



Trans-India Law Associates

Advocates & Legal Consultants

RURAL ELECTRIFICATION INITIATIVES

This part lists out some (and not an exhaustive list) of the rural electrification initiatives already being tried out in the country. While only some brief details of the schemes are presented here based on publicly available information, the intent is to create awareness that rural electrification schemes as envisaged under section 4 and 5 of the Act, viz. schemes in the nature of distributed generation projects, single point supply, franchise based distribution management, etc., do exist in the country.

While the schemes may at this stage only portray the initial features of supply- metered distribution of power and revenue collection, their experience may provide insights on the future structuring of such and other schemes and projects which would address the other aspects of the value chain, viz., maintenance and strengthening of the system and extension of service towards providing power on demand to all.

1. Xavier Institute of Management : Rural Franchise Concept

The institute, using the concept of village level committees, involved villages as partners in pilot projects undertaken in Burger and Anandpur. The village committees were accorded formal recognition and functioned as Customer Care Centers in the villages. The program, which has not been able to resolve issues pertaining to reducing the cost of delivery and improving access to electricity, has attempted to address the issue of revenue collections.

2. Indian Institute of Science : Distributed Generation Concept

Trans India Law Associates, Advocates & Legal Consultants

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025

Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001

Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

info@tila.in www.tila.in

NEW DELHI | Associates/Consultants all over India & Abroad

Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE

The institute, building on the concept of village level committees, has implemented some projects of distributed generation. A village level committee comprising 8 villages was constituted in Hosahalli, which committee was associated in protection of forests, supervision of operations and collection of electricity charges of Rs. 6/- per month.

3. State of Nagaland : Single Point Supply & Metering

The Government of Nagaland, operating through the Department of Power has initiated a program of single point supply and metering villages in selected circles.

The Nagaland Communitisation of Electricity Management in Villages by Village Council Rules, 2002 have been notified and they provide for the constitution of a Village Electricity Management Board (“VEMB”) by the Village Council. The VEMB consist of 5-9 members nominated for a period of 3 years.

The VEMB is responsible for monitoring of power supply and can requisition the assigned field staff of the Power Department as required. The VEMB is required to check theft of electricity within the village and shall also make recovery of loss ensuring out of theft of energy by reporting the same Village Council also has the power to recover energy bill arrears from the individual consumers.

The VEMB shall also report to the SDO (Electrical) about the absence, negligence in duty of the field staff assigned to the village. The VEMB is required to maintain a daily record of major power failure and submit the records to SDO. It shall also maintain a separate fund and bank account for collection of power revenues/ donations/ grants and payments for power.

As regards billing, considering the value of the single point bill to be paid by the village, the VEMB shall bill domestic consumers on a useful point basis (or any other approved basis), while commercial, industrial and certain other consumers shall be billed as per the metered consumption.

4. Bantwal in the State of Karnataka : Co- operative Model

At Bantwal, a co- operative model is being developed with ownership of stakeholders and management by private heads on contract basis. A society will be formed from amongst the

Trans India Law Associates, Advocates & Legal Consultants

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025

Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001

Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

info@tila.in www.tila.in

NEW DELHI | Associates/Consultants all over India & Abroad

Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE

villages, which would enter into a MoU with the transmission company. The tariff will be as regulated by the Regulatory Commission. The society will also have the option of selling surplus power.

5. Sunderban in the State of West Bengal : Local Co- operative Model

The WBREDA has set up a local co-operative model for remote villages and hamlets in the Sunderbans area. The model demonstrates a matrix of relationship between the village committee, a local enterprise that is responsible for O&M and the owner of assets.

While WBREDA assures reliable generation and supply, a local cooperative manages generation assets owned by WBREDA. The maintenance of the plant, which was initially with equipment supplier has later been awarded to another private company.

The Chairman of the Panchayat Samiti is also the Chairman of the Co- operative and a person/ member of co- operative is entrusted with the responsibility of monthly meter reading. Bills are to be paid at the co- operative's office within 10 days of the same being sent.

6. State of Gujarat : Local Distribution Management

The Gujarat Electricity Regulatory Commission has issued directions to initiate the process of handing over parts of the distribution system to local bodies, consumer co- operatives, franchises, and users' associations, etc. on management basis to promote sale of power to bulk consumers. The Gujarat Electricity Board has also introduced the Jyoti Gram Yojana in 2003-04 to separate agricultural load from village load.

7. State of Andhra Pradesh : Franchises leading to Micro Privatization

The Southern Power Distribution Company of Andhra Pradesh ("APSPDCL") proposes to sell equity to IV Partners, however prior to same. APSPDCL has decided to appoint substation level franchises to undertake management and operations in specific areas.

The scheme envisages transfer of a significant portion of technical and non- technical risk to the franchise, who shall pay APSPDCL minimum Average Specific Revenue ("ASR") for power input at the substation as metered at 11 KV end based on ASR for the previous 12 months.

The ASR which the franchise would pay for the power input into the system would be determined through bidding process, with the difference between actual collections by the franchise during a

Trans India Law Associates, Advocates & Legal Consultants

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025

Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001

Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

info@tila.in www.tila.in

NEW DELHI | Associates/Consultants all over India & Abroad

Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE

month and ASR payments to APSPDCL being allowed to be kept by the franchise.

For selection of the franchisee, technical and financial eligibility criteria are specified and there is a system of penalties and incentives for collections.

8. State of Rajasthan : Private Sector Model

A private sector proposal for distributed generation covering 6 villages and based on a 2 MW IC generation at Alwar in Rajasthan is under active consideration. The proposal envisages the scheme to be self-sustaining in the medium term (after an initial period of 3-4 years) and *inter alia* proposes use of existing infrastructure by the entrepreneurs on a no profit/ no loss basis, recovery of variable costs in the absence of regulated tariffs, and/ or compensation by a local discom if the tariffs fixed for the discom are applicable.

Trans India Law Associates, Advocates & Legal Consultants

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025

Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001

Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

info@tila.in www.tila.in

NEW DELHI | Associates/Consultants all over India & Abroad

Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE