

# Advantages and key Issues in the proposed model

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# Advantages of the proposed model

- Core Objective is to provide access.
- Equity in consumer tariffs
- Clarity in (future) grid integration.
- Internalization of rural electrification costs.
- Integrated (Generation + Distribution) Model for rural access.
- Enhanced Bankability
- Possibility of large scale deployment for access

# Key Issues/Challenges and options

| Issue  | Options   |
|--|---|
| Regulatory Jurisdiction                                | Determination of FiT for off-grid renewables/consumer tariffs /cost pass through Annual Revenue Requirement (ARR) |
| Selection of Project Developer                         | FCFS within empanelled list/Competitive Bidding at some aggregate (maybe district) level                          |
| Selection of Village                                   | Distance from grid / No of HHs / Hours of existing supply   |
| Monitoring & Verification                              | Not too onerous yet able to maintain effectiveness, Empanelled energy auditor + CA certification                  |
| Funding Viability Gap                                  | From ARR / State/GoI (MNRE) subsidy   |
| Off-grid service standards                             | Grievance Redressal Mechanism   |
| Service Obligation for new DRE project in a given area | Universal/Not universal   |
| Up to date State Rural Electrification Plan            | Needs to be done/redone considering latest development of RGGVY; new technical/economic developments in DRE       |



## DRE funding in perspective

| State         | No. of unelectrified villages on 31st Jan 2012 (as per CEA) | Annual requirement of funds (Rs Cr) | As a fraction of their Annual Revenue Requirement (ARR) |
|---------------|---|-------------------------------------|---|
| Orissa        | 10063   | 184                                 | 2.6%  |
| Bihar         | 4926  | 90                                  | 2.0%  |
| Uttar Pradesh | 11492   | 210                                 | 1.2%  |
| Rajasthan     | 3140  | 57                                  | 0.3%  |
| Maharashtra   | 36  | 1                                   | 0.002%  |

Assuming **100 HHs per village**;  
Consumption of **1 kWh/HH/day** and  
a viability gap of **Rs 5/kWh**

THANK YOU

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