



COMMENTS ON DRAFT ENERGY POLICY: NITI AAYOG

SR NO	ISSUE	AS COVERED IN THE DRAFT NATIONAL ENERGY POLICY (DNEP)	CUTS RECOMMENDATIONS
CHAPTER 2- OBJECTIVES			
2.6	Linking 4 objectives of DNEP with each other	The DNEP is aimed at achieving four objectives of ' Access at affordable prices, Improved security and Independence, Greater Sustainability and Economic Growth '. The Policy states that while the four objectives may or may not move in harmony with one another (especially in case of promoting renewable energy solutions), but 'energy efficiency' is one measure that reinforces all four objectives.	<p>It is being suggested that for ensuring social, political, economic and technical feasibility, the four objectives of DNEP must not be perceived in isolation with each other, but rather 'as a whole'. A consequence to such a linear economy approach will again create a need for re-working our practices a few years down the line. Talks will be held again for mitigating the negative environmental externalities that might be a consequence to the planned practices.</p> <p>Thus CUTS recommends that for successfully achieving the four objectives, a circular economy approach¹ needs to be adopted, which clubs together these objectives rather than approaching them in isolation. An example to such an approach could be devising a strategy for end of life waste disposal and management of Solar PV Panels and energy storage systems along with the plan for increasing the uptake of these technologies.</p>
CHAPTER 3- ENERGY DEMAND: EFFICIENCY AND CONSERVATION			
3.6.2	Planned strategy for adoption of energy efficient practices with four specific components	The four components include: clear policy objectives, regulatory and statutory mechanisms, right intervention tools and programme and a robust institutional mechanism for evaluating, monitoring and promoting energy efficiency programme.	<p>Lack of trust amongst citizens with respect to public service delivery is one amongst the major concerns of our democracy. Thus, measures to instill greater trust amongst citizens through a participatory and inclusive approach to policy formulation and execution is the need of the hour. The objective should be to build a greater sense of ownership amongst citizens.</p> <p>The DNEP is currently silent on suggesting such measures. The approach needs to be 'bottom-up' rather than just being 'top down'. Building partnerships with state</p>

¹https://www.ellenmacarthurfoundation.org/assets/downloads/publications/Circular-economy-in-India_5-Dec_2016.pdf

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			<p>and non-state actors at the grassroots can make the strategy more inclusive and implementable.</p> <p>Thus, CUTS recommends that a fifth component be included to implementation strategy, i.e. the component of building partnerships between the state and non-state actors both for policy formulation and execution. Establishing channel partners (opening opportunities for private companies) for service delivery and reaching out to Civil Society Organisations for consumer advocacy initiatives could be thought of amongst other measures.</p>
3.7.2	Guidance for formulating policy objectives for Energy Efficiency Programmes	<p>The DNEP suggests that the guidance to inform policy objectives for Energy Efficiency Programmes must include:</p> <ul style="list-style-type: none"> - Greater uptake of globally most cost effective technology - Consideration of key co-benefits - decision on whether goals would be mandatory or voluntary - constructing measurable goals - identifying stakeholders/ agencies to be held liable corresponding to each target 	<p>To capitalise onto the existing Renewable Energy potential and introducing better technology for operations and infrastructure development, mobilising investments and funds (both from multilateral agencies and private sector) is a key.</p> <p>Therefore, it is being recommended that another important issue that must guide the policy objectives should be 'adopting measures to mobilise greater investments and supporting ease of doing business practices.' This should also incorporate bringing various policies in sync with each other, such as FDI Policy, Trade Policy, etc. In addition to this, the policy should promote greater competition amongst market players and allow greater choice to consumers.</p>
3.9	Launch of Appropriate Tools	3.9.1 Awareness creation has been recognised as an essential component of the renewed energy efficiency programme for instilling greater degree of confidence amongst the masses.	<p>DNEP recognises awareness creation as an important tool for instilling greater degree of confidence amongst consumers. However, it is being suggested that the approach to awareness creation under DNEP needs to be expanded to achieving higher goals of scalability and consequential price reduction. With greater awareness, the uptake of energy efficient measures will increase and will eventually have a positive impact on prices for the consumers.</p> <p>Thus CUTS recommends that significance of greater awareness should be recognised in the light of achieving the scale and achieving the objective of affordability. Further, for greater awareness generation 'building partnerships between state and non-state actors' (as mentioned under comments to point 3.6.2) must be recognised as a key imperative.</p>
3.10	Institutional Arrangements	The DNEP refers to making institutional arrangements on following grounds: greater	For a holistic approach to setting up institutional mechanisms for evaluating, monitoring and promoting energy efficiency programme, there is a need for

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		<p>involvement of State Governments and state nodal agencies; raising resource allocation for agencies; institutional capacity building; better data acquisition and monitoring; creating a dedicated research body on energy efficiency; increasing R&D support and funding and increasing state competitiveness.</p>	<p>greater convergence amongst the related Ministries/Departments at the Central as well as State level respectively. Such an approach will help in creating co-benefits of energy efficiency measures across various sectors as well as allow for efficient resource mobilisation. This could be practiced through greater convergence in fund channelizing, setting policy targets, policy decision making, and human resource deployment amongst related ministries.</p> <p>Further, past experiences (such as inability of states to fulfil RPOs) suggest that, policy making needs to be made more inclusive, especially while setting policy targets for States. Thus, it is important to make sure that policy targets are not imposed on states but rather localized on state to state basis, taking into consideration the topography, resource availability and cultural dynamics amongst others.</p> <p>In light of the above, CUTS recommends that DNEP must incorporate 'convergence of agencies'- both horizontally (with related ministries) and vertically (with state agencies) as a key ingredient under institutional arrangements.</p>
3.11	Price Signals	<p>The DNEP states "Demand Side Reduction is best achieved through pricing cues. It has to be ensured that movements in wholesale prices are passed on to the retail market. This will happen only if robust electricity markets are ushered in and regulators support such practices."</p>	<p>While regulatory role is of prime significance in price setting of electricity, it also needs to be acknowledged that regulatory sovereignty is generally compromised by political interference, due to the very nature of electricity being a 'necessary good' and hence a political tool to influencing vote banks. Thus, CUTS recommends that DNEP needs to lay equivalent significance on reduction of political intervention in pricing of electricity.</p> <p>Further, for achieving better pricing mechanisms, the market needs to be more competitive and thus the policy needs to advocate for greater competition in the market.</p> <p>CUTS recommends that for fairer price determination, regulatory role needs to be de-linked from the influence of line ministries. A primary step in this regard could be diverting the source of financing of regulators from their line ministry to other sources of funding through economic regulatory instruments such as fees, cess, etc. A Parliamentary Standing Committee thus needs to be established to assess the most appropriate financing mechanism for electricity regulators.</p>
Box 1	Rural Electrification		

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	Challenges to universal electrification and sustained access	<p>The Box Story recognises the following challenges:</p> <ul style="list-style-type: none"> - prohibitive cap-ex requirement - affordability concerns - welfare approach in conflict with commercial one - lack of cost effectiveness of storage integrated solar lighting systems - differences in resource endowments and economic growth patterns of states 	<p>In addition to the stated challenges, the description pertaining to universal electrification and sustained access under DNEP also needs to take into account the following considerations:</p> <ul style="list-style-type: none"> - Conflicting policy goals hindering a sustained achievement of policy targets. For instance, under the UDAY Scheme, the States had agreed to bring down their discom losses to a set target, but with the coming of 24X7 Power for All Scheme and corresponding new targets were set for providing electricity connections. The implication of the new targets on discom expenses were not accounted for earlier while fixing the loss targets for discoms under UDAY Scheme. - large presence of unmetered connections in states such as Uttar Pradesh (close to 64 lac unmetered connections) - challenges faced by rural and remote consumers located in timely bill submission owing to location of discom offices at far off places. Increasing use of e-payments (through smart phones and internet) and substantial campaigning and capacity building exercises need to be implemented - lack of awareness amongst consumers to comprehend electricity bills
	Suggested measures to improve rural electrification	<p>The document states “Keeping all the challenges in mind, it is envisaged that the Government will first endeavor to provide grid based supply to all households, and renewable based supply will be resorted only in exceptional circumstances.”</p>	<p>It is important to integrate the efforts of government (of grid expansion) with the efforts of off-grid Decentralised Renewable Energy (DRE) project developers, especially in case of solar rooftops and micro/mini-grids. Thus CUTS recommends that DNEP needs to adopt a collaborative approach towards DRE players for achieving energy access to all, rather than perceiving them as competitors to government’s endeavors. Exploring the possibility of integration off-grid/mini-grid projects with the grid could be a positive step in this regard.</p> <p>Further, in order to create responsible consumers who value the infrastructure service, there needs to be greater thrust on part of government in awareness generation and consumer advocacy activities. As stated above, the same could be done by building partnerships with non-state actors.</p> <p>A few practices could be considered for replication in this regard. CUTS aimed at creating a responsive network of consumer organizations at the grassroots level (12 districts of Rajasthan namely Alwar, SawaiMadhopur, Jalore, Sirohi, Bhilwara, Chittorgarh, Kota, Phagi, Churu, Jhunjhunu, Barmer, Ajmer and Udaipur and 11</p>

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			<p>districts of West Bengal namely, 24 Parganas (North), 24 Parganas (South), Uttar Dinajpur, Hooghly, Howrah, Paschim Midnapur, Purba Midnapur, Jalpaiguri, Nadia, Malda and Murshidabad) which succeeded in educating rural consumers about the distribution reform process and their legitimate rights and responsibilities². It also equipped this organizational network to understand the complex and technical issues involved in electricity distribution so as to mould consumers' opinion against malpractices, such as electricity theft and energy wastage. In addition to the above, a consumer-utility dialogue was created at the grassroots to make frontline officials more sensitive to the fall-out of poor service delivery and more willing to resolve operational problems at the local level.</p> <p>In addition, CUTS also recommends that while focusing on household electrification is important, there is an equivalent need to focus upon electrifying educational institutions, health care centres, anganwadis etc. The same will also give a major push to non-farm livelihood generation in the rural areas.</p>
Box 2	Clean Cooking Access		
	Challenges in providing clean cooking access	The DNEP states "Instead of promoting clean fuels, we have been concentrating on a half-hearted efficient cookstove programme."	<p>While increased cleaner cooking solutions such as adoption of clean fuels can provide positive results, the policy provisions need to be devised after assessing the consumer's behaviour appropriately.</p> <p>Clean fuels could be one of the solutions to addressing concerns, however, consumers might still resort to unclean fuel measures for cooking due to a consequential change in the taste of cooked food. This might appear as a meagre issue but is an important takeaway from the grassroots.</p> <p>CUTS recommends that the DNEP must support cleaner cooking through adoption of clean cookstoves.</p>
Box 3	Grid Integration of Renewable Electricity and More Efficient		

²http://cuts-international.org/cart/pdf/WSP-FES_Case_Study.pdf

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	Grid Operation		
	Upgrade grid technology	System operators at all levels (i.e. state, regional and national) should have visibility of all the Renewable Energy generation systems in their areas, and grid status in neighbouring balancing areas as well, and also the ability to easily coordinate with them	<p>Alongside the suggested measures, there has to be a greater push on mobilising investments in the domain of energy storage systems. The same will also help in keeping the Plant Load Factor (PLF) of thermal power plants at an optimum level. In addition, this will also facilitate in better accomplishment of e-mobility programme.</p> <p>CUTS recommends that strategies to promote distributed energy storage utilisation be devised such as utilisation of unused car batteries.</p>
CHAPTER 4: OIL & GAS			
4.3.2	Open Acreage Licensing Policy (OALP)	As the National Data Repository (NDR) gets commissioned, it will become possible to launch Open Acreage Licensing Policy (OALP). The terms for bidding for acreage under OALP will be finalized by the end of this financial year (2017- 18) so that exploration can be intensified and the entire area can be awarded for exploration by 2022. In order to encourage bids, the terms will favour the first bidder for the available acreage.	<p>Good policy marred by poor implementation—this sums up India’s oil and gas exploration history. OALP is the drastic change over its predecessor National Exploratory Licensing Policy (NELP) is all about giving flexibility to investors in decision making operation; on the other hand NDR is closely linked to OALP by giving seismic and well data for informed decision making.</p> <p>There are also some concerns in implementation of policies reward for existing companies by giving 5 extra points in bidding may not be attractive to other companies as exploration demand huge capital investment. Past experience from KGD6³ did not augur well to meet 10 % reduction target by 2022 in import. Would this policy be able to achieve the target?</p> <p>The opportunities in renewable energy, economic production of shale gases, and unexplored proven reserves like Mexico etc. may impede the effectiveness of this policy.</p> <p>On these grounds, CUTS recommends that the Government should increase the number of auctions (currently 2/yr) at the same time maintaining transparency in the process so as to attract the investors which will expedite exploration.</p>

³ Krishna Godavari Dhirubhai 6 (KG-D6) was Reliance’s first offshore gas field development and its first underwater discovery. It was also India’s largest deposit of natural gas and the largest such discovery in the world in 2002. <http://www.bechtel.com/projects/kg-d6-natural-gas-development/>

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4.3.6	Exiting National Exploratory Licensing Policy (NELP) Contracts	The existing NELP contracts provide for cost recovery for which an elaborate approval process exists which has been found to be unwieldy and irksome. Greater empowerment for quicker decision making, more transparency and standardized norms can alone provide the necessary expediency. Steps will be taken to provide for an efficient decision making apparatus.	While the Government intended to strengthen decision making process by empowering the Directorate General of Hydrocarbon to reduce red tapism but the modifications should include the inputs from the industry and other stakeholders. CUTS recommends that the process should be made less complex, viable, uniform and more inclusive as per international standards. This could be done by undertaking Regulatory Impact Assessment (Cost & Benefit Analysis ⁴) of the existing NELP which includes stakeholder consultations.
4.3.8	Pricing and marketing freedom for gas produced from deep water, ultra-deep water and high pressure high temperature (HPHT) fields	The role of markets in determining prices, consumer categories/consumers, pipeline alignment and efficiency in capital expenditure will be enhanced. The new upstream contracts are already providing for above freedoms. Regulatory oversight and audit mechanisms are expected to address public concerns.	The Government intended to use new gas price formula which is applicable for discoveries in difficult areas such as high pressure-high temperature fields, deep-water and ultra-deep water blocks. It will be applicable to existing discoveries also, provided contractors withdraw any ongoing litigation on gas prices. But the Government restrained the 'marketing freedom' by putting a cap on gas prices ⁵ . The cap is based on (i) imported fuel oil price; (ii) weighted average price of substitute fuels (0.3x coal + 0.4x fuel oil + 0.3x naphtha); and (iii) Liquefied Natural Gas (LNG) import price. ⁶ , whichever is lower. The introduction of coal price into the calculation is problematic since gas cannot be a substitute for coal for power generation, unless gas is available at a cheaper price than coal. This will lead to an artificial depression of gas prices to give undue favour to the power sector which might affect economy of entire gas production. ⁷ In order to exploit the full potential of gas the pricing mechanism for gas should be modified. Therefore, CUTS recommends that the pricing of gas should be based on market determined prices but through a fixed formula. However to ensure the

⁴ <http://cuts-ccier.org/ria/>

⁵ <http://www.financialexpress.com/market/commodities/india-oil-gas-new-gas-price-formula-a-mixed-bag/227844/>

⁶ <http://pib.nic.in/newsite/PrintRelease.aspx?relid=137642>

⁷ <http://xaam.org/2016/04/page/28/?print=print-search>

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			Import Parity Price (IPP), cap can be put on the gas price based on imported LNG price ⁸ but independent of coal and other fuels.
4.4	Downstream – Peak oil Demand	Did not cover in the DNEP.	<p>The DNEP did not mention about peak oil demand. It may have implications on the sustainability of the business and Government revenue generation from taxes on oil.</p> <p>However, there is no consensus among various stakeholders on when will it happen⁹.</p> <p>Sizeable population in India has moved from the lower to the middle class, this shift has expected to create a spike in energy demand as more people drive more cars and use more household appliances.</p> <p>The Government has an ambitious target of selling only Electric Vehicles (EV) by 2030. Besides, India has other issues such as rural electrification and 24x7 electricity to all. Albeit, all three objectives are extremely difficult to be achieved without a road map, but DNEP discussed neither about EVs nor the possibility of banning petrol / diesel cars by 2030. The Government is also planning to build new oil storage facilities but the DNEP failed to address the peak oil demand concerns.</p> <p>Therefore, CUTS recommends that the Government should draw a roadmap for EV along with assess its peak oil demand keeping in mind the shift in demography of the country and its implications on energy security of the country</p>
4.5.9	Direct Benefit Transfer (DBT)	DBT may be adopted to address the needs of subsidy disbursement, thereby doing away with the dual pricing regime.	<p>DBT approach is potentially a much better alternative compared to direct subsidy on the products. But to apply it effectively it is necessary to overcome the roadblock that currently exists in the banking system, especially in rural areas.</p> <p>In addition to integration of the Jan Dhan Yojana database with the Aadhaar database, CUTS also recommends that DBT should be promoted over an aggressive awareness campaign. Such a campaign is the need of the hour not just</p>

⁸ http://www.cuts-ccier.org/pdf/Report_of_the_Committee_on_Allocation_of_Natural_Resources.pdf

⁹ <https://www.wsj.com/articles/get-ready-for-peak-oil-demand-1495419061>

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		market price instead of the reverse bidding process. This will also sit well with promoting coal production by offering attractive price to CIL.	
5.6	Other Interventions	Coal Banking Mechanism – Did not cover in the DNEP.	To enhance the sustainability of the business and the sector; CUTS recommends to establish a coal banking mechanism ¹⁰ to ensure the surplus coal produced by captive mines transferred to other end users. It may bridge the gap of demand-supply of the coal.
5.6.3	Regulatory Body for the Coal Sector	Opening up the coal sector to encourage commercial mining and move towards market-determined prices, can only succeed if decision-making is at arm's length. This makes the need for an independent statutory Coal Regulator even more acute. The Government must appoint an independent Coal Regulator for healthy and comprehensive development of this sector at the earliest. At the appellate level, the responsibility may be given to the existing Electricity Tribunal.	<p>A regulatory body can be an Independent Regulatory Authority or a Multiple Sector Regulator i.e. a single Regulator regulating multiple sectors. It will enhance the capacity of the regulatory institution and the expertise of the regulators. Multiple sector regulatory body will be more productive and cost effective. In addition this, it will also improve inter-ministerial communication¹¹.</p> <p>The NDEP has mentioned the need to adopt multiple sector tribunal i.e. electricity tribunal for coal as well for electricity then why not a multiple sector regulator?</p> <p>For instance, the mandate of CERC could be expanded to govern the portion of coal sector, which is closely related to power generation.</p> <p>The then Planning Commission of India¹² in 2006 and Draft Regulatory Reform Bill¹³, 2013 had also recommended to widen the scope of electricity regulator to other sectors like coal and gas.</p>
CHAPTER 6: RENEWABLE ENERGY			
6.1	Capacity addition via Renewable Energy based	However, no targets are proposed beyond 2022 as the growth is expected to take place autonomously. The above capacity will translate into 50%-56% and 29%-36%	Capacity addition based on market mechanism is an ambitious strategy. Firstly, the market is in nascent stage right now. Secondly, many of the solar power plants are still under installation; there is no clarity on the issues and concerns which

¹⁰ <http://www.thehindu.com/business/Industry/chaturvedi-panel-report-on-coal-banking-to-be-taken-to-cabinet/article5425922.ece>

¹¹ http://cuts-ccier.org/pdf/Background_Paper-Coal_Sector_Reform_in_India.pdf

¹² http://planningcommission.nic.in/reports/genrep/infra_reglaw1.pdf, pp. 29

¹³ <https://participatorydemocracyin.files.wordpress.com/2015/06/salient-features-of-regulatory-bill-2013.pdf>, pp1

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	power plants through market mechanism	Renewable Energy (excluding large hydro) capacity in installed capacity and generation from all power generation sources by 2040, in place of 14% and 6.5%, respectively in 2015-16.	<p>will emerge in the future after operationalizing of these solar plants. It is difficult to assess its impact on the market for solar power plants.</p> <p>Thus, it is recommended to prepare a risk mitigation strategy along with risk sharing mechanism for the same to address the market failure in the future.</p>
CHAPTER 8: ELECTRICITY			
8.6.3	Private Electricity Distribution Companies	The ultimate solution to this problem lies in ensuring that electricity distribution is subject to commercial pressure. This can be achieved by separating the distribution of electricity from ownership of the distribution grid. Discoms would continue to own the grid while actual distribution or sale of electricity would pass on to private agents. The latter would contract with generation companies to buy electricity for sale to final customers and haul electricity from the point of generation to the point of consumption on the transmission and distribution grids for charges determined by regulators.	<p>Privatisation in distribution sector is a welcome step. It will enable customer to choose their electricity distributor.</p> <p>This is a necessary step but not a sufficient measure to improve the electricity distribution sector. However, there are other challenges like grid energy insufficiency and instability, network infrastructure challenges, operational challenges, funding challenges, and low collection efficiency etc. required immediate attention.</p> <p>Hence, it is recommended that NDEP should come with a facilitating mechanism to address aforementioned challenges in order to encourage private investment in the sector.</p>
8.6.4	Taxing the purchases of electricity by industrial consumers	Currently, industrial customers are charged a price well above the average cost of electricity generation. This excess helps finance below-cost prices charged to other customers. The same cross subsidy can be provided under the proposed system by taxing the purchases of electricity by industrial customers and using the tax proceeds to subsidize vulnerable customers. undermine	<p>There are few concerns in this taxation mechanism. First, it will undermine the regulators by reducing their power to set tariff for electricity. Now, the taxation amount would be set by the government but it is not clear who will set the tariff, private agents, regulators or through market mechanism. Second, it is not clear, how government would be able to subsidise vulnerable customers. Would the subsidy be given through Direct Benefit Transfer (DBT) or some other mechanism? How will government ensure that the taxation money be utilised for the electricity sector only?</p> <p>Thus, it is recommended to undertake Regulatory Impact Assessment (Cost & Benefit Analysis) of the various regulatory instruments such as tax, cross subsidy, etc. It would help in understanding the impact of these regulatory instruments,</p>

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			proposed or in operation, to identify avoidable burden on stakeholders and help them in rationalising the same.
CHAPTER 8: REGULATORS			
9.2	Evolving Role	<p>Internationally, the role of Regulators has evolved, from independence and promotion of free markets, to ushering in mandates of decarbonisation and protection of investments. In contrast with developed economies, Indian energy sector displays varying degree of maturity across different sub-sectors. One aspect of their role is clear – they have to incentivise investment so that the energy system of the country grows rapidly.</p>	<p>Given current global dynamics, regulation of the power sector is undergoing dramatic changes. While the DNEP touches upon this issue; but the same needs more focus in the document.</p> <p>This transformation is being driven by various factors including technological advances and cost reductions in renewable energy, energy efficiency, climate change concerns; and increased access to energy services by the poor. These issues add to the already complex task of power sector regulation. While no single regulatory task is trivial to undertake, it is the prioritization and harmonization of a multitude of objectives, that is the need of the hour and the DNEP is completely silent on these aspects.</p> <p>The key challenge of modern-day power sector regulator is balancing the new regulatory objectives along with the existing objectives.</p> <p>For example, a core regulatory task is to design fair and equitable electricity tariffs. Raising rates to reflect the true cost of delivered electricity may be necessary in many settings to ensure the financial health of the utility, but this option may be politically or economically unattractive, as has been visible in many states in India. The political economy dimensions have not been raised in the DNEP, which is one of the critical challenges facing the sector.</p> <p>Further, Regulators must establish a regulatory framework that ensures the financial health of utilities while incentivizing operational efficiency. Unfortunately, the policy blueprint of the Ujjwal Discom Assurance Yojana (UDAY) Scheme, introduced by the Government of India in September 2015 for financial turnaround of discoms, represents a clear case of absence of mechanisms of regulatory oversight of discoms' performance.</p>

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			<p>Given the context, CUTS recommends that a thoughtful examination of the current landscape and more importantly, a path forward, will be critical to the address the challenges related to the evolving role of the regulators in the energy sector in India.</p> <p>The investment climate in any economy is determined by a mix of factors. Out of these one very important factor is the regulatory framework. Among the major impediments to the improvement of the business environment are business regulations/legislations originally formulated under the “command and control” regime - relics which have outlived their utility as India has become increasingly market oriented with time. Thus, CUTS recommends that the DNEP should suggest appropriate measures to analyse regulatory impediments and measures that can be taken to minimise their adverse effect on the functioning of business.</p>
9.3	New Regulators	Coal and upstream petroleum sectors have lacked independent, statutory regulators. Due to several reasons, including strong presence of PSUs and limited number of private operators, it was so far not found useful to place the latter in position. But, now with increased private activity, the time is appropriate. Ideally, there ought to be a single Regulator to govern the energy market. But, in India, the market has not fully developed with a vast domestic potential remaining to be exploited.	<p>There is a need to protect the interest of consumers and not allowing any entity to exploit its dominant position to foster competition. One can argue that there is no need for a regulator, if we are able to break the monopoly of one supplier of coal in the country, which quite recently was an issue also raised by NITI Aayog. Till such a time does not arrive, one would need a regulator in the coal sector to ensure avoidance of abuse of monopoly powers. The Electricity Act, 2003 did authorise creation of regional regulators rather than state regulators, but it was not successful due to absence of political will.</p> <p>Having a cognate sector regulator has its certain advantages. It would help in eliminating proliferation of regulatory commissions, help build capacity and expertise, promote consistency of approach and save on costs. The Government should be encouraged to consider this approach and the scope of their existing electricity regulators could be extended to other sectors. Thus, Can we consider expanding the mandate of agencies like CERC to regulate cognate sectors, such as power and coal (focusing on the portion closely associated to power sector)?</p> <p>While the DNEP does mention that there is a need for sectoral regulators in the energy sector, CUTS recommends that the DNEP should also provide the option for a multi-sector regulator and should propose to undertake a feasibility study.</p>

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9.4	Sovereign Powers	<p>Even while the Government delegates several of its powers to regulatory authorities, owing to several reasons including ownership over natural resources, it cannot divest all its responsibilities. It also needs to address the concerns of energy poverty through various subsidy mechanisms. Hence, the role of Government in the energy domain will remain - Policy making which will guide the overall mandate and functioning of Regulators.</p>	<p>The role of the regulator is to achieve predetermined policy objectives and maintain competitive conditions in the market by ensuring that everyone follows the basic rules of the game. On the other hand, the role of policy makers is to provide long term objectives and vision to the development of a country. Policy makers issue policy guidelines which set out national priorities for sustainable development of sectors and measures for servicing disadvantaged areas of the country or sections of consumers. However, while in theory policy makers and regulators have distinctly different roles, in reality the regulator and policy makers share common responsibilities – ensuring orderly and sustained growth of the sector, attracting private investment, enhancing consumer protection and so on.</p> <p>Given that regulatory bodies are often created to achieve predetermined policy objectives, an absolute divorce between the two is not desirable and proper interaction between them becomes very important. At the same time, it is equally important to ensure that the regulator’s domain is not encroached upon by the government in the name of achieving policy objectives.</p> <p>Thus, the DNEP should mention that there is a need to create clear distinction between policy and regulation, which is often missing in India.</p>
9.5	Staff Issues	<p>Energy sector has been witnessing vast technological advances which requires the staff working in regulatory organizations to be trained on a continuous basis. For this, cadres will be created in all Regulators, so that there is no overt influence of deputationists. Along with budgetary support, the Regulators will be allowed to collect fees from their sector, so that they ultimately obtain freedom from the former. The Government will provide for suitable provisions in sectoral policies to mandate achievement of its objectives. It will call for close review of performance of Regulators.</p>	<p>An important requirement of good regulation is to have the right people on board. This requires having in place proper mechanisms to ensure appointment of experts as regulators. Selections must be broad-based and consider other professions, not just government bureaucracy. Younger regulators and tenure of five years must be aimed as regulators in most cases do not need expertise in sectoral areas such as electricity, telecommunications, oil and gas, etc. They must understand the main drivers and the contours of their sector.</p> <p>Equally important, they must be skilled at understanding interdisciplinary connections - the economy, societal conditions, finance, accounting, constitutional framework, and legal rules for the sector and the regulatory commission, and the behavioural characteristics of the consumers.</p> <p>A study undertaken by CUTS for the then Planning Commission of India, titled, “Comparative study of regulatory framework in infrastructure sector: lessons for</p>

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			<p>India” mentions that appointing retired bureaucrats to regulatory bodies has become the order of the day, which is not a healthy sign, as the very purpose of setting up independent institutions gets defeated.</p> <p>The job also requires substantial knowledge of law and economics and its intersection. Attracting young blood and talent is the key to making these institutions work in a desirable manner. In the case of appointing executives from the private sector, one common view is that their functioning may be compromised by their past associations. This may not necessarily be true. Judges who may have a relation with a lawyer or a client are required to recuse themselves from a case where there is the slightest doubt of conflict of interest. Similarly a regulator, too, can exercise discretion or caution in dealing with matters where any nexus is suspected to exist vis-a-vis their past association.</p> <p>CUTS recommend NDEP to cover issues pertaining to lateral entry of private actors as staff in our regulatory institutions in India. There have been government commissions and reports advocating the lateral entry of specialists. The Sixth Pay Commission and Second Administrative Reforms Commission (ARC) were unanimous on lateral entry. India is not new to lateral entry, and the benefits are there for all to see. The chief economic advisor to the Union government is traditionally a lateral entrant. Lateral entrants may not only bring specialised expertise, good practices and work culture, but they could also induce competition within the system.</p>
CHAPTER 11- HUMAN RESOURCE DEVELOPMENT			
11	Sustainable Jobs	Did not cover in DNEP	<p>The ‘sustainable jobs’ aspect also needs to be taken into consideration while referring to sustainability and economic growth objectives. India’s perceived ‘demographic dividend’ needs to be harnessed effectively. The double digit economic growth will be difficult to achieve if not clubbed with sustainable job creation aspect.</p> <p>A technology dependent younger population will result in added pressure on energy needs. Surveys such as Electric Power Survey (EPS) conducted by Central Electricity Authority (CEA) and NITI Aayog’s India Energy Security Scenario (IESS) must factor in this while forecasting future energy needs. In addition,</p>

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			<p>Business as Usual (BAU) may have negative implications on the working population and affect their health and correspondingly their productivity.</p> <p>Therefore, CUTS recommends that the concept of sustainability, economic growth and job creation need to be seen within a common frame.</p> <p>In case of power sector, the targets for renewable energy present a great opportunity for employment generation through skill development. The discourse now should move towards sustainable jobs.</p>
