

CUTS’ comments on

“Draft policy framework for developing and promoting Distributed Renewable Energy (DRE) Livelihood applications”

CUTS appreciates and welcomes the ministry’s decision to come out with a comprehensive policy framework for DRE applications for livelihood generation specifically in rural areas.

Government of India has done tremendous work in connecting and covering a major part of rural households under the electricity grid. However, many areas still require proper access to affordable and sustainable energy for sustaining economic activities. Ministry of New and Renewable energy (MNRE) through this policy rightly addressed this critical issue. DRE interventions are required to be promoted and scaled up not only for livelihood generation but also for fostering a vibrant market for its long-term sustainability. With DRE intervention, the gender imbalance can also be addressed with large number of women centered and women specific livelihood generation in rural areas.

CUTS has further analysed the draft policy and pleased to submit its comments and suggestions for ministry’s perusal.

SI No	Reference to Draft Policy	CUTS Comments and Recommendations
1.	Background	<p>The draft policy recognises the role of entrepreneur at the very beginning of the draft for their contribution in designing low cost, modular, energy efficient appliances.</p> <p>Recognition of these contributions is a welcome step to motivate rural innovators and their identity as an entrepreneur. It would act as a moral support to a large number of innovators and entrepreneurs working in this segment.</p>
2.	Need for renewable energy based livelihoods	<p>The policy rightly captures the need of DRE based appliances in the system. DRE systems eliminate the need for diesel-based generators and supplement the grid supply of electricity. Diesel based generators as a means for back up electricity system not only harms the environment but also very costly in nature. The need arises for such a system due to unreliable and unpredictable power fluctuations in the rural</p>

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		<p>areas, in particular. This is the case with urban centers MSMEs too. DRE systems and appliances can effectively address this.</p> <p>There is a need to get rid of such systems and move to more reliable renewable energy systems for power requirement. A standalone DRE system or a hybrid system comprising both solar and grid system would be a perfect match.</p> <p>The policy document targets rural livelihoods through DRE application, one sector that requires recognition is the evolving mobility sector based on electric vehicle (EV). Livelihood based on EV charging facilities like private charging facility or swapping stations based on DRE system can be made a part of this policy document to further provide fillip to the initiative. This would provide further impetus to indigenous research and development program on this domain.</p> <p>The other major factor, missing in the document is the Sustainable Development Goals (SDG) aspects that would be brought in through this DRE system implementation. These interventions will supplement the government in achieving its targets for SDG 2030. As more and more policy programs for both center and states are focusing on SDG outcomes, this would add greater value in program implementation and help raise finances largely. These DRE initiatives of the government have direct and indirect linkage to SDG 1, 3, 5, 6, 7, 13 and 17.</p> <p>In a way, scaling of such initiatives would help the government further its agenda and meet the SDG goals by 2030.</p>
3.	Scope and objectives of the framework	<p>MNRE covers the scope of DRE applications comprehensively by including standalone DRE systems, hybrid DRE systems with grid connection. The good part is the coverage of energy efficient livelihood appliances through mini and micro grid. Appliances for end use applications in healthcare and education are also covered in</p>

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		<p>the scope of the policy framework, which is a much-required intervention.</p> <p>The objective has clearly laid out for a creation of a market ecosystem for sustainable livelihood creation. Though the priority is towards rural poor and women at large, broadly the policy does not distinguish end users based on their income level. This would provide impetus to the budding entrepreneurs working in this area.</p> <p>Some of the major priorities are:</p> <ol style="list-style-type: none"> 1. Attracting private sector (Though largely government is willing to drive these initiatives through its various schemes of the different ministries, the role of private players cannot be ignored. Private players and institutions are responsible for creating and sustaining the eco system through various initiatives such as financing, planning, implementing, monitoring and creating awareness and training. The involvement of such institutions through the public private partnership (PPP) mode can be explored in details and their role can be elaborated in the policy document clearly. Private players include the greater eco system comprising of entrepreneurs, project developers, NGOs, CSOs and training institutions, local level organizations etc. 2. Easy access to end user finance The beneficiaries (end users) require easy access to financing for such appliances, there is a need to widen the scope of access to financing for other actors such as entrepreneurs, innovators, implementation agencies, local self-help groups etc. The R&D requires early stage financing. Identifying and handholding the innovator from an early stage would go a long way in establishing the system. A partnership with private financing institutions or private players would prove very crucial in developing, piloting and establishing such systems to

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		<p>further scale it for commercial operations.</p> <p>3. Quality control and strong M&E framework A phase wise approach from the government will be required. At the initial phase, a light touch mechanism is crucial for innovations and later, once the system matures, gradually norms that are more stringent and frameworks will be required to establish quality control and have a robust M&E system.</p> <p>4. Energy Efficiency of the appliances While stress is on DRE based appliances, there is special mention of energy efficient products under this category. There should be defined role for Bureau of Energy Efficiency (BEE) for quality and energy efficiency rating and labelling on the product.</p> <p>5. Special focus on marginalized section and women This is rightly captured in the policy documents as involving women, as beneficiaries would serve two purpose. One, this will increase their overall well-being as in self-sustaining economically and improved health outcome. Second, they are more serious players and seldom default on paying back the debt to the financial institutions, thus establishing a trust factor)</p>
4.	Interventions to promote DRE livelihood applications	<p>MNRE has stressed on proper assessment of demand for DRE appliances such as mapping beneficiaries with appropriate fit region wise, state wise and area wise. Government should bring in more players and research agencies to carry out such independent assignments without any bias. As the pan India, demand assessment is a huge task. Product wise/sector wise demand assessment for identified clusters region wise would be best suited for this to develop right, customized intervention models for sustainability.</p> <p>A database of commercial available livelihood DRE solutions is a good idea and continuous and regular updating of the database is a way forward step from the government. The digital portal would help transparency and reach out to a</p>

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		<p>wider audience.</p> <p>The policy document puts greater focus on R&D for localized solutions. As requirement would vary widely depending on the geography, location and preferences, localized solutions would find traction among end users instantly and there will be lesser efforts on convincing the end users for its adoption. Currently, government provides support to the innovators through various government schemes and innovation changes. These efforts required huge publicity and these challenges should be a regular norm for the government. State agencies can play a greater role in conducting such events as maximum innovations come from the rural areas and the innovators require continuous funding and support from the government. As it is difficult for them to reach out to the government, it should be the other way around. Government should drive programs to search and find such talents and hone their skills with required training and financial support.</p> <p>Access to finance</p> <p>The policy almost touches all crucial points on financing such as priority sector lending, linkage to rural innovation development fund and inclusion under MUDRA and PMEGO schemes.</p> <p>It also talks of a play and plug model to assist the financiers for assessing the commercial viability for them. Development of a rapid assessment tool is a great idea and the government can leverage the private sector knowledge in this regard by collaborating with research and technical institutions in this regard.</p> <p>Efforts should be made to tap private players that bring in initial funding for cluster application for such products. The products/appliances that are suitable for economic activity for a large group of people should be targeted for huge scale intervention with private funding. This is required to go for large-scale implementations with provisioning of operation and maintenance for a considerable time. The models can be</p>

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		<p>suitably designed such that part funding can be tapped from the government. Government can bear a part of the capex and opex with other part coming from the users as user fees through “pay as you go” model.</p> <p>This part funding from the government can be viable gap funding from the government or subsidy component channelized into this. The only concern is to attract sizeable private players to invest in such programs. For this, the commercial viability of such projects needs to be established first to display to the private players to encourage them to adopt pilot projects in selected clusters with government support. The role of private plyers is crucial in delivering quality service and after sales monitoring.</p> <p>In addition, government should open to unsolicited proposals coming from the private players for such applications on merit. While the market matures and product finds traction in the market, the cost recovery would be faster for the private player. The PPP model could be worked out depending on the size and scale of the project.</p> <p>Training and Capacity Building: MNRE should collaborate with CSOs and various other institutes providing such courses along with entrepreneurship and PPP courses to further the training and capacity building initiatives. The online course development and delivery to rural areas through intermediaries is a welcome step. It should be prioritized. Efforts should be to make the learning process easy and accessible and delivery should be in local language. Preparing simple user manual or specific modules on how to use the appliances for end users or beneficiaries would enhance its outreach.</p> <p>Generally, government treats training and capacity building program as the last stage of any project implementation that is horribly wrong. It should be run parallel to any government scheme or policy implementation and find traction at the very beginning.</p>

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		<p>Programs of Various ministries and departments: There is a need for convergence of various government schemes cutting across the ministries to promote, create and sustain livelihood programs through DRE intervention in rural areas. MNRE recognized this need and it is captured succinctly in the policy document.</p> <p>Inter-ministerial steering committee is a good idea but the scope of work needs a revisit. It should be a body for approval of projects and work on striking out any differences among the ministries.</p> <p>The current list of scope of work for the steering committee should be curtailed to focus on decision taking and other operational and procedural works should be left for the state agencies and other experts in the field. The scope of work such as identifying opportunities, assessing gap areas, exploring new applications for activities, deciding sectoral interventions should be left to the expert panels working under the ministry.</p> <p>It should act as a decision taking authority and should not indulge in any other works that can be best addressed by state level departments, private organizations, local groups, CSOs, individuals or communities.</p> <p>Public Information and Awareness For public information and awareness, the digital catalogue and online portal could go a long way in storing data, success stories and listing out all the processes required for availing such services. Apart from this, sustained campaign is required to make users aware about using such appliances, its benefit to them socially, economically and to overall eco system.</p> <p>State specific role may be elaborated and there should be clear communication on the economic benefits and job opportunities arising out of these DRE adoption</p>

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		Private layers can play a larger part in this initiative if this can be integrated as a part of their project that is long term in nature. There should be a higher budget provisioning for this and its usage should be monitored regularly.
5.	Implementation agencies and implementation cell	The roles of State Nodal Agencies (SNAs) are well defined in this case. In addition, all state governments should incorporate a special cell in their energy department to work in tandem with the planning department to identify, filter and propose large-scale PPP implementation projects in DRE sector. This will help fast-forward the case for large-scale implementation through PPP mode. While the SNAs would identify small-scale interventions and work with end user applications, scaled up projects could be dealt separately by a special cell as mentioned.
6.	Annexure 1: List of indicative products	<p>These products require a greater amount of study, its uptake, localized requirement, demand assessment, scalability and size of the market according to user choice and adaptability of such appliances, according to geography etc. This would give a certain idea to categorize these products according to its user base (i.e) whether it is completely use specific as in home based system or group specific as in livelihood generation activity according to user associations and groups.</p> <p>Such categorization of products would help them mark for huge scale interventions from the private partner. Once, this is identified, a proper PPP model could be worked out for rolling this as a long term project for an identified area or cluster based solutions can be designed accordingly.</p> <p>An indicative list for the existing training and skill development programs offered by different institutions may be given as Annexure.</p>

Conclusion

The policy is in harmony with PM's clarion call for "Atmanirbhar Bharat" for economic recovery and simultaneously addresses the livelihood of millions. There are many examples where integration of renewable energy in livelihood programs has reduced production

uncertainty due to lack of electricity, increased income generation for women and eliminate the intermediaries in the market value chain.

Many DRE based pilot projects are running in the country in agriculture, agri-processing units, dairy and other sectors. The need is to identify such pilots and make necessary provisions in the policy to make it commercially viable and scalable. The draft policy is a work in the right direction by the ministry.

It is time to upskill the government departments, raise technology awareness and integrate various ministries schemes and infuse entrepreneurship abilities and private sector agility and financing into this segment. Thus, attracting private players into this segment through various PPP models should be the way forward. Simultaneously, training and capacity building at the district level with the help of CSOs and other training institutions should be given top priority.

The other area that requires addressing immediately is the concern of private players and lenders. Their risk perceptions for these projects are generally high. Low lender confidence is aggravated due to lack of market data, right information, fear of NPAs etc. This is where government can play an active role by sharing the risks and provide them with financial assurance with right financing tools and support. Currently the pilot projects are driven through CSR funding and grants which require to be changed with right eco system and market development for such products. For deployment of DRE enabled livelihoods, the need is for better cooperation and resource pooling along with active participation of public and private sector in partnership mode.