative, static estimate based on the highest degree of penetration among all the states, applied to all the other states. (in both cases, valued at LRMC)
  - Generation inefficiencies & power losses. To measure the additional fuel cost and excess transmission and distribution losses in the “business as usual” scenario. These can be valued by



assuming the most efficient plants as the benchmark to be applied to the other states, and a benchmark T&D losses of, say, 12%.

- Distortions in industry due to tariffs. Unnecessary energy intensity of industry under the existing tariff structure compared to one based on LRMC.
- Management practices. Appraise excess labor in terms of the opportunities foregone.

### **Justification for the Reforms**

The previous potential costs estimates would provide the justification for the reforms of the power sector, specially the SEBs.

## **C. Administrative Staff College of India (ASCI), Commercialization of Power Sector in India**

### **General Comments**

A sound draft of the paper was presented to the Mission and extensively discussed. It was agreed that a new organization of the paper would strengthen the impact of the paper. The aim of the following suggestions and comments on form and of content are to improve its deliverability and impact. ASCI will send the Bank the next draft by 20 September.

### **Presentation**

1. We suggest to change the organization of the report from:

- Required measures for improving the commerciality of the SEBs;
- Rationale for the Reform Measures & how to implement them; and
- Financial measures to improve SEBs.

To:

- Executive Summary with the Main Issues and Options at the start of the report;
- Rationale for the reform measures;
- Required measures for improving the commerciality of the SEBs;
- Required short-term measures to improve the financial situation of the SEBs; and
- Transition Period and how to implement the reform measures.

2. The general presentation is fine. However we would suggest:

- Graphs in the text and small selected tables in the text;
- Maintain extensive tables in the annex;
- Boxes in the text to highlight key issues and/or statistics.

Content

The paper could consider additional options to enhance the overall presentation. The following comments are organized by page and paragraph number.

- p. 2, 2 par., bullet 5: The implicit model in the paper is to separate generation, transmission and distribution to ensure the benefits of competition through third party access. Perhaps this bullet should only read “ability to raise commercial finance and free contract power from generators.”
- p. 3, 3 par., b): The statement in this section is similar to the above. It implicitly suggests a regional vertical integrated monopoly. Another option could be: “Empowerment of SEBs to meet electricity demand in its franchise area and compete for the supply of non-captive consumers in other market areas in the country by allowing to free contract the most economic and reliable sources of power in the country.”
- p. 4, par. 1: As implicit in the model advocated in the paper, perhaps the best option for the state government is to be the customers’ representative. This falls in line with the fact the state government has been elected to represent the best interests of its constituency. In this vein, it could monitor quality of supply, grant distribution franchises through open bidding, and monitor overall consumers’ rights.
- p. 4, par. 1: A semi-judiciary technical body for sector regulation might be costly and time consuming system as evidenced by the United States, and might be open to corruption. An alternative option is an autonomous regulatory entity from the executive and judicial branches.
- p. 4, par. 1: To regulate —as proposed in this paragraph— by examining technical matters and giving clearances to all power projects might lead to over-regulation. Implicit in the model advocated in the paper is arms-length regulation. Thus, a more compatible option might be to regulate through licenses and let investors absorb the commercial and technical risks.
- p. 5, par. 2: The proposed debt equity ratio of 1:1 for the converted SEBs might be a non-commercial proposition. This target should be framed in the context of the transition period and better placed in the transition section of the paper.
- p. 7, par. 1; p. 18, par. 3; & p. 19, par. 2: Deregulated consumers should, in principle, be all those customers that want to undertake all the transaction and metering costs associated with being a non-captive consumer. Thus, an option to consider is that HT users taking supplies on or above 132 kV consumers would be free to choose their own suppliers immediately, and after 24 months, this freedom would extend to consumers consuming 1 MW or more of power regardless of their voltage level, and after 3 years this right all consumers would have the right, if they so wish to choose their suppliers.

It is important to consider that this option can only work under commercial tariffs. Otherwise, if the cream of the SEBs consumers are let free, while making the utilities subsidize low income or marginal groups, the financial deterioration of the SEBs will accelerate. All customers should be charged what it cost to supply them. If the central and/or state governments, based on equity or policy considerations, wish to provide a subsidy to some users, it should be provided in a transparent and up-front to the utilities. The utilities should not be expected to provide for these subsidies through cross subsidies.

- p. 7, par. 2: An option to consider for the load dispatch centers and power pools is that the operational rules and policies could be dictated by a club of generators, which after all are the ones that will be competing among themselves and would like transparent rules of the game for non-discriminatory dispatching practices. However the actual operation of the dispatch centers and power pools could be under the management of Power Grid, which will also be represented in the Club.
- p. 8, par. 1: Among the reasons why commercialization of the power sector is deemed necessary is that the public sector the government is considered an inefficient administrator.
- p. 9, iii): Regulation should not be carried out through the national grid operator, which is part and jury. PowerGrid should be as neutral as possible. Regulation should be carried out by an agency with no interests in generation, transmission, distribution or marketing of electricity. Some of the options for PowerGrid are: (a) Dispatch only; (b) Buy & sell only; and (c) Wheel power only.
- p. 8 & 9; (i, ii, iii & iv): The paper should emphasize that these are only for the transition stage.
- p. 8, par. 1; p. 9, iv); & p. 22, par. 1: In principle an efficient regulatory system should not be concerned with distributional equity nor equitable distribution of power between different parties. Distributional considerations should be the policy responsibility of the government, not of the electricity supply industry or of its regulator. The distribution of power between different parties should respond to market signals and economic conditions. The main responsibilities of an efficient regulator are to (1) promote competition wherever possible; (2) prevent non-competitive behavior; and (3) regulate at arms length the areas of the industry where there are monopoly features.
- p. 23, par. 1: The regulatory instruments vary according to the stages of the electricity industry. In generation the main form of regulation can be done through the license conditions; in transmission, through arms-length regulation and a cost plus approach to estimating transmission charges; in distribution, also through arms-length regulation and bench mark pricing under efficiency conditions.
- p. 23, par. 2: Efficiency tariffs aim to promote, on the side of supply, an economic and reliable supply of power, and, on the side of demand, a rational consumption pattern.

**D. Administrative Staff College of India (ASCI), Andhra Pradesh SEB —A Case Study for Institutional and Regulatory Reforms**

The first draft of this paper was reviewed, agreeing that the next draft would relate the main ideas developed in papers 4 and 5 with the case of the APSEB. This paper will be provided to the Bank by 20 September.

For example, it could be restructured in the following manner:

1. International comparison of APSEB
2. Look at the financial analysis by:
  - Self-generation of funds and tariff levels

- Commercial capital
  - PFC
  - Government contributions
  - Multilateral institutions (through the central government)
    - Look at investment requirements —Where are they coming from?
3. What are the objectives, are there any conflicts?
- Economic and reliable supply of electricity
  - Least cost
  - Non-commercial objectives, etc.
4. Assessment of commerciality —managerial and financial autonomy, legal framework, labor policies, selection of the board & managers, to whom are they accountable?
5. Steps to bring in commerciality to APSEB
- This is where we are, where do we go next?
6. Obstacles to such reform

# Office Memorandum

DATE: September 9, 1993

TO: Edwin R. Lim, Director (AF4)

FROM: Ranjit Lamech, (IENPD)

EXT.: 3-3282

SUBJECT: Information: China — Power Sector Reform Workshop

1. Richard Stern asked me to send you information on the Power Sector Reform Workshop held in Beijing this July. The Workshop represented a joint collaboration between the Bank and China and was supported by FPD staff.
2. The following documents are enclosed to provide a comprehensive overview of the entire exercise:
  - Memo dated August 2, 1993, summarizes the dialogue between China and the Bank; the technical assistance tasks undertaken prior to the Workshop; the reform options discussed; and, the proposals by Chinese officials at the Workshop.
  - The Terms of Reference for the Institutional Development Fund (IDF) Study, which defined the scope of the technical assistance exercise comprising six phases, of which, the Workshop represented the fourth phase.
  - The Workshop schedule and list of participants
  - Copies of the reports prepared by the Chinese task forces on the four theme areas: Sector Structure; Regulation; Commercialization and Corporatization; and, Sector Financing. (These reports have gone through a few iterations, beginning with a version produced in May 1993 for the July Workshop -- this version is the most recent prepared after the workshop. The Chinese will be preparing a report on the basis of these task force reports for submission to the State Council)
3. The FPD staff who are supporting the power sector reform activity in China are James Bond, Peter Cordukes, Bernard Tenenbaum, Mangesh Hoskote and myself (extn. 3-3282). The task manager in the operating division (EA2IE) is Nourredine Berrah (extn. 3-1132).

cc: (without attachments)

Stern (IENDR); Jechoutek, Bond, Hoskote, Tenenbaum (IENPD); Cordukes (IENEP)

1ENPD-MS-C&W = general  
(Power sector reform)

Joint UNDP/World Bank **Energy Sector Management Assistance Programme**  
**ESMAP OFFICE MEMORANDUM**

**DATE:** August 31, 1993

**TO:** Luis E. Gutiérrez, James P. Bond and Jose R. Escay, (IENPD)

**FROM:** Karl Jechoutek, Chief (IENPD)

**EXT.:** 82872      **FAX:** 70542

**SUBJECT:** India: Conference on Power Sector Reform

Mission Terms of Reference

1. On or about September 6, you will travel to New Delhi, India for about two weeks. The objectives of your mission will be to:

- a) review the preparation of the papers commissioned for the conference with the Indian consultants, and provide inputs as may be requested;
- b) fine-tune and finalize the organization of the conference with the Ministry of Power; and
- c) review the logistics arrangements for the conference;

according to the terms of the letter addressed by the Bank to MOP on the subject.

2. You will also travel to Hyderabad for about two days to examine the papers prepared by the Administrative College of India: some State Electricity Boards may join your meetings. Messrs. Gutiérrez and Escay will visit Jaipur during the weekend of September 11-13 to examine the conference facilities, and review logistics arrangements with the Rajasthan Electricity Board, after which they will proceed to Bombay to examine the paper under preparation by Tata Electric Company.

3. Mr. Gutiérrez will lead the mission which may be joined in Delhi and Hyderabad by Mr. Mohinder Gulati from the Resident Representation in India. The mission will be conducted in close coordination with Mr. Mejia from the Resident Representation and SA2EG.

4. Upon your return to Headquarters, you will prepare a Back-to-Office Report.

Cleared with and cc: Mr. Bauer (SA2EG)

cc: Messrs./Mmes. Stern, Bretaudeau, Hamilton (IENDR); Churchill (FPDVP); Bakovic, Garcia, Tenembaun (IENPD); Byer, Cordukes (IENEP); Razavi (IENOG); Mostefai (SA2EG); Mejia, Gulati, Nader, Gopalan (New Delhi, India); Malik (EDIDM); Cox (UNDP, New York).

ESMAP Subject Files and chron. file.

IENPD-DIS-CEW - general  
(Power sector reform in  
India)

Joint UNDP/World Bank Energy Sector Management Assistance Programme

**ESMAP OFFICE MEMORANDUM**

**DATE:** August 24, 1993

**TO:** Mr. William T. Onorato, Principal Counsel, Energy & Mining (LEGEC)

**FROM:** Jose R. Escay (IENPD) *JRE*

**EXT.:** 33263

**FAX:** 70542

**SUBJECT:** India Seminar on Power Sector Reform - Consultants' Contract for a Paper on Comparing the Indian Power System with other Large Scale Power Systems

For your records, please find the attached *att* Contract and Comfort Letter for the above mentioned paper which has been signed by the Bank and Ernst & Young.

cc: Ms. Kim (IENPD); IEN Departmental Files; IISC.





# Record Removal Notice

<b>File Title</b> Conference and Workshop - General - 1993 - Chronological Record - Volume 1		<b>Barcode No.</b>  1193355		
<b>Document Date</b> July 9, 1993	<b>Document Type</b> Contract			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> India - Seminar on Power Sector Reform - Comparing the Indian Power System with Other Large Scale Power Systems - Contract for Consultants' Services between IBRD and Ernst & Young				
<b>Exception(s)</b> Information Provided by Member Countries or Third Parties in Confidence				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Shiri Alon</td><td><b>Date</b> September 10, 2019</td></tr></table>	<b>Withdrawn by</b> Shiri Alon	<b>Date</b> September 10, 2019
<b>Withdrawn by</b> Shiri Alon	<b>Date</b> September 10, 2019			

1EMPD-DIS-C&W-general

The World Bank/IFC/MIGA  
OFFICE MEMORANDUM

DATE: August 2, 1993 12:13pm

TO: PHILIPPE DURAND

( PHILIPPE DURAND @A1@VAX12 )

FROM: CHAD NDJAMENA, AF5CH

( CHAD NDJAMENA AT A1 AT PARIS )

EXT.: 513247

SUBJECT: Esmap

Attached to this message is a WORDPERFECT document.  
You cannot use ALL-IN-1 to display or print it. You must  
first transfer the attachment to your PC using the FAP  
option. Then you may process the file with the same  
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CC: WILLEM FLOOR

( WILLEM FLOOR @A1@VAX12 )

Philippe Durand cc Willem Floor cc Amadou Cisse cc Ilene  
Photos  
re : esmap

Suite a notre conversation telephonique, je vous prie de  
trouver les elements d'informations suivants sur le prochain  
atelier :

1. la date proposee (4 au 6 octobre 1993) pour la tenue de  
l'atelier convient aux autorites;
2. les organisateurs proposent que la rencontre porte sur 3 a  
4 jours;
3. les themes de l'atelier seront centres autour de ceux  
proposes dans le document de strategie (pp 43/44);
4. l'atelier devrait reunir environ une soixantaine de  
participants; sa composition sera variee et mettra l'accent  
sur le secteur prive et les communautes locales;
5. les autorites approuvent l'idee d'une participation de la  
Banque, du responsable du programme nigerien et d'eventuels  
(futurs) bailleurs;
6. la reproduction et la distribution du document sont en  
cours; les avis devraient etre recueillis au cours du mois  
d'aout et une synthese sera transmis a la Banque en septembre  
pour une meilleure preparation de part et d'autre;
7. le programme et le cout l'atelier sont cours de  
finalisaiton. Une premiere ebauche devrait etre transmis a la  
Banque au cours du mois d'aout.

Meilleures salutations, Alingue

1ENPD-DIS-CSW- general  
(Workshop on Power sector Reform in  
China)

IENPD-DIS (CN) - general  
(Workshop...)

THE WORLD BANK / IFC / MIGA

# OFFICE MEMORANDUM

DATE: July 23, 1993

TO: Mr. Zafar Shah Khan, Acting Chief, EA2IE

FROM: Nouredine Berrah, Robert P. Taylor (EA2IE), Mangesh Hoskote, Ranjit Lamech (IENPD)

EXTENSION: 31132/33282

SUBJECT: **IDF Study - Workshop on Power Sector Reform in China  
Back to Office Report**

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1. From July 8 to July 18, 1993, we visited Beijing to (i) assist in organizing and participate in the IDF workshop on Options for Power Sector Reform in China, organized jointly by the Ministry of Finance and the Ministry of Electric Power, and (ii) continue discussions with Chinese task forces for developing a strategic plan for reforming the power sector in China. These activities and their outcome are discussed briefly below.

## **The Workshop (July 8-10, 1993)**

2. The Workshop on Strategic Options for Power Sector Reform in China, held from July 8 to 10, represented the completion of Phase III of the IDF funded study on power sector reform options. The schedule of the three day proceedings, and a list of Chinese, Bank Staff and international participants is attached (Attachment I and II respectively). Briefly:

Day 1: The Workshop was formally opened by the Minister of Power Industry. The Vice Minister of Power Mr. Zhao Xizheng made a statement on the current status of the power industry and future directions for reform. Richard Stern, Director, Industry and Energy Department made a presentation on the World Bank's objectives of power sector reform in China, as well as international trends in power sector reform. The afternoon session comprised presentations by five experts on diverse reform experiences in a selection of developed and developing countries, followed by a discussion on the lessons that may be relevant to China.

Day 2: The morning discussion focussed on the work of task force 1, which dealt with power sector structure and organization. Four international experts provided detail comments on the task force report. The afternoon session dealt with the work completed by task force 2 on aspects of the legal and regulatory framework for the power sector. Three experts provided comments on the option outlined by this task force.

Day 3: The morning was devoted to the work of task force 3 on enterprise reform. Following a discussion on the diversification of financing sources which was the subject of work done by task force 4, Mr. Shao Siwei, Director, Department of Policy and Legislation, Ministry of Power, summarized the broad consensus reached by the task forces on necessary reform steps. Mr. Richard Newfarmer, Chief, EA2IE, presented concluding remarks on the principles and design of programs to advance the power sector reform efforts in China.

3. The level of debate on reform issues in China, the active participation by both Chinese and international experts, and the statements by senior Chinese policy-makers clearly indicate a high level of country ownership of the recommendations of the study and commitment to the reform process.

#### **Post Workshop Discussions (July 12-18, 1993)**

4. Following the workshop, Messrs. Berrah, Hoskote and Lamech held meetings with the Chinese counterparts and the international consultants/advisors to further review and discuss the issues raised during the workshop deliberations. The discussions focused on the finalization of the task force reports, the preparation of the workshop proceedings and the final report of the IDF Study, and finally, the study tour by some of the Chinese task force members.

5. Finalization of the Task Force Reports. International consultants/advisers assisted the task forces in finalizing the reports presented during the workshop to reflect the comments and recommendations made by the participants. The final reports (available upon request) were approved in a plenary session of the steering committee of the IDF Study.

6. Workshop Proceedings and Final Report of the IDF Study. The mission discussed with the Chinese counterparts the different products needed to meet the requirements of the Institutional Development Fund of the World Bank and those of the joint UNDP/World Bank Energy Sector Management Assistance Program (ESMAP), co-sponsor of the workshop. It was proposed that:

- (a) The Bank/ESMAP team will finalize the preliminary draft of the proceedings prepared in the field, taking into account the comments made and the changes proposed by the Chinese counterparts. The report will be submitted to the Chinese authorities for approval prior to its publication by ESMAP;
- (b) The Chinese steering committee of the IDF Study will prepare a "comprehensive report" based on the task force reports and the workshop recommendations and including an action plan for power sector reform in China. The report will be submitted for approval by the State Council. It was agreed that a first draft of this report will be sent to the IDF Study task manager during the third week of August 1993 for review and comments. It will be finalized by the end of November 1993 after completion of the study tour.

7. Study Tour. The mission stressed the need for clear definition of the objectives and good organization to ensure the maximum benefit for the participants in the study tour, which is the final component of the IDF project. Preliminary proposals by the Chinese counterparts envisage three separate small groups travelling to Korea, USA (group 1); Malaysia, Australia, New Zealand (group 2); and UK, France, Spain (group 3). It was agreed that:

- (a) the Chinese steering committee will send by July 30, 1993 a detailed plan (objectives, subjects of interest and a tentative program for each group) for review by the Bank;

- (b) the international consultants/advisors who participated in the IDF Study will assist in organizing the study tour;
- (c) the Bank will assist the IDF steering committee in the preparation and coordination of the overall program; - in the absence of the IDF Study task manager in August, Mr. R. Lamech (IENPD) will assist the Chinese in organizing the study tour which will tentatively take place in late September - early October 1993.

### **The Bank Power Sector Strategy**

8. A Power Sector Strategy Paper is planned for completion by the end of 1993, which will provide a basis for Bank initiatives in the power sector reform and implementation measures in China. It is proposed that the strategy build upon the work carried out by the Chinese task forces for power sector restructuring, complemented by field investigations and analyses in three provinces (Jiangsu and Zhejiang, along with upcoming appraisal and pre-appraisal missions and a third province, tentatively Sichuan). The initial investigations will be followed by discussions in Beijing with the Ministry of Electric Power and other participants in the IDF Study.

cc: Messrs./Mmes. A. El-Maaroufi (EAPVP); S.J. Burki, Y. Kimura (EA2DR); D. Pearce o/r, P. Harrold, A. Ody, D. Rix (EA2CO); A. Malhotra (AST); R. Stern (IENDR), K. Jechoutek (IENPD); T. Byer, P. Cordukes (IENEP); Bottelier, E.C. Hwa, J.P. Zhao (EA2CH); R. Newfarmer o/r, A. Hu, S. Katsu, T. Johnson, V. Mastilovic, S. Shum, E. Sun, B. Trembath (EA2IE)

EA2IE Higher Level Staff, EA2IE Black Books, Division Chron  
Asia Information Center

NB:jsg

July 8 - 10, 1993

**WORKSHOP ON POWER SECTOR REFORM IN CHINA****DAY 1: Thursday, July 8****MORNING SESSION**

Chairperson: Jin Liqun, Deputy Director, World Bank Department, Ministry of Finance

9:00 - 9:45

**Inaugural**

Welcome Address:

Jin Renqing, Vice Minister, Ministry of Finance

Brief Speeches:

Stern, Director, Industry and Energy Department, World Bank

Zhao Xizheng, Vice Minister, Ministry of Power

Bottelier, Head, Resident Mission in China, World Bank

9:45 - 10:00

Coffee Break

10:00 - 12:30

**Power Sector Reform**

Chairperson:

Richard Newfarmer, Chief, Industry & Energy Division,  
China and Mongolia Department, World Bank

- International Trends in Power Sector Reform  
John Rhys, Director, NERA
- World Bank Policy for Power Development  
Richard Stern, Director, Industry and Energy Department, World Bank
- Objectives of Power Sector Reform in China  
Ye Rongsi, Vice President, China Electricity Council

**AFTERNOON SESSION**Chairperson: Karl Jechoutek, Chief, Power Development Division, Industry and Energy Department,  
World Bank

2:00 - 4:00

**International Experience in Power Sector Reform**- Charles Stalon, Director, Institute of Public Utilities, Michigan, USA  
Former Commissioner FERC, USA

- Raymond Leban, Professor, CNAM, France

- Roger Witcomb, Director, Corporate Planning, National Power, UK

- Adilson de Oliveira, Professor, University of Rio de Janeiro

- Sir Roger Douglas, Former Finance Minister, New Zealand

4:00 - 4:15

Coffee Break

4:15 - 5:30

Discussion open to the floor

6:30

**Banquet**Chairperson: Shao Shiwei, Director, Department of Policy and Legislation,  
Ministry of Power

Speaker:

Jin Renqing, Vice Minister, Ministry of Finance

Richard Newfarmer, Chief, Energy and Industry Division, China & Mongolia  
Department, World Bank



**DAY 2: Friday, July 9**

**MORNING SESSION**

Chairperson: Shao Shiwei, Director, Department of Policy and Legislation,  
Ministry of Power

8:30 - 9:30 Task Force 1 Report: Options for Power Sector Organization  
Presentation of Task Force 1 Report:  
Zhou Fengqi, Director, Energy Research Institute of the  
State Planning Commission

Comments by Task Force consultant (John Rhys, NERA)

9:30 - 9:45 Coffee Break

9:45 - 12:00 Discussion of Task Force 1 Report  
Prepared comments by:  
Raymond Leban, Professor CNAM, Paris  
Charles Stalon, Director, Institute of Public Utilities, Michigan, USA  
Former Commissioner FERC, USA  
Sally Hunt, Director, NERA, UK  
Adilson de Oliveira, Professor, University of Rio de Janeiro

Discussion open to the Floor

**AFTERNOON SESSION**

Chairperson: Wu Qian, former Director, State Economic & Trade Commission

2:00 - 3:00 Task Force 2 Report: Legal & Regulatory Framework  
Presentation of Task Force 2 Report:  
Tang Zhong Nan, Advisor, China Electricity Council

Comments by Task Force consultant (Robert Fitzgibbons, Hunton & Williams)

3:00 - 3:15 Coffee Break

3:15 - 5:30 Discussion of Task Force 2 Report  
Prepared comments by:  
Charles Stalon, Director, Institute of Public Utilities, Michigan, USA  
Former Commissioner of FERC, USA  
Sir Roger Douglas, Former Finance Minister, New Zealand  
Raymond Leban, Professor, CNAM, Paris

Discussion open to the Floor

**NIGHT SESSION**

7:30 - 9:30 Informal discussion with international experts on the relevance of international experience  
to China

**DAY 3: Saturday, July 10**

**MORNING SESSION**

Chairperson: Cao Zhengyan, Deputy Director, Energy Resources Department  
State Planning Commission

8:30 - 9:30 Task Force 3 Report: Enterprise Reform & Corporatization  
Presentation of Task Force 3 Report:  
Zou Chijia, Deputy Director, Department of Policy and Legislation,  
Ministry of Power

Comments by the Task Force consultant

9:30 - 9:45 Coffee Break

10:45 - 12:30 Discussion of Task Force 3 Report  
Prepared comments by:  
Athar Hussain, Director, STICERD, London School of Economics  
Sir Roger Douglas, Former Finance Minister, New Zealand  
Marc Regnard, Senior Expert, Electricite de France International

Discussion open to the Floor

**AFTERNOON SESSION**

Chairperson: Wang Chaozong, Deputy Director, Department of Planning,  
State Energy Investment Corporation

2:00 - 3:00 Task Force 4 Report: Diversification of Financing Sources  
Presentation of Task Force 3 Report:  
Zhu Chengzhang, Advisor, Ministry of Power

Comments by the Task Force consultant (Pocock)

3:30 - 5:00 Discussion of Task Force 4 Report  
Prepared comments by:  
Rauf Diwan, Principal Investment Officer, IFC  
William Von Blasingame, Senior Manager, Mission Energy, USA  
Athar Hussain, Director, STICERD, London School of Economics  
Peter Cordukes, Principal Financial Analyst, Industry and Energy Department

Discussion open to the Floor

**CLOSING SESSION**

Chairperson: Jia Heting, Deputy Director, State Economic and Trade Commission  
5:00 - 5:30

Speeches by:

- Shao Shiwei, Director, Department of Policy and Legislation, Ministry of Power
- Newfarmer, Chief, Industry and Energy Division, China & Mongolia  
Department, World Bank

6:30

Chairperson: **Banquet**  
Ministry of Finance

Speakers:

- Vice Minister, Ministry of Power
- Abdallah El Maaroufi, Operations Advisor, East Asia & Pacific Vice Presidency,  
World Bank

WORKSHOP ON            OPTIONS FOR POWER SECTOR  
REFORM IN CHINA  
PARTICIPANTS

World Bank Participants

Richard Stern, Director, Industry and Energy Department  
Abdallah El Maaroufi, Operation Adviser to Vice President, East Asia  
and Pacific Region  
Pieter Bottelier, Head, Resident Mission in China  
Karl Jechoutek, Division Chief, Power Development, Efficiency and  
Household Fuels Division, IENPD  
Richard Newfarmer, Chief, EA2IE  
Peter Cordukes, Principal Financial Analyst, Energy Policy and  
Strategy Division  
Rauf Diwan, Principal Investment Officer, Infrastructure Department,  
IFC  
Barry Trembath, Senior Electric Engineer, EA2IE  
Ms. Elaine Shum, Financial Analyst, EA2IE  
Noureddine Berrah, Senior Economist, EA2IE  
Robert Taylor, Senior Energy Economist, EA2IE  
Mangesh Hoskote, Private Sector Development Specialist, IENPD  
Ranjit Lamech, Economist, IENPD  
Su Guoli, Resident Mission in China  
Zhao Jianping, Resident Mission in China

MoF Consultants

John Rhys, Power Sector Restructuring Specialist, NERA  
Ms. Sally Hunt, Sector Restructuring Specialist, NERA  
Andrew Pocock, Consultant in Banking and Finance  
Robert Fitzgibbons, Law, Hunton & Williams, US  
Athar Hussain, Economist, STICERD, London School of Economics

International Experts

Sir Roger Douglas, former Minister of Finance, New Zealand  
Charles Stalon, former FERC commissioner, Director Institute of Public  
Utilities, US  
Roger Witcomb, National Power, UK  
Raymond Leban, CNAM, CEPRIM, France  
Adilson de Oliveira, Universidade Federal do Rio de Janeiro, Brazil

William Von Blansingame, Mission Energy, US  
Marc Regnard, EdF

Observers

Tay Sin-Yan, Senior Project Engineer, Asian Development Bank  
Sean O'Sullivan, Project Economist, Asian Development Bank  
Vu Van Thai, Vietnam

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Jin Liqun, Vice Director, World Bank Department, MoF  
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Zhang Wencai, Economist, Industry, Energy & Transport Division, World Bank  
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Cao Zhengyan, Vice Director, Energy Department, State Planning  
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Wu Qian, Former Director, Production Dispatch Department, State  
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Jia Heting, Director, Production Reform Department, State System  
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Gan Shixuan, Chief, State Energy Investment Company  
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Construction Bank

Zhou Fengqi, Director, Energy Research Institute of SPC  
Wu Zhonghu, Energy Research Institute of SPC  
Zhou Jianqiang, Deputy Chief, Planning & Economic Commission of Jiang  
Su Province

## Ministry of Power

Shi Dazhen, Minister  
Zhao Yizheng, Vice Minister  
Jiang Shaojun, Director, General Office  
Liu Shunda, Vice Director, Minister Office  
Ms Zhaoping, Chief, General Office  
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Chen Weiheng, Vice General Economist, East China Power Group  
Ding Zhongzhi, Vice General Manager, Middle China Power Group  
Yang Minzhou, Economist, Middle China Power Group  
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Li Pinsheng, Deputy Chief, Jiang Su Power Company  
Yang Dali, Vice General Manager, Sichuan Power Company  
Lin Jianren, Vice General Economist, Fujian Power Company  
Dao Erji, Vice General Manager, Inner Mongolia  
Chen Qingda, Deputy Chief, General Office Zhejiang Power Company  
Li Zheng, Director, Hydro Power Economic Research Institute  
Sun Jiaping, Director, Electric Power Information Research Institute  
Wang Xiliang, Dept. Deputy Chief, Electric Power Information Research Inst  
Ms. Chen Lifan, Engineer. Electric Power Information Research Institute

Interpreters

Shi Limin  
Liu Dezheng  
Ms. Wang Ning  
Feng Jingbao

Xinhua News Agency  
《People's Daily》  
《China's Daily》  
《China Electricity》

ENPP-DIS - CSW - Enullac  
(OLADE)  
(ENERLAC - Conferencia  
Energética de América  
Latina y el Caribe)

# OFFICE MEMORANDUM

DATE: June 29, 1993

TO: Karl Jechoutek, Chief IENPD 

FROM: Luis E. Gutiérrez, Sr. Energy Economist

EXTENSION: 31033

SUBJECT: OLADE —Conferencia Energética de América Latina y El Caribe (ENERLAC '93)  
—Back to Office Report

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1.1 As per my Terms of Reference, I traveled to Bogota, Colombia from 15 to 18 June 1993 to participate as a speaker in the abovementioned OLADE energy conference. I presented two papers, one on power sector reform and the Bank's policies, and another on the finance of the power sector. Both papers were well received. Copies are attached to this BTO report.

1.2 The conference was well organized and considered a success by most participants. The audience included representatives from the energy ministries, utilities, government entities, banking and equipment suppliers. Total attendance amounted to about 600 participants.

## Distribution

Messrs./Mmes: Stern, Anderson, Bretaudeau, Hamilton, O'leary (IENDR); Fleisig, de la Peña (LACCE); Onorato (LEGEC); Byer, Cordukes, Besant-Jones (IENEP); Razavi, Khelil, Daffern (IENOG); Garcia, Bakovic, Schenk, Hay, Lamech, Escay (IENPD); Moscote (LATAD); Ettinger (LA1EI); Staab (LA2IE); Challa (LA3TF); Sanchez (LA4IE); IISC.



**Conferencia Energética de América Latina y  
el Caribe (ENERLAC '93)**

**Junio 15 al 18 de 1993  
Santafé de Bogotá, Colombia**

**Reforma del Sector Eléctrico y Política del Banco  
Mundial**

**Presentación de**

**Luis E. Gutiérrez Santos  
Economista Senior  
Departamento de Industria y Energía  
Banco Mundial**

# **Guión de la Presentación**

- 1. Marco histórico de las reformas del sector eléctrico**
  - **Modelo institucional imperante**
  - **El Banco Mundial y el Sector Eléctrico**
  
- 2. Las Políticas del Banco**
  - **Antes de ...**
  - **Después de ...**
  
- 3. El Enfoque del Banco**
  - **Modelos alternativos**
  - **Condiciones país**
  - **Principios guías**
  - **Objetivo principal**
  - **Problemas principales**

#### **4. Bases Conceptuales de la Reforma**

- **Competencia**
- **Regulación Transparente**
- **Separación por etapas**

#### **5. Generación**

- **Competencia**
- **Costos y beneficios**

#### **6. Transmisión**

- **Regulación**
- **Reglas y principios**

#### **7. Distribución**

- **Regulación**
- **Fines y medios**

## **8. Comercialización**

- **Competencia**
- **Oferentes y demandantes**

## **9. El Proceso de Reforma**

## **10. La Regulación**

## **11. Modelos del Sector**

## **12. Criterios de Evaluación**

**Problema: ¿Como lograr aumento de la eficiencia de manera sostenida?**

**Pasado: 50 - 80s**

- + Monopolio vertical integrado**
- + Altas tasas de electrificación**
- + Economías de Escala**
  
- Tarifas insuficientes**
- Pérdidas crecientes**
- Mayores consumos específicos combustibles en generación**
- Sobre inversión**
- Servicio de deuda creciente**

## **Política del Banco Mundial**

### **1<sup>er</sup> Objetivo**

- **Restaurar las Condiciones de Eficiencia en el Suministro**

### **2<sup>do</sup> Objetivo**

- **Sostener la Eficiencia**

## **Ofrecer más Opciones Institucionales**

**Modelos  
Institucionales  
Alternativos**

**EMPA  
TE  
FELIZ**

**Condiciones  
Específicas  
Pais**

## **Principios de Guía**

- 1) Reducir Intervención Arbitraria**
- 2) Regulación Transparente**
- 3) Apertura del Sector a la Competencia**
- 4) Mantenimiento de la Competencia con Participación Sector Privado**

## **Principal Objetivo:**

**Suministrar electricidad de la manera más económica y confiable en el largo plazo (de forma sostenida)**

## **Conceptos Clave:**

- **Económica**
- **Confiable**
- **Sostenida**



# Nuevo Pensamiento

## 1) Competencia

- **Mejor Servicio**
- **Servicio más Eficiente**

**Como Mantener/Sostener la Competencia?**

- **Apertura del Sector al Capital/Iniciativa Privada**

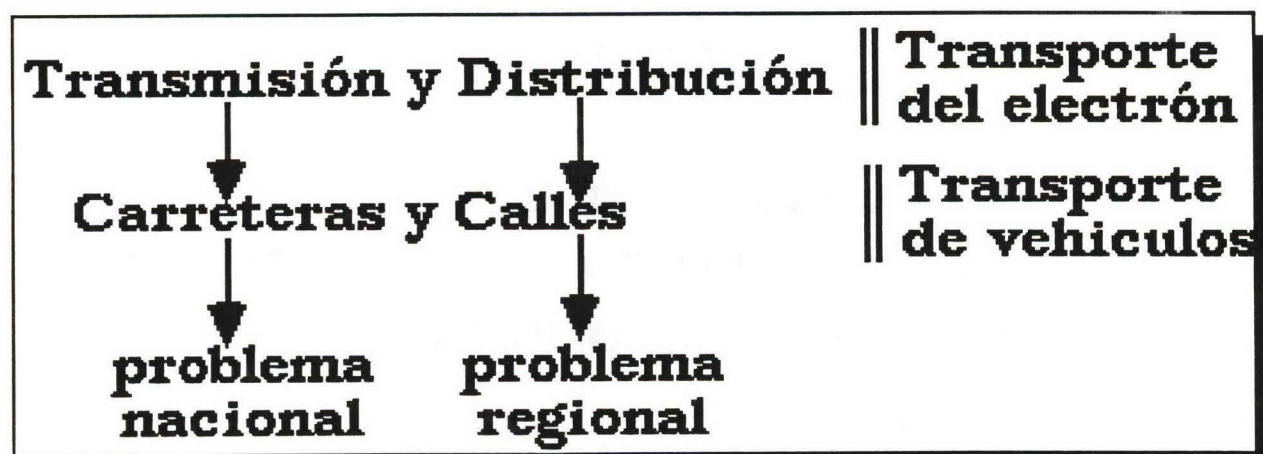
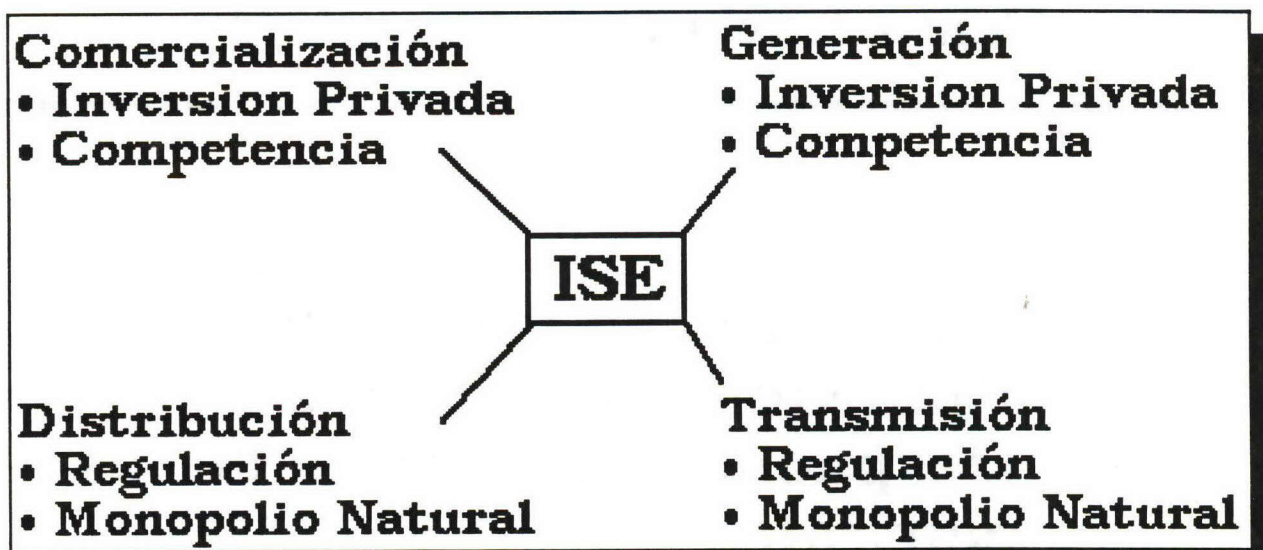
## 2) Regulación Transparente

$$\left| \text{Competencia} \right| + \left| \text{Regulación Transparente} \right| = \left| \text{Servicio Económico y Confiable de Manera Sostenida} \right|$$

### **3) Separación por Etapas**

#### **Principios Guía**

- 1) Fomentar competencia donde sea posible**
- 2) Aislar áreas donde prevalezca el monopolio natural**



## **Competencia en la Generación**

### **Ventajas**

- **Contratos de largo plazo**
- **Planeación indicativa**
- **Despacho coordinado de las centrales**
- **Bajos costos por presiones de la competencia**
- **Cambio tecnológico**

### **Peligros**

- **Pequeñas unidades**
- **Altos costos de generación**
- **Despacho no económico de la carga**
- **Comportamiento ante-competitivo**

## **Transmisión**

- **Problema complejo**
- **Requiere regulación cercana**

**Buen funcionamiento de la transmisión es indispensable para asegurar los beneficios de la competencia**

## **Reglas y Principios Claros**

- **de acceso**

**Libre Acceso**

**Generadores**

**Compradores**

- **de cobro de peajes**
- **de cálculo de peajes**

## **Distribución**

### **SE BUSCA**

- **Lograr eficiencia economía/calidad servicio**
- **Evitar abusos al usuario**

### **COMO**

- **Presión de la competencia en otorgar concesión**
- **Regulación de la calidad del servicio**
- **Regulación del peaje de distribución**
- **Separación función comercialización**

# **Competencia en la Comercialización de la Electricidad**

**Comprador libre de seleccionar a su vendedor**

## **Objetivos**

- **Mejorar sistemas comerciales**
- **Estimular bajos precios**
- **Evitar abusos monopolios**

### **OFERENTES**

- **Distribuidor**
- **Intermediario**
- **Generador**

### **DEMANDANTES**

- **Grandes Usuarios**
- **Distribuidores**
- **Intermediarios**
- **Asociación de consumidores**
- **Nuevos desarrollos urbanos**

## **Medidas Típicas de Reforma**

- **Reestructuración del sector**
  - **Ley eléctrica**
  - **Separación vertical**
  - **Ente regulador autónomo**
  - **Promoción competencia**
  - **Participación de la iniciativa y capital privado**
  
- **Acciones claves**
  - **Situación financiera sana**
  - **Precios comerciales**
  - **Subsidios transparentes**
  - **Restaurar condiciones de eficiencia**
  - **Creación mecanismos resolución de disputas**



# Regulación

- **La mejor regulación es la que no se ve, pero sus beneficios se sienten**
- **Áreas de Competencia**
  - Fortalecer/Estimular Competencia
  - Mínimos Requisitos de Entrada y Salida
  - Regulación por:
    - Licencias
    - Permisos
    - Concesiones
- **Áreas de Monopolio**
  - Evitar los:
    - Abusos a los usuarios
    - Cobros excesivos
    - Trato discriminatorio
    - Conflictos de intereses
  - Regulación por
    - Tarifas
    - Concesiones

# **Regulación y Ley Eléctrica**

## **Reglas claras y precisas de como jugar al negocio eléctrico**

### **Separación de funciones**

- **Política**
- **Regulación**
- **Propiedad**
- **Gestión Corporativa**

### **Definición Clara de Derechos y Responsabilidades**

- **Gobierno**
- **Entidad Reguladora**
- **Empresas**
- **Usuarios**

### **Evitar la Intervención Arbitraria**

- **Gobierno**
- **Entidad Reguladora**

### **Dar Seguridad a los Inversionistas**

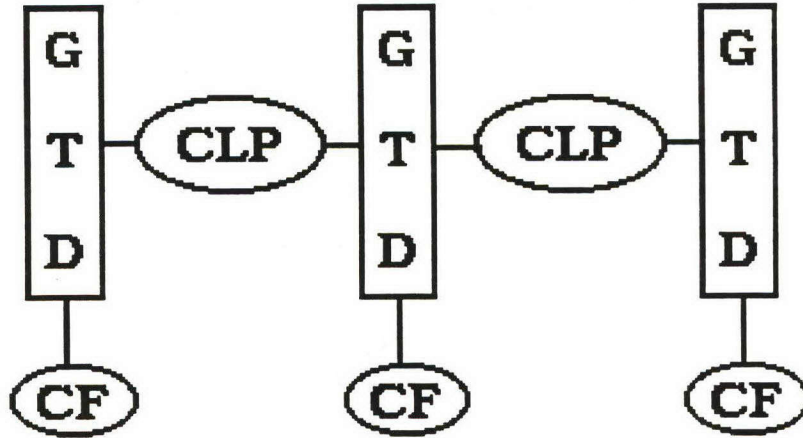
- **Trato Equitativo**
- **Respeto a la Propiedad**

# MODELO 1: Monopolio Vertical Integrado Nacional



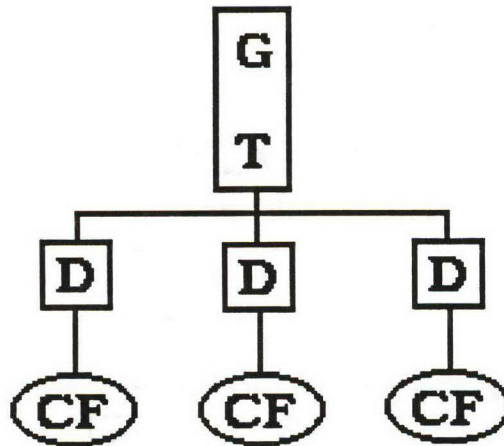
Ventajas		Desventajas	
+	Economías de escala	-	No competencia
+	Planificación central	-	Deseconomías de gran tamaño
+	Despacho económico	-	Deseconomías regionales
		-	Aprovechamiento no económico de la cogeneración

## MODELO 2: Monopolios Verticales Integrados Regionales



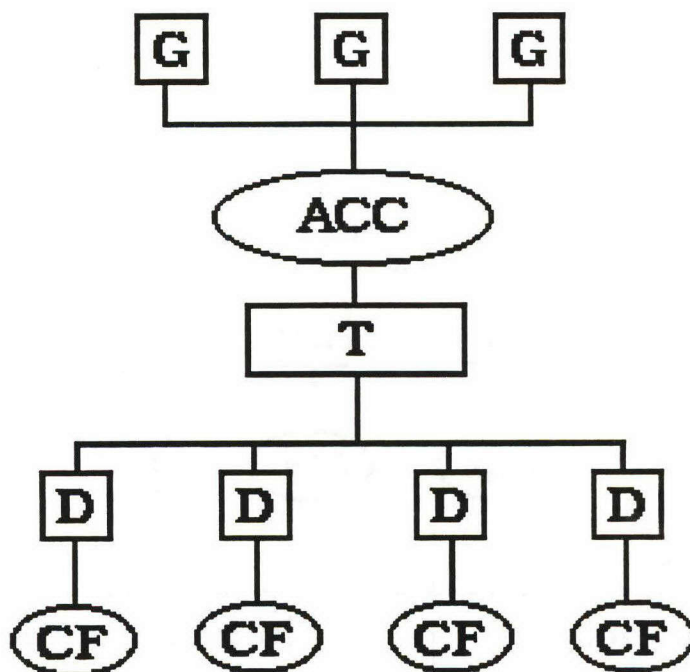
Ventajas	Desventajas
<ul style="list-style-type: none"> <li>+ Economías de escala</li> <li>+ Planificación regional</li> <li>+ Despacho económico regional</li> </ul>	<ul style="list-style-type: none"> <li>- No hay competencia</li> <li>- Deseconomías de gran tamaño</li> <li>- Exceso de capacidad</li> <li>- No hay planificación central ni despacho económico a nivel nacional</li> <li>- Falta aprovechamiento económico de la cogeneración</li> </ul>

## MODELO 3: Generación y Transmisión Integrada con Distribuidores Regionales



Ventajas	Desventajas
+ Economías de escala	- No hay competencia en G
+ Planificación central de la G y T	- Deseconomías de gran tamaño y regionales
+ Despacho económico	- Aprovechamiento no económico de la cogeneración
+ Competencia por comparación en D	

# MODELO 4: Generación Abierta con Autoridad Central de Compras y Distribuidores Regionales



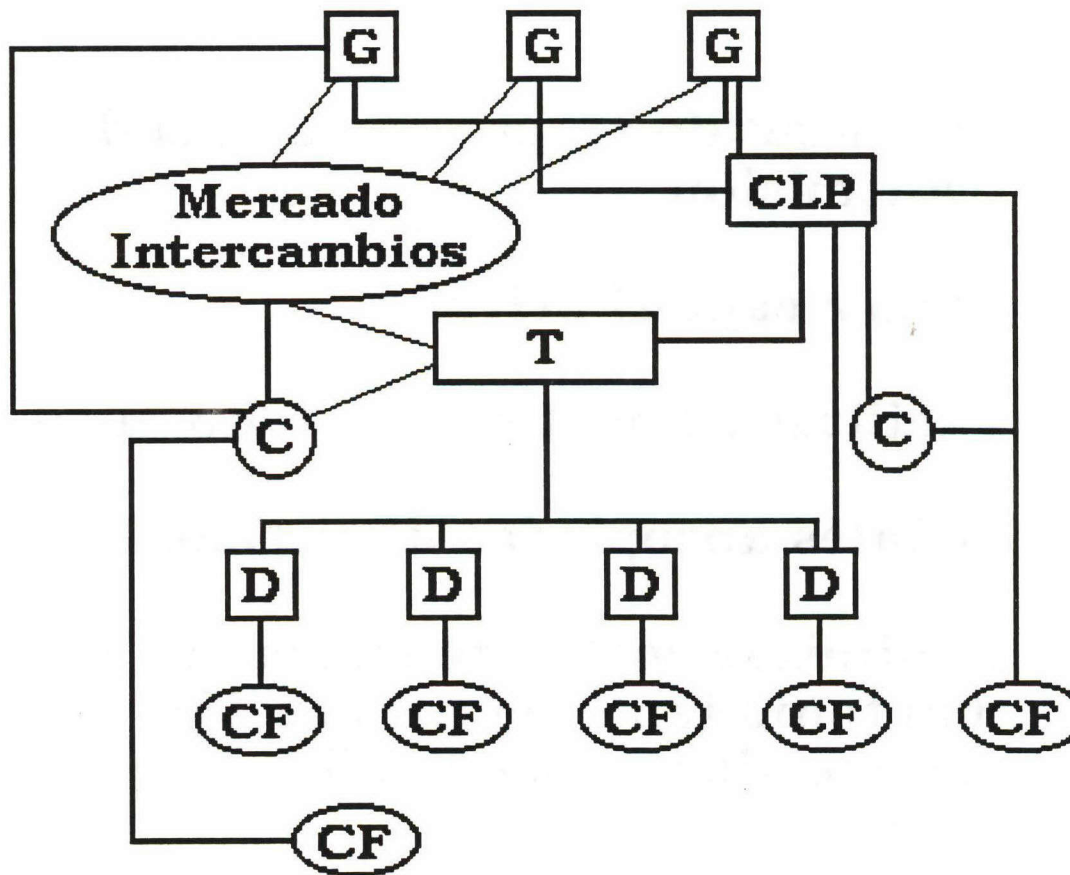
## Ventajas

- + Competencia en Generación
- + Despacho económico
- + Economías regionales
- + Aprovechamiento de la cogeneración
- + Competencia por comparación en D

## Desventajas

- Competencia limitada en la comercialización

# MODELO 5: Generación y Comercialización Abierta con Mercado de Corto Plazo



## Ventajas

- + Competencia en G y comercialización
- + Libre acceso a T y D
- + Despacho económico
- + Aprovechamiento de la cogeneración
- + Economías regionales

## Desventajas

- Modelo nuevo con experiencia limitada

## **Criterios de Evaluación para Determinar la Mejor Estructura del Sector Eléctrico**

- 1. Facilidad de acceso al sistema de transmisión**
- 2. Atraer capital privado**
- 3. Facilitar competencia a todo nivel**
- 4. Señales apropiadas de precios**
- 5. Minimizar costos de operación y mantenimiento en generación, transmisión y distribución**
- 6. Preservar economías de escala en transmisión y distribución**
- 7. Evitar regulación compleja**
- 8. Facilitar planeamiento de la inversión**
- 9. Minimizar costos de transacción**
- 10. Preservar el orden de mérito en el despacho**



- 11. Preservar confiabilidad del sistema**
- 12. Brinda responsabilidad clara presupuestaria**
- 13. Minimizar costos de transmisión y con facilidad de implantación**
- 14. Asegurar protección ambiental**

# Reformas en América Latina

## Implementadas

- Argentina
- Chile

## Bajo Implementación

- Colombia
- Perú
- Bolivia
- El Salvador
- Honduras

## Bajo Estudio

- Ecuador
- Uruguay
- Venezuela
- Guatemala



## Reformas en Asia del Sur

 **Implementadas**

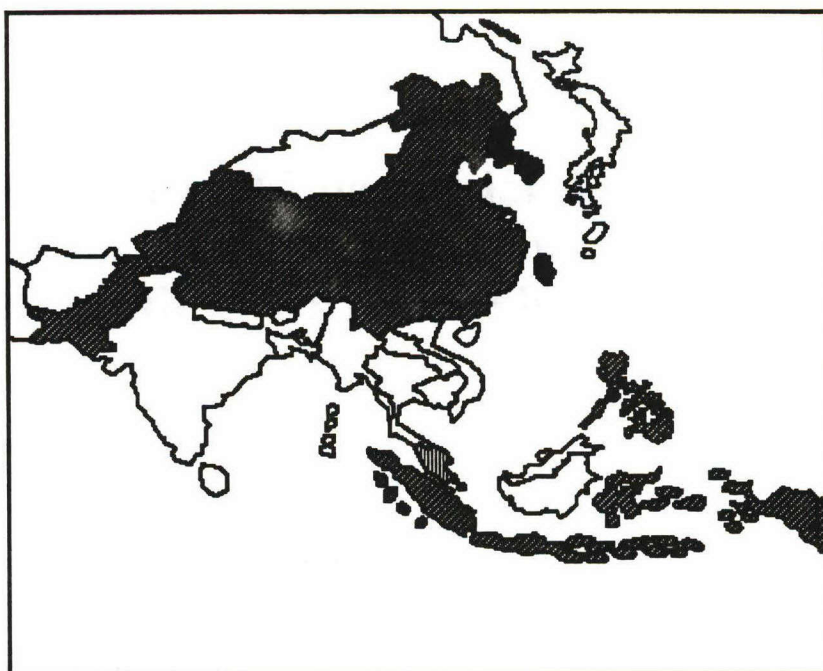
- Malaysia

 **Bajo Implementación**

-

 **Bajo Estudio**

- China  
- Indonesia  
- Pakistán  
- Philippines



**Conferencia Energética de América Latina y  
el Caribe (ENERLAC '93)**

**Junio 15 al 18 de 1993  
Santafé de Bogotá, Colombia**

**El Papel del Banco Mundial en el Financiamiento  
Futuro de las Inversiones en el Sector Eléctrico  
de América Latina y el Caribe**

**Presentación de**

**Luis E. Gutiérrez Santos  
Economista Senior  
Departamento de Industria y Energía  
Banco Mundial**

### **Objetivo de la Presentación:**

**Examinar la posible contribución del BIRF a las necesidades de expansión del sector eléctrico en ALA&C**

**Este objetivo puede entenderse de la siguiente manera:**

**¿Cuál puede ser el apoyo del Banco a AL&C para encarar el desafío del crecimiento previsto en la demanda de electricidad bajo las condiciones actuales en el sectores eléctricos de la Región?**

## **El problema puede plantearse como:**

- **El crecimiento previsto en la demanda de energía eléctrica en la presente década asciende al 4.5% por año**
- **El incremento en la capacidad de generación de 1990 al 2000 asciende a 65 GW bajo el escenario actual de precios —de 52 GW con una política económica de precios**
- **Los requisitos de inversión para enfrentar dicho crecimiento se sitúan en US \$20,000 millones por año**
- **La generación interna de fondos suministrara alrededor de 13 mil millones**

**Para examinar el aspecto financiero, es útil considerar los principales problemas por el lado de los costos y de los ingresos:**

## **Por el lado de los costos**

### **Generación:**

- **la disponibilidad promedio del parque térmico era inferior al 30% en la mayoría de los países de AL&C**
- **la disponibilidad del parque térmico de generación disminuyó en 20% en la última década**

### **Transmisión y Distribución:**

**Pérdidas crecientes de electricidad alcanzando en promedio el 17% en AL&C en 1990, y por encima del 30% en algunos países**

## **Por el lado de los ingresos**

**Tarifas por debajo de los costos marginales en la mayoría de los países de AL&C:**

- **Los esfuerzos para controlar la inflación, junto con los problemas de sobrevaluación del tipo de cambio, llevaron a una erosión de la tarifa real del más del 20% durante las décadas de los 70 y los 80**
- **Los costos de operación aumentaron más del 10% durante el mismo período.**

**Períodos de cobranza para algunos países de más de tres meses (3 veces por arriba del óptimo)**

## **Por el lado de los usuarios**

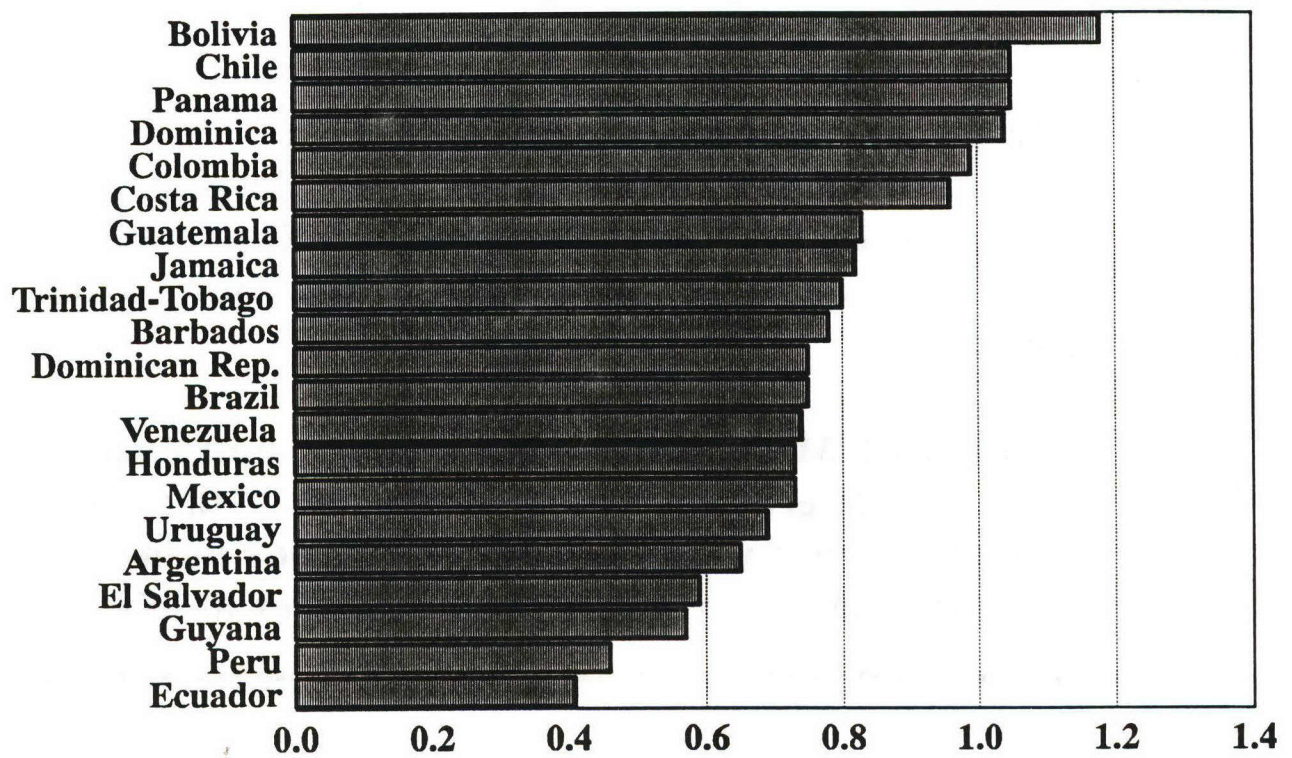
**Pérdidas por fallas y racionamientos**



**Con costos crecientes e ingresos decrecientes, la declinación constante en los recursos propios llevó al deterioro de la infraestructura del sector**

- **Tarifas por debajo de los costos de suministro llevo a déficits financieros y a posponer el mantenimiento y rehabilitación (M&R) necesarios para mantener en buen estado los equipos del sector.**
- **La falta de M&R contribuyo a elevar aun más los costos de operación, las pérdidas, las fallas en el abastecimiento y los racionamientos por un monto estimado de 10 mil millones de dólares al año.**

## Contribución de la Tarifa al Costo Marginal de Largo Plazo (Tarifas promedio de 1989)



## **Brecha Financiera**

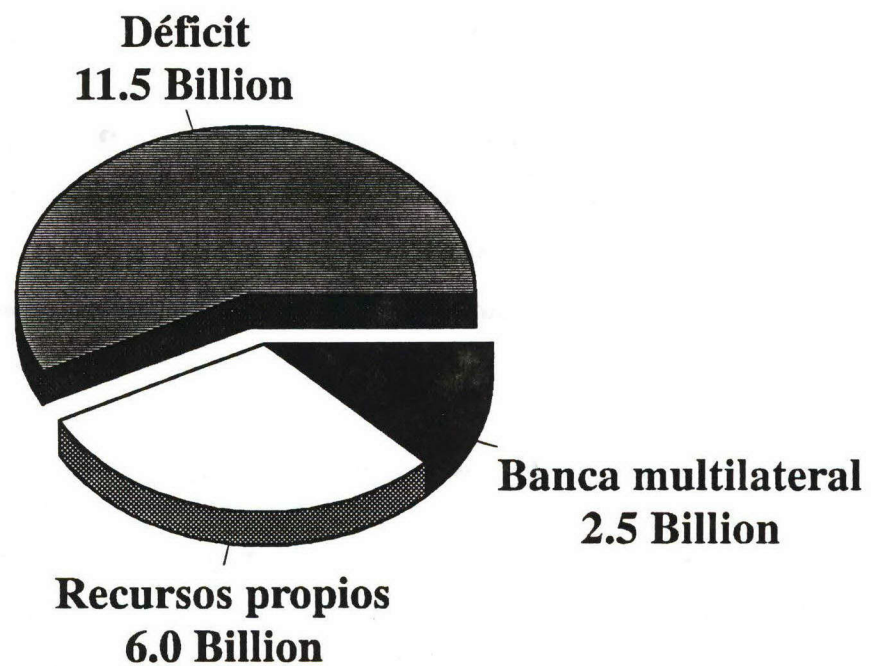
- **Financiamiento de los requisitos de inversión bajo el esquema actual (BAU) —considerando precios actuales, aportes de nuevos usuarios, y sin reformas sectoriales— llevaría a un faltante de US \$13 mil millones anuales**
- **El déficit disminuiría a \$5 mil millones considerando costos de eficiencia y tarifas basadas en costos marginales**

## **Contribución de la Banca Multilateral**

**La banca multilateral podría contribuir 2.5 mil millones de dólares dejando un déficit remanente entre \$2.5 a 10.5 mil millones al año**

## Fuentes de Recursos para Financiar la Inversión en AL&C

(Promedio anual para el período 1993-2000)



## **¿De donde puede provenir el capital remanente?**

**Una primera acción es la apertura del sector a la iniciativa y capital privado. Existen varias opciones de participación privada, algunas de la cuales podrían ser:**

- **Venta de activos**
- **Venta de acciones en la bolsas de valores (nacional o extranjera)**
- **Concesiones**
- **“Joint Ventures” entre las empresas domésticas y extranjeras**
- **Contratar afuera**
- **Apertura de la generación a los productores independientes y a los cogeneradores**
- **Apertura de la comercialización de energía a intermediarios**
- **Construir, poseer y operar (BOO), y/o construir, poseer, operar y transferir (BOOT)**

## **Nuevo Esquema Financiero**

**Esquema tradicional del financiamiento del sector eléctrico se ha terminado:**

- **El estado debe modificar su rol en el sector, dejando de ser empresario, financiador de ultimo recurso, fomentando las condiciones para la competencia, concentrándose en sus funciones de política energética, de promover la equidad social, de proveedor de servicios sociales, etc.**
- **Las empresas eléctricas deben actuar con criterios comerciales (gestión, precios, participación en los mercados de capital, etc.)**

**Requisitos para atraer la participación del sector privado:**

- **Tarifas económicas**
- **Reglas del juego claras**
- **Restricciones a la intervención arbitraria del gobierno**
- **Mercados de capitales doméstico**

## **Objetivos de la Participación del BIRF en el Sector Eléctrico**

### **Primero: Restaurar la eficiencia económica del sector:**

- por el lado de la oferta (eficiencia en la gestión empresarial, la operación y la expansión), y
- por el lado de la demanda (precios eficientes, y uso eficiente de la energía)

### **Segundo: Sostener la eficiencia económica (Sustainable)**

### **Tercero: Movilizar los recursos financieros necesarios:**

- Prestar solo aquellos países comprometidos a atacar los problemas estructurales del sector (Commitment Lending)
- Hasta donde sea posible, servir de catalizador para transferir recursos de otras fuentes.

## Conclusiones y Recomendaciones

- **Se requiere de un esfuerzo conjunto del gobierno, las empresas eléctricas, los inversionistas privados, los clientes y la banca multilateral para lograr de manera sostenida la eficiencia económica y el acceso a los recursos al sector eléctrico**
- **El gobierno deberá retirarse como productor y empresario del sector creando espacio para la gestión autónoma de las empresas y la participación del sector privado**
- **El estado deberá promover la competencia donde sea posible (generación y comercialización), y aislar las áreas donde prevalezca el monopolio natural (regulación transparente de la transmisión y distribución)**
- **Las tarifas deberán alinearse con sus costos económicos, los subsidios cruzados deberán eliminarse, y los subsidios necesarios deberán ser transparentes y financiados de la hacienda pública**
- **La banca internacional de desarrollo deberá examinar e implementar nuevos instrumentos financieros acordes con la nueva realidad del sector, tales como “enhanced cofinancing”, absorber parte del riesgo del inversionista privado, suscribir la emisión de acciones y valores, de prestar a la empresa privada durante el período de transición.**



1ENPD-DIS-CEW

(Congruence on Independent  
Power & Project Finance)

Back to office  
report

THE WORLD BANK/IFC/MIGA

# Office Memorandum

DATE: June 29, 1993

TO: Mr. Karl Jechoutek, Chief, IENPD

FROM: *Herman Garcia*  
Herman Garcia, Principal Power Engineer, IENPD

EXT.: 38662

FAX: 70542

SUBJECT: **1993 Conference on Independent Power and Project Finance**  
**Back-to-Office Report**

1. In accordance with Terms of Reference dated June 18, 1993 I attended the 1993 Chadbourne and Parke (C&P) Conference on Independent Power and Project Finance<sup>1</sup>. The Conference attracted a large number of developers and investment bankers, as well as their lawyers and consultants. The Conference focus was largely on investment opportunities abroad. I acted as a panelist in a panel called "Global and Country Perspectives". Mr. Apinya Suebsaeng represented IFC in a panel called "Endless Horizons: The Lure of Overseas Development". Two speeches: one by a developer involved in China ("A World of Difference: Financing Foreign vs. Domestic Projects"), and the other made by the former US director of the ADB, complemented the sessions on foreign investments.

2. As agreed with the organizers and you, I made a presentation entitled "Private Power in Developing Countries: the Enabling Environment". It focused on power sector reform and the Bank's efforts toward providing a sustainable framework for increasing participation of the private sector in developing countries. Presentations made by some developers convinced me that the focus was well chosen. They painted a gloomy picture of efforts and money spent in their quest to grab opportunities abroad in which success is the exception rather than the rule. I noted some degree of skepticism about the real possibilities of making businesses abroad --mainly in Asia-- and growing fears of getting burned on closed deals.

3. The message I tried to convey to the audience was: (i) investment opportunities exist, and are increasing every day, (ii) most of difficulties arise from lack of clear rules of the game, and (iii) it is in everybody's interest to work on the setting up of clear and stable legal and regulatory basis for private power. From comments made during the panel discussions and social events, I believe the presentation was well received. I attach for your information a copy of my presentation, the list of participants and the agenda.

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<sup>1</sup> C&P is a large firm specialized in regulatory matters and project finance that has become very active in the international power market. It has offices in the D.C., New York, Los Angeles, Dubai and Moscow.

attachments

cc: Messrs./Mmes

Stern (IENDR), Byer, Besant-Jones, Cordukes, Ferroukhi, Vedavalli, Del Buono, Gilling (IENEP), Christie (AF1IE), Hindle (AF2PE), Sarris (AF3IE), Smith (AF4IE), Cook (AF6IE), Thiam (AFTPS), Nayyar (EA1IE), Newfarmer (EA2IE), Scherer (EA3IE), Temple (SA1EI), Bauer (SA2EG), Ljung (SA3EI), Batzella (EC1IE), Montfort (EC2EE), Brown (EC3IV), Lallement (EC4IN), Etori (MN1IE), Bhargava (MN2IE), Ettinger, Waldrop (LA1EI), Staab (LA2IE), Challa (LA3TF), Sanchez (LA4IE), Schenk, Hay, Bakovic (IENPD), Moscote (LATAD), Luzuriaga (LA2IE),

**Chadbourne & Parke 1993 Conference  
on Independent Power and Project Finance  
(Pebble Beach, California, June 24-25, 1993)**

**Private Power in Developing Countries:  
The Enabling Environment**

**Hernan Garcia  
The World Bank**

*The analysis and views expressed herein are the exclusive responsibility of the author and cannot be attributed to the World Bank, its affiliated organizations or others working in those organizations.*

## PRIVATE POWER IN DEVELOPING COUNTRIES: THE ENABLING ENVIRONMENT

*"...three pieces of advice to anyone trying to enter the [power] international market for the first time: first, get your head examined; second, get your checkbook examined; third: get your head examined"* , (Robert Carter, CEO, Panda Energy Corp., at the Eight Annual Cogeneration & Independent Power Market Conference, New Orleans, March 22-23, 1993)

Though a few developers and investment bankers have successfully capitalized on power sector investment opportunities available in developing countries I have noted a sense of frustration among some of those who have approached the World Bank. "Promises", we are told, turned to be "empty promises". Realization of deals, we are told, has proven elusive, because of bureaucracy, because of lack of clear rules of the game and transparency in the processes, and, occasionally because of corruption.

In my opinion the invitation for private sector participation is very real and getting stronger. But making the changes needed for providing a permanent foundation for an investment environment is a long and sometimes painstaking process. I will briefly refer to the Bank's approach to getting these changes made as a means to comply with our basic mandate of fostering development by facilitating the investment of capital for productive purposes.

### **The Bank's evolving role in power lending**

The power sector has been traditionally the major recipient of Bank loans totalling, in particular years, between 15-30% of total Bank lending. Additionally, because of its comprehensive technical, economic and financial appraisal procedures, the Bank has played a catalytic role in attracting other multilateral, bilateral and commercial finance to Bank supported projects. During the 1960s and the 1970s, the Bank was a major player in expanding electricity supply in most of the developing countries. Lending was mostly in support of state-owned monopoly power utilities. During the 1980s the Bank's lending strategy was aimed at improving sector efficiency and financial performance by encouraging least-cost planning, sound pricing policies and strengthening of power utilities through institution building programs.

Despite impressive expansion of power systems, the traditional reliance on public monopolies has resulted in inefficient use of resources and wrong pricing policies. Global evaluations show that the overall technical, institutional, operational and financial performance of power utilities in most developing countries has lately deteriorated. Moreover, the power sector has become a major contributor to weak macroeconomic performance and external debt problem of developing countries, which renders uncertain their ability to fund investments at a time when international lending capacity is becoming more and more scarce.

Power Sector Reform, strongly recommended by the Bank as part of the macroeconomic dialogue with many developing countries, has become a central piece of a broader fiscal reform that try to correct the detrimental effect of unnecessary state intervention in too many areas of the economy. Power Sector Reform aims at separating the roles of the government as policy maker, regulator and owner of public utilities and entails improving legislation, issuing regulations, setting up regulatory authorities, and implementing corporate reform for the existing utilities. The latter actions often includes decentralization, corporatization, divestment and privatization. The whole range of actions provides ample opportunities for private sector participation, both local and foreign.

## **The Investor Perspective with Regard to the Power Sector**

Though attracting foreign capital is not anymore a political option but an economic necessity, capital inflow to developing countries has been limited because investing abroad entails higher than normal risks. From conversations with potential developers, I conclude that, in assessing risk factors, developers and their bankers look at the following three factors:

- first: the country's overall political stability
- second: the **macro environment** and the extent to which it favors foreign capital inflows (macroeconomic policy, foreign investment laws and protection, tax codes, foreign exchange regulations and constraints, labor laws, etc)
- third: performance of the **sector environment** (legal and regulatory framework, regulatory body, arbitration/litigation procedures, etc).

Though the matter of political stability is beyond anybody's control, the World Bank is interested in improving both the macro and the sectoral environments. Regarding the **macro environment**, the Bank has been deeply involved in promoting economic reform through a "market-friendly" approach that calls for macroeconomic stability, competitive microeconomy, openness to trade as well as less government intervention in the areas where markets work. With regard to the **sector environment**, the Bank's action focus on the interrelated institutional, regulatory and financial reform issues that are essential in improving power sector performance. I am convinced that by addressing these issues we are creating and/or consolidating a sound enabling environment for a higher degree of private sector involvement.

### **Fostering private sector involvement in the power sector in developing countries**

As a result of policies which aim to improve the way of doing business in the power sector, the Bank, at the end of 1992, issued revised guidelines for power sector lending. These guidelines condition Bank involvement to a clear movement on the part of the borrowing country towards:

- (i) the establishment of transparent regulatory processes, independent from power suppliers and free from political interference,
- (ii) commercialization and corporatization of public utilities,
- (iii) providing favorable conditions for private sector participation.

Clear regulations will contribute to opening competition and avoid arbitrary decisions. The transformation of existing utilities to commercially oriented companies will result in fair access to markets and avoiding monopolistic practices. Opening the sector to participation of private ventures will improve the sector efficiency. Together, the above principles are expected to provide opportunity and security to investors and protection from monopoly power to consumers. I believe that the gradual materialization of these principles will provide sound and stable basis for investing in business abroad.

Existing lending instruments are being used as vehicles to support the above reforms. At a macro level, Structural Adjustment and Public Sector Reform Operations contains elements of reform in support of the above agenda. At a sectoral level the Bank processes technical assistance loans, project-related loans and sector adjustment operations. These operations usually contain power sector reform components. Lending conditions provide leverage to foster the reforms. Additionally the Bank is exploring new lending instruments through Intermediary Financial Institutions, Private Sector Energy Development Funds and the Credit Enhancement Operations in

support of privatization schemes. Also, the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, is strengthening its role of promoting foreign investments in developing countries by providing guarantees against political risks to small and medium-size investments.<sup>1</sup>

### **Widening the Range of Investment Opportunities**

The sense of frustration that I referred to initially is due in part to the complex arrangements required for the investment opportunities currently in place, mostly BOO and BOT schemes. These schemes require working out various agreements (typically loan, power purchase, land, fuel, and implementation, agreements) and putting in place the financial and security risk packages. These arrangements are necessary when a power utility (usually a vertically integrated utility) calls for private bids for power generation.

I foresee that the range of opportunities will progressively widen with the application of vertical separation in the industry structure and regulatory systems that consider generation a non-monopolistic activity and allow third party access to transmission grids. In those cases, which are emerging (Argentina, Chile, Peru, possibly Colombia), competition in generation would be totally open and investors would enter at their own risk. Other opportunities will come from privatization of distribution and transmission facilities. The risk associated with competition, though, may entail greater reluctance from foreign investors. Apart from assessing political stability, the foreign investor will "sit and wait" for signals that regulations work properly. Efforts to build up local financial markets and "popular capitalism" (e.g. through the privatization of social security) will help to increase the links which contribute to stabilizing the legal and regulatory framework.

### **Concluding remarks**

A few developing countries have privatized their power utilities. The number of countries that have introduced reforms or are considering the introduction of reforms grows continuously and so will grow the opportunities for doing business abroad. Though most privatization projects currently available are BOO and BOT schemes, privatization of power activities may take many forms, from traditional cofinancing to radical privatization by the sale of assets. All of them have the potential for bringing increased efficiency to the sector. Despite different risk levels, all of them would benefit from the stability provided by establishing clear rules of the game. I expect that modern regulations, once in place --and proven-- will increase the range of investment opportunities by increasing competition.

Sector reform that would provide stability, however, is not around the corner everywhere. Because of traditions that consider electricity a strategic commodity and power supply a state obligation, and because of the political implications of doing changes, reforms take time, specially when democracy prevails and building consensus is a pre-requisite. I understand the urge of developers to close a deal, even if open and transparent bidding processes do not exist. However, to guarantee sustainability, I believe it is strongly in the interest of developers to ensure that the political and regulatory framework of the power sector is firmly in place before aggressive project development techniques are deployed.

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<sup>1</sup> The role of IFC (International Finance Corporation) is discussed in a separate presentation by Mr. Apinya Suebsaeng.

## **Power Sector Reform**

### **MOST PREVAILING CURRENT STRUCTURE**

- Government-owned vertically integrated monopoly
- Pricing and policies decided by government
- High degree of intervention in planning, investment decisions and day-to-day corporate matters
- Political interference

### **OBJECTIVES OF THE REFORM PROCESS**

- Separation of roles of the government,
  - as policy maker
  - as regulator
  - as owner of public utilities
- Issuing of legislation and/or regulations
- Implementation of corporate reform
- Permitting private sector involvement

### **THE STATE OBJECTIVES FOR THE SECTOR**

- Ensure electricity supply in amounts, quality and prices that would serve as motor for economic development, while preserving the environment
- Foster efficiency by stimulating competition and permitting private sector participation
- Regulate monopolistic elements
- Deregulate non-monopolistic elements
- Ensure that prices reflect economic costs

### **REGULATORY PRINCIPLES (ISSUING OF LAW, REGULATIONS SOMETIMES IS REQUIRED).**

- The search for economic efficiency
- Foster competition
- Apply market principles to the extent possible
- Regulate non-competitive activities
- Deregulate competitive activities
- Permit private sector participation

### **ESTABLISHMENT OF THE REGULATORY AGENCY**

#### **Define functions**

- Control of the regulatory system
- Ensure competition
- Review cost structures and levels for regulated activities
- Approve rates for regulated activities
- Supervise compliance with quality of service standards
- Resolve disputes (first instance)
- Prepare and recommend modifications to the regulatory system

#### **Define structure and staffing**

- Proper degree of autonomy ( e.g. avoid arbitrary dismissal of members, avoid interference with managerial matters with utilities)
- Qualifications of staff
- Technical support
- Training



## Ways to bring the Private Sector into the Power Sector

**Borrowing.** This can be in the form of non-recourse or limited-recourse financing of specific projects or through the sale of bonds or other forms of securities by the utility without government guarantee. Terms can be fixed, floating, or "mezzanine" (that is, between debt and equity). Repayment may be in the form of cash or counter-trade commodities.

**BOT (Build-Own-Transfer).** This provides financing only through the construction period but may also include a fixed price provision that reduces the purchasing utility's financial exposure. In BOT projects, private-sector sponsors--make equity investments (typically 10 to 30 percent of the total project cost) in a private project company that will build the project, operate it long enough to pay back the project debt and equity investment, and then transfer it to the host government. The project company raises debt financing (typically 70 to 90 percent of project costs) from commercial sources.

**BOO (Build-Own-Operate).** Private ownership and operation of facilities with sale of energy or services (such as transmission) to the public utility. Variations include:

- **BOOT (Build-Own-Operate-Transfer).** The plant is sold to the utility after an initial period of operation.
- **BOO with a "take-or-pay" provision.** Operation and responsibility for maintenance remain in the hands of the owner, but the utility absorbs the commercial risk.

**IPP (Independent Private Power).** Facilities that are stand-alone, privately-owned and operated electric power plants that sell bulk power to the public service grid.

**Cogeneration.** The production of electricity from non-public service plants for own use and sale to the grid.

**Leasing equipment or installations.** Ownership is private but the plant is operated by the utility. BLT (Build-Lease-Transfer) is a variation under which the private sector builds the plant, leases it to the government owned utility and after a period of time transfers full ownership.

**Privatization** of parts or all of a utility's system, including the sale of existing assets and the partial or total sales of shares owned by the State.

**Service contracts.** These can range from: (a) a management contract under which a private firm takes responsibility for overall management of a publicly owned utility, generally under terms which give it clear incentives to increase efficiency, to (b) contracts for more narrowly defined services such as maintenance of a given plant or type of equipment or billing and collection in a specified area.

## **Credit Enhancement Instruments**

The World Bank introduced the **Expanding Cofinancing Operations (ECO)** program, in 1989. Under the ECO program the Bank can provide guarantees in support of borrowings by client countries.

The ECO program is intended to catalyze, through the use of World Bank guarantees, private financial flows into projects in developing countries, and to enhance the access of developing countries to international financial markets. ECOs are designed to attract new sources of finance, reduce costs, and extend maturities by moderating the risk to the lenders. Lenders can also take advantage of some favorable regulatory treatment with ECO-supported financing. In some instances, ECOs would complement Bank lending, serving as a catalyst for additional financing for projects financed through direct Bank loans. In other instances, ECOs would enable the member countries to attract financial support for projects to which the Bank is not lending directly. These "stand alone" operations would be especially important in privatization and private sector development projects.

The ECO program is particularly well-suited to the financing of large infrastructure projects. While these will primarily be projects linked to regular World Bank lending operations, the Bank now has the flexibility of providing ECO guarantees for private sector projects, even when there is not an accompanying direct World Bank loan. Governments, government-owned entities, and privatized or private sector entities are all eligible to receive credit enhancement under the ECO program. As with direct Bank loans, however, the World Bank is required to receive a counter-guarantee from the member government if the guarantee is made to a borrowing entity other than the government. In effect, the government sanctions the importance of a project by providing such a counter-guarantee.

The ECO program is managed by the World Bank's cofinancing and Financial Advisory Services Project Finance Group (Nina Shapiro, Manager).

*Source: The ECO Program. Expanded Cofinancing Operations. The World Bank. November 1992*

## Foreign Direct Investment and MIGA's Role

The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, commenced operations in April 1988 to promote private foreign direct investment for economic development in its member countries. MIGA does this by:

- Guaranteeing investments made by foreign investors against political risks in developing member countries.
- Providing promotional and advisory services to assist member countries in creating an attractive climate for private foreign direct investment.

Through its investment guarantee program and its promotional and advisory services, MIGA promotes the flow of private investment resources to developing countries for productive purposes. Private foreign direct investment brings in capital, generates employment, and is an important means of facilitating technology transfer and foreign market access. Through training of local staff, foreign direct investment helps diffuse product and process technologies and enhances local management and marketing skills as well. Thus, flows of investment resources into developing countries help fuel economic growth and development. Developing countries are increasingly recognizing the myriad benefits of foreign direct investment, and today most countries welcome foreign investment as a valuable addition to domestic investment.

The global environment for investment has undergone significant change in the last few years. Many developing countries have emerged from the stagnation and decline of the 1980s and resumed positive real growth. The general policy environment in many of these countries has also become more favorable toward foreign direct investment, with the adoption of more pragmatic attitudes that are conducive to private investment.

MIGA's role in promoting the flow of investment resources to developing countries is unique in that MIGA directly assists both investors and host country governments. The changing environment for foreign direct investment--and the concerns it arouses in prospective investors--is affecting MIGA in two ways:

- Foreign investors are clearly concerned with reducing the risks and uncertainties associated with prospective projects in developing countries. This concern is evidenced by the growing number of inquiries and applications MIGA receives for its political risk insurance coverage.
- Developing countries have become more acutely aware of the implications of the increasingly competitive environment for attracting or retaining foreign investment. More governments realize that they must promote their business opportunities with foreign investors and reform inappropriate national policies, unsound financial and economic laws and regulations, and ineffective institutions. The result has been a growing demand for MIGA's promotional and advisory services.

MIGA also has a unique role to play with other members of the World Bank Group as they increasingly focus on strengthening the contributions of the private sector to economic growth and development. MIGA's staff have broadened and deepened their involvement with other parts of the Bank Group in the past year. MIGA often consults with staff of the World Bank, IFC, and the International Centre for Settlement of Investment Disputes on specific economic, technical, legal, and environmental questions and is increasingly consulted by them on the design of private sector initiatives.

## Bank Support for Power in India

Early World Bank support to the power sector in India was directed to individual utilities. In 1965-75, the Bank sought to address broader issues through loans to government agencies which lent to State Electricity Boards (SEBs) for transmission and rural electrification projects in their states.

When the government created the National Thermal Power Corporation (NTPC), the Bank concentrated its support in operations with NTPC as the beneficiary. Between 1977 and 1987, \$4 billion of loans and credits for 13 projects made the new agency the largest beneficiary of Bank lending worldwide.

In 1983, seeing that the NTPC projects were not leading to the fundamental changes needed in the sector--in particular, higher efficiency and more economic tariffs in the SEBs--the Bank began lending to well-managed SEBs and the private Tata Electric Companies in parallel with NTPC.

From 1987 on, the Bank stopped direct lending to the public power companies and SEBs. Instead it has supported private utilities and, through a financial intermediary for the power sector, public utilities with good performance.

Recently, the government has implemented the following reforms:

- **Established the Powergrid Corporation**, a transmission company and grid operator, to operate a national grid to improve efficiency in power transmission and system operations. NTPC is now a generating company only, having devolved its transmission operations on to Powergrid.
- **Further opened the sector to private investment** in generation, transmission, and distribution.
- **To encourage reforms in the SEBs**, established the Power Finance Corporation to lend to SEBs that implement action plans, endorsed by their state governments, to improve resource mobilization and operational efficiency.
- **Adopted new investment and commercial policies and electricity tariffs for NTPC**. The policies, approved (October 1992) after prolonged dialogue with the Bank, are designed to improve NTPC's operational and financial performance and help it recover its costs, while also promoting reforms by SEBs.

**CHADBOURNE & PARKE  
CONFERENCE ON  
INDEPENDENT POWER  
AND PROJECT FINANCE**

**1993**

**JUNE 23-25, 1993**

**The Inn at Spanish Bay  
Pebble Beach, California**

**AGENDA**

**WEDNESDAY, JUNE 23**

4:30 P.M.

**Conference registration begins**

Group Hospitality Desk  
(off the Lobby near  
The Ballroom)

7:00 P.M.-11:00 P.M.

**Opening dinner reception  
and wine tasting**

St. Andrew's Ballroom

# AGENDA

## THURSDAY, JUNE 24

7:00 A.M.

**Conference registration continues**

Group Hospitality Desk

7:30 A.M.—9:00 A.M.

**Continental breakfast available**

The Gallery

8:30 A.M.

**Opening remarks and welcome**

The Ballroom

Rigdon H. Boykin  
Chadbourne & Parke

8:45 A.M.

**Signs of Maturity: Restructuring  
and the Secondary Market**

Moderator: Keith W. Kriebel  
Chadbourne & Parke

Panelists: Matthew J. Chanin  
Prudential Power Funding Associates

Jody S. London  
California Public Utilities Commission

Stephen R. Wright  
Destec Energy, Inc.

9:30 A.M.

**Briefing: Anti-NUG Efforts**

Erik J. Swenson  
Chadbourne & Parke

9:45 A.M.

**Endless Horizons: The Lure of  
Overseas Development**

Moderator: Rigdon H. Boykin  
Chadbourne & Parke

Panelists: Larry N. Frost  
Duke Energy Corp.

Apinya Suebsaeng  
International Finance Corporation

# AGENDA

**THURSDAY, JUNE 24** *(continued)*

Panelists: James R. Traa  
LG&E Power Systems, Inc.

~~John B. Wing~~ *Parker*  
Wing-Merrill Group Ltd.

10:45 A.M.

**Break**

11:00 A.M.

**Briefing: Energy Tax Update**

Keith Martin  
Chadbourne & Parke

11:15 A.M.

**Global and Country Perspectives**

Moderator: Robert J. Bohme  
Chadbourne & Parke

Panelists: Artono Arismunandar  
Ministry of Mines and Energy,  
Republic of Indonesia

Hernan Garcia  
World Bank

Sanjay Khettry  
Barclays Bank

12:15 P.M.

**Buffet lunch**

The Gallery/Ballroom

1:30 P.M.

**Organized activities or at leisure**

(see sign-up sheets in  
The Gallery)

7:00 P.M.

**Mexican Fiesta/Western Night**  
(first buses depart from Lobby)

Holman Ranch

8:00 P.M.

**Mexican Fiesta/Western Night**  
(late buses (golfers) depart from Lobby)

# AGENDA

**FRIDAY, JUNE 25**

8:00 A.M.–9:30 A.M.

**Continental breakfast available**

The Gallery

8:45 A.M.

**Featured Speaker**

Victor H. Frank  
Former U.S. Director of the  
Asian Development Bank  
(with the rank of Ambassador)

9:30 A.M.

**Powerful Connections: Transmission  
After the Energy Policy Act**

The Ballroom

Moderator: Lynn N. Hargis  
Chadbourne & Parke

Panelists: Bernard H. Cherry  
Oxbow Corporation

Paul Dragoumis  
Potomac Electric Power Company

Bruce S. Edelston  
Edison Electric Institute

10:30 A.M.

**Briefing: Environmental Update**

Russell S. Frye  
Chadbourne & Parke

10:45 A.M.

**A World of Difference: Financing Foreign  
vs. Domestic Projects**

Thomas R. Gibian  
Goldman, Sachs (Asia) Limited

11:15 A.M.

**Break**

11:30 A.M.

**Briefing: Tax Tips**

William G. Cavanagh  
Chadbourne & Parke



# AGENDA

## FRIDAY, JUNE 25 *(continued)*

11:45 A.M.

### **The Future Face of Power Generation in the U.S.**

Moderator: John B. O'Sullivan  
Chadbourne & Parke

Panelists: Dennis W. Bakke  
The AES Corporation

Roland J. Jensen  
NRG Energy, Inc.

Arthur S. Nislick  
Community Energy  
Alternatives Incorporated

12:45 P.M.

### **Buffet lunch/box lunches for golfers**

The Gallery/Ballroom

1:30 P.M.

### **Organized activities or at leisure**

(see sign-up sheets in  
The Gallery)

7:00 P.M.

**Dinner**  
(first buses depart from Lobby)

Monterey Bay Aquarium

8:00 P.M.

**Dinner**  
(late buses (golfers) depart from Lobby)

**CHADBOURNE & PARKE  
CONFERENCE ON  
INDEPENDENT POWER  
AND PROJECT FINANCE  
1993**

**JUNE 23-25, 1993**

**The Inn at Spanish Bay  
Pebble Beach, California**

**ATTENDANCE  
LIST**

Howard J. Affinito, Esq.  
Assistant General Counsel  
**Westinghouse Electric Corporation**

Mr. Dennis W. Bakke  
President  
**AES Corporation**

Mr. Grant Ahearn / Cindy Ahearn  
Vice President  
Project Finance  
**Union Bank**

Mr. L. Douglas Barba  
Senior VP & General Manager  
Project Finance  
**Catamount Energy Corp.**

Carlos E. Alfaro, Esq. / Liliana Alfaro  
Partner  
**Allende & Brea S.A.**

Mr. Joel G. Bates  
Vice President  
Corporate Development  
**Brown & Root, Inc.**

Mr. Artono Arismunandar  
Director General for  
Electricity and Energy Development  
**Ministry of Mines and Energy, Republic of  
Indonesia**

Mr. Steve Berry  
Power Generation Manager  
**British Gas Plc**

Mr. Lee Atkins  
Vice President, Finance  
**CSW Energy, Inc.**

Mr. Thomas P. Bispham  
Managing Director  
**Bear, Stearns & Co. Inc.**

Mr. Nadeem Babar  
Vice President  
**First Boston Corporation**

Joseph D. Bizzano, Jr., Esq. / Nancy Bizzano  
Vice President  
Secretary and General Counsel  
**NRG Energy, Inc.**

**CHADBOURNE & PARKE 1993  
CONFERENCE AT PEBBLE BEACH, CA**

Mr. James S. Brown  
Vice President - Finance  
**Westmoreland Energy, Inc.**

Mr. William H. Chew  
Managing Director  
**Standard & Poor's Corporation**

Mr. Vaughn Buck / Nancy Edwardes  
Vice President  
**Canadian Imperial Bank of Commerce**

David W. Clark, Esq. / Sally Clark  
Assistant Counsel  
**Oxbow Corporation**

John E. Buehler, Jr., Esq. / Debbie Buehler  
Vice President and General Counsel  
**Energy Investors Funds**

Mr. Mark S. Comora / Arlene Comora  
President  
**Commercial Union Capital Corporation**

Mr. Robert Carter  
Chairman  
**Panda Energy Corporation**

Mr. Douglas H. Cortez  
President  
**Fluor Daniel Development Corporation**

Ms. Janice Carter  
Executive Vice President  
**Panda Energy Corporation**

Mr. Frank Costanza  
Vice President, Development  
**UtilCo Group Inc.**

Mr. Matthew Chanin  
President & CEO  
**Prudential Power Funding Associates**

Ms. Anne K. Costin  
Vice President-Group Head  
**Citibank**

Mr. Mike Chapin  
Vice President - Project Development  
**Inland Pacific Energy Corp.**

Mr. Richard F. Cromer / Diane Cromer  
President and Chief Operating Officer  
**Continental Energy Services, Inc.**

Ms. Andrea Chase  
Vice President  
**Commercial Union Energy Corporation**

Mr. J. Donald Dacey  
Vice Chairman  
**Falcon Seaboard Resources, Inc.**

Mr. Bernard H. Cherry / Rae Cherry  
President  
**Oxbow Corporation**

Mr. Howard Davidson  
Director  
**Salomon Brothers Hong Kong Limited**

Mr. Robert H. Day / Jill Day  
Director  
Corporate Banking Division  
**Barclays Bank PLC**

Mr. Paul Dragoumis  
Executive Vice President  
**Potomac Electric Power Company**

Mr. Lindley G. DeGarmo / Sarah Finlayson DeGarmo  
Director  
**Salomon Brothers Inc**

Mr. Joseph D. Durkan  
Senior Vice President  
Project Finance  
**Sumitomo Bank, Limited**

Mr. Reynolds Delgado / Vicki Delgado  
Vice President  
**Stone & Webster Management  
Consultants Inc.**

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Managing Director  
Investment Banking  
**Donaldson, Lufkin & Jenrette**

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Senior Vice President  
**Barclays Bank PLC**

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Mr. Kirk Edelman / Kate Edelman  
Vice President  
U.S. Corporate Banking Group  
**Bank of Tokyo Trust Company**

Mr. David H. Dewhurst  
Chairman and Chief Executive Officer  
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Mr. Bruce S. Edelston  
Director, Bulk Power Policy  
**Edison Electric Institute**

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Associate  
Project Finance Department  
**Credit Suisse**

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Energy Capital Services  
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Senior Vice President  
& Chief Financial Officer  
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International Markets  
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Executive Vice President  
Corporate Development  
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Assistant General Counsel  
Legal Department  
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Director, Business Development  
**Ahlstrom Development Corporation**

Mr. Hernan Garcia / Sylvia Garcia  
Power Dev., Efficiency & Household Fuels Div.  
Industry and Energy Department  
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Gerente de Asuntos Jurídicos  
Subdirección de Finanzas  
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Ms. Jody London  
**California Public Utilities Commission**

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**Beacon Group**

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Director, Energy, Materials &  
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Mr. Arthur Nislick / June Nislick  
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Vice President  
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**AES Sonat**

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Project Finance Advisory Group  
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**Mission Energy Company**

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Project Director  
**AES Corporation**

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Vice President, Marketing  
**Enserch Development Corporation**

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Vice President  
of Business Development  
**Sithe Energies USA, Inc.**

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Vice President of Finance  
**CMS Enterprises Company**

Mr. Richard Stone / Mary Stone  
Project Vice President  
**Wheelabrator Environmental Systems Inc.**

Mr. Charles R. Walker  
Director, Project Finance  
**Allstate Insurance Co.**

Mr. Apinya Suebsaeng / Parita Suebsaeng  
Principal Investment Officer  
Infrastructure Department  
**International Finance Corporation**

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**Prudential Power Funding Associates**

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First Vice President  
**Union Bank of Switzerland**

Mr. Raymond F. Weber / Gay Weber  
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**Heller Financial, Inc.**

Mr. Jay C. Tapp / Leslie McGrath  
President  
**AES Southwest Development Corp.**

Stephen E. Wieler, Esq.  
Assistant General Counsel  
**Prudential Power Funding Associates**

Mr. W. Brad Winegar / Suellen Winegar  
Vice President  
Corporate Finance  
**Prudential Power Funding Associates**

Mr. Robert M. Zulandi / Ann Marie Zulandi  
Senior Vice President  
**LG&E Development Corporation**

Mr. John B. Wing  
Chairman  
**Wing-Merrill Group Ltd.**

Mr. Randy Zwirn  
**Westinghouse Electric Corporation**

Mr. Ken Woodcock  
Senior Vice President  
**AES Corporation**

Mr. Mark Woodruff  
Project Manager  
**AES Corporation**

Stephen R. Wright, Esq. / Jan Wright  
Vice President, General Counsel  
**Destec Energy, Inc.**

Mr. J.D. Wright / Janet Wright  
Chief Financial Officer  
**Panda Energy**

Allen S. Wuchenich, Esq. / Mina Wuchenich  
Associate General Counsel  
**Westinghouse Electric Corporation**

Mr. Martin Young  
Senior Vice President & CFO  
**Falcon Seaboard Resources, Inc.**

Mr. John R. Zanot / Jo An Zanot  
President  
**PowerLink Corporation**

1ENPD-DIS-CEW - general

(conference on Independent Power  
& Project Finance.)

# Office Memorandum

**DATE:** June 18, 1993

**TO:** Mr. Hernan Garcia, Principal Power Engineer, IENPD

**FROM:** Karl Jechoutek, Chief, IENPD *for [Signature]*

**EXT.:** 38662

**FAX:** 70542

**SUBJECT:** 1993 Conference on Independent Power and Project Finance  
Terms of Reference

On June 23, 1993 you should travel to Monterrey, California, for a stay of two days to attend the 1993 Conference on Independent Power and Project Finance where you are expected to make a presentation on "Private Power in Developing Countries: The Enabling Environment".

cc. Kim (IENPD)

HGarcia:cl

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

IENPD - DYS - CR - Honduras - CR  
2306

IENPD - DIS - C&W - ENR/LCA  
conferencia

June 11, 1993

Mr. Paolo Oberti  
Resident Representative  
United Nations  
Tegucigalpa, Honduras

Re: Hon/85/003/K/01/42

Dear Mr. Oberti:

On his return from Honduras, Mr. Stein informed me that he had discussed with you the authorization of the travel of the Honduran participants to the ENR/LCA conference, using the funds available under the above project. However, based on your fax to Mr. Stein dated June 8, 1993, it seems that the project has been closed and the funds canceled. As the Bank's specialist, handling the petroleum subsector component of Credit 2306-HO, and as task manager of the above project, Mr. Stein has asked me to look into the matter.

You may recall that I officially requested you to keep the project open until the end of 1993 in my fax of December 1992, in view of the importance of the funds to support the Government's efforts in the process of restructuring the energy sector.

The Bank followed up on this issue in its fax of February 17, 1993, signed by Mr. DeFerranti, Acting Director, LA2, authorizing you to sign on the Bank's behalf the semi-final revision K, and transfer unused funds to 1993. Further, as this was a semi-final revision, the budget it is still open.

We would appreciate if you could ensure that we can utilize these funds through your office given the convenience and especially in light of the commitments we have made with the Ministries of Natural Resources and Economy, including specifically the attendance of the selected participants to the conference in Colombia next Monday. In view of their interest into this matter I am copying this fax to the participants.

Regarding the status of the funds, we will issue a final mandatory revision this year to then close the project.

Regards,

  
Salvador Rivera

Task Manager  
IENPD

cc: J. Stein (LA2IE); Pownall (LATPS); DHMG, CAP.



# Record Removal Notice

<b>File Title</b> Conference and Workshop - General - 1993 - Chronological Record - Volume 1		<b>Barcode No.</b>  1193355		
<b>Document Date</b> June 11, 1993	<b>Document Type</b> Facsimile			
<b>Correspondents / Participants</b> To: Telex & Facsimile System From: Power Development, IENPD, IENPD				
<b>Subject / Title</b> China Power Mission Power Sector Workshop				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Shiri Alon</td><td><b>Date</b> September 10, 2019</td></tr></table>	<b>Withdrawn by</b> Shiri Alon	<b>Date</b> September 10, 2019
<b>Withdrawn by</b> Shiri Alon	<b>Date</b> September 10, 2019			

Power Development, Efficiency  
& Household Fuels Division (IENPD)  
Industry & Energy Department



Universidade Federal do Rio de Janeiro

Instituto de Economia Industrial

Date Rec'd: 5/26/93 Log No.:

Subject: China

Action: Launched / Dis. file

Remetente: Adilson de Oliveira

Destinatário: Ranjit Lamech

Instituição: Industry & Energy Division  
The World Bank

Fax nº: 00 1 202 477-0542

nº de págs. (esta incluída): 1

Mensagem:

Dear Mr. Lamech,

Many thanks for your fax concerning the workshop in China next July.

I understand you expect me to prepare a presentation about the Brazilian Electricity Sector (first day) and to comment on the Task Force 1 Report (second day). It is unclear if you want me to prepare a critical assessment of Task Forces 3 and 4 Reports as well.

From your fax, I understand the Chinese Government will pay for my travel, accommodation and subsistence. However, it is unclear who will pay for my working days.

Can you clarify, please, these points for me?

Best regards

  
Adilson de Oliveira  
Professor at Instituto de Economia Industrial da  
Universidade Federal do Rio de Janeiro

P.S. Please, pay attention to the fact that I am not Director of NERA, Spain.

Área/projeto: Diretoria

autorizado por:

**SE ESTA MENSAGEM NÃO ESTIVER LEGÍVEL, POR FAVOR, TELEFONE PARA:  
(IF THIS WAS RECEIVED POORLY, PLEASE, CALL)  
(021) 295 1447**

AV. Pasteur, 250 Vila Rio de Janeiro RJ  
CEP 22290 Brasil  
tel: 295 1447, fax: 541 8148




1ENPD-015-C&W-Bolina-Power sector Reform

# ESMAP OFFICE MEMORANDUM

DATE: May 25, 1993

TO: Mr. Tonci Bakovic, Consultant, IENPD

FROM:  Luis E. Gutierrez, Senior Energy Economist, IENPD

EXT.: 31033

FAX: 70542

SUBJECT: **ESMAP: BOLIVIA: Power Sector Reform**

## **Terms of Reference for Kick-off Seminar/Workshop**

1. You will travel to Santa Cruz, Bolivia from May 27 to 30, 1993 to participate in the kick-off seminar/workshop of the abovementioned activity. You will be in charge in coordinating the seminar and participate in the discussions, presenting the Objectives of the seminar and Expected Results. You will report directly to Mr. Luis E. Gutierrez, task manager of this activity.

2. Upon your return to La Paz, you will provide Mr. Gutierrez your contribution to the Back to Office Report.

cc: Messrs./Mmes.: Stern, Bretaudeau, Hamilton, O'Leary, Walsh-Fernandes (IENDR); Garcia-Zamor (LA3DR); de Tray, Iwase (LA3C1); Collell, Molaes (LEGLA); Moscote (LATAD); Challa, Gorrio, Megatelli, Goldmark, Zolezzi, Rajasingham (LA3TF); Jechoutek, Garcia, Bakovic, Schenk, Escay (IENPD); Razavi, Hamso, Nore (IENOG); Byer, Rivera, Cordukes (IENEP); **IISC.**

International Social Institute (IENPD)  
Ministry of Energy Development

Date Rec'd: 5/24/93 Log No.:

Subject: Philippines  
Alavi / Div. file

**JOHN B. RICHEY**

**361 "N" Street, SW; Washington, DC 20024-2903; Tel: (202) 863-9084**

**\*\* FAX \*\* TELEX \*\* FAX \*\* TELEX \*\* FAX \*\* TELEX \*\* FAX \*\***

DATE: 24 May 1993

**TO: Mr. KAZEM M. ALAVI**  
Energy Conservation Planner  
ESMAP Operations Division  
IENPD  
The World Bank  
Room G2-152  
1818 H Street, N.W.  
Washington, DC 20433

**FAX No. 202\*477\*0542**  
**TEL No. 202\*473\*1555**  
**TELEX No. RCA248423 (WORLDBANK)**

**FROM: JOHN B. RICHEY**  
361 N Street, S.W.  
Washington, DC 20024-2903

**FAX No. 202\*554\*8169**  
**TEL No. 202-863-9084**  
**TELEX No.**

**SUBJECT: PHILIPPINES--ESCO WORKSHOP: Final Preparation.**

Dear Kazem:

I have confirmed all of my arrangements for travel and logistics for the mission. I should like to follow up with you on several points from our conversations as part of making final preparation for the mission. I am interested to know if we received feedback from the faxes that were sent to the counterpart(s) in Manilla concerning some of the arrangements, and to the technical consultants about the format and process of the workshop so their reports would lend themselves to a participatory process. If you have an opportunity, would you mind please updating me on the following topics? Unfortunately, I shall be in-and-out between now and the departure time on Friday, so you can communicate more reliably by fax and courier.

1. **Logistical Arrangements.** Have tentative arrangements been made with a hotel, the resident mission or training center for the rooms and equipment (i.e., overhead projector, five flipcharts with paper and five-sets of four differently-colored, broad-point, felt-tipped pens). I could get the flip-chart paper and pen sets and transport them as baggage if they cannot confirm their availability on that end.
2. **Background Information.** We discussed two reports that have been written about ESCOs that would serve as background information for this workshop. They were unavailable during our meetings, so I did not get copies.

Would you mind please sending copies of those documents to me by courier at my home: Carrollsborg Condominium, Th 361; 1250 Fourth Street, S.W.; Washington, DC 20024. Someone is available to receive packages twenty-four hours per day.

It would be instructive for me to read any additional contextual information (e.g., back to office reports, loan initiating memoranda, project papers, et cetera) to better prepare for the workshop and to write the report. Please enclose any such additional data you feel would be instructive or that you want to be used in the report along with the two above-mentioned reports.

3. **Technical Consultants' Report Format.** Although we reserved time in Manila for some discussion on this issue, I should like to know if the consultants expressed serious doubts about fitting their their work into a participatory workshop format. If you have any feedback, please enclose it with the reports.
4. **List of Participants.** We were anticipating a tentative list of workshop participants by fax. Although we would expect last minute changes, it would be useful to begin to consider small-group configurations to develop further the workshop design prior to arrival. Would you please include any available data about participants in the package with the reports?

I am looking forward to this mission and to securing the feedback we need to strengthen the ESCOs commercial activities in the Philippines.

Sincerely,



John B. Richey

ref:fax\info-req.may

## ESMAP

Joint UNDP/World Bank Energy Sector Management Assistance Programme

c/o The World Bank, Washington, D.C. 20433, USA

Telephone: (202) 477-1234 • Facsimile: (202) 477-6391 • Telex: RCA 248423

### FACSIMILE COVER SHEET AND MESSAGE

<b>DATE:</b> May 21, 1993	<b>NO. OF PAGES</b> (including this sheet)	5	<b>MESSAGE NO.</b>
<b>TO:</b> Name M. Moncef Ben Abdallah Président Directeur Général		Fax Tel. No.	(216-1) 349-981
Company/ Organization STEG		City & Country	Tunis, Tunisie
<b>FROM:</b> Name Nouredine Berrah		Fax Tel. No.	(202) 477-1273
Dept./Div. Name EA2IE		Dept./Div. No.	25530
Room No. A8-077		Telephone No.	(202) 473-1132
<b>SUBJECT/REFERENCE:</b>	<b>CHINE - Séminaire sur l'amélioration de l'efficacité du système électrique rural</b>		

#### MESSAGE:

Cher ami,

*att*  
Je prends plaisir à t'envoyer ci-joint une lettre de M. Zheng Xian, Directeur du Département Hydroélectricité Rurale au Ministère des Ressources Hydrauliques de la République Populaire de Chine, t'invitant, ainsi qu'un de tes collaborateurs, à un séminaire qui aura lieu à Hangzhou du 23 au 25 juin 1993.

J'espère qu'il te sera possible de participer à ce séminaire.

Amitiés et au plaisir de te revoir en Chine.

Nouredine Berrah

Transmission authorized by Karl Jechoutek, Chief, IENPD

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above in the box.

**Ministry of Water Resources  
Department of Rural Hydropower  
People's Republic of China**

March 21, 1993

Mr. Moncef Ben Abdallah  
President and General Manager  
Société Tunisienne d'Electricité et du Gaz  
38, rue Kémal Ataturk  
1001 Tunis  
Tunisia

Subject: CHINA - Seminar on "Efficiency Improvement  
in Decentralized Rural Power System"  
Hangzhou, Zhe Jian Province: June 23-25, 1993

Dear Mr. Ben Abdallah:

The Ministry of Water Resources (MWR) of the People's Republic of China and the joint World Bank/UNDP/Bilateral Aid Energy Strategy Management Assistance Programme (ESMAP) are organizing a seminar which will complete a MWR/ESMAP activity aimed at improving the technical, institutional and financial performance of the Decentralized Power Companies (DPCs).

The tentative agenda for the seminar is presented in the attachment.

We highly value your experience in power distribution planning, and feel that a presentation on the study carried out in collaboration with ESMAP would be very profitable to the participants. We would like to invite you and a member of your staff who has participated in the ESMAP activity to present the state-of-the-art of distribution planning in your company and the progress achieved through the ESMAP Power Efficiency Study. We would appreciate it if the presentation focuses on the lessons learned and recommendations to help the Chinese team in preparing distribution planning procedures for the DPCs. The presentation should last between 30 to 45 minutes.

The cost of international travel and a \$50 daily allowance for local out-of-pocket expenses will be borne, for the two invitees, by ESMAP. Local travel, accommodation and subsistence will be provided by MWR.

We would be grateful if you would confirm the participation of your company representatives, as soon as possible, preferably before June 8, 1993, since we are now making the final arrangements for the seminar. If you need further information, please contact the seminar coordinators:

- (a) in Washington: Mr. Nouredine Berrah  
Telephone (202) 473-1132  
Fax (202) 477-1273
- (b) in Beijing: Mr. Zheng Xian  
Telephone (86-1) 326-4682  
Fax (86-1) 326-0365; or
- (c) in Hangzhou: Mr. Tong Jiandong  
Telephone (86-571) 074424  
Fax (86-571) 862934.

Sincerely,



Zheng Xian  
Director  
Department of Rural Hydropower  
Ministry of Water Resources  
People's Republic of China

Attachment

## Joint MWR/ESMAP Seminar

### Efficiency Improvement in Decentralized Power Systems

Hangzhou, Zhe Jiang Province: June 23-25, 1993

The seminar will consist of six half-day sessions.

#### Day 1: Institutional and Regulatory Context of DPCs

1st Session *Review of Institutional and Regulatory Environments in which Decentralized Power Companies Operate:*

- Decentralized companies in China (role, characterization, institutional and regulatory framework, future development, etc.).
- Findings of the Joint ESMAP/MWR assessment mission on institutional and regulatory issues facing DPCs.

2nd Session *Towards a More Enabling Environment for DPCs:*

- Presentation of successful international experience in decentralized rural power systems (NRECA - tentative).
- Panel discussion: Ways and means to improve the institutional and regulatory environment.

#### Day 2: Power Loss Reduction Programs

3rd Session *Technical and Economic Context of Power Losses:*

- Sources of losses.
- Parameters for loss calculations, importance of data collection.
- Design of loss reduction programs (ways and means to reduce losses, economic evaluation methodologies).

4th Session *Study Cases:*

- ESMAP experience in designing power loss reduction programs.
- Country experiences:
  - U.S.: rural cooperatives (tentative).
  - Kenya: KPLC, Kenya power utility (tentative)
  - Tunisia: STEG, Tunisia power utility (tentative).



### **Day 3: Power Loss Reduction Programs in DPCs**

**5th Session**      ***ESMAP/MWR Power Efficiency Pilot Studies:***

- Introduction: ESMAP technical assistance program for efficiency improvement in DPCs.
- Presentation of the first pilot study (Xin Chang county).
- Presentation of the second pilot study (Dong An county).
- Lessons learned.

**6th Session**      ***Dissemination:***

- MWR action plan for dissemination: training courses and replication of power loss reduction studies in other counties.
- Panel: discussion on loss reduction in DPCs.

### **Day 4: Field Trips and/or Sightseeing**

IENPD DIS - CSS (India - Power sector Reform Seminar)


↑  
annual

TOR

# OFFICE MEMORANDUM

DATE: April 29, 1993

TO: Christopher Brierley, Sr. ESMAP Consultant

FROM: Luis E. Gutiérrez, Sr. Energy Economist (IENPD) 

EXTENSION: 3-1033 FAX: 477-0542

SUBJECT: INDIA —ESMAP Power Sector Reform Seminar  
Exploratory Mission Terms of Reference

1. On or about May 9, 1993, you will arrive in India for about ten days on an exploratory mission for the abovementioned *ESMAP* seminar. The main objective of the mission, to be led by Mr. Djamal Mostefai (SA2EG), is to review with India representatives the Activity Initiation Brief (AIB), in particular agree on the following:

- (a) The seminar objectives, targets, audience and attendance level;
- (b) The topics and themes to be discussed —the papers to be delivered, and the case studies to be examined;
- (c) The organization of the seminar —agenda, schedule, opening and concluding remarks, etc.
- (d) The designation of the Indian counterparts and their contributions (including potential speakers);
- (e) Whether any other countries should be invited and the participation of other bilateral/multilateral institutions;
- (f) The logistics of the seminar.

2. To accomplish the above, you will meet with officials from DOP, Planning Commission, CEA, Central Utilities, Department of Economic Affairs, potential consultants, and leading professionals who may be involved in the seminar. If required, you will also travel to Jaipur (where the seminar may be held) to review the logistics and accommodation options.

3. At the end of the mission, you will draft an Aide Memoire which will summarize the agreements reached and the main results of the mission.

4. Upon your return to London, you will update the AIB and send it to Mr. Luis Gutiérrez, Task Manager of this activity.

Cleared w/ and cc: Mr. Mostefai (SA2EG).

cc: Messrs./Mmes Bauer (SA2EG); Jechoutek, Garcia, Bakovic, Lamech (IENPD); Byer, Cordukes, Gilling (IENEP); Breteau/Hamilton/O'Leary (IENDR).

*ESMAP* Subject Files and chron file.

18/04/93

12:19

IENPD-DIS-C&W - PAKISTAN - EXECUTIVE Roundtable  
MATHTECH INC ISLAMABAD PAKISTAN on Energy efficient  
001 water pumping  
system.

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

Tel : 813003/813009  
Tlx : 54128 NPLAN PK



**ENERCON**

**National Energy Conservation Centre**

GOVERNMENT OF PAKISTAN  
MINISTRY OF PLANNING AND DEVELOPMENT  
33 Plaza (Buland Markaz) Blue Area, F-6, G-6,  
Islamabad, Pakistan

ENC/PD/92/Agric/F-27

Power Development, Efficiency, April 17, 1993  
& Household Fuels Division (IENPD)  
Industry & Energy Department

Mr. Amarquayc Armar  
Senior Energy Planner  
ESMAP Operations Division  
World Bank, Washington D.C. 20433  
U.S.A.

Date Rec'd: 4/19/93 Log No.: \_\_\_\_\_

Subject: Pakistan TA

Action: Armar/div. files/USC

Fax No. 202-477-0542

**Subject:- EXECUTIVES ROUNDTABLE ON ENERGY EFFICIENT WATER PUMPING SYSTEMS**

Dear Mr. Armar,

In pursuance of our discussions with you at Islamabad on February 2, 1993, this is to inform you that the Executives Roundtable on Energy Efficient Water Pumping Systems has been tentatively scheduled to be held in Quetta during May 22-25, 1993. Please convey your concurrence to this schedule, by April 25, 1993, so that we may proceed to issue the letters of invitation to the participants.

2. The estimated expenditure for the Roundtable shall be approximately Rs. 0.4 Million. Please confirm that all the cost/expenditure of the Roundtable shall be borne by the ESMAP.

3. Your earliest response will be highly appreciated.

With best regards.

Sincerely yours

*Sarwar Saqib*  
(Dr. Sarwar Saqib)  
Chief (Agriculture)  
17/04/93

IENPD-DIS-CEW - Interutility Electricity Exchange  
and Pricing Policies  
(SADC Energy Seminar)

## THE WORLD BANK / IFC / M.I.G.A.

Headquarters: WASHINGTON, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA  
248423

### FACSIMILE COVER SHEET AND MESSAGE

<b>DATE:</b> April 15, 1993	<b>NO. OF PAGES</b> 4 (including this sheet)	<b>MESSAGE NO.</b>
<b>TO:</b> Name Dr. Charles R. Falcone Company/ Organization AEP		Fax Tel. No. 614 223 2727 City & Country Columbus, Ohio
<b>FROM:</b> Name Kurt F. Schenk Dept./Div . Name IENPD Room No. G2-113		Fax Tel. No. 202 477 0542 Dept./Div. No. 61320 Telephone No. 202 473 3228
<b>SUBJECT/REFERENCE:</b> SADC/TAU SEMINAR ON INTERUTILITY PRICING AND WHEELING		

#### MESSAGE:

Dear Mr. Falcone,

I am attaching a draft for the SADC/TAU Seminar. Please get in contact with Mr. Tore Horvei at 47 66 84 20 50 in Nesbru, Norway.

Thanks,

  
Kurt F. Schenk

**Transmission authorized by Karl Jechoutek, Chief, IENPD**

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above in the box.

**'INTERUTILITY ELECTRICITY EXCHANGE AND PRICING POLICIES'****DRAFT SEMINAR PROGRAMME****DAY 1 (Monday 30 August 1993)****1400 Official Opening by Hosting Country (Malawi)****1430 Break****1445 Session 1: INTRODUCTION**

*Following the presentation of the seminar facilitator, Prof. Vidkun Hveding, and the seminar programme, this session will constitute an introduction to key issues and main problems involved in regional interutility power exchange.*

- 1.1 "Power Exchange in a Regional Context"  
*Repr. from SADC/Energy Technical and Administrative Unit (TAU)*
- 1.2 "Introduction to the Key Issues of Power Exchange"  
*Prof. V. Hveding*
- 1.3 "Power Exchange Agreements as a Tool for Electricity Supply Development"  
*Repr. from World Bank*

**1530 Coffee Break****1600 Session 2: REVIEW OF REGIONAL POWER EXCHANGE ARRANGEMENTS**

*This session is intended to serve as an update on physical features of regional power exchanges, more than a detailed discussion on the different power sales agreements and the applied pricing mechanisms. The presentations will aim at helping the seminar participants to better understand how issues in the following sessions relate to the regional situation in Southern Africa.*

- 2.1 "Interconnection of the Zimbabwe and Botswana Grids"  
*Repr. of Botswana Power Corporation (BPC)*
- 2.2 "Zambia - Zimbabwe Interconnection"  
*Repr. of Zambia Electricity Supply Corporation Ltd. (ZESCO)*
- 2.3 "Cahora Bassa Power to Zimbabwe" (MOZ.3.12)  
*Repr. of Zimbabwe Electricity Supply Authority (ZESA)*

1700 Break

- 2.4 "ESKOM Supply to Lesotho"  
*Repr. from Lesotho Electricity Corporation (LEC)*
- 2.5 "Namibia - RSA Power Exchange"  
*Repr. from South West Africa Water and Electricity Corporation (SWAWEK)*
- 2.6 "Zaire Power Supply to SADC"  
*Repr. from Soci t  Nationale d' Electricit  (SNEL)*

1830 Closing of Day 1

## DAY 2 (Tuesday 31 August 1993)

### 0830 Session 3: FEATURES OF INTERUTILITY POWER SALES AGREEMENTS

*The aim of this session is to enter into the political, legal and administrative framework of interutility power sales agreements. Experience shows that identification and a good knowledge of these issues are imperative in the process of establishing efficient contracts.*

- 3.1 "Identification of Different Types of Electricity Sales Transactions" *Fulione*  
*Representative of Northern American Power Pool*
- 3.2 "Assessment of the Preconditions for an Efficient Power Exchange Agreement"  
*Repr. from SADC-TAU*
- 3.3 "The Legal Framework of a Power Exchange Contract"  
*Mr. Kjell Haagensen, Statkraft SF (The Norwegian Power Company)*

1030 Coffee Break

- 3.4 "Administrative Guidelines for a Power Exchange Contract" *(AEP) Fulione/Walton*  
*Repr. from World Bank*
- 3.5 "Key Features of Power Exchange Agreements for Southern Africa"  
*Repr. from Electricity Supply Commission of South Africa (Eskom)*

1300 Lunch

### 1430 WORKING GROUPS

*The working group session is planned with three different topics. Conclusions and recommendations from the working groups will serve to elaborate relevant features of power exchange agreements for Southern Africa.*

**Working Group 1:** The political and economical framework for interutility power sales agreements in Southern Africa. - How do we handle issues like national self-sufficiency and foreign currency constraints?

Moderator: *Mr. Simbarashe Mangwengwende*  
*General Manager, ZESA*

**Working Group 2:** Possible limitations and conflict areas in developing power exchange arrangements. - What can we learn from existing regional and international experiences?

Moderator: *World Bank Representative*

**Working Group 3:** Organisation and administration of power pool arrangements. - What are the key issues?

Moderator: *Mr. Rolf Wiedswang*  
*Director Statnett SF (The Norwegian Grid Comp.)*

1730 Brief Presentation of Working Groups' Conclusions and Recommendations

1800 Closing of Day 2

### DAY 3 (Wednesday 1 September 1993)

0830 Session 4: PRICING POLICIES AND MECHANISMS

*This sessions concentrates on pricing of interutility power exchange. The topic will be examined both from a theoretical and practical point of view, including international experience from developed parts of the world.*

4.1 "The Theoretical Aspects of Interutility Electricity Pricing"  
*Repr. from World Bank*

*Dunn*

4.2 "Electricity Exchange in the European Community"  
*Repr. from EURELECTRIC*

4.3 "Pricing of Electricity Exchange in the Deregulated Norwegian Electricity Market"  
*Mr. Rolf Wiedswang, Statnett SF*

1030 Coffee Break

4.4 "Development Towards a Future Southern African Power Pool - The UK Experience"  
*Mr. Stephen Burnage, National Grid Company (NGC)*

1130 Session 5: SUMMARY AND CLOSING

*Based on previous presentations, discussions and working groups the aim of this final session is to provide guidance for development of a 'SADC Power Sales Agreement'.*

5.1 Panel Discussion: "Features and Principles for a SADC Power Sales Agreement"

5.2 Summary of Seminar Deliberations by Seminar Facilitator

1300 Official Closing of Seminar



## TRANSMISSION REPORT

(THU) APR 15 1993 12:24

IENPD-WORLD BANK

DOCUMENT #	3560254-017
TIME STORED	04. 15 12:20
TIME SENT	04. 15 12:21
DURATION	2' 08"
DESTINATION	1 614 223 2727
DST. TEL#	916142232727
MODE	ECM
PAGE (S)	4PAGE (S)
RESULT	OK
DEPARTMENT	

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: April 9, 1993 11:30am

TO: Ken Jensen

( CAROLYN TAGER )

FROM: Kazem Alavi, IENPD

( KAZEM ALAVI )

EXT.: 31555

SUBJECT: Philippines Energy Conservation Study- Workshop Program

1. In reference to our discussion on April 6, and your EM today, I am sending you a detail workshop program with office mail. As I explained, I would like to use Mr. Fry, the DSM consultant, to participate in the workshop presentations. My reasoning for this decision is that major part of the DSM fieldwork is similar and common with the workshop preparatory work. The topic of Mr. Fry's presentation will be "the role of ESCOs in DSM programs". He will present the financial and economical calculation of one or two case studies and will opens the elements of his program such as delivery mechanism, installation, financing, and after-sale-after-installation services for debate by the participants.

2. This debate in the first day will give him a valuable insight to the reactions of ESCOs, suppliers and the industrial manager. On the second day we anticipating higher ranking government, banks and utilities to participate. The afternoon session is solely designed for summarizing the issues and incorporating the collective wisdom of the participants into the consultants programs. At this session we can identify the willingness and level of preparedness of key players to initiate required regulatory and institutional reforms to make programs implementable. A draft of workshop proceedings will be prepared right after the panel discussions which will spell out the barriers and SOLUTIONS. This report will be sent by a lobbying group to concern members of government to be incorporated into future legislative efforts.

3. I believe in this manner most of the DSM program will be shaped by the workshop. I feel Mr. Fry, based on his experience in Thailand and US, should be able to deliver this without any problem. He definitely need calculations and interviews to back up his numbers; and case studies and debates will certainly provide him with the necessary opportunity. However, if there is any problem with the timing or the length of assignment; I COULD SUGGEST OTHER CONSULTANTS FOR THIS TASK.

4. I appreciate your candid and prompt response. I would be happy to meet with you to draft a comprehensive terms of reference for Terry.

CC: Loretta Schaeffer

( LORETTA SCHAEFFER )

CC: Carolyn Tager

( KEN JENSEN )

CC: Institutional ISC Files

( INSTITUTIONAL ISC FILES )

IENEP-Dis-Conferences & Workshop Sem.  
(MDB Power Conference)

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: March 31, 1993 08:10pm

TO: MARK COLLINS

( MARK COLLINS @A1@EDSEL )

FROM: Trevor Byer, IENEP

( TREVOR BYER )

EXT.: 33273

SUBJECT: Draft Agenda for the MDB Power Conference, June 3-4, 1993.

Since our meeting on Monday, March 29, on the above subject, it has occurred to me that during our discussions on Bank Group speakers that no one from the CFS group in the Bank figured prominently on the list. It is important that they be included. The Director, Inder Sud, could be considered as your luncheon speaker on one of the days or elsewhere in the substantive agenda. The CFS has been very much in the forefront of the promotion of private power in the Bank, having taken the lead in both the Hub River and Jamaican projects.

CC: Richard Stern  
CC: Institutional ISC Files

( RICHARD STERN )  
( INSTITUTIONAL ISC FILES )



A Euromoney Company  
 International Trade Division (ITD)  
 Industry & Energy Department

TO: Winston Hay  
 The World Bank  
 WASHINGTON

FROM: Alexandra Nye

DATE: 23rd March 1993

NO. OF PAGES: 1

Date Rec'd: 3/23/93 Log No.: \_\_\_\_\_

Subject: Malaysia

Action: Subj. file  
 USC

**COGENERATION AND ALTERNATIVE ENERGY SOURCES IN ASIA**  
 28 & 29 JUNE 1993, THE REGENT HOTEL,  
 KUALA LUMPUR, MALAYSIA

Dear Mr Hay,

Thank you for your fax dated 22/3/93. I appreciate your concerns and firstly would like to apologise for the limited time I have given you to consider this invitation and secondly AIC Conferences would be pleased to cover the accomodation expense for the speaker, i.e. two nights accomodation at the conference hotel.

I am able to extend the deadline until next Tuesday morning. To finalise the World Bank's involvement at this stage I only require the name and position of the speaker and then two weeks prior to the event a formal paper. Another alternative which AIC Conferences can run with now on all advertising material hence allowing you more time to finalise the speaker is "Representative, The World Bank, Washington" and you can confirm the details with us closer to the conference date.

Thank you for your time and assistance in anticipation and I look forward to speaking with your office later shortly.

Kind Regards,

Alexandra Nye

THE WORLD BANK/IFC/MIGA

# Office Memorandum

DATE: March 22, 1993

TO: Mr. Willem Floor, IENPD

FROM: Karl Jechoutek, Chief, IENPD *KJ*

EXT: 33251

FAX: 70542

SUBJECT: BOLIVIA - Rural Energy Strategy Workshop - Terms of Reference

1. On March 27, 1993 you will depart for La Paz, Bolivia to participate in a workshop organized by the Ministry of Energy and Hydrocarbons that will discuss the objectives of the Government's rural energy strategy and its institutional arrangements. During the workshop you will present the findings of the ESMAP study on the subject as well as detail the objective of the rural energy component of the ESMAP Bolivia country strategy. At the same time, you will try and clear the Green Cover of the ESMAP Rural Energy Strategy.

2. On your return to Headquarters you will submit a brief back-to-office report.

cc: Messrs./Mmes. Abe, Garcia-Zamor (LA3DR); de Tray, Morrow (LA3C1); Hanna, Rajasingham, Zolezzi, Goldmark, Dorfman (LA3TF); Moscote (LATAD); Terrado, Bakovic, Garcia (IENPD); Rivera (IENEP); IISC Files.

IENPD-DB-C&W-mexico-National Economists Congress

TOR

# Office Memorandum

DATE: March 8, 1993

TO: Mr. Luis E. Gutierrez, IENPD

FROM: Karl Jechoutek, Chief, IENPD

EXT.: 82872

SUBJECT: Mexico: Restructuring and Regulation of the Power Sector Conference

## Terms of Reference

1. You will be going to Mexico City on the 11th of March for a stay of about two days to participate in the National Economists Congress. You will present a paper on "The Restructuring and Regulation of the Power Sector - Key Concepts and International Experience".
2. All the related travel costs will be covered by the Colegio Nacional de Economistas (National Economists Association of Mexico).
3. Upon your return to Washington, you will present a back-to-office report along with a copy of your presentation.

## Distribution:

Messrs. Stern, Anderson (IENDR); Byer, Cordukes, Besant-Jones (IENEP); Razavi (IENOG); Segura (LATDR); Halperin, Luzuriaga (LA2IE); Moscote (LATIE); Bakovic, Garcia, Hay, Lamech, Schenk (IENPD).

03/09/93 09:15

001



REPUBLICA DE COSTA RICA

Ministerio de Recursos Naturales,  
Energía y Minas

Decreto del Ministerio

26 de febrero, 1993  
DSE-153

Karl Jechoutek  
Division Chief  
World Bank

Estimado señor:

La IV Reunión del Foro Regional Energético de América Central (FREAC), denominada Energía y Cooperación Internacional se llevará a cabo los días 25, 26 y 27 de marzo de 1993 en San José, Costa Rica.

Para el día 25 de marzo se ha programado, según agenda adjunta, una reunión entre los Expertos de los países participantes y los Organismos Internacionales de Cooperación que desarrollan proyectos en el Istmo Centroamericano.

Con el fin de efectuar los arreglos necesarios para el desarrollo de este importante evento, me permito solicitarle nos confirme su participación en la primera semana del mes de marzo.

Los gastos de su representada corren por cuenta propia.

Atentamente,

Hernán Bravo Trejos  
MINISTRO





1ENPD-DIS-C&W - Bangkok - Private sector Power in Thailand conference

10-02-1993 12:44

AIC CONFERENCES

+ 852 866 7340

P.01



A Euromoney Company

10 February 1993

Mr Winston Hay  
Senior Power Engineer  
Power Development  
Efficiency & Household Energy Division  
Room G 2115  
The World Bank  
Washington DC 20433  
USA

Dear Mr Hay

**PRIVATE SECTOR POWER IN THAILAND**  
**08-09 March 1993, Royal Orchid Sheraton Hotel \* Bangkok**

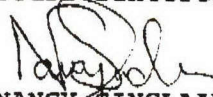
Welcome to the forthcoming Private Sector Power in Thailand. It is a pleasure to have you join our panel of speakers.

As agreed, you will present the paper on "The Role of The World Bank in Private Power" scheduled for 2.00 pm on Day One. Your presentation is of 40 minutes duration and should include 5-10 minute question and answer session at the end. We will require a written paper. This does not need to be a verbatim copy of your presentation but rather something for delegates to refer back to after the event.

To help with your presentation for the conference, please find enclosed an administration form and copies of the conference brochure for distribution amongst interested clients or colleagues. Please return the completed administration form together with a brief resume of yourself and your written paper by **MONDAY 15 FEBRUARY 1993**.

We appreciate the time you are taking to participate in the programme and look forward to working with you on a successful conference. Please contact us on (852) 520 1481 should you have any queries regarding the conference.

Yours sincerely

  
NANCY SINCLAIR  
Conference Administrator

Hong Kong Office: Suite 1904, 18/F, Aslan House, 1 Hennessy Road, Wanchai, Hong Kong  
Tel: 520 1481 Fax: 866 7340

Singapore Office: 51 Anson Road #08-51 Anson Centre, Singapore 0207  
Tel: (65) 222 8550 Fax: (65) 226 3264

SPEAKER: \_\_\_\_\_

## PRIVATE SECTOR POWER IN THAILAND CONFERENCE

08-09 MARCH 1993, ROYAL ORCHID SHERATON HOTEL \* BANGKOK

## ADMINISTRATIVE DETAILS

A. Text

We would appreciate receiving your written text or notes by MONDAY 15 FEBRUARY 1993.

The following notes are to assist in your preparation:-

1. Please note the time of your presentation.
2. The time allowance is flexible and there should be time for questions and answers.
3. Please include charts and relevant articles in your written material.

All notes and working materials will be included in a workbook for distribution to delegates at the start of the conference unless we are advised otherwise.

To enable the best possible printing finish, would you please supply us with the ORIGINAL of your paper. We would also ask that the text be prepared on standard A4 paper, preferably doubled space typing and that subheadings be used to divide the text wherever applicable.

Would you kindly include copies of any slides or transparencies with the text.

B. Audio Visuals

The use of audio visuals is optional, although presentations are generally aided thereby. Please indicate whether you require any of the following equipment.

- |         |                         |
|---------|-------------------------|
| (     ) | Overhead Projector      |
| (     ) | 35 mm Slide Projector   |
| (     ) | 16 mm Cine Projector    |
| (     ) | VHS Video Recorder      |
| (     ) | Flipchart               |
| (     ) | Others (please specify) |

(KINDLY NOTE THAT WE DO NOT COVER THE COST OF SLIDES, FILM, OR TAPES)

.../2

Page 2

C. Other Requirements

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D. Lunch

In order to assist our catering arrangements, please indicate whether you will be joining us for lunch on either of the days.

Monday 08 March	Yes/No
Tuesday 09 March	Yes/No

E. Emergency Contact

In case of any emergency, please supply a contact name and telephone number.

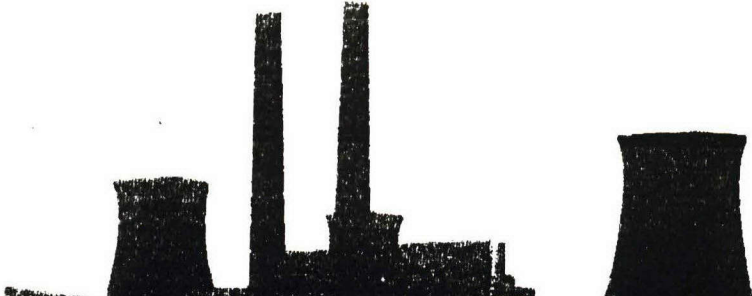
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Kindly return this form together with the requested material to:-

Ms Nancy Sinclair  
Administrator  
AIC Conferences  
Suite 1804, 18th Floor  
Asian House  
1 Hennessy Road  
Wanchai  
Hong Kong

Tel: 520 1481      Fax: 866 7340



# Private Sector **POWER** In Thailand

8 - 9 March 1993, Royal Orchid Sheraton, Bangkok

## Speakers Include:

**Dr Piyasvasti Amranand**, Acting Deputy Secretary General,  
National Energy Policy Office, Bangkok

**Somboon Manenava**, General Manager, Electricity Generating Authority of Thailand (EGAT)

**Piromsakdi Laparojkit**, Director of Infrastructure Projects Division,  
Office of the National Economic and Social Development Board

**Dr Siwanan Nanakorn**, Executive Director, Electricity Generating Company Limited (EGCO)

**Phillippe Girard**, Cogen Technical Adviser, EC-ASEAN Cogen Program, Bangkok

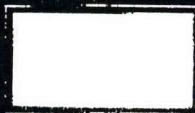
**Richard Stern**, Director Designate, Industry and Energy Department, The World Bank

**William Meade**, Manager, International Development Group, RCG/IF/eler Bailly, USA

**Frank Packard**, Vice President, Asset Finance Group, Bankers Trust

**Jim Thomson**, Vice President, Business Development, Mission Energy Company

Organised by:



A [unreadable] Company

## DAY ONE

8.30 Registration and coffee

9.00 Opening remarks from the Chair

**William Dykes**

Former Head of Project Financing for Citibank in Asia

9.10 Keynote Address:

**Private power in Thailand - the commitment of the Government of Thailand towards progress**

- Government policy on private power
- The regulatory framework
- Progress so far
- Future directions

**Dr Piyasvasti Amranand,**

Acting Deputy Secretary General,  
National Energy Policy Office

9.40 **The role of EGAT in electricity generation in Thailand**

- The scope of Egat's responsibilities
- The structure of the Authority
- The facilitation of private power generation
- Future activities

**Somboon Manenava,**

General Manager,  
Electricity Generating Authority of Thailand (EGAT)

10.20 Morning tea

10.40 **Thai infrastructure projects and private power generation**

- The infrastructural needs of Thailand in relation to power
- The financial commitment and scope of development
- Facilitating private power generation in Thailand
- Financing power infrastructure
- Future plans

**Piromsakdi Laparojkit,**

Director of Infrastructure Projects Division,  
Office of the National Economic and Social Development Board

11.10 **The privatisation of the Electricity Generating Company Limited (EGCO) - a new direction for Thai power**

- Spearheading the privatisation process
- The privatisation of EGCO and its implications
- Present activities
- The outlook for the future

**Dr Siwanan Nanakorn,**

Executive Director, EGCO (to be confirmed)

11.50 **The EC-ASEAN Cogen Program: Heat and power generation from biomass and residues in ASEAN**

- The share of agro-industrial residue in the primary ASEAN industry energy demand

- Potential for cogeneration
- Status of EC-ASEAN cogen demonstration project

- ASEAN market opportunities

**Philippe Girard,**

Cogen Technical Adviser,  
EC - ASEAN Cogen Program, Bangkok

12.30 Lunch

### THE ROLE OF THE DONOR AGENCIES IN PROMOTING PRIVATE POWER

2.00 **The role of The World Bank in private power**

- The role of The World Bank in private power
- The structure of financing
- Major issues in financing
- Obstacles and possible solutions

**Richard Stern,**

Director Designate,  
Industry and Energy Department, The World Bank

2.40 **The role of the Asian Development Bank in private power development**

- The role of the ADB in the power sector
- Methods of financing and structures available
- Current project activities in Asia

**Vladimir Bohun,**

Manager,  
Power Division East, Asian Development Bank  
(to be confirmed)

3.20 Afternoon tea

### THE REGULATOR'S FRAMEWORK

3.40 **Major policy developments in independent power - US and Southeast Asia - Lessons for Thailand**

- PURPA legislation: The birth of the independent power market
- Development of a regulatory framework in Southeast Asian countries
- The National Energy Policy Act of 1992: a model to follow?
- Lessons for Thailand

**Peter Borre,**

President,  
Gas Ventures Advisers, USA

4.20 **Establishing a successful regulatory framework**

- The rationale behind national regulation
- The regulation alternatives
- What is too much regulation

**William Meade,** Manager,  
International Development Group,  
RCG/Hagler Bailly,  
USA

5.00 Close of Day One

## DAY TWO

### PRIVATE POWER FINANCING

9.00 Opening remarks from the Chair

9.10 **BOO, BTO, or BOT? Implications for private power financing in Thailand**

- The financing implications for different project structures
- Alternative financing structures
- What lessons have been learned?

**Ian Grayburn,**

Vice President of Project Finance,  
CS First Boston

9.50 **What criteria will attract private capital?**

- Regulatory structures
- Capital structures
- Significant issues in Thailand

**Frank Packard,**

Vice President,  
Asset Finance Group, Bankers Trust

10.30 Morning tea

10.50 **Identification and minimisation of project risk**

- Country risk
- Completion risk
- Fuel supply risk
- Offtake risk
- Other risks

**William Dykes**

11.30 **Building blocks that will make a project successful**

- Is a particular country prepared for private power?
- Government political will and social factors
- Commercial realities
- The risks that private power implies
- Other guidelines for success

**Robert Fernstrom,**

Associate Director,  
Fieldstone Private Capital Group (Asia) Ltd

### THE ROLE OF THE SUPPLIER

12.10 **Power plant manufacturers and the growth of the power plant sector in the Asia-Pacific region: International suppliers in a growing market**

- Asia - the fastest growing market

- Investment opportunities available
  - Alternative sources of financing
- Gerhadth Hebel,**  
Managing Director,  
ABB Power Generation Southeast Asia

1.00 Lunch

### FUEL SUPPLY ISSUES

2.00 **Fuel supply security and pricing issues facing private power developers**

- Issues relating to supply availability
- Contracting issues
- How different choices of fuel supply will affect your operations

**Jim Thomson,**

Vice President,  
Business Development Mission Energy

### CASE STUDIES

2.40 **Two completed BOT power stations in Asia - why are they successful?**

- Shajio B in China- Hopewell's 700MW coal fired station in Guangdong province
- A 210MW gas turbine facility at Navotas, Metro Manila
- Background and structure
- Lessons for Thailand

**William Dykes**

3.20 Afternoon tea

3.40 **The outlook for power development in Southeast Asia**

- Technology forecast
- Cost and schedules for commercially available technologies

- Fuel sources

- Contracting approaches

**Howard Russell,**

Managing Director,  
Black & Veatch Asia Pacific,  
Singapore

**Garry Prendergast,**

Senior Partner,  
Black & Veatch Energy Group,  
U.S.A

4.20 Close of conference

# PRIVATE POWER GENERATION IN THAILAND

## REGISTRATION FORM

8-9 March 1993, Bangkok

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Position .....

Approving Manager..... Position .....

Secretary for enquiry..... Extn: .....

Organisation .....

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**AIC Conference**  
Suite 1804, 18th Floor  
Asian House  
1 Hennessy Road  
Wanchai, Hong Kong



**FAX**  
Hong Kong  
(852) 866 7340

**Registration Fee:** US\$995 per person for full two day conference. Fee includes lunch, refreshments and full conference documentation.

**Group Discount:** For three or more delegates from the same organisation the fee is reduced to US\$895 per person.

**Method of Payment:** Crossed cheque payable to AIC Conferences. Payment is required with registrations.

**Cancellation and Transfer:** If you are unable to attend, a replacement is welcome. Documentation and 50% refund will be given for cancellations received in writing one week before the meeting. Full refund will be given for cancellations received at least two weeks prior.

**Conferences Venue and Accommodation Information:** Accommodation is not included in the registration fee, although special rates have been negotiated with the hotel. Please make your bookings direct with the hotel and to take advantage of discounted rates please indicate that you are attending AIC's Private Sector Power in Thailand Conference.

Royal Orchid Sheraton, No. 2 Captain Bush Lane, Bangkok 10500 Thailand  
Tel: (662) 234 5599

Meeting the power generation needs of Thailand is a major objective of the Government of Thailand and is essential to the economic growth and prosperity of this emerging tiger. In order to ensure this economic growth substantial investment is required and new business opportunities exist for the provision of private power generation.

**Are you aware of all the opportunities that exist for the provision of independent power production in Thailand? Do you fully understand the role of the donor agencies in facilitating these opportunities? Are you aware of all the technology, fuel supply and environmental issues? Have you discussed your plans with industry and government experts?**

AIC Conferences has assembled a panel of Thai and international experts to present you with the necessary information and enable you to assess and participate in this growing market.

The commitment of the Government of Thailand to private power towards progress. The role of the donor agencies in facilitating private power in Thailand. The role of the Electricity Generating Authority of Thailand (EGAT). The privatisation of the Electricity Generating Company Limited (EGCO). The EC-ASEAN Cogen Program: Heat and power generation from biomass and residues in Asean. What criteria will attract private investment? Building blocks that will make a project successful. Fuel supply security and pricing issues facing private power developers. Two completed power stations in Asia - why they are successful?

Private sector participation in the development and operation of power generating facilities is essential to increase generating capacity in Thailand. This conference will provide you with invaluable knowledge and assistance in becoming a major participant in this expanding market.



CASILLAS 17116413 - 17097301, FAX (593-2) 539-684, TELEX 2728 OLADE, TELEF.: 538-290, QUITO - ECUADOR

Quito, 8 de febrero de 1993  
DEIC-0592/93

Señor Economista  
LUIS GUTIERREZ  
División de Operaciones  
ESMAP  
Banco Mundial  
Washington D.C. 20433  
U.S.A.

Asunto: Conferencia Energética de América Latina y el Caribe  
(ENERLAC 93)

Estimado Economista Gutiérrez:

En nombre del Comité Organizador de ENERLAC 93, me es grato informarle sobre el progreso alcanzado en relación con la preparación del evento de la referencia.

Se ha tenido una excelente y muy amplia respuesta a la solicitud de propuestas de ponencias. De hecho, se recibieron 163 resúmenes antes del plazo de entrega del 30 de noviembre. Los resúmenes fueron revisados y calificados por el Comité Técnico, el cual aprobó 130 de ellos. Además, se solicitaron 10 ponencias adicionales para cubrir ciertos temas importantes que no fueron tratados en los trabajos presentados.

También se han logrado resultados muy satisfactorios en la confirmación de conferencistas y panelistas. Hasta el momento, han asegurado su participación numerosas personalidades políticas, económicas y energéticas a nivel regional e internacional, incluyendo a: Econ. Alberto Dahik, Vicepresidente de la República del Ecuador; Dr. Subroto, Secretario General de la Organización de los Países Exportadores de Petróleo (OPEP); Dr. Gert Rosenthal, Secretario General de la Comisión Económica para América Latina y el Caribe (CEPAL); y, Dr. Mohamed El-Ashry, Director del Departamento de Medio Ambiente del Banco Mundial.

De otra parte, me complace informarle que, teniendo en cuenta su participación como panelista, obviamente, usted está exento del pago de la cuota de inscripción. Oportunamente le avisaremos sobre otros detalles de la Conferencia, conforme vayan definiéndose. Mientras tanto, cualquier información adicional que requiera gustosamente se la proporcionaremos.

Aprovecho la oportunidad para expresarle nuevamente nuestro agradecimiento por el apoyo que usted está brindando a ENERLAC 93 a través de su participación directa y para reiterarle mis sentimientos de alta consideración y estima.

  
GABRIEL SANCHEZ SIERRA  
Secretario Ejecutivo



**THE WORLD BANK / IFC / M.I.G.A.**  
 Headquarters: WASHINGTON, D.C. 20433 U.S.A.  
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<b>DATE:</b> January 15, 1993	<b>NO. OF PAGES</b> (including this sheet)	<b>1</b>	<b>MESSAGE NO.</b> 3676
<b>TO:</b> Name Company/ Organization	Jacques Percebois	Fax Tel. No.	01133-67615490
<b>FROM:</b> Name Dept./Div. Name Room No.	Robert van der Plas IENPD G2146	City & Country Fax Tel. No. Dept./Div. No. Telephone No.	Montpellier, France 202-4770542
<b>SUBJECT/REFERENCE:</b>	Burundi Energy Seminair		

**MESSAGE:**

Cher Jacques,

Ce message est juste pour vous informé que je viens de recevoir votre texte avec la diskette, et je vous en remercie. Je vous transmettra le document final dès que j'ai reçu la contribution burundaise.

Amicalement,

*Robert*

**Transmission authorized by Carl Jechoutek, Chief, IENPD**

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