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**STANDING COMMITTEE ON ENERGY
(2005-06)**

FOURTEENTH LOK SABHA

MINISTRY OF POWER

*[Action Taken on the recommendation contained in the Ninth Report (14th Lok Sabha)
on the subject 'Implementation of Accelerated Power Development and Reforms
Programme (APDRP)']*

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2006/Sravana, 1928 (Saka)

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**Presented to Lok Sabha on -----
Laid in Rajya Sabha on -----**



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July, 2006/Sravana, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2005-06)

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* Expired on 14th April, 2006.

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- | | | | |
|----|--------------------|---|---------------------|
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| 3. | Shri Shiv Kumar | - | Under Secretary |
| 4. | Smt. Juby Amar | - | Committee Officer |
| 5. | Shri Manoj Pahuja | - | Executive Assistant |

** Ceased to be Member of the Committee w.e.f. 12th April, 2006, consequent upon his retirement from Rajya Sabha.

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Fifteenth Report (Fourteenth Lok Sabha) on the action taken by the Government on the recommendations contained in the 9th Report of the Standing Committee on Energy on the subject “Implementation of Accelerated Power Development and Reforms Programme (APDRP)” of the Ministry of Power.

2. The Ninth Report of the Standing Committee on Energy was presented to Lok Sabha on 25th August 2005. Replies of the Government to all the recommendations contained in the Report were received on 21st November 2005.

3. The Standing Committee on Energy considered and adopted this Report at their sitting held on 31.7. 2006.

4. An Analysis of the Action Taken by the Government on the recommendation contained in the Ninth Report of the Committee is given at Annexure-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;
July 31, 2006
Sravana 9, 1928 (Saka)

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy

Chapter-I

Report

This Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the Ninth Report (14th Lok Sabha) of the Standing Committee on Energy on the subject “Implementation of Accelerated Power Development and Reforms Programme (APDRP)” of the Ministry of Power.

2. The Ninth Report was presented to Lok Sabha on 25.08.2005 and was laid on the Table of Rajya Sabha on the same day. It contained 13 Recommendations/Observations.

3. Action taken notes in respect of all the observations/recommendations contained in the Report have been received from the Government. These have been categorized as follows: -

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

Sl No.5, 7, 8, 9 and 12

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Sl No.6 and 10

- (iii) Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:

Sl Nos.1, 2, 3, 4 and 11

- (iv) Recommendations/Observations in respect of which the final replies of the Government are still awaited:

Sl Nos.13

4. The Committee desire that utmost importance should be given to the implementation of recommendations accepted by the Government. In cases, where it is not possible for the Government to implement the recommendations in letter and spirit for any reasons, the matter should be reported to the Committee in time along with reasons for their non-implementation.

5. The Committee will now deal with action taken by the Government on some of their recommendations:

Slow progress of APDRP and role of key players

Recommendation No.1 (Para No. 2.31)

6. The Committee in their Ninth Report had observed that the APDRP is an ambitious Programme aimed at strengthening and up-gradation of the Power Sub-transmission and Distribution System in States with basic objectives like reduction of AT&C losses, bringing about commercial viability, reducing outages and interruption and increase of consumer satisfaction. The Committee in their recommendation desired that Ministry of Power should obtain evaluation study reports for the States where there was a slow progress of work and the States where very small number of projects were being undertaken to know the reasons for poor response of such States. The Committee also desired that after obtaining reports regarding completion of project report, Ministry of Power should make necessary efforts to attract more projects from States during the remaining period of the Current Plan. The Committee strongly recommended that Advisors-cum-Consultants should also be given a responsibility to persuade and help the State Electricity Boards/Utilities in preparing more and more schemes under this fully funded Programme of the Central Government. The Committee further desired that Ministry of Power should take initiatives at the highest level to enhance the Estimates at the RE stage so that the programme might not suffer due to paucity of funds.

7. The Ministry in its reply has stated:

“The Ministry of Power is closely monitoring the APDRP projects and insisting the States to complete the projects in time. All State Electricity Boards (SEBs)/Utilities are required to submit monthly progress report in respect of progress of execution of APDRP projects, funds utilisation etc. In addition, the Steering Committee under the chairmanship of Secretary (Power), Ministry of Power and State level Distribution Reforms Committees, reviews the progress of works under APDRP and proper utilisation of funds released under APDRP from time to time. Secretary (Power) and other senior officers of the Ministry of Power also reviews the progress of the projects sanctioned during their visit to the States and convening meetings with the States/SEBs/Utilities officers. In the review meetings, the reasons for slow progress are identified and States are requested to take remedial measures to speed up implementation of APDRP projects. Regional Review meetings for all the regions were held by Secretary (Power) in the recent past.

The Ministry has noted the recommendation of the Standing Committee for awarding more States to the evaluating agencies for evaluation. The recommendation of the Committee that reasons for slow progress of work in certain States and very small number of projects being undertaken by such states shall be kept in view while formulating the Scope of work.

Need for ensuring effective implementation of APDRP during the remaining part of the Tenth Plan to cover all the District Headquarters by end of Tenth Plan so as to achieve the primary objectives of APDRP has been emphasized. A model DPR is being prepared drawing experience from the implementation of projects already sanctioned under APDRP. National Thermal Power Corporation (NTPC) and Power Grid Corporation of India Ltd (PGCIL) have been advised to prepare model DPR and persuade the SEBs/Utilities to prepare DPR of the District Headquarters which have not been covered so far.

The Ministry of Power has requested Ministry of Finance to enhance the allocation under APDRP for the year 2005-06 so that implementation of APDRP does not suffer for want of adequate funds.”

8. The Committee note that the Ministry has not replied to the recommendation of the Committee regarding obtaining more projects under APDRP from the States from where small number of projects were being executed and have not indicated reasons for the same. The Committee would, therefore, like to reiterate their earlier recommendation. APDRP is a very ambitious programme for the up-gradation of Power sub-transmission and distribution system in States and if implemented with sincerity and seriousness, it has all the potential to transform the energy sector in the country. The Committee would further like to see a well laid out plan of action for the programme for the remainder of 10th Plan. Since the allocation for the fiscal 2006-07 has actually been finalised, the Committee would appreciate if they are apprised how far Ministry of Power has succeeded in persuading the Ministry of Finance to enhance allocation under APDRP for the year 2006-07 as also how far these funds would suffice in achieving the targets earmarked during the last fiscal of 10th Plan.

Delay in release of funds by States to Utilities

Recommendation No.2 (Para No. 2.32)

9. The Committee in their recommendation desired that the Government should ask the Advisor-cum-Consultants (AcCs) to assist the SEBs/Utilities with more interest by imparting them adequate training and support for an early execution of projects and strongly recommended that Government should develop a better mechanism for an early release of funds to the SEBs/Utilities after approval of Projects and availability of funds with State Governments. The Government should take strict action against the States who do not release the funds to utilities within one week of the said amount being credited to the State Government account. As per APDRP guidelines, the equivalent amount of APDRP funds with 10% penal interest should be adjusted against the next installment of Central Plan Assistance to be released to that State Government. The Committee also suggested that the Government should convince the States to release APDRP funds so that the problem relating to diversion of APDRP funds by the States may be avoided without any further delay. The Committee felt that the Ministry should keep a strong vigil on the various steps taken by the State Governments to improve their distribution network, etc. to make APDRP a success.

10. In its reply the Ministry of Power responded:

“Role of AcCs: The AcCs are in constant touch with all the SEBs/Utilities to help them at every stage of project i.e. right from helping them in preparing DPRs to execution of the project. The performance of AcCs vis-à-vis the progress of work in each State is monitored in regular meetings. However, as per recommendation of the Standing Committee, AcCs have been advised to play more active role to avoid delay. As regards training of State Government officials is concerned, the AcCs may not be in a position to impart training. Training of State Government officials has been taken up separately under Distribution Reforms, Upgrades and Management (DRUM) and nearly 1800 personnel have been already been trained. There is a target of training about 25,000 personnel under DRUM.

Release of funds: The funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Government based on the utilisation of funds both APDRP and counter part by the

SEBs/Utilities. As and when SEBs/Utilities fulfill the above conditions, the recommendations of release of funds are made to the Ministry of Finance for release of funds against sanctioned projects. There is no delay in release of the funds by the Ministry of Finance.

Monitoring: All State Electricity Boards (SEBs)/Utilities are required to submit monthly progress report in respect of progress of execution of Accelerated Power Development and Reforms Programme (APDRP) projects, funds utilisation etc. In addition, the Steering Committee under the chairmanship of Secretary (Power), Ministry of Power and State level Distribution Reforms Committees, reviews the progress of works under APDRP and proper utilisation of funds released under APDRP from time to time. Secretary (Power) and other senior officers of the Ministry of Power also reviews the progress of the projects sanctioned during their visit to the States and convenes meetings with the States/SEBs/Utilities officers. In the review meetings, the reasons for slow progress are identified and States are requested to take remedial measures to speed up implementation of APDRP projects. Regional Review meetings for all the regions were held by Secretary (Power) in the recent past. Moreover, further funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Governments based on the utilisation of funds both APDRP and counter part by the State Governments/SEBs/Utilities. The implementation of APDRP schemes is also being monitored by Advisor-cum-Consultants (AcCs) appointed under APDRP. Project Review Meetings are held at different levels by the AcCs and with various executing agencies to expedite the completion. During such meetings, reasons for slow progress are identified & action taken to mitigate the causes.

Penal interest: Adequate provision already exist for release of funds to State Power Utility within a week and penal interest against diversion of funds.”

11. The Committee note that training of State Governments officials has been taken up by Distribution Reforms Upgrades and Management (DRUM) and nearly 1800 personnel have been trained so far against a target of 25000 officials, which is not to the satisfaction of the Committee. The Committee would like to be informed about steps taken and time span to achieve the aforesaid target. The Committee would like the Ministry to carry out a study to find out State-wise, in how many cases diversion and delay in releasing the funds have occurred and steps taken in

this regard. The Committee desire that any diversion should be taken very seriously and immediate corrective steps should be taken.

Changing the base year under APDRP

Recommendation No.3 (Para No. 2.33)

12. The Committee in their recommendation had noted that to motivate the SEBs/utilities to reduce their cash losses, State Governments are incentivised upto 50% of the actual cash loss reduction by SEBs/Utilities as grant. As the year 2000-01 was being considered the base year for calculation of loss reduction in subsequent years. The Committee did not agree with the rationale given by the Government, behind considering the year 2000-01 as the base year. The Committee observed that some States namely Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh, Maharashtra, Mizoram, Sikkim, Uttar Pradesh and Uttaranchal had shown reduction in commercial losses initially but increase in subsequent years. The Committee also desired that incentives being given under APDRP should not be given on the basis of reduction in losses starting from year 2000-01 and they felt that the loss reduction in the preceding year should be taken as basis for grant of incentive for cash loss reduction in the next year.

13. The Ministry of Power in its reply has stated:

“The process of Distribution Reforms and grant of additional financial assistance for upgradation of sub-transmission and distribution system in the country was started by the Government of India in form of Accelerated Power Development Programme (APDP) during the year 2001-02. Therefore, the year preceding to start of distribution reforms and commencement of APDP i.e. 2000-01 has been designated as the base year for calculation of loss reduction for incentivising SEBs/Utilities. Expert Committee on State Specific Reforms, headed by Shri Deepak Parekh, had also recommended 2000-01 as reference year for incentive purpose. Fixation of a base year for the purpose of granting incentive under APDRP ensures (i) bringing all the utilities on a uniform platforms.

(ii) avoid any manipulation on accounts for claiming benefit. Therefore, it is felt that the recommendation of the Standing Committee for taking into consideration the loss reduction in the preceding year as the basis for grant of incentive for cash loss reduction in the next year may not be insisted.”

14. The Committee are not at all convinced with the logic advanced by the Ministry in regard to retaining 2000-01 as the base year for the purpose of granting incentives under APDRP. In the opinion of the Committee, the present system of 2000-01 being the base year for calculation of incentive leaves a lot of scope for manipulation as the utilities can show that the losses have reduced in comparison to 2000-01, whereas the actual reduction as compared to immediately preceding year would have been minimal or the losses may have in fact increased. Keeping 2000-01 as the base year does not motivate the utilities to reduce their losses every year. The Committee, therefore, reiterate that the loss reduction in the preceding year should be taken as basis for grant of incentive for cash loss reduction in the next year as this, in fact, can encourage the Utilities to reduce their commercial losses every year.

Penal action on non-performing States

Recommendation No.4 (Para No. 2.34)

15. The Committee noted that States were given incentives in the form of grants upto 50% of the cash loss reduction by SEBs/Utilities and out of Rs.40,000 crore earmarked for APDRP for 10th Plan, 50% i.e., Rs.20,000 crore had been allocated for the incentive component only. The Committee felt that if States could be rewarded for performance in the form of incentives, there must be some provisions for penal action in case of non-performance. The Committee recommended that a provision of penal action on the States if not utilizing at least the 50% of allocated funds within one year of release of APDRP fund and matching fund by financial institutions, be added in MoU to make them more responsible and determined to implement the projects in a time-bound manner.

16. In its reply, the Ministry of Power has stated:

“Although due care is taken for early utilization of the funds released under APDRP, it is not feasible to impose a uniform condition for all cases to utilize the 50% of the allocated funds and matching counter part funds by financial institutions within one year of release of funds due to:

- (a) varying nature of projects involved requiring different modes for their execution
- (b) varying nature of established procedure of State Government concerned.

Provision of penal action may deter the State Governments from availing the assistance under APDRP.”

17. The Committee are not satisfied by the over cautious stance of the Ministry with regard to provision of penal clauses to improve funds utilisation under APDRP. Penal action need not always act as a deterrent for the State Governments for availing the assistance under the programme. On the contrary, the Committee feel that it can spur the State Governments to perform more diligently and achieve targets notwithstanding the prevailing conditions. Such penal clauses may also motivate the better functioning States to further improve utilisation. The Committee, therefore, reiterate that a provision of penal action on the States if not utilizing at least the 50% of allocated funds within one year of release of APDRP fund and matching fund by financial institutions, be added in MoUs to make the States more responsible and determined to implement the projects in a time-bound manner.

Protecting interests of the consumers

Recommendation No.8 (Para No. 3.15)

18. The Committee had desired that through Tripartite MoU/MoA the State Governments should be given responsibility to ensure that assistance received by the private DISCOMs under APDRP be intimated to SERC so that additional benefits/relief are passed on to the consumers. The Committee recommended that concerned State Governments should be asked to represent the consumers and contest the cases on their behalf to protect their interests if there was any proposal of tariff revision from private

DISCOMs. The Committee also recommended that SERCs may, too, be suggested to invite comments of State Governments along with public at the time when any matter relating to tariff revision by DISCOMs comes before them and desired that State Governments should launch an awareness programme to educate the consumers about various remedies available to them under the Electricity Act, 2003. The Committee further desired that if need be, statutory instructions be issued to SERCs to protect the interests of the consumers as per the Electricity Act, 2003.

19. In its reply, the Ministry responded:

“The assistance received by the private DISCOMs under APDRP including grant-in-aid along with quantifiable benefits expected from such investment are to be intimated to SERC so that additional benefits/ reliefs are passed on to consumer over and above what DISCOMs were obliged to provide under extant agreement/ orders of regulations. They have been again directed to follow the said provision scrupulously and inform this of the same.

The Electricity Act 2003 provides for publication of application filed by the generating company or licensee for determination of tariff in manner as may be specified by the Appropriate Commission. The Commission is required to issue tariff order after considering all objections and suggestions received from the public. All the SERCs follow this statutory provision.

As per the Electricity Act, 2003, one of the factors which would guide the SERCs in the determination of tariff is “safeguarding of consumer’s interest and at the same time, recovery of the cost of electricity in a reasonable manner.

The National Electricity Policy calls upon the Central Government, State Governments and Regulatory Commissions to facilitate capacity building of consumer groups and their effective representation before the Regulatory Commission. All the State Governments have been requested to implement the National Electricity Policy.”

20. The Committee are not at all impressed with the reply of Ministry that as per the Electricity Act, 2003, one of the factors, which would guide SERCs in determination of tariff is safeguarding of consumer’s interest in determination of tariff and the provision of publication of application, filed by generating company etc., would duly protect the consumers’ interests.

The Committee, therefore, feel that in consonance with the various provisions in the Act and the Policy in the matter, the State Governments should make serious and meaningful interventions in the interest of the consumers in all the relevant fora. The Committee feel that what is lacking is the true implementation of all these provisions. Keeping the interest of consumers in mind, the Committee cannot but reiterate their earlier recommendation that State Governments should launch an awareness programme to educate the consumers about various remedies available to them under the Electricity Act, 2003. Moreover, concerned State Governments should be asked to represent the consumers and contest the cases on their behalf to protect their interests, if there is any proposal of tariff revision from private DISCOMs. In addition, SERCs may, too, be suggested to invite comments of State Governments along with public at the time – when any matter relating to tariff revision by private DISCOMs comes before them. The Committee further desire that the Government should pursue this vigorously to ensure that SERCs and State Governments act as per the true spirit of the provisions of Electricity Act, 2003 and National Electricity Policy.

Consumer Indexing

Recommendation No.11 (Para No. 4.31)

21. The Committee were informed that the consumer indexing helps in identification of overloading of equipments, helps in better load management and better maintenance of equipments thereby improving quality and reliability of power supply. The Committee in their recommendation had felt that consumer indexing would no doubt help in identifying all these problems but without making any investment nothing can be achieved. The Committee desired that year-wise targets should be fixed and implementation be ensured in a time-bound manner.

22. The Ministry of Power in its reply stated:

“Under APDRP, funds are being sanctioned for strengthening and renovation of sub-transmission and distribution by way of providing, inter-alia, (i) setting up of new sub-stations (ii) augmentation of existing sub-

stations, renovation and modernization of existing sub-stations (iii) augmentation of 11kV and LT lines and (iv) additional transformers/ replacing old transformer upto the level of 33 kV.

Consumer indexing can be implemented by State Governments concerned and no targets can be fixed by Central Government in this regard. However, all the State/Utilities have been requested to take up the job of consumer indexing on priority basis intimating them about the concerns expressed by the Standing Committee on Energy. AcCs appointed under APDRP have also been advised to help and monitor the progress in this regard on regular basis.”

23. In the view of the Committee, the power sector reforms are meant finally for the benefit of consumers only. The Consumer Indexing is the sure shot way of identifying problem areas in any locality or user’s place as to what is afflicting the quality and quantity of power supply. Any number of reforms without proper emphasis on Consumer Indexing will not yield the desired results. The Committee fail to understand the reluctance of the Ministry in according Consumer Indexing the priority and attention it deserves. The micro planning and implementation of reforms in power sector hinge on Consumer Indexing. Once this is done, investment should then be brought in for improving the power distribution infrastructure accordingly. The fruits of reforms in power generation cannot reach the consumers without similar reforms in the power distribution side. The Committee, therefore, reiterate that year-wise targets should be fixed and their implementation be ensured in a time-bound manner.

Strengthening the monitoring mechanism under APDRP

Recommendation No.13 (Para No. 5.11)

24. The Committee observed that through review meeting, the progress of works under APDRP was monitored. The pace with which the projects were being executed by SEBs/Utilities made it clear that there were serious deficiencies in the system of monitoring and there was an urgent need to strengthen the monitoring mechanism. The Committee in their recommendation felt that there was a need for analyzing various

factors by Ministry of Power to ensure the proper implementation of APDR Programme and the Ministry should analyze orders issued by various SERCs to see whether the benefits of funds provided by the Ministry had been really passed on to the consumer or not. If it was not done, the Ministry should ask State Governments to issue necessary instructions to SERCs under the Electricity Act, 2003. The Committee observed that no targets seems to have been fixed for providing additional transformers and for providing proper wiring etc. in the areas covered by APDRP. The Committee also felt that this is a serious matter, which raised a question mark on the usefulness of the Scheme.

25. The Ministry in its reply stated:

“An in-depth study into the implementation of APDRP, the benefits accrued by the projects vis-à-vis expected benefits from the programme, the progress of implementation of activities committed by the Utilities under MoU and MoA and the progress on achievement of benchmark parameters committed under MoA, has been entrusted to five independent agencies for evaluation of APDRP. The independent agencies were also asked to suggest changes required in scheme for improvement and better results. The independent agencies have since submitted their reports. Remedial action with regard to implementation of APDRP, utilization of funds released under APDRP and monitoring would be taken to make APDRP more effective and useful for the public.

Under APDRP, funds are being sanctioned for strengthening and renovation of sub-transmission and distribution by way of providing, inter-alia, (i) setting up of new sub-stations (ii) augmentation of existing sub-stations, renovation and modernization of existing sub-stations (iii) augmentation of 11kV and LT lines and (iv) additional transformers/replacing old transformer upto the level of 33 kV. However, to avail funds under APDRP the SEBs/ Utilities have to prepare DPR and submit to the AcC concerned for scrutiny. The projects under APDRP are sanctioned on merits as per the extant APDRP guidelines. No target for providing additional transformers and proper wiring can be fixed at Central Government level.”

26. Being concerned with improper implementation of the scheme, the Committee had desired that there was a need to strengthen the monitoring mechanism to ensure the proper implementation of APDR Programme. In this regard, the Committee had suggested that the Ministry should analyze the orders issued by various SERCs to see whether the benefits of the funds provided by the

Ministry had been really passed on to the consumers or not. The Committee note that an in-depth study into the implementation of APDRP, the benefits accrued by the projects vis-à-vis expected benefits from the programme, the progress of implementation of activities committed by the Utilities under MoU & MoA and the progress on achievement of benchmark parameters committed under MoA was entrusted to five independent agencies for evaluation of APDRP, who have since submitted their reports.

The Committee would like to know the guidelines issued to them for the evaluation and the ambit and scope of the evaluation; outcome of the study; the action taken by the Ministry in response thereto; and the ground impact of such action taken on the performance of Utilities under APDRP. Further, the Committee reiterate that the orders issued by various SFRCs be analyzed by the concerned State Governments at the earliest and Committee be apprised whether the benefits accrued by using APDRP funds, have actually been passed on to the consumers or not.

Chapter-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.5 (Para No. 2.35)

The Committee note that Memorandum of Agreement (MoA) has been formulated keeping the overall objective of reforms in the distribution sector wherein SEBs/Utilities have to commit to certain benchmark parameters to be achieved by them in next three years at the State level and at the Circle level. Under MoA signed by all the States, they have been asked to formulate suitable policy for handing over parts of distribution system on management contract or on lease to local bodies, franchises, consumer cooperatives, local institutions, users' associations, etc. to promote bulk consumers. The franchisee receives power supply at one point and is responsible for operation and maintenance of the network and collection of the revenue. The remuneration to franchisee depends on the collection made in his area as a percentage of revenue collection. As much as franchisee collects, he receives proportionately more commission under the franchisee system accountability of employees is more and results in reduction in AT&C losses. Andhra Pradesh and Gujarat have also initiated the process. Bangalore Electricity Supply Corporation Limited (BESCOM) has appointed 952 nos. Micro Feeder Franchisee (MFF) in BESCOM area. This has shown 33% increase in revenue collection than the target. The Committee note that in most of the States the metering work has been completed. The Committee desire that all the States may now be asked to formulate and implement the policy regarding handing over part of distribution system of management contract or on lease to local bodies, franchisees, consumer cooperatives, local institutions, users' associations, etc. within three months time as per the provisions of MoA signed by them.

Reply of the Government

Adequate provisions exist in the Electricity Act, 2003, the National Electricity Policy and the Memorandum of Agreements (MoAs) entered under APDRP about franchising the distribution of electricity. All the States/ Utilities have been requested to follow this condition regarding handing over part of distribution system of management contract or on lease to local bodies, franchisees, consumer cooperatives, local institutions, users' associations, etc.

[Ministry's F.No. No.5/1/2005-APDRP dated November 21, 2005]

Recommendation Serial No.7 (Para No.3.14)

The Committee are anguished to note that recently a heavy power tariff hike for power consumers of Delhi was announced. The Committee have come to know the fact that in one of the areas, regulated by TATA, there was no reason for revision in hike, rather tariff could be brought down because they had reduced losses by 15 to 20 per cent. But

just to avoid the anomaly between tariffs of two DISCOMs areas, power tariff was revised at the request of poorly performing DISCOM. The Committee deplore this illogical type of approach of State Government/Delhi State Electricity Regulatory Commission and find it against the objectives of APDRP. The Committee do not find any justification in this decision due to which consumers of a distribution company which is doing its job well have to pay more due to poor performance of other company. Both DISCOMs have taken initiatives under APDRP but with different results. The Committee, therefore, desire that State Government should fight on behalf of people of areas serviced by NDPL (TATA) for providing a reduction in tariff so that the other DISCOM may be pressurized to make more sincere efforts to reduce AT&C losses in future. The Committee do not find anomaly in fixing different tariff on the basis of different type of performances of two DISCOMS as being done in Maharashtra. The State Governments should also permit open access in distribution to develop a healthy competition amongst distribution companies.

Reply of the Government

Policy directions have been issued under Delhi Electricity Reform Act, which are statutory in nature and binding on the State Regulatory Commission. Para 14 of the Policy Directions issued vide letter no.F.11/118/2001/Power/2889 dated 22nd November, 2001 reads as follows:

“The reorganisation of Delhi Vidyut Board will result in three separate distribution licensees. The Government, as a matter of policy, has decided that retail tariffs for the three distribution licensees shall be identical till the end of 2006-07, i.e., consumers of a particular category shall pay the same retail tariff irrespective of their geographical location.”

The above Policy Directions regarding the retail tariff were issued to ensure that there is a smooth transition while undertaking reforms. Just to illustrate, in case such directions were not issued at the very outset, the tariff increase in East Delhi, the poorest area, would have been the highest. These directions are binding on the DERC as per legal provisions.

Introducing open access in distribution is statutory function of the SERC. Fifth proviso to sub-section 2 of section 42 of the Electricity Act, 2003, provides that the State Commission shall, not later than five year from the date of commencement of the Electricity (Amendment) Act, 2003 (i.e. by January, 2009) by regulations, provide such open access to all consumers who require supply of electricity where the maximum power to be made available at any time exceeds one megawatt. The National Electricity Policy stipulates that the SERCs shall notify regulations by June 2005 to enable open access to the distribution networks as provided in the law.

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Recommendation Serial No.8 (Para No. 3.15)

The Committee specifically note that APDRP funds, are being given to private agencies for strengthening and upgradation of the sub-transmission and distribution system. The Committee are deeply concerned to note that in spite of investing such a large chunk of money, the benefits are nowhere to be seen. On the contrary, private agencies are regularly hiking the tariff. As per the rule, the private DISCOMs should inform the SERCs about the funds received under APDRP so as to enable SERCs while passing orders about fixation of tariff, to ensure that additional benefits/relief received under APDRP are passed on to consumers. The Committee recommend that the Government should ensure that the benefits gained by private DISCOMs are passed on to the consumer. The Committee desire that through Tripartite MoU/MoA the State Government should be given responsibility to ensure that assistance received by the private DISCOM under APDRP is intimated to SERC so that additional benefits/relief are passed on to the consumer. The Committee strongly recommend that concerned State Governments should be asked to represent the consumers and contest the cases on their behalf to protect their interests if there is any proposal of tariff revision from private DISCOMs. The Committee also recommend that SERCs may too be suggested to invite comments of State Governments along with public at the time when any matter relating to tariff revision by DISCOMs comes before them.

The Committee further desire that State Governments should launch an awareness programme to educate the consumers about various remedies available to them under the Electricity Act, 2003. The Committee further desire that if need be, Statutory instructions be issued to SERCs to protect the interests of the consumers as per the Electricity Act, 2003.

Reply of the Government

The assistance received by the private DISCOMs under APDRP including grant-in-aid along with quantifiable benefits expected from such investment are to be intimated to SERC so that additional benefits/ reliefs are passed on to consumer over and above what DISCOMs were obliged to provide under extant agreement/ orders of regulations. They have been again directed to follow the said provision scrupulously and inform this of the same.

The Electricity Act 2003 provides for publication of application filed by the generating company or licensee for determination of tariff in manner as may be specified by the Appropriate Commission. The Commission is required to issue tariff order after considering all objections and suggestions received from the public. All the SERCs follow this statutory provision.

As per the Electricity Act, 2003, one of the factors which would guide the SERCs in the determination of tariff is “safeguarding of consumer’s interest and at the same time, recovery of the cost of electricity in a reasonable manner.

The National Electricity Policy calls upon the Central Government, State Governments and Regulatory Commissions to facilitate capacity building of consumer groups and their effective representation before the Regulatory Commission. All the State Governments have been requested to implement the National Electricity Policy.

[Ministry's F.No. No.5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee
(Please see Para 20 of Chapter I of the Report)

Recommendation Serial No.9 (Para No. 4.29)

The Committee note that under APDRP, the concerned States have to install feeder meters Static/High precision consumer meters. The Committee observe that out of 31 States and Union Territories 100% feeder metering has been completed in 20 States whereas 100% consumer metering has been completed in 7 States/UTs only. The Committee note that these feeders provide the metering at the point of bulk deliveries in the distribution system and these are of paramount importance for carrying out energy audits. If feeder metering work is completed, it can be traced that from which feeder meter losses are taking place. Only then, States can focus attention on it to detect the theft to improve the distribution losses. The Committee, therefore, strongly recommend that the Government should give top priority to complete feeder metering work in all States. For this purpose, they must identify the specific problems relating to each State and prepare a State specific programme in consultation with each State Government and Advisor-cum-Consultant for completion of metering work in the shortest possible time. They must apply all the possible methods to persuade the States having low level of consumer metering, like ban on allocation of extra power out of allocated quota. The Committee are, however, surprised to note that some of the private sector distribution companies in Delhi are replacing the old meters with the new meters. The mandate under APDRP is to provide meters where these are not available and not for replacing the already available meters with the consumers. The Committee, therefore, desire that the Government should examine this aspect and issue directions to avoid wasteful expenditure. The Committee desire that Accs should also keep a vigil on the quality of meters being replaced. The Committee also desire that the States which have completed the metering work may be asked to introduce computerized billing as well as spot billing through Meter Reading Instrument (MRI).

Reply of the Government

Feeder Metering: While the focus of Government is on completion of the feeder metering in all States at the earliest, the suggestion of the Standing Committee to complete feeder metering work and to identify the specific problems relating to each State and prepare a State specific programme in consultation with each State Government and Advisor-cum-Consultant for completion of metering work in the shortest possible time has been noted.

Consumer Metering: Section 55 of the Electricity Act, 2003 provides that no licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of correct meters in accordance with the regulations to be made in this behalf by the Authority (CEA). Draft Regulations prepared by CEA lay the standards of meters including the time for periodical testing.

Rule 57(4) of the Electricity Rules 1956 also prescribed that every supplier shall examine/test and regulates all meters before the installation at the consumer premises.

National Electricity Policy envisages use of modern information technology systems by the utilities on a priority basis, after considering cost and benefits, to facilitate creation of network information and customer data base which will help in management of load, improvement in quality, detection of theft and tampering, customer information and prompt and correct billing and collection. The Policy also emphasis on consumer indexing and mapping in a time bound manner. Support is being provided for information technology based systems under the Accelerated Power Development and Reforms Programme (APDRP).

[Ministry's F.No. No.5/1/2005-APDRP dated November 21, 2005]

Recommendation Serial No.12 (Paragraph No. 4.32)

The Committee note that under APDRP, States are encouraged to adopt turnkey concept for execution of the projects. Since the schemes sanctioned under APDRP have to be implemented in a very short time-frame so that benefits of the investments are perceptible and confidence is generated in the financial institutions. Adoption of turnkey concept is otherwise sensible also as it makes it possible to bind the contractor in terms of work completion schedule, overall cost and equipment performance. But the Committee find that SEBs/Utilities in some States are finding it difficult to implement the projects on turnkey basis and getting these done on departmental basis as they have a large work force with them. The Committee feel that Advisor-cum-Consultants who have been assigned the task of monitoring the execution of projects should provide assistance to resolve all the problems related to the implementation of the projects. The Committee desire that adequate ways and means be devised as per the need of the each State so that there is rational utilization of available man-power and at the same time there are no inordinate delays in the implementation of the projects. The Committee also desire that target date should be fixed within which AT&C losses are to be completely wiped off so that all the States can be motivated to achieve the targets by whatever method of execution of contracts, they desire to do.

Reply of the Government

- (i) Man-power: The concern of the Standing Committee for rational use of man-power has been brought to the notice of Advisor-cum-Consultant and they have been advised to take necessary action.
- (ii) To wipe-off completely the AT&C losses: The Ministry has noted the concern expressed by the Standing Committee to wipe out completely the AT&C losses but it is stated that the same cannot be wiped-off completely as some amount of technical losses are inherent in the system and are due to energy dissipated in the conductors and equipments uses for transmission, transformation, sub-transmission and distribution of power. However, the endeavour of the Government is to reduce the AT&C losses to 15% in five years in the urban and high density consumption areas.

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Chapter – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PERSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation Serial No.6 (Para No. 3.13)

Under APDRP Private DISCOMs are also eligible for availing APDRP funds. Accordingly, DISCOMs in four States – Delhi, Gujarat, Maharashtra and Orissa have been granted funds. The total cost of the projects sanctioned is Rs. 2438.81 crore out of this APDRP cost is Rs. 1219.41 crore. But the Committee have serious reservations in the release of APDRP funds and utilization of funds by DISCOMs. In Maharashtra (BSES), out of Rs. 275.37 crore not a single paise has been released by the Government. Similarly very small amount of APDRP fund has been released for DISCOMs of Orissa. whereas in Delhi out of Rs. 946.46 crore of Project Rs. 863.23 crore has already been utilized by the DISCOMs (BSES & NDPL) including Rs. 105.51 crore of Government of India Fund. The Committee take a specific case of Delhi where power distribution is being done by Private DISCOMs other than in NDMC areas. BSES and North Delhi Power Ltd. have already used APDRP fund of 105.51 crore to strengthen their Power Distribution System out of 473.23 crore of APDRP cost. But the results are not at all impressive. The AT&C losses in Delhi have not declined in the proportion of the investments made. The position regarding availability, quality and reliability of Power to consumers has also not shown any improvement. Still more alarming is the fact that the financial losses of Utilities in Delhi have increased from Rs. 733 crore in 2002-03 to Rs. 1,774 crore in 2003-04. Moreover, the DISCOMs have replaced the earlier consumer meters with fast running meters and are regularly hiking the tariffs thus increasing the woes of the consumers. The recent hikes of tariff has brought the public on roads. The Committee are surprised to note that these private DISCOMs have neither shown any tangible results even after using cheaper Government funds under APDRP, nor these private players have passed on any benefit to consumers. The State Government of Delhi has not been able to persuade BSES and NDPL to work according to terms and conditions of mechanism under the Tripartite agreement signed between the utilities, State Government and Central Government. Since funds under APDRP are given by the Government, it is the duty of the Government to ensure that these are properly utilized and benefits reach to consumers. Hence, the Committee strongly recommend that Government should analyse the justifications of funds being given to private DISCOMs and sort out the issues relating to fast running meters, steep tariff hikes and reasons for no reduction in T&D losses in Delhi. In view of results in Delhi and other DISCOM operated areas, the Committee strongly recommend that if similar trends continue in future and private DISCOMs are not able to produce the desired results after using cheap APDRP funds, the Government should seriously consider to exclude them from providing financial assistance under APDRP. It is learnt DERC has sanctioned tariff hike to BSES and TATAs without TATAs (NDPL) asking for the same, as they were able to manage at the same rates. This is indeed surprising, as consumers under TATAs are sufferers for no reason – Government must intervene and restrain power of DERC and investigate the same in Delhi and SERC's elsewhere, if such orders have been issued and why.

The Committee note that in some of the States there are delays in release of APDRP funds to Utilities/DISCOMs. The Committee desire that this should be taken up by the Ministry of Power with the concerned State Governments to ensure the timely release of the money to the Utilities so that timely execution of the projects is ensured.

Reply of the Government

(i) Ministry of Power has sanctioned projects worth Rs.946.46 crores for projects submitted by Utilities of Delhi under Accelerated Power Development Reforms Programme (APDRP) and Ministry of Home Affairs (MHA) has released Rs.105.51 crores to the Government of National Capital Territory (NCT) of Delhi during the year 2002-03 for onward release to respective DISCOMs.

The details of the projects sanctioned and the funds released are as follows:
(Rs. in crores)

S. No	Name of the project	Total Project cost	APDRP Cost	Funds released by Government of India
1.	ST&D project in East & West Delhi (BSES)	294.66	147.33	Rs. 105.51 crores DURING 2002-03
2.	ST&D project in South Delhi (BSES)	187.75	93.875	
3.	ST&D project in Central Delhi (BSES)	142.95	71.475	
4.	ST&D project in North-West Delhi (NDPL)	193.10	96.55	
5.	ST&D project in North and North-West Delhi (NDPL)	128.00	64.00	
	Total	946.46	473.23	105.51

The matter regarding allocation of funds under APDRP for release to DISCOMs in Delhi has been taken up by the Ministry of Power and the Government of NCT of Delhi with the Ministry of Finance who are of the view that assistance for investment purpose is provided under APDRP only to the SEBs/Utilities. Ministry of Finance has further stated that distribution entities in Delhi were privatised with clear stipulations that further investments in distribution network would be obligation of the privatised power utilities. Hence, the funds to DISCOMs to Delhi could not be further released, as Ministry of Finance has not agreed to make allocations for the same in the budget.

The comments of the Government of NCT of Delhi on the issue of have been received. The Government of NCT of Delhi has referred to the definition of the term 'Utility' under Section 2 (75) of the Electricity Act, 2003 which reads that "Utility" means the electric lines or electrical plant, and includes all lands, buildings, works and materials attached thereto belonging to any person acting as a generating company or licensee under the provisions of this Act. Thus, Delhi Government has stated that the

DISCOMs being distribution licensees, get covered under the definition of Utility given in the Electricity Act. The Government of NCT of Delhi has also referred to Rule 5 of the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 and expressed that there is no provision in the transfer scheme which prevents the DISCOMs from receiving funds from Government for investment for upgradation of the distribution network and reduction of losses. They have referred to Clause 4.5 of the Shareholder's Agreement as well in support of this.

The points raised by Government of NCT of Delhi has been examined in the Ministry of Power and are found tenable. Moreover, the Deepak Parekh Committee recommended that funds under APDRP should also be made available to private DISCOMs. The Monitoring Committee of APDRP in its meeting held on 16.7.2002 under the chairmanship of Minister of Power had decided that the benefits of APDRP should be given to those states where the distribution system has been handed over to the private utilities, as long as the States and the Distribution Utilities agree to pass on the benefits to the consumers. Ministry of Power has requested Ministry of Finance for release of funds to private distribution companies in Delhi under APDRP.

The recommendation of the Committee to exclude the private DISCOMs of Delhi from APDRP, if they do not produce desired results will be kept in view, when the Ministry of Finance agrees to make provision of funds in the Budget of Government of NCT of Delhi

(ii) As regard position of availability, reliability and quality of power the Delhi Electricity Regulatory Commission (DERC) has informed that there has been improvement in the quality of supply and also in providing facilities to consumers as follows:

- Load shedding which was about 3 % in 2001-02 the year preceding privatization has come down to about 0.84% in 2004-05.
- The distribution transformer failure rate has been reduced to less than 1% today from 15% at the time of privatization.
- There has been sufficient addition to the infrastructure such as power transformers, EHV cables, installation of distribution transformers, installation of 11 kv feeders, installation of shunt capacitors etc.
- There has been a steady improvement in the PLF of the generating units in Delhi. The PLF in 2001-02 was 46.93% and in 2004-05, it was 65.53%.
- Transmission losses of Delhi Transco Limited has been reduced from 3.84% during 2002-03 to 1.3% during 2004-05.
- The average response time for attending to breakdowns has improved considerably.

- Number of options available for payment of bills have increased manifold.

(iii) There has been a reduction in Aggregate Technical & Commercial (AT&C) loss levels for all the three DISCOMs. Details of the targets fixed and achieved are tabulated as under:

	BSES Rajdhani		BSES Yamuna		North Delhi Power Ltd.	
Opening level as per DERC	48.10		57.20		48.10	
Year	Target level	Achieved	Target level	Achieved	Target level	Achieved
2002-03	47.55	47.40	56.45	56.45	47.60	47.79
2003-04	46.00	45.06	54.70	54.29	45.35	44.86
2004-05	42.70	40.64	50.70	50.12	40.85	33.79

(iv) Regarding determination of tariff, it is submitted that under the Electricity Act, 2003, it is one of the functions of the State Electricity Regulatory Commission to determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail as the case may be, within the State.

Revenue to the distribution licensee can come only from three streams (i) tariff, (ii) Government support and (iii) improvement in efficiency gains i.e. reduction in AT&C losses. In order to avoid consumer tariff shock, the Govt. of NCT of Delhi had agreed at the time of privatisation to provide transitional reform loan support of Rs.3452 crores to Delhi Transco Ltd. for the first five years as reduction in losses is feasible over a reasonable period. The earmarked transitional reform loan support of Rs.138 crores for 2005-06 to Delhi Transco Ltd. is being provided by the Delhi Government. Transitional Loan Support of Rs.3314 crores has already been released during first three years.

Similarly, DISCOMs were also required to reduce AT&C losses which have been met by the DISCOMs. As a part of privatisation package an average increase in tariff during the first five years of 10%, 10%, 10%, 5% and 3% during the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07, respectively was envisaged as per projections. As against the above projections there was no tariff increase in 2002-03; only 5% increase in 2003-04; 10% during 2004-05 and nearly 6.6% during 2005-06. In fact, against envisaged cumulative tariff increase of 40% during the first four years, the actual tariff increase has only been about 23%. Considering that Delhi had a very high AT&C loss level in 2001-02 of more than 50% before privatisation which have now been reduced to about 40% (on average), the losses are still high compared to other States. However, tariff of Delhi is still comparable with other States including Mumbai where AT&C losses are less than 15%.

The losses can not be reduced overnight and a reasonable transition is to be provided otherwise there would be huge financial losses or tariff shock.

(v) As regards tariff hike in the Delhi it needs to be pointed out that as a part of the privatisation package policy directions were issued by Government of National Capital Territory of Delhi in the year 2001 under Delhi Electricity Reform Act. These directions are statutory in nature and binding on the State Regulatory Commission. Para 14 of the Policy Directions issued vide letter no.F.11/118/2001/Power/2889 dated 22nd November, 2001 (copy enclosed) reads as follows:

“The reorganisation of Delhi Vidyut Board will result in three separate distribution licensees. The Government, as a matter of policy, has decided that retail tariffs for the three distribution licensees shall be identical till the end of 2006-07, i.e., consumers of a particular category shall pay the same retail tariff irrespective of their geographical location.”

This policy direction was given prior to enactment of Electricity Act, 2003 and the same is saved by the provisions of section 185 of the Electricity Act, 2003.

(vi) The power sector is becoming self sustainable in Delhi and a budgetary outgo which was nearly Rs.1000 crores to Rs.1200 crores in 2001-02 will reduce to around Rs.200 crores to Rs.300 crores (that also mainly amount required for capital expenditure for Transco and Genco.)

(vii) In the case of Delhi, it would not be correct to say that the commercial losses have increased overall, so far as the distribution segment is concerned. The commercial losses shown in the report perhaps pertain to Delhi Transco Limited, and have to be understood in the context of the reform package. As a part of the reform package Govt. was to make available to Transmission Company an amount of approx. Rs.3450 cr. during the period 2002-03 to 2006-07 as loan to be repaid by the Transmission Company to the Government in a manner agreed to between the Transmission Company and the Government. The Transmission Company will use the loan to bridge the gap between its revenue requirement and the bulk supply price which it may receive from the distribution licensees. The terms & conditions of the loan between the GNCTD and DTL have yet to be finalised. The loss on the balance sheet of DTL essentially reflects the difference between the purchase price of power and bulk supply price being received from the Discoms. As the transitional loan support of Rs.3450 crore is not being treated as subsidy that is why it is being shown as a loss. However, if this amount is treated as subsidy, the majority of the losses will be wiped out. Similarly interest on power sector reforms loan has also been taken as interest due to Government as a prudent accounting policy. It needs to be pointed out that this loss was always anticipated during the first five years of the unbundling, having regard to the role of Transco as the channel for disbursement of transitional assistance.

(viii) Regarding complaint about faulty and defective meters DERC has informed following:

- Metering and Billing Regulations were introduced by the Commission in August, 2002. These regulations give details regarding procedures to be followed by the

utilities for providing new connections, replacement of defective meters, treatment of fines, pilferage of electricity etc. The Metering and Billing Regulations were also partially amended in January, 2003 whereby the Commission had introduced a provision of compensation to consumers in case of repeated levy of “arrears” for bills already paid. The Metering and Billing Regulations also have provisions for imposition of penalties for specific violations by the utilities.

- The Delhi Electricity Regulatory Commission (DERC) had set up a Committee in August, 2003 to look into the various complaints being received in the Commission regarding faulty meters. The Committee had submitted its report and it was observed that more than 91% of the meters recorded consumption levels within the prescribed limits given in the Indian Electricity Rules. About 2% of the meters were found to be slow and 0.5% were faster than the prescribed limit. About 5% of the meters, however, were found to be defective (seemingly due to design features) and they belonged to a particular brand. The performance of the remaining brands were found to be satisfactory.
- The Commission had issued guidelines to the Discoms regarding meter testing on the basis of which a fresh drive was initiated by the Discoms during July/August, 2004.

The following table summarises the results:

Company	Total meters tested	Meters within limits	Meters Fast	Meters slow	Meters defective
BYPL	2055	1891	1	24	139
BRPL	3151	2978	4	15	154
NDPL	1027	957	41	19	10
Total	6,233	5826	46	58	303

- Despite the meter testing drive conducted by the Discoms, public complaints regarding fast running of meters continued and, therefore, the Commission directed the Discoms to undertake testing of meters with the assistance of an independent third party. Accordingly, BSES have tied-up with the Central Power Research Institute (CPRI). Any consumer may lodge a request with the BSES and get his meter tested through the CPRI. In addition to getting the meters of individual consumers tested, the BSES is also using the services of CPRI for getting meters procured by the BSES tested on a sample basis. The NDPL, at present, is undertaking testing of meters using CPRI’s assistance.
- The DERC will be shortly introducing a fresh meter testing drive in association with the Bureau of Indian Standards (BIS).

(ix) The Private distribution companies have already been operating in various parts of the country, namely Calcutta Electric Supply Company (CESC) in Kolkata, Dishergarh Power Supply Co. Ltd.(west Bengal), Ahmedabad Electricity Company Limited in Ahmedabad, Surat Electricity Company Limited in Surat, Tata Power Company and the Reliance Energy in Mumbai, Noida Power Company in Greater Noida and Tata Tea Company in Munnar (Kerala). These companies have been functioning smoothly over a period of time.

In the area serviced by Noida Power Company Ltd., LT distribution losses in targeted villages have reduced to 6% and collections have improved to 95%. T&D loss of Torrent Power, AEC Ltd. (TPAL, Ahmedabad) is 12.63% and Torrent Power SEC Ltd., (TPSL, Surat) is 11.11% in 2004-05. These private distribution licenses in Ahmedabad and Surat are working in the State since 80 years.

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Recommendation Serial No.10 (Para No. 4.30)

APDRP envisages to arrest the increasing AT&C losses of the utilities and bring it below 15%. The Committee are perturbed to note that with three years into the scheme and utilisation of around 50% of the sanctioned funds, the AT&C losses of most of the Utilities are still in the range of 40-50%. In fact there are 14 Utilities in which AT&C losses are above 50%. The achievements of Private DISCOMs are still worse- 6 out of 10 have losses above 40%. What the Committee find shocking is the fact that these are the achievements of some Utilities who have exhausted around 90% of their sanctioned funds such as the Private DISCOMs of Delhi – NDPL and BSES. In many cases Commercial Losses have gone up inspite of increasing tariff every year and utilising APDRP funds. Further, in most of the cases AT& C losses have not come down. The Committee, therefore, desire that Government should undertake an indepth study to understand the exact problem involved in achieving desired targets reducing AT&C losses and take tough measures with the help of SEBs/State Governments. The Committee also note that the rate of conviction in most of the States is very low as compared to the theft cases detected. For example, in Gujarat out of 48510 cases only 7 have been convicted whereas in M.P. 271094 cases not a single person has been convicted. The Committee are of the view that to bring AT&C losses to the level of 15% a proper strategy is required. The Committee, therefore, desire that States should be asked to strictly implement the provisions of the Sections 107 and 108 of the Electricity Act 2003 to reduce losses on account of power theft. If required, necessary amendments in Central/State laws may be done by Union/State Governments.

The Committee expressed their shock when it was informed that DISCOMs follow the practice of loading their T&D losses on the honest consumers. The Committee express their concern over this practice and would like the Ministry of Power to make necessary changes in the laws/rules to ensure that such a practice is not continued as firstly it is unfair for the honest consumer, who is made to pay for T&D losses which is

not his concern. And most importantly, the Committee feel that since thrust of APDRP is to reduce T&D losses, this system of billing would never encourage DISCOMs to reduce their losses as in any case they are assured of their returns by loading the honest consumers.

Steps in this direction must be taken immediately

Reply of the Government

The Private distribution companies have already been operating in various parts of the country, namely Calcutta Electric Supply Company (CESC) in Kolkata, Dishergarh Power Supply Co. Ltd. (West Bengal), Ahmedabad Electricity Company Limited in Ahmedabad, Surat Electricity Company Limited in Surat, Tata Power Company and the Reliance Energy in Mumbai, Noida Power Company in Greater Noida and Tata Tea Company in Munnar (Kerala). These companies have been functioning smoothly over a period of time.

Distribution has been fully privatised only in Delhi and Orissa. In the remaining part of the country distribution is still in the hands of SEBs/State owned companies.

According to the Report on the Performance of The State Power Utilities published by Power Finance Corporation the AT&C losses in most of the state during 2003-04 were more than 50%.

As against this in the area serviced by Noida Power Company Ltd. LT distribution losses in targetted villages have reduced to 6% and collections have improved to 95%. T&D loss of Torrent Power, AEC Ltd. (TPAL, Ahmedabad) is 12.63% and Torrent Power SEC Ltd., (TPSL, Surat) is 11.11% in 2004-05. These private distribution licenses in Ahmedabad and Surat are working in the State since 80 years.

According to OERC, the AT&C losses of four distribution licensees namely Central Electricity Supply Company of Orissa Ltd. (CESCO), North Eastern Electricity Supply Company of Orissa Ltd. (NESCO), Western Electricity Supply Company of Orissa Ltd. (WESCO), Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) are as under:

AT&C Loss	2002-03	2003-04	2004-05	2005-06
NESCO	52.25	50.36	42.96	39.55
WESCO	47.30	46.18	40.60	36.52
SOUTHCO	49.76	51.56	45.71	41.76
CESCO #	55.04	51.10	49.37	44.96

CESCO is being run through an Administrator appointed by the Regulatory Commission as AES, the US Company which took over management after privatisation failed to perform satisfactorily.

- Tariff

There has been no spurt in tariff since 1st February, 2001 in Orissa for the year FY 2005-06, the existing tariff has been reduced in uppermost slab of domestic consumers.

As the part of privatisation package, DISCOMs in Delhi were given targets for reduction of AT&C losses over a period of five years. DISCOMs have not only met these targets but have exceeded them as is evident from the table below:

(Figures in %)

	BSES Rajdhani		BSES Yamuna		North Delhi Power Ltd.	
Opening level as per DERC	48.10		57.20		48.10	
Year	Target	Achieved	Target	Achieved	Target	Achieved
2002-03	47.55	47.40	56.45	56.45	47.60	47.79
2003-04	46.00	45.06	54.70	54.29	45.35	44.86
2004-05	42.70	40.64	50.70	50.12	40.85	33.79

In fact all the DISCOMs have exceeded their targets and the target achievement is very high in case of NDPL. The loss reduction in the case of NDPL in 2004-05 is nearly 11% which perhaps the highest in India.

It is not correct to say that DISCOMs in Delhi have exceeded 90% of their sanctioned APDRP fund as only Rs.105.51 crores, the first trench, has been disbursed to DISCOMs against totally sanctioned amount of Rs.473.23 crores.

The Electricity Act, 2003 has stringent provisions to check theft of electricity. The National Electricity Policy states that the States and distribution utilities should ensure effective implementation of these provisions of the Act and to set up Special Courts. It lays emphasis on implementation of modern information technology systems by the utilities on a priority basis, after considering cost and benefits, to facilitate creation of network information and customer data base which will inter-alia, help in detection of theft and tampering. High Voltage Distribution System has also been envisaged in the policy as an effective method for prevention of theft as well as reduction of technical losses, improved voltage profile and better consumer service.

The Electricity Rules, 2005 prescribe the procedure for investigation of cognizable offences related to theft of electricity by the Police. The Electricity (Removal of Difficulties) Order, 2005 issued by Central Government under section 183 of the Act provides that the Electricity Supply Code as specified by the SERCs under section 50 of the Act shall also include method of assessment of electricity charges and disconnection of supply in cases of theft of electricity pending adjudication by the appropriate court.

National Electricity Policy requires the State Governments to prepare a Five Year Plan with annual milestones to bring down AT&C losses expeditiously. Community participation, effective enforcement, incentives for entities, staff and consumers, and technological upgradation should form part of campaign efforts for reducing these losses. The Policy requires Central Government to provide incentive based assistance to States that are able to reduce losses as per agreed programmes.

The State Electricity Regulatory Commissions (SERC) are required to draw a time bound programme for segregation of technical and commercial losses through energy audits. According to NEP energy accounting and declaration of its results in each defined unit, as determined by SERCs, should be mandatory not later than March 2007. The NEP also envisages for drawl of an action plan for reduction of the losses with adequate investments and suitable improvements in governance. Standards for reliability and quality of supply as well as for loss levels shall also be specified, from time to time, so as to bring these in line with international practices by year 2012.

National Electricity Policy is for creation of conducive business environment in terms of adequate returns and suitable transitional model with predetermined improvements in efficiency parameters in distribution business for facilitating funding and attracting investments in distribution. The Policy envisages Multi-Year Tariff (MYT) framework to minimize risks for utilities and consumers, promote efficiency and rapid reduction of system losses. It would also bring greater predictability to consumer tariffs by restricting tariff adjustments to known indicators such as power purchase prices and inflation indices.

The losses cannot be reduced overnight and a reasonable transition is to be provided otherwise there would be huge financial losses or tariff shock.

[Ministry's F.No. No.5/1/2005-APDRP dated November 21, 2005]

Chapter-IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED AND WHICH REQUIRE REITERATION

Recommendation Serial No.1 (Para No. 2.31)

The Committee observe that the APDRP is an ambitious Programme aimed at strengthening and upgradation of the Power Sub-transmission and Distribution System in States with basic objectives like reduction of AT&C losses, bringing about commercial viability, reducing outages and interruption and increase of consumer satisfaction. This programme has an outlay of Rs. 40,000 crore during Tenth Five year Plan. The Committee note that as against the Budget Estimates of Rs. 10500 crore an amount of Rs. 6496.34 crore only has been spent during the first three years of the Tenth Five Year Plan. Ministry of Power has a Budget Estimates of only Rs. 630 crore for the year 2005-06. However, they have requested for a Revised Estimates (RE) of Rs. 4939 crore from the Ministry of Finance during this year. The Committee are perturbed to observe the present trend of very poor Budget allocation and very low utilization of funds allocated for APDRP during first three years of current plan. The Committee are aware that most of the States need strengthening and upgradation of Power Sub-transmission and Distribution System to control and reduce their huge losses. But, the Committee are surprised to note that inspite of attractive funding system and provisions of incentives, the States are not showing the expected interest in this Programme. The Committee are happy to note that Ministry of Power has taken up APDRP evaluation study by independent agencies like ASCI, Hyderabad, TERI, IIM Ahmedabad, SBI Capitals and TCS to evaluate the projects where more than 50% work has been completed and Reports are expected by this time. The Committee also desire that Ministry of Power should obtain similar reports for the States where there is a slow progress of work and the States where very small number of projects being undertaken to know the reasons for poor response of such States. In these studies Advisor-cum-Consultants should also be associated in submitting projects under APDRP. The Committee desire that after obtaining these reports Ministry of Power should make necessary efforts to attract more projects from States during the remaining period of the Current Plan. The Committee strongly recommend that Advisors-cum-Consultants should also be given a responsibility to persuade and help the State Electricity Boards/Utilities in preparing more and more schemes under this fully-funded Programme of the Central Government. The Committee also desire that Ministry of Power should take initiatives at the highest level to enhance the Estimates to Rs. 4939 crore at the RE stage so that the programme may not suffer due to paucity of funds.

Reply of the Government

The Ministry of Power is closely monitoring the APDRP projects and insisting the states to complete the projects in time. All State Electricity Boards (SEBs)/Utilities are

required to submit monthly progress report in respect of progress of execution of APDRP projects, funds utilisation etc. In addition, the Steering Committee under the chairmanship of Secretary (Power), Ministry of Power and State level Distribution Reforms Committees, reviews the progress of works under APDRP and proper utilisation of funds released under APDRP from time to time. Secretary (Power) and other senior officers of the Ministry of Power also reviews the progress of the projects sanctioned during their visit to the States and convening meetings with the States/SEBs/Utilities officers. In the review meetings, the reasons for slow progress are identified and States are requested to take remedial measures to speed up implementation of APDRP projects. Regional Review meetings for all the regions were held by Secretary (Power) in the recent past.

The Ministry has noted the recommendation of the Standing Committee for awarding more States to the evaluating agencies for evaluation. The recommendations of the Committee that reasons for slow progress of work in certain States and very small number of projects being undertaken by such states shall be kept in view while formulating the Scope of work.

Need for ensuring effective implementation of APDRP during the remaining part of the Tenth Plan to cover all the District Headquarters by end of Tenth Plan so as to achieve the primary objectives of APDRP has been emphasized. A model DPR is being prepared drawing experience from the implementation of projects already sanctioned under APDRP. National Thermal Power Corporation (NTPC) and Power Grid Corporation of India Ltd (PGCIL) have been advised to prepare model DPR and persuade the SEBs/Utilities to prepare DPR of the District Headquarters which have not been covered so far.

The Ministry of Power has requested Ministry of Finance to enhance the allocation under APDRP for the year 2005-06 so that implementation of APDRP does not suffer for want of adequate funds

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee

(Please see Para 8 of Chapter I of the Report)

Recommendation Serial No.2 (Para No.2.32)

The Committee also analysed the sanctioned projects under this programme and find that only 568 projects have been sanctioned by the Government so far. Total cost of these sanctioned projects is Rs. 19488.75 crore, out of which, APDRP component is Rs 11469.14 crore. Out of this, only Rs. 5540.76 crore, have been released by the Government and the counterpart fund drawn is only Rs. 2943.37 crore. The Committee note that in some States namely Arunachal Pradesh, Assam, Bihar, Jammu & Kashmir, Meghalaya, Manipur, Orissa, Tripura in spite of the availability of adequate funds, utilisation of the same is very low. The main reasons for poor utilisation of funds as stated by the Ministry is that there is poor response from suppliers/contractors. The other reason is that there is inordinate delay in transfer of APDRP funds by the State Governments to SEBs/Utilities due to diversion of funds for other purposes. The

Committee note that the main responsibility assigned to Advisor-cum-Consultants (AcCs) under this programme is to facilitate Utilities in preparation and execution of projects. Delays in execution shows that AcCs are not carrying out their responsibilities properly. The Committee, therefore, desire that the Government should ask the AcCs to assist the SEBs/Utilities with more interest by imparting them adequate training and support for an early execution of projects. The Committee also strongly recommend that Government should develop a better mechanism for an early release of funds to the SEBs/Utilities after approval of Projects and availability of funds with State Governments. The Government should take the strict action against the States who do not release the funds to utilities within one week of the said amount being credited to the State Government account. As per APDRP guidelines, the equivalent amount of APDRP funds with 10% penal interest should be adjusted against the next installment of Central Plan Assistance to be released to that State Government. The Committee suggest that the Government should convince the States to release APDRP funds so that the problem relating to diversion of APDRP funds by the States may be avoided without any further delay. The Committee feel that the Ministry should keep a strong vigil on the various steps taken by the State Governments to improve their distribution network, etc. to make APDRP a success.

Reply of the Government

Role of AcCs: The AcCs are in constant touch with all the SEBs/Utilities to help them at every stage of project i.e. right from helping them in preparing DPRs to execution of the project. The performance of AcCs vis-à-vis the progress of work in each State is monitored in regular meetings. However, as per recommendation of the Standing Committee, AcCs have been advised to play more active role to avoid delay. As regards training of State Government officials is concerned, the AcCs may not be in a position to impart training. Training of State Government officials has been taken up separately under Distribution Reforms, Upgrades and Management (DRUM) and nearly 1800 personnel have been already been trained. There is a target of training about 25,000 personnel under DRUM.

Release of funds: The funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Government based on the utilisation of funds both APDRP and counter part by the SEBs/Utilities. As and when SEBs/Utilities fulfill the above conditions, the recommendations of release of funds are made to the Ministry of Finance for release of funds against sanctioned projects. There is no delay in release of the funds by the Ministry of Finance.

Monitoring: All State Electricity Boards (SEBs)/Utilities are required to submit monthly progress report in respect of progress of execution of Accelerated Power Development and Reforms Programme (APDRP) projects, funds utilisation etc. In addition, the Steering Committee under the chairmanship of Secretary (Power), Ministry of Power and State level Distribution Reforms Committees, reviews the progress of works under APDRP and proper utilisation of funds released under APDRP from time to time.

Secretary (Power) and other senior officers of the Ministry of Power also reviews the progress of the projects sanctioned during their visit to the States and convening meetings with the States/SEBs/Utilities officers. In the review meetings, the reasons for slow progress are identified and States are requested to take remedial measures to speed up implementation of APDRP projects. Regional Review meetings for all the regions were held by Secretary (Power) in the recent past. Moreover, further funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Governments based on the utilisation of funds both APDRP and counter part by the State Governments/SEBs/Utilities. The implementation of APDRP schemes is also being monitored by Advisor-cum-Consultants (AcCs) appointed under APDRP. Project Review Meetings are held at different levels by the AcCs and with various executing agencies to expedite the completion. During such meetings, reasons for slow progress are identified & action taken to mitigate the causes.

Penal interest: Adequate provision already exist for release of funds to State Power Utility within a week and penal interest against diversion of funds.

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee

(Please see Para 11 of Chapter I of the Report)

Recommendation Serial No.3 (Para No.2.33)

The Committee note that to motivate the SEBs/utilities to reduce their cash losses, State Governments are incentivised upto 50% of the actual cash loss reduction by SEBs/Utilities as grant. The year 2000-01 is considered the base year for calculation of loss reduction in subsequent years. The Committee do not agree with the rationale given by the Government, behind considering the year 2000-01 as the base year. The Committee observe that some States namely Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh, Maharashtra, Mizoram, Sikkim, Uttar Pradesh and Uttaranchal have shown reduction in commercial losses initially but increase in subsequent years. In Gujarat, for example, the cash losses were Rs. 3920 crore in 2000-01(base year) but declined to Rs. 3102 crore and Rs. 2250 crore in the years 2001-02 and 2002-03 respectively. But it again increased to Rs. 3020 crore in 2003-04. It has also come to the knowledge of the Committee that in Ajmer DISCOM after completion of 100 percent metering, the revenue collection has come down. By observing these trends, the Committee have very serious doubts about the actual impact of utilization of APDRP fund on strengthening and upgradation of sub-transmission and distribution system in States. The Committee, therefore, strongly recommend that the Government should treat these specific cases as test cases, examine them seriously, find the lacuna in implementation process and take corrective measures so that such results may not appear in future. The Committee, also desire that incentives being given under APDRP should not be given on the basis of reduction in losses starting from year 2000-01. The Committee feel that the loss reduction in the preceding year should be taken as basis for grant of incentive for cash loss reduction in the next year.

Reply of the Government

The process of Distribution Reforms and grant of additional financial assistance for upgradation of sub-transmission and distribution system in the country was started by the Government of India in form of Accelerated Power Development Programme (APDP) during the year 2001-02. Therefore, the year preceding to start of distribution reforms and commencement of APDP i.e. 2000-01 has been designated as the base year for calculation of loss reduction for incentivising SEBs/Utilities. Expert Committee on State Specific Reforms, headed by Shri Deepak Parekh, had also recommended 2000-01 as reference year for incentive purpose. Fixation of a base year for the purpose of granting incentive under APDRP ensures (i) bringing all the utilities on a uniform platforms (ii) avoid any manipulation on accounts for claiming benefit. Therefore, it is felt that the recommendation of the Standing Committee for taking into consideration the loss reduction in the preceding year as the basis for grant of incentive for cash loss reduction in the next year may not be insisted.

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee

(Please see Para 14 of Chapter I of the Report)

Recommendation Serial No.4 (Para No.2.34)

The Committee note that States are given incentives in the form of grants upto 50% of the actual cash loss reduction by SEBs/Utilities. Out of Rs. 40,000 crore earmarked for APDRP for Tenth Five Year Plan, 50% i.e. Rs. 20,000 crore has been allocated for the incentive component only. During the last three years Rs. 955.58 crore has been given as incentives to the States. The Committee find it strange that there is no system of penalizing the States in case of non-utilization of funds. The only provision regarding non-utilization of funds under APDRP is "the release of APDRP funds after 1st tranche is subject to utilization of earlier released funds alongwith equal amount of counterpart fund". The Committee feel that the Government have taken a very light approach towards the States. If States can be rewarded for performance in the form of incentives there must be some provision for penal action in case of non-performance. The Committee, therefore, strongly recommend that a provision of penal action on the States if not utilizing at least the 50% of allocated funds within one year of release of APDRP fund and matching fund by financial institutions, be added in MoU to make them more responsible and determined to implement the projects in a time-bound manner.

Reply of the Government

Although due care is taken for early utilization of the funds released under APDRP, it is not feasible to impose a uniform condition for all cases to utilize the 50% of the allocated funds and matching counter part funds by financial institutions within one year of release of funds due to:

- (a) varying nature of projects involved requiring different modes for their execution
- (b) varying nature of established procedure of State Government concerned.

Provision of penal action may deter the State Governments from availing the assistance under APDRP

[Ministry's F.No. No. 5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee
(Please see Para 17 of Chapter I of the Report)

Recommendation Serial No.11 (Para No.4.31)

The Committee further note that under the scheme stress is being laid only on Metering and not much has been done to strengthen distribution system by way of providing additional transformers and new wiring, etc. to improve the quality/voltage of power supplied. In fact, these are the areas which really require private investment. But unfortunately no specific targets have been fixed area-wise either by the Ministry of Power or by the State Governments. While explaining the Concept of Consumer Indexing, the Committee have been informed that Consumer Indexing helps in identification of Overloading of equipments, helps in better load management and better maintenance of equipments thereby improving quality and reliability of power supply. The Committee, however, feel that Consumer Indexing will no doubt help in identifying all these problems but without making any investment nothing can be achieved. The Committee desire that year-wise targets should be fixed and implementation be ensured in a time-bound manner.

Reply of the Government

Under APDRP, funds are being sanctioned for strengthening and renovation of sub-transmission and distribution by way of providing, inter-alia, (i) setting up of new sub-stations (ii) augmentation of existing sub-stations, renovation and modernization of existing sub-stations (iii) augmentation of 11kV and LT lines and (iv) additional transformers/ replacing old transformer upto the level of 33 kV.

Consumer indexing can be implemented by State Governments concerned and no targets can be fixed by Central Government in this regard. However, all the State/Utilities have been requested to take up the job of consumer indexing on priority basis intimating them about the concerns expressed by the Standing Committee on Energy. AcCs appointed under APDRP have also been advised to help and monitor the progress in this regard on regular basis.

[Ministry's F.No. No.5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee
(Please see Para 23 of Chapter I of the Report)

Chapter-V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation Serial No.13 (Para No. 5.11)

Under APDRP there is an elaborate system of monitoring the implementation of projects which involves the Central Government, the State Governments (including DRCs and SERCs) and the Advisor-cum-Consultants. The Committee observe that through review meeting the progress of the work is monitored. Nine meetings of the Steering Committee have been held so far. The pace with which the projects are being executed by SEBs/Utilities makes it clear that there are serious deficiencies in the System of monitoring. SEBs/Utilities are facing many problems such as lack of experience in the execution of projects on turnkey basis, delay in getting the funds from the State Governments, non-availability of equipments/contractors to execute the works. These and many such problems are all reasons why the schemes have failed to take off in some States such as Assam, Bihar, Arunachal Pradesh, etc. How the progress of the work is monitored through the review meetings is not at all clear to the Committee, because no tangible results seem to have come out of the implementation of APDRP schemes in States. Work on installing feeder meters and consumers meters is very slow and the AT&C losses of power utilities are still very high. A mere decline in AT&C losses from 39.01% in 2001-02 to 37.98%, in 2003-04 is not at all impressive. Further, though the financial losses of 2 out of 5 regions has declined during the last three years, but in some of the States in these regions, the losses have in fact increased. More surprisingly, the programme is not able to facilitate the improvement in availability, quality and reliability of power to the consumers rather, sufferings of the consumers have increased in general. They are facing the problems of defective meters, inflated bills and frequent tariff hikes. Analyzing of all these results makes it clear that there are lots of problems at all stages of APDRP starting from funding to implementation and monitoring. The fact that this all is so in spite of an elaborate monitoring mechanism in place implies that there is an urgent need to strengthen the monitoring mechanism. In addition, the Committee feel there is a need for analyzing various factors by Ministry of Power to ensure the proper implementation of APDR Programme. For example, the Ministry should analyze orders issued by various SERCs to see whether the benefits of funds provided by the Ministry have been really passed on to the consumer or not. If it is not done, the Ministry should ask State Governments to issue necessary instructions to SERCs under the Electricity Act, 2003. No targets seems to have been fixed for providing additional transformers and for providing proper wiring etc. in the areas covered by APDRP. The Committee feel that this is a serious matter and raises a question mark on the usefulness of the Scheme.

Reply of the Government

An in-depth study into the implementation of APDRP, the benefits accrued by the projects vis-à-vis expected benefits from the programme, the progress of implementation of activities committed by the Utilities under MoU and MoA and the progress on

achievement of benchmark parameters committed under MoA, has been entrusted to five independent agencies for evaluation of APDRP. The independent agencies were also asked to suggest changes required in scheme for improvement and better results. The independent agencies have since submitted their reports. Remedial action with regard to implementation of APDRP, utilization of funds released under APDRP and monitoring would be taken to make APDRP more effective and useful for the public.

Under APDRP, funds are being sanctioned for strengthening and renovation of sub-transmission and distribution by way of providing, inter-alia, (i) setting up of new sub-stations (ii) augmentation of existing sub-stations, renovation and modernization of existing sub-stations (iii) augmentation of 11kV and LT lines and (iv) additional transformers/ replacing old transformer upto the level of 33 kV. However, to avail funds under APDRP the SEBs/ Utilities have to prepare DPR and submit to the AcC concerned for scrutiny. The projects under APDRP are sanctioned on merits as per the extant APDRP guidelines. No target for providing additional transformers and proper wiring can be fixed at Central Government level.

[Ministry's F.No. 5/1/2005-APDRP dated November 21, 2005]

Comments of the Committee

(Please see Para 26 of Chapter I of the Report)

NEW DELHI;
July 31, 2006
Sravana 9, 1928 (Saka)

GURUDAS KAMAT
Chairman,
Standing Committee on Energy

Appendix – I

MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE ON ENERGY (2005-2006) HELD ON 31.7.2006 IN COMMITTEE ROOM NO ‘B’ PHA, NEW DELHI

The Committee met from 1500 hours to 1545 hrs.

PRESENT

1. **II. Shri Gurudas Kamat – Chairman**

MEMBERS LOK SABHA

2. Shri J. M. Aaron Raashid
3. Shri E. G. Sugavanam
4. Shri M. K. Subba
5. Shri Ajay Chakraborty
6. Shri Prashanta Pradhan
7. Shri Rabindra Kumar Rana

RAJYA SABHA

8. Shri Vedprakash P. Goyal
9. Dr. (Smt.) Najma A. Heptullah
10. Dr. K. Kasturirangan
11. Shri Motilal Vora
12. Shri Jesu Dasu Seelam

SECRETARIAT

1. Shri P.K.Bhandari - Joint Secretary
2. Shri B.D. Swan - Deputy Secretary
3. Shri Shiv Kumar - Under Secretary

At the outset, the Chairman welcomed Members to the sitting of the Committee.

2. The Committee then took up for consideration the following Draft Reports: -

- (i) Action Taken Report on the recommendations contained in the 9th Report (14th Lok Sabha) on the subject “Implementation of Accelerated Power Development and Reforms Programme (APDRP)” of the Ministry of Power.
- (ii) Action Taken Report on the recommendations contained in the 8th Report (14th Lok Sabha) on the subject “Biomass Power/ Co-generation Programme – An Evaluation” of the Ministry of Non-Conventional Energy Sources.

3. The Committee adopted the aforesaid draft Reports with some modifications.

4. The Committee also authorized the Chairman to finalise these Reports and to present/lay the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX – II
(Vide Introduction of Report)
**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE NINTH REPORT OF
STANDING COMMITTEE ON ENERGY (14TH LOK SABHA)**

I.	Total Number of Recommendations	13
II.	Recommendations/Observations which have been accepted by the Government:	
	Recommendations SI Nos.5, 7, 8, 9 and 12	
	Total	5
	Percentage	38.46%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:	
	Recommendations SI Nos.6 and 10	
	Total	2
	Percentage	15.39%
IV.	Recommendations/Observations in respect of which the replies of the Government have not been accepted and which require reiteration:	
	Recommendations SI Nos.1, 2, 3, 4 and 11	
	Total	5
	Percentage	38.46%
V.	Recommendations/Observations in respect of which the final replies of the Government are still awaited:	
	Recommendation SI No.13	
	Total	1
	Percentage	7.69%