



Report of REEEP Regional Meeting 22nd June 2012, TERI, Bangalore, India

Introduction

The REEEP Programme Board consisting of key programme experts is a subsidiary body of REEEP Governing Board and is responsible for REEEP Programme of work. The Programme Board provides strategic guidance to the REEEP Steering Committees and Regional and International Secretariats on the REEEP Programme Cycle. The REEEP Programme Board specifies the Programme Priorities, which directly influences the REEEP project portfolio and also recommends the final selection of projects to the REEEP Finance Committee for approval. Apart from these roles, REEEP Programme Board is also responsible for monitoring and evaluation process for REEEP and also reporting to the Commission on Sustainable Development (CSD) through the Governing Board.

The regional secretariats and the multi-stake holder regional steering committees have an important role in REEEP Programmes and make significant contributions in ensuring that the programme priorities are targeted, build on the past project activities and in identification of the best project proposals. As a part of this process, Regional Stakeholder Consultative Meetings are held to elicit suggestions on proposed activities and directions for the current and next cycle of proposals. Regional priorities for the following programme cycle would be officially discussed in the regional meeting. Those for the 8th Programme Cycle were established during last year's meeting.

The South Asia Secretariat, hosted by Asian Energy Institute, was launched on 30th November 2005. The activities of the Regional Secretariat are governed by the Regional Steering Committee headed by the Deputy High Commissioner, British High Commission, New Delhi.

As part of its planning process, each region holds a regional preparatory meeting once a year, bringing together the regional steering committee members, REEEP partners, project managers, members and other stakeholders. The South Asia regional preparatory meeting was planned to be held on 22nd June 2012, at TERI Bangalore Office, and it was expected that the meeting should assist REEEP SA secretariat to draw a prioritized list of programming needs from the region for the future.

The main objectives of this meeting are:

- Explain the expectations of the REEEP 8th Programme Cycle:
- Identify proposals with a high potential for REEEP funding
- Identify government agency proposals that REEEP can support
- Formulate the programme processes
- Present results of ongoing projects in the region



The regional secretariat has retained Mr. Ram Bhat of Options & Solutions, Bangalore, to help prepare for the meeting and moderate the meeting itself.

Proceedings

A short first session was devoted to a welcome from Mr. Amit Kumar, Advisor, REEEP Secretariat, followed by a round of self introductions of all the participants, and sharing of the agenda.

Mr. Amit Kumar explained that the present meeting was aimed at discussing regional priorities, in two perspectives:

1. To look at the next programme cycle, i.e., the 9th Call for Proposals of REEEP, and to identify areas where future projects could be undertaken. For this cycle, the approach and strategy of REEEP would remain the same as it had been in the past.
2. To look at developing a new strategy, for, as Mr. Kumar said, REEEP Version 2.0.

To date, REEEP, acting as a catalyst and working in partnerships, had 400 partners (including Government and other stakeholders), over 150 projects with an outlay of around 43.8 million Euros. Of these, 33 projects were in South Asia, mainly India, as the potential for Greenhouse Gas mitigation was the highest in India.

With regard to REEEP Version 2.0, Mr. Kumar said that the participants would be invited to look at most promising business models, as the aim was to look at upscaling, how REEEP could synergise with Government programmes and leverage other funds as well, but focus on business orientation and sustainability. The new strategy would also look at identifying key “tipping points”, where pilots could provide transformative solutions.

Session 2 focused on three presentations, first by Mr. Karthik Meda, SIMPA Solutions, Mr. Pradeep Kumar, Alliance to Save Energy, and Mr. Prasanta Biswal, SELCO. Each focused on efforts at developing innovative solutions. SIMPA networks outlined a project in which the capital cost of the solar installation was converted into recurring costs based on consumption.

Simpa sells distributed energy solutions on a “Progressive Purchase” basis to underserved consumers in emerging markets. We’ve launched in India where we are focusing initially on transforming the market for solar energy systems. Our customers make a small initial down payment for a high-quality solar PV system and then pre-pay for the energy service, topping up their systems in small user-defined increments using a mobile phone. Each payment for energy also adds towards the final purchase price. Once fully paid, the system unlocks permanently and produces energy, free and clear. The innovative pricing model is called Progressive



Purchase™, and Simpa is live with customers in Karnataka, India.

“Progressive Purchase” is a new pricing model that shares some characteristics of the familiar “prepaid”, “pay as you go”, and “instalment plan” pricing models. Under Progressive Purchase™, the consumer makes a series of payments, each of which unlocks the solar home system for a paid amount of energy consumption (Kwh). Once the prepaid consumption is exhausted, the solar home system is temporarily disabled until the next payment is made. Once the consumer has fully paid the total purchase price of the product, full functionality is restored and the product is permanently unlocked.

The Progressive Purchase™ pricing model is enabled by the Simpa Regulator, a tamper-proof, system-integrated microcontroller and user interface that regulates the function of our solar home systems based on proof of payments, and the Simpa Revenue Management System, a centralized software solution in the “cloud”, accessible via SMS gateway and over the internet, for payment processing and accounts settlement.

The **Alliance to Save Energy** focused on developing performance contracting systems for Municipal Energy and Water Supply, especially in pilots in Tamil Nadu. The process involved training of various stakeholders in the concept and the processes involved.

The Alliance provided technical advisory services to the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) and municipal officials throughout the state to undertake energy efficiency projects in 29 municipalities in Tamil Nadu. The 29 towns are using EPCs to improve the efficiency of their bulk water supply and street lighting systems. These municipal energy efficiency projects have been “bundled” together for the purpose of negotiating and implementing efficiency improvements through a streamlined EPC process.

The ESCOs selected to carry out the projects agreed to share the resulting savings with the municipalities. The project team arranged with TNUIFSL to offer a financing package, and helped set up a Trust and Retention Account (TRA) as a repayment mechanism.

As a first step, the ESCOs performed investment grade energy audits (IGAs) for the towns’ water supply and street lighting systems. Once agreement is reached on the audits and recommended energy efficiency improvements, the ESCOs will sign energy performance contracts with individual municipalities for implementing energy efficiency measures.

As a result of this project, the Government of Tamil Nadu issued a Government Order (GO) on April 20, 2010, highlighting a policy announcement in the Assembly that “a new concept of energy saving through ESCOs would be proposed for implementation,” and giving approval for the Directorate of Municipal Administration (DMA) to implement the project, and for the 29 urban local bodies (ULBs) to sign the energy performance contract. This is a first-of-its-kind GO in India, empowering ULBs to proceed with project implementation through performance-based contracts under an ESCO mechanism.



SELCO's work was on developing innovative solutions working with partners on different forms of solar energy installation and usage, both in terms of technology and financing systems.

India's rapid economic growth is highlighting energy as a major social and political issue. Many rural communities in India lack any access to reliable energy services, forcing the poor to rely on traditional sources for their daily energy needs. Clean energy development is hampered by a lack of access to financing and a lack of suitable products that directly help generate income. Two earlier REEEP-funded projects with SELCO Solar Light Pvt. Ltd began to address these issues, working in tandem with local financial institutions to analyse individual energy needs, and to give loans that lead to income generating activities. For example, loan products were created for entrepreneurs who rent out solar-powered lights for a pay-for-use basis. The current project has focused on scaling up previous SELCO-implemented projects that created linkages between clean energy services, microfinance and income generation, and widen their scope to Bihar, southern Gujarat and northern Karnataka; some of India's poorest regions. The major activities being implemented are:

- Developing partnerships with community based organisations and financial institutions in the targeted areas such as SEWA Bank in Gujarat, SEWA Bharat in Bihar and SKDRDP in North Karnataka
- Developing energy service packages around lighting, cooking and other occupations and with partner organisations, develop financial mechanisms to suit them
- Assisting 30 different energy service businesses and developing 10 micro energy enterprises for women, both as individuals and in groups

Ms. Sonya Fernandes then gave a brief presentation on the modality of the REEEP regional meeting, and the process that was to be followed for discussions.

Session 3 focused on group works for identifying key areas for the next programme cycle. Participants worked in two groups, the first looking at programmes in the area of Business and Finance, and the second group looking at programmes in the area of Policy and regulation. Discussions were quite intense and went on for a long time, and the groups then made a plenary presentation of their conclusions, summarised in the list below.

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1. Business and Finance
 - Capacity Management – HR, After sales
 - Awareness – demand & Supply aspects
 - Credibility of technology
 - Market – Residential, Industrial, Municipal
 - Rural and Urban Markets
 - Availability of Data – on demand, awareness etc.
 - Funding of Research



- Customer financing
- Scale of Operations
- Escrow Funding
- Co-guarantee schemes
- Data on lending/ financing
- Risk Management Tools
- Measuring of Energy Saving
- Process efficiency/ improvement

2. Policy and Regulation

a. Overall points

- Funding to Government Agencies/ NGOs – ensure that SDA (State Denoted Agency) is involved throughout in project design and proposals
- Include accountability of Government Agency in project design
- Identify Energy benefit areas – economic growth, social equity, environmental sustainability
- Partnering with Government Agency is also co-funding in kind – their time, resources – these must be included as co-funding
- Provision for continuing funding after REEEP project
- Sharing mechanism for best practices

b. RE

- (a) Incentives
- Mechanism for grid connectivity at micro system / village level systems
- Soft loans
- One to One tax credits
- (b) Regulations
- Feeding RE to grid for micro systems – grid connectivity regulations

c. EE

- Tracking mechanisms for energy use in sectors at state and city levels
- Removal of energy subsidies
- Soft loans from Government
- Cook stoves
- Standardisation and testing of technology etc.
- Innovation in various sectors
- Studies for adoption of ECBC regulations at ULBs
- Buildings as a priority area
- Regulations for buildings below 100 KW load (non-ECBC)
- Agricultural areas and operations



- Tariff structures and benchmarking and their relation

In the final session participants discussed the possibilities for the new strategy, in terms of priority areas for REEEP Version 2.0. The key focus areas that were suggested are listed below:

- Standardisation, testing and calibration
- Replicate Best practices
 - Peer to peer exchanges
 - Learn from failures
 - See link between existing work done in Business & Finance and Policy & Regulation divisions
- REEEP involvement in dialogue – facilitating rather than direct participation, more of policy facilitation
- Identify data gaps, carry out cross cutting analysis
- Innovative financing models for the poor for RE/EE – treat this as infrastructure
- Grid connectivity barriers, especially for smaller systems

The meeting closed with a vote of thanks from Siddha Mahajan of TERI.