

To
Shri Rajnath Ram,
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CC to:

- (1) Chairman, NITI Aayog**
- (2) Members, NITI Aayog**
- (3) CEO, NITI Aayog**

Dear Shri. Rajnath Ram,
Greetings from Civil Society Groups !

This is with reference to the draft notification on National Energy Policy (NEP) issued by NITI Aayog, and the public comments sought for the same. We are a group of Civil Society Organisations, which has reviewed, and analyzed the 2017 draft of National Energy Policy (NEP), and here by submit some broad comments and suggestions from the financial perspective for improvement of the draft of NEP. We hope these comments and suggestions will be helpful to strengthen the NEP from peoples' perspective.

These comments and suggestions are in addition to the previous comments that were sent by Bharat Gyan Vigyan Jattha on 14th July 2017.

Policy-wide Comments:

The draft of National Energy Policy in its articulation seems lop-sided. It is primarily emphasizing on the energy market or commercial aspects of energy, and is geared towards opening up the sector for private players, market determined pricing and rates. Simultaneously, the policy talks about providing electricity at a low price to its customers. Together they contradictory, since, there is no incentive for the private players to cater to the marginalized communities and areas where demand would be low. The government's role in the whole draft policy seems to be that of facilitator for the private corporations, rather than the regulator and controller of the sector to enable access to energy, as a basic service for the citizens and not left to private players alone.

After 70 years of independence 304 million Indians still, don't have access to electricity. In many states in India, there is a huge disparity in per capita consumption of energy, for example, Goa and Delhi's per capita energy consumption is more than 2000 kWh and 1400 kWh respectively while Bihar's per capita energy consumption is less than 200 kWh. The policy should be geared towards achieving quality supply and equitable access to energy. Instead, it talks about matching the developed countries in energy consumption parameters.

The policy mentions plans to increase installed capacity of electricity from 441GW, 710GW from renewable energy, 63GW Nuclear power, the total projection of install capacity by 2040 is more than 1211GW. (Rephrase this whole statement as it makes not an iota of a sense) It completely ignores financial viability and financial outlay of energy generation plans. This policy is looking at bringing more private players as a way to reduce the energy costs. Instead, by killing the public sector companies private players will take over the distribution of electricity, and of course, they will also control the price and rate of it.

General Comments:

1. We do not understand the need for the government to force people to apply for direct benefit transfer for electricity. It will force the consumer to pay extended amount making the subsidy inconsequential. A significant portion of the population in India is still deprived of electricity and bank accounts. People have been facing this problem already with PDS and LPG. A huge section of the population who is already holding Aadhar are not able to access benefits because of their thumb impressions not matching, having to travel a long distance to access bank accounts, etc. Therefore, this scheme itself is not practical. While this point makes a valid intervention, what is the need to get Aadhaar in here, and even if there is a need, please see to it that it is used in a much more judicious manner.
2. The policy does not explain decentralization of energy. There need to be guidelines that can account for the details of energy decentralization. The government should focus on decentralizing the renewable energy instead of promoting large Ultra mega power solar power plants that will be both cost and land intensive. Also, India should produce solar equipment and reduce its dependency of importing it from China.
3. The policy does not explain properly financial outlay for the energy sector. There is need to be more transparent as regards the financial allocations for every sector and also explaining the need and financial viability of energy generation in each sector.
4. The policy needs to address the issue of distribution, rather than presuming that more production will automatically ensure better distribution and hence, access to all. If we look at the production-distribution pattern of power since independence, we can clearly see how unequitable the distribution of power has been.
5. The policy needs to prioritize supply of steady and reliable power to the ones who are not connected to the grid, rather than planning new projects to provide electricity for the people who are already consuming much more than the national average.
6. In the wake of more and more private TPPs under financial stress and putting pressure on the government to absolve the loss and take them over, the policy needs to define the responsibilities of private power promoters in the wake of it turning to be an economically non-viable project. Measures should be laid out to ensure that such bad projects are not made a liability of state-run public utilities, weakening their financials.
7. The policy needs to clearly mention about the accountability of power project promoters who fail to comply with the conditionalities laid out in the environmental clearance, and exemplary, punitive actions should be suggested for repeated violators.

8. Sanctioning agencies/personnel should be held accountable, along with the financiers/bankers of such projects, if at any stage of the project it is proved that the sanctioning/financing was based on wrong and incomplete studies/impact assessments.
9. The policy should ensure that there is transparency guaranteed at all stages of approvals and monitoring of the power generation, transmission and distribution in the electricity sector.
10. The policy repeatedly talks about market determined price or market standard price and market standard. It calls for bringing more and more private players in the sector whether it is in generation, mining or transmission. Then, of course, the private players will control the market, and they will determine the rate & price. Ordinary people have to depend on a market decision. Therefore there is need to define the role of the welfare state.
11. No energy infrastructure can or should be built without the right financial backbone and logic. The huge projected increases in the energy infrastructure will also demand similarly massive financial investments. The draft NEP does not seem to have put enough emphasis on this crucial aspect. Can India afford to raise and invest so much finance in an already surplus energy system and dwindling global finance/ capital, or should we invest a more modest figure in more productive efficiency, conservation and lifestyle change endeavors? We request that a separate chapter on energy finance to be included after proper analysis and realistic assessments of the current and projected global and national financial scenario.
12. The other economic reality of massive Stressed assets and NPAs (Non-Performing Assets) originating from the stressed power sector and the banking sector (mostly from PSU banks), has also not been addressed in the draft NEP. These NPAs are forcing the government to give unreasonable bailouts to the private sector power companies, from public finance (people's money). The recent happenings like, over 25000 MW of coal power being put on the block but finding no buyers, Rs.16000 crore worth of public money bailout to the stressed hydropower sector (mostly private corporates), tens of thousands MW of coal power projects being abandoned in early project phase, the 24000 odd MW of gas based power plants running at low PLF for years are clear examples of wasting huge public money. These are distressing signs of things being wrongly planned and executed poorly. Instead of spending further massive amounts of public funds on poorly planned energy infrastructure, investment guidelines for better-suited systems need to be included in the NEP.
13. The policy also needs to include an energy audit. Since the energy security that the policy talks of is coming at the cost of destruction of natural resources and compromising on the environmental and social security of people affected directly by the construction of these projects. There is an urgent need to commission an energy audit which looks into these aspects of energy generation and looks for better solutions and changed and ecological approach towards energy generation, distribution, and consumption.
14. The policy proposes to increase installed capacity of coal to 441GW, renewable energy to 710GW, 63GW from Nuclear, which makes it a total projection of 1211 GW power generation by 2040. This will need a significant amount of investment in the sector, though investment outlay in detail does not appear in the policy. This projection of energy alone does not make sense. There is a need to provide an outlay of energy finance.

15. There is a need for drastic change in the policy that will address the energy service to reaching the Universal human development rather than opening up the public sector for private gain. The policy needs to do a sensitive analysis of energy input and GDP growth.
16. The policy seems to be unrealistic. When the international market for coal is shrinking, and international financial institutions are going away from coal, this policy reinforces that India will become coal exporter after opening the coal mines for the private players.

Specific Comments on specific sections :

2.2: The principal stress of the policy is on opening up energy market for private players. This will be a major hurdle to achieve Universal access to electricity, which is also one of the SDG's goal. Therefore, there is need to relook before finalizing the policy.

2.4: It seems highly improbable that the government is serious about taking action on cutting fossil fuel, especially on coal, when in the policy it is clearly saying that the government is planning large thermal power plants, especially that coal based power generation will increase from current 125 GW to 441GW.

5.1: India has declared its plan to add another 93000 MW from Solar, 34,000 MW from Wind Power and 12,000 MW from other renewable power and it has also submitted the same to UN before the Paris summit on climate change as part of India climate action commitments. Indian coal ministry is repeatedly saying that India does not need to build new coal power plants till 2027. This policy seems rather in contradiction to the commitments India has made. This policy clearly states about building large thermal power plants and increase generation capacity from 125 GW to 441 GW. New coal projects mean more coal mining domestically, which would result in the displacement of people, destruction of forests and will also add to the current water crises in India. Also, the policy needs to assess the commercial viability of coal projects. Some of the bigger projects in recent past have been seeking a bailout from the government. In the current scenario of increasing non-performing assets, this seems to be a not well thought out plan to achieve energy security.

5.4.7: Privatisation of Coal India Limited's seven subsidiaries who are also employers of thousands of workers, will create job uncertainty. After corporatization of the subsidiaries, it will be fully under the control of private entities. For private entities, profit generation is the only priority which could result in exploiting more and more natural resources as we had seen in the past when Reliance was granted a license to mine in Amroali extension mines. The court had to intervene when excess coal was mined.

5.4.7: Privatization of coal mines will result in a lack of control over the coal pricing which would directly impact on entire electricity generation. This would ensure government having to buy electricity at a much higher rate from private entities as we have seen in the case reliance ultra-mega power project. This seriously needs rethinking.

5.4.7 - It is entirely inconceivable why would our coal industry aspire to emerge as an exporter of coal when international market for coal is shrinking. This is also the antithesis to our commitment towards low Carbon economy.

5.5.6: UMPPs are already a big failed scheme of the government. After an investment of the massive amount of public money in these projects, UMPPs are running in losses which are a huge loss for public resources. For example, Coastal Gujarat Power Limited owned by Tata, which was the first UMPP of the country is facing crisis and ready to sell its share at 1 rupee. The UMPP scheme needs to be relooked both from the environment, social and financial viability aspect.

6.3.1 The policy also focuses on large hydro which does not only leads to displacement but also kills rivers and destroys agricultural area which is dependent on the rivers. Run of the river projects also affects the flow of the river. Large hydro projects have been the most controversial in India for displacing people and destroying the fragile ecology especially of Himalayas, where most of the hydro plants are planned. This will also need massive investments which have not been looked at in this policy. This will also lock up public money in nonproductive power plants that will also increase stress on the bank and create NPAs. Therefore there need to reevaluate the policy.

8.9.1 NEP mentions that state should take ownership of power sector and that center used to pay the massive loss, accumulation of debt and bailout packages which need to change. (Rephrase this) The center is directly escaping itself from its responsibility and forcing the state to do the same, and The corporates can easily forgo the process in the state.

10.5: The policy does not explain guidelines on finance except saying the sector needs \$150 billion dollars per year. There is no guideline for each sector. Hence, there is a need for a separate chapter on energy finance.

Endorsement by the groups

1. National Alliance Peoples Movements, New Delhi
2. Beyond Copenhagen Network,
3. Delhi Forum, Delhi
4. Working Group on IFIs, India
5. Environment Support Group, Bangalore
6. Bharat Gyan Vigyan Jatha
7. Center for financial Accountability, New Delhi
8. Public Finance Public Accountability Collective, New Delhi
9. Kovada AntiNuclear Movement, Andhra Pradesh
10. Manthan Adhyayan Kendra, Badwani
11. Human Rights forum Andhra Pradesh and Telagana
12. Bargi Bandh Visthapit Evam Prabhavit Sangh, Jabalpur Madhya Pradesh
13. Chutkara Parmadu Virodhi Sangharsh Samiti, Madhya Pradesh
14. Roko Toko Abhiyana Sidhi Madhya Pradesh
15. Jan Pahel, Madhya Pradesh
16. CPI ML Red Star Madhya Pradesh

17. Srijan Likhit Samiti Singrauli Madhya Pradesh
18. Chhatisgarh Bachao Andolan, Raipur, Chhatisgarh
19. Bhumi Adhikar Andolan, Madhya Pradesh
20. Swaraj Abhiyan Jabalpur Madhya Pradesh
21. Bhartiya Communist party of India, Jabalpur Madhya Pradesh
22. Dalit Adhikar Sangh, Sohagpur Madhya Pradesh
23. Rastriya Gramdoot Parisad, Mandla Madhya Pradesh
24. Humara Beej Abhiyan Madhya Pradesh
25. Beej Swaraj Abhiyan, Madhya Pradesh
26. Jhansighat Taap Vidhuyut Virodhi Sangh Narsingpur,
27. Jhabua Taap Viduyut Prabhavit Sangh Seoni Madhya Pradesh
28. Madhya Pradesh Apada Nivaran Manch Chhatarpur Madhya Pradesh
29. Silicosis Peedit Sangh, Madhya Pradesh
30. Bundelkhand Majdoor Kishan Shakti Sanghthan Damoh,
31. Madhya Pradesh Kishan Sabha, Madhya Pradesh
32. Adivasi Kishan Majdoor Sangthan Mandla, Madhya Pradesh
33. Manav Adhikaar seva Sangh Seoni
34. Bargi Bandh Visthapit Machwara Sangh Jabalpur
35. Lok Shakti Abhiyan, Odisha
36. Machimar Adhikar Sangharsh Sanghthan, Kutch Gujarat
37. Siang Dialogue Forum, Arunachal
38. Ka Kynhun Ki Nongrep Ha Rud Wah Umngot , Meghalaya
39. Peoples Dialogue Initiative, Manipur,
40. All Loktak Lake Areas Fishermen's Union, Manipur,
41. Manipur Nature Society, Manipur
42. Green Foundation Nagaland
43. Solidarity for Sustainable Northeast, Northeast India
44. River Basin friends, Assam
45. Jharkhand Mines Area Coordination Committee, Jharkhand
46. Paryavaran Mitra, Ahmedabad, Gujarat
47. Mahegi Bijali Virodhi Abhiyan
48. Indigenous Perspective, Manipur
49. Institute for Democracy and Sustainability, New Delhi
50. The Research Collective, New Delhi
51. Bharat Jan Andolon
52. River Resources Center, Kerala
53. Citizen consumer and civic Action Group (CAG)
54. Krishnakant, Gujarat
55. INSAAF, New Delhi