31 STANDING COMMITTEE ON ENERGY

(2022-23)

SEVENTEENTH LOK SABHA

MINISTRY OF POWER

[Action taken by the Government on the recommendations contained in the Twenty-Fifth Report (17th Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Power]

THIRTY-FIRST REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2022/Agrahayana, 1944 (Saka)

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Presented to Lok Sabha on - 20/12/2022
Laid in Rajya Sabha on – 20/12/2022

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2022-23)

MEMBERS

LOK SABHA

Shri Jagdambika Pal - Chairperson

2. Shri Gurjeet Singh Aujla
3. Shri Chandra Sekhar Bellana
4. Shri Pradeep Kumar Chaudhary*
5. Dr. A. Chellakumar
6. Shri Harish Dwivedi
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8. Shri Sanjay Haribhau Jadhav
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15. Shri Dipsinh Shankarsinh Rathod
16. Shri Uttam Kumar Nalamada Reddy
17. Shri Devendra Singh *alias* Bhole Singh
18. Shri Rajveer Singh (Raju Bhaiya)
19. Shri Shivkumar Chanabasappa Udasi
20. Shri Balashowry Vallabbhaneni
21. Shri P. Velusamy

RAJYA SABHA

22. Shri Rajendra Gehlot
23. Shri Narain Dass Gupta
24. Shri Javed Ali Khan
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26. Shri Maharaja Sanajaoba Leishemba
27. Shri Krishan Lal Panwar
28. Shri K.R.N. Rajeshkumar
29. Dr. Sudhanshu Trivedi
30. Shri K.T.S. Tulsi
31. Vacant

SECRETARIAT

1.	Dr. Ram Raj Rai	Joint Secretary
2.	Shri R.K. Suryanarayanan	Director
3.	Shri Kulmohan Singh Arora	Additional Director
4.	Shri Manish Kumar	Committee Officer

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* *Nominated as Member of the Committee w.e.f. 4th November, 2022.*

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Thirty-First Report on the action taken by the Government on the recommendations contained in the Twenty-Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Energy on Demands for Grants (2022-23) of the Ministry of Power.

2. The Twenty-Fifth Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 22nd March, 2022 and was laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 30th August, 2022.

3. The Report was considered and adopted by the Committee at their sitting held on 15th December, 2022.

4. An Analysis on the action-taken by the Government on the recommendations contained in the Twenty-Fifth Report of the Committee is given at Appendix-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

New Delhi
December, 2022
Agrahayana, 1944 (Saka)

Jagdambika Pal,
Chairperson,
Standing Committee on Energy

CHAPTER - I

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Observations/Recommendations contained in the Twenty-Fifth Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Power.

2. The Twenty-Fifth Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 22nd March, 2022 and was laid in Rajya Sabha on the same day. The Report contained 14 Observations/Recommendations.

3. Action-taken replies in respect of all the Observations/Recommendations contained in the Twenty-Fifth Report were received on 30th August, 2022. These have been categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13 and14

Total - 14
Chapter-II

(ii) Observation/Recommendation which the Committee do not desire to pursue in view of the Government's reply:

- Nil -

Total - 00
Chapter-III

(iii) Observation/Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration:

- Nil -

Total–00
Chapter-IV

(iv) Observation/Recommendation in respect of which the final reply of the Government is still awaited:

- Nil -

Total - 00
Chapter-V

4. The Committee desire that action taken statement on the Observations/Recommendations contained in Chapter-I of this Report may be furnished to the Committee within three months of its presentation.

5. The Committee will now deal with action taken by the Government on some of their Observations/Recommendations that require reiteration or merit comments.

(Recommendation Sl. No.3)

Deen Dayal Upadhaya Gram JyotiYojana (DDUGJY)

6. The Committee, in their Report, had observed/recommended as under:

> "The Committee are aware that fiscal 2021-22 is the sunset year for DDUGJY scheme thus no funds under the scheme has been allocated for the year 2022-23. The Committee note that against the budgetary allocation of Rs.3,600 crore for the year 2021-22 only Rs 2,321.71 crore have been utilized till 31.01.2022. The Committee also note that under the 'Rural Electrification' component of DDUGJY scheme all the inhabited census villages across the country stand electrified on 28.04.2018. The Committee further note that apart from 'Rural Electrification' there are two other components of DDUGJY i.e. Separation of agriculture and non-agriculture feeders, and Strengthening and Augmentation of Sub Transmission & Distribution infrastructure in rural areas, including metering of Distribution Transformers/feeders/consumers. The Committee find that overall progress under the scheme in the country is 99%. The Committee is appreciative of the massive work undertaken under the DDUGJY scheme and that too in a time-bound manner. They believe that the work done under the scheme will not only provide an impetus for the economic and social up lift men of a large population but also increase the electricity demand and its per capita consumption in the country. Though the States have submitted that all the villages have been electrified and electricity connections to all households have been provided, the Committee desire that the Ministry through the nodal agency of this scheme carry out an audit to ascertain that no willing household of any village/hamlet is left un-electrified. The Committee also recommend that all-out efforts be made to complete the remaining work under the DDUGJY scheme in the current fiscal itself."

7. The Ministry, in their action taken reply, have stated as under:

> "The Government of India is committed to achieve universal household electrification in the country. To this end, the Saubhagya Scheme was implemented to achieve saturation in household electrification. Funds were released to State Governments/DISCOMs/PIAs through the nodal agency, based on proposals submitted by State Governments concerned. Under Saubhagya scheme, all the States had confirmed completion of households electrification by 31.03.2019 after electrifying 2.62 crore households (HHs). Thereafter, based on the request of States, GoI allowed funding for

electrification of another ~19 lakh HHs that were unwilling earlier but expressed willingness to be electrified later. As reported by the States, 2.81 crore households were electrified since the launch of Saubhagya, as on 31.03.2021. Based on requests of States yet again, funding for electrification of another set of 11.84 lakh HHs were sanctioned under DDUGJY during 2021-22 with the condition of completion of these works by 15.3.2022. In total, 2.86 crore households have been electrified under Saubhagya and DDUGJY.

The above clearly indicates that Government of India is committed to electrify all HHs in the country. The State Governments have also submitted reports indicating universal household electrification coverage under the scheme. It is understood that presently no willing household has been left un-electrified under the aforesaid schemes. The Government of India has worked closely with various State Governments to achieve this objective comprehensively in a time bound manner. Arising of new households is a continuous process, and their electrification is the responsibility of the respective States and their Utilities. Therefore, at any point in time, some households or the other would be in the stage of process of obtaining connections, which shall get reflected in any survey. The Ministry of Power has dwelt upon the issue in detail and has in light of closure of DDUGJY and Saubhagya Schemes w.e.f 31.03.2022, informed all the States that the Government stands committed to electrifying all willing households identified before Saubhagya, for which they can pose DPRs to this Ministry for electrification under RDSS. This measure has not only remediated the issue of willing households that were unwilling earlier but now willing to obtain electricity connections, but also ensure that the States and their utilities take up ownership for the continuing connections."

8. The Committee, with a view to ensure that no willing household of any village/hamlet in the country was left un-electrified, had recommended the Ministry to carry out an audit in this regard. The Committee are pleased to note that the Ministry of Power have dwelt upon the issue in detail and stated that they are committed to electrify all willing households identified before Saubhagya Scheme. They have further stated that they have also informed the States to pose Detailed Project Reports (DPRs) to the Ministry for their electrification under the Revamped Reforms-based and Results-linked Distribution Sector Scheme (RDSS). The Committee, therefore, believe that the Ministry of Power will take all proactive measures to ensure that the aforementioned work relating to universal household electrification/ coverage identified before Saubhagya Scheme is completed at the earliest.

Integrated Power Development Scheme (IPDS)

(Recommendation Sl. No. 4)

9. The Committee, in their Report, had observed/recommended as under:

"The Committee note that the Integrated Power Development Scheme (IPDS) was launched in 2014 to extend financial assistance against capital expenditure for addressing the gaps in sub-transmission & distribution networks and metering in urban areas to supplement the resources of DISCOMS/Power Departments. The Committee also observe that one of the main objectives of the scheme is to reduce the AT&C losses in the country to the level of 15%. The Committee are also aware that the Government had initiated Accelerated Power Development and Reforms Programme (APDRP) with a similar objective as early as the year 2000-01. The Scheme was revised in 2008 as Restructure-Accelerated Power Development and Reforms Programme (R-APDRP). The Committee further note that the level of AT&C losses which was 23.7% in the year 2015-16 reduced to 20.93 % in 2019-20. However, it is still way below the target level of 15% considering the low levels of AT&C losses in the developed countries, the committee have been of the view that even the target of 15%, is too moderate. The very fact that the monetary value of the AT&C losses across the country is to the tune of Rs. 1,22,000 Crore which speaks volumes about this problem. The scrutiny of the committee has revealed that the five states of the country, AT&C losses range as high as 40% to 60% though the overall losses have decreased since 2015-16. In regard to the Physical progress of IPDS, the committee note that out of the 547 circle sanctioned, system strengthening works in 544 circles have been completed. The Committees do understand that reducing the level of AT&C losses is a challenging work considering the fact that the power distribution is a State matter. Since 2021-22 is the sunset year for IPDS, the Committee feel that there is a need for a fair and transparent study to assess the overall impact of this scheme on the distribution system and to find out the reasons as to why the efforts of the Central Government have not yielded the desired results in the reduction of AT&C losses for that reinvestigated efforts be made in future, moreover, in most of the circles, the Supervisory Control and Data Acquisition (SCADA) system is now in place, it would now be easier to pinpoint the problematic areas. The Committee, therefore, recommend that the Ministry should do the data/ system analysis and put the report of such exercise in the public domain also."

10. The Ministry, in their action taken reply, have stated as under:

"The sunset year for IPDS was FY 2021-22. Accordingly, the projects under IPDS scheme have been declared completed by the State DISCOMs as on March 2022. As per IPDS Guidelines, Ministry of Power and Power Finance Corporation (PFC) (Nodal Agency) are in the process of appointing Independent Third-party Agencies for studying the impact of IPDS projects implementation from the perspective of Utility, Customer and Society. The evaluation parameters shall broadly cover analysis of system and data related to AT&C loss, quality & reliability of power supply, consumer convenience, socio-economic impact etc. Two Impact Assessment Studies have been conducted in 2016-17 and 2018-19 for R-APDRP component subsumed under IPDS.

Further, keeping in mind the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector, Revamped Distribution Sector Scheme (RDSS) has been launched by Ministry of Power, Government of India in July'2021. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.To avail funding under loss reduction and modernization works under RDSS, an eligible DISCOM is required to prepare an Action plan for strengthening its distribution system and improving its performance by way of various reform measures, which would result in improvement in operational efficiency and financial viability as well as improvement in the quality and reliability of power supply to the consumers. RDSS envisage the unique approach of conditional financial assistance to DISCOMs contingent to undertake reforms as per agreed action plan. The fund flow from the scheme will be subject to their adhering to the loss reduction and other trajectories."

11. In response to the recommendation of the Committee for the need of a fair and transparent study to assess the overall impact of Integrated Power Development Scheme (IPDS) on the distribution system, the Ministry have stated that the Ministry of Power and the Power Finance Corporation (Nodal Agency) are in the process of appointing Independent Third-party Agencies for studying the impact of IPDS projects implementation from the perspective of Utilities, Customers and Society. The Committee desire that the said assessment should critically examine all the aspects of the Scheme to find out the pitfalls that prevent an optimum outcome. It is needless to emphasize that the Committee will be apprised of the outcome of the said exercise.

Revamped Reforms-based and Results-linked Distribution Sector Scheme (RDSS)

(Recommendation Sl. No. 5)

12. The Committee, in their Report, had observed/recommended as under:

"The Committee note that the Ministry have launched a new scheme viz. Revamped Distribution Sector Scheme (RDSS) which aims for improving operational efficiencies and ensuring financial sustainability of the distribution sector. They further noted that the objectives of the scheme are to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector, reduction in AT&C losses at pan-India levels of 12-15% by 2024-25, and reduction in ACS-ARR gap to zero by 2024-25. They also note that these objectives are proposed to be met through financial assistance to DISCOMs for strengthening of supply infrastructure. The Committee further note that the total outlay for the scheme is Rs. 3,03,758 crore including Gross Budgetary Support of Rs. 97,631 crore. The scheme duration is 5 years from 2021-22 to 2025-26. The Smart metering component alone has a share of Rs. 1,50,000 crore. For the year 2022-23, a provision of Rs. 7,565.59 crore has been made for the scheme. The Committee find that the amount allocated for the new scheme is less than the total budgetary allocation of Rs. 8,900 crore for 2021-22 of the two scheme i.e. DDUGJY and IPDS which will be subsumed in it. The Committee also note that the as per the planning of the Expenditure Finance Committee, there had to be a budgetary allocation of Rs. 10,000 crore for this scheme for fiscal 2022-23. The Committee appreciate this much needed initiative and believe that it is a step in the right direction in making the distribution sector financially sustainable. However, they also express their concern over the less allocation of funds for this important scheme and recommend that the Ministry should earnestly pursue for enhancement of the budgetary allocation for this scheme at RE stage and also for the next financial year."

13. The Ministry, in their action taken reply, have stated as under:

"Revamped Distribution Sector Scheme (RDSS) was launched by Ministry of Power, Government of India in July'2021 with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25. The duration of the scheme is 5 years from FY 2021-22 to FY 2025-26. In FY 2021-22, Ministry of Power has released Rs. 277.03 crore to the REC and Rs. 536.975 crore to PFC for onward release to beneficiary Utilities under RDSS. REC and PFC both are the Implementing Agencies of the RDSS scheme.In FY 2022-23, on the basis of discussion held , Ministry of Finance has allocated Rs. 7,565.59 crore for RDSS scheme. In the first Quarter of FY 2022-23, Ministry of Power has released Rs. 948.74 crore under RDSS for onward release to beneficiary Utilities. Ministry of Power is closely monitoring the progress of the scheme and utilization of allocated funds. The additional requirement of funds, if felt necessary on the basis of actual utilization up to 2nd Quarter of current FY 2022-23 will be placed before the Ministry of Finance in the pre-budget meetings/ discussion which is generally held in the month of October/ November every year."

14. Taking into account the significance of the newly launched Revamped Distribution Sector Scheme (RDSS), the Committee had recommended an augmentation of the budgetary provisions for it. The Committee understand that the additional requirement of funds, if felt necessary will be placed, but they are

actually concerned to note that out of Rs. 7,565.59 crore allocated for the fiscal year, only Rs. 948.74 crore could be released in the first quarter. The Committee feel that at the current pace, even full utilization of the allocated funds is doubtful. The Committee, therefore, expect the Ministry to increase the pace of the implementation of the Scheme so that not only the allocated funds are fully utilized but the demand for additional funds can also be posted with proper justification well within time.

State Designated Agencies (SDAs)

(Recommendation Sl. No. 8)

15. The Committee, in their Original Report, had observed/recommended as under:

> "The Committee note that the Energy Conservation Act empowers the state government to facilitate and enforce the efficient use of energy through their respective State Designated Agencies (SDAs) in consultation with the Bureau of Energy Efficiency. The Committee further note that 36 states/UTs have nominated an SDA in their respecting State/UTs. These agencies differ from State to State with Renewable Energy Development Agency comprising 44%, Power Department comprising 22%, Electrical Inspectorate comprising 17%, Distribution Companies comprising 17% and stand-alone SDA comprising 6%. Only two States – Kerala and Andhra Pradesh have established stand-alone SDAs.
>
> The Committee are of the belief that the role of States in implementing energy efficiency measures and hence, meeting the Nationally Determined Contribution (NDC) targets is crucial. The Committee also observe that SDAs with the additional responsibilities are generally deprived of dedicated physical and fiscal resources for the implementation of Energy Conservation activities in the States. This dampens the pace and direction of Energy Conservation initiatives within the States. The Committee find that the States where stand-alone SDAs exist, are working more aggressively for the implementation of Energy Conservation programmes and are in a better position to perform the mandated functions in comparison to States, where such designated agencies are not available. Moreover, the Committee also believe that an effective enforcement mechanism is imperative for the implementation of all regulatory schemes. The creation of stand-alone SDAs will also facilitate in smooth and effective institutionalization of structure/machinery responsible for effective enforcement of provisions of the Energy Conservation Act. The Committee, therefore, recommend the Ministry to persuade the remaining States to have stand-alone SDAs. The Committee also expects the Ministry to provide all possible support/assistance to them in this regard."

16. The Ministry, in their action taken reply, have stated as under:

> "Earlier, BEE has taken up the matter at various platforms including written request to State Governments for establishing standalone SDA. In a review meeting held on 9th February 2022 under chairmanship of Hon'ble Union Minister of Power with Senior Officers of States/ UTs, the matter was again reiterated, and the Hon'ble Minister in his address again urged the senior officers of the State Governments / UT Administrations to establish BEE like organization within their State/UT. Further as per directions, the matter will be taken with all states/UTs (except Andhra Pradesh and Kerala) requesting them to establish Standalone SDA in their State/UTs."

17. From the reply by the Ministry, the Committee infer that they have not taken any fresh initiative to persuade States/UTs to establish stand alone State Designated Agencies (SDAs) in response to the recommendation of the Committee. The Committee while re-emphasizing the importance and benefits of having stand alone SDAs desire that in view of failure of persuasive efforts made by Bureau of Energy Efficiency (BEE) and request made during regular meetings, the Ministry should make reinvigorated efforts to persuade the concerned State Governments in this regard. They also expect the Ministry to provide details of those efforts and outcome thereof at the time of furnishing the Final Action Taken replies within three months.

National Power Training Institute (NPTI)

(Recommendation Sl. No. 10)

18. The Committee, in their Original Report, had observed/recommended as under:

> "The Committee find that NPTI – a National Apex Body for fulfilling the training and Human Resource Development requirements of the Power Sector in the country, has a poor track record of fund utilization. The actual utilization of funds by NPTI for the years 2019-20, 2020-21, 2021-22(up to15.02.2022) have been 41.8%, 22.4% and 12% of the budgetary estimate respectively. Regarding the reasons for the under-utilization of funds, the Ministry have stated that the CAPEX requirements of NPTI are not huge. They have made a number of new centres but their revenue earning has come down partly because of COVID and partly because of the long-term aspect of their dropping the degree-course which they were doing without AICTE recognition. The demand from the CPSEs has come down because they have opened their own training institutions. Similarly, POSOCO will also conduct the training of the Load Dispatch Centres.

The Committee also note that for the year 2022-23, there is an allocation of Rs. 50 crore only which is 29% less than the previous year's BE of Rs. 70 crore for NPTI.

The Committee observe that there is a shortage of trained manpower, especially in the field of Cyber Security and the Smart Distribution Sector. The Committee also note that as per National Electricity Plan (2017-22) – fora capacity addition of 1,76,140 MW in 2017-22, the additional man power requirement would be more than 2,53,760 out of which 1,94,910 would be technical and 58,580 non-technical. The Committee believe that the number would be much larger in the latest assessment made under the upcoming National Electricity Plan (2022-27). The Committee observe that the training institutes in the country have multiplied in recent years. Nevertheless, the Committee are of the view that there is still great scope for the expansion of NPTI as it has vast experience and expertise in its field. The Committee, however, feel that to remain relevant in the present scenario, NPTI needs to reinvent itself and augment their training infrastructure to cater to the training needs of the Power Sector of the country which is dynamically changing with technology integration and energy transition path. The Committee, therefore, recommend that NPTI should get regular feedback from the power industry to know their rapidly changing requirements. Since NPTI is a premier institute of the field, the Committee feel that NPTI should also coordinate with Power Sector Public Undertakings and organizations for formulation of courses and conduct oftraining programmes as per their requirements. The Committee also expect that sincere efforts will be made to fully utilize the funds allocated to NPTI for the year 2022-23 and if needed raise the demand of more funds at RE stage."

19. The Ministry, in their action taken reply, have stated as under:

"NPTI has been mainly involved in catering the training needs of Thermal and Hydro Sector besides distribution and transmission sector. Now the focus of the Power Sector is in the area of New & Renewable Energy/Alternative Sources of Energy. The number of Training Institutes has also multiplied in recent years. NPTI has to compete with a number of Training Institutes in Public and Private sector resulted in tough competition in getting new trainees. Due to outbreak of COVID-19 pandemic in 2020-21, the physical/offline training at the institutes has also become difficult. Consequently, the demand of training in the conventional Sector has decreased.

However, an Advisory Body has been constituted at each Institute of NPTI which comprises of stakeholders from the catchment area and each Institute is preparing their Training calendar in consultation with the Advisory Body.

A lot of skill building of the DISCOMS staff in the area of smart grid and cyber security is needed. NPTI is now focusing on capacity building of the distribution utilities. Ministry of Power is funding the NPTI training courses from Revamped Distribution Sector Scheme. There are two other areas in which Training is provided by NPTI. For Energy Conservation schemes, Bureau of Energy Efficiency (BEE) sponsors candidates for training through NPTI. Similarly, POSOCO sponsor candidates for training in the area of load dispatch centers through NPTI.

NPTI has also been given a mandate for Training & Certification in the area of Cyber Security and Training & Certification of Load Despatch Personnel. It has also been decided that a mandatory induction training programme will be conducted at NPTI for the fresh recruits of all CPSEs under Ministry of Power. NPTI is also planning to start its flagship MBA (Power Management) programme.

The CAPEX requirements of NPTI are not huge. NPTI has made a number of new centres, but their revenue earning has come down. Ministry of Power is considering the proposal of NPTI for grant of additional amount in order to bring the Pension Fund at par within next 2 years, i.e. by FY 2023-24. This would ensure that the future pension liabilities are manageable and Government would not be required to provide significant amounts every year as being done currently. Rationalization of capital expenditure may also be considered for managing the expenditure within the overall budget. NPTI will utilize its Budget allocation of Rs.50 crores in the FY 2022-23 and more funds will also be provided at the RE stage, if required."

20. The Committee are elated to note that a mandatory induction training programme will be conducted at NPTI for the fresh recruits of all Central Public Sector Enterprises (CPSEs) under the Ministry of Power. Also, NPTI is planning to start its flagship MBA (Power Management) programme. The Ministry have also stated that the CAPEX requirements of NPTI are not huge but they have assured that NPTI will utilize its Budget allocation of Rs. 50 crores in FY 2022-23 through rationalization of capital expenditure and more funds will also be provided at the RE stage, if required. Notwithstanding, the Committee desire that paucity or underutilization of funds should not be a reason for the lack of training infrastructure in NPTI and trained manpower required for the Power Sector of the country.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No.1)

Budgetary Allocation

The Committee note that the Ministry of Power sought outlay of Rs. 23,949.99 crore, Budgetary allocation for the Ministry of Power for the Financial Year 2022-23 has been made as Rs. 16,074.74 crore which is 4.9% more than the previous year's allocation. For the year 2021-22, the Ministry had posted a demand of Rs. 30,155.40 crore which they got only Rs. 15,322 crore. Also, for the year 2020-21, against their demand of Rs. 33,366.75 crore, only Rs. 15,874.82 crore has been allocated. Thus during all these years the Ministry of Power have been allocated half or even less of their demand projections. The Committee, however, are happy to note that the performance of the Ministry in regard to utilization of the allocated funds have been exemplary as they could utilize 100.7%, 103.5% and 96.5% of their Budgetary Estimates for the year 2017-18, 2018-19, 2019-20 respectively. In the year 2020-21, the Ministry could utilize only 66.7% of the allocated fund due to COVID-19 pandemic. For fiscal 2021-22, the Ministry have reported that upto 15th February, 2022, they have utilized 72.8% of the Budgetary allocation and are hopeful to exceed the target by the end of this financial year. Considering the performance of the Ministry, the Committee are a bit surprised over the less demand posted by the Ministry themselves for 2022-23 than the previous year's. The Committee was expecting a significant rise in the demand for the year 2022-23 on the basis of a good track record of their financial performance. Apart from that the Ministry have also intiated a major scheme namely Revamped Reforms-based and Results-linked, Distribution Sector Scheme (RDSS) for that a significant budgetary provision is required.

The Committee are aware that a major task of village electrification and electricity connections to households has been accomplished by the Ministry. Nonetheless, there are several challenges for the power sector, particularly in the Distribution Sector that merits the attention of the Government. The Committee are of the view that the Ministry should not become complacent and keep on striving for the betterment of the power sector by accelerating further the pace of implementation of various important programmes. The Committee, therefore, desire that instead of curtailing/ rationalizing the requirement of funds based on their actual financial performance as well as functional requirements. The Committee specifically recommend that the Ministry should try to fully utilize the funds allocated at the BE stage of 2022-23 in a time bound manner so that additional demands can be posted at the time of supplementary Demands for Grants.

Reply of the Government

Ministry of Power express its sincere thanks to the Hon'ble committee for considering the submission regarding utilization of funds against the BE/RE allocation in the last three years i.e FY 2017-18, FY 2018-19 and FY 2019-20. Again, the MOP would like to express its gratitude to the Hon'ble Committee for the recommendation made for enhancement of budget allocation for Power sector . The recommendation made by the Hon'ble Committee will be placed before the Ministry of Finance at the time of Pre-Budget Discussion for finalization of Revised Estimates (2022-23) and Budget Estimates (2023-24).

It is submitted for kind information of the Hon'ble Committee that two schemes namely, Deen Dayal Upadhayay Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme(IPDS) stands closed on 31.03.2022 and a new scheme namely Revamped – Results linked Distribution Sector Scheme (RDSS) has been launched by the Ministry of Power in July'2021 with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector.

For IPDS scheme , budget provision of Rs of Rs.3574.12 was made in RE (2021-22) . However, keeping in view the sunset date of the scheme i.e. 31.03.2022 and actual financial and physical performance, Ministry of Power made a request to the Ministry of Finance for additional funds to the tune of Rs.1267.54 crore in 3rd and final batch of supplementary. The request of the Ministry of Power for additional allocation was agreed by the Ministry of Finance. Against the total budget allocation of Rs. 4899.70 crore for IPDS scheme, expenditure incurred was Rs. 4721.48 crore. Similarly, for Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), funds allocated in Revised Estimate (RE) – 2021-22 was at Rs. 4720 crore, out of which expenditure incurred was Rs. 4655.23 crore.

Ministry of Power monitored/ reviewed the implementation of Schemes on regular basis and has been able to utilize Rs. 17950.95 crore , out of total budget allocation of Rs.18416.26 crore in RE (2021-22), which is 117.16% of BE (Rs. 15322 crore) and 97.47% of RE (18416.26 crore). In FY 2022-23, total budget allocation is Rs. 16074.74 crore and Ministry of Power is taking all efforts to utilize the entire allocation, and if need felt, additional demand will be placed before the Ministry of Finance in RE (2022-23).

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 2)

The Committee note that the expenditure for Qtr.1, Qtr.2, Qtr.3 and Qtr.4 (up to 15.02.2021)for the year 2021-22 have been 11.28%, 18.21%,24.10% and 19.17 %of the budgetary allocation respectively. Thus, the cumulative spending so far stands at 72.8% of the BE. The Ministry have also raised an additional demands of around Rs. 400 crore for this supplementary. The Committee find that to fully utilize the budgetary allocation for the year, the Ministry need to further spend 27.2% of the BE plus Rs. 400 crore during the remaining time period of the current fiscal i.e. one and half month. In that scenario, the total spending in the Qtr.4 would stand at around 50% of the total allocation. Thus, in view of the Committee, such erratic quarterly expenditure performance is undesirable. The Ministry have assigned COVID-19 as the reason for such lopsided spending. The Committee do understand that the pandemic had slowed down the implementation of various schemes of the Ministry. The Committee, nonetheless, would like to recommend that sincere efforts be made by the Ministry to fully utilize the allocated funds during the current fiscal. The Committee also desire that utmost effort be made in future to ensure that the funds are evenly utilized during each quarter as per the norms prescribed by the Ministry of Finance in this regard.

Reply of the Government

Ministry of Power would like to submit that two flagships schemes namely DDUGJY & IPDS which bear a major part of the budget estimates for the FY 2021-22 were around completion and bills were awaited from a number of DISCOMs and Implementing Agencies . This was the reason for low expenditure of 72.8% against BE as the bills were pending which were received in last Quarter of FY 2021-22. The Ministry would further like to inform that after allocation of funds in the third supplementary projected to clear the pending claims under DDUGJY and IPDS, the total budget allocation for the Ministry was Rs. 18416.26 crore and accordingly Ministry of Power was able to utilize Rs. 17950.95 crore which is 97.47% of total allocation in RE 2021-22, ie after third supplementary grant for the FY 2021-22 and 117.16% of BE ie. Rs 15322.00 crore for FY 2021-22.

Lastly, the Ministry takes note of the recommendation that sincere efforts will be made in future to ensure evenly funds utilization in future.
Ministry of Power has been monitoring the utilization of funds on regular basis in the Scheme Monitoring Committee Meeting/Senior Officers Meeting.

It is submitted for kind information of Hon'ble Committee that two major schemes namely, DDUGJY and IPDS had provisions of Rs. 8900 crore which is 58% of total funds allocated (Rs. 15322) in BE (2021-22). These two Schemes were set to close on 31.03.2022. Due to COVID-19 effect and delay in submission of financial closure report by the Distribution Companies (DISCOMS), the expenditure in first two Quarters of FY 2021-22 was not up to level desired as per Quarterly Targets. In the Third Quarter of FY 2021-22, budget utilization was 25% of total BE. Since the closure proposals in respect of DDUGJY and IPDS Schemes were received in last Quarter of FY 2021-22, the Ministry of Power examined all proposals in fast track mode and released funds against all the proposals which were in order. Finally, Ministry of Power was able to utilize Rs.

17950.50 crore against total Budget Allocation of Rs. 18416.16 crore in RE 2021-22, including budget provided in Third and Final Batch of Supplementary, which is 117.16% of BE 2021-22 (Rs.15322 Crore).

Recommendation (Sl. No. 3)

Deen Dayal Upadhaya Gram JyotiYojana (DDUGJY)

The Committee are aware that fiscal 2021-22 is the sunset year for DDUGJY scheme thus no funds under the scheme has been allocated for the year 2022-23. The Committee note that against the budgetary allocation of Rs.3,600 crore for the year 2021-22 only Rs 2,321.71 crore have been utilized till 31.01.2022. The Committee also note that under the 'Rural Electrification' component of DDUGJY scheme all the inhabited census villages across the country stand electrified on 28.04.2018. The Committee further note that apart from 'Rural Electrification' there are two other components of DDUGJY i.e. Separation of agriculture and non-agriculture feeders, and Strengthening and Augmentation of Sub Transmission & Distribution infrastructure in rural areas, including metering of Distribution Transformers/feeders/consumers. The Committee find that overall progress under the scheme in the country is 99%. The Committee is appreciative of the massive work undertaken under the DDUGJY scheme and that too in a time-bound manner. They believe that the work done under the scheme will not only provide an impetus for the economic and social up lift men of a large population but also increase the electricity demand and its per capita consumption in the country. Though the States have submitted that all the villages have been electrified and electricity connections to all households have been provided, the Committee desire that the Ministry through the nodal agency of this scheme carry out an audit to ascertain that no willing household of any village/hamlet is left un-electrified.
The Committee also recommend that all-out efforts be made to complete the remaining work under the DDUGJY scheme in the current fiscal itself.

Reply of the Government

The Government of India is committed to achieve universal household electrification in the country. To this end, the Saubhagya Scheme was implemented to achieve saturation in household electrification. Funds were released to State Governments/DISCOMs/PIAs through the nodal agency, based on proposals submitted by State Governments concerned. Under Saubhagya scheme, all the States had confirmed completion of households electrification by 31.03.2019 after electrifying 2.62 crore households (HHs). Thereafter, based on the request of States, GoI allowed funding for electrification of another ~19 lakh HHs that were unwilling earlier but expressed willingness to be electrified later. As reported by the States, 2.81 crore households were electrified since the launch of Saubhagya, as on 31.03.2021. Based on requests of States yet again, funding for electrification of another set of 11.84 lakh HHs were sanctioned under DDUGJY during 2021-22 with the condition of completion of these works by 15.3.2022. In total, 2.86 crore households have been electrified under Saubhagya and DDUGJY.

The above clearly indicates that Government of India is committed to electrify all HHs in the country. The State Governments have also submitted reports indicating universal household electrification coverage under the scheme. It is understood that presently no willing household has been left un-electrified under the aforesaid schemes. The Government of India has worked closely with various State Governments to achieve this objective comprehensively in a time bound manner. Arising of new households is a continuous process, and their electrification is the responsibility of the respective States and their Utilities. Therefore, at any point in time, some households or the other would be in the stage of process of obtaining connections, which shall get reflected in any survey. The Ministry of Power has dwelt upon the issue in detail and has in light of closure of DDUGJY and Saubhagya Schemes w.e.f 31.03.2022, informed all the States that the Government stands committed to electrifying all willing households identified before Saubhagya, for which they can pose DPRs to this Ministry for electrification under RDSS. This measure has not only remediated the issue of willing households that were unwilling earlier but now willing to obtain electricity connections, but also ensure that the States and their utilities take up ownership for the continuing connections.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Comments of the Committee
(Please see Para No. 8 of Chapter – I of the Report)

Recommendation (Sl. No. 4)

<u>Integrated Power Development Scheme (IPDS)</u>

The Committee note that the Integrated Power Development Scheme (IPDS) was launched in 2014 to extend financial assistance against capital expenditure for addressing the gaps in sub-transmission & distribution networks and metering in urban areas to supplement the resources of DISCOMS/Power Departments. The Committee also observe that one of the main objectives of the scheme is to reduce the AT&C losses in the country to the level of 15%. The Committee are also aware that the Government had initiated Accelerated Power Development and Reforms Programme (APDRP) with a similar objective as early as the year 2000-01. The Scheme was revised in 2008 as Restructure-Accelerated Power Development and Reforms Programme (R-APDRP). The Committee further note that the level of AT&C losses which was 23.7% in the year 2015-16 reduced to 20.93 % in 2019-20. However, it is still way below the target level of 15% considering the low levels of AT&C losses in the developed countries, the committee have been of the view that even the target of 15%, is too moderate. The very fact that the monetary value of the AT&C losses across the country is to the tune of Rs. 1,22,000 Crore which speaks volumes about this problem. The scrutiny of the committee has revealed that the five states of the country, AT&C losses range as high as 40% to 60% though the overall losses have decreased since 2015-16.

In regard to the Physical progress of IPDS, the committee note that out of the 547 circle sanctioned, system strengthening works in 544 circles have been completed. The committee do understand that reducing the level of AT&C losses is a challenging work considering the fact that the power distribution is a State matter. Since 2021-22 is the sunset year for IPDS, the Committee feel that there is a need for a fair and transparent study to assess the overall impact of this scheme on the distribution system and to find out the reasons as to why the efforts of the Central Government have not yielded the desired results in the reduction of AT&C losses for that reinvestigated efforts be made in future, moreover, in most of the circles, the Supervisory Control and Data Acquisition (SCADA) system is now in place, it would now be easier to pinpoint the problematic areas. The Committee, therefore, recommend that the Ministry should do the data/ system analysis and put the report of such exercise in the public domain also.

Reply of the Government

The sunset year for IPDS was FY 2021-22. Accordingly, the projects under IPDS scheme have been declared completed by the State DISCOMs as on March 2022. As per IPDS Guidelines, Ministry of Power and Power Finance Corporation(PFC) (Nodal Agency) are in the process of appointing Independent Third-party Agencies for studying the impact of IPDS projects implementation from the perspective of Utility, Customer and Society. The evaluation parameters shall broadly cover analysis of system and data related to AT&C loss, quality & reliability of power supply, consumer convenience, socio-economic impact etc. Two Impact Assessment Studies have been conducted in 2016-17 and 2018-19 for R-APDRP component subsumed under IPDS.

Further, keeping in mind the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector, Revamped Distribution Sector Scheme (RDSS) has been launched by Ministry of Power, Government of India in July'2021. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.To avail funding under loss reduction and modernization works under RDSS, an eligible DISCOM is required to prepare an Action plan for strengthening its distribution system and improving its performance by way of various reform measures, which would result in improvement in operational efficiency and financial viability as well as improvement in the quality and reliability of power supply to the consumers. RDSS envisage the unique approach of conditional financial assistance to DISCOMs contingent to undertake reforms as per agreed action plan. The fund flow from the scheme will be subject to their adhering to the loss reduction and other trajectories.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Comments of the Committee
(Please see Para No. 11 of Chapter – I of the Report)

Recommendation (Sl. No.5)

Revamped Reforms-based and Results-linked Distribution Sector Scheme (RDSS)

The Committee note that the Ministry have launched a new scheme viz. Revamped Distribution Sector Scheme (RDSS) which aims for improving operational efficiencies and ensuring financial sustainability of the distribution sector. They further noted that the objectives of the scheme are to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector, reduction in AT&C losses at pan-India levels of 12-15% by 2024-25, and reduction in ACS-ARR gap to zero by 2024-25. They also note that these objectives are proposed to be met through financial assistance to DISCOMs for strengthening of supply infrastructure.

The Committee further note that the total outlay for the scheme is Rs. 3,03,758 crore including Gross Budgetary Support of Rs. 97,631 crore. The scheme duration is 5 years from 2021-22 to 2025-26. The Smart metering component alone has a share of Rs. 1,50,000 crore. For the year 2022-23, a provision of Rs. 7,565.59 crore has been made for the scheme. The Committee find that the amount allocated for the new scheme is less than the total budgetary allocation of Rs. 8,900 crore for 2021-22 of the two scheme i.e. DDUGJY and IPDS which will be subsumed in it. The Committee also note that the as per the planning of the Expenditure Finance Committee, there had to be a budgetary allocation of Rs. 10,000 crore for this scheme for fiscal 2022-23. The Committee appreciate this much needed initiative and believe that it is a step in the right direction in making the distribution sector financially sustainable. However, they also express their concern over the less allocation of funds for this important scheme and recommend that the Ministry should earnestly pursue for enhancement of the budgetary allocation for this scheme at RE stage and also for the next financial year.

Reply of the Government

Revamped Distribution Sector Scheme (RDSS) was launched by Ministry of Power, Government of India in July'2021 with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25. The duration of the scheme is 5 years from FY 2021-22 to FY 2025-26.

In FY 2021-22, Ministry of Power has released Rs. 277.03 crore to the REC and Rs. 536.975 crore to PFC for onward release to beneficiary Utilities under RDSS. REC and PFC both are the Implementing Agencies of the RDSS scheme.

In FY 2022-23, on the basis of discussion held , Ministry of Finance has allocated Rs. 7,565.59 crore for RDSS scheme. In the first Quarter of FY 2022-23, Ministry of Power has released Rs. 948.74 crore under RDSS for onward release to beneficiary Utilities. Ministry of Power is closely monitoring the progress of the scheme and utilization of allocated funds. The additional requirement of funds, if felt necessary on the basis of actual utilization up to 2nd Quarter of current FY 2022-23 will be placed before the Ministry of Finance in the pre-budget meetings/ discussion which is generally held in the month of October/ November every year.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Comments of the Committee
(Please see Para No. 14 of Chapter – I of the Report)

Recommendation (No. 6 Para)

Bureau of Energy Efficiency (BEE)

The Committee note that the Bureau of Energy Efficiency (BEE) is the nodal central statutory body to assist the Government in implementing the provisions all the Electricity Conservation Act. The Committee also note that the past performance of BEE in terms of fund utilization has been extremely poor. In 2020-21, BEE could utilise only Rs. 61 crores against the budgetary estimate of Rs. 213 crores. In 2021-22, they have utilized only rupees 61 crores which is a meagre 31% of the budgetary estimate of Rs. 197 crores. The Committee further note that due to energy efficiency scheme/programmes there have been electrical energy saving of 159.24 Billion Units, worth Rs. 95,554 crore and resulted in reduction of 130 Million Tonne of CO2 emissions. Also, therewere thermal energy savings 15.59 Million Tonnes of oil Equivalent, worth Rs. 28,683 crore and resulted in the reduction of 58.675 Million tonne of CO2 emission. There was a total energy savings of 29.28 Million Tonnes of oil Equivalent i.e. 3.15% of the total primary energy supply of the country. Considering the quantum of benefits derived from the energy efficiency scheme, the Committee may not accept the under-utilization of funds by BEE. The Committee, therefore, recommend that sincere efforts be made to ensure that the funds allocated to BEE are fully utilized to achieve the targets of energy efficiency scheme/programmes.

Reply of the Government

Projects pertaining to Energy conservation / Energy efficiency activities are being monitored by the Ministry of Power on regular basis. All efforts are being made by BEE to utilize full budget allocation. Against the revised allocation of Rs. 157.82 crore for the financial year 2021-22, BEE has utilized Rs. 155.82 crore. Additionally, BEE also undertake activities which are not dependent on funds but are contributing for energy conservation in the country.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 7)

Road Map of sustainable and Holistic Approach to National Energy Efficiency (ROSHANEE)

The Committee note that then National Mission on Enhanced Energy Efficiency (NMEEE) has been revised to the Road Map of Sustainable and Holistic Approach to National Energy Efficiency (ROSHANEE). ROSHANEE has a broader vision and takes into account all the potential areas of energy efficiency in each sector, covering the macro level in policy and further delineating the respective schemes. The committee have been apprised that ROSHANEE will help in the consolidation of all activities and their consequent contribution towards meeting the Nationally Determined Contribution (NDC) goals. The activities proposed to be undertaken under ROSHANEE are estimated to lead to a savings of 887 million tonnes of CO2 by 2030. The estimated expenditure for the implementation of activities under ROSHANEE is Rs. 10,370.37 Crores. Considering the compelling need for reduction of greenhouse gases and the mammoth potentials of monetary savings from energy efficiency, the Committee recommended that the scheme shall be expeditiously implemented on priority basis so as to achieve Nationally Determined Contribution goals in time bound manner.

Reply of the Government

The mission forwarded to MoEFCC and has been approved in principle by Prime Minister's executive committee on climate change in its 8th meeting held on 1st September 2021.

The objective of Mission ROSHANEE (Roadmap of Sustainable and Holistic Approach to National Energy Efficiency) is to include all the current and potential areas of energy efficiency in each sector thereby contributing towards India's climate actions under the Paris agreement. The new mission includes all the existing activities of BEE as well as new activities which have been identified and some yet to be explored in a much more focussed way. For instance, expanding the scope of demand side management programs to cover the entire range of industry i.e. from large to small, agriculture to municipalities, commercial buildings to households towards a nationally aspired goal of energy efficiency support by dedicated eco-system such as technology and finance.

The activities under the ROSHANEE mission are linked to various Ministries / Departments for implementation. Thus, in order to ensure timely implementation of various initiatives on energy efficiency with due focus on sectors with high emissions intensity, an Inter-Ministerial Committee (IMC) has been constituted. The first meeting of the Inter Ministerial Committee for Implementation of roadmap on energy efficiency with due focus on sectors with high emissions intensity was held on 14th September 2021 and second meeting held on 31st January 2022.

Furthermore, in order to achieve the ambitious targets of India's NDCs, implementation of activities under ROSHANEE is critical. In order to implement activities for reduction in emission intensity, identification of sectors and their respective targets to be achieved by 2030 has been done by BEE. The main sectors which will contribute in this regard are Industry, Transport and Buildings. Of the estimated emission reduction of 890 MtCo2 to achieve 45% from 2005 level, these three sectors share over 90%.

The various initiatives on energy efficiency with due focus in sectors with high emission intensity are to be implemented by various Ministries/Departments. Therefore, there is need for coordination among the various actors so that the stated objective under the climate commitments are realized.

To initiate the various sectoral activities under the ROSHANEE, continuation of NMEEE upto the year 2025-26 at an outlay of Rs. 167.00 Crore has been approved by the competent authority. Further, EFC has recommended the proposal for Rs. 600.00 Crore to continue scheme of "Promoting Energy Efficiency Activities in Different Sectors of Indian Economy", the approval of the competent authority on this proposal based on EFC recommendations is being obtained.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 8)

State Designated Agencies (SDAs)

The Committee note that the Energy Conservation Act empowers the state government to facilitate and enforce the efficient use of energy through their respective State Designated Agencies (SDAs) in consultation with the Bureau of Energy Efficiency. The Committee further note that 36 states/UTs have nominated an SDA in their respecting State/UTs. These agencies differ from State to State with Renewable Energy Development Agency comprising 44%, Power Department comprising 22%, Electrical Inspectorate comprising 17%, Distribution Companies comprising 17% and stand-alone SDA comprising 6%. Only two States – Kerala and Andhra Pradesh have established stand-alone SDAs.

The Committee are of the belief that the role of States in implementing energy efficiency measures and hence, meeting the Nationally Determined Contribution (NDC) targets is crucial. The Committee also observe that SDAs with the additional responsibilities are generally deprived of dedicated physical and fiscal resources for the implementation of Energy Conservation activities in the States. This dampens the pace and direction of Energy Conservation initiatives within the States. The Committee find that the States where stand-alone SDAs exist, are working more aggressively for the implementation of Energy Conservation programmes and are in a better position to perform the mandated functions in comparison to States, where such designated agencies are not available. Moreover, the Committee also believe that an effective enforcement mechanism is imperative for the implementation of all regulatory schemes. The creation of stand-alone SDAs will also facilitate in smooth and effective institutionalization of structure/machinery responsible for effective enforcement of provisions of the Energy Conservation Act. The Committee, therefore, recommend the Ministry to persuade the remaining States to have stand-alone SDAs. The Committee also expects the Ministry to provide all possible support/assistance to them in this regard.

Reply of the Government

Earlier, BEE has taken up the matter at various platforms including written request to State Governments for establishing standalone SDA. In a review meeting held on 9th February 2022 under chairmanship of Hon'ble Union Minister of Power with Senior Officers of States/ UTs, the matter was again reiterated, and the Hon'ble Minister in his address again urged the senior officers of the State Governments / UT Administrations to establish BEE like organization within their State/UT.

Further as per directions, the matter will be taken with all states/UTs (except Andhra Pradesh and Kerala) requesting them to establish Standalone SDA in their State/UTs.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Comments of the Committee
(Please see Para No. 17 of Chapter – I of the Report)

Recommendation (Sl.No. 9)

Central Power Research Institute (CPRI)

The Committee observe that the past performance of the Central Power Research Institute (CPRI) in regard to utilization of the allocated fund has not been satisfactory. In 2020-21, CPRI could utilize only 40% of the BE of Rs. 2000.00 Crore. In 2021-22, CPRI have utilized only Rs.110 crore against the BE of Rs.180.00 crore. The Committee in their previous reports have been emphasizing the need and importance to augment the base of Research and Development in the country by enhancing the budgetary provisions for this purpose and the Ministry have increased the budgetary estimation for CPRI by 68% for 2022-23 from their previous year's BE making it Rs. 302.70 crore. The Committee are of the opinion that R&D is of prime importance for a sector to thrive. As innovations are coming up across the globe at a faster pace, research activities especially in the Power Sector is required not only to ensure that the nation is not lagging in the know-how but also to provide an opportunity for our Nation to take a lead role in Technology Innovations across the world. However, the Committee find it astonishing that despite the compelling need for technological innovation and up-gradation, the premier research institute of the Power Sector is not able to fully utilize the allocated funds. In view of this, the Committee strongly recommend that the Ministry of Power in consultation with CPRI and other agencies concerned should prepare a Road-Map to augment the R&D activities at a large scale so that we can develop indigenous solutions for our peculiar problems and fulfill our changing needs. The Committee also desire that the development of the latest technologies such as Advanced Battery Storage System, Green Hydrogen, Efficient Solar Panel, Internet of Things (Ion Smart Meter, Data Analytics, Cyber Security, Nano-Materials etc. should be on the top priority list. If needed, there should also be collaborations with advanced countries in these fields. The committee expect that with the augmentation of their base and activities, CPRI would be able to fully utilize the allocated funds.

Reply of the Government

The budge requirement for a financial year is calculated by taking into consideration the annual action plan including procurement that can be completed during the year like tenders floated, tenders to be floated, L C to be established, balance payment for equipment which are successfully installed & commissioned and delivery of equipment. Sincere efforts are made to utilize the funds in the respective financial year. However, due to reasons stated below the allocated funds for the FY 2020-21, could not be utilized in full.

a. The equipment identified for the projects had been Scientific in nature. These equipment are custom built and specialized in nature and hence only few manufacturers are available across the globe. The Global Tender can be floated only after completing the domestic tendering process and after taking necessary approvals from Ministry of Power in accordance with the Guidelines of Dept of Expenditure.

b. The quantity of work involved in post tendering activities are huge as there are many critical technical parameters, which are to be evaluated for compliance.

c. The Civil work for this project requires specialized foundation and structures to house the equipment identified. Tendering process of the equipment has to be planned to synchronize with the completion of civil work for supply, Installation & Commissioning of equipment.

However, taking all the above in consideration, corrective measures have been taken and during the FY 2021-22 the entire allocated amount of Rs.120.00 Cr spent.
For the current FY 2022-23, the BE is Rs.302.77 crore to meet the expenditure on the newly project titled “Augmentation of existing test facilities and Establishment of new test facilities at various centers of CPRI”, with an outlay of Rs.213.40 crore and other ongoing Capital Projects and activities under R&D Scheme.
Milestones have been prepared to closely monitor and to ensure timely completion of project activities, enabling CPRI to utilize 100% of the funds allotted.
The Road Map was prepared covering the Augmentation of existing test facilities, Establishment of new test facilities, R&D projects covering latest technologies like Cyber Security and IoT (Internet of Things) etc.
Under “Research and development (R&D) scheme of MoP being implemented through CPRI”, research projects in the areas of Cyber Security, energy storage, efficient solar panel, data analytics, green hydrogen, nano-materials have been supported to come up with proof-of-concepts for various applications in Power Sector such as:

- Real time detection and mitigation of cyber attacks
- Use of Artificial intelligence for detection of cyber threats
- Super-capacitor based energy storage for micro-grids
- High Energy Density Composite Materials for Fast Charging Lithium Ion Battery
- New generation Ethylene Vinyl Acetate (EVA) nano-composites with high UV shielding properties for Photovoltaic Modules
- Nano-composites for the Enhancement of efficiency of Solar Cells, development of flame retardant cable, capacitor
- Detection of Power System Ambient, Transient and Forced Oscillations Based on Synchrophasor Data Analytics in Indian Context
- Development of novel electro catalysts for hydrogen production through electrolysis

CPRI has also instituted chair at IISc, Bangalore to communicate and network with the eminent researchers across the globe in the area of Power Systems and draw research synergies on new technologies.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 10)

National Power Training Institute (NPTI)

The Committee find that NPTI – a National Apex Body for fulfilling the training and Human Resource Development requirements of the Power Sector in the country, has a poor track record of fund utilization. The actual utilization of funds by NPTI for the years 2019-20, 2020-21, 2021-22(up to15.02.2022) have been 41.8%, 22.4% and 12%

of the budgetary estimate respectively. Regarding the reasons for the under-utilization of funds, the Ministry have stated that the CAPEX requirements of NPTI are not huge. They have made a number of new centres but their revenue earning has come down partly because of COVID and partly because of the long-term aspect of their dropping the degree-course which they were doing without AICTE recognition. The demand from the CPSEs has come down because they have opened their own training institutions. Similarly, POSOCO will also conduct the training of the Load Dispatch Centres. The Committee also note that for the year 2022-23, there is an allocation of Rs. 50 crore only which is 29% less than the previous year's BE of Rs. 70 crore for NPTI.

The Committee observe that there is a shortage of trained manpower, especially in the field of Cyber Security and the Smart Distribution Sector. The Committee also note that as per National Electricity Plan (2017-22) – fora capacity addition of 1,76,140 MW in 2017-22, the additional man power requirement would be more than 2,53,760 out of which 1,94,910 would be technical and 58,580 non-technical. The Committee believe that the number would be much larger in the latest assessment made under the upcoming National Electricity Plan (2022-27). The Committee observe that the training institutes in the country have multiplied in recent years. Nevertheless, the Committee are of the view that there is still great scope for the expansion of NPTI as it has vast experience and expertise in its field. The Committee, however, feel that to remain relevant in the present scenario, NPTI needs to reinvent itself and augment their training infrastructure to cater to the training needs of the Power Sector of the country which is dynamically changing with technology integration and energy transition path. The Committee, therefore, recommend that NPTI should get regular feedback from the power industry to know their rapidly changing requirements. Since NPTI is a premier institute of the field, the Committee feel that NPTI should also coordinate with Power Sector Public Undertakings and organizations for formulation of courses and conduct oftraining programmes as per their requirements. The Committee also expect that sincere efforts will be made to fully utilize the funds allocated to NPTI for the year 2022-23 and if needed raise the demand of more funds at RE stage.

Reply of the Government

NPTI has been mainly involved in catering the training needs of Thermal and Hydro Sector besides distribution and transmission sector. Now the focus of the Power Sector is in the area of New & Renewable Energy/Alternative Sources of Energy. The number of Training Institutes has also multiplied in recent years. NPTI has to compete with a number of Training Institutes in Public and Private sector resulted in tough competition in getting new trainees. Due to outbreak of COVID-19 pandemic in 2020-21, the physical/offline training at the institutes has also become difficult. Consequently, the demand of training in the conventional Sector has decreased.

However, an Advisory Body has been constituted at each Institute of NPTI which comprises of stakeholders from the catchment area and each Institute is preparing their Training calendar in consultation with the Advisory Body.

A lot of skill building of the DISCOMS staff in the area of smart grid and cyber security is needed. NPTI is now focusing on capacity building of the distribution utilities. Ministry of Power is funding the NPTI training courses from Revamped Distribution Sector Scheme. There are two other areas in which Training is provided by NPTI. For Energy Conservation schemes, Bureau of Energy Efficiency (BEE) sponsors candidates for training through NPTI. Similarly, POSOCO sponsor candidates for training in the area of load dispatch centers through NPTI.

NPTI has also been given a mandate for Training & Certification in the area of Cyber Security and Training & Certification of Load Despatch Personnel. It has also been decided that a mandatory induction training programme will be conducted at NPTI for the fresh recruits of all CPSEs under Ministry of Power. NPTI is also planning to start its flagship MBA (Power Management) programme.

The CAPEX requirements of NPTI are not huge. NPTI has made a number of new centres, but their revenue earning has come down. Ministry of Power is considering the proposal of NPTI for grant of additional amount in order to bring the Pension Fund at par within next 2 years, i.e. by FY 2023-24. This would ensure that the future pension liabilities are manageable and Government would not be required to provide significant amounts every year as being done currently. Rationalization of capital expenditure may also be considered for managing the expenditure within the overall budget. NPTI will utilize its Budget allocation of Rs.50 crores in the FY 2022-23 and more funds will also be provided at the RE stage, if required.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Comments of the Committee
(Please see Para No. 20 of Chapter – I of the Report)

Recommendation (Sl. No. 11)

Strengthening of Power Systems

The Committee are happy to note that for the 'Comprehensive Scheme for Stregthening of Transmission and Distribution System in Arunachal Pradesh and Sikkim' a budgetary estimation of Rs. 1,700 crore has been made which is 2873% more than the previous year's estimation. The Committee also note that the fund of Rs. 600 crore estimated for the scheme for fiscal 2021-22 has been fully utilized. The Committee observe that the scheme aims at Strengthening the Intra-state Transmission & Distribution Infrastructure in Arunachal and Sikkim and creating reliable State Power grids to improve North-Eastern States' connectivity to the upcoming load centres and extend the benefitys of the grid-connected power to all categories of consumers. The Committee, therefore, appreciate the Government for the significant increase in fund allocation to expedite such an important project. They also desire that every effort should be made to fully utilize the enhanced budgetary provision during the current Financial Year.

Reply of the Government

Ministry of Power is closely monitoring the implementation of both the schemes namely Comprehensive Scheme for Stregthening of Transmission and Distribution

System in Arunachal Pradesh and Sikkim and the North Eastern Region Power System Improvement Programme (NERPSIP) (excluding Arunachal Pradesh and Sikkim). In the first Quarter of FY 2022-23, funds of Rs. 300 crore has been released . All out efforts shall be made to fully utilize the funds of Rs. 2344 crore allocated for the strengthening of Power distribution system in the North Eastern States in these two schemes (Rs. 644 crore for NERPSIP and Rs. 1700 crore for Comprehensive Scheme)

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 12)

National Smart Grid Mission

The Committee note that the Government had established the National Smart Grid Mission (NSGM) in 2015 to plan and monitor the implementation of policies and programs related toto Smart Grid activities in India. As per NSGM guidelines, deployment of Smart Meters and Advanced Metering Infrastructure (AMI), Development of medium-sized micro grids upto 1MW, Real-time monitoring and control of Distribution transformers, etc. are the scope of works pertaining to Smart grid deployments, the committee believe that introduction of Smart Meters marks a paradigm shift in the distribution sector that has the potential not only to ensure financial sustainability of the DISCOMS but also to empower the end consumers to control their electricity consumption in a hassle-free manner. The committee, however, note with concern that there was an allocation of Rs. 40 crore for Smart Grid for the year 2020-21, however, the actual utilization was Rs. 16.1 crore only and the poor utilization continues in last year 2021-22, as only Rs. 2.2 crore could be spent (up to 15.02.2022) against the budgetary estimation of Rs. 40 crore. There is a provision of Rs.35.73 crore under this head for fiscal 2022-23. The committee, therefore, do not approve such poor utilization of budget allocation and desire that funds are fully utilized under this important head for expeditious augmentation of the manufacturing capacity of Smart Meters in the country to match their increasing demand, installation of Smart Meters in the country at a large scale. Moreover, the quality and reliability of the Smart Meters should be ensured through their mandatory quality check by independent institutions like CPRI and the Government should consider running awareness programmes so that any doubt relating to the working of Smart Meters in the minds of end consumers can be dispelled.

Reply of the Government

The Revised Estimate (RE) for Smart Grid for the FY 2020-21 was Rs.20 crore, out of which Rs. 16.1 crore (80.4%) was utilized. Budget allocated at Revised Estimate for the year 2021-22 was Rs.28.4 crore, out of which Rs.2.24 crore was released. Funds could not be utilized fully due to non receipt of eligible claims from the Implementing Agencies and COVID 19 restrictions. The Proposal for continuation of NSGM beyond March,2021 has been considered by the Expenditure Finance Committee (EFC) and recommended for continuation of NSGM up to up to March, 2024 at an estimated cost of Rs. 136.95 crore including GBS of Rs. 45.42 crore. In FY 2022-23, Budget provision of Rs.35.73 crore has been made in view of the committed liabilities for ongoing sanctioned Smart Grid projects as well as establishment and training & capacity building activities. Fund utilization under NSGM is linked with the milestones achievement by the project implementing utilities.

It is submitted that NSGM was established to plan and monitor the policies and programmes related to Smart Grids in India and is not involved in manufacturing of smart meters. However, NSGM has greatly contributed to the development of Smart Meter standard viz. IS 16444 and its companion standards through BIS. Currently, the testing of Smart Meters are being done at BIS certified labs viz.CPRI, Bengaluru, CPRI, Bhopal, ERDA, Vadodara, YMPL, Udaipur. Further, NPMU has taken up discussions with BIS and testing laboratories to reduce the overall time for testing and certification by adoption of standard testing protocols and interpretation of testing results.

Further, NPMU has developed requirements for common pluggable communication module to bring in the interoperability between smart meters w.r.t. communication. The same has been submitted to BIS LITD 10 for further deliberation amongst the experts for necessary inclusion. NSGM has been actively monitoring the deployment of smart meters across various schemes and states and as on March 2022, more than 41 lakh smart meters have been deployed and about 70 lakh smart meters are under deployment. Utilities have been progressing towards deployment of smart meters along with consumer education and engagement.

NSGM has also developed standard bidding documents for appointment of AMI Service Provider which shall harmonize the tendering processes for Smart Metering projects. The SBD has integrated views of relevant stakeholders and now has been available for use in Revamped Distribution Sector Scheme (RDSS). NSGM has also worked with relevant stakeholders and created documents on consumer engagement (factsheets, procedures, outreach plan, brochures, FAQs etc.) which has been shared with REC.

As part of training and capacity building activities, NSGM had trained about 300 utility professionals through dedicated training programs. Further, NSGM has nominated an expert member to the committee constituted for RDSS training and capacity building programs.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 13)

Support for flood moderation storage hydroelectric projects

The Committee note that the Ministry of Power had submitted a requirement of Rs. 80 Crore under under the head of 'Support for flood moderation storage hydroelectric projects'. The committee, however, are disappointed with the 'Nil' allocation as per ceiling at Final BE 2022-23 for such a vital tool for the promotion of hydroelectric power. The Committee have long been advocating for such financial incentives and support for the Committee, therefore, strongly recommend the Ministry of Power to take up this matte at the appropriate level and make efforts to get the allocation for this vital programme at the time of Supplementary Demands.

Reply of the Government

Government of India circulated the measures for promoting hydropower in the country, including 'Budgetary Support for Flood Moderation/ Storage Hydro Electric Projects' vide O.M. dated 08.03.2019.

Further, guidelines for operationalization of Budgetary Support for Flood Moderation/ Storage Hydro Electric Projects have also been issued by Ministry of Power on 28.09.2021.

As per the guidelines, all Central, State and Private Sector storage hydro project (above 25 MW capacity) having explicit Flood Moderation component which have been concurred either by CEA or the State Government and wherein Letter of Award (LoA) for any major works has been issued or is being issued on competitive bidding basis after the date of notification of the measure (i.e. 08.03.2019) are eligible for financial support . This Budgetary Support is applicable to all eligible projects which shall be taken up for construction by 31st March, 2030.

However, MoP has not received any eligible proposal proposal for Budgetary Support for Flood Moderation/ Storage Hydro Electric projects, till date.

Accordingly, Token provision of Rs. 0.01 crore in BE (2022-23) for Budgetary Support under this scheme made. In case, Ministry of Power received any eligible proposal, request will be made to Ministry of Finance to provide sufficient funds at RE stage.

Further, Hydro projects are of long gestation period and only those with flood moderation component like Dibang Multi Purpose Hydro Electric Project would qualify for the grant in a graded manner.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

Recommendation (Sl. No. 14)

Manufacturing Zones under Atmanirbhar Bharat Package

The Committee are happy to note that there is an allocation of Rs. 100 crore for the year 2022-23 for setting up Manufacturing Zones under Atmanirbhar Bharat Package. This is a scheme that is being implemented jointly with the Ministry of New and Renewable Energy (MNRE) with budgetary provision in the Ministry of Power's budget. The committee further note that the Government intend to use this zone for the manufacturing of renewable energy and transmission & distribution related equipment. The committee laud this initiative by the Government and believe that it would immensely help in decreasing dependency of the Power Sector on import for critical equipment. The committee recommend the Ministry to make utmost efforts to fully utilize the allocated funds so that timely completion of the proposed Manufacturing Zones can be ensured.

Reply of the Government

Ministry of Power has started action to implement the scheme. Expression of Interest (EOI) for setting up a manufacturing zone for Power & Renewable Energy Sector has been issued on 13th April 2022 which has been made available on the websites of Ministry of Power and MNRE. The pre-bid conference has also been held on 27.04.2022. Timelines are as under:-

Sl.	Event	Date and Time
1.	Notification to Proposers	Wednesday, April 13, 2022
2.	Pre-EOI Meeting	Wednesday, April 27, 2022 at 11:00 AM
3.	Last date of submission of queries or information required by Proposers	Wednesday, May 4, 2022 at 04:00 PM
4.	Issue of clarifications, addendum or revised EOI	Monday, May 30, 2022 at 04:00 PM
5.	Proposal Due Date	Monday, July 11, 2022 at 04:00 PM

- Proposals from 8 States (Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu and Telangana) were received by 11.7.2022 i.e. the Proposal due date.

- The evaluation of the received responses is being done by PMA. Meetings of PMA have been convened on 04.08.2022 and 10.08.2022.

2. As per the recommendation given by the Standing Finance Committee (SFC) and approval of the competent authority, the year wise bifurcation of budgetary outlay of Rs.400 crore, for the scheme over a period of five years is as under:

Components	**1st Year**	**2nd Year**	**3rd Year**	**4th Year**	**5th Year**
CIF +CTF (in Rs. Crore)	40	100	100	100	60

CIF- Common Infrastructure Facilities
CTF- Common Testing Facilities.

3. In BE (2022-23), total budget allocation is Rs 100 crore. All out efforts are being taken by Ministry of Power to implement the scheme as per schedule and MoP will be able to utilize total allocation of Rs 100 crore in FY 2022-23.

[Ministry of Power, O.M. No. F.No. 10/1/2022-Budget dated 30.08.2022]

CHAPTER III

OBSERVATION/RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY:

-NIL-

CHAPTER IV

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH THE REPLY OF THE GOVERNMENT HAS NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION:

-NIL-

CHAPTER V

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH THE FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED:

-NIL-

New Delhi **Jagdambika Pal,** **Chairperson,**
December, 2022 **Standing Committee on Energy**
Agrahayana, 1944 (Saka)

APPENDIX-II

(*Vide* Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE TWENTY-FIFTH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	14
(ii)	Observations/Recommendations which have been accepted by the Government:	
	Sl. Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13 and14	
	Total:	14
	Percentage	100%
(iii)	Observation/ Recommendation which the Committee do not desire to pursue in view of the Government's reply:	
	- Nil -	
	Total:	00
	Percentage	00%
(iv)	Observation/ Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration:	
	- Nil -	
	Total:	00
	Percentage	00%
(v)	Observation/Recommendation in respect of which final reply of the Government is still awaited:	
	- Nil -	
	Total:	00
	Percentage	00%