Power Market Development
NEWSLETTER

Newsletter Summary: This edition covers market development activities for 2nd & 3rd Quarters of 2017.

Page 1
This page shares the status on the new proposed wholesale market model and Plan to implement it. Also, discussed here are CPPA's market development efforts. The page also shares the vision, mission and core values of CPPA-G.

Page 2
In order to start the market, there are certain interfaces that need to be built which will include the legal, technical and commercial aspects. Therefore, CPPA-G has been providing assistance to the important power sector entities, in the aspects related to building the interface of the market.

Page 3
This page shares the views of the leadership regarding competitive power markets.

Happy readings!

CPPA- Pakistan Electricity Market Operator

Volume-2

Email: info@cppa.gov.pk Website: cppa.gov.pk Phone no: +92-51-9213616

Some key achievements

Market Model and the CTBCM Plan:

The Market Model and the CTBCM Plan was designed and developed after extensive consultation with the stakeholders, and was submitted to the Board on July 13th, 2017. The Board of CPPA-G had taken the following three decisions. The decisions along with progress are hereunder:

1. Formation of Special Committee:
   Special Committee has been formed to review and provide feedback on the proposed market model under the leadership of Mr. Zargham Ishaq Khan (JS Policy & Finance)
2. Formation of Market Implementation Monitoring Group (MIMG) was approved:
   The ToRs of MIMG have been approved by the Power Division, Ministry of Energy and MIMG will soon be notified.
3. Strategic Organizational Restructuring of CPPA-G was approved:
   The restructuring plan for the organization is in the process of development. Once prepared, the plan will be taken to the Board committee of CPPA's Board for approval and will be implemented as per plan

Strategic Partnerships: Signing MoU:

CEO CPPA-G and EPIAS the Market Operator of Turkey, have signed an MoU on Aug 2nd, 2017 for collaboration in the power market development. MoU was signed between EPIAS and CPPA-G after the capacity building program at the EPIAS headquarters in Istanbul. Following items were agreed upon in this MoU:

- EPIAS shall provide consultation and advice to CPPA-G on the matters of market development.
- EPIAS shall share the experience of Turkish market development with CPPA-G.
- Capacity of CPPA-G shall be built through trainings, exchange programs, internships and likewise.
- EPIAS will provide guidance to CPPA-G to build the strategy of IT and other aligned services.

CPPA-G Market Development: For the Sector

In order to start the market, there are certain interfaces that need to be built which will include the legal, technical and commercial aspects. Therefore, CPPA-G has been providing assistance to the important power sector entities, in the aspects related to building the interface of the market

Assistance for the DISCOs:

Apart from being the responsibility of DISCOs, forecasting is a Market issue as well. CPPA-G is providing the assistance in the preparation Medium Term Energy and Demand forecasts for informed future power procurement on-behalf of the DISCOs. The assistance includes (a) on the job training to all DISCOs, (b) preparation of forecasting manuals, and (c) institutional improvements support. In this regard, DISCOs, with the supervision of CPPA-G, have prepared the forecasts and these 10 forecast reports along with one consolidated forecast report was submitted to NEPRA on Aug 22, 2017 for obtaining regulatory approval.

Assistance for NTDC:

CPPA-G has been providing assistance to NTDC for two avenues; (i) Preparation of Indicative Generation Capacity Expansion Plan (IGCEP), (ii) Preparation of Long Term Energy and Demand Forecasts, (iii) capacity building on these two areas and (iv) institutional improvements. For IGCEP, all inputs for the model have been collected by NTDC and the first draft report is expected to be submitted by March 2018. For long term Energy and Demand Forecast, the draft forecast report has been prepared and is expected to be submitted in the last Quarter of 2017. Further, CPPA-G has conducted series of classroom training sessions and on-the job training is a permanent feature.

Assistance for NPCC:

The System Operator (SO) and the Market Operator (MO) are technical and commercial pillars of the market. CPPA-G on the direction of Power Division, Ministry of Energy and with the approval of MD, NTDC, has developed a draft high level plan to SO. The detailed assessment was done, requirements were gathered and the feedback was taken which will be incorporated in the plan. Series of capacity building sessions have also been conducted for SO on optimized dispatch.

Workshops:

Islamabad: Dr. Suzuki Qureshi conducting the training on Energy and Demand Forecasting

1. **Energy and Demand Forecasting Workshop:**
   Apart from discussing various techniques for short, medium and long-term forecasts, the Energy and Demand forecasting Workshop was conducted to give introduction of regulatory framework and compliance to of DISCOs and to put emphasis on the importance of Energy and Demand Forecasting.

2. **Workshop on Optimal Dispatch Tools:**
   A workshop on the simulation tools for optimal least cost security constraint economic dispatch was conducted for NPCC. It was two days workshop, conducted at NPCC, where the basics of modeling, optimization of model for dispatch, input data and modeling tools were discussed .

VISION of CPPA-G

To become a world-class power market operator by providing the optimum environment for trading electricity in the Pakistan power market

MISSION of CPPA-G

To become one of the best-run public organizations in the world, a place where people love to work, developing capacity of stakeholders and providing systems, tools and processes for enabling a transparent and competitive power market. During the transition period, our company will also procure the required energy on behalf of the Distribution Companies for retail sales to their customers transparently and efficiently

OUR CORE VALUES

- Transparency
- Excellence
- Teamwork
- Be respectful

FUNCTIONS

MARKET OPERATOR

- Billing and Verification
- Financial Settlement and Payment
- Market Development
- Admission, suspension and cancellation of participants
- Power Procurement on behalf of DISCUs during transition

SYSTEM OPERATOR

- Non-discriminatory and transparent system operation, planning and dispatch services
- Reliable operational planning and coordination of maintenance outages
- Economic generation scheduling and dispatch

TRANSMISSION NEWORK OPERATOR

- Providing the transmission infrastructure
- Ensuring adequate economic transmission
- Preparation and Implementation of the system expansion plan
- Operation and maintenance of transmission assets

Istanbul: CPPA-G and EPIAS signing MoU

Istanbul: Delegates from CPPA-G, EPIAS, TETAS and EMRA during the MoU signing ceremony

CPPA Office: GM NPCC sharing his thoughts regarding the SO Strengthening Plan

NPCC Office: Daniel Serrano delivering the workshop on Simulation Tools at NPCC

ISTRADE 2017: Delegates of CPPA-G with CEO EXIST during ISTRADE 2017

ISTRADE 2017: The panel of ISTRADE'17

Market Development Activities: Some Key Achievements Cont...

- Preparation and submission of Competitive Trading Bilateral Contract Market (CTBCM) Model Report and Plan before the Board of Directors of CPPA. Also conducting numerous consultation sessions with the stakeholders and market participants were conducted on discussing and taking feedback on the proposed market model
- Establishment of Market Monitoring Implementation Group (MIMG) facilitate implementation
- Signing of MoU between CPPA-G and EPIAS-Market Operator of Turkey
- CPPA obtained the membership of Association of Power Exchanges (APEX)
- 3-Workshops: An intensive 4 days training on competitive power market development having participants from NEPRA, NTDC, NPCC, CPPA-G and KE. Forecasting Workshop was also conducted in order to institutionalize the function of Energy and Demand Forecasting among DISCOs, NTDC and NPCC. Another workshop on dispatch tools was conducted for NPCC
- PMS based Energy and Demand Forecasting reports have been submitted by CPPA-G on behalf of DISCOs to NEPRA for obtaining regulatory approval
- Preparation of SO Strengthening Plan with the assistance of and consultation with NPCC
- CPPA-G filed the registration application to NEPRA
- CPPA-G networked with the institutions in ISTRADE 2017 Conference in Istanbul
- CPPA has initiated its business restructuring by forming a well thought out plan

Functions of MIMG:

- Providing support to all stakeholders with specific roles in the CTBCM implementation
- Proposing solutions whenever implementation problems arise
- Preparation and dissemination information about the progress in the CTBCM implementation
- Organization and facilitation of capacity building programs
- Coordination with stakeholders

Composition of MIMG:

- MWP
- NEPRA
- CPPA-G
- NTDC
- Discos
- GENCOs
- IPPs
- K-Electric

Our Leadership:

"The "National Power Policy 2013" was approved by the CCI to address the key challenges of the power sector and to achieve the long-term vision of the power sector. One of the salient feature of the policy was creation of an competitive electricity market by moving from the single buyer model towards buyer plus and ultimately a electricity competitive market. Consequently, CPPA-G, being central facilitating entity, is making all efforts for designing and developing a Competitive Market. Pakistan's Power Market is one of emerging markets of the region. I foresee that the competition in Pakistan's Power Market will not only attract investments in generation by reducing the burden of sovereign guarantees but will also provide energy security to the Country"

Zargham Eshaq Khan
Joint Secretary (Power/Finance)
Ministry of Energy (Power Division)

"CPPA-G is the heart of power sector and the power sector is the heart of economy. I feel honored leading the Market Operator and feel very confident that together we will be able to make power market competitive"

Abid Latif Lodhi
Chief Executive Officer

"We believe that the task that CPPA-G has to accomplish cannot be achieved without the collective effort of the team within and outside CPPA-G"

Abdul Majid Khan
Chief Legal Officer

"As CFO I foresee that automation of processes will be essential and IT will form the backbone for market evolution"

Rihan Akhtar
Chief Financial Officer

"Many countries across the globe have moved from single-buyer to competitive markets, and have achieved efficiency, transparency and security of payments."

Syed Iqbal Mehdi
Chief Technical Officer

"I am glad that the market model that we have proposed for Pakistan is informed by our ground realities and I firmly believe that gradual implementation will help augment not only processes but also people and Technology"

Omer Haroon Malik
DGM Strategy & Market Development

CPPA's Core Market Development Team