

Rural Access to Energy : World Bank Perspective Dr. Pradeep Perera World Bank



Community Electricity for
Sustainable Livelihoods through
Public Private Partnerships.

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Present Status of Rural Electrification in Sri Lanka

- # 68% access to electricity and 62% penetration.
- # Rural coverage less than 45% with certain districts having less than 20%
- # CEB plans to increase the access to 75-80 % by 2007.
- # Approximately 2000 villages will be electrified by 2007.

Preset Policy Framework for Rural Access

- # All Grid Connected RE projects are undertaken by CEB.
- # Exclusive Distribution license
- # CEB RE Projects are 100% grant funded by GOSL.
- # Non cost reflective tariffs > Cross subsidies from other users.

Present Policy Framework for Rural Access (continued)

- # Rural electrification is generally utility driven.
- # Subsidies are channeled through the Utility.
- # Candidate schemes for grid connected RE are selected based on an economic analysis but high degree of political interference.
- # Geographically Exclusive distribution licenses.
- # CEB's grid expansion plans are not publicly available.

Present Status of Off-Grid energy delivery

- # Over 25,000 Solar systems installed.
- # Over 140 VHS serving 5,000 households.
- # Solar Industry is maturing and market driven.
- # GEF Subsidies available through ESD and RERED to cover roughly 25% of Capital cost.
- # Adhoc government subsidies available from Provincial Councils.

Regulatory Framework for Off Grids

- # Functions outside the regulatory oversight of MOPE.
 - No technical standards.
 - No customer service standards.
- # No mechanism for subsequent grid connection.
- # No legal basis for alternate energy service providers and re-sellers.
- # Third Party Access to the CEB's distribution system is not allowed.

Off- Grid Renewable applications & Linkages with RE Policy

- # GOSL Published Rural Electrification Policy in 2002 November
 - Level playing field among grid connected RE and off grid renewable applications.
 - Non discriminatory transparent subsidies for RE including off grid renewable applications
 - Third Party Access to utility net works
 - Scheme specific cost reflective tariffs

Interventions required to give effect to RE Policy.

- # Define the legal status of Off- Grids.
 - Non exclusive distribution licenses.
 - Recognition of Off – Grids under new electricity Act.
- # Bring the off-grids within the regulatory oversight of PUC.
- # Transparent non-discriminatory subsidy policy between grid connected and off grids.
 - Make off-grids eligible for government subsidies on least cost basis.

Interventions required to give effect to RE Policy

- # Legal recognition for alternative service providers.
- # Full cost reflective tariffs for grid connected and off-grid RE schemes.
- # Stand-by arrangements to facilitate subsequent grid connection of Off-Grids.
- # Third party access to the Grid in the event of subsequent grid connection
- # Technical standards and service level requirements for off- grids.

Proposed RERED interventions on Off-Grids

- # Capacity building of off-grid stakeholders. (i.e. Consumer societies, suppliers, developers).
- # Capacity building of MFIs active in conflict affected areas.
- # Piloting of new off-grid technologies. (i.e. bio mass and wind).
- # Promoting energy solutions including off-grids for community applications.
- # Promoting income generation opportunities through renewable energy solutions.

Key features of current framework – Grid Connected

- ✦ Standard SPPA for upto 10 MW grid connected projects
 - Tariff based on annual computation of avoided generation cost
 - No capacity charge
 - Although applicable for all technologies, has applied only to mini-hydros
- ✦ Power purchase is at distribution level

Key features of current framework – Grid Connected

- # Technical requirements for connecting small generators to the grid not clear
- # Selection and contracting procedures for small generation not clear
- # Tariff principles for biomass and wind projects are not established
- # Implications of ongoing reforms on small power generator not well understood

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Issues to be addressed – Grid Connected

Pricing and Contractual Issues

- Applicability of short term avoided cost based tariffs in the long run
- Applicability of capacity charge and/or time-of-day tariffs for certain types of projects
- Mechanisms for capturing environmental and other non-commercial benefits in tariffs/pricing

Issues to be Addressed – Grid Connected

Regulation Issues

- Implications of unbundling where licensed generators are contracted to sell power to TRANSCO but are connected to DISCOs
- Potential for third party sales and wheeling
- Role of PUC in selection of developers and tariff setting, licensing and regulation of small generators

Issues to be addressed – Grid Connected

* Other Issues

- Mechanisms for developers to access carbon financing
- Sharing of wind resource information with potential developers
- Leasing of degraded land for developing biomass resources

Proposed RERED Interventions

- # TA support to ESC to prepare a Renewable Energy Policy applicable to Grid Connected Projects.
- # TA to MENR for institutional capacity building to access Carbon funding.
- # Capacity building for Village hydro stakeholders
- # TA to selected PCs to explore possibilities of Renewable energy applications in rural health and education