

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:285
ANSWERED ON:21.12.2004
REFORMS IN POWER SECTOR
Jagannath Dr. M.,Singh Shri Uday

Will the Minister of POWER be pleased to state:

- (a) whether the Government proposes to implement a number of new policy initiatives to carry forward power sector reforms to make the sector competitive and viable;
- (b) if so, the details in this regard;
- (c) whether the Government proposes to replace the previous three Electricity Acts; and
- (d) if so, the details thereof and the salient features of the new Act?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 285 TO BE ANSWERED IN THE LOK SABHA ON 21.12.2004 REGARDING REFORMS IN POWER SECTOR.

(a) & (b): The Government has launched several major initiatives to carry forward reforms for making the power sector competitive and viable, which, inter alia, include the following:

- i) Memorandum of Agreement (MOA) with State Government envisaging support of Central Government subject to States progressing satisfactorily on agreed reform agenda and achievement of activities as per pre-determined milestones.
- ii) Tariff determination by Regulatory Commissions.
- iii) Accelerated Power Development and Reform Programme (APDRP) for assisting States in investment in distribution network for reducing technical losses and improving the quality of supply and also for incentivising reduction of cash losses through cash grants.
- iv) Periodical ratings of State power utilities for assessing the progress of reforms.
- v) Accelerated Rural Electrification of villages and rural households and introduction of High Voltage Distribution System (HVDS) for reducing power pilferage for reduction of losses.
- vi) Generation has been delicensed under the Electricity Act, 2003 and there is no requirement of techno-economic clearance for thermal power plants.
- vii) Non-discriminatory open access has been provided in transmission.
- viii) In addition to existing system, stand alone systems of generation and distribution in rural areas fully delicensed.
- ix) Open access in distribution in phases as per regulations framed by State Electricity

Regulatory Commissions.

- x) Transparent policies regarding subsidies.

- xi) Development of national grid.

- xii) Promoting trading of electricity for better utilization of generation assets.

- xiii) Stringent legal provisions relating to theft of electricity.

- xiv) Emphasis on metering of feeders and supply to consumers for energy accounting and auditing for identifying location of high losses.

- xv) Application of information technology for improving distribution system and billing.

- xvi) Setting up of forums for redressal of consumer grievances and appointing Ombudsman for looking into non-redressal of grievances by the forums.

- xvii) Monitoring the Reliable Index (RI) of power availability in distribution.

- xviii) Implementation of energy conservation measures. Bureau of Energy Efficiency has been set up under the Energy Conservation Act.

- xix) 50,000 MW hydropower initiative for exploitation of hydroelectric potential.

- xx) 100,000 MW thermal power initiative.

- xxi) Mega Power Policy for encouraging quick capacity addition of bigger generation plants aimed at less expensive power.

- xxii) Accelerated Generation and Supply Programme (AG&SP) to support capacity augmentation through renovation and modernization and new generation schemes.

(c) & (d) : The Electricity Act, 2003 has been enacted and has come into force. It has repealed the earlier three Acts namely, the Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and Electricity Regulatory Commissions Act, 1998.

The new Act creates a liberal framework for development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal. The Act reduces entry barriers in different segments of power supply industry and promotes competition and in turn efficiency improvements. It also provides for stringent measures for dealing with theft of electricity and for rationalisation of tariffs. It has several provisions for protection consumer's interests like standards of performance for licensees, forum for redressal of grievances of the consumers and institution of Ombudsman for looking into cases of non-redressal of grievances and expeditious settlement of the grievances.