



Call for Proposals

Case Study: India's Accelerated Depreciation Policy for Wind Energy

1. Introduction: GSI's research on subsidies to renewable energy

Renewable energy technologies have a key role to play in sustainably meeting the world's energy needs. Many governments have responded by heavily subsidising the deployment of renewable energy, to reduce CO2 emissions, stimulate technological innovation, create economic benefits and improve energy security. But given the corruption, unintended impacts, inefficiencies and fiscal waste often associated with subsidies, analysis is needed to ensure energy subsidies are designed to achieve their objectives.

The International Institute for Sustainable Development (IISD) is conducting a research program on subsidies to renewables as part of its Global Subsidies Initiative (GSI). The IISD-GSI is dedicated to research and awareness-building on government subsidies and their impacts on sustainable development. IISD-GSI work in this area is intended to improve existing policies in support of renewable energy, and to assist governments that have decided to introduce renewable energy subsidies, in order to promote best practice in subsidizing renewable energy.

The IISD-GSI's research program sets out to:

- Provide robust estimates of the full costs of subsidies to renewable energy in major producing countries.
- Increase awareness among policy-makers and the general public about the full cost of renewable energy subsidies.
- Review the state of play of renewable electricity subsidies in developing countries: What subsidies are being used? What methods are used to control costs? What issues are most important to different regions?
- Identify the extent to which various renewable energy subsidy regimes have successfully promoted domestic renewable energy industries.
- Develop best practice guidelines for controlling the costs of renewable electricity subsidies.

2. Objectives of the case study

Subsidies often work out badly, with unintended costs and impacts. Subsidies for renewable energy are no exception. This study will provide a cautionary tale based on the implementation of the Indian Accelerated Depreciation (AD) policy for wind energy.

India requires much from renewable energy—by 2020, it is expected to generate 15 per cent of electricity. This target is supported by a range of policies, which to date have stimulated development of over 27,000 MW of



capacity, with wind power providing the majority (approximately 70 per cent) of this capacity. But concerns remain that renewable energy in India is not achieving its full potential, and total electricity generation continues to fall short of demand, with a deficit of between 8 and 10 per cent over the past couple of years.

This cautionary tale will look at one of the policies considered to be the key driver of the increase in wind capacity: accelerated depreciation. It will examine the extent to which it has encouraged the development of capacity, and weaknesses in the policy that may have limited its success.

The report should be written in an engaging and comprehensive style, providing an excellent narrative that is accessible to a broad range of audiences, while delivering a good amount of solid technical and policy information. The IISD-GSI will work with the consultant(s) in developing the study by providing feedback on drafts, and editorial guidance on style and format.

3. Research proposals

The IISD-GSI requests proposals (maximum 6 pages) outlining how the researcher proposes to undertake the case study. Proposals will include:

- a description of how the researcher meets each of the selection criteria outlined in Section 4 below
- a description of the research approach
- a short description of possible sources
- any potential interviews supporting the research
- a table outlining how many hours will be assigned to each task set out in Section 7, i - iii
- a short resume for the researcher(s)
- an example of the researcher's previous work (in English)

4. Selection criteria

Fluency in English is a pre-requisite for the award of the contract.

Research proposals will be selected according to the criteria listed below. The weighting given to each criterion is indicated in parentheses.

Criteria for selection: evidence of the consultant's:

- in-depth knowledge of the wind sector in India (30%)
- contacts within the India Government and the wind industry (20%)
- previous publications in this or related fields (20%)
- knowledge of public finances and policy (15%);
- clarity of analysis and written expression (15%);

Proposals should be submitted no later than 5pm (Central European Time) on Friday 28 March 2014.



5. Assignment

The consultant will provide a report based on his or her research findings which will include the following sections:

PART 1: INTRODUCTION

Concise introduction to the topic: (i) the subsidy policies (ii) the key problem(s) with and outcomes of the policy (iii) the lessons learned.

PART 2: OVERVIEW OF INDIA ELECTRICITY AND RENEWABLE ENERGY LANDSCAPE (FOCUSING ON WIND)

- a. Briefly describe the characteristics of the electricity sector
- b. Briefly describe the history and current status of (i) renewable energy and (ii) wind power.
- c. Policy landscape for renewable energy: what are the broad visions (quantitative targets and qualitative aims), strategies (national energy policies and plans) and policies (AD, GBI, FIT, RPO and RECs) for renewable energy?

PART 3: A CAUTIONARY TALE (THE BODY OF THE REPORT)

Introduction

Brief introduction to accelerated depreciation policy: What is it, and what are the aims and effects?

The Policy Environment

Detailed description of policy:

- a. Describe policy objectives in detail
- b. Describe policy design in detail, giving example of how the policy would work
- c. Describe how policy progressed – introduction, subsequent removal, current status.

Issue and Analysis

- a. Analyze how policy performed. (What were the outcomes against the stated objectives?) This should focus on the level of deployment and generation, and should attempt to make a quantitative assessment of these effects.
- b. Outline the strengths of the policy that enhance its effectiveness in meeting objectives.
- c. Examine the weaknesses in the policy that impaired its effectiveness in meeting objectives, and the broader objectives for renewable energy. This could include (if relevant, but is not restricted to): size of developments, efficiency of developments, quality of developments, resulting generation, culture of risk taking versus reward, cost to government, crowding out of other policies and expenditure, and the burden placed on the grid.
- d. Describe the response of the government to the weaknesses identified (phase-out of policy and alternative policies introduced). What effects (positive and negative; long term and short term) have been experienced or are anticipated?

PART 4: OTHER EXPERIENCES

Provide two short box-outs on either (a) other countries whose policy design is different from the one in question or (b) other countries that encountered the same issues. These should highlight the range of policy designs that can lead to the problem and that can mitigate the problem. (The IISD-GSI will work with the consultant(s) to identify suitable examples.)

PART 5: LESSONS LEARNED:

Based on the findings in part 3, describe the positive and negative lessons that can be drawn from the AD policy and its subsequent removal. These lessons should be written with the aim of informing policy-makers inside and outside India in the development of policy.



ANNEX

Technical information on wind deployment, relevant subsidy policies, and communications:

The consultant will provide:

- i. Official/unofficial name of the subsidy policy/program
- ii. Official and unofficial objectives of the policy or program
- iii. Date of implementation and other milestones (i.e., scheduled spending reviews for the subsidy program, intended phase out date, etc.);
- iv. Details of policy design
- v. Overview of the roles of relevant government ministries and independent agencies involved in managing the deployment of the technology
- vi. Description of the mechanisms used by government to monitor the performance of the subsidy program and/or to identify any issues or problems concerning the program
- vii. Summary information on subsidy cost to date
- viii. Description of the modalities for adjusting the support policy
- ix. Description, including strengths and weaknesses, of the channels of communications between government and subsidy recipients/stakeholders
- x. Description of any consultation process that allowed stakeholders to make submissions to government, and any published response to those concerns

Technical and market-based information on wind energy:

The consultant will provide:

- i. Description of any technological specifications for wind energy relevant to the story
- ii. Overview (market size, formation, trends, and industry associations) of the market for wind energy in India,
- iii. Projected levels of installed capacity and subsidy program costs anticipated to deliver deployment, based on government data

6. Destination and audience

The study is part of a series of case studies of unintended consequences of subsidy policies, designed to help policy makers avoid similar mistakes. The report will be published on-line and will be disseminated to a wide network of stakeholders through a variety of channels.

7. Product and Deliverables

The consultant will provide the following staged deliverables:

- (i) Complete the technical annex for the report (described in Section 5 above), and revise according to IISD comments.
- (ii) Subject to satisfactory completion of (i), draft parts 1 – 5 of the report (described in Section 5 above), and revise according to IISD comments.
- (iii) Produce a final report including: an executive summary, parts 1 -5, technical annex, references

The final report should be a maximum of 25 pages, and include any relevant tables, graphs and charts. The paper should be written in a style easily understood by policy makers. It should be written in line with the IISD's style guide (format and referencing).



8. Indicative timeline

28 March 2014	Deadline for submitting project proposal
4 April 2014	Selection process completed
13 April 2014	Contract negotiations and start date
9 May 2014	Due date for deliverable (i)
16 May 2014	IISD-GSI feedback on deliverable (i)
6 June 2014	Due date for deliverable (ii)
13 June 2014	IISD-GSI feedback on deliverable (ii)
30 June 2014	Due date for deliverable (iii), final report

9. Resources

The project budget for the consultant's work on this case study is EUR 7,500.

10. Contacts

The contact person for this project is:

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About IISD

The International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, and management of natural and social capital, as well as the enabling role of communication technologies in these areas. We report on international negotiations and disseminate knowledge gained through collaborative projects, resulting in more rigorous research, capacity building in developing countries, better networks spanning the North and the South, and better global connections among researchers, practitioners, citizens and policy-makers.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC), and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

About GSI

GSI is an initiative of the International Institute for Sustainable Development (IISD). GSI puts a spotlight on subsidies—transfers of public money to private interests—and how they impact efforts to put the world economy on a path toward sustainable development. In cooperation with a growing international network of research and media partners, GSI seeks to lay bare just what good or harm public subsidies are doing; to encourage public debate and awareness of the options that are available for reform; and to provide policy-makers with the tools they need to secure sustainable outcomes for our societies and our planet.

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