

Rural Electrification: How Policy Mitigates and Compounds Risks to Private Sector Development of Energy Services in India

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Objectives & Methodology

▣ Objectives

- ▣ Identify business challenges
- ▣ Illustrate how policy can address these business challenges
- ▣ Highlight opportunities and point out ways to further align existing incentives

▣ Methodology

- ▣ Secondary Research
- ▣ Primary Research
 - ▣ In-Person Interviews
 - ▣ Questionnaire
 - ▣ World Bank Group's Collaboration for Development Platform
 - ▣ UN Foundation Practitioner's Network

Key Business Challenges Energy Service Providers Face

❑ Regulatory and Policy Environment

- ❑ Central Grid Expansion
- ❑ Business Registration
- ❑ Tariff Policy

❑ Technology

- ❑ Natural resource endowment
- ❑ Demand forecasting
- ❑ Balance of cost and quality

❑ Finance

- ❑ Access to finance: 'Missing Middle'
- ❑ Consumer finance
- ❑ Subsidization

❑ Capacity Building

- ❑ Institutional
- ❑ Individual



Policy as a Way to Address Key Business Challenges

Policy Challenges

Investment and Subsidy Policy

- National and State Financing
- Bank-Led Financing

Capacity Building

- Enhance and Build Institutions
- Community Engagement

Central Grid Expansion

- A Roadmap
- Interconnection
- Feed-in-Tariffs

State Policy Coordination

- Business Registration
- Quality Standards
- Tariff Policy

Opportunities



- National Policy Support
 - National Electrification Programs
 - Renewable Portfolio Obligation
 - 2013 Companies Act
- State Government Support
 - MNRE Nodal Agency Support
- Key Industry Support
 - Telecommunications
 - Mobile Banking

Recommendations



- Close the Implementation Gap Between National and State Policy
- Improve Coordination Between Ministries
- Transparency Over Central Grid Expansion
- Focus on Results-Based Financing
- Minimize Bureaucracy
- Light-Handed Regulation