SHINING A LIGHT ON ELECTRICITY GOVERNANCE

Brazil | India | Indonesia | Kyrgyzstan | Mongolia | Pakistan | The Philippines | South Africa | Tajikistan | Thailand
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WRI’S INSTITUTIONS AND GOVERNANCE PROGRAM AND PRAYAS ENERGY GROUP LAUNCHED THE ELECTRICITY GOVERNANCE INITIATIVE (EGI) IN 2003 TO IMPROVE GOVERNANCE AND DECISION-MAKING PROCESSES IN THE ELECTRICITY SECTOR.
Since the 1990’s, international financial institutions have urged developing countries to liberalize the electricity sector in their countries to bring financial solvency to the sector. The liberalization “package” included unbundling the electricity generation, transmission, and distribution functions, privatizing the unbundled entities, and introducing independent regulators to oversee the sector.

EGI was motivated by concerns that private interests would capture policy and regulatory processes and crowd out public interests. Indeed, decision-making was focused on creating enabling environments for investors, not on building institutional capacity, developing robust stakeholder processes or enhancing sector transparency. EGI sought to reinfuse these processes with public interest, by seeking the opening up of these processes to a wider range of voices, and drawing greater attention to issues such as affordability, service quality and environmental impacts.

Today, in addition to increasing access to affordable energy and ensuring financial viability of the sector, decision-makers in developing countries also need to ensure environmental sustainability and a low-carbon growth strategy for the sector. EGI’s attention to ‘good governance’ is still highly relevant in this new context; and EGI continues to support civil society in improving decision-making in a warming world, where development and climate objectives must be reconciled.

EGI works with a growing coalition of civil society organizations and research institutions to engage with national institutions where decisions about investment priorities, resource mix, and pricing of electricity take place. The workings of these institutions—policymaking, planning, and regulatory—are often complex, powerful, and opaque; and civil society partners have used EGI tools to document and address the lack of transparency around these processes and the inefficiencies, short-term gains, and suboptimal decisions that result.

This document seeks to articulate lessons learned thus far on how building the capacity of civil society to use EGI tools can lead to specific national and global improvements in the governance of the electricity sector. These stories demonstrate the importance of building civil society capacity to ensure clean, affordable, and accessible electricity to all. The study of electricity sector governance is an emerging field and needs additional resources and support by donors, governments, and public interest advocates.
Since 2005, EGI has worked with civil society organizations in 10 developing countries—Brazil, India, Indonesia, Kyrgyzstan, Mongolia, Pakistan, the Philippines, South Africa, Tajikistan, and Thailand—to complete assessments of national electricity governance and to advocate for its improvement.

The first step taken in collaboration with a coalition of civil society organizations (EGI Partners) is an assessment of the country’s existing practices and approaches using the EGI toolkit. The toolkit, which consists of governance indicators tailored to the sector, is a guided research tool that examines decision-making processes in national-level electricity institutions.

The assessment process allows EGI partners to develop a common language with policymakers and make better use of spaces for intervention. It also enables them to engage more proactively in decision-making in the sector. In addition, the structured approach helps EGI partners communicate the governance gaps more effectively, as well as provide suggestions and options to overcome these gaps. While the assessment is aimed at identifying governance gaps in the sector, it also has subtle yet significant impacts on the capacity and credibility of the organizations conducting the assessment.

For EGI partners that have technical expertise in the energy sector, the assessment approach builds capacity to analyze sector problems through a governance lens. Combining technical expertise with a governance analysis has proved to be a powerful tool. For EGI partners approaching sector problems from a consumer or environmental perspective, the common language builds the capacity to engage with sector institutions in a proactive rather than reactive manner and raises credibility with sector actors.

These impacts have been experienced in every country where the assessment has been conducted. Specific examples follow.
“Not only did the EGI assessment enhance our capacity to engage with the Department of Energy and Energy Regulatory Commission on electricity issues, but it also allowed us to establish new working relationships with government officials and stakeholders from other sectors and groups.”

Tony La Vina
Ateneo School of Governance
The Philippines
The EGI toolkit analyzes the complexity of electricity governance objectively and systematically. By implementing it, EGI partners have built their capacity to engage in electricity issues and developed a structured method for identifying and addressing governance gaps. This is evidenced by a number of interventions by EGI partners in domestic electricity decision-making. Examples include interventions on the revision of tariffs (in Indonesia and India) and electricity planning (in South Africa and Thailand). In India, EGI partner People’s Monitoring Group on Electricity Regulation (PMGER) increased its engagement and participation in decisions impacting the electricity sector, expanding from only tariff issues to power purchase agreements, quality of power supply to agriculturists and other consumer groups, as well as sector-employee issues.

The coalition-based approach of working with academic institutions, research organizations, environmental groups, consumer protection organizations, and others has led to new collaborations between nonconventional “partners” within civil society in many countries.

In Indonesia, for example, the EGI partner coalition includes a nonprofit company, People Centered Economic and Business Institute (IBEKA), that has developed mini-hydro community power projects; the Indonesian Institute for Energy Economics (IIEE), a research institute focused on energy economics; WWF-Indonesia, an environmental advocacy group; Institute for Essential Services Reform (IESR), a research and advocacy organization working on sector reforms and climate change; and Indonesian Center for Environmental Law (ICEL), an environmental law and advocacy group. Other coalitions have included green power business groups (the Philippines), consumer protection groups (Brazil, India, Thailand, and Tajikistan), and university departments (South Africa and the Philippines).

EGI partners also form key relationships in the assessment process, during which an Advisory Committee brings together senior government, business, and civil society actors representing a broad range of sector and good governance expertise. The Advisory Committee plays at least two important roles: first, it acts as a sounding board allowing the civil society coalition to advise the team during the assessment; second, it helps identify next steps that respond to the governance gaps and provides strategic advice for advocacy to improve electricity governance. In all countries, this has led to the building of new partnerships and relationships with key stakeholders even before the assessment is completed.
The structured, evidenced-based approach to electricity governance has helped EGI partners establish themselves as credible stakeholders in electricity decision-making. The assessment is based on a mix of qualitative and quantitative indicators and includes detailed case studies that seek to make the outputs objective and measurable. The high-quality assessment reports, the civil society coalition, and the Advisory Board representing a wide range of expertise has helped government, regulators, and other decision-makers approach EGI cooperatively, allowing for dialogue and collaborative solutions. In Kyrgyzstan, for example, EGI partner Civic Environmental Foundation UNISON was appointed co-chair of a new government initiative, the Fuel and Energy Security Transparency Initiative (FESTI), to address transparency concerns in electricity pricing and other key issues affecting energy security and service delivery.

“Despite some initial concerns, where the government felt unduly criticized within the EGI report; a good relationship was developed over the months following the release of the report. This relationship has been characterized by greater mutual respect than often found in government–civil society engagement.”

Megan Euston-Brown
Sustainable Energy Africa (SEA)
South Africa
IMPROVED DECISION-MAKING PROCESSES

Following the completion of the assessment, EGI partners have sought to improve how decisions are made in the sector. Electricity sector decision-making has tended to remain a closed process within governments and utilities, and it has rarely included public inputs or open and transparent decision-making processes. Empowered with an objective set of recommendations, EGI partners have sought to shine a light on the decision-making process by making it more transparent, more participatory, and more accountable to the public interest.
“Our repeated engagement with sector decision-makers on the one hand, and with communities and civil society on the other, has resulted in more and more people and organizations not just understanding how to participate, but also actively taking part in sector decision-making, for example, with the APERC (regulator).”

Thimma Reddy
People’s Monitoring Group on Electricity Regulation (PMGER)
India
One of the first changes made after the assessment in Indonesia was public disclosure of proposed legislation pending with Parliament on a given day. The EGI assessment had found that the public had no way of knowing which bills were coming up for discussion, making it impossible for the public to speak to their elected representatives about such legislation. EGI partners raised this issue during post-assessment discussions with the government. Soon after, the Department of Parliamentary Relations (DPR) responded by posting and updating an agenda of pending bills, those under consideration, and completed legislation. The website also included a message board for public input on specific bills and outlined a procedure for public participation. Similar improvements were seen in India, where some state electricity regulatory commissions began posting discussion papers for public input on their website.

In South Africa, decision-makers paid attention to civil society inputs collected and collated by EGI partners as part of the campaign to seek greater engagement in the Integrated Resources Plan (IRP) process. The DOE published a report showing how these inputs were considered in the IRP process. The EGI team continues to meet with Eskom (South Africa’s public utility) to discuss reviews of the IRP.

In the Philippines, the Energy Regulatory Commission (ERC) issued a series of resolutions requiring increased reporting and disclosure by regulated utilities. It also created a listserv where this and other ERC information is “pushed out” into the public domain. Convening efforts by EGI partners in the Philippines also prompted the ERC and the Department of Energy (DoE) to use a subset of the EGI indicators to complete a self-assessment as internal performance metrics.

In Kyrgyzstan, the EGI assessment took place against the background of an energy crisis, with rolling blackouts, extreme price increases, and a growing awareness of corruption. The 2009 EGI assessment found that the laws for governance of the energy sector, though quite progressive on paper, had not been applied in practice and that transparency provisions had not been well implemented. Decision-making and governance processes in the sector remained opaque and unaccountable to the public. After the revolution of 2010, Interim President Roza Otunbaeva made energy sector reform a priority for the new government. In June 2011, the president launched the Fuel and Energy Security Transparency Initiative (FESTI), which sought to increase transparency, accountability, and opportunities for civic engagement in energy sector governance. FESTI has started 25 distinct programs aimed at enhancing transparency, including the creation of transparent procedures for defining tariff methodologies and setting tariffs, as well as creating special escrow accounts for funds received from the export of electricity.

In Brazil, strengthened dialogue between EGI partner IDEC and regulators has led the National Electric Energy Agency (ANEEL) to organize public meetings to discuss and clarify proposed policy changes. For instance, when IDEC and Brazilian consumers had doubts and concerns about a proposed smart meter scheme and its likely impact on residential consumers, ANEEL organized meetings to clarify the scheme and seek public inputs.
Following the assessment, EGI partners in South Africa led a focused campaign to open up the process for creating the Integrated Resource Plan (IRP) (2010–30), South Africa’s long-term electricity plan. Partners raised funds to organize a series of workshops on the IRP, which, along with a web portal administered by the Department of Energy (DOE), a blog administered by EGI partner, the Institute for Democracy in South Africa (IDASA), and a formal public consultation process, fostered wider public engagement with the IRP document. The IRP process saw several positive steps: improved disclosure of information by the DOE, improved access to information for citizens, improved access to decision-making spaces, and increased space for civil society to submit comments, papers, and critiques. Cumulatively, the initiative resulted in South Africa’s first public consultations on electricity planning and public disclosure of the assumptions underlying the plan.

In Indonesia, EGI partner ICEL, along with other civil society organizations, led a focused campaign that eventually convinced Parliament to promulgate the 2008 Public Information Disclosure Act. ICEL was invited to provide input to development of the law’s implementing regulations, and EGI-Indonesia partners continue to use the Public Information Disclosure Act to enhance public access to information and participation in the country’s electricity sector.

“\nThe regulatory agency ANEEL has been more open to respond[ing] to our demands for information and clarify[ing] its positions than before the EGI assessment.\n
Adriana Charoux
Instituto Brasileiro de Defesa do Consumidor (IDEC)
Brazil
While the focus of EGI is to improve transparency, participation, and accountability in decision-making in the electricity sector, improvements in decision-making processes should also lead to improvements in the decisions themselves, and thus to substantive outcomes. Improvements in governance may not be sufficient to improve decisions, but they are necessary to reduce undue influence of more powerful stakeholders. Opening up decision-making processes has allowed EGI partners and other stakeholders to intervene whenever sector events take place. Since EGI partners have formed coalitions of organizations with varied areas of expertise and interest, substantive improvements in electricity decisions have, in turn, covered a range of areas. As the examples below illustrate, EGI can help and has helped steer momentum, making for more robust processes and consideration of a broader perspective and a wider set of data.
In Thailand, the EGI team carried out its assessment while the government was proposing privatization of the Electricity Generation Authority of Thailand (EGAT). Among other findings, the assessment showed that Thailand lacked a strong regulatory body to balance the interests of EGAT and its shareholders with those of the public, particularly the poor. The report was submitted to the Supreme Administrative Court that was hearing a petition challenging the privatization proposal; and eventually the court stopped the privatization process. The subsequent Energy Industry Act established an independent regulator tasked with enhancing accountability within the sector. EGI partners not only helped challenge EGAT privatization but also provided significant input and language for the subsequent law, helping to shape the regulator’s role. EGI partners were able to advance a public interest agenda even though no formal space existed for civil society and the public to participate in decision-making.

As a follow-up to the establishment of an independent regulator, EGI partner Palang Thai helped coordinate a regulator exchange trip to Washington state as a capacity-building tool for the newly formed regulatory commission. This study tour brought together high-level Thai and US counterparts for discussions on power sector planning and regulation, and it allowed the Thai delegation to visit energy installations and participate in a wide range of discussions with energy decision-makers in the United States. This exchange was followed by a range of meetings, seminars, and study tours, leading to the Thai Regulatory Commission’s signing of a memorandum of understanding with the Washington State Regulatory Commission to build capacity and share knowledge and experience in regulatory decision-making.
Following the assessment in India, EGI partners in the southern state of Andhra Pradesh have been active in strengthening the regulator’s role to ensure that public interest is protected. For instance, they challenged a government order (GO) that allowed private independent power producers (IPPs) to sell 20% of their power generation capacities on the open market to compensate for their (claimed) losses. EGI partners successfully petitioned the courts arguing that with the coming of the (Indian) Electricity Act, such GOs were not binding on the Regulatory Commission, and that any losses faced by IPPs were part of their business risks, and thus could not be passed on to consumers. Following the court judgment, the Regulatory Commission agreed with this argument. In addition to mounting the legal challenge, EGI partners also conducted awareness workshops on this issue for civil society groups and political parties. Consequently, several civil society organizations participated in the Regulatory Commission hearings, further strengthening the regulatory process. The IPPs have since filed an appeal against the Regulatory Commission’s order, and this is still pending as this document goes to press.

In South Africa, responding to the EGI assessment, the National Electricity Regulator of South Africa (NERSA) took steps to strengthen its responsibility and role by creating a budget for staff training and consumer protection, producing posters and pamphlets to explain consumer rights, and creating opportunities for public participation.

The South Africa assessment was carried out against the backdrop of Eskom’s request for a 35% electricity price increase and public outcry against the 4,800 MW Medupi coal-fired power plant with proposed World Bank funding. The assessment pointed to the opaque decision-making processes that led to these decisions. Consequently, when the government conveyed its commitment to develop a revised IRP to meet South Africa’s energy needs, EGI partners and other stakeholders intervened in the process and provided input to the IRP document. The expertise and knowledge within the coalition allowed it to provide substantive comments on the assumptions and data in the IRP document, and to revise the IRP models, estimates, and targets. These inputs had a significant impact on the IRP modeling, enabling the government of South Africa to develop a less carbon-intensive growth plan: renewable energy targets for 2030, for instance, were revised from 11.4GW to 17.8GW. Eskom has begun looking at meeting increased demand not just with new generation but also through energy savings created by energy efficiency (EE) and demand-side management (DSM).
At the time of the EGI assessment, Indonesian partner ICEL was involved with campaigns for stronger environmental laws. The assessment had identified a lack of clarity as to roles, limited coordination between relevant government agencies, and a weak environmental impact assessment (EIA) regime as gaps in the sector. Following the assessment, ICEL introduced a new concept of an integrated environmental permit that combined the business permit with the environmental clearance. It also introduced the concept of innovative monitoring mechanisms, which was incorporated in subsequent laws. Both of these efforts responded to gaps identified during the EGI assessment and led to reduced environmental impacts of electricity and other projects.

In Kyrgyzstan, the FESTI initiative resulted in the first ever detailed analysis of the public procurement system for the sector commissioned by a civil society organization. The enhanced transparency provisions and public participation has also resulted in the reduction of $200 million in costs for a new transmission line and a reduction in distribution losses by 5.7% from 2010–11 to 2011–12.

“Our relationship with government has grown through the completion and dissemination of the EGI-Kyrgyzstan report. The change in government resulted in an authority that was open to reform, and now UNISON is involved in drafting the new laws. The Ministry knows us and we have a great reputation.”

Nurzat Abdyrasulova
Civic Environmental Foundation UNISON
Kyrgyzstan
EGI engages with numerous local partners to improve electricity sector decision-making in specific nations. However, our work resonates globally. A core part of our strategy is to connect the “grassroots,” civil society and local groups, with the “grasstops,” governments, global organizations, and regional and international development banks. We share the information and lessons we learn in our partner countries on an international level—through conferences, workshops, toolkits, reports, frameworks, and other communications. By working with a variety of partners and stakeholders—the “grassroots” and the “grasstops”—we ensure our work makes an impact on the local, regional, and international levels.
EGI’s framing of sector governance has also had an impact on the regional and global levels. The Asian Development Bank (ADB), for instance, adopted and adapted the EGI indicators in its conceptual framework for evaluating the effectiveness of regulatory reform in the electricity and water sectors of countries in the Association of Southeast Asian Nations (ASEAN). The ADB conceptual framework builds on the EGI indicators and the recognition that regulatory systems are comprised of not just rules and enforcement decisions (“regulatory substance”) but also institutional responsibilities and processes for setting and enforcing rules, formal and informal (“regulatory governance”). The framework assumes that for regulation to be “effective,” the elements of regulatory governance and the decisions that constitute regulatory substance should both satisfy certain parameters, including several key indicators from the EGI toolkit.

Partners have also intervened at the international level, providing crucial “bottom-up” insights into and critiques of policies and actions by regional development banks and the World Bank. WRI has been able to feed partner insights drawn from country assessments into global frameworks. EGI partners are considered serious players in the sector and are treated as such by governments and by institutions such as the World Bank.

EGI has organized Clean Energy Regulatory Forums (CERFs) aimed at enhancing regulators’ ability to increase renewable energy (RE) effectively and promote energy efficiency (EE). The CERFs bring together electricity regulators from EGI countries and other countries and include sessions involving EGI partners and other civil society representatives. CERFs promote South-to-South sharing of knowledge and best practices by regulators. In 2008, EGI coorganized the first CERF in Singapore, where regulators from India, the Philippines, Singapore, Indonesia, Thailand, the United States, and Australia shared information about initiatives launched by their respective institutions to promote sustainable energy. This was followed by a CERF in South Africa in 2010. A third “Regulatory Dialogue,” focusing on specific elements of clean energy regulation and governance, was held later in 2010 in partnership with the ADB’s Asian Clean Energy Forum. These dialogues and forums allow regulators to talk to each other and to civil society about ongoing initiatives and ideas, and to raise the level of debate and discussion outside of country jurisdictions.
More recent is EGI’s partnership with actors fighting corruption. In 2010 and 2012, EGI hosted panels during the International Anti-Corruption Conference. The panels discussed case studies from Thailand, South Africa, Indonesia, Kyrgyzstan, India and the Philippines that explored various stages of electricity sector decision-making - from power development planning, when decisions are made about future electricity demand and resource mix; to when contracts are negotiated with electricity producers to build new power plants to meet this demand; and to when such projects are built and begin operation. EGI partners spoke about how institutional biases and lack of transparency can combine to slow transformation and distort pricing. “The dirty side” of clean energy is underscored by lack of transparency and rent-seeking. EGI and its partners are working together to set international standards around transparency and accountability to ensure that public funds for both conventional and renewable energy serve the public interest.

EGI’s grounding in national policymaking, its deep understanding of the workings of national institutions in developing countries, and its robust civil society component are highly valued by the organizations it works with at the international level.

In the international climate conversations, some EGI partners are closely involved with their climate negotiators (Indonesia) or involved with the country’s national climate strategies (South Africa), including by putting pressure on their own governments (Kyrgyzstan). EGI’s Thai partners have had a significant impact on Thailand’s energy investment plans as well as on the primary electricity reform legislation; as have Indonesian partners on the Indonesia Clean Energy Development plan. EGI’s South African partners have had a deep impact on the country’s IRP, which could become the basis for South Africa’s nationally appropriate mitigation action (NAMA). More recently, EGI is collaborating with WRI’s Open Climate Network to develop tools for tracking implementation of low-carbon policies. The focus on the “implementation deficit” fills an acknowledged gap in the climate conversation.

More recently, EGI has been working with other WRI teams to inform the Energy+ Initiative, a multibillion-dollar initiative spearheaded by the Government of Norway and aimed at low-carbon energy solutions to extend energy access. EGI’s inputs have focused on the governance requirements and capacity needs in a given country context.
“The problem is not just having the money or technology to improve the electricity sector; it is primarily about creating the environment for and political will to enact change. And this is exactly what EGI does.”

Athena Ballesteros
International Financial Flows and Environment Project
World Resources Institute
At the root of every challenge facing the electricity sector is the need to develop sound governance processes. Extending affordable energy access, improving service delivery, and minimizing environmental impacts will all require the ability to make investment decisions that serve the public interest. EGI has played a unique role in identifying for the sector the benchmarks of transparency, accountability, and participation that will help make this possible. But the work of empowering civil society to demand that these benchmarks be upheld and to participate in the institutional spaces open to it has only begun. Going forward, EGI is continuing to build the capacity of a range of civil society organizations—from academic and research centers to mass-based social and other movements—to engage with sector processes to ensure that the goals of energy access, low-carbon pathways, and affordable and reliable service are met.
...the EGI reports prepared for both countries were the first step in to the right direction for openness in power sector governance and engagement of CSOs in the process. The EGI reports were a learning experience for all the parties involved - governments, utilities and CSOs.

Zoran Morvaj
UNDP
Croatia
OUR PARTNERS

USA
• WORLD RESOURCES INSTITUTE (SECRETARIAT)

BRAZIL
• COPPE, Federal University of Rio de Janeiro
• Instituto Brasileiro de Defensa do Consumidor (IDEC)
• International Energy Initiative (IEI)
• RENOVE, Rede Nacional de Organizações da Sociedade Civil para as Energias Renováveis
• WWF-Brazil

KYRGYZSTAN
• Civic Environment Foundation UNISON
• Public Association USTIN

TAJIKISTAN
• Public Association Consumers Union

PAKISTAN
• Consumer Rights Commission of Pakistan (CRCP)

SOUTH AFRICA
• Energy Research Centre, University of Cape Town
• GenderCC
• Green Connection
• Institute for Democracy in South Africa (IDASA) - Economic Governance Programme
• International Labour Resource and Information Group (ILRIG)
• Project 90x2030
• Sustainable Energy Africa
ABOUT EGI

The Electricity Governance Initiative (EGI) is a unique network of civil society organizations dedicated to promoting transparent, inclusive and accountable decision-making in the electricity sector. We facilitate collaboration of civil society, policymakers, regulators, and other electricity sector actors using a common framework to define “good governance.”

Since 2003, we have worked with civil society organizations around the world to complete assessments of electricity governance in their respective countries, and to advocate for improvements in governance. More than 30 organizations around the world are now partners in the Initiative. The World Resources Institute serves as the global secretariat for EGI, with the Prayas Energy Group (India) serving as our special knowledge partner.

ABOUT WRI

WRI focuses on the intersection of the environment and socio-economic development. We go beyond research to put ideas into action, working globally with governments, business, and civil society to build transformative solutions that protect the earth and improve people’s lives.