

# Industry consultation on implementation of 'Consumer Protection Principles for clean energy Mini-Grids'

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Alliance for  
Rural  
Electrification

*Shining a Light for Progress*

# The Partners - Who we are

**Alliance for Rural Electrification (ARE):** is an international business association based in Belgium with +130 Members worldwide to promote a sustainable decentralized renewable energy industry for the 21<sup>st</sup> century, activating markets for affordable energy services, creating local jobs and inclusive economies.

**African Minigrid Developers Association (AMDA):** is an industry association based in Kenya with 11 Members representing private utilities developing small, renewable, localized to promote decentralized utility companies and mini-grids as least cost option for electrification in Kenya and Tanzania.

**Smart Power India (SPI):** The Smart Power Initiative of the Rockefeller Foundation aims to extend productive power to those without sufficient access to reliable and quality electricity.

**Swedfund:** is Sweden's development finance institution for investments in the world's poorest countries. Its remit is to finance and develop sustainable businesses. Swedfund fulfils its role best in Sub-Saharan Africa, but it also operative in the poorest countries in Asia.

# Objectives of Initiative



At the 5<sup>th</sup> ARE Energy Access Investment Forum in Abidjan in March 2019, ARE together with AMDA and SPI, and with Swedfund as funder of this project, have launched this **initiative to develop 'Consumer Protection Principles for Clean Energy Mini-Grids'**.

## The Objectives:

- Respecting rights of consumers as the end-users.
- Ensuring for long-term sustainable provision of electricity.
- Turn the mini-grid challenge into interesting business and investment opportunities.

The principles will provide **more rights to consumers** while protecting vulnerable customers and they will **define roles and responsibilities of market participants**.

# The Methodology



**The methodology applied to this study combined quantitative and qualitative methods with desk research followed by a participatory approach through interviews with all stakeholder groups involved in the mini-grid sector.**

**A pre-selected group of 130 actors were interviewed through online questionnaires:**

- Representatives (39) of mini-grid operators / DESCO's / ESCO's / SSD's.
- A selection of a group of consumers (55 consumers) in 4 countries (Guinea-Bissau, India, Mali, Nigeria).
- Government officials (15) from REA / ERA / Ministry of Energy.
- Investors (21).

**Pre-condition: getting wide stakeholder buy-in is key to developing an acceptable framework.**

# Key findings of the initiative (1/2)

The key finding of this study is that **consumer rights is a fairly familiar topic for**

- consumers,
- service providers,
- investors, as well as for
- national energy agencies in Africa and Asia.



There is a **need for defined Consumer Protection Principles for the clean energy mini-grid sector** that describe:

- Access by consumers to essential products and services.
- Protection of vulnerable and disadvantages consumers.
- Access by consumers to adequate information to enable them to make informed choices.
- Availability of effective consumer dispute resolution and redressal.
- Protection of consumer privacy.

# How mini-grid companies can support the proposed Consumer Protection Principles?

The **proposed Consumer Protection Principles shall define minimum standards of practice** that consumers should expect from mini-grid service providers. While the Consumer Protection Principles are not legally binding, they will help drive the further implementation of sector regulations and incentives.

## **Our Call for Action:**

A **'commitment' to the Principles signifies that the mini-grid company embodies the Consumer Protection Principles in its treatment of consumers.** These Principles are the minimum standards of practice that consumers should expect from service providers. Commitment to the principles also signifies the company's intent to conduct an assessment as a step towards fully implementing the principles within daily operations. ([see commitment form](#))

An **'endorsement' of the Principles signifies that the mini-grid company aims to align internal practices with the Consumer Protection Principles, but that they are not yet ready to fully commit to implementing the Principles in daily operations.** Investors and governments may also endorse the Principles. For example, investors that endorse the Principles may request mini-grid companies to fulfil the minimum standards of practice in their treatment of consumers when financing them. ([see endorsement form](#))

For more information please visit [www.ruralelec.org](http://www.ruralelec.org)

Mini-grid companies may need practical guidance on implementation. Without tools identified and in use, companies can struggle to engage effectively. A compass and tools may be developed to guide companies, to enhance their contribution to the principles and to monitor progress made. Companies may align their strategies through these principles and tracking progress and assessing impact.

## **On-going consultation until 30.11.2019 with diverse stakeholders:**

- Their view/opinion regarding these principles.
- Approach for implementation of these principles.
- Kind of support including monitoring progress that is needed from ARE that allows the industry to implement these Principles.



# Consultation with the stakeholders at ESEF

# Some introductory questions

- What is your overall opinion regarding these principles and KPI's?
- How do the mini-grid companies/service providers think that these principles should be implemented as it makes them accountable for their provision of services and conditions related to that?
- How feasible is it for companies to implement these principles?
- How can ARE and the Partners of this initiative assist with implementation of these principles? What kind of support is needed?
- How to monitor and control these principles?





## Call to Action: Consumer Protection Principles for Clean Energy Mini-Grids

With the recognition that the mini-grid industry understands the value of consumer protection principles both for their business and to respect consumer rights in often poor and remote villages, the Alliance for Rural Electrification (ARE), supported by the Africa Minigrad Developers Association (AMDA), Smart Power India (SPI), hereafter referred to as 'the Partners', and the funder of the initiative (Swedfund), are launching a Call to Action for mini-grid companies to support a set of Consumer Protection Principles for Clean Energy Mini-Grids.

The Partners' aim is to safeguard consumer rights, while defining key roles and responsibilities of market participants by setting out global and progressive principles of consumer rights in the mini-grid sector.

The Consumer Protection Principles are structured as six main principles, each with several sub-principles. The Principles have been developed on the basis of in-depth desk research, surveys with mini-grid companies, financiers and governments, consultations at the 5<sup>th</sup> ARE Energy Access Investment Forum (Abidjan, 12-13<sup>th</sup> March 2019), as well as in-depth discussions in the steering committee consisting of ARE, AMDA, SPI and Swedfund.

### How mini-grid companies can support the proposed Consumer Protection Principles

A 'commitment' to the Principles signifies that the mini-grid company embodies the Consumer Protection Principles in its treatment of consumers. These Principles are the minimum standards of practice that consumers should expect from service providers. Commitment to the principles also signifies the company's intent to conduct an assessment as a step towards fully implementing the principles within daily operations.

An 'endorsement' of the Principles signifies that the mini-grid company aims to align internal practices with the Consumer Protection Principles, but that they are not yet ready to fully commit to implementing the Principles in daily operations. Investors and governments may also endorse the Principles. For example, investors that endorse the Principles may request mini-grid companies to fulfil the minimum standards of practice in their treatment of consumers when financing them.

To 'endorse' or 'commit' to the Principles, please send a signed letter (using [this](#) template to endorse or [this](#) template to commit) to Marcus Wiemann, ARE Executive Director: [m.wiemann@ruralelec.org](mailto:m.wiemann@ruralelec.org)



Vivian Vendeirinho  
ARE President



Aaron Leopold  
AMDA Chief Executive Director



Rahul Kumar Kandoi  
SPI Associate Director

## Companies already endorsed the proposed Consumer Protection Principles for clean energy Mini-Grids:

- [WindKinetic Off-grid Power Systems](#)
- [Sunkofa Energy](#)
- [Ensol Tanzania Limited](#)

We look forward to your feedback  
Thank you!

Next consultation with industry at  
ARE Micro-Grid Workshop at Intersolar India  
in Bangalore on 28 Nov 2019

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