



GCCIA 2nd Regional Power Trade Forum

The Roadmap Towards Development of GCC Power Market

Eng. Nawaf Bin Ebrahim Bin Hamad Al Khalifa

CEO, Electricity & Water Authority, Bahrain

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The Roadmap Towards Development of GCC Power Market

- Prospects of establishing a GCC Power Market through the Interconnector.
- Current hurdles to power trading through the Interconnector.
- Visionary development for GCC Power Market and its requirements.
- The Way forward.

Prospects of establishing a GCC Power Market through the Interconnector

- Available medium for power trading: *the GCC Interconnector*.
- Existing signed agreements that facilitate and manage power trading through the Interconnector.
- Feasible opportunities for bi-lateral trading between the member states.
- New approach towards reducing heavy consumption of fossil fuel for electricity.
- Possible interconnection to surrounding regions.

Current hurdles to power trading through the Interconnector

- ✓ **Different internal electricity market structures and organizational framework in the GCC;**
- ✓ **Different strategies and priorities for the development of the member states electricity sectors and fuel mix;**
- ✓ **Heavy dependency on subsidized fuel distorting real cost of electricity;**
- ✓ **Need of regulations that address and promote cross-border power trading;**
- ✓ **Lack of accountability for the Interconnector in internal system expansion plans;**

Visionary development for GCC Power Market and its requirements

To establish a power market in this region, there are certain topics that need to be addressed, such as:

- ✓ **Common market model and framework.**
- ✓ **Minimum Legal and Regulatory Requirements**
- ✓ **Minimum Technical Requirements**
- ✓ **Minimum Financial & Investment Requirements**

Visionary development for GCC Power Market and its requirements

Common market model and framework:

- The member states have to set up a proper structure of the power market, its framework, its participants and the implementation phases timeline.
- The principles have to be in line with the progressing plans for the Arab Electricity Market.

Visionary development for GCC Power Market and its requirements

Minimum Legal and Regulatory Requirements:

- ✓ Cross-border Market access
- ✓ Local Legislative and regulatory framework that address and promote cross-border power trading for optimal economic value.
- ✓ Financial and commercial rules for cross-border trade to protect the rights of participants
- ✓ Guideline for Infrastructure requirements for market operation

Visionary development for GCC Power Market and its requirements

- **Minimum Technical Requirements:**

- ✓ Transmission Dispatch Centres to accommodate new functions for power trade
- ✓ Adoption of new technologies for economic dispatching that recognize economic value for cross-border trade
- ✓ Update of technical and operational rules (Grid Code)
- ✓ Review and development of the IT and metering systems necessary for market operation
- ✓ Allocation of expertise and skilled manpower

Visionary development for GCC Power Market and its requirements

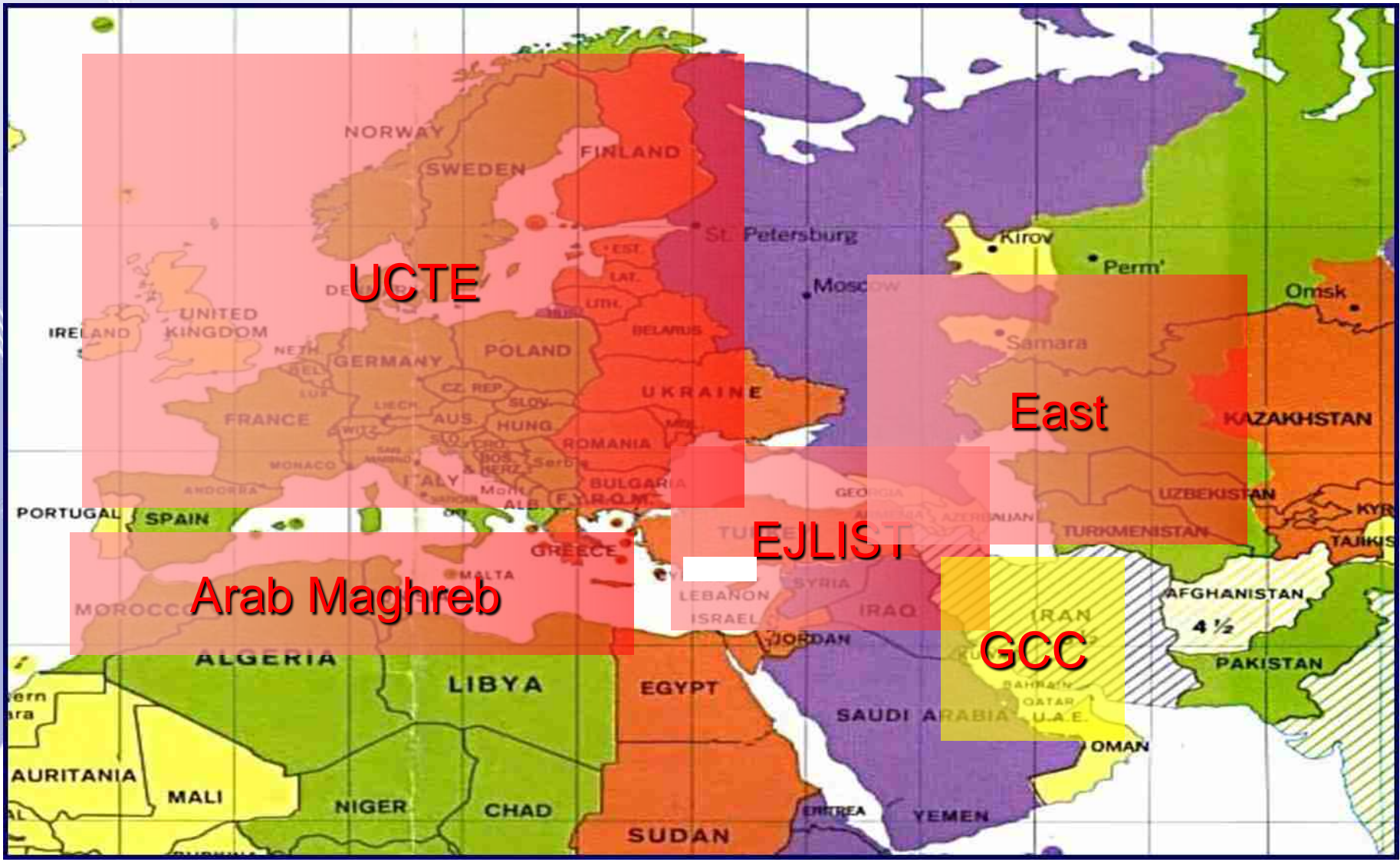
- **Minimum Financial & Investment Requirements:**
 - ✓ Reduction in dependency on subsidies and establishment of trading tariff system that reflects the cost of supply.
 - ✓ A framework that sets financial guarantees for participants in the power trade transactions

Visionary development for GCC Power Market and its requirements

Other Requirements:

- A neutral regional Market Facilitator which can evolve to regional market operator to manage and operate the GCC power market : **GCCIA** ✓
- Establishing independent regulatory agency to oversee the market and regulate it : **ARC** ✓ *to evolve into that role.*

Opportunities for interconnection with surrounding power markets



Conclusions and Recommendations

- ✓ The GCC countries has to agree on a timely action plan for establishing a power market, utilizing the GCC Interconnector.
- ✓ Through this plan, introduction and adoption of the proposed requirements would be implemented within the countries.
- ✓ GCC Interconnection Authority is to work along with the member states stakeholders to realize this agreed plan.
- ✓ The GCC countries need to provide highest level of support and facilitation to GCCIA and the national utilities and regulators in order to achieve this target.



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Thank you for your attention