



Proposed East Pathfinder Project

PAEM Committees: Session 4

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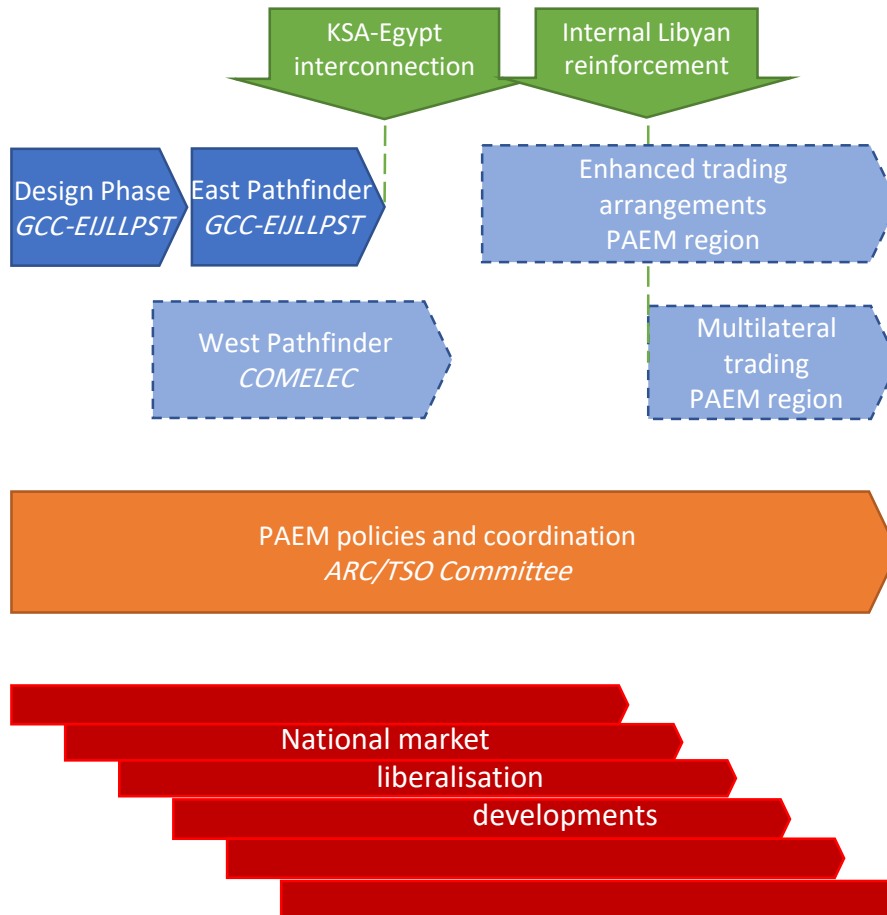
Goals of the East Pathfinder

Develop and test the supporting mechanisms and tools needed to support multilateral trading between countries in the GCC and EIJLLPST sub-regions

- Initially designed to support trading between Egypt, Jordan and KSA, but able to be quickly extended to all countries in the two sub-regions
- Includes designing and implementing the necessary systems and processes, joint governance structures, service providers, and the detailed rules and agreements necessary for market parties to participate in cross-border trading
- Coordinate closely with the ARC and TSO Committee:
 - Guidance from the ARC/TSO Committee to ensure that the arrangements developed are aligned with the emerging PAEM rules and policies
 - Coordination with the ARC/TSO Committee to develop the PAEM rules and national regulations that are needed in the future PAEM framework, and to prepare the plans for the further development and phased geographic rollout of the arrangements



High Level Plan

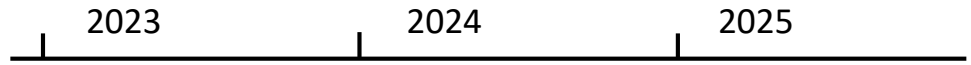


- Pathfinders linked to development of the physical network
 - KSA-Egypt (2024/5), followed by Jordan-KSA and Iraq-GCC, linking EIJLLPST and GCC
 - Libya internal reinforcement linking PAEM
- Ensure alignment between the Pathfinders and consistency with the emerging PAEM rules (TSO Committee/ARC)
- Further enhancements to the trading arrangements to be added over time
- Development of national markets not a PAEM obligation; PAEM market design should support a range of national market forms



Indicative Pathfinder timeline

- PAEM development (under AEEC)
- East Pathfinder (under Executive Committee)
- Rollout (under expanded Executive Cttee)



Develop PAEM market rules together with ARC/TSO Committees (PAEM-wide)



- Pathfinder Design Phase addressing:
- Choice of solution to be implemented (high-level design, roles)
 - Project brief (plan, organisation, roles, resourcing, engagement with other parties)



Alignment, coordination

★ Approval of proposed design (3 Regulators, ARC, TSOC)
Launch implementation project

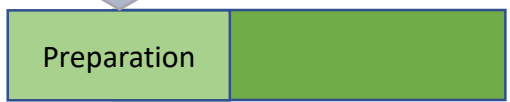
- Pathfinder Implementation Phase addressing:
- Design, build and test new systems and procedures
 - Develop joint governance arrangements (e.g., roles, control, funding, change management, service providers)
 - Draft market participant rules, access agreements, etc



Assistance

★ Launch Multilateral Trading in KSA-Egypt-Jordan

Progressive rollout to other Mashreq and GCC Member States; share tools/templates with other sub-regions





Pre-implementation Design Phase (1)

Aim is to investigate and propose solutions on the critical issues, delivering a “Project Brief” for the East Pathfinder that includes the following:

1. The choice of solution to be implemented in the East Pathfinder
 - Confirm the critical market arrangements that need to be addressed:
 - cross-border capacity calculation
 - capacity allocation/congestion management
 - transmission services/wheeling
 - unscheduled deviations
 - market facilitation services
 - data transparency
 - market participation
 - For each of the critical market arrangements, the outline requirements/design of the Market Enablers, including (where relevant):
 - Market rules and participation terms
 - Supporting systems, procedures
 - Delivery responsibilities – including national TSOs; service provider(s) (e.g., role of GCCIA) – and the outline contractual framework required
 - Governance structure for any multiparty cooperation
 - Potential dependencies on the emerging PAEM rules

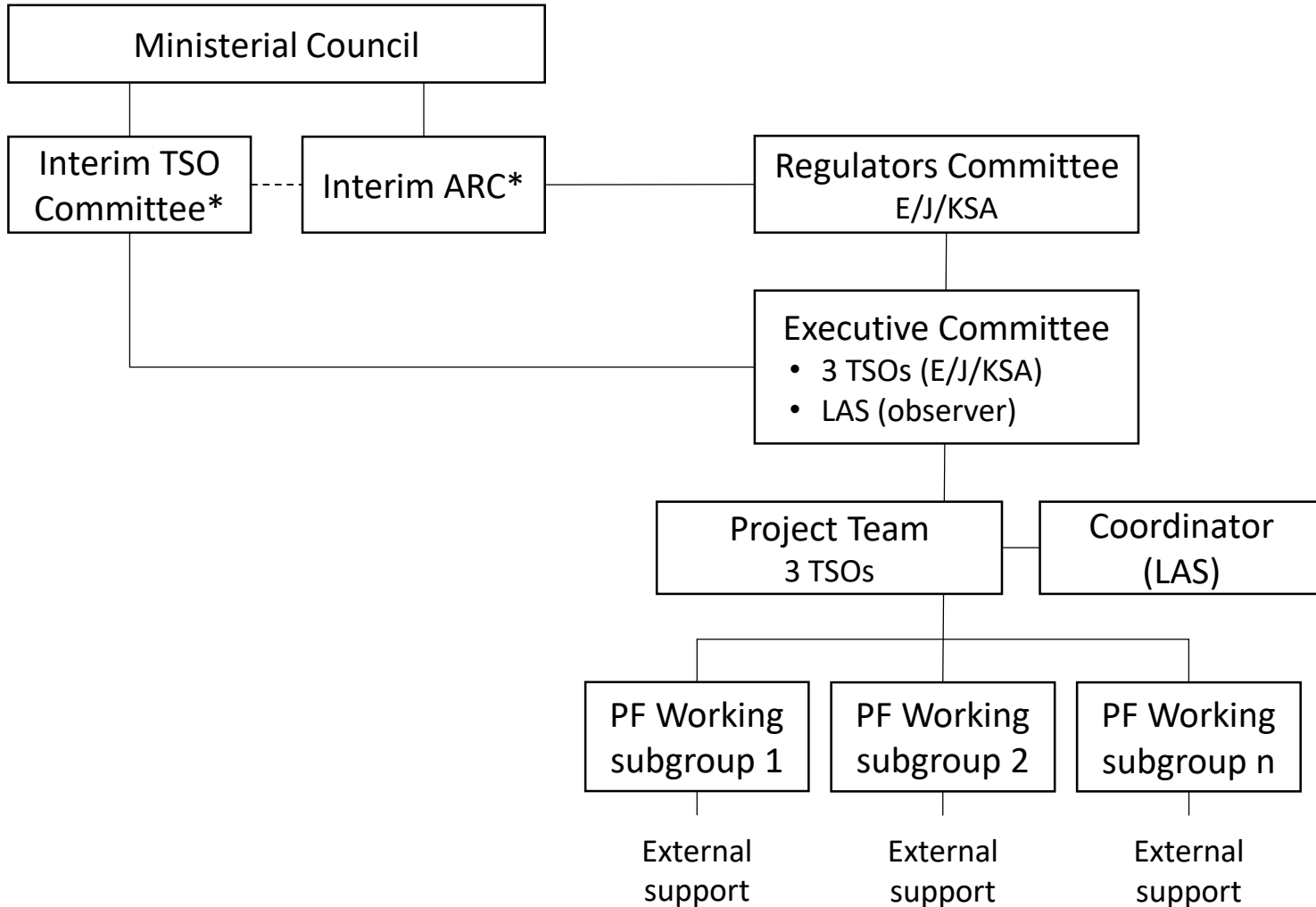


Pre-implementation Design Phase(2)

2. Draft East Pathfinder project brief covering:
 - Role descriptions
 - Project management structure
 - Resources and funding
 - High-level project timeline
 - Mechanisms for consultation and engagement with other parties not directly in the Pathfinder (PAEM committees, other countries in GCC, EIJLLPST, any other Pathfinders)



Organisation – Pathfinder Design Phase



* Supported by relevant working groups as needed



Immediate East Pathfinder Tasks

1. Review East Pathfinder project proposal with interim ARC and TSO Committees; seek AEEC approval
2. Establish Executive Committee
 - Approve initial workplan
 - Appoint Project Team members
 - Agree secretariat support, meeting arrangements
3. Project Team review Design Phase plan and report recommendations to Executive Committee (1-2 month):
 - Review the critical design aspects to be addressed: relevance/ prioritisation; key issues to be resolved; likely interdependence with PAEM Rules development
 - Assess organisation and resourcing of the Design Phase, including identifying need for external expert support/consultancy (e.g., World Bank)
 - Prepare plan with tasks, resources and timelines
4. ARC/TSO Committees review proposed Pathfinder workplan; establish arrangements for coordination/consultation with PAEM



West Pathfinder?

Potential to add a West Pathfinder between Comelec countries

- Possible design aspects to address:
 - Multilateral trading between Comelec countries
 - Potential integration with Mashreq/GCC via Libya
 - Trading PAEM-EU
- Opportunity to link with Med-TSO West Pilot as well as East Pathfinder; most critical market arrangements for multilateral trading also needed to establish a day ahead auction (West Pilot Stage 2)
- Issue for Comelec countries to consider



Thank you