SEB Reforms and Power Sector Regulation:
A Civil Society Perspective

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Part I: Substantive Issues

Continuation of Problematic Trends

⇒ Confusion between ‘Ends’ and ‘Means’, and ‘Means’ becoming ‘Ends’ in themselves

⇒ Confusion between ‘Symptoms’ and ‘Root-Causes’

⇒ Substitution of ‘Hard Decisions’ by ‘Soft Options’
Part II: Process Issues

⇒ Genesis of the Crisis: A Process-Related Root-Cause
   ◊ Breakdown, Circumvention, Capture, Distortions in Mechanisms and Institutions for Transparency, Accountability, and Participation
   ◊ Loss of Connection between Society and Decision-Makers

⇒ Improvements in Design of Reforms

⇒ Problems in Implementing the Improvements

⇒ Worrisome Trends and Signs
   ◊ Governments continue to be excessively secretive
   ◊ Regulators isolated from society
   ◊ Signs of regressive changes
Society and Regulators: I

*Regulators: Kings with the Thorny Crown*

◊ Regulators as the Prime Decision-Makers

◊ Responsibility of Making and Executing Hard / Harsh / Unpleasant Decisions

◊ Have to Work Under Political and Other Pressures as well as Financial and Institutional Limitations

◊ Isolation from Society because of the Lack of Mechanisms for Ensuring Acceptability from Society
Society and Regulators: II

*Mandated Responsibilities Vs. People’s Expectations*

◊ Legal Mandate of Regulators
  * Efficiency, Economy, Competition
  * Protecting Consumers

◊ Peoples’ Expectations from Regulators, the Decision-Makers
  * Protecting Interests of Disadvantaged Sections
  * Protecting Long-Term and Broader Interests of Society (as a whole)
  * Taking Public into Full Confidence

*Failure to reestablish close connection between society and regulators would lead to another crisis*
The Crisis Scenario

◊ Regulators caught between the responsibilities and expectation vs. pressures and limitations
◊ Failure to deliver to contradictory expectations of different sections
◊ Prompting backlash from people and other sections
◊ Regulators react by insulating themselves using their discretionary powers
◊ Increased backlash, leading to conflict and strife
◊ Leading to a vicious cycle of public reaction and regulators’ isolation

Regulation, instead of becoming a process of conflict-resolution and consensus-building, might become a point of manifestation of conflict and strife.
Solution: Democratization OR TAP ing the Regulation

◊ Mandatory and Full Transparency:
◊ Direct Accountability towards Public
◊ Expanding Space for Participation of Civil Society Institutions

⇒ Costs of Democratization
◊ Time Delays, Legal Hassles, and Money Costs

⇒ Benefits of Democratization
◊ Wider ownership and societal consensus on reforms, leading to improved health of the sector and economy

⇒ Need to Transcend the Restricted Paradigm and Mandate
Managing the Transition

◊ Tackling the Urgent Issues
◊ Avoiding Irreversible Decisions on Fundamental Issues
◊ Initiating Comprehensive Debate with Wider Participation
◊ Refining the Reforms: Installing New Institutions and Procedures
◊ Capacity Building of Civil Society Institutions