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# POWER FOR ALL FACT SHEET:

## Making Energy Access Affordable

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# POWER FOR ALL

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## \$22,000

COST OF RURAL GRID  
EXTENSION PER KM

## \$300-400

GRID CONNECTION  
COST IN TANZANIA

## 50¢

DAILY COST OF A  
SOLAR HOME SYSTEM

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While the central grid is a cost-effective solution for powering highly populated regions, 85% of those currently unelectrified live in rural areas<sup>1</sup> with low population density and low energy demand. The cost of grid extension to these areas is too high. Decentralized renewable energy (DRE) is enabling millions of families and businesses to access energy at a price they can afford, and providing the flexibility to grow with demand.

### DRE provides the most affordable way to power rural areas

- » Rural centralized-grid extension in Africa and Asia can cost up to \$22,000 per kilometer.<sup>2</sup> For example, reaching remote rural areas in Tanzania costs around US\$2,300 per household<sup>3</sup>
- » In contrast, 500,000 people in Mongolia were connected to solar home systems for a approximately \$24 million; \$240 per household<sup>4</sup>
- » Analysis by the International Energy Agency (IEA) finds that 70 percent of those in rural areas are more affordably reached by mini-grids and other decentralized solutions<sup>5</sup>
- » Recent research estimates that even greater use of DRE can reduce the global cost of basic energy access even further; from \$700 billion (IEA estimate)<sup>6</sup> to \$70 billion<sup>7</sup>

### Access via the centralized grid is expensive for utilities, governments and consumers

- » The high cost of grid extension creates a challenge for overstretched utilities in Asia and Africa, leaving many in a “chronically weak financial position”<sup>8</sup>
- » To operate, many utilities rely on subsidies from government. For example, in India, government expenditure on electricity subsidy is \$2.8 billion a year<sup>9</sup>, while in Africa subsidies for utilities and kerosene are \$21 billion a year<sup>10</sup>
- » Even so, tariffs are often too high for consumers to connect. In Tanzania—where 70 percent of the population lives on less than \$2 per day<sup>11</sup>—connection charges range from US\$300-400, and a new service line can cost over \$1000, even before the cost of electricity<sup>12</sup>

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### By the Numbers:

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### DRE is critical for ending energy poverty

- » The affordability of Tier 1-2 basic energy access<sup>13</sup> is allowing millions of homes and businesses to access clean, reliable power for the first time<sup>14</sup>
- » Quality solar lanterns cost as little as \$5,<sup>15</sup> while solar home systems can be paid for in installments of 50 US cents a day<sup>16</sup>
- » Larger DRE solutions, which provide higher levels of energy services, are also more affordable. For example, the global average cost of connecting a household to a mini-grid is estimated at \$500,<sup>17</sup> while the average micro-hydro power investment cost per connected household in Nepal is US\$325<sup>18</sup>

### Share the Message

The cost of grid extension is too high. The IEA's estimate of investment needed for total global energy access are between 300-500 percent higher than current investments in energy access, and would constitute 30 percent of all current international aid.<sup>19</sup> More affordable solutions are critical to accelerate the pace of energy access.

Share these key messages to #endenergypovertyfaster:

- » The cost of grid extension to rural areas—where 85 percent of those in energy poverty currently live—is simply unaffordable
- » A greater focus on less expensive alternatives—such as solar home systems and mini-grids—is vital to meet energy access targets, and lift hundreds of millions from energy poverty

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