



# EESL refutes allegations on procurement of LED bulbs

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- LED bulb e-procurement conducted in most transparent manner, adhering to prescribed guidelines
  - Annual electricity bills of consumers reduced by over Rs. 11,500 crore through distribution of 22 crore LED bulbs
  - 200 ULBs benefited from 19 lakh streetlights replaced across the country

In a response to allegations raised in some newspapers today , Energy Efficiency Services Limited (EESL) a company under the administrative control of Ministry of Power has strongly refuted the claims, stating it is false, misleading and devoid of any facts.

Dismissing the allegations, EESL has stated that LED bulbs are procured by the company in the most transparent and professional manner. Till date, over 22 crore LED bulbs have been sold under the ***Unnat Jeevan by Affordable LEDs for All (UJALA) scheme***, leading to a savings in consumer electricity bills by Rs. 11,500 crore.

EESL's stated position in response to the allegations are as follows:

## Energy Efficiency Services Limited - the organisation

EESL was incorporated as. Joint Venture of 4 CPSUs of Ministry of Power NTPC, PGCIL, REC and PFC and is under the administrative control of Ministry of Power, Government of India. The company follows all the norms and procedures that are applicable to CPSUs and is audited by CAG. The statutory audit of EESL has been completed for all financial years till FY 2015-16 and will commence for the current financial year shortly. The Board of Directors of EESL is represented by senior officials from the 4 CPSUs as well as a Joint Secretary level officer from Ministry of Power and one from BEE. The Managing Director of the company is selected by a committee headed by Secretary, Ministry of Power. The Annual Reports of the company is uploaded on its website for all the past years.

EESL is the implementing agency for National LED lighting programmes that were inaugurated by Hon'ble Prime Minister on 5<sup>th</sup> January 2015. The programme is designed to reduce energy consumption in the lighting sector and to promote LED based efficient lighting products.

## Procurement of LED bulbs:

The company follows a transparent procurement process. The procurement by EESL is through e-tendering and the RfP is not only announced in leading national newspapers but is also uploaded on its website as per the norms prescribed. The procurement policy is approved by the Board and is consistent with the procurement norms of the Government, CPSUs and follows all the guidance of CVC and CAG. The procurement policy has also been endorsed by international agencies like KfW (Germany), AFD (France) and ADB from whom EESL is borrowing funds.

The procurement norms for the LED programmes allow only those bidders who have manufacturing facilities in India. As a result, almost all LED bulbs are being assembled in India and the manufacturing capacity has risen to about 3-4 crore LED bulbs every month now from about 1-2 lakh 3 years ago.

EESL would like to state that no Chinese or any other manufacturer who is yet to set up manufacturing facilities in India has participated in the tenders.

The prices of LED bulbs have reduced by 88% while the quality has improved. The procurement price of 7 W LEDs in January 2014 was Rs. 310 which is now reduced to Rs. 38 in August 2016 for a 9 W LED bulb. Retail prices of LED bulbs have come down to 30% of what they were 3 years ago.

In a clarification on the order received in the last quarter, EESL procured 5 crore LEDs in September 2016 is nearing completing and the company that won the bid has already supplied close to 4.8 crore LEDs. The balance will be done by the end of this FY as per the tender conditions.

### **Quality of LED bulbs:**

The LED bulbs procured under UJALA undergo rigorous quality check and are required to have LM 79 and LM 80 certifications as per the BIS specifications. EESL has a 3-tier quality control mechanism because of which, of the more than 22.1 crore LEDs sold/distributed, the fault rate is well below 1%, which is the lowest in the world.

The procurement policy has also been endorsed by international agencies like KfW (Germany), AFD (France) and ADB from whom EESL is borrowing funds. A case study has been published by International Energy Agency (IEA), Paris on the success of this programme.

### **Street Lighting Programme:**

EESL has replaced over 19 lakh street lights with LEDs and have introduced smart controls to enable transparent monitoring in real time. Over 200 ULBs have benefitted as they were able to enhance the illumination on roads, reduce energy and maintenance costs without having to invest in procurement of lights. The repayments to EESL are being made from savings in energy and maintenance costs.

All savings are documented and endorsed by the Chief Officers of the Nagarpalikas.

**In the state of Gujarat, ULBs will receive 40% of energy savings without having to bring in upfront capital investment.** The programme has been well received across the country and all stakeholders have expressed satisfaction.

EESL conducts social audits in all places where the programme is under implementation and the results have been a very high level of satisfaction from the increase in illumination leading to ease of navigation, enhanced sense of security for women and children and increase in economic activity.

**The LED street light project in the Navsari Nagarpalika project in Gujarat has a verified electricity bill saving from October 2016 to January 2017 is Rs. 2,24,891 and 61932 units as per the Chief Officer of the ULB.**

**In the recently commissioned South Delhi Municipal Corporation (SDMC) project, which is the largest in the world with 2 lakh lights, there has been a reduction of 14 MW of load (58%), monetary savings to SDMC of Rs. 60 crores annually. The energy consumption has reduced by over 55%.**

Similar is the experience in nearly 11 states where the programme is currently ongoing including Gujarat. The smart controls enable monitoring of energy consumption real time and available to all stakeholders and is available at [www.eeslindia.org/slip](http://www.eeslindia.org/slip). A mobile APP is also been created to make this information available to all and this will also include a complaint redress like system.

### **Conclusion:**

The National LED programme conducted by EESL has helped all stakeholders as indicated above and has been implemented keeping the highest standards of professionalism, integrity, and transparency. The programme has been acclaimed internationally as one of the best practices of innovative service model, transparency by putting monitoring in public domain, scalability and commercial sustainability by demonstrating a model that does not require public funds to implement energy efficiency. The allegations raised in the media are false, malicious, misleading, motivated and devoid of any facts and need to be completely disregarded.

EESL stands by the professionalism, values and highest standards of public probity and transparency that it has demonstrated in all its programmes.

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