

## **National Workshop on Electricity Act 2003 for NGOs Pune, July 26th to July 28th 2004**

### **Organized By**

Prayas (Energy Group), Pune, Centre for Public Policy, IIM-B and Utility Regulation  
Research Centre, Xavier Institute of Management (Bhubaneswar)

### **Joint Statement on Electricity Act 2003**

A 3-day National Workshop on 'Electricity Act 2003 for NGOs' was held at Pune from July 26-28, 2004. This was jointly organised by Prayas (Energy Group, Pune), Centre for Public Policy (Indian Institute of Management - Bangalore) and Utility Regulation Research Centre (Xavier Institute of Management - Bhubaneswar).

In all, fifty-two representatives from a broad range of thirty-nine civil society organizations from ten states participated in this workshop and discussed the implications of the Electricity Act 2003. The group included consumer organizations, labour groups, farmers unions, NGOs and researchers. This statement is an outcome of the deliberations of the group.

The discussion focused on the implication of the Electricity Act for India's electricity future, and its implications for national economic development, the social well-being of its citizens and the environmental health of the country. Based on these discussions, we wish to highlight a few issues that are particularly salient for promotion of the public interest:

1. There remains considerable uncertainty about the economic, social and environmental impact of the Electricity Act 2003. For example, implementation of open access, modalities for determining an open access surcharge, and definitional issues pertaining to cross subsidy surcharges are critical issues that require far greater analysis and review prior to implementation.
2. Rural electrification remains a critical issue but is under-emphasized in the Act. If rural electrification is to shift beyond a target-setting exercise to realization, questions of financing, institutional development and governance will need to be resolved within a clear policy framework that is subjected to rigorous public discussion and review.
3. Despite the clear stated aim of the Electricity Act encouraging competition, new capacity continues to be developed on the basis of MOUs. The result may be sub-optimal investment that will act as a drag on the sector for decades to come.
4. Given the Act's emphasis on institutional reform of SEBs, this is an opportune moment to undertake a detailed analysis of the privatisation processes that have been undertaken so far, and also the scope for institutional reform of SEBs under public ownership.
5. Effective regulation is an important pillar of the Act and critical to the future of the electricity sector. It is of concern that many state electricity regulatory commissions do not seem to acknowledge, let alone put to full and wise use, the full extent of their regulatory authority. Further they seem to be content with addressing immediate issues and have failed to take a comprehensive long term approach to the sector. Capacity of the regulatory bodies and selection process are other critical issues that need attention.

6. A healthy and vibrant civil society is an essential complement to independent regulation. For civil society to fulfil its role, sustained investment in capacity building of public interest groups to participate fully in the regulatory process is essential.

These issues demand attention by politicians, policy-makers and regulators.

We note that the Common Minimum Program of the UPA government includes a proposed review of the Electricity Act 2003. Such a review may provide a useful opportunity to address these, and other problems in the sector.

We call for articulation of a clear process for this review that includes, at minimum:

1. A clear timeline
2. Clear mechanisms for balanced participation and input
3. Feedback on the results of participation

Civil society organizations active in the electricity sector are willing and ready to productively engage with decision makers to address the problems noted above, and to work toward our shared goal of a more efficient, equitable and sustainable electricity sector.

### List of signatories

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