

**ECO Regional Electricity Market
establishment feasibility study project (ECO-REM)**

1. Project Category:	Energy /Electricity
2. Project Code:	EME2/E/REM/2017
3. Project Title:	Feasibility Study on establishment of the ECO Regional Electricity Market (ECO-REM)
4. Project Objective(s):	<ul style="list-style-type: none"> • To study prerequisites and existing conditions in the ECO Region for establishment of ECO Regional Electricity Market through harmonizing and merging the electricity markets of Iran and Turkey with the possibility of its further expansion to other Member States. • To advise the ECO Member States on the optimal approaches to increase electricity trade via improving policy and regulatory environment, undertaking relevant arrangements, and building institutional capacities. • To find synergies and complementarities among the fragmented bilateral and multilateral electricity grids existing/expected in the ECO Region and mobilize them under the ECO-REM platform.
5. Project Budget (US\$):	Estimated cost is 300000 – 400000USD
6. Project Funding Source:	Seed financing by the interested Member States, ECO Feasibility and General Purpose Fund (FGPF), as well as financial institutions and donors
7. Coordinating Country/Organization:	I.R. Iran, Turkey and ECO Secretariat/To be further developed within other Member States
8. International/Regional Partner:	International Energy Charter, UNESCAP
9. Duration of Project (Months):	8 months
10. Project Starting Time (M/Y):	-2023
11. Project Progress Ratio (%):	-

12. Expected Project Completion Time (M/Y):	-2024
13. Project Budget Released (%):	-
<p>14. <u>Background:</u></p> <ul style="list-style-type: none"> • 3rd Expert group meeting between two countries was held in May 31, 2021 and the Republic of Azerbaijan was also invited with the view to contribute to the project as a country which has power trade and exchange with both countries. The Meeting decided that the Secretariat will review the Terms of References (ToRs) of the project to be updated based on the recent developments if necessary. The Secretariat will distribute at its earliest the updated ToR amongst participated sides • During the 2nd High Level Experts Group Meeting on Energy (September 2012, Ankara), I.R. Iran proposed the establishment of the ECO Regional Electricity Market (ECO-REM) and hosting a Meeting/Workshop on the subject matter in 2013. The 23rd RPC Meeting (6-8 May 2013, Tehran) emphasized the importance of establishment of ECO-REM and requested the Member States to organize relevant events with a view to realize that idea. • The 1st Experts Group Meeting on establishment of ECO REM hosted by Iran was held on 5-6 November 2013 in ECO Secretariat. Apart from the ECO Member States, the representatives of Nord Pool Spot, ECO-CCI, IsDB and ECO TDB also participated at the subject Meeting. The major outcome and recommendation of the Meeting was the implementation of ECO-REM as a pilot project initially with participation of I.R. Iran and Turkey and later with other interested ECO Member States for maximum benefits of ECO Region. • ECO Secretariat in cooperation with the Energy Charter Secretariat co-organized technical workshop to introduce best international practices in electricity market issues 14 October 2020. • As an outcome of consultations between ECO and Energy Charter Secretariat, the Latter expressed its readiness to support launching the subject Project through establishment of a consortium for joint coordination of this Project based on the previous experiences of the Energy Charter. • The 3rd Iran-Turkey Bilateral Meeting on launching pilot project of ECO-REM was organized in May 2021 (Azerbaijan also was invited as an observer). <p><u>Following key recommendations are necessary :</u></p> <ul style="list-style-type: none"> • Identification of criteria and guidelines for hiring 3 consultants (2 local and one international) to prepare Feasibility Study on establishment of ECO REM; • Getting approval of the ECO Council of Permanent Representatives for funding the Feasibility Study from ECO Feasibility and General Purpose Fund, with possibility of Iran and Turkey providing additional seed funding for hiring local consultants. 	

15. Current Status:

3rd Iran – Turkey expert group meeting on launching pilot project with possible extension to other Member States in the future agreed to update ToR.

4th ECO Energy Ministerial Meeting which was held on June 24, 2021 has adopted roadmap on realization of the ECO-REM project assigning concrete steps to achieve the goal. Also, declaration of ministerial meeting emphasizes the need for expanded efforts towards electricity market.

ECO Secretariat has been making efforts for convening the 2nd Experts Group Meeting on establishment of ECO-REM. The Republic of Tajikistan expressed its readiness to host the 2nd Experts Group Meeting. This meeting is sought to approve the drafted “ToR for hiring international and local consultants for preparation of a Feasibility Study on establishment of ECO-REM” and define roadmap for further action and accelerate the implementation of the project in line with the “ECO Vision 2025”.

The Republic of Tajikistan proposed to hold The 2nd Expert Group Meeting on establishment of Regional Electricity Market of the ECO countries on September 5, 2023. Secretariat is involved in exploring highly capable international expert along with partner organizations to explore possibility of starting project and extending technical assistance.

16. Necessary Actions and Assistance Needed:

1. 4rd Iran-Turkey Bilateral Meeting and the 2nd Experts Group Meeting on establishment of ECO-REM with a view to engage more Member States for ownership of the project along with financial and in-kind contribution.
2. Member States should follow up possibilities to implement roadmap on realization of the project adopted at the 4th ECO Energy Ministerial Meeting held in 2021.
3. Hiring consultants for preparation of the feasibility study in cooperation with the Energy Charter, UNESCAP and other interested international financial institutions/donors.

17. Expected Outcomes of the Project

1. Electricity trade among the interested Member States will transform into the multilateral character through integrating the fragmented bilateral and multilateral projects and initiatives existing/expected in the ECO Region;
2. ECO Region will harness its full regional electricity potential;
3. The long-term regional electricity exchange and region-wide cooperation will be enhanced;
4. ECO-REM will be expanded towards the integrated non-ECO electricity markets;
5. ECO-REM will contribute to the long-term regional energy sustainability through multiplier effects.

