

Prospects for energy cooperation under BIMSTEC

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BHUTAN

BIMSTEC

ENERGY COOPERATION

On 6 June, the Bay of Bengal Multisectoral Technical Economic Cooperation (BIMSTEC), the sub-regional cooperation bloc, marked its 23rd anniversary. Leaders of member-nations in their congratulatory messages wished each other for a speedy recovery from the Covid-19 and reposed faith in the ability of the seven-member bloc to build a secure and prosperous Bay of Bengal region.

Prime Minister of Bhutan, Dr. Lotay Tshering, in his congratulatory message on the eve of the anniversary, conveyed his country's sincere prayers and well-wishes to the governments and 1.5 billion citizens of the BIMSTEC region amidst the global pandemic. Bhutan became a member of the BIMSTEC at the Bangkok Summit in 2004. Nepal too joined in the same year.

Inter-grid connection

Bhutan's maiden summit as a member of the BIMSTEC saw the countries reach an agreement to promote sustainable and optimal energy utilisation. It was also agreed that such energy cooperation

was possible through the development of new hydrocarbon and hydropower projects, inter-connection of electricity and natural gas grids, energy conservation and renewable energy technologies.

Despite a promising start, the BIMSTEC and the initiatives in the energy sector lacked lustre until a belligerent India infused fresh life into the BIMSTEC bloc by hosting the BRICS-BIMSTEC Leaders' Retreat in 2016 in Goa. The summit also saw BIMSTEC leaders deciding to expedite the signing of the MoU on BIMSTEC grid interconnection.

The grid interconnection MoU, signed in 2018 by member-states, sought to create a broad framework for the parties to cooperate towards the implementation of grid interconnections for the trade in electricity with a view to promoting rational and optimal power transmission in the BIMSTEC region. This was a leap forward in energy cooperation.

Regional energy frameworks agreed upon in the BIMSTEC present opportunities for Bhutan's growing clean energy economy and offers scope for diversifying its energy mix. Bhutan's energy mix is dominated by Biomass (36 percent) followed by hydropower (28 percent), petroleum (21 percent) and coal (15 percent).

Bhutan is a net exporter of electricity to India. It also imports electricity from India during winter months. Bhutan's grid connections with India offer scope for electricity trade with other BIMSTEC countries.

India already has regional power system integration with Bangladesh, Bhutan and Nepal. Also, India has cross-border transactions with Myanmar and Sri Lanka. Such short-term, medium-term or long-term trading arrangements for import and export of electricity with neighboring countries would facilitate regional trade in power and help in meeting the requirement of power in the respective countries thereby moving towards greater energy security in the region.

Bhutan faces the challenge of non-diverse electricity generation resources. It is excessively concentrated in hydropower (37 GW) as a resource from 155 identified sites. Bhutan's per-capita electricity consumption is highest among the region with 2,976 kWh per annum. However, most of the domestic electricity access provided by Bhutan is through off-grid systems.

Bhutan's integration into the regional electricity networks will help optimisation of its energy resources. It will also benefit from investment through generation capacity addition. The country will earn revenue by power exchange through cross-border interconnections.

Trilateral power-trade

Early this year it was revealed that a trilateral cooperation between India-Myanmar-Thailand was underway for setting up a power grid which is 3,000 kilometre long. Similarly, Bangladesh is in talks with Nepal and Bhutan for trilateral power trade.

The \$2 billion 1125 MW Dorjilung hydropower project involving Bangladesh, Bhutan and India that will allow Thimphu to export electricity to Dhaka through India is one such project identified for trilateral power trade. Last year, during a Prime Ministerial bilateral summit between Bhutan and Bangladesh, the latter's eagerness for investing in hydropower projects in Bhutan was evident.

The Indo-Bhutan energy cooperation has already presented itself as a model for BIMSTEC countries. Despite its success, some of the joint hydropower projects underway in Bhutan have suffered delays due to ecological risks and funding issues. These include the Punatsangcchu-I and II projects that are not likely to be commissioned before 2024-25 and 2022-2023 respectively.

BIMSTEC member nations as per the 2018 Summit declaration have instructed relevant agencies in their respective countries to take concrete measures for harmonisation of technical, planning and operational standards for removing barriers to grid interconnections.

Thus, a spurt of activities in energy sector of BIMSTEC make it promising avenue for intensifying sub-regional cooperation. Littorals of the bay are rich in natural resources which through integration could optimise the energy security of member nations.

This Commentary originally appeared in *South Asia Weekly*.

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