

## Regulatory Role and Engagement in India's Clean Energy Transformation: Balancing Political, Economic and Environmental Considerations

### Background and Context

The Central and the State governments have put in place a broad policy framework for promotion of renewable energy (RE) and energy efficiency (EE), which has been evolving with technological evolutions and catering to domestic policy priorities. The regulators have a crucial role to play in implementing these policies. However, given that the clean energy transformations came as a later policy priority, and remained a secondary priority until recently, there is a lack of clarity on the mandate and role of regulators in promotion of renewable energy and energy efficiency.

In this backdrop, CUTS International in collaboration with CUTS Institute for Regulation and Competition (CIRC) and The Energy and Resources Institute (TERI), with support from Shakti Sustainable Energy Foundation (SSEF), is implementing a one year project. The project aims to analyse and foster regulatory role, engagement and effectiveness in clean energy transformations in five selected states. It will focus on five important areas of reform:

- Find ways to consolidate regulatory role and mandate to promote RE and EE
- Identify the important institutional capacity requirements to address the new risks and challenges, and find ways to achieve them given the limits of resources. Find ways to create a support system and/or best utilise the existing support system for the regulators to meet these new responsibilities.
- Identify the traditional roles that need to be prioritised to meet the new responsibilities and suggest ways to better perform these roles.
- Find ways to ensure social legitimacy to regulatory decisions around these new responsibilities that may have higher upfront investment and transaction costs. Simultaneously, suggest manoeuvres to create a bottom up pressure and demand for such regulatory decisions through mobilisation of the civil society organisation (CSOs) and consumer organisations.
- Work towards a broad framework to enable the regulators to balance between competing policy priorities and interests in the sector while making regulatory decisions.

### Objectives

The broad objectives of the project include: a) Preparing a comprehensive analysis of regulatory engagement in clean energy transformations and its implications for the broad objectives set under on the Electricity Act, 2003; b) Preparing a policy and practice reform strategy to ensure inclusive

and proactive engagement, and meaningful contributions from the sector regulators; c) Sensitising the regulators and other relevant stakeholders on need and significance of such engagements; d) Creating a bottom-up pressure and support for such engagement and required reforms

## Brief Methodology

### Phase I: Research – 1<sup>st</sup> Quarter

- i) **Developing a White Paper:** A comprehensive analysis would be conducted of the current state of regulatory engagement in India's clean energy transformation and, building on the findings, a white paper would be prepared with reform strategies for proactive engagement and meaningful contribution from the regulatory community.
- ii) **Forming a Project Advisory Committee:** To prepare an effective and achievable reform strategy, the project team will be guided by a dedicated Project Advisory Committee (PAC). The PAC will include a small group of experts and practitioners. While the PAC will be consulted on regular basis, two formal PAC meetings would be organised for deeper engagement.

### Phase II: Advocacy – 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> Quarter

- iii) **Advocacy:** Using the finding from the research, analysis and consultation, the project aims to engage with two selected SERCs to sensitise the regulatory staff on need and significance of a proactive engagement in facilitating clean energy transformations along the recommended strategy. The goal is to work with regulators towards adoption of some of the recommended practice reforms.
- iv) **Engagement with SERCs and CSOs:** The project will engage with two important set of stakeholders. The project aims to engage actively with the State Advisory Committees (SACs) members of the selected two SERCs,

throughout the advocacy phase. In the two selected states, the project will identify relevant Civil Society Organisations (CSOs) and engage with them to enable them to participate in regulatory process on issues related to renewable energy and energy efficiency.

- v) **Roundtable Consultation:** A small roundtable consultation would be organised at end of the research phase with invited participation of 12-15 key people including targeted SERC members, CSO representatives and policy makers.
- vi) **State Level Workshops:** Towards the end of the project, two state level workshops would be organised to reflect on our engagement in the state, analyse scope for continued engagement, and draw broad insights. The workshops will have participation of relevant stakeholders, key policy makers, and possibly representatives from other states where we can plan to replicate engagement with localisation.

## Expected Outputs

White paper with reform strategies; Event/workshop reports; Background notes on specific reforms; External publications (newspaper opeds, blogs etc.)

## Expected Outcomes

At end of the project, we aim to achieve a sensitised and well-informed regulatory community, and a bottom-up pressure and support for proactive and constructive regulatory engagement in clean energy transformations in India.

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