

**Report of the State Level Inception Workshop under a pilot project
'Capacity Building on Electricity Reforms
in Bangladesh, India and Nepal (RESA)'
Kolkata, April 17, 2008**

Introduction

CUTS Calcutta Resource Centre (CUTS CRC), in association with CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER), Jaipur, organised a one-day Local Inception Workshop under the project 'Capacity Building on Electricity Reforms in Bangladesh, India and Nepal (RESA)' at Ramakrishna Mission Institute of Culture in Kolkata, on April 17, 2008.

Electricity is the most versatile form of energy and affects the well-being of every section of society. It plays a crucial role in the economic development of a country. The main objective of the electricity restructuring process is to promote competition in the sector, encourage investment and promote protection of consumer interest. Unbundling of integrated utilities; abolition of government control and mediation; promotion of privatisation; and creation of independent regulatory agencies are the broad components of the reform process.

In the new regulatory regime, consumers are required to play a proactive role to protect their interest, by participating in the policy formulation and regulatory decision-making process. However, the capacity of civil society organisations (CSOs) to intervene in the regulatory process is low. Therefore, CSOs need capacity building training to understand complex issues and participate effectively in the reform process.

Background

CUTS C-CIER has undertaken a pilot project entitled, 'Capacity Building on Electricity Reforms in Bangladesh, India and Nepal (RESA Project)'. The project is being implemented in three countries, viz. Bangladesh, India (Rajasthan and West Bengal) and Nepal. This project is being implemented with the support of Norwegian Agency for Development Cooperation (NORAD). In Bangladesh, the project is being implemented by Unnayan Shamannay, a non-profit research organisation, which will be working in collaboration with Consumers' Association of Bangladesh (CAB) and a number of its regional partner organisations in the course of project implementation. In Nepal, South Asia Watch on Trade, Economics & Environment (SAWTEE) has been assigned the task of implementing the project, while in India, CUTS Centre for Consumer Action, Research & Training (CUTS CART) and CUTS CRC, the programme and resource centres of CUTS International respectively, are to implement the project.

The overall objective of this two-year project is to build capacity of consumer groups/CSOs to enable them to deal with the issues involved, share experiences and carryout advocacy with policy makers and regulatory agencies to affect pro-consumer changes in the electricity regulatory/policy processes in India, Bangladesh and Nepal.

Objectives

The main objectives of the State Level Inception Workshop were to:

- identify 10-12 CSOs who will be associated with CUTS CRC to undertake various activities over the span of two years;
- train local CSOs on the consumer survey methodology so that they could undertake baseline consumer survey at the grassroots level;
- build capacity of civil society on electricity reforms in project countries; and
- make CSOs aware of the project objectives and activities to be conducted at the state level.

Participants

The State Level Inception workshop was attended by a total of 41 participants, including policy makers, local CSOs, members of project reference group, second-tier project partners, government officials and other stakeholders. In all, 10 local partners organisations from 10 districts of West Bengal participated in the workshop (see Annexure A).

Proceedings

Inaugural session

Inaugurating the workshop, **Dr Keya Ghosh** of CUTS CRC welcomed the distinguished panellists and other participants. After a brief introduction of the overall activities of the various centres of CUTS, she outlined the objectives and proposed activities of the RESA project.



L-R: Sujoy Basy, Mala Banerjee, Utpal Bhattacharyya, Sunil Mitra

Sunil Mitra, Principal Secretary, Department of Power, Government of West Bengal

Sunil Mitra presented an overview of the electricity reforms that have been undertaken in West Bengal and cited the key components of the reform process and said the State has taken various steps to make the power companies independent. If the companies become independent, then they will be in a position to provide improved quality services to the consumers at affordable rates, he opined.

He informed that West Bengal is characterised by multiple license arrangement in the power sector so that there has always been a competitive environment in the sector. Under the reform process, a number of measures have been taken since 2001. Before that the financial condition of the State Electricity Board (SEB) was in a mess. It's revenue was hardly Rs 2,200 crore and had to depend on heavy budgetary support from the Government even to pay the salaries.

Mitra outlined the progress in reforms, which included: 1000 percent feeder metering; computerisation of all commercial activities; and strong anti-theft legislation enforced at the State-level. Over the last five years, revenue increased to Rs 5,600 crore in 2007. This is not happened because of tariff increase, but as a result of improvement in recovery of dues and reduction in the transmission and distribution (T&D) losses, he argued. Energy losses came down from the level of 45 percent in 2002 to around 30 percent in 2007. Losses to the SEB, which was 500 crore in 2002 turned around to a profitability of little over 100 crore in 2007. Other state utilities, e.g. Power Development Corporation saw profits to the tune of 1 crore to 35 crore, and Durgapur Project's profitability also increased.

So what West Bengal, **Mitra** continued, had in 2007 was a reasonably stable power utilities in the state sector. However, rural electrification is still a major area of weakness where only 40 percent of the rural households have access to electricity in the state, he added.

Mitra pointed out the two major reasons for the lack of access to power, including: funding was available as loan which was not seen as a profitable venture; and the loan burden that could not be borne by the rural consumers. But a substantial improvement was observed since 2005 after the introduction of *Rajiv Gandhi Gramin Vidyuti Karan Yojana* (RGGVKY). As of March 2008, West Bengal had 5700 electrified mouzas (village-clusters), though 900 mouzas still remain to be electrified, he informed. Since funds dried up, the electrification drive could not be completed. However, the effort is going on to achieve the target of zero un-electrified villages in West Bengal by June 2008. This, however, requires that at least 10 percent of the households in each mouza should be electrified. Collection of revenue from the rural households seems to be one area of concern where the Department of Power is thinking of appointing female metre readers, belonging to various self-help groups (SHGs).

Mitra informed that designing of the reform process included an intensive consultation with professional institutions like PriceWaterhouseCoopers (PWC). In fact, a small sample survey was also conducted where the most interesting finding revealed that consumers are only interested in getting quality power at a reasonable price and not in other aspects of structural changes in the reform. Therefore, he felt that good governance should be an important component of the reform process. Until and unless the overall transparency and accountability is increased, the sector is not going to improve in a big way. He shared some of the important plans that are being taken up by the Government in this direction.

Mitra also pointed out that among other hindrances, low paying capacity of the rural consumers was a major barrier in getting a connection to rural poor households. He requested the CSOs participating from various parts of the State to motivate the poor rural consumers to apply for new connection instead of relying on the kerosene lamp.

Utpal Bhattacharyya, Executive Director Corporate Services, Calcutta Electricity Supply Corporation (CESC)

Utpal Bhattacharyya started by pointing out three basic and very important issues that concern a consumer of power utilities, which include: availability of power; price, which consumer is paying for consuming power; and the restoration time. He highlighted the issues related to tariff paid for power consumption and availability of power with respect to CESC and said that in Kolkata, the average tariff is Rs 3.85 per unit. In Mumbai, there are two utilities – Tata and Reliance: the average tariff charged by Reliance is Rs 4.96 paise per unit while that of Tata is Rs 5.15 paise per unit; in Delhi, there are three utilities – two by Reliance and one by Tata and both offer tariff at Rs 4.34 paise per unit. Thus, the tariff rate in Kolkata is well below than those charged in other two metro cities, he informed.

Bhattacharyya said that T&D loss is below 15 percent, which was 23 percent six to seven years ago. One of the important reasons for the reduced rate of T&D loss is the anti-theft legislation passed by the State Government. Plant load factor (i.e. capacity utilisation of generating stations) is around 95 percent, and in one of CESC stations it is nearly 100 percent. CESC has opened a call centre whereby dialing of a unique number enables a consumer to register his/her complain. CESC conducts consumer performance and perception survey on regular basis, he added.

Mala Banerjee, President, Federation of Consumers' Associations of West Bengal

Mala Banerjee stated that the reform process needs to be more consumer centric and the utilities should provide adequate attention to resolve the consumer grievances in a consumer friendly manner. She said that advance level of consumer protection is very much related to good governance and electoral reform. For good governance, transparency, accountability, responsibility and access to information are necessary elements. But the flow of information is rather weak in West Bengal. Hardly 10 percent consumers are aware of their rights and responsibilities. She pointed out that information is not always easily available from State and Central agencies.

On the issue of rural electrification, **Banerjee** argued that use of kerosene is not because of lack of awareness but because the consumers cannot afford electricity. Many rural households cannot afford even kerosene available from the ration shops, because their little earning is used up in repaying loans to the moneylenders. She concluded by pointing out the issues necessary for protecting the interests of the consumers, including: right to choose; right to information; and redressal mechanism.

Dr Keya Ghosh, Adviser, CUTS CRC, Kolkata

In her presentation, **Dr Keya Ghosh** outlined the project objectives and activities under the project and said that the capacity building of the CSOs would help them to participate effectively in the policy formulation and regulatory decision-making process.

Session II

Theme: Power Theft and Its Impact on T&D Loss and Tariff: Consumer's Perspective

Sujoy Basu, Former Director, School of Energy Studies, Jadavpur University

Sujoy Basu emphasised on the need for a greater role of consumer societies since they have the legal status to raise their demands. Any CSO, other than the consumer societies, can raise and discuss issues at public gathering but they do not have any legal status. For example, a principle secretary may refuse to meet the representative of a CSO but cannot refuse to meet anyone from a consumer group.

Basu argued that for having legitimate rights entrusted to the consumer groups, it is their duty to pursue legitimate and rational demands. At the same time, it also the duty of the Government to introduce reforms based on rational grounds. For example, in case of rural electrification, the terms and conditions for getting electric connection are such that they are discouraged to do so. The engineers of the SEB who are assigned the task of effective rural electrification must give patient hearing to the demands of the people and should not behave in ways that will hurt their sentiment and bring the drive of rural electrification to a halt, he added.

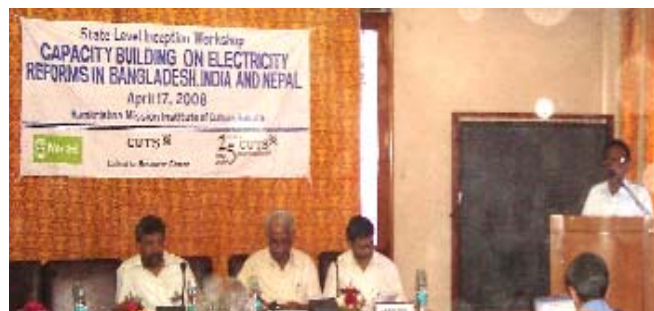
Basu briefly explained the rationale of the reform process in West Bengal. He informed that till 1970s, the pace of electrification was satisfactory which decelerated in 1980s and 1990s, and during 1990s the SEB was faced with huge losses owing to large amount of outstanding bills. Under these circumstances, any fund required to restructure the company was not available from the banks. So this led to the formation of three new entities with new balance sheet and zero outstanding amounts, he added. Though the primary objective of the reform process was to bail out of the financial crisis the independence given to the SEBs was a very welcome measure to increase the Board's competitiveness.

From the point of view of a consumer, **Basu** requested the authorities to take stricter measures to ensure reduction of power theft, and at the same time to ensure that a consumer who pays his bill regularly should not be made to pay more to compensate for the amount not paid by or stolen by others, he concluded.

Loss Prevention & Theft Control: Consumers' Role & Responsibilities

Dinesh Chandra Dutta, Chief Engineer, West Bengal State Electricity Distribution Company (WBSEDCL)

Dinesh Chandra Dutta said that, the objective of WBSEDCL is to supply quality power, better service to the consumers, along with commercial viability. Five years ago, Average Technical and Commercial (ATC) loss figure was in the range of 45 to 50 percent, which has now come down to 24 percent.



L-R: Aniruddha Basu, Sujoy Basu, Nabinananda Sen & Dinesh ch Dutta

Dutta added that in WBSEDCL, Security and Loss Prevention Wing has a key role to play for prevention and control of theft/pilferage of energy. Human propensity for committing energy pilferage can be controlled to a large extent by enhancing public awareness; by creating level play grounds and brand ambassadors; stringent enforcement and at times, by experimenting with unconventional approaches.

Dutta said that there is a need for public cooperation against power theft. Different consumer associations/forums should come forward with activities/information on errant consumers so that other wrong-doers are discouraged. This could have a direct/indirect positive impact on loss prevention and theft control at large.

Reliability of Power: Voltage and Interruption

Aniruddha Basu, General Manager (Operations), CESC

Aniruddha Basu briefly introduced CESC as a part of the RPG group and said that it is the oldest power utility in India operating since 1897. It generates and distributes electricity to 22 lakh consumers in Kolkata and Howrah. CESC's combined PLF is 90.18 percent and Reliability Index is 99.6.

Basu said that customer service is a primary focus of CESC. He shared some of new measures being adopted to bring down the restoration time.

Complaint & Redressal Mechanism and Quality of Service: Case Studies

R M Nagchoudhury, Public Affair Officers, Federation of Consumer Associations of West Bengal (FCAWB)

R M Nagchoudhury shared some case studies with the participants. The highlights of one such case study was that Federation of Consumer Associations of West Bengal (FCAWB) took up a case against the steep tariff hike of CESC in the Kolkata High Court and then again in the Supreme Court which overruled the High Court order in October 2002, and asked West Bengal Electricity Regulatory Commission (WBERC) to refix the tariff for CESC. He informed that WBERC had allowed a tariff hike of 2.5 percent whereas the High Court permitted a hike of 17.5 percent.

He informed that in December 2002, WBERC created a history by providing a single rate of tariff (of Rs 3.90/unit for 2001-02) for all domestic and commercial consumers of CESC.

Capacity Building of CSOs on Electricity Reforms: Scope, Interventions, Challenges and Solutions – Evidences from Selected States

Rajesh Kumar, CUTS International, Jaipur

At the outset **Rajesh Kumar** said that CSOs must play a crucial role in the ongoing electricity reform process. As a CSO, CUTS should help the consumers to create awareness on electricity reforms and promote consumers for participation in reform process.

Kumar further added that the electricity consumers as well CSOs should work together so that they could make an effective representation before the Government and the regulatory body. Apart from making interventions on behalf of consumers before the regulatory bodies, CSOs should educate consumers about their rights and responsibilities. Only then, the reform process will be successful, he added.

Sharing his experience, **Taifur Rehman** from *Unnayan Shammanay*, a Bangladesh based non-governmental organisation (NGO), pointed out that Bangladesh Energy Regulatory Commission (BERC) has been constituted to regulate the energy sector in the country. However, it needs more functional autonomy to discharge its functions in a smooth manner.

Expressing his opinion, **Jayanta Basu** from *The Telegraph* said that electricity consumers are not a homogeneous unit though the regulatory bodies unfortunately consider them to be so. He opined that the regulatory bodies should develop different kinds of consumer interaction strategies for different strata of consumers, instead of having a single uni-dimensional static policy.

Analysis of the Perception Survey of the Project Partners

CUTS CRC selected 10 registered NGOs (see Annexure) as its partners from 10 districts of West Bengal. Out of these, five partners had more than 10 years of working experience in the area of consumer rights protection. Out of the 10 partner-CSOs, only three (i.e. 30 percent) had prior experience of working on issues related to electricity. Of the rest, 70 percent have no experience of working on issues related to electricity reforms, 50 percent CSOs reported that they did not get any opportunity to work on electricity, while 40 percent said that as they did not receive any funds for conducting such surveys or for undertaking similar activities, they did not work on electricity.

From the nature of the responses received, it appears that this initiative of CUTS' could be considered as a pioneering initiative on two counts: making consumers aware of their own rights and responsibilities on electricity that had not happened before in the State; and building long-term capacities of the local CSOs, so that they become equipped to take up their problems in a big way in the near future. The local partner-CSOs were therefore willing to join the CUTS' initiative.

Out of the total partner organisations, approximately 90 percent believed that *quality of power; electricity tariff; metering and billing; and complaint redressal procedures* are the most important issues in the electricity sector for a common consumer. Issues of theft of power, rural/household electrification and T&D loss took lower priority. All partners opined that a majority of the consumers in their area are either poorly aware or are completely unaware of the ongoing reform process in the electricity sector.

All the respondents believed that consumers should be consulted before or during the process of enforcement of electricity laws. The process of issuing policy guidelines and fixation of tariffs for consumers are two major aspects where the consumers should be consulted and this should be an inherent component.

While 80 percent of the respondents believed that consumers should be involved in the process of issuing policy guidelines, 70 percent respondents opted for consumer's

involvement in the tariff fixation process. Majority of the respondents (80 percent) opined that the consultation process can be facilitated by organising public hearings. However, a few respondents were of the opinion that inviting written comments from consumers on the proposals of the service providers, and nominating consumer representation in the advisory committees/bodies are effective means to involve consumers in the decision making process.

It is without question that providing adequate and reliable information to consumers is a precondition for effective consumer representation. Awareness among the consumers about information of a policy change and its implications on the consumers through the reforms in the electricity sector can be enhanced by organising workshops; holding meetings at the grassroots level; publishing articles in the newspapers; and also by circulating handout or small booklets. About 90 percent of the respondents opined that organising workshops and holding meeting at the grassroots level are the most effective mode of information dissemination. It is noteworthy that all respondents requested for capacity building trainings, so that they may effectively engage themselves with Government or regulatory bodies on consumer issues.

Closing Session

Project Partners Meeting

Dr Keya Ghosh/Mrinmoy Dey, CUTS CRC, Kolkata

Chair: A K Ghosh, Director, Centre for Environment and Development

This session was chaired by Professor **A K Ghosh, Director** in which the project implementation strategy was discussed. This session was restricted to 10 select partner CSOs; representatives of CUTS CRC, Kolkata; and CUTS International, Jaipur. It was decided in the meeting, that first of all, the local CSOs would conduct a baseline consumer survey to assess the awareness level of different categories of consumers on electricity reforms and regulation. **Dr Keya Ghosh** read out and explained the questionnaire to the participants with which the baseline survey would be carried out. Next, she elucidated the methodology for conducting the baseline survey. There were relevant suggestions by the local partners on both the questionnaire and the methodology, which was discussed at length and thereafter finalised. At the end of the meeting, the respective local CSOs were comfortable with the task of undertaking the baseline survey within the stipulated deadlines provided to them.

The Way Forward

The main objective of the territorial partner CUTS CRC is to increase the long-term capacities of the select ten local CSOs, in particular, and all stakeholders in general, to improve consumers' representation as a measure to enhance effectiveness of the regulatory regime in the electricity sector of West Bengal.

To achieve this end, the ten selected local partners from the ten districts would conduct baseline survey in their respective districts to gauge the level of awareness of all kinds of consumers adopting the methodology chalked out by CUTS. A representative from CUTS CRC would guide each partner and participate in the pilot study in each district.

The findings from the field research and baseline survey would be collated and analysed to develop the 'Base Paper' on electricity reforms in West Bengal. A *training manual* would then be prepared based on the base-paper in consultation with the Reference Group.

The local partners would then be trained using the training manual to create grassroots trainers. The policy-makers, experts and regulators would be involved as resource persons, and networking would be strengthened. Also simple handouts in *Bengali* would be prepared to disseminate information to consumers.

After that, meetings at the grassroots level would be conducted in two phases, where the trained nodal persons of the local partners would be expected to be a resource person.

At the end of the project, a final consumer survey would be conducted to assess the impact of the project.

Key Points and Recommendations

It was decided that the selection of the respondents would be done very carefully:

- The selected respondents would have to be spread across the districts so that the survey should represent the districts. At the end of the baseline survey, each partner would submit a map of the district showing the selection of the respondents across the district, and a report capturing the experience of the main surveyor/s and the findings from the districts.
- The consumer-categories would encompass commercial, industrial, agricultural, domestic, both: electrified and non-electrified. In the greater Kolkata region, even the consumers who resided in the slums would be covered.
- One of the recommendations was that different categories of consumers should be treated differently according to the nature of their problems.
- The selected respondents should be permanent residents of the districts so that the same respondents can be surveyed and targeted during both the phases of the survey. This would help in the impact assessment and capacity-building of the project.
- Some partners wanted to use non-conventional and traditional methods to educate the rural consumers, especially through folk lore and skits.
- Some of them recommended that frequent lucid educative articles in the district-level dailies would be a good way of educating the mass, in addition to workshops and training programmes.
- The baseline survey would get delayed due to *panchayat* elections in the State, so CUTS CRC has extended the deadline of the same.

Highlights

- Enthusiastic participations from local partners.
- Multi-stakeholders approach made the sessions very interactive and participatory.
- Cooperation and valuable participation of experts from the Government, the utilities, the regulatory commissions; academics and consumer organisations made the sessions very informative and educative.
- Adequate and wider coverage in the media.

Annexure: A

Table 1A: Partner Organisations in West Bengal under the RESA Project

S. No.	Partner Organisation	Districts
1.	Environment Governed Integrated Organisation	Kolkata
2.	<i>Kharda Kreta Swartha Surakasha Samiti</i>	24 Parganas North
3.	The Residents & Consumer Association	Hooghly
4.	Birsingha Vidyasagar Society for Social Service	Medinipore
5.	Aragati	Howrah
6.	<i>Sreema Mahila Samiti</i>	Nadia
7.	<i>Palsa Pally Unnayan Samiti</i>	Murshidabad
8.	<i>Purulia Agrogami Mahila O Sishu Mangal Samiti</i>	Purulia
9.	<i>Chanchal Jana Kalyan Samiti</i>	Malda
10.	Islampur Ramkrishnapally Rural Welfare Society	Uttar Dinajpur