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Subregional Conference - Going Beyond the Meter  
Inclusive Energy Solutions in South Asia  
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# South Asia Tariff Regulations: Lessons for Inclusive Access

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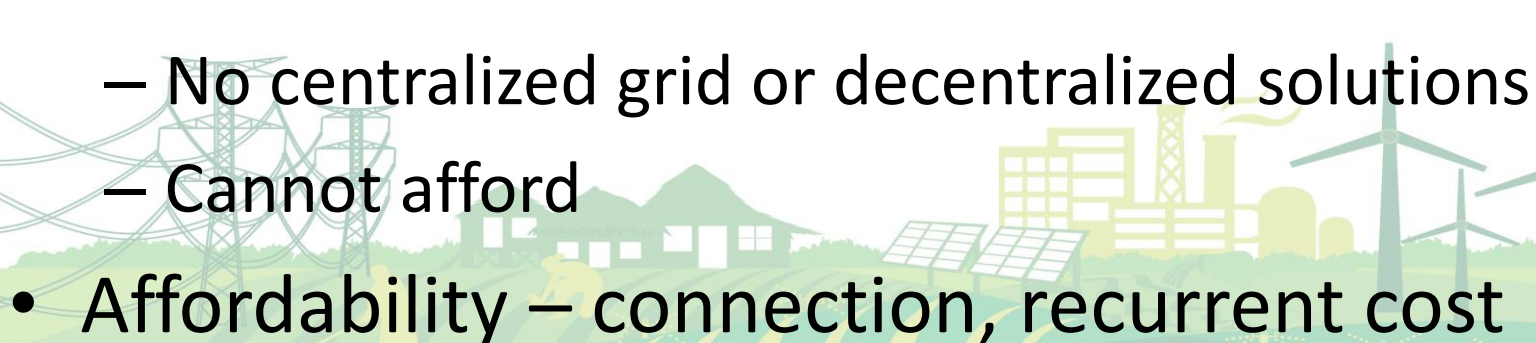
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# The Outline

- Introduction
- Tariff regulation
- Providing inclusive access
- Final Remarks



# Introduction

- Asia Pacific Region – 420 Million without access to electricity
  - About 300 million in South Asia
  - Services not available
    - No centralized grid or decentralized solutions
    - Cannot afford
  - Affordability – connection, recurrent cost
- 

# Tariff Regulation

- Regulators set consumer tariffs
- But no complete independence in tariff determination
- No truly cost reflective tariffs
  - Gross subsidies
  - Facilitate cross-subsidies across customer groups



# Tariff Regulation ...

- Governments use electricity to
  - Create an enabling environment to encourage investments in certain classes of consumers
  - Provide relief to low incomes customers



# Consumer Tariffs


- Increasing block tariffs for domestic consumption in all countries

Class	Electricity Usage (kWh)	Average Unit Price in US Cents (unity p.f)										
		Bangladesh	Bhutan	Assam, India	Gujarat, India	Kerala, India	Madhya Pradesh, India	Maharashtra, India	Tamil Nadu, India	Maldives	Nepal	Sri Lanka
Small	30	4.82	0.00	5.09	2.67	5.63	4.75	6.82	2.00	20.47	4.76	2.50
Medium	90	5.42	1.92	6.32	5.01	5.25	6.45	7.16	2.42	20.47	7.35	6.84
Large	180	6.21	2.70	10.68	5.64	6.44	8.56	9.32	3.80	21.18	8.16	15.89
Very Large	600	8.24	3.97	10.68	7.19	12.54	9.39	14.22	8.45	23.93	9.99	27.35



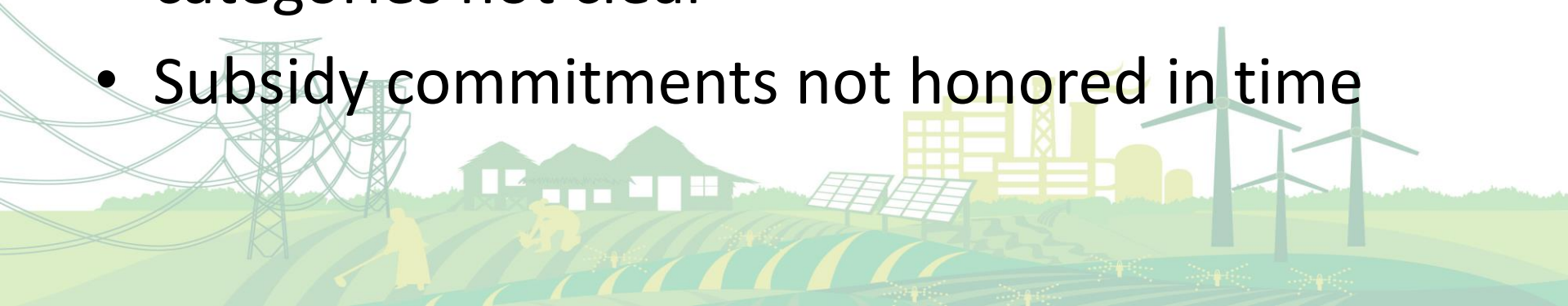


# Consumer Tariffs ....

- All countries subsidize consumers at the lower end
    - Subsidies range from 100% subsidy to rural consumers in Bhutan to 41% in Madhya Pradesh
  - Commercial consumers cross-subsidize others except in Bhutan
  - Industries and agriculture receives subsidies in majority of countries
- 
- A decorative background illustration at the bottom of the slide. It features a green landscape with rolling hills. In the foreground, there are stylized representations of energy infrastructure: a power transmission tower with power lines, a factory with smokestacks, and two wind turbines. The overall style is clean and modern, using a color palette of greens, blues, and yellows.

# Issues in Tariff Setting

- Identification of groups to be subsidized poor
- Hence subsidies not targeted
- Exact subsidies to each of the consumer categories not clear
- Subsidy commitments not honored in time





# Inclusive Access – Prerequisites

- Need to cover service provision to underprivileged areas – rural, poor
- Need to address affordability
  - House wiring
  - Connection costs
  - Recurrent costs

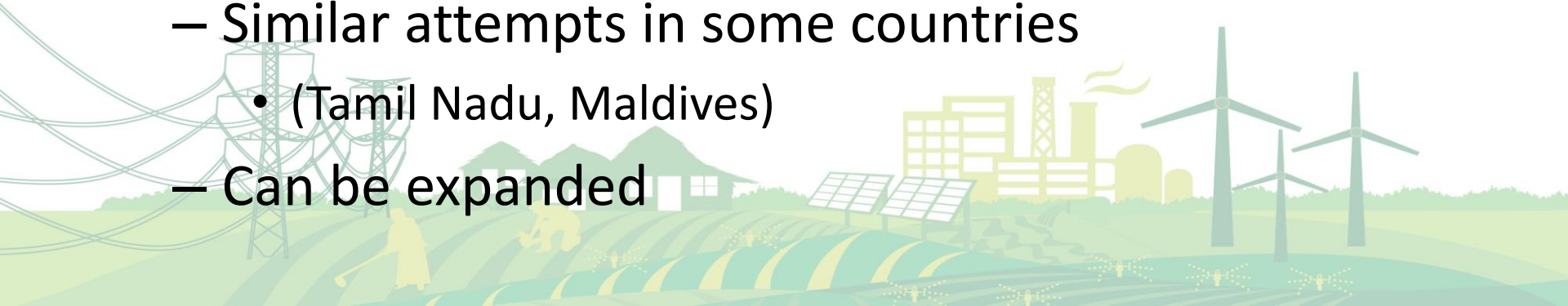


# Inclusive Access .. Lessons

- Need to support initial costs
  - Subsidized tariffs to cover recurrent costs
  - Require to identify and establish groups needing subsidies – targeting
  - Electricity for livelihood development
    - Agriculture
    - Cottage industries/commercial activities
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- A decorative background illustration at the bottom of the slide. It features a green landscape with rolling hills. On the left, there are power lines and a transmission tower. In the center, there are several houses with solar panels on their roofs. To the right, there are wind turbines and a factory with smokestacks. The overall theme is sustainable energy and rural development.

# Inclusive Access .. Lessons

- Support with gender considerations
  - Target women-headed households
  - Enterprises with dominant involvement of women– cottage industries
  - Similar attempts in some countries
    - (Tamil Nadu, Maldives)
  - Can be expanded



# Final Remarks

- Subsidies required for increased inclusive access
- Need to carefully target them
- Need to strengthen regulators capacity
  - Tariff structures
  - Tariff levels
  - Targeted sectors





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# Thank you

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