

SAARC FRAMEWORK AGREEMENT **FOR ENERGY COOPERATION (ELECTRICITY)**

The SAARC (South Asian Association for Regional Cooperation) Member States, comprising Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka;

Recognizing the importance of electricity in promoting economic growth and improving the quality of life;

Realizing the common benefits of cross border electricity exchanges and trade among the SAARC Member States leading to optimal utilization of regional electricity generating resources, enhanced grid security, and electricity trade arising from diversity in peak demand and seasonal variations;

Convinced of the need of increasing economic cooperation and creating new opportunities in electricity sector;

Recalling the decision of the Sixteenth SAARC Summit held in Thimphu (2010), to enhance cooperation in the energy sector to facilitate energy trade, development of efficient conventional and renewable energy sources including hydropower;

Emphasizing the need to promote regional power trade, energy efficiency, energy conservation and development of labeling and standardization of appliances, and sharing of knowledge;

Recalling further the decision of the Seventeenth SAARC Summit held in Addu City-Maldives (2011), which directed the conclusion of the Inter-governmental Framework Agreement for Energy Cooperation;

Now, therefore, in the spirit of solidarity and mutual cooperation, and subject to laws, regulations and international obligations of the Member States, wherever applicable, have agreed as follows:

Article 1 **Definitions** **Buying and Selling Entities**

Buying and Selling Entities means any authorized public or private power producer, power utility, trading company, transmission utility, distribution company, or any other institution established and registered under the laws of any one of the Member States having permission of buying and selling of electricity within and outside the country in which it is registered.

Article 2
Objective

Member States may enable cross-border trade of electricity on voluntary basis subject to laws, rules and regulations of the respective Member States and based on bilateral/trilateral/mutual agreements between the concerned states.

Article 3
Scope

Member States may enable Buying and Selling Entities to negotiate the terms, conditions, payment security mechanism and tenure of electricity trade under the Government regulatory mechanisms of the concerned states.

Article 4
Duties & Taxes

Member States may work towards exempting from export/import duty/levies/fees etc. for cross-border trade and exchange of electricity between Buying and Selling Entities.

Article 5
Data updating and sharing

Member States may share and update technical data and information on the electricity sector in an agreed template.

Article 6
Promoting competition

Member States shall encourage the process of opening up of electricity sector guided by respective national priorities with the aim of promoting competition.

Article 7
Planning of Cross-border interconnections

Member States may enable the transmission planning agencies of the Governments to plan the cross-border grid interconnections through bilateral/trilateral/mutual agreements between the concerned states based on the needs of the trade in the foreseeable future through studies and sharing technical information required for the same.

Article 8
Build, Operate and Maintain

Member States may enable the respective transmission agencies to build, own, operate and maintain the associated transmission system of cross-border interconnection falling within respective national boundaries and/or interconnect at mutually agreed locations.

Article 9
Transmission Service Agreements

Member States may facilitate authorized Buying and Selling Entities to enter into transmission service agreements with the transmission service providers for the purpose of cross-border electricity trade.

Article 10
Electricity Grid Protection System

Member States shall enable joint development of coordinated network protection systems incidental to the cross-border interconnection to ensure reliability and security of the grids of the Member States.

Article 11
System Operation and Settlement Mechanism

Member States shall enable the national grid operators to jointly develop coordinated procedures for the secure and reliable operation of the inter-connected grids and to prepare scheduling, dispatch, energy accounting and settlement procedures for cross border trade.

Article 12
Transmission Access

Member States shall, for the purpose of cross-border trade, enable non-discriminatory access to the respective transmission grids as per the applicable laws, rules, regulations and applicable inter-governmental bilateral trade agreements.

Article 13
Facilitating Buying and Selling Entities

Member States shall enable Buying and Selling Entities to engage in cross-border electricity trading subject to the laws and regulations of the concerned Member States.

Article 14
Knowledge sharing and joint research in Electricity Sector

Member States may enable and encourage knowledge sharing and joint research including exchange of experts and professionals related to, *inter alia* power generation, transmission, distribution, energy efficiency, reduction of transmission and distribution losses, and development and grid integration of renewable energy resources.

Article 15
Regulatory Mechanism

Member States shall develop the structure, functions and institutional mechanisms for regulatory issues related to electricity exchange and trade.

Article 16
Dispute Settlement

Any dispute arising out of interpretation and/or implementation of this Agreement shall be resolved amicably among the Member States. If unresolved, the Member States may choose to refer the dispute to SAARC Arbitration Council.

Article 17
Withdrawal

Any Member State may withdraw from this agreement at any time after its entry into force. Such withdrawal shall be effective six months from the day on which written notice thereof is received from the SAARC Secretariat, the depository of this Agreement.

The rights and obligations of a Member State which has withdrawn from this Agreement shall cease to apply as of that effective date with the exception that ongoing proceedings at the time of termination shall nonetheless be completed in accordance with the provisions of this Agreement.

Article 18
Entry into Force

This Agreement shall enter into force on completion of formalities by all Member States and upon issuance of a notification thereof by the Secretary General of SAARC.

Article 19
Amendment

Any amendment to this Agreement may be submitted by a Member State to the SAARC Secretariat and recommended by consensus to the Meeting of SAARC Energy Ministers. Such amendment(s) will be effective upon deposit of the instruments of acceptance with the Secretary General of SAARC.

Article 20
Review

The Member States shall meet in order to review this Agreement on request or at the end of five years from the date of its entry into force, unless they notify one another in writing that no such review is necessary.

IN WITNESS WHEREOF, the undersigned being duly authorized thereto by their respective Member States have signed this Agreement on SAARC Framework Agreement for Energy Cooperation (Electricity).

DONE in Kathmandu, Nepal, on this the Twenty Seventh Day of November of the Year Two Thousand Fourteen, in Ten Originals in the English Language.

Minister of Foreign Affairs
Islamic Republic of Afghanistan

Minister for Foreign Affairs
People's Republic of Bangladesh

Minister of Foreign Affairs
Kingdom of Bhutan

Minister of External Affairs
Republic of India

Minister of Foreign Affairs
Republic of Maldives

Minister for Foreign Affairs
Nepal

Minister of Foreign Affairs
Islamic Republic of Pakistan

Minister of External Affairs
Democratic Socialist Republic of Sri Lanka