

9

STANDING COMMITTEE ON ENERGY

(2005-06)

FOURTEENTH LOK SABHA

MINISTRY OF POWER

IMPLEMENTATION OF ACCELERATED POWER DEVELOPMENT AND REFORMS
PROGRAMME
(APDRP)

NINTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
August, 2005/ Bhadrapada, 1927 (Saka)

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(2005-06)

(FOURTEENTH LOK SABHA)

**IMPLEMENTATION OF ACCELERATED POWER DEVELOPMENT AND REFORMS
PROGRAMME (APDRP)**

MINISTRY OF POWER

Presented to Lok Sabha on 25th August, 2005
Laid in Rajya Sabha on 25th August, 2005



LOK SABHA SECRETARIAT
NEW DELHI

August , 2005 / Bhadrapada, 1927 (Saka)

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

LOK SABHA

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29. Shri Matilal Sarkar
30. Shri Motilal Vora
31. Shri Jesudas Seelam

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- | | | |
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| 4. | Shri Surender Singh | - Deputy Secretary |
| 5. | Dr. Ram Raj Rai | - Under Secretary |
| 6. | Ms. Juby Mehra | - Committee Officer |

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2004-05)

LOK SABHA

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2. Shri Gauri Shankar Chaturbhuj Bisen
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12. Shri J.M. Aaron Rashid
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15. Shri M. Shivanna
16. Shri Vijayendra Pal Singh
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29. Shri Matilal Sarkar
30. Shri Motilal Vora
31. Shri Jesudasu Seelam

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Ninth Report (Fourteenth Lok Sabha) on the subject, “Implementation of Accelerated Power Development and Reforms Programme (APDRP)” relating to the Ministry of Power.

2. The Committee held Four sittings in all out of which one was devoted to oral evidence of the representatives of the Ministry of Power held on 27th July, 2005.

3. The Committee wish to thank the representatives of the Ministry of Power who appeared before the Committee and placed their considered views. They also wish to thank the Ministry of Power for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 23rd August, 2005.

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;
23 August , 2005
1 Bhadrapada , 1927 (Saka)

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

Implementation of Accelerated Power Development and Reforms Programme (APDRP)

C H A P T E R –I

INTRODUCTORY

Background

The power sector is one of the most important infrastructural aspect of the Indian economy. But of late, it has been facing some serious problems such as old wornout and poor distribution network leading to frequent outages, skewed tariff structure, huge Transmission & Distribution (T&D) losses largely due to outright theft & unmetered supply, high LT/HT line ratio, overloaded DT/ Lines, lack of accountability at feeder level and in distribution setup of State Electricity Boards (SEBs). Hence, the Government identified Distribution Reforms as the key area to bring about the efficiency & commercial viability into the power sector. The Government took various initiatives in this direction, one of these is the introduction of Accelerated Power Development Programme (APDP) in February, 2000. The main objective of this programme was to initiate a financial turnaround in the performance of the State owned power sector. APDP was formulated to finance specific projects relating to:

- (a) Renovation and modernisation, life extension, uprating of old thermal and hydel plants; and
- (b) Upgradation and strengthening of sub-transmission and distribution network (below 33 kV or 66 kV) including energy accounting and metering in the distribution circles.

1.2 Two years of working experience of APDP showed that it had several limitations. Therefore, in the Union Budget 2002-03 APDP was re-christened as Accelerated Power Development and Reforms Programme (APDRP) with the stipulation that 'access of the States to the

fund will be on the basis of agreed reform programmes' the center piece of which would be narrowing and ultimate elimination of the gap between unit cost of supply and revenue realisation within a specific time frame.

Objectives of APDRP:-

1.3 APDRP has now been given much wider scope than APDP. It aims at strengthening and up-gradation of the Sub-Transmission, and Distribution system in the country with the following objectives:

- (i) Reducing Aggregate Technical and Commercial (AT&C) losses;
- (ii) Improving quality of supply of power;
- (iii) Increasing revenue collection; and
- (iv) Improving consumer satisfaction.

1.4 Union Government provide funds under the programme as additional central assistance over and above the normal Central Plan Allocation to those States who commit to a time bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). The funds under the programme are provided under two components:

- (i) Investment component-** Assistance for strengthening and upgradation of sub-transmission and distribution system. Focus is on high density urban areas to achieve quick result as losses in absolute term are very high in such areas.
- (ii) Incentive component** – It is a grant for States/Utilities to encourage them to reduce their cash losses on yearly basis.

1.5 States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiently improving the sector. Schemes undertaken under APDRP are for renovation and modernisation of sub-stations, transmission lines &

distribution transformers, augmentation of feeders & transformers, feeder and consumer meters, high voltage distribution system (HVDS), consumer indexing, SCADA, computerised billing etc.

APDRP Project Formulation, Appraisal, Approval and Implementation

1.6 State Electricity Board/ Utility have to prepare a Detailed Project Report (DPR) covering the schemes to be taken up for implementation under APDRP. DPR shall bring out the techno-economic evaluation of options, the cost benefit analysis and sensitivity analysis on critical parameters assumed for financial viability of the project. To assist the State Utilities etc. in preparation of DPR, the Union Government have appointed National Thermal Power Corporation (NTPC) and the Power Grid Corporation of India Ltd. as Advisor cum Consultants.

1.7 The DPR has to be forwarded to the Ministry of Power through concerned Advisor-cum-Consultant viz., National Thermal Power Corporation or Power Grid Corporation of India Ltd or Central Electricity Authority for review and appraisal. Any information sought by the reviewing agency to facilitate appraisal of the DPR has to be furnished by the concerned SEB/ Utility.

1.8 Projects are approved by Steering Committee, chaired by Secretary (Power), comprising members from Planning Commission, Ministry of Finance, Central Electricity Authority, National Thermal Power Corporation, PowerGrid, Power Finance Corporation and Rural Electrification Corporation. Recommendations are sent to Ministry of Finance for release of funds.

1.9 The Union Government provide 50% of the cost of the approved project in the form of 25% grant and 25% loan. The balance 50% of the cost is to be raised by the concerned State Utility as counter-part fund. This amount can be raised by them from Power Finance

Corporation (PFC) and Rural Electrification Corporation (REC) or from other sources of their own. Utility has to submit parallel application to financial institutions REC, PFC for counter part funding.

1.10 The schemes are to be implemented by the concerned SEB/ Utility and project completion period is 24 to 36 months. The progress of implementation shall be monitored in physical and financial terms by the SEB/ Utility, AcC and the Ministry of Power. The progress of works are also reviewed in the State level Distribution Reforms Committee and by the Steering Committee.

1.11 The SEB/ Utility is responsible for conducting energy audit on each feeder.

1.12 The Ministry is closely monitoring the progress of States on activities committed under MoA and implementation of APDRP projects directly and through NTPC and PGCIL, who are working as Advisor cum Consultant to the States.

1.13 The Committee have examined in detail APDRP and gone into various issues relating to Funding, Implementation and Monitoring etc. These issues have been discussed in subsequent Chapters.

CHAPTER -II

FUNDING PATTERN AND ROLE OF KEY PLAYERS

Funds under APDRP are given as additional central assistance over and above the normal Central Plan allocation. The programme has two components as below:

a. **Investment component** – Funds are provided through a combination of grant and loan. For this purpose States have been categorized as Special Category States and Non-Special Category States. 100% of the project cost in special category States (all North Eastern States, Sikkim, Uttaranchal, Himachal Pradesh and Jammu & Kashmir) in the ratio of 90% grant and 10% soft loan is financed. In respect of other States (Non-special category) Union Government finance 50% of the project cost and the ratio of grant and loan is 1:1. SEBs and Utilities have to arrange remaining 50% of the fund from Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) or other financial institutions or from their own resources as counter-part funds. The following table will make the funding modalities more clear:

S. No.	Category of States	% of Projects / Scheme Cost from APDRP as		% of Projects Scheme Cost from PFC/REC/ Own/ Other Sources
		Grant	Loan	
1	Special Category States	90	10	-
2	Non-special category States	25	25	50

b. **Incentive component:** - This component has been introduced to motivate 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 the base year for the calculation of loss reduction, in subsequent years. The losses are calculated net of subsidy and receivable. Funds under incentive

components are provided as 100% grant to all the States (special category and non-special category) as Additional Plan Assistance.

A. Funding Pattern:

2.2 Funds under the Accelerated Power Development Reforms Programme (APDRP) will be released to the State Government as below:

Non-special category States:

- i. 25 percent of the APDRP amount – after approval of project under APDRP and on tie up of counterpart funds from financial institutions and release of matching fund by financial institutions (FIs)
- ii. On utilization of the 25 percent of sanctioned project cost, 50 percent of the APDRP amount is released.
- iii. On utilization of 75 percent of the sanctioned project cost, balance 25 percent is released

Special Category States (namely all North-Eastern States, Sikkim, Uttaranchal, Himachal Pradesh and Jammu & Kashmir):

- i. 25 percent of the APDRP amount after approval of project
- ii. On utilization of 25 percent of the project cost, 50 percent of the APDRP amount is released
- iii. On utilization of 75 percent of the project cost, balance 25 percent of the APDRP amount is released

2.3 The Programme has an outlay of Rs. 40,000 crore for Tenth Five Year Plan. The Budgetary Allocation & Utilization of APDRP funds during the last three years is given below:

(Rs in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2002-03	3500.00	1089.00	Investment – 1755.52
			Incentive – 379.28
			Total - 2134.80
2003-04	3500.00	3300.00	Investment – 2356.51
			Incentive – 503.30
			Total - 2859.81
2004-05	3500.00	1700.00	Investment – 1428.73
			Incentive – 73.00
			Total - 1501.73
2005-06	630.00	*	Incentive – 367.70

*Ministry of Power has requested Ministry of Finance for revised budget provision of Rs.4939 Crore for the Financial Year 2005-06.

(i) Funds released under investment component:

2.4

- No. of Projects sanctioned : 568 Nos.
- Cost of projects sanctioned : Rs. 19488.75 Cr.
- Funds released : Rs. 5540.76 Cr.
- Counter-Part funds tied up : Rs. 6751.59 Cr.
- Counter-Part funds drawn : Rs. 2943.37 Cr.
- Funds Utilised : Rs. 7165.85 Cr.

2.5 The following table shows the Number & Cost of the Projects sanctioned, funds released and funds utilised by the States under investment component of APDRP

(Rs. in crore)

S. No	Name of State	No. of projects sanctioned	Cost of the projects sanctioned	APDRP Component	Funds released	Counter part funds sanctioned	Funds Utilised (including counter part funds)
1	Andhra Pradesh	101	1511.40	755.70	566.76	744.78	844.68
2	Arunachal Pradesh	04	85.99	85.99	36.68	0.00	2.77
3	Assam	15	655.95	655.95	158.85	0.00	44.97
4	Bihar	15	866.76	433.38	313.18	340.79	182.86
5	Chattisgarh	06	424.58	212.29	159.21	65.99	123.84
6	Delhi	05	946.46	473.23	105.51	748.43	863.23
7	Goa	07	302.40	151.20	113.40	62.70	75.98
8	Gujarat	13	1104.53	552.26	400.26	480.54	638.82
9	Haryana	18	453.41	226.70	168.99	225.34	210.58
10	Himachal Pradesh	12	327.81	327.81	163.92	0.00	105.39
11	Jammu & Kashmir	06	1100.13	1100.13	314.97	0.00	193.20
12	Jharkhand	08	444.85	222.43	153.87	222.42	112.49
13	Karnataka	34	1207.28	603.64	435.45	596.40	798.69
14	Kerala	52	905.01	452.51	230.55	175.18	246.32
15	Madhya Pradesh	42	687.40	343.70	129.87	339.54	130.67
16	Maharashtra	33	2063.12	1031.56	268.23	713.64	533.32
17	Manipur	05	143.96	143.96	2.67	0.00	2.67
18	Meghalaya	09	233.52	233.52	58.38	0.00	5.65
19	Mizoram	07	111.28	111.28	28.96	0.00	28.96
20	Nagaland	03	124.10	124.10	42.83	0.00	17.68
21	Orissa	07	592.22	296.11	74.02	296.11	27.17
22	Punjab	25	741.18	370.59	178.74	353.19	209.24
23	Rajasthan	29	1276.97	638.48	385.82	322.31	607.74
24	Sikkim	03	154.73	154.73	154.73	0.00	77.34
25	Tamil Nadu	41	987.08	493.54	441.82	484.09	727.00

26	Tripura	07	150.56	150.56	37.64	0.00	13.71
27	Uttar Pradesh	34	1076.06	538.03	134.52	369.85	96.29
28	Uttaranchal	06	361.51	361.51	240.76	0.00	119.15
29	West Bengal	21	448.50	224.25	40.17	210.29	125.44
	TOTAL	568	19488.75	11469.14	5540.76	6751.59	7165.85

2.6 On being asked about the time schedule fixed for the completion of various sanctioned projects under APDRP, the Ministry informed as under:

“The projects sanctioned under APDRP have a project implementation period ranging from 24 months to 36 months excluding the time required for calling tenders and processing for award”.

2.7 In many States such as Arunachal Pradesh out of Rs. 36.68 crore funds released only Rs. 2.77 Crore has been utilised. Similar is the case of Assam, Bihar, Meghalaya, etc. When asked about the reasons for low utilisation of funds, the Ministry in a written reply stated as follows:

“The basic problem with these States is the poor response from the suppliers/contractors. Utilities in these States are finding it difficult to finalise the orders. However, the position in Assam and Bihar has improved and the implementation during the current year is expected to be good in these States.”

2.8 One of the difficulties in implementing the projects sanctioned under APDRP is delay in transfer of APDRP funds by State Governments to SEBs/Utilities. Asked about the reasons for delay in transfer of APDRP funds on the part of State Government to SEBs/Utilities the Ministry in written reply stated as under:

“State Governments sometimes delay transfer of APDRP funds to the utilities with the intention of using the funds for implementation of other schemes as they are normally short of funds. However, the fund is transferred to the utilities at the time of actual requirement.”

2.9 When further asked about the existence of any provision in the MOU signed by the States about the time period within which the funds should be transferred to SEBs/Utilities, the Ministry furnished as follows:

“As per the APDRP guidelines, the State Government has to release the APDRP fund to the utility within a week of the said amount being credited to the State Government account otherwise it will be treated as diversion of funds. If any State Government / State Power Utilities divert or is deemed to have diverted APDRP funds for other purposes, the equivalent amount will be adjusted with 10% penal interest against the next installment of Central Plan Assistance to be released to that State Government in that year or in the subsequent year.”

2.10 Being concerned with the slow pace of implementation of projects, when the Committee enquired whether there is any system of penalizing the States in case of delay in the implementation of projects, the Ministry in a reply stated as follows:

“Under the programme, the release of APDRP fund after 1st tranche is subject to utilisation of earlier released funds along with equal amount of counter part fund. Till this condition is fulfilled, no further releases are made. Accordingly sanction of new projects is viewed by Steering Committee.”

2.11 When asked how many State Electricity Boards/Utilities have not utilised the first installment of assistance under APDRP & What type of action is taken if a SEB/Utility has utilised only a part of sanctioned fund and does not desire to pursue the scheme further, the Ministry submitted as follows:

“Utilities in the States of Assam, Arunachal Pradesh, Jammu & Kashmir, Meghalaya, Nagaland, Orissa, Tripura and Uttar Pradesh have not utilised the first instalment of the APDRP fund due to delay in take off the schemes in these States. Lately, the progress in these States has picked up, except in Arunachal Pradesh.

In case SEB/Utility does not desire to pursue the sanctioned scheme, the same will be short closed and the funds released shall be recovered with penal interest from the central plan assistance to the state.”

(ii) Funds released under incentive component:

2.12 The details of the reported cash loss reduction and incentives released by the Central Govt. to various States under APDRP are as under:

(Rs. In Crore)

Sl. No.	State	Incentive released			
		2003-04	2004-05	2005-06	Total
1.	Gujarat	236.38			236.38
2.	Maharashtra	137.89			137.89
3.	Haryana	105.49			105.49
4.	Rajasthan	137.71			137.71
5.	Andhra Pradesh	265.11			265.11
6.	West Bengal		73.00	302.76	375.76
7.	Kerala			64.94	64.94
	Total	882.58	73.00	367.70	1323.28

2.13 Further, the Ministry has forwarded its recommendations to the Ministry of Finance for release of following incentives to States:

(Rs. In Crore)

S.No.	Name of States	Year	Reduction in cash loss	Incentive Recommended
1.	Gujarat	2002-03	296.10	148.05
2.	Punjab	2003-04	503.88	251.94
Total			799.98	399.99

2.14 On being asked about the mechanism to ensure that incentive claims of States are authentic the Ministry in a reply furnished the following information:

“States desirous of availing incentive under APDRP for the cash loss reduction achieved by them are required to submit the incentive claim in the prescribed format to Ministry of Power along with audited annual accounts. Ministry has appointed M/s Credit Analysis and Research Ltd. (CARE) for scrutinizing the incentive

claims. The report by CARE is scrutinized at various level in the Ministry of Power and in case the claim is admissible, recommendation of the Ministry is sent to Ministry of Finance for releasing the incentive. The claim is again scrutinized by them before final release.”

2.15 Asked about the justification for considering the year 2000-01 as base year for calculation of loss reduction and not the preceding year, The Ministry in a written reply clarified as follows:

“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 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 Sh. Deepak Parikh, had also recommended 2000-01 as reference year for incentive purpose.”

2.16 However, power utilities in the States of Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh, Maharashtra, Mizoram, Sikkim, Uttar Pradesh and Uttaranchal have shown reduction in commercial loss (without subsidy) initially and increase in the subsequent years as shown below:

(Rs. in Crore)					
Sl	State Utility	2000-01	2001-02	2002-03	2003-04
1	Andhra Pradesh	2559	2948	1209	1400
2	Delhi (DVB/Transco)	1055	NA	733	1774
3	Gujarat	3920	3102	2250	3020
4	Madhya Pradesh		1347	822	1230
5	Maharashtra	1404	540	255	549
6	Mizoram	41	30	34	49
7	Sikkim	19.82	10	30	15
8	Uttar Pradesh	2534	2518	2374	2848
9	Uttaranchal		27	(32)	35

B. Eligibility criteria for availing APDRP funds

2.17 On being asked about the eligibility criteria for States for availing APDRP funds, the Ministry informed as follows:

“All States are eligible for availing APDRP funds. However, it is subject to signing of Memorandum of Agreement and Tripartite Agreement for securitisation of Central Public Sector Undertakings (CPSUs) dues.”

2.18 The Ministry added:

“Under APDRP priority is given to projects from those States who commit themselves to a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). Signing of the above documents by the State Governments/ SEBs/ Utilities is a pre-requisite for releasing funds under APDRP”.

2.19 On being asked by the Committee about the main points covered in MoU and MOA that States have signed, the Ministry in a note stated as follows:

“Government of India signed MOUs with States for undertaking reforms and restructuring in a time bound manner and linking the support of Government of India for achievement of pre-determined milestones. The salient features of the MOU are as under:

- Reform programme by State Government
 - Reorganisation of State Electricity Boards
 - 100% electrification of villages and hamlets
 - Energy audit at all levels
 - Setting up of State Electricity Regulatory Commission
 - Rationalisation of tariffs
- Support from Government of India
 - Supply of additional power wherever feasible
 - Strengthening & improvement of transmission network by POWERGRID
 - Assistance for distribution system
 - Funding for 100% electrification of village and hamlets
 - Concessional financing by Power Finance Corporation for financial restructuring plans, etc.”

2.20 The 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.

Benchmarking of performance parameters at State level

Parameters

- Input energy Vs metered energy sale to consumers (energy billed on flat rate/assessed basis is not to be included) for the entire state
- T&D losses in MU (flat rate sales and unmetered sales is not to be included) for entire state
- Gap between ARR and ACS per unit of energy (ARR-ACS). ARR: Ratio of Gross Revenue Sales in crore of Rs and Net Energy Input in MU for entire state. ACS: Ratio of cost of supply (including generation cost, purchase and overhead cost) in crore of Rs. And Net Energy input in MU for entire state
- Productivity- Ratio of Metered energy sale to consumers and total Manpower strength in a SEB/DISCOM (executive plus supervisors plus support staff)
- Improvement in PLF, heat rate and auxiliary power consumption (Weighted Average for Generation plants owned by SEB)
- Outstanding dues to CPSUs and other agencies (Outstanding dues are cumulative Amount in Rupees crore as on 31st Dec.01)
- Declared financial losses (to be provided in terms of Rs and also in terms of percentage sales on financial year basis)

Benchmarking of performance parameters at Circle level

Parameters

- Input energy to circle Vs metered energy sale to consumers (energy billed on flat rate/assessed basis is not to be included)
- T&D losses in MU (flat rate sales and unmetered sales is not to be included)
- Gap between ARR and ACS per unit of energy (ARR-ACS). ARR: Ratio of Gross Revenue Sales in crore of Rs and Net Energy Input in MU for entire state. ACS: Ratio of cost of supply (including generation cost, purchase and overhead cost) in crore of Rs. And Net Energy input in MU for entire circle
- Productivity- Ratio of Metered energy sale to consumers and total Manpower strength in a SEB/DISCOM (executive plus supervisors plus support staff)
- Billing cycle time (Period)
- Feeder outages (Numbers)
- Failure rate of DTs (Percentage)
- Consumer complaints (Numbers)
- Complaint disposal time (Period)
- HT/LT Ratio
- Average Load factor on Distribution Transformers

- Average Power Factor

2.21 MoA also mentions about various steps to be taken by the SEB/Utility on administrative, technical and commercial fronts for improving their overall performance. States have been asked to formulate suitable policy for handing over parts of distribution system on management contract or on lease to local bodies, franchisees, consumer corporative, local institutions, users association etc to promote bulk consumers. Details of monitoring parameters are given below :

MOA PARAMETERS

- Constitution of Distribution Reform Committee
- Identification of nodal Officer
- Accounting of Input Power
- Policy of handing over D/S to franchise etc.
- Energy Accounting
- Energy Auditing
- Computerised billing
- Adoption of Turnkey contracting system
- Policy for out sourcing
- Setting up of Benchmark parameters for monitoring
- Installation of Feeder meters
- Installation of Static/High precision consumer meters
- New connection with meters
- Policy/installation of capacitor above 5 HP
- Consumer indexing upto DT level
- MOU between
 - a. Utility & CEO
 - b. CEO & EX. Engineer
 - c. Ex. Engineer & AE
- AE to Feeder Manager
- Separate APDRP Accounts
- Organisation structure for implementation of APDRP project
- Designation of Feeder Manager
- Sub-Station level interface for automatic data logging
- Setting up of consumer complaint system

2.22 On being asked about the details of Tripartite Agreement that States have to sign, the Ministry informed:

“An expert Group under the Chairmanship of Shri Montek Singh Ahluwalia, the then Member (Energy), Planning Commission recommended a scheme for one-time settlement of dues payable by

State Electricity Boards (SEBs) to Central Public Sector Undertakings (CPSUs) and the Railways. The recommendations were accepted by the Government of India. All the State Governments signed the Tripartite Agreement envisaged under the scheme, which is between the State Government, Reserve Bank of India and the Government of India. Under the scheme, 60% of the interest / surcharge on the delayed payments as on 30.09.2001 have been waived off. The rest of the dues comprising full principal amounts as well as the remaining 40% of the interest / surcharge have been securitised through bonds issued by the respective State Governments. States have to ensure timely payment of current dues in future.

The release of APDRP funds is subject to fulfillment of the conditions laid down in TPA by the State Governments.”

2.23 During the course of evidence when the Committee enquired about the significance of entering into MoUs and MoAs with State Governments, Secretary, Ministry of Power clarified the position as under:-

“...We signed it in 2002-03 with almost all the States because it is their subject. The Government of India decided to enter into MoUs with the State Governments that we want State Governments to ensure feeder metering, consumer metering, re-organisation of this business plan, computerised billing, good consumer service centres etc. There are 100 items listed in the MoU because that is not our direct area. Through this instrument of agreement between Government of India and State Government, we do it. I would not say that there would be no deviation or non-compliance of this agreement. There are, but then this is a process in which with mutual sort of understanding, we are trying to solve the situation. Beyond that, if more is required to be done under the Act.”

C. Role of Key Players

(i) Role of Advisor-Cum-Consultant (AcC)

2.24 The Ministry has informed that Ministry of Power has involved National Thermal Power Corporation (NTPC) and Power Grid Corporation of India Ltd (PGCIL) and other public sector Consultants to assist state utilities in collection of data, preparation of DPRs, development of management information system, preparation of

specification, quality plans, implementation of the schemes etc., review of DPRs, prepared by state utilities and monitoring of APDRP activities. NTPC & PGCIL are monitoring the schemes on continuous basis. In addition NTPC and PGCIL pursue critical issues directly with respective States and bring it to the notice of Ministry of Power. NTPC and PGCIL have been entrusted with the following responsibilities:-

- Collection and analysis of detailed data up to 11kV
- Preparation of Detailed Project Reports (DPRs), bidding documents, etc. (for initial projects only)
- Assist Utilities in prioritization of schemes
- Review of techno-economic appraisal of DPRs prepared by Utilities
- Supervision of implementation
- Assist Ministry of Power in prioritization of available funds
- Monitor periodically the physical and financial progress of APDRP funds

(ii) Role of Financial Institutions

2.25 Under APDRP the Government of India finances 50% of the project cost in the form of 25% grant and 25% loan. SEBs and Utilities have to arrange remaining 50% of the fund from Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) or other financial institutions or from their own resources as counter-part fund. List of financial institutions involved in the funding of APDRP projects in the States is given below:

States	Financial Institutions
Andhra Pradesh	PFC/REC
Bihar	PFC
Chattisgarh	PFC
Delhi	PFC/REC
Goa	PFC
Gujarat	REC
Haryana	PFC/REC
Jharkhand	PFC
Karnataka	PFC/REC
Kerala	REC
Madhya Pradesh	PFC
Maharashtra	PFC/REC

Orissa	PFC/REC
Punjab	REC
Rajasthan	PFC/REC/World Bank
Tamilnadu	REC
Uttar Pradesh	PFC
West Bengal	PFC

PFC- Power Finance Corporation

REC- Rural Electrification Corporation

2.26 The Ministry has informed that the States of Assam, Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura & Uttaranchal are under Special Category and do not require counter part funding from Financial Institutions.

(iii) Role of Users' Association/ Village Panchayat/ Cooperative Association

2.27 Under the scheme of Franchising, part of Distribution Network is handed over to user's association/village panchayat/ cooperative association etc. The franchisee receives power supply at one point and is responsible for operation & maintenance of the network and collection of the revenue. The remuneration to the Franchisee depends on the collection made in his area as a percentage of the revenue collection. As much as the franchisee collects, he receives proportionately more commission. Under the franchisee system, accountability of the employees is more and this result in reduction in AT&C loss. It also provides a competitive framework for the employees of the Utility.

2.28 The States of Assam, Karnataka, Orissa and Nagaland have started handing over of part of their distribution system to franchisees/ cooperatives/ consumer associations. The States have informed that there have been good results towards reduction in AT&C losses. Andhra Pradesh and Gujarat have also initiated the process.

2.29 Bangalore Electric Supply Company Ltd. (BESCOM) has appointed 952 Nos. (MFF- Micro Feeder Franchisee) franchisee in

BESCOM area. The target collection level given to all these franchisees was Rs. 455.30 Lacs in Financial year 2004-05 against which franchisees have collected Rs. 605.85 Lacs i.e. increase of 33% revenue.

2.30 When the Committee enquired about the time taken in appraisal/ approval of the projects/ schemes after submission of Detailed Project Reports to Advisor-cum-Consultants/ Ministry of Power, the Ministry informed as follows:

“On submission of detailed project report by SEB/Utility, Advisor cum Consultant appraises the project on techno economic grounds. In case, certain modifications are required, AcC advises the utilities for modification of the project. After appraisal of revised project, AcC forward its recommendation to the Ministry of Power. Recommended projects are placed before Steering Committee on APDRP for consideration and approval. Normally, the whole process takes about 3 months.”

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.

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.

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.

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.

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.

C H A P T E R-III

FUNDING TO PRIVATE SECTOR

As recommended by the Expert Committee on State-Specific Reforms, APDRP funds are also available to the private distribution companies. The assistance to them is routed through the respective State Governments. On being asked about the eligibility criteria for private agencies for availing APDRP funds the Ministry in a written reply stated as under:

“APDRP fund are provided to the private DISCOMs subject to the following conditions:

- a) The State Govt. should sign a Memorandum of Understanding with the Ministry of Power for transferring the APDRP fund to the private agency;
- b) The private DISCOM should sign a Memorandum of Agreement with the concerned State Government.
- c) The assistance received by the agency under APDRP including grant-in-aid along with quantifiable benefits expected from such investment shall be intimated to SERC so that additional benefits/ relief are passed on to consumer over and above what DISCOMs were obliged to provide under extant agreement/ orders of regulations.

No incentive claims are entertained from the private DISCOMs for reduction of cash losses under APDRP.”

3.2 Committee observed that APDRP funds are being given to private distribution companies but no incentive claims are entertained from private DISCOMs for reduction in cash losses under APDRP. On being asked about the objective and justification of such a provision, the Ministry informed that:

“Expert Committee on State Specific Reforms recommended that APDRP investment fund should also be accessible for Private

Distribution Utilities with adequate safe guards to ensure that public as well as private utilities passed on the benefits arising out of such investments to the end consumers. Therefore, APDRP funds are provided to the Private Distribution Companies also for facilitating the improvement in availability, quality and reliability of power to the consumers. However, this is subject to the willingness of the respective State Government.

The incentive is provided to motivate the State Power Utilities to reduce their cash losses, which inturn reduces the burden on State Government. Incentive assistance to the private utilities will benefit the utilities and not reduce the burden of the State Government. Therefore, the Private Distribution Companies have not been covered under incentive schemes.”

3.3 To a query about the instructions for States about utilisation of funds received as incentives for the work done by the DISCOMs in reducing cash losses and how is the consumer benefited through such incentive fund, the Ministry in a note explained as follows:

“In accordance with APDRP guidelines, the grant under incentive component shall be utilised by the utility in improvement of Power Sector only. The utility shall not ask for any tariff revision on this investment and the consumer shall be the beneficiary of better services without tariff hike.”

3.4 Projects Sanctioned to Private Distribution Companies and funds utilized Under APDRP is given below:

(Rs. In crore)

S. No	Name of the project	Total Project cost	APDRP Cost	Funds released by Government of India	Counter Part fund drawn	Utilisation
DELHI						
1	BSES	625.36	312.68	69.69	487.29	556.98
2	North Delhi Power Ltd.	321.10	160.55	35.83	270.42	306.25
	Total	946.46	473.23	105.51	757.71	863.23
GUJARAT						
1	Surat Elec. Co.	142.98	71.49	53.61	54.62	80.00
2	Ahmedabad Elec. Co.	206.41	103.21	77.40	117.09	139.04
	Total	349.39	174.70	131.01	171.71	213.06

MAHARASHTRA						
1	BSES, Mumbai	550.74	275.37	0.00	87.43	87.43
	Total	550.74	275.37	0.00	87.43	87.43
ORISSA						
1	WESCO	87.65	296.11	74.02		3.51
2	NESCO	101.81				4.23
3	SOUTHCO	106.03				4.68
4	CESCO	296.73			30.54	14.75
	Total	592.22	296.11	74.02	30.54	27.17
	Grand Total	2438.81	1219.41	310.54	1047.39	1196.82

3.5 On being asked that how does the Government ensure that the consumers do not suffer if badly managed private companies take loan at high rate of interest, the representative of the Ministry during evidence clarified as follows:

“I would feel that the Regulatory Commissions will take care of that. It can always question this. It is because now-a-days the rate of interest is around 8 to 9 percent and not 12 or 13 or 14 or 15 per cent which it used to be in mid-eighties and early nineties. If they take loan at higher rate of interest, consumer associations and consumers themselves can question them. I would feel that the Regulatory Commission would not allow this type of thing to happen.”

3.6 Being concerned over the regular hike in tariff, the Committee enquired as to why the cost to the consumer is rising wherever private players have come to play. The representative of Ministry during evidence explained as follows:

“Earlier, we were cross subsidizing heavily. We are not doing that now. In many States we have the State utilities and we have the State Electricity Boards which are being paid by the States. In some cases, they are not paid as the States have some difficulty. Now, when you have private companies like in Ahmedabad and Mumbai, they would not fund them. In Delhi, we have 50 to 60 per cent loss. To some extent, it has been reduced now. Wherever privatisation has taken place, the rate of increase in tariff like in the case of industry has been halted because one of the aberrations that existed in the tariff structure in the past was also high cross subsidisation. And industrial tariff can be increasing.

Now, most of the Regulatory Commissions have captured this point. Obviously, when they halt the high rate, in the case of industry and commerce, they become competitive domestically and globally. Naturally, for the section of consumers who are highly subsidized, their tariff seem to be increasing.”

3.7 When asked about the justification of the trend where the DISCOMs are reducing AT&C losses by utilising APDRP funds and simultaneously they are being permitted to hike the tariff regularly, the Ministry replied as under:

“The level of AT&C loss of the utilities are quite high due to high technical loss, low metering/billing/collection efficiency, theft & pilferages and skewed tariff structure. The reduction in AT&C loss can not be affected by improvement only in one area. Under the distribution reform and APDRP, a multifarious approach has been adopted.

Assistance under APDRP is in form of 25% grant & 25% loan by the Government. Balance 50% is to be arranged by the utility through counterpart funding from financial institutions or internal resources. GOI has so far released Rs. 5540.76 Crore APDRP fund, which include Rs. 3266.532 Crore in form of grant and Rs. 2274.228 Crore in form of loan. Out of the released grant portion, utilities have utilised Rs. 2355.83 Crore, out of which Rs. 1513.47 Crore has been utilised during 2004-05 and 2005-06. The benefit of the major APDRP expenditure, which has occurred during 2004-05 and 2005-06 is expected to be passed on to the consumers in coming tariff orders.”

3.8 On being asked how the Central Government/ concerned State Government ensure whether DISCOMs are intimating the benefits achieved through utilisation of APDRP funds to SERCs or not, they furnished the following reply.

“In case of APDRP assistance to the Private Utilities, the Ministry of Power has signed a Memorandum of Understanding (MOU) with the concerned State Government. As per the MOU the respective State Government has been asked to ensure that the above condition of informing the APDRP assistance and benefits to the SERC is met by the Private Utilities.


The grant-in-aid assistance received by the utility under APDRP is shown by it under head of the capital expenditure made during the year, which is not considered for calculation of Annual Revenue Requirement (ARR) of the utility for the year.”

3.9 Being concerned with the regular revision of tariff when the Committee enquired whether the State Governments also present their comments to SERC whenever any DISCOM request the Commission for upward revision of the tariff and if not whether the Union Government would like to issue any instructions in this regard to the State Governments, the Ministry in the written reply stated as follows:

“SERC is a statutory body. It invites public comments and holds public hearing for filing and hearing of the objections on tariff petition of the utility, where any individual or any institution can file his/her objection(s). State Governments are associated with the SERC as State Govt. has to decide on the quantum of subsidy to be provided by the State Government to the utility for providing subsidised power to select consumers as may be decided by the State Govt.”

3.10 When the Committee specifically enquired about the installation of fast running meters in Delhi; Secretary, Ministry of Power clarified the position as under:

“...The Electricity Regulatory Commission had not set up the institution on ombudsman or grievance redressal forum by that time. It is because these are minute details where independent testing will have to be done. I am told that ombudsman and grievance redressal forum in different distribution companies run by Tatas as well as Reliance have been introduced. These institutions have decided under the guidance of Delhi Regulatory Commission that independent testing by total independent agencies, not dependent on these distribution agencies through different meters will be done. I would like to tell you about one case without naming it. There is a complaint that meter supplied by a certain manufacturer in general is a fast running meter. Some independent agencies are there to investigate into these grievances or complaints that meters are running fast. As I said,

in certain cases, it has been reported that manufacturer's meters are generally fast running, those things will be detected and I am sure that Delhi Regulatory Commission will be able to take care of this problem. I think Chief Minister, Delhi has herself said that she expects that within the next 25 to 35 days, this problem should come under grip  It is not that it will be solved, but it will come under the grip."

3.11 During the course of evidence, when the issue of tariff hike in Delhi was raised the Secretary, Ministry of Power clarified the position stating as under:

"....It would be true when the losses are reduced by at least 15 to 20 per cent. In Delhi Tata area, there was no need for revision of tariff but, the Regulatory Commission in general felt that it would be difficult and that it would not be possible to leave one area."

3.12 Secretary further clarified the position stating that Executive Officer of Tata had told that they did not need revision because they have brought distribution loss to a level where they did not need revision.

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.

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.

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.

C H A P T E R –IV

ACHIEVEMENTS UNDER APDRP

Under APDRP, the concerned States have to take certain technical, commercial, financial and IT initiatives to achieve the desired results.

(i) Administrative measures are considered a powerful tool in our overall reform strategy because of the tremendous benefits it can provide in a short time span and with least burden to the SEB's. Recently, Andhra Pradesh has planned to entrust the distribution in selected 11 kV feeders and below levels to selected agencies with the requisite capabilities and have invited tenders for such tasks. Karnataka has come out with the program of Grama Vidyut Pradhinidhis for distribution in selected 11kv feeder areas.

(ii) Technical Loss reduction measures

Measures for technical loss reduction include

- Installation of capacitors at all levels;
- Re-conductoring of over loaded sections;
- Re-configuration of feeder lines & distribution transformers so as to reduce the length of LT lines;
- Make the system less LT oriented by installation of smaller size energy efficient distribution transformers so that each transformer supplies power to 10 to 15 households only;
- Development of digital mapping of the entire assets of distribution system;
- Computerized load flow studies so that investments could be undertaken for long-term strengthening of the distribution system.

(iii) IT Initiatives taken

Information technology and computer aided tools for revenue increase, outage reduction, monitoring and control, play a vital role in distribution management.

The Ministry has informed that following IT initiatives have been taken by the States:

- (a) Supervisory Control and Data Acquisition (SCADA) System: To improve reliability and quality of power Supervisory Control and Data Acquisition (SCADA) System has been introduced in selected towns of Andhra Pradesh, Delhi, Gujarat, Maharashtra & Tamilnadu.
- (b) Remote metering of HT & Industrial consumers have been started by Delhi, Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Orissa, West Bengal, Jharkhand, Rajasthan, Madhya Pradesh, Uttar Pradesh etc.
- (c) Spot Billing: Utilities in the state of Andhra Pradesh, Assam, Delhi, Gujarat, Karnataka, Orissa, Rajasthan, Himachal Pradesh, Uttar Pradesh, Uttaranchal etc have started consumer billing using hand held spot billing machines.
- (d) Electronic/ Static Meters are being installed in almost all States on feeders and at consumer premises to introduce energy accounting and auditing. In States of Andhra Pradesh, Delhi, U.P., Orissa, Karnataka power utilities have successfully introduced MRI (Meter reading Instrument) for their towns and having facilities of spot billing. Other States are also in the process of introducing spot billing through MRI.
- (e) Computerised billing: To overcome human errors, Andhra Pradesh, Delhi, Karnataka, Maharashtra, U.P., West Bengal, Haryana, Punjab, Himachal Pradesh, Gujarat, Madhya Pradesh, Rajasthan, Orissa have introduced computerised billing. Andhra Pradesh, Delhi, Karnataka & Maharashtra have also introduced online bill payment system. Interactive Website has been developed at Hyderabad, Delhi, Mumbai, Bangalore, Chennai etc. for enabling of billing information by consumers.

- (f) **Introduction of Websites:** Ministry of Power has provided a link on its website for information on distribution reforms, APDRP and Best Practices in distribution to enable Power utilities to make use of it for improvement in their operations. Most of the power utilities have also launched their website, which give exhaustive details of their administrative, technical and commercial operations. Interactive Websites have also been developed by the utilities at Hyderabad, Delhi, Mumbai, Bangalore, Chennai etc. for enabling of billing information by consumers.

4.2 The following table shows the status of reforms under APDRP:

STATUS OF REFORMS

STATE	SERC Const.	Number of T/O by SERC	Unbundling /Corporatisation	Feeder Metering (%)	Consumer Metering (%)	Energy Audit Initiated
Uttaranchal	2002	2	2001	100	92	√
Orissa	1996	6	96	95	81	
M.P.	1998	3	2002	100	72	√
Kerala	2002	1	Extn. 12/2005	100	100	
Chattisgarh	2001	1	Extn. 12/2005	91	68	
Bihar	2005		Extn. 09/2005	41	50	√
Tripura	2004		2005	100	81	√
J&K	2004			95	40	
Sikkim	Notified			49	87	
Manipur	Notified			21	82	
Meghalaya	Notified		Extn. 12/2005	100	50	
Mizoram	Notified			92	96	
Nagaland				50	61	
Arunachal Pradesh				0	46	

A. Status of Consumer and Feeder Metering

4.3 Static meters on 11 kV out-going feeders and HT consumers were contemplated under APDRP. Though the Chief Ministers

conference held in March 2001 decided to complete the implementation of the feeder meters by December 2002, due to various reasons their procurement and installation is yet to be completed. Since these feeders provide the metering at the points of bulk deliveries in the distribution system, these are of paramount importance for carrying out energy audits. Actions for procurement & installation of these are being pursued vigorously. It is also necessary that the meters be provided with on-line communication facility so that reliable, continuous data from all the substations are made available without manual intervention.

4.4 Out of 31 States and UTs, 100% feeder metering has been completed in 20 whereas 100% consumer metering has been completed in only 7 States/UTs.

State-wise status of consumer metering and feeder metering is given below:

METERING STATUS							
Sl.	STATE	11 KV Feeders 2004-05			Consumers (In Lakh) 2001-02		
		Numbers	Metered	%age	Numbers	Metered	%age
1	Andhra Pradesh	7401	7401	100	198.60	181.20	91
2	Arunachal Pradesh	201	1	0	1.13	0.52	46
3	Assam	708	708	100	11.77	10.56	90
4	Bihar	1125	465	41	12.50	6.23	50
5	Chattisgarh	1293	918	71	22.13	14.19	64
6	Delhi	1850	1850	100	26.65	26.65	100
7	Goa	179	179	100	3.96	3.86	97
8	Gujarat (GEB)	5307	5307	100	74.77	69.57	93
	Gujarat (Torrent/Surat)				5.20	5.20	100
9	Haryana	3888	3888	100	39.17	36.12	92

10	Himachal Pradesh	726	651	90	16.46	16.46	100
11	Jammu & Kashmir	1558	630	40	10.00	4.00	40
12	Jharkand	461	396	86	6.53	4.02	62
13	Karnataka	4570	4570	100	128.89	105.68	82
14	Kerala	1320	1320	100	74.19	74.19	100
15	Madhya Pradesh	5660	5660	100	64.92	46.50	72
16	Maharashtra (MSEB)	8146	8146	100	135.32	118.12	87
	Maharashtra (REL)	598	147	25	23.73	23.73	100
17	Manipur	193	40	21	1.70	1.40	82
18	Meghalaya	175	170	97	1.68	0.84	50
19	Mizoram	127	92	72	1.28	1.23	96
20	Nagaland	164	66	40	1.88	1.14	61
21	Orissa	1723	1475	86	21.49	17.45	81
22	Punjab	5928	5928	100	58.36	49.08	84
23	Rajasthan	8411	8411	100	58.45	54.78	94
24	Sikkim	113	55	49	0.60	0.52	87
25	Tamilnadu	3508	3508	100	161.33	131.25	81
26	Tripura	197	197	100	2.28	1.84	81
27	Uttar Pradesh	8507	8507	100	88.06	80.38	91
28	Uttaranchal	743	743	100	9.01	8.14	90
29	West Bengal (WBSEB)	2347	2347	100	47.27	45.89	97
30	Chandigarh	174	174	100	1.97	1.97	100
31	Daman & Diu	51	51	100	0.52	0.52	100
32	Pondicherry	89	89	100	2.19	2.11	96
Total		77744	74393	96	1313.99	1145.34	87

4.5 On being asked why feeder metering is important, the representative of the Ministry during evidence explained as follows:

“Feeder metering is very important. If feeder metering work is completed, we can know that these are the feeders from where some loss takes places. Then, the States can focus attention on it and find out that such and such area is creating more trouble.”

4.6 On being asked why North-Eastern States are lagging behind in the installment of Feeder meters in spite of the availability of adequate funds, the Ministry stated:

“17 States have achieved 100% feeder metering. Union Territory of Chandigarh, Daman & Diu and Pondicherry have also achieved 100% Feeder Metering. States having low feeder metering are States of N-E region, Bihar, Chattisgarh and Sikkim. The implementation is under progress in these States also.

100% consumer metering by the utilities in the state of Delhi, Himachal Pradesh and Kerala has been achieved. Utilities in the States of Andhra Pradesh, Assam, Goa, Haryana, Mizoram, Gujarat, Rajasthan, U.P., Uttaranchal, West Bengal, Chandigarh, Daman & Diu and Pondicherry have achieved 90% or more in consumer metering. Utilities having low level of consumer metering belongs to the States of N-E region, Bihar, J&K and Jharkhand where the implementation is under progress. A portion of un-metered consumers belongs to agriculture and flat rate consumers for which State Governments have not yet decided to install the meters.”

4.7 The Ministry further added:

“The response of the equipment suppliers/contractors is poor in the States of N-E region. This is badly affecting the implementation of metering and other schemes.”

4.8 To a query as to why there is slow progress in consumer metering he added:

“There is resistance from the States for consumer metering. In some of the cases we have threatened them. We are trying to do so many things. When Chief Ministers meet our Minister, we have got a check list to talk to them. These are the steps where we are really trying to persuade the States. Distribution is in a bad shape and we are trying to set it right. We tell them that they have not reorganised their Regulatory Commission. Many times, we tell them that it would be very difficult to allocate extra power out of unallocated quota if they do not do this. So, in an indirect fashion, wherever we have an elbow room, we are definitely trying to impress upon them.”

4.9 Expressing their concern over the new system of consumer metering which gives more scope for corruption, when the Committee enquired how the Government thinks it to be a foolproof system he clarified as under:

“I would like to put it like this. If we have to bill a consumer, the consumer and the supplier of power should know how much electricity he has consumed and how much he should be billed, whether it is rural area or urban area. If there are consumers who deliberately do mischief, somebody by-passes the meter, of course, there will have to be other means to check thefts. Our Act is very harsh. Many States have gone in for this on our advice. The entire area was got caught. Now, the meter is tempered. I will not come to the conclusion that meter is not all right. The question is that these are the problems, we have to see meter should be there. But then how do we handle this type of behaviour, not all will be doing, but whoever is indulging. We have this type of consumers. We have Vigilance Squad, special provisions in the law and definitely we would like the States to take some salutary measures.”

4.10 He further added:

“I do not think we can straightaway come to the conclusion that metering is not good, but then there are very many ifs and buts. One of the suggestions that has emerged and many States are thinking in those lines is that we could franchise beyond distribution and transformation system. In this case, the accountability for those million units or the units that are going away from the distribution and transformation system gets pinpointed.”

4.11 A huge part of T&D losses is also an account of theft. The action taken by States for theft control is given below:

STATE	Theft cases detected (Nos)	Cases convicted (Nos)
A.P.	342620	7286
Chattisgarh		
Delhi	14000	
Goa	30	
Gujarat	48510	7
Haryana	30350	1656

H.P.	239	
J&K		
Jharkhand	3846	107
Karnataka	26606	
Kerala	3195	
M.P.	271094	
Maharashtra	15288	186
Orissa		
Punjab	195641	
Rajasthan	9408	
Tamilnadu	209112	
Uttar Pradesh		
Uttaranchal	109	
West Bengal	1552	566

♦

B. Consumer Indexing

4.12 On being asked how will consumer indexing help in reducing T&D losses, the Ministry in a note furnished, stated as follows:

“Consumer indexing captures all users of electricity and connects them upto distribution transformers and feeder level. This helps in identification of overloading of equipments, non billed consumers and helps in better load management, better maintenance of equipments, better billing and revenue collection. The process results in reduction of technical as well as commercial loss and improves quality & reliability of power supply.”

4.13 The Ministry further added:

“The consumers indexing has been started in the States of Andhra Pradesh, Assam, Bihar, Chattisgarh, Delhi, Goa, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Sikkim, Tamilnadu, Tripura, Uttaranchal & West Bengal.”

C. Turnkey Contracts

4.14 When the Committee wanted to know how will adoption of turnkey contracts help in proper implementation of APDRP, the Ministry in a written reply explained as follows:

“The schemes sanctioned under APDRP have to be implemented in a very short time frame so that the benefits of the investments are perceived and confidence is generated in the Financial Institutions

(FIs) that investments in the distribution sector can be bankable. Execution of schemes adopting conventional arrangement of ordering each of the components separately would be time consuming and delay in arranging any component could lead to overall time delays. With the present day manpower position in most of the SEBs, it would also not be practical to coordinate the efforts of multiple agencies. By awarding the works under a turnkey contract, the scheduling of equipment would be the responsibility of the contractor and shall keep him adhering to the time schedules. Hence turnkey packaging concept has been adopted for execution of works preferably through empanelled turnkey contractors to expedite project implementation schedule. Having adopted a turnkey concept for execution, it would be possible to bind the contractor in terms of (a) Work completion; schedule (b) Overall Costs; and (c) Equipment performance

The following are advantages of turnkey execution –

- a) Better quality of work, professional expertise of implementing agency.
- b) Traceability of equipment is there. Possibility of diversion of equipments / funds is NIL
- c) Faster execution and quick results when turnkey execution is taken up in a coordinated manner. This results in proper cost benefit analysis.
- d) Utility only undertakes overall supervision, monitoring and is able to concentrate on the works.

States of Assam, Andhra Pradesh, Bihar, Delhi, Goa, Jharkhand, Jammu & Kashmir, Karnataka, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura, Uttar Pradesh & West Bengal are executing majority of there APDRP schemes on turnkey contract basis. States of Chattisgarh, Gujarat, Haryana, Madhya Pradesh, Rajasthan & Uttaranchal are partly executing their schemes on turnkey and partly on departmental basis. Other States namely Kerala, Punjab, Himachal Pradesh and Tamilnadu are presently executing their schemes mainly on departmental basis, as they have not yet taken decision to switch over to the turnkey system. The reasons given by Punjab State Electricity Board (PSEB) for departmental execution is that they have more than 85000 employees. Their manpower will become idle if not executed departmentally. All other States have not given any specific reasons but they are reluctant to switch over from the existing system of central procurement.”

4.15 When asked whether SEBs/Utilities are facing difficulties in implementation of APDRP projects on turnkey basis, the Ministry in a written reply informed that no utility has reported any difficulty in implementation of APDRP on turnkey basis.

4.16 The objectives of APDRP are reducing Aggregate Technical and Commercial (AT&C) losses, improving quality of supply of power, increasing revenue collection and improving consumer satisfaction.

D. AT&C Losses

4.17 The Aggregate Technical and Commercial losses (AT&C) losses of the power utilities, state-wise, for the year 2001-02, 2002-03 and 2003-04 is given below:

AT&C LOSSES OF POWER UTILITIES (%)

Sl.	STATE/UTILITY	2001-02	2002-03	2003-04
1 a	APCPDCL (Andhra Pradesh)	28.80*	29.68*	19.12*
b	APEPDCL (Andhra Pradesh)	27.29*	19.32*	17.79*
c	APNPDCL (Andhra Pradesh)	26.14*	26.84*	10.41*
d	APSPDCL (Andhra Pradesh)	24.45*	27.26*	17.17*
2	Arunachal Pradesh	62.26	61.80	14.36
3	Assam	36.95	37.53	54.41
4	Bihar	69.10	68.64	68.50
5	Chattisgarh	39.03	37.47	35.40
6 a	BSES Rajdhani (Delhi)	48.1*	47.4*	45.07*
b	BSES Yamuna (Delhi)	57.2*	61.89*	54.29*
c	NDPL (Delhi)	48.1*	47.79*	44.86*
7	Goa	48.52	46.38	48.39
8	Gujarat	23.28	31.24	31.05
9 a	DHBVNL (Haryana)	40.69	39.75	48.68*
b	UHBVNL (Haryana)	45.92	42.82	52.84*
10	Himachal Pradesh	28.29	29.79	8.19
11	Jammu& Kashmir	-	61.71*	67.58*
12	Jharkhand	60.22	60.50	63.79*
13 a	BESCOM (Karnataka)	40.50	26.05	29.20
b	GESCOM(Karnataka)	40.50	31.01	43.76
c	HESCOM (Karnataka)	40.50	34.35	31.82
d	MESCOM (Karnataka)	40.50	26.66	26.01

14	Kerala	31.83	36.61	34.67
15	Madhya Pradesh	40.32	49.92	52.56*
16	Maharashtra	45.70*	45.13*	44.18*
17	Manipur	74.35	76.88	72.62
18	Meghalaya	21.64	24.97	24.20
19	Mizoram	79.74	75.15	72.41
20	Nagaland	61.00	57.86	59.76
21 a	CESCO(Orissa)	60.48*	55.04*	51.1*
b	NESCO (Orissa)	60.48*	52.25*	50.36*
c	SESCO (Orissa)	60.48*	49.76*	51.56*
d	WESCO (Orissa)	60.48*	47.30*	46.18*
22	Pondicherry	38.97	41.67	41.01
23	Punjab	27.66	26.52	22.39*
24 a	AVVNL (Rajasthan)	49.04	41.42	44.57*
b	JDVVNL (Rajasthan)	52.77	42.17	41.56*
c	JVVNL (Rajasthan)	59.31	40.11	38.62*
25	Sikkim	81.37	80.50	78.27
26	Tamilnadu	19.26	20.50	20.51
27	Tripura	32.10	34.17	31.05
28 a	Dakhinachal VVN (Uttar Pradesh)	46.92	31.78	67.92
b	Madhyanchal VVN (Uttar Pradesh)	46.92	31.78	59.62
c	Paschim VVN (Uttar Pradesh)	46.92	31.78	52.45
d	Poorvanchal VVN (Uttar Pradesh)	46.92	31.78	66.59
29	Uttaranchal	-	40.74	43.38
30	West Bengal	35.30	31.38	41.22

Source: PFC / * SERC

ATC Losses (%) = (Units Available for Sale – Units Realised) / Units available for sale *100
Units Realised = Units Billed * Collection Efficiency

Collection Efficiency = (Revenue Realised / Revenue from sale of power) *100

UTILITIES WITH AT&C LOSS BELOW 25%

State/Utility	2000-01	2002-03	2003-04
APNPDCL	26.14	26.84	10.41
APSPDCL	24.45	27.26	17.17
APEPDCL	27.29	19.32	17.79
Tamil Nadu	19.26	20.50	18.00
APCPDCL	28.80	29.68	19.12

Punjab	27.66	26.52	22.39
Meghalaya	21.64	24.97	24.20

Source: PFC/SERC

UTILITIES WITH AT&C LOSS BETWEEN 25-50%

State/Utility	2001-02	2002-03	2003-04
MESCOM(Kar)	40.50	26.66	26.01
Kerala	30.76	29.08	27.44
BESCOM (Kar)	40.50	26.05	29.20
Tripura	32.10	34.17	31.05
Gujarat	23.28	31.24	31.05
HESCOM (Kar)	40.50	34.35	31.82
Chattisgarh	39.03	37.47	35.40
JVVNL (Raj)	59.31	40.11	38.62
Pondicherry	38.97	41.67	41.01
JDVVNL (Raj)	52.77	42.17	41.56
GESCOM (Kar)	40.50	31.01	43.74
Maharashtra	45.70	45.13	44.18
AVVNL (Raj)	49.04	41.42	44.57
MVVNL (UP)	46.92	31.78	44.57
NDPL (Del)	48.10	47.79	44.86
BRPL (Del)	48.10	47.40	45.07
WESCO (Or)	57.18	47.30	46.18
Goa	48.52	46.38	48.39
DHBVNL (Har)	40.69	39.75	48.68
PoVVNL (UP)	46.92	31.78	48.82
PaVVNL (UP)	46.92	31.78	49.70

Source: PFC/SERC

UTILITIES WITH MORE THAN 50% AT&C LOSS

State/Utility	2001-02	2002-03	2003-04
CESCO (Orissa)	63.64	55.04	51.10
SESCO (Orissa)	52.80	49.76	51.56
BYPL (Delhi)	57.2	61.89	54.29
Assam	36.95	37.53	54.41
M.P.	40.32	49.92	52.56

UHBVNL (Haryana)	45.92	42.82	52.84
DVVNL (U.P.)	46.92	31.78	59.30
Nagaland	61.00	57.86	59.76
Jharkhand	-	53.00	65.00
J&K	63.29	61.71	67.58
Bihar	69.10	68.64	68.50
Mizoram	79.74	75.15	72.41
Manipur	74.35	76.88	72.62
Sikkim	81.37	80.5	78.27

Source : PFC/SERC

AT&C LOSSES OF PRIVATE DISCOMS(%)

Sl.	DISCOM	2002-03	2003-04	2004-05
1	NOIDA POWER (UP)		-	10.49
2.	BSES (MAHARASHTRA)	-	-	11.32
3.	CESC (W.B.)	19.60	18.00	17.16
4.	NDPL (Delhi)	47.79	44.86	33.79
5.	WESCO (Orissa)	47.30	46.18	40.60
6.	BRPL (Delhi)	47.40	45.07	40.64
7.	NESCO (Orissa)	52.25	50.36	42.96
8.	SOUTHCO (Orissa)	49.76	51.56	45.71
9.	CESCO (Orissa)	55.04	51.10	49.37
10.	BYPL (Delhi)	61.89	54.29	50.12
11.	AEC (Gujarat)	18.74	16.68	-
12.	SEC (Guajrat)	14.23	12.98	-

4.18 APDRP aims to reduce AT&C losses to around 15%. But even after three years of the introduction of this programme AT&C losses in most of the States are still above 30%. When asked about the reasons for this, the Ministry explained as follows:

“The main objective of APDRP is to reduce AT&C loss. As per the latest figures available for various utilities there is a clear trend of reduction of AT&C loss in major States, especially where distribution reforms have been adopted and the implementation of APDRP has been taken up actively. The AT&C loss on national level has come down from 39.01% in 2001-02 to 37.98% in 2003-04 (source: PFC). Ministry of Power is monitoring reduction of AT&C loss in APDRP towns and it may be mentioned that the AT&C loss has reduced in most of the towns where APDRP scheme is being implemented. It is expected that AT&C loss reduction will

make remarkable improvement in the coming years with the progressive completion of sanctioned APDRP schemes.”

E. Financial Losses of Power Utilities

4.19 The financial loss of the State Power Utilities for the years 2001-02, 2002-03 & 2003-04 is given below:

State Wise Financial Loss of Power Utilities Without Subsidy

Rs. in crore

Region/ State	2001-02	2002-03	2003-04
Eastern			
Bihar	896	1,095	980
Jharkhand	255	397	522
Orissa	252	928	(215)
Sikkim	10	30	15
West Bengal	1,705	914	296
Eastern Total	3,118	3,363	1,598
North Eastern			
	-	-	-
Arunachal Pradesh	93	117	82
Assam	696	776	655
Manipur	129	128	125
Meghalaya	38	19	(64)
Mizoram	30	34	49
Nagaland	52	55	42
Tripura	100	94	5
North Eastern Total	1,138	1,221	895
Northern			
	-	-	-
Delhi	-	733	1,774
H.P.	107	53	46
Haryana	947	804	769
J&K	(35)	1,242	1,229
Punjab	1,868	1,386	663
Rajasthan	1,324	1,738	1,777
Uttar Pradesh	2,518	2,374	2,848
Uttaranchal	27	(32)	35
Northern Total	6,756	8,297	9,142
Southern			
	-	-	-
Andhra Pradesh	2,948	1,209	1,400
Karnataka	1,844	1,567	1,235
Kerala	1,254	935	915
Pondicherry	44	(34)	(38)
Tamil Nadu	5,175	2,100	1,416
Southern Total	11,264	5,777	4,929
Western			
	-	-	-

Chattisgarh	(204)	(792)	(587)
Goa	7	(130)	(153)
Gujarat	3,102	2,250	3,020
M.P.	1,347	822	1,230
Maharashtra	540	255	549
Western Total	4,792	2,405	4,060
Grand Total	27,068	21,064	20,623

Source : Power Finance Corporation

F. Consumer Satisfaction

4.20 When the Committee asked how it is ensured that benefits of APDRP are passed on to the consumers especially by the private utilities taking assistance under APDRP, the Ministry in a reply stated as follows:

“It was decided to fund the projects of private DISCOMs subject to the conditions, inter-alia, that the assistance given under APDRP including grant-in-aid along with quantifiable benefits expected from such investment shall 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”.

4.21 One of the aims of APDRP is to improve consumer satisfaction, but it is observed that grievances of consumers have increased. The consumers are not satisfied with the new meters installed by the private companies. There are allegations that these meters run faster than the earlier meters. There are widespread protests against regular tariff hike by various power companies. On being asked whether it implies that APDRP has failed to achieve its aim, the Ministry clarified as follows:

“One of the aim of APDRP is to improve consumer satisfaction by improving availability, quality and reliability of power supply. The objective of APDRP is also to reduce AT&C Loss by reducing technical as well as commercial losses. In this process, utilities are installing efficient meters at consumer points, which might have resulted in momentary protest from the consumers. The

quality and reliability of the power supply has shown improvement in the towns covered under APDRP, which is a measure of consumer satisfaction.”

G. Problems in Implementation

4.22 When asked about the difficulties being faced by the Central Government, the State Governments and Financial institutions in proper implementation of APDRP, the Ministry furnished the following information:

“ The difficulties being faced in implementing the projects sanctioned under APDRP are:-

- (a) Lack of experience of State Electricity Boards (SEBs)/ Utilities to implement the APDRP projects on turn-key basis in the beginning
- (b) Delay in transfer of APDRP funds by the State Governments to SEBs/ Utilities
- (c) Delay in processing of tendering, evaluation and award of contracts
- (d) Non-availability of equipments / contractors to execute the works
- (e) Frequent transfer of the officers in charge of implementation
- (f) Sudden increase in cost of electrical equipments and steel”.

4.23 The problems being faced by the AcCs in implementation of the APDRP projects are as under:-

- (a) The counter part funding even when sanctioned by the financial institutions, many of the utilities have been poor in their drawals. To overcome the problem, the States are being monitored by the AcCs on the utilization.
- (b) Lack of commitment for the reform initiatives by the States
- (c) In the area of project implementation, the utilities are weak and they lack the expertise in turn key execution.

4.24 Being concerned with the delay in implementation of projects in some States, the Committee wanted to know how far the factors like delay in processing of tenders, evaluation and award of contracts are cause of delay, the Ministry in a note explained as under:

“Any delay in processing of tenders, evaluation and award of contracts can cause delay in implementation of the projects. Delay in award of even one component of the project can delay the completion of entire scheme resulting in delay in benefits out of the investment made. This is the main reason for adoption of turnkey concept in general nowadays in all the sectors.

To deal the problem of delay in transfer of fund by State Government to the Utilities, Ministry of Power had requested Ministry of Finance to release the fund directly to the utilities instead of releasing to the State Governments. However, it was not agreed due to the reason that the assistance under APDRP is under additional central plan assistance to the States. However, Ministry of Finance agreed to release the fund directly to the utilities in case State Govt. specifically agrees for it.”

4.25 On being further asked about the steps being taken to overcome these difficulties & with what results, the Ministry in a reply stated as under:

- “(a) Advisor cum Consultants are closely associating with power utilities to over come lack of experience of utilities in project management including preparation of tender specifications, evaluation and awarding of contracts.
- (b) Ministry of Power is in constant touch with industry for addressing industry related problems of utility. Standard specification for equipments and project execution is under finalisation in association with IEEMA.
- (c) Earlier there has been lot of delay in transfer of APDRP fund by State Government to the Power Utilities. However, with constant perusal by Ministry of Power, the problem has been sorted out to the great extent.
- (d) For addressing problem of frequent transfer of utility officers, a condition that CEO of the project area shall not be transferred before three years has been kept in the Memorandum of Agreement signed with SEB/Utility.”

H. Evaluation

4.26 When asked about the evaluation procedure, the representative of the Ministry explained as follows:

“Every six months the rating is done by CRISIL and ICRA which are the two rating agencies. They have weightage system and they rate against some 25 and odd issues which capture many things including whether a State Government has agreed to pay subsidy or did not pay subsidy and, therefore, they went into many things including rural electrification, plant load factor of their power stations, technical losses, commercial losses, theft of electricity, billing, collection and so on. There are 25 and odd items of parameters on which they are evaluated. It gives the relevant position. As I mentioned this has created some uneasiness. It is good. They also bring out qualitative statement apart from quantitative statement, what are the factors, what are the areas which are the real areas of concern and where the State utilities must address and address urgently.”

4.27 On being asked whether any evaluation study has been undertaken to evaluate the performance of States regarding the implementation of APDRP projects, the Ministry in a note furnished stated as under:

“The Ministry has decided to get the implementation of the programme and its efficacy in achieving desired goals evaluated through independent agencies. In the first phase, evaluation of those projects are being taken up where more than 50% of the work has been completed. The Ministry has allotted the evaluation work to five agencies namely Administrative Staff College of India (ASCI), Hyderabad, The Energy and Resources Institute (TERI), New Delhi, Indian Institute of Management (IIM), Ahmedabad, SBI Capital Markets Ltd, Mumbai and TATA Consultancy Services (TCS), New Delhi. The evaluation reports are expected by the end of July 2005.”

4.28 On being asked about the reasons for focusing on urban areas under APDRP and the difficulties in extending the programme to rural areas, the Ministry in a written reply submitted as under:

“As recommended by the “Expert Committee on State Specific Reforms” headed by Shri Deepak Parekh, APDRP focuses on concentrated urban and industrial areas to ensure that investment

under the programme quickly yield quantifiable improvements in performance.

There is no difficulty in extending the programme to the rural areas if the utilities can ensure that the required benefits of the programme are achieved in the rural areas. Moreover, the Ministry has launched Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) specifically for electrification in the rural areas.

A list of the APDRP schemes approved for predominantly rural areas is given below:

State	Circle	Scheme Cost(Rs. Cr.)
Andhra Pradesh	Eluru	222.38
	Warangal	122.30
	Tirupati	263.99
Arunachal Pradesh	MIAO	23.61
	DIRANG	18.48
	Nagalgaon	25.20
	Passighat	18.70
Bihar	Patna	46.49
	Muzzaffarpur	63.55
	Darbhangha	59.86
	Purnea	69.38
Chattisgarh	Raipur	150.29
Chattisgarh	Bilaspur	132.11
Chattisgarh	Rajnandgaon	62.02
Haryana	Karnal	102.68
Haryana	Sonepat	28.94
Haryana	Hissar	79.84
Himachal Pradesh	Una	22.02
	Mandi	40.61
	Rampur	32.88
	Rohroo	14.83
	Bilaspur	25.94
	Kangra	27.24
	Dalhousie	27.28
	Kullu	31.50
Jharkhand	Dumka	63.60
	Hazaribagh	96.70
Karnataka	Belgaum	153.62
	Bijapur	125.07
Madhya Pradesh	Indore	176.38
	Gwalior (O&M circle)	48.35
	Ujjain	103.70
Maharashtra	Jalgaon	36.87
	Sholapur	58.81
	Osmanabad	7.55
Manipur	Bishnupur	17.17

	Chur Chandpur	17.23
	Greater Imphal	84.66
	Tahoubal	14.77
Meghalaya	Jowai	2.65
	Central	62.51
	Garo Hills	38.02
	Jaintia Hills	51.62
Mizoram	Chammphai	15.21
	Lunglei Power	15.66
	Project	15.80
	Transmission	21.91
Punjab	Khanna	71.58
Rajasthan	Alwar	155.33
	Jhunjunu	67.72
	Jodhpur	215.02
Tamilnadu	Pudukkottai	67.50
	Villupuram	108.20
Tripura	Kumar Ghat	28.70
	Outer Agartala	20.57
	Udaipur	31.11
	Dhilai	18.99
Uttaranchal	Roorkee	87.02
	Rudrapur	118.82
TOTAL		3930.54

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).

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.

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.

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.

C H A P T E R –V

MONITORING MECHANISM

On being asked about the mechanism with the Central Government to monitor the progress of APDRP projects in the States and to ensure that the funds are being utilized for the purpose for which these are being allocated, the Ministry in a written reply stated as under:

“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.”

5.2 When asked about the number of review meetings that have been taken so far with a view to monitor the progress of works sanctioned under APDRP, the Ministry in a note informed as follows:

“Minister of Power, Secretary (Power) and other senior officers of the Ministry of Power review the progress of the APDRP regularly by arranging region /state wise meetings. Recently, review meeting of southern region was convened at Chennai on 14th May 2005.

5.3 They have informed that Nine meetings of the Steering Committee have been held till now.

Role of State Governments and SERCs

5.4 When asked about the role of Distribution Reforms Committees in the States in monitoring of APDRP schemes and the way in which they coordinate with Central Government, the Ministry in a note furnished informed as under:

“In accordance with the requirement of Memorandum of Agreement signed by the utilities, State Governments have constituted Distribution Reforms Committees (DRC) to ensure effective implementation of APDRP, which reviews the following every two months and suggest remedial measures required for expediting the implementation:

- i. Progress of APDRP project implementation
- ii. Compliance to MOU conditions
- iii. Compliance to MOA conditions
- iv. Performance against APDRP targets & Benchmarks

Senior officers from Ministry, NTPC, POWERGRID and Central Electricity Authority also attend these meetings.”

5.5 As per the MoU signed with the Government of India the States are bound to set up SERCs. When the Committee enquired about the tasks that have been assigned to State Electricity Regulatory Commissions (SERCs) under APDRP, the Ministry in a note furnished to the Committee stated as follows:

“There is no direct role of the SERC under APDRP as such. However, all SEBs/Utilities have to inform their respective SERCs about the funds received under APDRP, so as to enable SERCs, while passing orders about fixation of tariff, to ensure that additional benefits/ reliefs received under APDRP are passed on to consumer over and above what SEBs/Utilities were obliged to provide under extant agreement/ orders of regulations. The tariff orders issued by SERC have been helpful in rationalizing the tariff

structure as well as improved revenue realisation in the respective States.”

5.6 When the Committee asked how does the additional benefits/relief received by SEBs/Utilities under APDRP are passed on to the consumers by SERCs, the Ministry in a written reply stated as under:

“The grant-in-aid assistance received by the utility under APDRP is shown by it under head of the capital expenditure made during the year separately, which is not considered by the SERC for calculation of Annual Revenue Requirement (ARR) of the utility for the year.”

5.7 When further asked how the Government/State Government ensure that the benefits through such investments are reaching the consumers, the Ministry in a note clarified as under:

“The benefit does not mean an effect on the tariff only. The benefits include improvement in availability, quality and reliability of power. The commercial loss of the Utilities in general was rising sharply before launch of the APDRP. After launch of the programme, the commercial loss of major utilities has started reducing and in case of others, the rate of increase in the loss has gone down. The total commercial loss, which were Rs. 27068 Crore during 2001-02 have come down to Rs. 20623 Crore during 2003-04 (source: PFC). The AT&C loss has also come down from 39.01% in 2001-02 to 37.98% in 2003-04 (source: PFC). The failure rate of distribution transformer, outage of feeders and tripping of feeders have also reduced in majority of the towns covered under APDRP.”

5.8 The Ministry has further informed that :

“SERCs have been constituted in 23 States viz., Andhra Pradesh, Assam, Bihar, Chattisgarh, Delhi, Gujarat, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Tripura, Uttar Pradesh, Uttaranchal and West Bengal. 4 States namely Manipur, Meghalaya, Mizoram and Sikkim have also notified SERC/JERC and they are in the process of constituting the respective SERCs. Arunachal Pradesh and Nagaland are being pursued to constitute their respective SERCs.

5.9 On being enquired how these instructions are followed/implemented by the States in which SERCs are yet to be constituted, the Ministry explained

“In the States where SERCs are not in position, it is the responsibility of State Government, to pass on the benefits to the consumers while finalising the tariff.”

5.10 On being asked about the monitoring mechanism under APDRP, the representative of the Ministry explained as follows:

“All the new schemes that we have put in place are significantly different from what used to happen earlier. Learning out of the experience, as you have rightly narrated, we could not have left it totally to the States. At the same, time, we are giving full respect to their sentiments since this subject belongs to them. Though many of the States did not agree to the full involvement of Power Grid and NTPC, they are present in all the States, maybe in a small way.

For example, today, Power Grid and NTPC, between the two of them, cover all the States of the country directly. So, we have first-hand information through their officers and engineers. The Power Grid has put in somewhere about 150 engineers on this job in different States and a little less in number is the case with NTPC. We are depending on them to have the right type of information as to what is happening.

In many of the States, they are fully involved right from preparation of project reports to commissioning of the systems. For example, in Bihar and West Bengal, their involvement is more. In the case of Bihar, we have put our foot down saying that no money would be given to the Bihar Government. We have got the agreement signed. This is an extreme example of highest degree of involvement. This have been done with their consent an admission that their system and organisation is weak and they would not be able to deliver. Therefore, in their case, we were able to get an agreement between the Government of India, the Government of Bihar, Bihar Electricity Board and the Power Grid Corporation of India that Power Grid would do everything for them.

Besides, we have Joint Secretary(Distribution) here. He has a monthly monitoring of all the States. I too take a monthly monitoring meeting. I go through all the issues in the discussions. I think, though the AREP and APDRP, our reforms and

restructuring activities are put in place. We also have a business plan and turnaround exercise, and MOA and MOU implementation. The SEBs are given a rating by CRISIL and ICRA every six months. They bring out areas of concern or weak areas and the States work on them so that the next time the rating is better. This has also created some degree of competition among the States. There are 25 to 26 parameters based on which the ratings are given. All these issues are getting focussed. We also have our own MIS system which we have put on our web-site. We are trying to improve it based on the various feed backs that come to us. We believe in our implementation strategy that providing budget and providing funds is quite different from ensuring that implementation takes place.”

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.

NEW DELHI
23 August, 2005
1 Bhadrapada, 1927

GURUDAS KAMAT
Chairman,
Standing Committee on Energy

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS
OF THE STANDING COMMITTEE ON ENERGY
CONTAINED IN THE REPORT**

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1.	2.31	<p>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</p>

		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.
2.	2.32	<p>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.</p>

3.	2.33	<p>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.</p>
4.	2.34	<p>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</p>

		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.
5.	2.35	<p>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.</p>
6.	3.13	<p>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</p>

		<p>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.</p> <p>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.</p>
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7.	3.14	<p>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.</p>
8.	3.15	<p>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</p>

		<p>along with public at the time when any matter relating to tariff revision by DISCOMs comes before them.</p> <p>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.</p>
9.	4.29	<p>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).</p>

10.	4.30	<p>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.</p> <p>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.</p> <p>Steps in this direction must be taken immediately</p>
11	4.31	<p>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.</p>

12	4.32	<p>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.</p>
13	5.11	<p>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</p>

		<p>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.</p>
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**MINUTES OF THE SIXTH SITTING OF THE STANDING
COMMITTEE ON ENERGY (2004-05) HELD ON 23RD
NOVEMBER, 2004 IN COMMITTEE ROOM 'E', PARLIAMENT
HOUSE ANNEXE, NEW DELHI**

The Committee met from 11.00 hrs. to 14.30 hrs.

Present

SHRI Gurudas Kamat -

CHAIRMAN

Members

2. Sh. Ajay Chakraborty
3. Sh. B.Vinod Kumar
4. Shri Chander Kumar
5. Sh. Subodh Mohite
6. Sh. Prashanta Pradhan
7. Sh. Rabindar Kumar Rana
8. Sh. J.M.Aaron Rashid
9. Sh. Khiren Rijiju
10. Sh. M.Shivanna
11. Sh. Vijayendra Pal Singh
12. Sh. Tarit Baran Topdar
13. Sh.Kamal Akhtar
14. Sh. Sudarshan Akarapu
15. Sh. Vedprakash P.Goyal
16. Dr. (Smt.) Najma A. Heptullah
17. Sh. Bimal Jalan
18. Dr. K.Kasturirangan
19. Sh. Matilal Sarkar
20. Sh. Motilal Vora
21. Sh. Jesu Das Seelam

Secretariat

- | | | | |
|----|-------------------------|---|-----------------|
| 1. | Shri. Anand B. Kulkarni | - | Joint Secretary |
| 2. | Shri P. K. Bhandari | - | Director |

Witnesses

Ministry of Power

- | | | |
|----|-----------------------|-------------------|
| 1. | Smt. Gauri Chatterjee | - Addl. Secretary |
| 2. | Shri Arvind Jadhav | - Joint Secretary |

The Energy and Resources Institute (TERI)

- | | | |
|----|-------------------|-----------------------|
| 1. | Shri R.K.Pauchari | -Director General |
| 2. | Shri S. Sunder | -Distinguished Fellow |

2. At the outset, the Chairman, of the Standing Committee on Energy (2004-05) welcomed the representatives of the Ministry of Power to the sitting of the Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker.

3. After the introductory remarks of Chairman and formal introduction of the officials of the Ministry of Power, a detailed presentation was made on 'Implementation of Accelerated Power Development and Reforms Programme (APDRP)'. The main points which came under detailed discussion during the course of presentation included: -

- (i) Problems relating to transmission and distribution of Power and role being played by State Electricity Boards,
- (ii) Steps being taken to strengthen the Power transmission and distribution system
- (iii) Objectives of APDRP,
- (iv) Utilisation of funds under APDRP
- (v) Funding of Projects of Private Sector Power utilities under APDRP and justification therefor, and
- (vi) Steps being taken to cut down AT&C losses, etc.

4. The Members then raised certain queries to which the Ministry officials replied. However, due to shortage of time the discussion could not be completed and it was decided to have one more sitting on the subject. The Ministry officials then withdrew from the meeting.

5. Thereafter, the Chairman welcomed Dr. R.K.Pachuri, Director General. The Energy and Resources Institute (TERI). Dr. Pachuri gave a brief presentation on 'Long Term Energy Strategy for India with specific reference to Private Sector participation.' The following points came under detailed discussions during presentation: -

- (i) Energy security considerations and long term planning,
- (ii) Demand and Supply of energy in urban and rural areas,
- (iii) Unexploited energy potential in the country and strategy to explore them,
- (iv) Issues relating to petroleum and coal sector and steps to be taken for improvement in production and availability,
- (v) Issues to be considered in new energy policy,
- (vi) Use of non-conventional energy sources including the use of solar energy for refrigeration, and
- (vii) Utilisation of hydro potential for power generation etc.

6. The Committee also decided to have a Study Tour in the 1st week of January, 2005

7. A copy of the verbatim proceedings of the sitting of the Sub-Committee has been kept on record.

The Committee then adjourned.

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2004-05) HELD ON 13TH DECEMBER, 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1530 hrs. to 1630 hrs.

Present

SHRI Gurudas Kamat - CHAIRMAN

Members

2. Sh. Gauri Shankar Chaturbhuji Bisen
3. Sh. Vijayendra Pal Singh
4. Sh. G. Venkataswamy
5. Sh. Chandrapal Singh Yadav
6. Dr. (Smt.) Najma A. Heptullah
7. Sh. V. Hanumantha Rao
8. Sh. Matilal Sarkar
9. Sh. Jesu Das Seelam

Secretariat

- | | | | |
|----|-------------------------|---|--------------------|
| 1. | Shri. Anand B. Kulkarni | - | Joint Secretary |
| 2. | Dr. Ram Raj Rai | - | Assistant Director |

Witnesses

Ministry of Power

- | | | | |
|----|-----------------------|---|----------------------|
| 1. | Shri R.V. Shahi | - | Secretary |
| 2. | Smt. Gauri Chatterjee | - | Addl. Secretary |
| 3. | Shri Arvind Jadhav | - | Joint Secretary |
| 4. | Shri C.P. Jain | - | CMD, NTPC |
| 5. | Shri R.S. Sharma | - | Director, NTPC |
| 6. | Shri R.P. Singh | - | CMD, Power Grid |
| 7. | Shri J. Haque | - | Director, Power Grid |

2. At the outset, Chairman, of the Standing Committee on Energy (2004-05) welcomed the representatives of the Ministry of Power to the sitting of the Committee and apprised them of the provisions of 'Direction 58 of the Directions by the Speaker'.

3. After the introductory remarks of Chairman and formal introduction of the officials of the Ministry of Power, a detailed presentation was made on 'Implementation of Accelerated Power Development and Reforms Programme (APDRP)'. This presentation covered the points in continuation of issues covered during the earlier sitting of the Committee held on 23rd November, 2004 on the same subject. The main points, which came under detailed discussion during the course of presentation included: -

- (i) Funding to States under APDRP and status of agreements signed with State Government in this regard,
- (ii) Role of the National Thermal Power Corporation (NTPC), Power Grid, etc. in implementation of APDRP,
- (iii) Reasons for delay in implementation of projects in the State of Maharashtra,
- (iv) Role of the Regulatory Commission in the States to ensure that private sector utilities pass on the benefits of the projects funded under APDRP to the consumers,
- (v) Status of consumer metering and feeder metering in various States,
- (vi) Impact of APDRP and other schemes in the electrification process of rural areas,
- (vii) The Central Government monitoring of APDRP and role of the State Governments in this scheme, and
- (viii) Justification for funding of projects relating to private sector power utilities under APDRP.

4. A copy of the verbatim proceedings of the sitting of the Sub-Committee has been kept on record.

The Committee then adjourned.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2004-05) HELD ON 27TH JULY, 2005 IN COMMITTEE ROOM No. 139, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1500 hours to 1700 hours.

PRESENT

Shri Gurudas Kamat - **Chairman**

2. Shri Chander Kumar
3. Shri Dharmendra Pradhan
4. Shri Prashanta Pradhan
5. Shri Rabindra Kumar Rana
6. Shri Vijayendra Pal Singh
7. Shri M.K. Subba
8. Shri E.G. Sugavanam
9. Shri Tarit BaranTopdar
10. Shri G. Venkataswamy
11. Shri Vedprakash P. Goyal
12. Dr. K. Kasturirangan
13. Shri Matilal Sarkar
14. Shri Motilal Vora
15. Shri Jesu Das Seelam

SECRETARIAT

1. Shri Anand B. Kulkarni, Joint Secretary
2. Shri P.K.Bhandrai, Director
3. Shri Surender Singh, Deputy Secretary
4. Dr.Ram Raj Rai, Under Secretary

WITNESSES

Ministry of Power

1	Sh. R.V. Shahi	Secretary(Power)
2.	Smt. Gauri Chatterji,	Additional Secretary (Power)
3.	Sh. Arvind Jadhav	Joint Secretary
4.	Ms. Anjuli Chandra	Director (CEA)
5.	Shri Dinesh Vij	General Manager (PFC)
6.	Shri P.D. Gaikwad	E.D. (REC)

2. At the outset, the Chairman, Standing Committee on Energy (2004-05) welcomed the Hon'ble Members and the representatives of the Ministry of Power to the sitting of the Committee and apprised them of the provision of Direction 58 of the Directions by the Speaker.

3. The following points were discussed with the representatives of the Ministry of Power:

- i) Consumer dissatisfaction on account of fast running meters in Delhi.
- ii) Role of Regulatory Commission and problems with its functioning.
- iii) Problems Government is facing in bringing about distribution reforms.
- iv) Role of Government in Rural Electrification.
- v) Increase in T&D Losses due to theft.
- vi) Funding to Private Sector under APDRP.
- vii) Impact of APDRP on performance of SEBs/Utilities

4. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

**MINUTES OF THE SECOND SITTING OF THE STANDING
COMMITTEE ON ENERGY (2005-06) HELD ON 23rd AUGUST, 2005 IN
COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee met from 1600 hours to 1710 hours.

PRESENT

Shri Gurudas Kamat - Chairman

Members

2. Shri Nandkumar Singh Chauhan
3. Shri B. Vinod Kumar
4. Shri Chander Kumar
5. Shri Prashanta Pradhan
6. Shri Rabindra Kumar Rana
7. Shri Nandkumar Sai
8. Shri Vijayendra Pal Singh
9. Shri M. K. Subba
10. Shri Tarit Baran Topdar
11. Shri Chandrapal Singh Yadav
12. Shri Dara Singh Chauhan
13. Dr. K. Kasturirangan
14. Shri Matilal Sarkar
15. Shri Motilal Vora
16. Shri Jesu Das Seelam

SECRETARIAT

1. Shri Anand B. Kulkarni, Joint Secretary
2. Shri P.K.Bhandrai, Director
3. Shri Surender Singh, Deputy Secretary
4. Dr.Ram Raj Rai, Under Secretary

2. At the outset, the Chairman, Standing Committee on Energy (2005-06) welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration the following draft Reports:

- (i) Draft Report on the subject 'Biomass Power/Co-generation Programme- An Evaluation of the Ministry of Non-Conventional Energy Sources.
- (ii) Draft Report on the Implementation of APDRP of the Ministry of. Power

4. The Committee adopted draft Reports with minor additions/deletions/amendments suggested by the Members of the Committee.

5. The Committee also authorised the Chairman to finalise the above-mentioned Reports after incorporating the amendments suggested by the Members of the Committee and making consequential changes arising out of factual verification by the concerned Ministries and to present the same to both the Houses of Parliament.

The Committee then adjourned.