

Report of Local Inception Workshop under the Pilot Project, ‘Capacity Building on Electricity Reforms in Bangladesh, India and Nepal (RESA)’ Kathmandu, Nepal, April 22, 2008

Introduction

South Asia Watch on Trade, Economics & Environment (SAWTEE), Kathmandu, in collaboration with partner community-based organisations/civil society organisations (CBOs/CSOs) at local level, organised a Local Inception Workshop entitled 'Consumer Awareness on Electricity Reforms in Bangladesh, India and Nepal' on April 22, 2008. The partner CBOs/CSOs are located in 10 different districts of the country – from hills to terrain – in Nepal and provide a wide geographical coverage to the project with special focus on Nepal.

Background

CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER), Jaipur along with its project partners in Bangladesh, India (Rajasthan and West Bengal) and Nepal is undertaking a project entitled 'Capacity Building on Electricity Reforms in Bangladesh, India and Nepal' (RESA). Given that effective stakeholder's participation is a prerequisite for efficient regulatory outcomes, under-representation of consumers has started to reflect in the quality of regulatory decisions made in the electricity sector. This project, supported by Norwegian Agency for Development Cooperation (NORAD), intends to make the regulatory process more participatory; facilitate effective representation of consumers; and encourage regional cooperation.

Objectives

The Local Inception Workshop aimed to:

- share information on objectives and activities of the RESA Project with the local partners, policy makers, and media;
- provide a forum for sharing ideas, views and experiences of various stakeholders in the electricity sector that will be useful to influence policy and decision-making processes; and
- promote consumers' participation in electricity sector reforms by selecting CBOs as local partners for implementing the project.

Participants

Participants at the workshop comprised Nepal's prominent water and energy experts, policy makers, local CBOs, academia and media. Altogether 70 stakeholders from the Government, private sector, media, political parties, and youth organisations actively participated in the workshop.

Proceedings

Inaugural Session

Kush Kumar Joshi, President, Federation of Nepalese Chamber of Commerce and Industry (FNCCI), Nepal

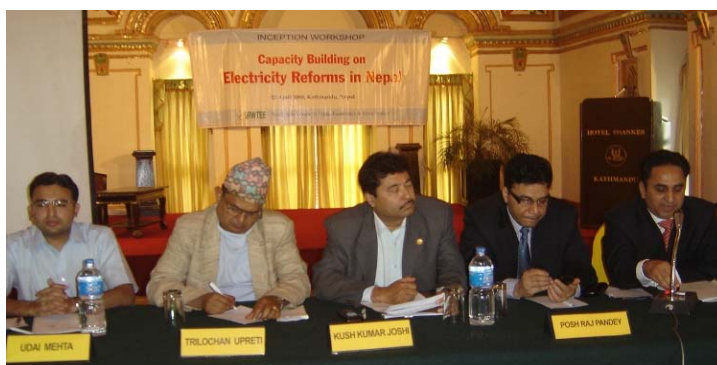
The inaugural session was chaired by Special Guest **Kush Kumar Joshi**, who in his opening remarks, highlighted Nepal's regrettable policy of boycotting consumers in policy making, planning and other reform activities, not only in electricity but also in the overall energy sector. He requested consumers to contribute in resolving the problems prevalent in the sector and also urged the Government to be more liberal in incorporating private players in developing the energy sector. He also highlighted the importance of alternative sources of energy for sustainable solutions which can complement the demand for electricity.

Navin Dahal, Executive Director, SAWTEE, Nepal

Navin Dahal, in his welcome speech, highlighted the project's objectives and the rationale behind implementing it.

Dr Trilochan Uprety, Secretary, Ministry of Law and Justice, Nepal

In his keynote address, **Dr Trilochan Uprety**, pointed out the need to prepare an Integrated Energy Policy for Nepal. He also urged the Government to give due importance to the energy sector, especially electricity, in the process of restructuring the country.



L-R: Udai Mehta, Dr Trilochan Uprety, Kush Kumar Joshi, Dr Posh Raj Pandey and Navin Dahal

Udai Singh Mehta, CUTS C-CIER, India

Udai Singh Mehta, CUTS C-CIER, shared India's experiences in electricity sector reforms and the growing importance given to consumer participation in the country by both Central and State Governments. In his presentation entitled *Electricity Reforms: Roles and Responsibility of CSOs*, he provided a general overview of power sector in India focusing on the need for electricity reforms and the status of consumers' involvement in it. He identified the highlights and lowlights of electricity reforms and causes of poor consumers' participation in India. **Mehta** also pointed out the scope for consumer interventions and suggested the ways forward.

Dr Posh Raj Pandey, Honourable Member, National Planning Commission, Nepal

As the Chief Guest, **Dr Posh Raj Pandey** appreciated the initiative taken by SAWTEE to sensitise consumer groups regarding electricity sector development and reforms. He urged the Government, private sector, civil society and the consumers to work collectively to meet the growing demand for energy. He also mentioned that the present version of country's Five-year periodic plan – three-year interim plan – has a provision for promoting investment and establishing an independent electricity commission.

Technical Sessions

Session Focus: Aspects of Government Policy on Electricity Reforms

Rajendra Kishore Kshetri, Joint Secretary, Ministry of Water Resources, Nepal

Rajendra Kishore Kshetri presented a paper on *Regulatory Reforms in Electricity sector in Nepal: Issues and Challenges*. The paper highlighted the need to initiate reforms that will ensure pro-consumer energy sector development as well as promote domestic and foreign investment. In his paper, **Kshetri** outlined the salient features of the draft Electricity Law-2064. While commenting on the paper, **Kumar Pandey**, Chief Technical Officer, Hydro Solutions Private Limited, pointed out that the draft Electricity Law-2064 still lacks a provision for consumer participation in electricity sector development and reforms. He urged the Government to treat electricity as a commercial commodity.

Santa Bahadur Pun, ex-Managing Director, Nepal Electricity Authority (NEA), Nepal

Delivering the chairperson's remarks, **Santa Bahadur Pun**, called for a Government policy that can safeguard consumers' interest. He also urged the Government to undertake policy initiatives to make the private sector more responsible in developing cost-effective hydro-electricity projects. Further adding, he asked CSOs to act as the watchdog to the Government so as to make consumer-friendly policy for the electricity sector.

Session Focus: Consumers' and Stakeholders' Perspectives on Regulatory Reforms in Nepal's Electricity Sector

Jyoti Baniya, General Secretary, Forum for Protection of Consumer Interest, Nepal

Jyoti Baniya presented a paper entitled *Role of Consumers in Regulatory Decision-making Process* highlighting the need for breaking the monopoly of Nepal Electricity Authority (NEA) and ensuring wider participation of consumers in the regulatory decision-making processes. Portraying the present status of the electricity regulation, he suggested policy measures for effective regulation mechanism with active participation of consumers.

As discussants on the paper, **Ranjan Aryal, Joint Secretary, Law Reform Commission, Nepal** and **Rupa Shrestha, Vice President, Consumers Forum Nepal**, asked consumers to advocate their involvement in electricity sector development and reforms. They stressed the need for making consumers aware of the ongoing reform processes in the electricity sector. They specified that CSOs can play an important role in enhancing the capacity of consumers to make them active participants of the overall reform process.

Bikash Thapa Chhetri, Columnist, Kantipur National Daily, Nepal

Bikash Thapa Chhetri presented a paper on *Role of Media in Electricity Regulatory Reforms in Nepal* highlighting the role of the media in sensitising and educating consumers. As a discussant, **Gokarna Awasthi**, Executive Member, Society of Economic Journalists of Nepal (SEJON), requested stakeholders in the electricity sector to play their part by providing accurate and precise information to the media. The session was chaired by **Dr Ajay Dixit**, a renowned water expert in Nepal. In his remarks, **Dr Dixit** suggested that



Bikash Thapa Chhetri presenting his paper

NEA's monopoly should be curtailed by unbundling it and forming an effective and independent regulatory mechanism that could recognise the role of consumers. He also called on consumer interest and activist groups/forums to work for consumer awareness and education.

Participants raised various thematic questions which were answered by the paper presenters, discussants and the chairpersons in both sessions.

Closing Session

Dr Dhrubesh C Regmi, Programme Director, SAWTEE, Nepal

As nodal person of the project, **Dr Dhrubesh C Regmi** highlighted its salient features and implementation modality. He was of the view that this initiative would bring about some visible changes in the lopsided Nepali electricity sector. He concluded with a vote of thanks to the participants for their active involvement in the workshop.



A glimpse of participants

Analysis of the Perception Survey of the Project Partners

RESA project is to be implemented in Nepal in collaboration with various local partners in different parts of the country. For this purpose, local implementation partners were to be identified. The workshop aimed to identify such second tier partner organisations that SAWTEE would be working with. The potential project partners from different parts of the country were pre-supplied the questionnaire which they had brought during the workshop. The analysis of the questionnaire depicted the following scenario.

Details of the Partner Organisations

The project partner CBOs are located in 10 different districts of the country – from the hills to the terrain – and provide wide geographical coverage to the project (see Annex). Most of the partners have been working on the issues of consumer interests and rights for more than 10 years. They have diverse knowledge of working in the area of consumer awareness and advocacy in relation to education, health and other basic commodities, which is instrumental for the successful implementation of this project. Out of the total partners, 80 percent are working on the issues of consumer rights awareness and advocacy. This implies that they

have sufficient expertise to pursue the objectives of the RESA project in Nepal. Most of them have extensive networks within their respective districts.

Capacity Building of Consumers and CBOs/CSOs in Electricity Reforms

Among the 10 partner organisations, only three had been involved in electricity-related issues in the past for advocating consumer interests. The main reason for this was the unavailability of opportunities, which was cited by 80 percent. Lack of financial support was reported to be another reason, as cited by 50 percent of organisations for not being involved in electricity issues. However, one organisation indicated that electricity is not an important issue for being involved in. Therefore, the survey results reveal that there is an urgent need to conduct the capacity building activities on electricity reforms in Nepal. All organisations were found to be eager to work in this electricity-related project, as they have had enough experience on consumer education activities.

CSOs' Perception on Consumer Awareness on Electricity Reforms

According to CSOs, quality of service and tariff are important for a common consumer in Nepal. While 80 percent of them are of the view that theft of power and complaint-redressal procedure are other relevant issues from consumer standpoint, 60 percent cited metering and billing as well as transmission and distribution (T&D) losses as important electricity-related issues for consumers. Only 40 percent perceived rural/household electrification as an important issue from consumer's perspective.

Almost 80 percent of CSOs feel that the consumers in their areas are unaware of the ongoing reforms process in the electricity sector. This is primarily because of the lack of awareness among the people in general and lack of concern among the people who are aware of such reforms. Most of them are of the view that the Government should consult consumers in the process of framing laws, policies and other regulations. About 90 percent of them say that consumers should be consulted during the process of enforcement of electricity laws, issuing licences to public/private companies and fixation of tariffs for consumers respectively, while 70 percent feel that consumers should be consulted during the process of issuing policy guidelines. Only 50 percent advocate the need for consulting consumers during other processes related to electricity sector reforms.

Holding public hearings have been regarded as the most effective method of public consultations to be adopted by the Government or the regulatory bodies, with all of the surveyed CSOs opting for this. Likewise, 90, 70 and 60 percent of the partners respectively opted for inviting written comments from consumers on the proposals, nominating consumer representatives to the advisory committees/bodies and appointing consumer advocates in government/regulatory bodies. Regarding their overall observation about consumer awareness on the important issues in electricity sector/reforms, none of the CSOs said that people are well aware of the issues in the sector. 70 percent view that people are less aware of the issues and hence need more information on the important issues in the electricity sector. 30 percent view that people are not at all aware.

In order to enhance the awareness among people, 80 percent CSOs suggested for organising workshops/seminars and holding meetings at the grassroots level, as they are the most effective methods. Similarly, 70 percent of them chose publishing articles in local newspapers as an important tool to enhance the awareness among people while 50 percent of them suggested circulating handouts/small booklets as well. All of them are eager to undertake intensive capacity building training so as to effectively engage with the

Government on consumer issues. In their opinion, the important issues on which training should be provided include electricity reforms draft acts, tariff fixation, consumer participation and act as a watchdog, complaint handling procedure and theft of power.

In all, 80 percent CSOs gave the names of a few persons/activists from their or any other organisation(s) who could be provided training on important issues in electricity reforms.

Conclusion

As local implementing partners, 10 registered CBOs have been selected. They have adequate knowledge of working on consumer awareness issues. They perceive that consumers do not have proper knowledge regarding the issues in the electricity sector and hence aspire for interventions for which they present themselves as the capable local partners of SAWTEE.

The workshop successfully shared information on objectives and activities of the RESA Project with the local partners, policy makers, and media. The two technical sessions provided a good forum for the participants in sharing ideas, views and experiences that will be useful to influence policy and decision-making processes. Above all, the workshop paved the way for promoting consumers' participation in electricity sector reforms by selecting CBOs in enhancing capacity of the consumers at the grassroots level as local partners for implementing the project.

Project Partners Meeting

The inception workshop was followed by a closed-door meeting with the project partners in which their roles and responsibilities as project implementation partners were discussed. Dr **Dhrubesh C Regmi** and **Navin Dahal** responded to the queries made by the project partners on questionnaires for baseline survey of the consumers under the RESA project to be carried out by the partner organisations in their respective districts as the part of the project.

Key Points and Recommendations Emerged from the Workshop

Participants urged organisers to make rigorous efforts to explore various issues in electricity sector reforms in Nepal. Participants also pointed out the need for consumer awareness in overall energy sector reforms. Since consumer awareness in electricity reforms is not a much talked about issue in Nepal, participants urged Government for implementing programmes to enhance consumer awareness on electricity reforms.

Highlights

The workshop recognised the need for tangible reforms in Nepal's electricity sector. This initiative for creating consumer awareness in order to enhance their participation in the reform process was well appreciated. The workshop was successful in exploring, discussing and disseminating the various dynamics of electricity sector reforms in Nepal *vis-à-vis* the role of consumers in it. It was also identified that local CSOs were keen on working as local partners.

Annex

Table 1A: List of Partner Organisations

1. Forum for Protection of Consumer Interest, Kathmandu
2. Forum for Protection of Consumer Interest, Birgunj, Parsa
3. Forum for Protection of Consumer Interest, Butwal, Rupandehi
4. Forum for Protection of Consumer Interest, Biratnagar, Morang
5. Consumer Forum, Dharan, Sunsari
6. Consumer Forum, Lalitpur
7. Community Radio Madan Pokhara, Madan Pokhara, Palpa
8. Banke United Nations Educational, Scientific and Cultural Organization (UNESCO) Club, Nepalgunj, Banke
9. Forum for Community Sector Support Programme, Dailekh
10. Ilam Chamber of Commerce and Industry, Ilam