

## **A QUICK OVERVIEW OF THE CAMPAIGN ON**

### **A Universal Service Obligation / Service Delivery of Rural Energy Services through Clean Energy Solutions**

#### **Why the Campaign:**

With an impressive annual growth rate of 7-8% on one side and lack of electricity access for half of the population on other, India faces the key challenge of maintaining a balance between energy security, energy access for all and imperatives of sustainable development.

Even today, 45% of India's households do not have access to modern electricity. Only 11% of India's households consume more than 100 kWh of electricity per month, while 33% of India's population consumes less than 50 kWh of electricity per month. The per capita average annual domestic electricity consumption in India in 2009 was 96 kWh in rural areas and 288 kWh in urban areas for those with access to electricity. The world average per-capita electricity consumption is 2500 kWh, while for India as whole, it is 700 kWh. The poor per-capita electricity consumption is largely due to poor electricity consumption of rural India.

The recent failure of the North and Eastern Electricity Grid, created a huge furore particularly amongst Urban Consumers, due to the close to 20 hours of power outages in major cities of North and East India including Delhi and Kolkata. However, the fact that power outages of 20 hours plus in many part of rural India, is a near daily situation seems to be on the backburner.

While there has been policy, legal framework and exclusive programmes aimed at rural electrification, these have not yielded the results it set out to achieve.

In terms of Policies, The Electricity Act 2003 makes it obligatory for the government to supply electricity to rural areas –

“The Appropriate Government shall Endeavour to supply electricity to all areas including villages and hamlets”

Under proviso to Section 43 of the Electricity Act 2003 the Appropriate Commission would need to ensure as a part of universal service obligations that the national goal of providing access to households by year 2009 is complied with,

- a) Section 4 and 5 of the Electricity Act mandates the government to formulate a “rural electrification policy”, which has been since formulated and adopted in 2006.
- b) Section 5 provides a framework for decentralization of distribution of electricity. It mandates the Central Government to formulate policies for rural electrification, empowering Panchayat Institutions and local communities for purchase of power and management of distribution in rural areas.
- c) Section 6 mandates the Central Government to formulate policies for rural electrification, which in a way also ensures that the Government is mandated to formulate policies which would promote rural electrification, which include exploring all supply options which would ensure the success of rural electrification.

Further, the RGGVY launched in 2005, was one of the flag-ship programmes of the Government aimed at addressing 100% rural electrification.

Further in the last two decades, electricity generation capacity addition has also gone up by over 170% from 60,000 MW in 1990 to 186,654 MW as on Jan 2012, while rural household electrification has not kept pace with electricity generation capacity additions, despite dedicated policies and programmes.

The reason for this is largely due to ineffectiveness of states in implementing programmes and also contradictions in approaches to address Universal Service Obligation (USO). For instance, while USO is the theme of the RGGVY programme, the very definition of village electrification, contained in RGGVY, defeats the whole concept of USO. Further, with urbanization and industrial growth, bulk of the demand of electricity is prioritized to urban and industrial centres and even rural areas which are deemed electrified, get de-prioritised supply, which means poor quality and quantity of electricity supply in rural areas, with some rural pockets not getting electricity even for 4 hours a day.

### **The Campaign Approach:**

The campaign aims at getting the Central and state electricity regulators to issue an legally binding order, in which the concerned state electricity utilities/governments will have to comply with “Universal Service Obligation”, which is adequately defined, with time lines and milestones and the mile stones to incorporate some of the already existing provisions under the Electricity Act 2003, the National Electricity Policy 2005 and the Rural Electrification Policy 2006. It will further mandate that the Universal Service Obligation will ensure quality and quantity of supply and further mandate that as far as possible, modern and clean and local sources of energy is made available to people.

The approach and methodology of the campaign will be as follows:

- A) Step 1: Detailed research and compilation of tools, based on existing literature and reports on the issue by various organisations inclusive of Vasudha Foundation.
- B) Step 2 a: To prepare a legally tenable petition to CERC and identified State Electricity Regulatory Commissions
- C) Step 2 b: Simultaneously, organize a series of capacity building/orientation workshops – one at the national level to building a group of organisations which could support the issue. A small orientation workshop in partnership with either E-Parliament or any other organization working with parliamentarians to build support of select parliamentarians who could lend their voice to this campaign both at the national level as well as in their respective states. A state level workshop in the identified states, with the target audience being community groups, NGOs and select members of the state legislature to build support to the initiative.
- D) Step 3 a: To file the petition as is detailed and also with the request to regulator to organize hearings in all key districts or zones and to ensure this, we would also make the distribution utilities of the state (if there are more than one) as parties to the petition, to ensure that there is at least one hearing organized in the jurisdiction area of the concerned utilities. The states identified are Jharkhand, Bihar, Uttar Pradesh, Orissa, West Bengal and Nagaland). The regulatory

commissions in these states in addition to the Central Electricity regulatory commission will be approached.

- E) Step 3 b: A press meet would be organized to inform the media about the petition, the highlights of the petition and also to seek media involvement in this exercise.
- F) Step 4: Preparation of Public Hearing: At the public hearing, it would not only Vasudha Foundation, which would be making the case, but we would ensure that there is adequate participation from CBO, NGOs, Media , People's Representatives, Academia amongst others to make a case. This needs to be read with step 2 B, where the capacities of communities is being built to air their concerns in such appropriate forums.
- G) Step 4 A: The forum of regulators is not a formal body, but we would also involve them, by requesting to make a presentation on our petition in one of their regular meetings, to also get their support.

While the rural electrification policy required states to come up with a "Rural electrification Plan", hardly 5 states came up with one and even those are merely drafts and have not really seen the light of the day.

#### **Why Regulatory Approach:**

Proviso to Section 43 of the Electricity Act 2003, provides for the regulatory commission to ensure that the Universal Service Obligation and particularly the national goal of providing electricity access to all households by 2009 is complied with.

However, even four years post the target, 44 percent of the households do not have access to electricity even for lighting.

Further, it is our belief that the electricity regulator who can provide a legal framework which would be mandatory for electricity utilities to comply.

In addition to the regulator, the respective state Governments have the powers to mandate this, but despite the various provisions in the National Rural Electrification Policy and particularly the section that mandates states to come up with a rural electrification plan, only 12 of the 29 states have so far made plans for rural electrification and even these are only in draft form.

Since electricity is both the subject of the state and union Governments, the states too have to formulate policies. In the absence of the state taking action, the regulator being a quasi-judicial body can take appropriate steps.