

Invitation to the Donor Agencies , Bi- lateral and Multi-lateral organizations to join hands with the MPERC on the projects of consumer's interest in electricity distribution sector of the State.

Concept paper on Consumer advocacy, education and empowerment through Non Governmental Organizations (NGOs) in Madhya Pradesh

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A1: BACKGROUND

1.1 Protection of consumer's interest is one of the key objectives described in the preamble of the Electricity Act'03. The preamble provides " An Act to consolidate the laws relating to the generation, transmission, distribution ,trading and use of electricity and generally for taking measures conducive to the development of electricity industry promoting competition therein, **protecting interest of consumers** and supply of electricity to all areas...". Further, the Act has made following provisions under various sections highlighting consumer's protection:

- (a) Section 42 provides that every state regulator shall appoint an Ombudsman, and every distribution licensee should also have a Consumer Grievance Redressal Forum.
- (b) The Section 61 (d) of the EA'03 stresses the safeguarding of consumers' interest while specifying the terms & conditions of Tariff by the SERCs
- (c) While section 86 of the EA'03 empowers the Commission to specify or enforce standards with respect of quality, continuity and reliability of service by licensee, it is imperative that satisfactory compliance of these standards must be ensured by the Commission through periodic monitoring and feedback by involvement of various stakeholders in monitoring process.
- (d) Further, section 87 of the EA'03 mandates that the State Advisory Committee shall consist of members to represent the interest of consumers, industry, transport, agriculture, labour, consumers, non-governmental organizations and research bodies in the electricity sector. Under Section 88 of the EA'03, the Commission shall be advised by the State Advisory Committee on protection of consumer interest.
- (e) Section 94(3) of the EA'03, empowers the Commission to authorize any person ,as it deems fit ,to represent the interest of the consumers in the proceeding before it and the Consumer Protection Act 1986 is also saved from overriding effect of the EA03 under section 173 of the EA03.
- (f) Section 103 (2) of the EA'03 provides that the State Electricity Regulatory Commission fund shall be applied for meeting the expenses on objects and for purposes authorized by this Act and to discharge of its function under section 86 of the Act. The formulation of fund in the form of grant under the proposed activity hence is in accordance with the provisions of the EA'03 and guideline of the National Electricity Policy.

- 1.2 The National Electricity Policy (Clause 5.13) emphasizes the need for protection of consumer interest and enforcement of quality standards. The Policy states that the Central Government, the State Government and the Electricity Regulatory Commissions should facilitate capacity building of consumer groups and their effective representation before the Commissions. This will enhance the efficacy of regulatory process.
- 1.3 Direct interventions from consumers to enforce transparency and demand accountability from State-owned utilities is important to improve upon the quality of supply in the present context in Madhya Pradesh. To successfully intervene, consumers will need organized representation, through group of associations and NGOs, having technical and managerial experts. In order to facilitate this, there is a compelling need for increased consumer awareness and advocacy. It may also be mentioned that few Regulatory Commissions such as KERC and UPERC have already paved the way for furthering the cause of consumer interest through stakeholder's participation under its aegis.
- 1.4 The Commission believes that the education and empowerment of consumers in the state will have a positive bearing on theft of electricity, AT&C loss in the state, consumption of electricity adopting energy efficiency measures, and on the quality of supply.
- 1.5 The MPERC has organized two workshops on the theme of "Consumer awareness & empowerment" on 6th August 2007 & 5th August 2008. The objective of these workshops was to bring awareness amongst the consumers and include other agencies such as NGOs into the mainstream of consumer education and empowerment. It was realized that NGOs can play a prominent role on consumer awareness and empowerment being in close proximity with consumers. They are independent agencies and hence have confidence of consumers. During the workshop the NGOs were requested to identify areas of their interest in this sector, identify bottlenecks if any along with possible solution measures.
- 1.6 It was deliberated during the workshop that the expected contribution of NGOs on consumer awareness and empowerment may not yield the desired result unless requisite financial assistance or grant is provided to them for the specific activities. It was suggested that the process would require a good promotion tool and a trained team to execute the proposed activities to get the intended output. Given this backdrop, it is desired by the Commission that first NGOs are made an integral part of the consumer awareness and advocacy tasks. Further, based on the discussion during the workshops the Commission feels it appropriate to provide financial assistance, in the form of a grant to take initiatives on important aspects like consumer advocacy, education and empowerment of consumers. The document attempts to detail the proposed tasks, roles and responsibilities of stakeholders involved, mechanism to short-list and select NGOs and the process of fund disbursement. The document has been made taken into consideration the existing fund disbursement guidelines and other frameworks that may be applicable

- 1.7 Inputs from the organisations with experience in consumer advocacy and empowerment in electricity sector – TERI, CUTS, agencies working with NGOs at the state and national level such as Department of Child and Women Welfare Department of GoMP, Development and Council for Advancement of People’s Action and Rural Technology (CAPART) of GoI have been incorporated in the present document.

A2: OBJECTIVE

- 2.1 It has been realized that the decision making process in the electricity sector strongly influences the success of policies. It is for the benefit of the electricity sector that two way information flows - bottom up and top down, facilitating decision making process is encouraged at the state level. The Madhya Pradesh Electricity Regulatory Commission intends to work with civil society and sector actors to promote inclusive, transparent and accountable systems. The programme aims to:
- (a) protect interests of consumers as per the preamble of the Electricity Act 2003
 - (b) develop Quality of Service Standards by involving all the stakeholders
 - (c) enforce transparency and accountability from utilities towards the consumers
 - (d) create demand for quality service from the service providers by the user groups
 - (e) represent the interest of poor consumers of rural and urban areas falling under domestic and agriculture category before Utilities, Forum, Commission, State and National level courts on electricity tariff, billing and collection, quality of service, filing appeal before various legal systems on decision harmful to consumers
- 2.2 It is therefore, imperative that independent organizations and NGOs are roped into and assist to the Commission on consumer education & empowerment related issues at grass root level.

A3: SCOPE OF WORK

- 3.1 The Scope of Work under the present assignment will include the following activities:

Consumer Education

- 3.2 **Dissemination of information with regard to Rules/ Regulations, other on-going activities in the Power Sector and Commission’s appeals/ directives on issues like DSM/ Energy Efficiency measures, amongst the consumers.**
- (a) Organizing seminars, nukkad sabha at villages, gathering at local bazaar hat and arrange discussions for dissemination of information.

- (b) Organizing competitions at schools
- (c) Distribution of relevant informative materials
- (d) Organizing exhibitions displaying the information
- (e) Motivating to use energy efficient equipments

Consumer Advocacy and Empowerment

3.3 Empower consumers and participate effectively in the regulatory process on all issues concerning consumer protection

- (a) Form a consumer association forum within the area of operation.
- (b) Assisting the consumers, through the association, in resolution of their grievances with the Licensee and also guiding them to facilitate to avail services, like:
 - (i) New service connections, load reduction/ enhancement
 - (ii) Complaints with regard to meter, billing, supply, disconnection/ reconnection etc.
- (c) Assisting consumers' to present their case before:
 - (i) Licensee's offices
 - (ii) Electricity Consumers Grievance Redressal Forums
 - (iii) Electricity Ombudsman
 - (iv) Consumer Advocacy Cell
 - (v) State Electricity Regulatory Commission

3.4 Liaison with the Licensee not only for taking up the consumers' service issues but also giving feedback about the malpractices.

- (a) Spreading the awareness amongst the consumers about the evils of malpractice/ theft of electricity and motivate to take legal connections
- (b) Informing Licensees from time to time about cases in their area of work so as to curb malpractice/ theft and pursue such cases.

Regular communication with the Commission about the various Consumer related issues.

- (a) To give feedback on a regular basis to the Commission about the activities undertaken by the NGO
 - (b) To give feedback on the level of implementation of performance standards by the Licensee
 - (c) To give suggestions about the modifications required, if any, in Regulations.
 - (d) To present the case of individual/ group of consumers in the hearings including that on hearings on Tariff petitions before the Commission.
 - (e) NGOs/CBOs will also build the capacity of the association so that the activities pertaining to advocacy could be undertaken by the association on their own beyond the project.
- 3.5 The assignment requires NGOs/CBOs with requisite expertise and experience in electricity sector along with optimum human resource capital in the areas of Engineering, Legal, and Economics & Regulatory.

A4: INVOLVEMENT OF DISTRIBUTION UTILITIES

- 4.1 The proposed project is expected to make the consumers aware and bring in a positive impact on losses, theft of electricity, Quality of Supply by utilities. To assess the impact of the project it is imperative to develop baseline data on the above-mentioned aspects. We expect that the respective utilities will help the TA consultant to develop baseline.
- 4.2 It is envisaged that the sub-divisions with losses on the higher side but with good paying capacity of consumers will be chosen for pilots. We expect that distribution utilities will help identify such areas.
- 4.3 It is expected that utilities will provide all possible support to NGOs/CBOs to implement the project. Utilities can play a pro-active role in building capacity of NGOs/CBOs and consumers as well.

A5: NEED FOR PILOT PROJECT IMPLEMENTATION

- 5.1 Involvement of NGOs/CBO for the intended activities under the project has been minimal in the state. There are few organisations working in electricity sector with focus on consumer advocacy and empowerment. The critical success factors of the assignment involves identification of right agencies through a transparent Bid Process Management, development of a comprehensive agreement between the selected agency and the Commission, fool proof fund disbursement mechanism and creation of a robust monitoring framework.

- 5.2 The Commission intends to implement the programme in two phases – pilot and replication. Pilot can be limited to few districts to firm up strategies, parameters for selection, identification of need for monitoring and development of monitoring framework. Once positive results are experienced in pilot areas, with strategy formulated, modified and finalized during the phase, a replication of the initiative can be launched in the subsequent phase.
- 5.3 During the pilot phase a total of six pilot projects, two projects in each of the three discoms, will be launched. The pilot will comprise of both rural and urban areas.

Duration

- 5.4 The pilot will be executed in one year time period.

A6: FUND REQUIREMENT

- 6.1 Consumer education and empowerment are integral components of electricity distribution sector. It is experienced that loss reduction measures would also require education of consumers and making them aware on important aspects of electricity sector such as energy efficiency measures, impact of theft of electricity on the system, punishment for theft and reward when the same is informed to licensees. Owing to the strong rationale for consumer advocacy and empowerment , the MPERC welcomes the active participation and financial support of the reputed donor agencies , bi-lateral and multi-lateral organisations to join hands with the Commission on the projects of consumer interest in electricity distribution sector. It is believed that MP is one of the focus states for the various funding agencies hence the Commission is looking forward to the possibilities of involvement of such interested organisations on the assignment.
- 6.2 MPERC will not only spearhead the proposed project but will also co-finance to the extent of 10% of the project budget.
- 6.3 The project requires the involvement of a consultant to carry out Bid Process Management (BPM), develop Monitoring and Evaluation framework of the project and over see the development of the project including the disbursement and management of project fund.
- 6.4 As envisaged, the project will engage NGOs/CBOs for six pilots, one pilot in each subdivision (two pilots in each discom). The approximate cost of carrying a pilot in a sub-division is Rs. 15 Lakhs. The details of cost break-up of key components are as given below:

Expenditure Category	Cost (Rs)
Personnel Costs	12,00,000
Travel and subsistence	1,50,000
Cost of purchase of office supplies and materials, Cost of printing and publication and Monitoring and Evaluation	1,50,000

6.5 Therefore total grant support to NGOs for successful execution of six pilots would require Rs 90 Lakhs.

Release of funds

6.6 The grant may be released in instalments, as per the requirement of projects, subject to meeting the monitoring and other requirements of the Commission.

A7: ELIGIBILITY AND SELECTION CRITERIA:

7.1 The key provisions with regard to eligibility and selection criteria are prescribed as under :

Process Guidelines for Selection, Fund Release, Monitoring & Evaluation

7.2 The Commission will invite an Expression of Interest (EOI) from interested and eligible NGOs for carrying out proposed activities in a prescribed format in regional and national News papers. NGOs/CBOs will be short-listed through EOI on the parameters described below:

7.3 The NGOs/CBOs who wish to avail the grant must be registered under the Indian Society Act 1860 or Madhya Pradesh Jannyas Act 1951 or a State amendment thereof or the Indian Trust Act, 1882 or the Religious and Charitable Institutions Registration Act, 1920.

7.4 NGOs/CBOs should have completed 3 years from the date of registration on the date of application filed with the Commission.

7.5 NGOs/CBOs should have a bank or post office account for at least three years preceding the date of filing of application to the Commission for funding.

- 7.6 The NGOs/CBOS applying for work in a state other than that of its registration should have state specific chapters registered. Alternatively, branches affiliated to a national level federation/organization can be registered with the parent body.
- 7.7 Proven experience (in the last three years) in implementation of projects in social, energy, health & education sector.
- 7.8 NGO has the necessary human resource base with required qualification and experience.
- 7.9 An NGO blacklisted or placed under funding restriction by any agency of State Government; Ministry or Department of the Government of India will not be eligible for applying under the scheme.

Sanctioning and Implementation Procedures

- 7.10 During the post EoI phase technical proposal from the short-listed agencies will be sought. The proposal shall be based on the following proposal guidelines:

Location

- 7.11 The area of operation will be the select sub-divisions. One urban and one rural sub-division will be chosen for pilots.
- 7.12 NGOs/CBOs are expected to have a good presence in the area of operation

Content of Project

- 7.13 The project intends to work in the areas of consumer advocacy, education and empowerment in the electricity sector in the state of MP. The agencies are supposed to work in the areas highlighted in the section “Scope of Work” of the document

Pattern of Assistance

- (a) Projects will normally be assisted up to a maximum of 100% of the total cost. However, preference will be given to proposal with provisions for co-financing by bidding agencies.
- (b) Administrative costs of project comprising salaries, maintenance of vehicles, furniture, contingencies and the like should not exceed 10% of the total cost of the project.

Action Plan

- 7.14 Every project proposal should contain a clear description of the activities proposed as per the scope of work of the proposed project.

- 7.15 While formulating the action plan, the following aspects would need to be kept in view:
- (a) Listing of all activities to be undertaken
 - (b) These activities should bear a direct nexus to the project objectives and projected benefits.
 - (c) The sequence of activities should be planned.
 - (d) Time and expenditure schedules for each activity should be worked out in such a way that the project as a whole could be completed within the projected duration estimate.
 - (e) Cost estimates for each item of work should be formulated.

Methodology

- 7.16 The proposal will include approach and methodology to be adopted by NGOs/CBOs for education, advocacy and empowerment of consumers through a sustainable process of social mobilization and people's participation in electricity sector.
- (a) Capabilities of the Implementing Organisation
 - (b) The implementing organisation should be able to
 - (i) Understand the nuances of electricity sector.
 - (ii) Understand priorities of economically backward people.
 - (iii) Develop work orientation
 - (iv) Understand the importance of regular field work and follow-up
 - (v) Have its representation in the area of operation.
- 7.17 The organization should have the following skills for successful implementation of the programme.
- (a) behavioural skills, viz., confidence building, group building, leadership,
 - (b) Organizational capability, dealing with officials.

- 7.18 As soon as the proposal is received, an acknowledgement will be given by the concerned Nodal Officer. If the proposal is not as per the prescribed norms/guidelines and not submitting the format of the concerned scheme, it may be rejected at the Nodal officer level with the approval of the Steering Committee. The proposal will be examined by the Steering Committee of the Commission. If the information/documents are not complete, all the queries and outstanding issues pertaining to the proposal will be raised in a consolidated manner to be communicated to the NGO through registered post acknowledgement. The NGO will be provided opportunity to submit clarification/documents asked for latest within a period of 30 days. If no response is received from the NGO within the said period, the proposal will be liable to be rejected and the file will be closed without any further reference to the NGO concerned.
- 7.19 On receipt of necessary information/documents from the applicant the case will be further processed for pre-funding appraisal (PFA) to the Steering Committee. The project proposal after being subjected to PFA will be submitted before the Commission for decision.

Pre-Funding Appraisal

- 7.20 After the Nodal officer's appraisal of the proposal, The Commission will depute Steering Committee for pre-funding appraisal to look into the following aspects:-
- (a) Adherence to the statutory requirements – periodic filing of reports and returns with the registration authorities, filing of income tax returns, if any,
 - (b) Verification of Account from Bank/Post Office and Registration Certificate from the office of the Registrar, Societies.
 - (c) Capacity, expertise and infrastructure to implement the project.
 - (d) On the basis of the appraisal as above, the Steering Committee will approve or reject the proposal. The approval or rejection of the proposal will be based on the score of each proposal against prescribed proposal guidelines
- 7.21 Issue of sanction letter with terms and conditions
- 7.22 Once the proposal is approved by the Steering Committee, a sanction letter with detailed terms and conditions (agreement) for implementing the project will be issued to the NGO for acceptance of the same.
- 7.23 The selected organisation is supposed to send the signed copy of the agreement within 15 days from the date of issue of the sanction letter and agreement. In case, no communication is received from the NGO, the Commission will issue a reminder by registered post acknowledgement due giving 15 days time otherwise the sanction will be cancelled/withdrawn.

Procedure for release of grant

- 7.24 On receipt of the duly accepted agreement the first instalment will be released within 30 days. Soon after receipt of the 1st instalment, the project holder will submit stamped receipt and inform the date of commencement of the project to the Commission.
- 7.25 Reporting will be scheduled to provide input to the planning processes of utilities and the Commission. The report may also be useful in terms of inputs for policy formulation by the Government of Madhya Pradesh. The Steering Committee of the Commission will develop formats for reporting compatible with GoMP and utilities reporting requirements. The Semi-annual and Annual Progress reports will be submitted to the Steering Committee for review, evaluation and feedback to the project.
- 7.26 After release of the first instalment, the project holder will submit a Monthly physical progress report as per format prescribed by the Commission clearly indicating the details of the activities carried out, achievements of the project against the quantitative and qualitative targets set for the period, list of beneficiaries, audited/unaudited Receipt and Payment A/c. and Utilisation Certificate, some photographs of the project and a report on the problems faced, if any during the implementation of the project. It is expected that the NGOs may be requested to prepare issues papers, or any other reports that may be required for the need of the Commission or other stakeholders involved in the project for project and sector reviews from time to time.
- 7.27 Joint Quarterly project Reviews will be conducted that will enable primarily the Commission and other stakeholders to assess the situation for monitoring and then provide necessary policy directions to the programme. Beside these, issue specific local stakeholder consultations will be held as and when required to involve stakeholders during implementation of project.
- 7.28 Request for release of the second instalment of grant should be submitted to the Commission latest within 30 days of the completion of the first phase of activities. The Commission will release the second instalment only after ensuring the output of the previous phase against the agreed terms and condition of the project.
- 7.29 The Commission will undertake a mid-term third-party evaluation of the project to assess the achievement of the project. The evaluation will include visits to project sites by evaluators. Evaluators will submit their report to the Commission. The Evaluation report will be examined by the Commission keeping in view the progress reported by the project holder. After examination of the progress report, Receipt & Payment Account, utilisation certificate and the mid-term evaluation report, decision will be taken in regard to the release of second/subsequent instalment.
- 7.30 Evaluators are expected to examine the following during the course of evaluation of the project:
- (a) Progress Report received from the NGO/CBO

- (b) Utilisation of funds made available. The evaluator will also review the utilisation certificates, duly signed by Chartered Accountants, submitted to the project management.
 - (c) Management of the affairs of the society, fulfilling the legal requirements, etc.
 - (d) The authenticity/correctness of the progress report made available in comparison to the field work done
 - (e) Assessment of the quality of physical work, consumer's involvement, reasonableness of the amount/time spent, etc.
 - (f) Checking of the vouchers and books of accounts (as per requirement)
 - (g) Assessment of consumer's satisfaction and their participation.
 - (h) Assessment of the benefits accruing from the progress made in the implementation of the project.
- 7.31 A project may be subjected to one or more mid-term/concurrent evaluations depending upon the nature, duration & seasonalities involved in the implementation of the project.
- 7.32 10% of the total grant will be retained/withheld and will be reimbursed to the organisation after receipt of satisfactory completion/final progress report/audited receipt & payment and income and expenditure statements of accounts and utilisation certificate.
- 7.33 The final progress report to be submitted by NGOs/CBOs within 30 days from the completion of the project, will consist of the following:
- (a) Completion report in the prescribed format.
 - (b) Photographs capturing the achievements of the project in the filed
 - (c) Consolidated audited statements of accounts reflecting the grants received in various instalments and utilisation certificate for the grant extended. It should also include local contributions mobilised (if applicable) as per the terms of the agreement.