

Energy governance framework in the context of the energy transition

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Existing challenges

Weak planning, drafting and implementation

- Lack of comprehensive approach
- Repeated DISCOM bailouts
- Power purchase planning by DISCOMs
- Poorly designed and drafted policies
- New Coal Distribution Policy, 2008
- Accelerated depreciation in wind
- Little attention to implementation and independent oversight
- Supporting productive loads
- Compliance to environmental norms

Weak institutions

- Weak institutional design
- Insufficient capacity
- Unwillingness to exercise mandate
- PNGRB
- Bureau of Energy Efficiency
- Coal Controllers' Organization
- Most regulatory agencies
- Pollution control boards
- Electricity Regulatory Commissions

Insufficient competition

- Coal: *de jure* monopoly for ~40 years, *de facto* monopoly even after
 - Serious accountability issues
 - Introduction of MDOs
- Thermal power
 - A few 'big' players control majority of stake
- Coal and oil-gas block auctions
 - Decreasing number of bidders per block
- More or less happy exception (so far): Solar PV

Silo-based approach

- ~2/3rd of coal consumed in the country for power generation; ~2/3rd of power generation comes from coal
- Still, policy dissonance between these sectors
 - Coal allocation policy
 - 175 GW renewables + 1 billion tonnes coal
- Finance, power and coal sectors
 - The NPA / stressed assets problem
 - Plants with dubious coal linkages
 - Plants without linkages and/or PPAs

Entrenched interests

- The meta-problem?
- MoUs in the IPP era
- Contracts being awarded just before new legislation/policy
- Discretionary coal block allotments
- Diluting sanctity of contracts

Emerging challenges

Changing nature of electricity distribution

- Rapid change in sector economics – renewables, soon storage
- Changing role of DISCOMs
- Current scenario
 - Responsible for wires and supply
 - Universal supply obligation
 - Dominant grid user
 - State demand \cong discom demand
- Large consumers will migrate away
- Cross-subsidy will shrink
 - DISCOM finances further stretched
- Will impact small consumers hardest
- Emerging scenario
 - Provider of wires
 - Supplier of last resort
 - Grid balancing
 - Meeting energy needs of small consumers

'Just transition' away from coal

- Transition is inevitable
 - But unplanned transition could be chaotic
- Labour force in the coal sector
- Revenue / employment in coal-bearing states
 - Coal mining as well as thermal power generation
- Social infrastructure
- Indian Railways' business model

Other issues

- Greater role of electricity markets
 - Regulation and rules of the game
- Integrating variable renewable energy
 - Forecasting and scheduling
 - Cost allocation / sharing
 - Ancillary services markets etc.
- Storage technology
 - Technology and market development

Thank you



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Suggestions for way forward

Ideas for way forward

- No easy way out
- Suggestions necessarily broad and 'motherhood' in nature
- Accountability of stakeholders
 - Adherence to performance parameters
 - Well-defined contracts and adherence to them
- Transparency and information symmetry
 - Will enhance accountability, competition, public engagement

Ideas for way forward ...

- Institutional strengthening
 - Institutional design
 - Institutional capacity
- Planning and monitoring
 - Evidence-based planning
 - Credible, independent monitoring
 - Agile approach – fine-tuning
- Comprehensive approach
 - Greater coordination and synchronization among sectors
 - Joint monitoring and oversight

Ideas for way forward ...

- DISCOMs

