23

STANDING COMMITTEE ON ENERGY

(2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF POWER

[Action Taken by the Government on the recommendations contained in the Fifteenth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2016-17]

TWENTY-THIRD REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2016/ Agarahayana, 1938 (Saka)

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Presented to Lok Sabha on 15.12.2016

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LOK SABHA SECRETARIAT
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INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 26th Report on the action taken by the Government on the recommendations contained in 15th Report of the Standing Committee on Energy (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2016-17.

2. The 15th Report was presented to Lok Sabha on 02nd May, 2016 and was laid same day on the Table of Rajya Sabha. Replies of the Government to all the recommendations contained in the Report were received on 21st July, 2016.

3. The Report was considered and adopted by the Committee at their sitting held on 9th December, 2016.

4. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. An analysis on the Action Taken by the Government on the recommendations contained in the 15th Report of the Committee is given at Appendix-II.

6. 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
14 December, 2016
Agrahayana 23,1938 (Saka)

DR. VIRENDRA KUMAR
Chairman,
Standing Committee on Energy

CHAPTER - I

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Observations/Recommendations contained in the Fifteenth Report (Sixteenth Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2016-17.

2. The Fifteenth Report was presented to, Lok Sabha on 2nd May, 2016 and was laid same day on the Table of Rajya Sabha. The Report contained 16 Observations/Recommendations.

3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Government. These have been categorized as follows:

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

Serial Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15 and 16

Total - 16

Chapter-II

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

- Nil -

Total - 00

Chapter-III

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

- Nil -

Total–00

Chapter-IV

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

- Nil -

Total - 00

Chapter-V

4. The Committee desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I of the Report may be furnished to the Committee within three months of the presentation of this Report.

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

(Recommendation Sl. No. 4, Para No. 2.4)

6. The Committee had noted that a target of 88, 537 MW of generation capacity addition has been fixed for the 12th Plan period. The Ministry have informed that against this, a capacity of 75,195.7 MW has been achieved as on 29.02.2016, which is 85% of the total target. They had also stated that since one year is still left in the 12th Plan, it is expected that the targets will be fully achieved. The Committee had further noted that the Central Sector have been assigned the target of 26,182 MW, wherein their achievement is 14,692.1 MW, which stands for a meagre 56% of the target. The plea of the Ministry that though the Central Sector may be falling short of the targets, but the overall target of 88,000 MW for the 12th Plan is going to be achieved, was not accepted by the Committee. The Committee were of the view that the overall target is being achieved due to over– achievement of targets by the Private Sector. However, the Committee were pleased to note the outstanding performances by the State and the Private Sector in generation capacity addition so far in the 12th Plan. In the 11th Plan also, the performance of the Private Sector was exceptionally good, and they had achieved 23,012 MW against the target of 15,043 MW, whereas the Central Sector could manage to achieve only 15,220 MW against the target of 36,874 MW in the 11th plan. The committee, therefore, were surprised at fixing a small target of 26,182 MW for the Central Sector for the 12th Plan as this also includes 21, 654 MW slipped projects of the 11th Plan. They had further observed that despite this, they have so far achieved only half of what has been assigned to them in the 12th Plan. Moreover, their financial performance in regard to IEBR have also been poor so far in this plan period, thus, there is a possibility that it will adversely impact in the form of lesser capacity addition which will be felt in the 13th Plan too. The committee, therefore, were not satisfied with the performance of the Central Sector as far as generation capacity addition is concerned. The Committee, therefore, had recommended that:

(i) The Ministry must make all out efforts to improve the capacity performance of the power sector public undertakings.

(ii) Secondly, the Committee recommend that the generation capacity addition not be left entirely to the private sector, but the Government may endeavor to match the performance of the Central PSUs with that of the private sector as far as generation capacity addition is concerned.

(iii) The target of the Central Sector for the next plan period may be appropriately enhanced, keeping in view the capacity, technical expertise and resources.

7. The Ministry in their action taken reply has stated:

"**Thermal Sector:**

Sector-wise breakup of Thermal capacity addition targets and achievements till 31.03.2016 during the 12th Five Year Plan is given below:

Sector	Target (MW)	% share of target	Cap. Comm. from the target (MW)	Additional cap. Comm. (MW)	Total Commissioned (MW)	% achievement w.r.t. sector target	% achievement w.r.t. with total Target
Central	14877.6	20.57	11452.6	1185.5	12638.1	84.95	17.47
State	13922	19.25	12722	5857.1	18579.1	133.45	25.68
Private	43540	60.19	28735	20227.5	48962.5	112.45	67.68
Total	72339.6	100	52909.6	27270.1	80179.7	110.84	

From the above Table it may be seen that as against the targeted thermal capacity of 14877.6 MW in Central Sector, a capacity of 12638.1 MW (i.e. 84.95% w.r.t. Sector target) has been commissioned till 31.03.2016 (i.e. during the first four years of the 12th Five Year Plan). Further, Central Sector Thermal Power Projects totaling to 2730.5 MW (which includes an additional capacity of 2285.5 MW not included in the 12th Plan Target) are likely to be commissioned during the last year of 12th Plan (2016-17) and Central Sector Thermal Power Projects aggregating to 2980 MW are slipping from the 12th Plan Target (Details along with reasons for slippage are given in **Annex-I**). Thus a total Thermal Capacity of 15368.6 MW (103.3%of Central Sector Target) is likely to be achieved by the end of 12th Plan.As per the status of under construction thermal power projects in the country, at present, thermal power projects aggregating to 50025 MW are likely to be commissioned during 13th Plan. This includes Central Sector projects of 20920 MW which is about 41.82% of tentative 13th Plan thermal capacity addition target. The tentative 13th Plan capacity addition target (thermal) may increase, if some more power plants are ordered during the remaining period of 12th Plan.

Hydro Sector:

The status of the sector – wise hydro capacity addition performance during the 11th Five-year plan & 12th Five-year plan (till date) is as under: - (All figures in MW)

Plan	Target				Achievement			
11th Plan	Central Sector	State Sector	Private Sector	Total	Central Sector	State Sector	Private Sector	Total
	8654	3482	3491	15627	1550	2702	1292	5544

12th Plan (Till date)	6004	1608	3285	10897	2504	712	595	3811

The following monitoring mechanism is in place in Ministry of Power to coordinate country's capacity addition programme and to ensure that it proceeds smoothly:

a. Central Electricity Authority (CEA) is monitoring the under construction hydro power projects (above 25 MW) in pursuance of Section 73 (f) of Electricity Act, 2003. The progress of each project is monitored continuously through site visits, interaction with the developers & other stake holders. Chairperson, CEA holds review meetings with the Power Projects Monitoring Panel (PPMP) and monitoring divisions of CEA.

b. Power Project Monitoring Panel (PPMP), set up by the Ministry of Power, independently follows up and monitors the progress of the power projects.

c. Ministry of Power also reviews the progress of ongoing hydroelectric projects regularly with the concerned officers of CEA, equipment manufacturers, State Utilities / CPSUs / Project developers, etc.

d. In the case of hydro capacity addition, the performance of Central Sector is better than the Private sector due to availability of funds and technical expertise available with the CPSUs. Further, efforts are being made to minimize delays in execution of projects.

e. 47 nos. of H.E. Schemes having Installed Capacity of 15, 185 MW have been identified for providing benefits of 14, 099 MW during 13th plan (2017-22). Out of this, 10 schemes totaling to 5, 562 MW are in Central Sector. The details of the 13th Plan are enclosed at **Annex-II.**

f. Further, 10 nos. of hydro projects totaling to 5102 MW (including Kotlibhel – 1A – 195 MW & Devsari – 252 MW, which are included in 13th Plan) in Central Sector have been concurred by CEA since 2002 and are yet to be taken under construction. The details thereof, along with construction schedule are given at **Annex-III**.

In order to improve the capacity performance of the public sector undertakings, and to ensure that the projects are commissioned on time, the Government has taken the following steps: -

i. The project implementation parameters / milestones are incorporated in the annual MoU signed between respective CPSUs and Ministry of Power (MoP) and the same are monitored during the quarterly performance review meetings of CPSUs and other meetings held in MoP/ CEA.

ii. The issues related to erection and supply of Electro-Mechanical equipment is expedited with BHEL in various meetings held in CEA / MoP and other local issues affecting the progress of works are taken up with respective State Governments by the Concerned CPSUs / MoP.

Planning:

After the enactment of Electricity Act, 2003, generation has been delicensed except for Hydro Electric power projects incurring expenditure of Rs 1000cr and above. Therefore, Central Electricity Authority (CEA) is not involved in the decision making process of

setting up of thermal power plants by Central/State/private power utilities. However, as per Section 3(4) of the Electricity Act 2003, Central Electricity Authority prepares National Electricity Plan (NEP) in accordance with the National Electricity Policy and notifies such Plan once in five years. National Electricity Plan covering detailed plan for the period 2017-22 and perspective Plan for the period 2022-27 and a review of the Status of implementation of the 12th Plan is under preparation. The NEP would include demand forecast and generation capacity addition required to meet the demand on All India basis. The projections made in the NEP serve as a reference to facilitate the decision makers regarding setting up of new Power Projects in future. The observations of the Committee would be kept under consideration".

Capacity Addition:

The 12th Plan Generation Capacity Targets and Achievements as on 31.03.16 are as follows:

Sector	Thermal		Hydro		Nuclear		Total		%
	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	
Central	14878	12638.1	6004	2504.01	5300	1000	26182	16142.11	61.65
State	13922	18329.1	1608	712			15530	19041.1	122.61
Private	43540	49212.5	3285	595			46825	49807.5	106.37
Total	72340	80179.7	10897	3811.01	5300	1000	88537	84990.71	95.99
Total in %		110.84%		34.97%		18.87%		95.99%	

8. The Committee in their original report had noted that for the 12th Plan period, Central Sector has been assigned 26,186 MW out of the total generation capacity addition target of 88,537 MW fixed for the same period. Against this target, only 14,692.1 MW (56% of the target) has been achieved during the 4 four years of the Plan. The Committee had also noted the poor performance of Central Sector in respect of achieving capacity addition targets and the excellent performance of Private Sector. Considering all this, the Committee had recommended that generation capacity addition not be left entirely to the private sector; therefore, the target of the Central Sector for the next plan period may be appropriately enhanced, keeping in view the capacity, technical expertise and resources. The Ministry in their reply have furnished

the latest information of targets and achievement during the 12th Plan. They have also stated that after the enactment of Electricity Act, 2003, generation has been de-licensed except for Hydro Electric power projects incurring expenditure of Rs 1000cr and above. Therefore, Central Electricity Authority (CEA) is not involved in the decision making process of setting up of thermal power plants by Central/State/private power utilities. However, as per Section 3(4) of the Electricity Act 2003, Central Electricity Authority prepares National Electricity Plan (NEP) in accordance with the National Electricity Policy and notifies such Plan once in five years. National Electricity Plan covering detailed plan for the period 2017-22 and perspective Plan for the period 2022-27 and a review of the Status of implementation of the 12th Plan is under preparation. The NEP would include demand forecast and generation capacity addition required to meet the demand on All India basis. The projections made in the NEP serve as a reference to facilitate the decision makers regarding setting up of new Power Projects in future. The Committee, however, had, not gone into the power forecasting rather they had expressed their concern over the drastically falling share of the Central Sector in capacity addition and that too for not any justified reason. The Committee are of the view that the demand of affordable/cheaper electricity in the country will only increase in the coming time. The Committee find no reason that Central Sector having many PSUs with expertise, experience, required manpower and capable of arranging adequate fund, struggle to get new projects or could not complete their project in time. The Committee are aware that NTPC is producing/capable of generating power at the cheapest cost. It is, therefore, becomes more important that these PSUs get more plants to generate more and more power

at low cost. At the same time, the Committee want to re-emphasize that they are not averse to the idea of promoting private sector in power generation field, but are keen to utilize the potential of Central Sector optimally. The Committee expect that the Ministry would positively implement the recommendation of the Committee as assured by them.

(Recommendation Sl. No. 11, Para No. 2.11)

9. The Committee had noted that a projection of Rs. 2,19,613 crore was made as Plan outlay for NTPC for the 12th Plan period. However, the actual capital expenditure (cumulative for 4 years of the 12thPlanPeriod) is expected to be around Rs.89,000 crore. The Committee was apprised that it is expected that at the end of the 12th Plan, Rs. 1,20,700 crore will be utilized as one more year is still to go in the 12th Plan. The Committee find that even if the expected expenditure of Rs.1,20,700 crore at the end of the 12th Plan is achieved, there will be a huge shortfall of Rs.98,913 crore which stands for 45% of the target. The Ministry, besides other reasons, have attributed scrapping of projects worth Rs.26,646 crore by NTPC for their less than planned expenditure during the 12th Plan Period. The Committee further noted that NTPC has been assigned a target of 11,920 MW of generation capacity addition during the 12th Plan. Against this, it has been stated that capacity to the tune of 9,550 MW has already been achieved and it is expected that the target will be surpassed at the end of the 12th Plan. The Committee, noting that financial expenditure and physical performance have a direct correlation, asked the Ministry to explain as to how capacity addition targets have been fully achieved despite incurring only half the expenditure. The Ministry have indicated that un-utilized expenditure is related to the projects meant for the 13th Plan period. In this context, the Committee express their unhappiness with the financial performance of NTPC during the 12th Plan. The excuse that the planning in regard to expected expenditure by NTPC was done much before the start of the 12th Plan, is not acceptable. A deviation of 15-20% in any plan is justified, but shortfall of almost half of the target compels the Committee to infer that either the planning was flawed or there were lapses in its execution. The Committee also felt that the poor expenditure by NTPC may result in lesser capacity addition target for NTPC in the 13th Plan too.

(i) The Committee had, therefore, recommended that the Government should make strenuous efforts to improve the performance of NTPC.

(ii) Simultaneously, the Committee desire that pre-emptive steps be taken so that the lesser expenditure during the 12th Plan should not result in truncated target for NTPC for capacity addition during the 13th Plan.

10. The Ministry in their action taken reply has stated:

"The observations of the Committee have been noted for compliance. However, it is submitted that as far as NTPC is concerned, its current share in terms of installed capacity is around 16%. As on date 24,059 MW is under construction. During 2016-17, over 4,000 MW is likely to be commissioned. That leaves around 20,000 MW, which would progressively get commissioned during 13th Plan period.Although the 13th plan targets are yet to be finalized, the 12th Plan Working Group had indicated capacity addition requirement of 93,400 MW during 13th Plan. Therefore, considering that NTPC is likely to add around 20,000 MW during 13th Plan, as against 11,920 MW target during 12th Plan, its share in 13th Plan could be over 21%".

11. The Committee have been informed that the 13th plan targets are yet to be finalized, however, the 12th Plan Working Group had indicated capacity addition requirement of 93,400 MW during 13th Plan. Therefore, considering that NTPC is likely to add around 20,000 MW during 13th Plan, as against 11,920 MW target during 12th Plan, its share in 13th Plan could be over 21%. The Committee appreciate the Ministry for considering the recommendation of the Committee positively. The Committee desire that the enhanced capacity addition targets of NTPC for the upcoming 13th Plan are fully achieved also.

(Recommendation Sl. No. 13, Para No. 2.13)

12. The Committee had noted that during the recent years there has been a trend of decline in overall energy deficit as well as in peak demand shortage. Energy deficit which was 8.5% in 2010-11 has now reduced to 2.2 %. Similarly, the peak energy deficit has reduced to 3.2% from 9.0% in the year 2010-11. This trend could largely be attributed to the massive generation capacity addition during the meantime. The Private Sector has contributed significantly in this huge capacity addition. The statistics related to energy demand may not necessarily be completely correct as they do not capture the latent demand of electricity but are based on the demand placed for electricity and its fulfillment. However, the Committee were distressed to know the other reason of the falling energy deficit, which is the low demand. It has been reported that there are many power stations that are running way below their optimum PLF due to the low demand. The low demand from the industry sector may be part of a passing phase and there is every possibility of a bounce-back in the coming times; however, the low demand from State Utilities owing to their inability to purchase electricity at the price being offered by the generation companies is a cause of concern. It is a well known fact that the financial condition of several Discoms is in bad shape. They are reeling under heavy financial liabilities. In this scenario, they are reluctant to purchase electricity at a high price

other than what is absolutely required. This is leading to a very anomalous situation, wherein despite the availability of adequate electricity generation capacity many parts of the country are deprived of electricity or are not getting it as per their requirement. The Committee had, therefore, recommended that appropriate steps should be taken on priority basis to improve the financial condition of the State Discoms. The new scheme, viz. Ujjawal Discom Assurance Scheme (UDAY) which has been launched with the objective of financial turnaround of the Discoms may be implemented expeditiously. The Government should also explore avenues to bring electricity generation cost to the lowest possible level.

13. The Ministry in their action taken reply has stated:

a. "A Monitoring Committee of UDAY (Ujwal Discom Assurance Yojana) has been constituted vide OM dated 19.01.2016, to ensure close monitoring of performance on monthly basis to prevent any slippage. The first meeting of UDAY Monitoring Committee was held on 25.02.2016, under the Chairmanship of Secretary (Power).

b. A Core Group consisting of officers from PFC and REC has been constituted and members have been given the responsibility of liaising with the States, drawing up of the MoUs and doing all the other necessary follow up with the States.

c. Monitoring Committee advised States already under ambit of UDAY to constitute State Level Review and Monitoring Committee as per the provisions of the Scheme.

d. As on 16.05.2016, 19 States accounting for more than 3/4th of the discom debts, GDP and population have agreed to join the scheme. MoUs in respect of ten States have already been signed and these States are Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, Punjab, Bihar, Haryana, Gujarat,Uttarakhand and Jammu & Kashmir. Remaining nine States namely Goa, Manipur, Puducherry, Maharashtra, Andhra Pradesh, Madhya Pradesh, Himachal Pradesh, Odisha and Tripura have given in-principle approval for the same. MoP has signed MoUs with States, considering the base year indicators, prevailing specific situation, size/magnitude of work involved etc. of different States.

(i) UDAY scheme has suggested the following steps to be undertaken by Govt. of India and States to bring electricity generation cost to the lowest possible level:

A. Steps to be taken by Government of India to reduce cost

a. Increased supply of domestic coal;
b. Coal linkage rationalization;
c. Liberally allowing coal swaps from inefficient plants to efficient plants and from plants situated away from mines to pithead plants to minimize cost of Coal transportation;
d. Coal price rationalization based on Gross Calorific Value (GCV);
e. Correction in Coal grade slippage through re-assessment of each mine;
f. Coal India to supply 100% washed coal for G10 grade and above by 1st October 2018;
g. Supply of 100% crushed coal from Coal India by 1st April 2016;

h. Faster completion of transmission lines and adequate transmission by 31st March 2019, mostly through competitive bidding;

i. Allocation of coal linkages to States at notified price, based on which the State will go for tariff based bidding.

B. Steps to be taken by States to reduce cost

Prospective power purchase through transparent competitive bidding by DISCOMs:

a. Improving efficiency of State generating units, for which NTPC would handhold.

C. In addition to above, participating States would get the following benefits, which would also reduce the cost of power.

a. Since the State Government would take over 75% of the outstanding debt over 2 years, which would clean up DISCOMs balance sheets to a large extent, bankers would be able to lend funds to them at a lower interest rate.

b. Participating States may get additional / priority funding through Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of MoP and Ministry of New and Renewable Energy (MNRE), if they meet the operational milestones outlined in the Scheme.

c. Such States shall also be supported with additional coal at notified prices and, in case of availability, through higher capacity utilization, low cost power from NTPC and other Central Public Sector Undertakings (CPSUs)".

14. The Committee with a view to improve the financial condition of the State Discoms, in their original report, had recommended expeditious implementation of the new scheme Ujjawal Discom Assurance Scheme (UDAY). They had also desired to bring the electricity generation cost to the lowest possible level. In reply, the Ministry have stated that as on 16.05.2016, 19 States accounting for more than 3/4th of the Discom debts, GDP and population have agreed to join the scheme. MoUs in respect of ten States viz. Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, Punjab, Bihar, Haryana, Gujarat, Uttarakhand and Jammu & Kashmir, have already been signed. Remaining nine States namely Goa, Manipur, Puducherry, Maharashtra, Andhra Pradesh, Madhya Pradesh, Himachal Pradesh, Odisha and Tripura

have given in-principle approval for the same. The Committee are happy that most of the States have agreed to join the scheme. The Committee desire that the remaining States should also be convinced to join this scheme as early as possible. Simultaneously, the formalities of the scheme should be completed expeditiously to ensure early implementation of the scheme all over the country. Role of PFC and REC should be clear, definite and result-oriented. Concrete ways should be found to liquidate the 75% of the Discoms liability owned by the States who have joined UDAY. If the targets remain unattended in this attempt also, it will prove disastrous for the Discoms and the States. Remaining 25% of the liabilities to be handled by Discoms themselves should also be considered by the appropriate bodies for liquidations in a beneficial manner. Also, the Committee expect that the steps recommended by the UDAY scheme for Government of India and the States, should be taken in right earnest and without any delay.

CHAPTER II

RECOMMENDATIONS/ OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl No. 1 Para No. 2.1)

Annual Plan Outlay

The Committee, while scrutinizing the Gross Budgetary Support (GBS) of the Ministry of Power for the year 2015-16,note that against the sought outlay of Rs. 31,519.84 crore (GBS component), the Ministry of Finance has approved the allocation of Rs. 12,200 crore only. The Ministry has last year also sought outlay of Rs. 19,243.46 crore as GBS component; however, the Ministry of Finance had approved Rs. 6,799.43 crore only. Against this, the actual expenditure as on 29.02.2016 is Rs 6,585.71 crore. It appears that the Ministry want to accelerate the pace of execution of its various programmes, and rightly so, to make up for the losses due to the slow pace in the first three years of the 12th Plan due to their non-finalization. The Committee are of the considered view that electricity is the one of the most crucial components for the economic as well as social development of the country, and as much, it should get the due attention. Also, in the backdrop of the target to provide electricity access to all in the country by 2018, it is important that this sector should be provided adequate funds. The Committee, therefore, express their grave concern over the reduced budgetary allocation by the Ministry of Finance for this sector. The Committee note that the allocation of Rs. 12,000 crore for the year 2016-17 is the highest yearly allocation so far, almost double that of the previous year. The Committee, therefore, strongly recommend:

(i) The Ministry of Power may keep accelerating the momentum of execution of their programmes, even in the face of the budgetary cut, and try to fully utilize the allocated fund.

(ii) The Committee also recommend that the Ministry of Finance may provide more allocation to the Ministry of Power at the RE stage if the Ministry of Power so require.

Reply of the Government

Ministry of Power appreciates and is thankful to the Hon'ble Committee for their words of encouragement on the pace of expenditure. The recommendation of the Committee for further improvement in the pace of expenditure have also been noted for compliance. In this regard, it is submitted that out of the annual plan allocation of Rs. 12,200 crore, a sum of Rs. 3347.80 crore has already been utilised/disbursed as on 8th July, 2016. This accounts for 27.44% of the total BE for the current financial year. A detailed assessment of utilisation of funds under various schemes and additional requirements, if any, will be made at the time of discussions on Revised

Estimates in Oct- Nov 2016 and demands for additional funds will accordingly be placed before the Ministry of Finance as suggested by the Committee.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 2 Para No. 2.2)

The Committee note that the important, new initiatives of the Government, viz. Smart Grid and Green Energy Corridor, have not shown much progress so far. The Smart Grid scheme envisages setting up of an institutional mechanism by launching the "National Smart Grid Mission" which would serve the need of an electrical grid with automation, communication and IT systems that can monitor power flows from the point of generation to the point of consumption and ensure control of power flow or curtailment of loads matching generation on real time basis. The Committee further note that the Green Energy Corridor is the scheme for maximization of renewable energy generation and integration with the main grid, without compromising on the security and stability of the power system. The scheme also envisages the setting up of a Renewable Energy Management Centre (REMC). Since a massive 1.75 GW capacity of renewable energy will be added in the coming years, these programmes are extremely important. However, the Committee find that in respect of the Green Energy Corridor, only token money has been allocated since 2014-15. In the case of Smart Grid, against the provisions of Rs. 40 crore for the year 2015-16, no utilization so far has been reported. Again, for the year 2016-17, a provision of Rs. 30 crore has been made. The Committee, therefore, strongly recommends that:

(i) These schemes be fast tracked and sufficient allocation be made to them from the next financial year.
(ii) The progress of these schemes be monitored on a regular basis as this will serve the need of Grid management.
(iii) The Renewable Energy Management Centre be set up without any delay to coordinate the implementation of the National Smart Grid Mission (NSGM).

Reply of the Government

The recommendations of the Committee have been noted for due compliance. The progress in respect of Green Energy Corridor and REMC specifically is as under: -

<u>Green Energy Corridor</u>

Green Energy Corridor comprises Inter-State and Intra-State transmission system strengthening along with control infrastructure to facilitate grid integration of renewables. Intra State Transmission system is being implemented by respective State Transmission Utilities (STU) viz. Tamil Nadu, AP, Karnataka, Maharashtra, Rajasthan, Gujarat, HP & MP and Inter State transmission system (ISTS) is being established by PGCIL.

The Inter State transmission system implementation is under progress as per the schedule.

Renewable energy Management Centre (REMC)

Renewable energy Management Centre (REMC) is to be established at 11 locations in seven states (Tamil Nadu, AP, Karnataka, Gujarat, Maharashtra, MP & Rajasthan), RLDCs (SRLDC, WRLDC & NRLDC) and NLDC. The consultant E&Y appointed by GIZ has submitted draft DPR of Karnataka / AP/ TN/ MP / Gujarat/ Maharashtra/ Rajasthan / SRLDC / WRLDC / NRLDC. Further action towards appraisal/approval of the project would be taken after finalization of the DPR.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 3 Para No. 2.3)

12th Five Year Plan

2.3 The Committee note that there is an assessed provision of Rs 54,279 crore of Gross Budgetary Support (GBS) for the 12th Plan. Against this, till 29.02.2016, only Rs. 19,242 crore has been utilized. There is a provision of Rs. 12,200 crore for 2016-17 which happens to be the terminal year of the 12th Plan. Assuming that the provision of Rs.12,200 crore is fully utilized, even then there will be a shortfall of Rs. 22,837 crore. The Committee further note that for the first three years of the 12th Plan, i.e. 2012-13, 2013-14 and 2014-15 , the Ministry were allocated GBS of Rs. 9,642 crore for each; year, however, their actual expenditure has been Rs. 2,537 crore, Rs.4,530 crore and Rs. 5,590 crore respectively. Against the allocation of Rs.6,800 crore for the year 2015-16, the Ministry, as on 29.02.2016, have utilized Rs. 6,585.71 crore. In regard to the reason for less expenditure against the allocated GBS, the Ministry have stated that many of their major schemes could take off from the year 2014-15 only as the due diligence process of appraisal and approval could get completed only in the latter half of the financial year 2013-14 and during 2014-15. They have further stated that it is expected that the trend of better performance over the previous two years would further improve during 2016-17. The Committee feel that though the performance of the Ministry in regard to utilization of funds during the year 2015-16 has been satisfactory, nonetheless, there is much scope of improvement. Since the achievement of the Ministry so far is very far from the target set for the 12th Plan, there is need to achieve maximize possible utilization of fund in the current financial year, i.e. 2016-17. Optimum utilization of fund is also important due to the fact that the Ministry of Finance, while approving the allocation, apart from the demand and the requirement of fund for schemes, also consider their previous performances. The Committee, therefore, recommends that:

(i) The Ministry must try for full utilization of the allocated fund. Also, put up additional demand at the time of Revised Estimate if the situation requires so.

(ii) The physical target may appropriately be revised corresponding to the financial allocations.

Reply of the Government:

The observations of the committee have been noted for compliance in the Ministry. As stated in reply to para number 2.1 the additional demand of funds would be assessed at the RE stage during the current financial year. The Physical targets, wherever required and necessary will also be revised in line with the financial projections.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 4, Para No. 2.4)

The Committee note that a target of 88, 537 MW of generation capacity addition has been fixed for the 12th Plan period. The Ministry have informed that against this, a capacity of 75,195.7 MW has been achieved as on 29.02.2016, which is 85% of the total target. They have also stated that since one year is still left in the 12th Plan, it is expected that the targets will be fully achieved. The Committee further note that the Central Sector have been assigned the target of 26,182 MW, wherein their achievement is 14,692.1 MW, which stands for a meagre 56% of the target. The plea of the Ministry that though the Central Sector may be falling short of the targets, but the overall target of 88,000 MW for the 12th Plan is going to be achieved, is not acceptable. The overall target is being achieved due to over– achievement of targets by the Private Sector. The Committee are pleased to note the outstanding performances by the State and the Private Sector in generation capacity addition so far in the 12th Plan. In the 11th Plan also, the performance of the Private Sector was exceptionally good, and they had achieved 23,012 MW against the target of 15,043 MW, whereas the Central Sector could manage to achieve only 15,220 MW against the target of 36,874 MW in the 11th plan. The committee, therefore, are surprised at fixing a small target of 26,182 MW for the Central Sector for the 12th Plan as this also includes 21, 654 MW slipped projects of the 11th Plan. Despite this, they have so far achieved only half of what has been assigned to them in the 12th Plan. Moreover, their financial performance in regard to IEBR have also been poor so far in this plan period, thus, there is a possibility that it will adversely impact in the form of lesser capacity addition which will be felt in the 13th Plan too. The committee, therefore, are not satisfied with the performance of the Central Sector as far as generation capacity addition is concerned. The Committee, therefore, recommend that:

(i) The Ministry must make all out efforts to improve the capacity performance of the power sector public undertakings.

(ii) Secondly, the Committee recommend that the generation capacity addition not be left entirely to the private sector, but the Government may endeavor to match the performance of the Central PSUs with that of the private sector as far as generation capacity addition is concerned.

(iii) The target of the Central Sector for the next plan period may be appropriately enhanced, keeping in view the capacity, technical expertise and resources.

Reply of the Government:

(a) **Thermal Sector**:

Sector-wise breakup of Thermal capacity addition targets and achievements till 31.03.2016 during the 12th Five Year Plan is given below:

Sector	Target (MW)	% share of target	Cap. Comm. from the target (MW)	Additional cap. Comm. (MW)	Total Commissioned (MW)	% achievement w.r.t. sector target	% achievement w.r.t. with total Target
Central	14877.6	20.57	11452.6	1185.5	12638.1	84.95	17.47
State	13922	19.25	12722	5857.1	18579.1	133.45	25.68
Private	43540	60.19	28735	20227.5	48962.5	112.45	67.68
Total	72339.6	100	52909.6	27270.1	80179.7	110.84	

From the above Table it may be seen that as against the targeted thermal capacity of 14877.6 MW in Central Sector, a capacity of 12638.1 MW (i.e. 84.95% w.r.t. Sector target) has been commissioned till 31.03.2016 (i.e. during the first four years of the 12th Five Year Plan).

Further, Central Sector Thermal Power Projects totaling to 2730.5 MW (which includes an additional capacity of 2285.5 MW not included in the 12th Plan Target) are likely to be commissioned during the last year of 12th Plan (2016-17) and Central Sector Thermal Power Projects aggregating to 2980 MW are slipping from the 12th Plan Target (Details along with reasons for slippage are given in **Annex-A**). Thus a total Thermal Capacity of 15368.6 MW (103.3%of Central Sector Target) is likely to be achieved by the end of 12th Plan.

As per the status of under construction thermal power projects in the country, at present, thermal power projects aggregating to 50025 MW are likely to be commissioned during 13th Plan. This includes Central Sector projects of 20920 MW which is about 41.82% of tentative 13th Plan thermal capacity addition target. The tentative 13th Plan capacity addition target (thermal) may increase, if some more power plants are ordered during the remaining period of 12th Plan.

(b) Hydro Sector:

The status of the sector – wise hydro capacity addition performance during the 11th Five-year plan & 12th Five-year plan (till date) is as under: -

(All figures in MW)

Plan	Target				Achievement			
11th Plan	Central Sector	State Sector	Private Sector	Total	Central Sector	State Sector	Private Sector	Total
	8654	3482	3491	15627	1550	2702	1292	5544
12th Plan (Till date)	6004	1608	3285	10897	2504	712	595	3811

The following monitoring mechanism is in place in Ministry of Power to coordinate country's capacity addition programme and to ensure that it proceeds smoothly:

g. Central Electricity Authority (CEA) is monitoring the under construction hydro power projects (above 25 MW) in pursuance of Section 73 (f) of Electricity Act, 2003. The progress of each project is monitored continuously through site visits, interaction with the developers & other stake holders. Chairperson, CEA holds review meetings with the Power Projects Monitoring Panel (PPMP) and monitoring divisions of CEA.
h. Power Project Monitoring Panel (PPMP), set up by the Ministry of Power, independently follows up and monitors the progress of the power projects.
i. Ministry of Power also reviews the progress of ongoing hydroelectric projects regularly with the concerned officers of CEA, equipment manufacturers, State Utilities / CPSUs / Project developers, etc.
j. In the case of hydro capacity addition, the performance of Central Sector is better than the Private sector due to availability of funds and technical expertise available with the CPSUs. Further, efforts are being made to minimize delays in execution of projects.
k. 47 nos. of H.E. Schemes having Installed Capacity of 15, 185 MW have been identified for providing benefits of 14, 099 MW during 13th plan (2017-22). Out of this, 10 schemes totaling to 5, 562 MW are in Central Sector. The details of the 13th Plan are enclosed at **Annex-B.**
l. Further, 10 nos. of hydro projects totaling to 5102 MW (including Kotlibhel – 1A – 195 MW & Devsari – 252 MW, which are included in 13th Plan) in Central Sector have been concurred by CEA since 2002 and are yet to be taken under construction. The details thereof, along with construction schedule are given at **Annex-C**.

In order to improve the capacity performance of the public sector undertakings, and to ensure that the projects are commissioned on time, the Government has taken the following steps: -

iii. The project implementation parameters / milestones are incorporated in the annual MoU signed between respective CPSUs and Ministry of Power (MoP) and the same are monitored during the quarterly performance review meetings of CPSUs and other meetings held in MoP/ CEA.

iv. The issues related to erection and supply of Electro-Mechanical equipment is expedited with BHEL in various meetings held in CEA / MoP and other local

issues affecting the progress of works are taken up with respective State Governments by the Concerned CPSUs / MoP.

(c) Planning

After the enactment of Electricity Act, 2003, generation has been delicensed except for Hydro Electric power projects incurring expenditure of Rs 1000cr and above. Therefore, Central Electricity Authority (CEA) is not involved in the decision making process of setting up of thermal power plants by Central/State/private power utilities. However, as per Section 3(4) of the Electricity Act 2003, Central Electricity Authority prepares National Electricity Plan (NEP) in accordance with the National Electricity Policy and notifies such Plan once in five years. National Electricity Plan covering detailed plan for the period 2017-22 and perspective Plan for the period 2022-27 and a review of the Status of implementation of the 12th Plan is under preparation. The NEP would include demand forecast and generation capacity addition required to meet the demand on All India basis. The projections made in the NEP serve as a reference to facilitate the decision makers regarding setting up of new Power Projects in future. The observations of the Committee would be kept under consideration.

(d) Capacity Addition:

The 12th Plan Generation Capacity Targets and Achievements as on 31.03.16 are as follows:

Sector	Thermal		Hydro		Nuclear		Total		%
	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	Target (MW)	Ach. (MW)	
Central	14878	12638.1	6004	2504.01	5300	1000	26182	16142.11	61.65
State	13922	18329.1	1608	712			15530	19041.1	122.61
Private	43540	49212.5	3285	595			46825	49807.5	106.37
Total	72340	80179.7	10897	3811.01	5300	1000	88537	84990.71	95.99
Total in %		110.84%		34.97%		18.87%		95.99%	

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 5, Para No. 2.5)

The Committee note that in general, the performance of the Central Sector in generation capacity addition since the 11th Plan has not been satisfactory, and though, their performance in hydro power, in particular, has been very poor. Surprisingly, the performance of the private sector in this field is also not satisfactory. Since the demand of electricity in the country has been growing consistently, it becomes imperative to keep adding generation capacities. Thermal power is the mainstay of installed generation capacity in the country. Moreover, thermal power is still a major contributor in capacity addition; thus, the share of hydro power in the total energy mix has constantly been falling. The committee therefore, desire that:

(i) The Government must make sincere efforts to promote hydro power development and take required steps to increase its share in the energy mix.

(ii) **The thrust on capacity addition of hydro power should be direct and time bound.**

(iii) **Routine excuse of delay in implementation of hydro power projects may not be repeated because the problems are not insurmountable and tangible solutions should be found.**

Reply of the Government:

(i) The Government has taken several policy initiatives to tap the hydro potential and to boost hydro power development in the country. The details are given below:

National Electricity Policy, 2005 (Salient Features):

a. The policy lays maximum emphasis on full development of the feasible hydro potential in the country which will facilitate economic development of States, particularly North Eastern States, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
b. Since the hydel projects call for comparatively larger capital investment, debt financing of longer tenure has been recommended.
c. The State Governments have been advised to review procedure for land acquisition and other approvals/ clearances for speedy implementation of hydro projects.
d. Full support of Central Government has been extended for hydel development by offering the services of CPSUs like NHPC, NEEPCO, SJVNL, THDC etc.

Hydro Power Policy- 2008: Salient Features (including subsequent changes):

a. Transparent selection criteria for awarding sites to private developers.
b. As notified in Revised Tariff Policy, 2016, Cost plus Tariff regime (in which tariff is to be determined by the regulator under section 62 of Electricity Act, 2003) has been extended for public & private sector hydro power projects up to 15.08.2022.
c. Enables developer to recover his additional costs through merchant sale of upto a maximum of 40% of the saleable energy.

d. Developer to provide 100 units of electricity per month to each Project Affected Family - in cash or kind or a combination of both for 10 years from the date of commercial operation (COD).
e. Developer to assist in implementing rural electrification in the vicinity of the project area & contribute 10% share of the State Govt. under the RGGVY scheme.
f. Additional 1% free power from the project (over and above 12% free power earmarked for the host State) for Local Area Development Fund - regular revenue stream for welfare schemes, creation of additional infrastructure and common facilities.
g. The State Governments to contribute a matching 1% from their share of 12% free power.

National Rehabilitation & Resettlement Policy, 2007:

The Policy addresses the need to provide succor to the asset less rural poor, support the rehabilitation efforts of the resource poor sections, namely small and marginal farmers, SCs/STs and women who have been displaced. Besides, it seeks to provide a broad canvas for an effective dialogue between the Project Affected Families (PAFs) and the Administration for Resettlement & Rehabilitation to enable timely completion of project with a sense of definiteness as regards costs and adequate attention to the needs of the displaced persons. The rehabilitation grants and other monetary benefits proposed in the Policy are minimum and applicable to all project affected families. States where R&R packages are higher than proposed in the Policy are free to adopt their own package. The objectives of the Policy are to minimize displacement, to plan the R&R of PAFs including special needs of Tribals and vulnerable sections, to provide better standard of living to PAFs and to facilitate harmonious relationship between the Requiring Body and PAFs through mutual cooperation.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 has been notified by the Govt. of India on 27.09.2013 which have more participation of local people in terms of Land acquisition and Rehabilitation & Resettlement. The main objectives of the Act are given below:

a. To ensure a humane, participative, informed and transparent process for land acquisition with the least disturbance to the owners of the land and other affected families.
b. Provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired or are affected by such acquisition.
c. Make adequate provisions for such affected persons for their rehabilitation and resettlement.
d. Ensure that affected persons become partners in development leading to an improvement in their post-acquisition social and economic status.

Tariff Policy, 2016 (Portions relevant to Hydropower) are as given below:

a. Intent of Govt. for promotion of HEP emphasized in the objective of the Policy - "To promote HEP generation including PSP to provide adequate peaking reserves, reliable grid operation and integration of variable RE sources".
b. Renewable Purchase Obligation – Hydropower excluded from RPO (8% of the total consumption excluding Hydro power).
c. Certainty of long term PPA for min. 60% of capacity, balance through merchant sale - Provision for extension of PPA beyond 35 years for a further period of 15 years.
d. Enabling provision for suitable regulatory framework incentivizing HEPs for using long term financial instruments - in order to reduce tariff burden in the initial years.
e. Depreciation – Developer shall have the option of charging lower rate of depreciation vis-à-vis the ceiling determined by CERC.
f. Exemption from competitive bidding extended up to 2022.

Other measures taken for increasing the hydro capacity:

a. A Consultation Process has been evolved for Fast Tracking of Survey & Investigation activities and preparation of Quality DPRs wherein appraising agencies advise Developer in carrying out various investigations and firming up the project layout etc.
b. Time bound appraisal norms have been evolved in CEA for examination of DPRs.
c. A number of projects have been prioritized which are being monitored regularly at highest levels by the Govt. of India for their expeditious implementation.
d. Central Electricity Authority (CEA) is monitoring the progress of each project regularly through frequent site visits, interaction with the developers and critical study of monthly progress reports.
e. A Power Project Monitoring Panel (PPMP) has been set up by the Ministry of Power to independently follow up and monitor the progress of the hydro projects.
f. Regular review meetings are taken by Ministry of Power/ CEA with equipment manufacturers, State Utilities/ CPSUs/ Project developers, etc. to sort out the critical issues.
g. Review meetings are taken by MoP/ CEA with Border Roads Organization, Ministry of Road Transport and Highways etc. to sort out the infrastructure issues.

(ii) As far as Concurrence of DPR is concerned, CEA had already issued guidelines for timely concurrence of DPR according to which, "In case the Hydro Electric Scheme is found technically and economically viable with necessary inputs/ clearances having been tied up, the Authority may accord concurrence for implementation of the hydroelectric scheme, as far as practicable, within a period of 150 (one hundred fifty) working days (excluding time taken by the Developer for compliance of observations of CEA/ CWC/ GSI/ CSMRS etc.) from the date of submission of 25 sets of DPR complete in all respects/ acceptance of complete DPR by CEA from Developer:"

(iii) The new DPR guidelines have been evolved which lay emphasis on exhaustible Survey and Investigation and finalization of important aspects of the

project in consultation with CEA/CWC/GSI/CSMRS before submission of DPR to CEA, so as to prepare a bankable DPR.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 6 Para No. 2.6)

The Committee note that the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) will cover works relating to feeder separation, strengthening of sub-transmission & distribution systems, including metering of distribution transformers/ feeders / consumers and rural electrification. The erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) which was launched by the Government of India in 2005 for providing access to electricity to all households has also been subsumed under DDUGJY as rural electrification component. When the Committee asked the Ministry as to how many villages/ BPL families are still left to be electrified/ provided electricity connections under the scheme, it has been informed that, as on 31.03.2016, there are 11,344 un- electrified villages that are yet to be electrified, of which 434 villages have been reported uninhabited. Also 397.44 Lakh BPL households were proposed to be provided free electricity connections under the rural electrification component of the scheme (erstwhile RGGVY), and as on 29.02.2016, connections to 232.00 Lakh BPL households have been released by the States. It has also been stated that the target of electrifying un-electrified villages will be achieved within the stipulated time line, i.e. by May 2018. The target for providing connections to BPL households is likely to be achieved by 2019. When the Committee raised the issue that the actual number of villages that are to be electrified is much more that the official figure, it has been stated that the figures regarding electrification of villages are provided by the States and re verified through the "Gram Vidyut Abhiyanta"(GVA) deployed in the States under the scheme. Also, the details regarding electrification of villages and verification by GVAs are updates regularly through the Mobile App _ 'GARV'. However, the Committee are of the view that the number of villages that are yet to be electrified are much more than the official figure. The Committee are also aware that there are cases where electrification of the villages has been done only in records but in reality they are still deprived of the same. Moreover, there have been numerous complaints in regard to the poor quality of electrification work carried out in the villages which have already been covered under the scheme. The Committee, therefore, recommend that:

(i) The Government must not limit the work of electrification to the list provided by the State Government only. Rather, they shall be open to include any left out village if the same is brought to their notice by the local representatives or others.

(ii) It is also recommended that the Government pay utmost attention towards the quality of work being undertaken in the scheme through more frequent and stringent monitoring.

(iii) The Member of Parliament concerned may be taken into confidence while submitting the list of these villages block-wise so as to ensure the veracity of figures in this regard.

(iv) The definition of the electrification of a village may be revisited and concepts like intensive electrification of partial electrified villages be done away with.

(v) The BPL household connection should also be monitored in an intensified manner.

Reply of the Government

(i) As on 01.04.2015, there were 18,452 un-electrified villages in the country as reported by the States. During the Review Planning and Monitoring (RPM) meeting of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) held on 10.05.2016, it has been clarified that if States discover any un-electrified villages at this stage, the same can be electrified within the available funds already sanctioned under DDUGJY or from their State Plan funds, but should be electrified within the specified time lines i.e .May 2018. The Hon'ble MPs who are the Chairperson/ Co-Chairperson of the District Electricity Committee, are also being informed separately that in case any un-electrified census village is left out, the same can be electrified under the ongoing scheme of DDUGJY within the sanctioned cost of the project.

(ii) For all projects under DDUGJY, in order to ensure quality of works, a quality control mechanism is already in place. Under this mechanism, the Project Implementation Agency (PIA) shall be solely responsible & accountable for assuring quality works. PIA shall also formulate a detailed comprehensive Quality Assurance (QA) plan for the works to be carried out under the scheme with an objective to create quality infrastructure works.
In addition to the above, in DDUGJY Projects, robust Quality Assurance Mechanism (QAM) has also been formulated. Rural Electrification Corporation (REC), the nodal agency for the DDUGJY shall operate Quality Assurance Mechanism. REC shall outsource independent agency(ies) designated as REC Quality Monitors (RQM) to ensure quality of materials procured and shall also verify quality of works carried out under the DDUGJY scheme.

(iii) The District Electricity Committee (DEC) has been reconstituted under the chairmanship of senior most MP of the district. DEC shall be involved in project formulation and regular monitoring.

(iv) DDUGJY provides ample flexibility and scope for States/DISCOMs to take up work under strengthening and argument of sub-transmission and distribution network.

(v) Apart from the village electrification, the progress of BPL Household electrification is also actively monitored under the scheme.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 7 Para No. 2.7)

The committee note that metering feeders, transformer and consumers in village area is one of the objectives of DDUGJY. The Committee also note that in October, 2014, there have been 15.5% of unmetered or defective 11KV feeders in the rural areas and 66% unmetered or defective distribution transformers in rural and urban areas. Also, 71% of the agricultural connections in rural areas are unmetered or defective. The Committee further note that under the scheme, Utilities shall create dedicated teams for implementation of projects at district and Utility/ State level, including necessary manpower and requisite infrastructure to ensure smooth implementation and monitoring. An officer of the rank of Chief Engineer/ General Manager or above, will be designate as the Nodal Officer from the dedicated team at utility/ State level. The Nodal Officer shall be responsible for implementation of the scheme in accordance with the prescribed guidelines, providing all necessary information, including physical & financial progress related to the projects, and arrange to get relevant orders/ clearance from the State Government. The nodal agency, the Rural Electrification Corporation Limited (REC) will monitor implementation of scheme through its project offices at the field level. The Committee are of the firm view that there is urgent need of proper metering of all electricity connections, irrespective of their usage. The Committee, therefore, recommend that:

(i) **The issue of unmetered electricity, defective feeders in rural areas, unmetered and defective distribution transformers and unmetered and defective agricultural connections in rural areas need to be rectified on a priority basis.**

(ii) **Simultaneously, the implementation of this project may be expedited and completed within the stipulated timeline.**

(iii) **The role of REC should be defined and sufficientinfrastructural support be provided to ensure that the deficienciesare attended to in a time bound manner.**

Reply of the Government

(i) Under Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) funds have been earmarked for metering of unmetered feeders, distribution transformers and households in rural areas as proposed by the DISCOM/States. This will help in energy audit & reduction of AT&C losses thereby improving the commercial efficiency of the DISCOMs.

(ii) The metering projects are scheduled to be completed within 24 months after award and State/DISCOMs have been requested to complete these works positively within the specified timeline.

(iii) REC has been designated as nodal agency for operationalization and implementation of DDUGJY. REC has Project Offices in all the major States for the coordinating with the State DISCOMs/Implementing Agency and also designated Sr. Officials as Nodal Officers for the States to review

the DDUGJY. Further REC has deployed “Gram Vidyut Abhiyanta” (GVA) for monitoring the progress of Un-electrified villages. After implementation of the projects, the infrastructure is handed over to the State Government/State DISCOMs. Thereafter, it is the responsibility of the State DISCOMs to maintain the infrastructure created under the scheme for better operation and sustainability.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 8 Para No. 2.8)

The Committee note that the DDUGJY has been introduced with a view to strengthen the sun-transmission and distribution system including metering of distribution transformers/ feeders. This will help to address the critical gaps in rural areas. Under the scheme, all Discoms including private sector Discoms and State Power Departments are eligible for financial assistance. In rural areas where the private sector Discoms have been engaged in the work of power supply, the projects under them will be implemented through a State Government agency and the assets so created will be owned by the State Government State owned companies. These assets will be handed over to the Discom concerned for their use through the licensing period on mutually agreed terms and conditions. The responsibility of operation and maintenance to these assets will be of Discoms concerned. The Committee feel that this will lead to the overlapping of the system and shirking of responsibilities in critical areas. There should be uniformity and integrity of approach so far as strengthening of the rural infrastructural work is concerned. This will ensure proper execution of work in a responsible manner by the involved agency. The terms and conditions or use of assets so created are a gray area. The objective of the scheme is to improve upon the existing system by filling the gaps, this can be handled by even the private Discoms in their respective areas of jurisdiction. The Committee, therefore, recommend that:

(i) **There may be clarity with regard to the methodology of implementing the DDUGJY.**

(ii) **Private Discoms should be entrusted with the responsibility of upgrading the system in their areas as envisaged under the scheme.**

(iii) **The asset created through the rejuvenation of the system may accordingly be shared with the State Government or State owned agency.**

Reply of the Government

(i) Implementation process of DDUGJY is well documented and detailed instructions and guidelines have been laid down. The role(s) of all the

stakeholders have been clearly defined. These instructions/ guidelines of the Scheme are available in public domain.

(ii) Private DISCOMs can also avail the benefits of DDUGJY through State Government.

(iii) The ownership of the assets created under DDUGJY rests with the respective State Government.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 9, Para No. 2.9)

The Committee note that one of the features of the DDUGJY is the provision of complete flexibility which has been provided to the States to prioritize the scope of work as per their requirement. Although, the objective of this feature is to give due autonomy to the States to prioritize their work based on the requirement, yet the functioning of the scheme at the ground level leaves much to be desired. The Committee have come across several instances wherein it can be inferred that their priorities have not been fixed objectively. In such a situation, the role of the Union Government becomes important since, primarily, it is a central scheme. The Committee, therefore, recommend that:

(i) A method may be devised ensuring the fair objective and effective implementation of the scheme.

(ii) The provision for project management agency may appropriately be amended in project formulation bid processing and monitoring to include modification by the Union Government in DPRs submitted by the State Governments, if felt necessary.

Reply of the Government

(i) Government of India has approved DDUGJY for separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agricultural & non- agricultural consumers in the rural areas, strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering at distribution transformers/feeders/consumers and rural electrification. For effective implementation of the scheme, REC has been designated as Nodal Agency. The role of all the stake holders has been clearly defined in the guidelines.

(ii) As per guidelines of DDUGJY, Project Management Agency (PMA) is appointed to assist Utilities in project management and ensuring timely implementation of the projects. The Utilities may enhance the scope of PMA as per their requirement.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 10, Para No. 2.10)

Integrated Power Development Scheme (IPDS)

2.10 The Committee note that the Integrated Power Development Scheme (IPDS) is a new scheme formulated on 20th November, 2014 with an objective to provide 24x7 power supplied for consumers, to provide access to all urban households and facilitate State Power Utilities to reduce the level of AT&C losses reduction, establishment of IT enabled energy accounting/auditing improvement in billed energy based on metered consumption and improvement in collection efficiency. The erstwhile scheme of R-APDRP has got subsumed into IPDS along with its outlay. The *Committee find that the scheme is not being implemented at the* desired pace. During the year 2013-14, against the allocation of Rs 1261.04 crore, only Rs. 595.25 crore could be utilized under R-APDRP. In the same year, Rs.50 crore was spend under IPDS against the allocation of Rs 100 crore. In the year 2015-16, when funds were allocated jointly under IPDS, it has been reported that Rs. 569.54 crore has been spent (as on (31.01.2016) against the allocation of Rs 600 crore. The reason for such slow pace has been stated to be the inadequate budgetary allocation for the scheme. However, the Ministry have informed that after much persuasion they have managed to get Rs.5,500 crore for IPDS for the year 2016-17. The Committee are surprised to know that such an important programme is not being implement at the desired pace for want of adequate allocation. This scheme aims to strengthen and improve the distribution sector, which is the Achilles' heel of the power sector. It also envisaged to bring down AT&C losses, which is the root cause of the malady affecting the distribution sector. The Committee therefore, recommend that :

(i) Adequate funds must be allocated to IPDS, so that its implementation is not delayed due to lack of funds.

(ii) The programme may be given a definite timeline for completion and its expeditious implementation should be ensured.

Reply of the Government

(i) The position of allocation of funds and its utilization is given below:

(a) During the year 2014-15, the allocation for the scheme at BE level was Rs. 1261.04 crore under R- APDRP and this was reduced to Rs: 595.25 crore at RE stage. The entire allocation of Rs. 595.25 crore was however fully utilized under R- APDRP. In the same year, Rs. 50 crore was spent under IPDS against BE of Rs.100 crore,

(b) During the year 2015-16, the allocation at BE stage was Rs. 400 crore under ex - R- APDRP, and this was increased to Rs. 667.82 crore at RE stage and the entire allocation of Rs. 667.82crore at RE stage was utilized under ex - R- APDRP. In the same year, Rs. 333.91 crore was spent under IPDS against BE of Rs.200 crore (RE was increased to Rs.333.91 crore only).

(c) The budget allocation during the year 2016-17 has significantly been

increased to Rs.5,500 crore for Integrated Power Development Scheme (IPDS). The allocation at this stage, is sufficient to provide initial advance of 6% (8.5% for special category states) and next tranche of 12% (17% for special category states) to Utilities/States that are expected to place award of work under IPDS, in FY 2016-17.

(d) The entire GoI funds of Rs.645.25 crore in 2014-15 and Rs.1001.73 crore in 2015-16 as provided by MoP, GoI were fully utilized during the respective years by way of releasing to beneficiary utilities.

(e) Rs.5,500.00 crore allocation for the FY 2016-17 will help to reverse the fund flow trend to utilities under ex - R- APDRP and IPDS projects.

(ii) The scheme has definite timeline for completion and mechanisms are in place for achieving the same. For R-APDRP, a 4-tier Monitoring mechanism was developed which led to the timely implementation of scheme. The achievements under the scheme are 1222 towns out of 1405 towns declared Go-live, 45 SCADA control centers commissioned out of 72 towns and Part-B works completed in 425 towns out of 1221 towns. Most of the projects are likely to be completed in the extended timelines i.e. by March, 2017 except in Odisha, where completion is expected by March, 2018.

The IPDS guidelines stipulate execution of projects within 24 months of issue of Letter of Award by Utilities followed by award within 6 months of sanction. Implementation of IPDS is being monitored at highest levels of MoP, GoI and monthly Review, Planning & Monitoring meetings are conducted by MoP, GoI. These meetings are chaired by Secretary (Power), MoP, GoI and attended by State Energy Secretaries and Managing Directors of Utilities. Regular reviews and monitoring meetings are also conducted at State level also at State. HQ/Discom HQ level.

Moreover, IPDS Guidelines provide tor appointment of a Project Management Agency (PMA) by beneficiary utility to assist them in project management and ensuring timely implementation of projects. MoP as well as PFC, the-designated Nodal Agency of IPDS (R-APDRP subsumed), are making every effort to expedite implementation of the scheme and their timely completion.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 11, Para No. 2.11)

Performance of Power Sector PSUs

The Committee note that a projection of Rs. 2,19,613 crore was made as Plan outlay for NTPC for the 12th Plan period. However, the actual capital expenditure (cumulative for 4 years of the 12thPlanPeriod) is expected to be around Rs.89,000 crore. The Committee was apprised that it is expected that at the end of the 12th Plan, Rs. 1,20,700 crore will be utilized as one more year is still to go in the 12th Plan. The Committee find that even if the expected

expenditure of Rs.1,20,700 crore at the end of the 12th Plan is achieved, there will be a huge shortfall of Rs.98,913 crore which stands for 45% of the target. The Ministry, besides other reasons, have attributed scrapping of projects worth Rs.26,646 crore by NTPC for their less than planned expenditure during the 12th Plan Period. The Committee further note that NTPC has been assigned a target of 11,920 MW of generation capacity addition during the 12th Plan. Against this, it has been stated that capacity to the tune of 9,550 MW has already been achieved and it is expected that the target will be surpassed at the end of the 12th Plan. The Committee, noting that financial expenditure and physical performance have a direct correlation, asked the Ministry to explain as to how capacity addition targets have been fully achieved despite incurring only half the expenditure. The Ministry have indicated that un-utilized expenditure is related to the projects meant for the 13th Plan period. In this context, the Committee express their unhappiness with the financial performance of NTPC during the 12th Plan. The excuse that the planning in regard to expected expenditure by NTPC was done much before the start of the 12th Plan, is not acceptable. A deviation of 15-20% in any plan is justified, but shortfall of almost half of the target compels the Committee to infer that either the planning was flawed or there were lapses in its execution. The Committee also feel that the poor expenditure by NTPC may result in lesser capacity addition target for NTPC in the 13th Plan too.

(iii) The Committee, therefore, recommend that the Government should make strenuous efforts to improve the performance of NTPC.

(iv) Simultaneously, the Committee desire that pre-emptive steps be taken so that the lesser expenditure during the 12th Plan should not result in truncated target for NTPC for capacity addition during the 13th Plan.

Reply of the Government

The observations of the Committee have been noted for compliance. However, it is submitted that as far as NTPC is concerned, its current share in terms of installed capacity is around 16%. As on date 24,059 MW is under construction. During 2016-17, over 4,000 MW is likely to be commissioned. That leaves around 20,000 MW, which would progressively get commissioned during 13th Plan period.

Although the 13th plan targets are yet to be finalized, the 12th Plan Working Group had indicated capacity addition requirement of 93,400 MW during 13th Plan. Therefore, considering that NTPC is likely to add around 20,000 MW during 13th Plan, as against 11,920 MW target during 12th Plan, its share in 13th Plan could be over 21%.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 12, Para No. 2.12)

The Committee observe that the NTPC has scrapped projects worth Rs.26,646 crore during the ongoing 12th Plan. When the Committee expressed their concern over scrapping of these projects, it has been justified by saying that if those scrapped projects would have come through, the utilization of the powerstations would have further reduced. The Committee express their concern over the matter as scrapping of power projects not only reduces the quantum of capacity addition but also involves avoidable expenditure. The justification that the scrapping of the project was done to adjust the demand fluctuation seems flawed as there was also an option of postponing these projects. Moreover, the Private Sector has started addition massive capacities and they have not only achieved their target but even surpassed it by huge margins in the 11th Plan as well as in the 12th Plan. The Committee agree that there may be short term fluctuations in demand but when we compare per capita consumption with other developed nation, it becomes clear that we still have along way to go as far as power generation capacity is concerned. And if we have to increase our generation capacity, NTPC seems to be the preferred choice for various reasons. First, they are the leading player in the field, having the required expertise, manpower, resources and fund raising ability.Secondly, they are able to produce electricity at low tariff. Moreover, due to technical advancements they have achieved higher efficiency and very low emission in their power stations. The Committee, therefore recommend that:

(i) The scrapping of power projects may be reviewed, especially when substantial expenditure has already been incurred on them.

(ii) Further, NTPC should not lose their share of capacity addition to the Private Sector in power generation due to short-term demand fluctuations; rather, they should endeavor to compete well with the private Sector which, despite all odds, has performance outstandingly.

(iii) Reasons for scrapping of the power projects should be submitted at

Reply of the Government

Against initial 12th Plan outlay of Rs. 2,19,613 Crore, NTPC is expected to achieve Capexof approx. 1,20,700 Crore thus the anticipated shortfall would be of around Rs. 99,000 Crore. The reasons for project wise shortfall is given below.

a) It may be noted that the total anticipated shortfall due to projects which got delayed / not awarded / scrapped add upto Rs 1,24,500 Crore. However, NTPC took up other projects with total capex of Rs 25,000 Crore, which would leave an overall shortfall of Rs 99,000 Crore.

b) During 12th plan the scrapped project were having outlay of Rs 26,646 Crore and these could not be taken due to reasons beyond NTPC's control, however

NTPC took up another projects with total capex of ~ Rs 25,000 Crore and no substantial expenditure has been incurred by NTPC on the scrapped projects.

c) As far as NTPC is concerned, its current share in terms of installed capacity is around 16%. As on date 24,059 MW is under construction. During 2016-17, over 4,000 MW is likely to be commissioned. That leaves around 20,000 MW, which would progressively get commissioned during 13th Plan period.

d) Although the 13th plan targets are yet to be finalized, the 12th Plan Working Group had indicated capacity addition requirement of 93,400 MW during 13th Plan. Therefore, considering that NTPC is likely to add around 20,000 MW during 13th Plan, hence its share in 13th Plan could be over 21% in terms of installed capacity addition

Projects	Reasons
Gas Not Available	Shortfall of Rs.9,316 crores
Gandhar Gas- II (2x 650 MW)	Projects had to be kept under hold in line with the communication issued by MoP dated 14th March, 2012 stating that "*Developers are advised not to plan projects based on domestic gas till 2015-16* ".
Kawas Gas -II (2x 650 MW)	
Rajiv Gandhi CCPP-II (3x 350 MW)	
Investment Approval Delayed	Shortfall of Rs.31,303 crore
Bulk Tendering –I (660 MW-SG) Mauda-II(2x 660 MW), Solapur (2x 660 MW), Nabinagar(3x 660 MW), Meja(2x 660 MW) &Raghunathpur (2x 660 MW) (of DVC)	NIT for the package issued on 23.06.10 and Bidding documents were on sale from 28.06.2010 to 30.07.2010. Bid Opening for Stage-I (Techno-Commercial) was held on 25.08.10. Stage-I (Techno-Commercial) Evaluation Report approved on 05.01.2011. One of the bidder M/s Ansaldo Caldaie Boilers India Pvt Ltd. who was not considered qualified, filed a writ petition in the High Court of Delhi. Subsequent to the hearings in the matter, the court passed its order on 01.03.2011 against NTPC wherein High Court (HC) ordered NTPC to allow Ansaldo in accordance with the terms of the bid documents, not only to proceed to the next stage i.e., Stage-II (Price) Bid, but also permit it to participate in the technical discussions. Special Leave Petition (SLP) was filed by NTPC in Supreme Court (SC) on 09.03.2011. After various hearings and postponement the Hon'ble Supreme Court delivered its judgment on 16.02.2012 in NTPC's favor. The Stage-II (Price) bids were opened on 29.02.2012.

Projects	Reasons
	The Award of Steam Generator (SG) Package of were progressively done from 30.03.2012 onwards.
Bulk Tendering –I (660 MW-STG) Mauda-II(2x 660 MW), Solapur (2x 660 MW), Nabinagar(3x 660 MW), Meja(2x 660 MW) &Raghunathpur(2x 660 MW) (of DVC)	NIT was issued on 16.10.2009 & Stage-I OBD done on 12.02.2010. Invitation for Stage-II bids sent on 18.08.2010 (Delay was due to evaluation of L&T for which legal opinion was sought. Legal opinion received on 13.05.2010. Based on legal opinion further documents sought from L&T. L&T Bid was rejected due to modifications in Joint Deed of Undertaking(JDU)). Stage-I Evaluation approved on 16.08.2010. L&T filed a Writ Petition on 5th September, 2010 before Hon'ble High Court of Delhi and subsequently filed a Special Leave Petition (SLP) which was taken up for hearing on 7th October, 2010 in Hon'ble Supreme Court against their rejection. However, their application filed for interim relief in the Writ and the SLP were dismissed by the Hon'ble High Court of Delhi and Hon'ble Supreme Court on 14th September, 2010 and 25th October, 2010 respectively. Stage-II OBD was done on 08.10.2010. Due to the delay in finalization of SG Package, the Investment Approval could not be accorded. The Award of Steam Turbine Generator (STG) Package of were progressively done from 23.04.2012 onwards.
Bulk Tendering –II (800 MW) SG Package Darlipalli (2x 800 MW), Gadarwara (2x 800 MW), Lara(2x 800 MW), Kudgi (2x 800 MW)	NIT for the package was issued on 04.02.2011 and Bidding documents were on sale from 07.02.2011 to 07.03.2011. Bid Opening for Stage-I (Techno-Commercial) was scheduled to be opened on 20.04.2011. However, based on the requests from prospective bidders, the last date for receipt of bids and Bid opening was extended twice and bids were opened on 01.06.2011. Stage-I (Techno-Commercial) Evaluation Report approved on 24.08.2011. Stage-II (Price) Bid opened on 14.09.11 and subsequent to evaluation of Stage-II (Price) Bid discussion for price matching and various post-bid tie-ups were done.

Projects	Reasons
	Award Recommendation for subject package was approved on 29.11.2011 & Notification of award were to be placed after receipt of Investment Approval subsequent to Environment Clearance (EC) and physical possession of Land for Main Plant. NOA for Kudgi Project was placed on 17.02.2012 (Environment Clearance was received on 25.01.2012 and Land for Main Plant was also available). NOA for Lara Project placed on 13.12.2012 for SG package. (Environment Clearance received on 13.12.2012 and Land for Main Plant was available). NOA for Gadarwara project placed on BHEL on 22.03.2013 in substitution of Gajmara project. NOA for SG package for Darlipalli project was placed to BHEL on 17.02.2014 (Environment Clearance was received on 17.02.2014 and Land for Main Plant was also available).
Bulk Tendering –II (800 MW) STG Package Darlipalli (2x 800 MW), Gadarwara (2x 800 MW), Lara(2x 800 MW), Kudgi (2x 800 MW)	NIT issued on 04.02.2011, Stage-I OBD done on 03.06.2011. Stage-II Invitation issued on 25.08.2011 & Stage-II OBD done on 15.09.2011. Stage-II Report put up on 21.09.2011 and approved on 27.10.2011 Award of STG Package for Lara and Darlipalli on BGR, STG Package for Gajmara on BHEL and STG Package for Kudgi on Toshiba JSW Turbine & Generator Private Limited on 29.11.2011 was finalised subject to Investment approval subsequent to Environmental clearance and physical possession of land for Main Plant of respective Projects. Environmental Clearance for Kudgi issued on 25.01.2012 (Award to be placed along with SG as per approval). NOA placed on 17.02.2012. Environmental Clearance for Lara issued on 13.12.2012. NOA placed on 13.12.2012 NTPC Board on 28.12.2012 approved the proposal for substitution of Gajmara to Gadarwara subject to clearance from Member (Energy), Planning Commission. Approval from Planning Commission received through Ministry of Power vide letter dated 18.02.2013. Environmental clearance received vide

Projects	Reasons
	letter dated 22.03.2013. NOA placed on 22.03.2013 NOA for Darlipalli project could not be issued in absence of Investment Approval, Environment Clearance and physical possession of Land for Main Plant. BGR refused to extend validity of their bid beyond 09.03.2013. NTPC on 25.06.2013 resolved the proposal for invitation of fresh bids for STG Package for Darlipalli. Fresh bids invited on 18.09.2013 and award placed on 17.02.2014 on Toshiba JSW.
Projects Not awarded yet	Shortfall of Rs.57,191 crore
Barethi Super Thermal Power Station (4x 660 MW + 2x 660 MW)	Captive Coal block (Bajnai) allocated in Mar'15. Since the block was unexplored, the EC & FC for the project could not be taken up by MoEF. NTPC had sought bridge linkage for the project. Standard Linkage Committee has recommended the same in its meeting dated 18.03.2016. Formal linkage awaited.
Gajmara Super Thermal Power Station (2x 800 MW)	Coal linkage was not available. Further signed PPA for the project not yet received. Hence project not being pursued.
Katwa Thermal Power Project (2x 660 MW)	Coal Linkage for the project was not available. Govt. of West Bengal offered coal from its share of Deocha Pachami coal block and sought approval from MoC, which is awaited.
Lalam Koduru (Previously Pudimadaka) Vishakapatnam TPS (4x 1000 MW)	NTPC proposed use of imported coal. Environmental clearance got delayed as various inputs were sought. Delay also in finalizing the site by the State government. Project further delayed since State govt. has sought views on developing the project with domestic Coal instead of imported coal.
Projects Scrapped	Shortfall of Rs.26,646 crore
Badarpur Exp (3x 350 MW)	Gas Projects were kept under hold in line with the communication issued by MoP dated 14th March, 2012 stating that "Developers are advised not to plan projects based on domestic gas till 2015-16 ". Project cannot be taken up without gas availability.
Dhuvran Thermal Power Station (2 x 660 MW + (1 x 660 MW)	NTPC wanted to develop project on imported coal considering in long transportation requirements for domestic coal. The same was not agreed to Govt. of Gujarat and they conveyed that the project shall be developed by them.
Gidderbaha Thermal Power Station (4x 660 MW)	Project could not be taken forward due to non-availability of coal. Further, the cost would be very high, since it would involve coal transportation over long distance.

Projects	Reasons
Khasiabara HEPP (3 x 87 MW)	Forest clearance was not accorded and the project had to be scrapped.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 13, Para No. 2.13)

(Development of Power Sector)

The Committee note that during the recent years there has been a trend of decline in overall energy deficit as well as in peak demand shortage. Energy deficit which was 8.5% in 2010-11 has now reduced to 2.2 %. Similarly, the peak energy deficit has reduced to 3.2% from 9.0% in the year 2010-11. This trend could largely be attributed to the massive generation capacity addition during the meantime. The Private Sector has contributed significantly in this huge capacity addition. The statistics related to energy demand may not necessarily be completely correct as they do not capture the latent demand of electricity but are based on the demand placed for electricity and its fulfillment. However, the Committee are distressed to know the other reason of the falling energy deficit, which is the low demand. It has been reported that there are many power stations that are running way below their optimum PLF due to the low demand. The low demand from the industry sector may be part of a passing phase and there is every possibility of a bounce-back in the coming times; however, the low demand from State Utilities owing to their inability to purchase electricity at the price being offered by the generation companies, is a cause of concern. It is a well known fact that the financial condition of several Discoms is in bad shape. They are reeling under heavy financial liabilities. In this scenario, they are reluctant to purchase electricity at a high price other than what is absolutely required. This is leading to a very anomalous situation, wherein despite the availability of adequate electricity generation capacity many parts of the country are deprived of electricity or are not getting it as per their requirement. The Committee, therefore, recommend that :

(i) **Appropriate steps should be taken on priority basis to improve the financial condition of the State Discoms. The new scheme, viz. Ujjawal Discom Assurance Scheme (UDAY) which has been launched with the objective of financial turnaround of the Discoms may be implemented expeditiously.**

(ii) **The Government should also explore avenues to bring electricity generation cost to the lowest possible level.**

Reply of the Government:

(ii) **Steps for expeditious implementation of UDAY**

e. A Monitoring Committee of UDAY (Ujwal Discom Assurance Yojana) has been constituted vide OM dated 19.01.2016, to ensure close monitoring of performance on monthly basis to prevent any slippage. The first meeting of UDAY Monitoring Committee was held on 25.02.2016, under the Chairmanship of Secretary (Power).

f. A Core Group consisting of officers from PFC and REC has been constituted and members have been given the responsibility of liaising with the States, drawing up of the MoUs and doing all the other necessary follow up with the States.

g. Monitoring Committee advised States already under ambit of UDAY to constitute State Level Review and Monitoring Committee as per the provisions of the Scheme.

h. As on 16.05.2016, 19 States accounting for more than 3/4th of the discom debts, GDP and population have agreed to join the scheme. MoUs in respect of ten States have already been signed and these States are Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, Punjab, Bihar, Haryana, Gujarat, Uttarakhand and Jammu & Kashmir. Remaining nine States namely Goa, Manipur, Puducherry, Maharashtra, Andhra Pradesh, Madhya Pradesh, Himachal Pradesh, Odisha and Tripura have given in-principle approval for the same. MoP has signed MoUs with States, considering the base year indicators, prevailing specific situation, size/magnitude of work involved etc. of different States.

(iii) UDAY scheme has suggested the following steps to be undertaken by Govt. of India and States to bring electricity generation cost to the lowest possible level:

D. Steps to be taken by Government of India to reduce cost

j. Increased supply of domestic coal;
k. Coal linkage rationalization;
l. Liberally allowing coal swaps from inefficient plants to efficient plants and from plants situated away from mines to pithead plants to minimize cost of Coal transportation;
m. Coal price rationalization based on Gross Calorific Value (GCV);
n. Correction in Coal grade slippage through re-assessment of each mine;
o. Coal India to supply 100% washed coal for G10 grade and above by 1st October 2018;
p. Supply of 100% crushed coal from Coal India by 1st April 2016;
q. Faster completion of transmission lines and adequate transmission by 31st March 2019, mostly through competitive bidding;
r. Allocation of coal linkages to States at notified price, based on which the State will go for tariff based bidding.

E. Steps to be taken by States to reduce cost

b. Prospective power purchase through transparent competitive bidding by DISCOMs:

c. Improving efficiency of State generating units, for which NTPC would handhold.

F. In addition to above, participating States would get the following benefits, which would also reduce the cost of power.

d. Since the State Government would take over 75% of the outstanding debt over 2 years, which would clean up DISCOMs balance sheets to a large extent, bankers would be able to lend funds to them at a lower interest rate.

e. Participating States may get additional / priority funding through Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of MoP and Ministry of New and Renewable Energy (MNRE), if they meet the operational milestones outlined in the Scheme.

f. Such States shall also be supported with additional coal at notified prices and, in case of availability, through higher capacity utilization, low cost power from NTPC and other Central Public Sector Undertakings (CPSUs).

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 14, Para No. 2.14)

Energy conservation and efficiency

The Committee note that against the budgetary provision of Rs 1696 crore for the 12th plan for Energy Conservation, a meager of Rs 296.80 crore could be utilized till 31.03.2016. Similarly, under the BEE head, only Rs 156.25 crore could be utilized against the allocation of Rs 803.91 crore. Further, for the year 2016-17, which is the last year of the 12th plan, BEE and Energy Conservation have been allocated only Rs 64 crores and Rs 100 crores, respectively. These programmes have gained more importance in the present scenario, considering the gap between energy demand and supply. The Committee therefore recommends that sincere efforts to be made to expand these schemes and more funds be allocated at RE stage.

Reply of the Government

The recommendations of the Committee have been noted for compliance. It is submitted that appraisal/approval process of the schemes of Energy Conservation could be completed only by 2014 and as a result, the funds allocated in the budget could not be utilized to the expected level. Bureau of Energy Efficiency (BEE), has initiated a number of energy efficiency initiatives in the areas of household lighting, commercial buildings, standards and labeling of appliances, demand side management in agriculture/municipalities. These initiatives have resulted in an avoided capacity generation of 10836 MW during the XI plan period as against the target of 10000 MW. Further, during the XII plan, BEE has been assigned a target of

avoided capacity generation of 12,350 MW / 60.16 BU. During 2012-13 to 2015-16, BEE has already achieved savings of 16968 MW/ 37.97 BU. The scheme-wise brief action plan is as below:

- The Bureau initiated the Standards & Labeling programme for equipment and appliances in 2006 to provide the consumer an informed choice about the energy saving and thereby the cost saving potential of the relevant marketed product. The scheme is invoked for 21 equipment/appliances, i.e. Room Air Conditioners, Cassette Type air conditioners, Tubular Fluorescent Tube Lights, Frost Free Refrigerators, Distribution Transformers, Induction Motors, Direct Cool Refrigerator, electric storage type geyser, Ceiling fans, Color TVs, Agricultural pump sets, LPG stoves, Washing machine, Laptops, ballast, floor standing ACs, office automation products, Diesel Generating sets & Diesel pump-sets under these of which the first 5 products have been notified under mandatory labeling and remaining appliances are presently under voluntary labeling phase. Another 3 appliances are in the advance stages of being included under the mandatory regime. Also, BEE has recently brought out labeling scheme for LED bulbs. Also, the Corporate Average Fuel Consumption Standards (CAFC) for passenger cars has been notified in May, 2015. BEE is also pursuing for star labeling of passenger cars.

- The Energy Conservation Building Code (ECBC) of the Bureau sets minimum energy standards for commercial buildings having a connected load of 100kW or contract demand of 120 KVA and above. While the Central Government has powers under the EC Act 2001, the State governments have the flexibility to modify the code to suit local or regional needs and notify them. Presently, 8 States namely, Rajasthan, Odisha, Union Territory (UT) of Puducherry, Uttrakhand, Punjab, Karnataka, Andhra Pradesh and Telangana have notified ECBC for their states. 15 others states are at advance stages of adopting the ECBC. The code is in voluntary phase of implementation.

- Complementing the efforts of the Government, ECBC has been integrated in other rating & compliance systems being followed in the country such as EIA (Environmental Impact Assessment) for large area development under MoEF (Ministry of Environment & Forest), Green Rating for Integrated Habitat Assessment (GRIHA) rating system of ADARSH and Leadership in Energy & Environmental Design (LEED) rating system of the Indian Green Building Council (IGBC). The Design Guidelines for 'Energy-Efficient Multi-Storey Residential Buildings' have been developed with the objective to provide a comprehensive information on how to design energy-efficient multi-storey residential buildings. These guidelines will be used by the agencies/persons involved in the regulation, design, and construction of multi-storey residential buildings in urban areas such as private and government sector developers and builders, architects and other design professionals, and urban local bodies.

- Under the Perform, Achieve and Trade (PAT) scheme, energy saving targets for energy intensive industries belonging to 8 sectors were notified in 2012. In the first cycle of PAT (ending in year 2014-15), 478 industrial units in 8 sectors (Aluminum, Cement, Chlor- Alkali, Fertilizer, Iron & Steel, Paper & Pulp, Thermal Power, Textile) were mandated to reduce their specific energy consumption

(SEC) i.e. energy used per unit of production. Overall, the SEC reduction targets envisaged to secure 4.05% reduction in energy consumption in these industries totaling an energy saving of 6.686 million tonne of oil equivalent (mtoe). However, the reported savings at the end of PAT cycle – I is 8.64 mtoe. During the PAT cycle -2 which has begun from 1st April, 2016 621 industrial units have been covered from 11 sectors (with inclusion of DISCOMs, Railways and Refineries). Savings of 8.869 mtoe is envisaged at the end of PAT cycle – 2 i.e by March, 2019.

- National Energy Conservation Day is being celebrated on 14th December every year. On this day, innovation and achievements in energy conservation of the industries, buildings, zonal railways, state designated agencies; manufacturers of BEE star labeled appliances, electricity distribution companies, municipalities are being recognized. The responses among the industrial and commercial units have become very encouraging as is evident from the increasing participation level. The National Painting Competition on Energy Conservation 2014 was a resounding success. The huge success of Painting Competition of BEE can be attributed to the fact that the children participating during 2015 were 1.052 crores. This participation was about 66% higher than that in the previous year, which is being organized all over the country in association with Bureau of Energy Efficiency and 11 CPSUs under Ministry of Power.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 15, Para No. 2.15)

The committee observes that a target of installation of 90 lakh LED streetlights by the year 2016 has been set. It has also been planned to install 3 crore LED streetlights by the year 2020. However, against this target, only 7.5 lakh streetlights have been installed in 6 states till 31st March, 2016. When the committee desired to know the reason for such poor performance, it has been stated that the LED Streetlight scheme has not made the desired progress due to the fact that only a few states have signed up for the scheme last year. Secondly, since this is quiet a new technology, the targets proved more enthusiastic considering the present capacity of the industry for LED Streetlights. It has been further stated that with a view to providing a thrust to this scheme, an order has been issued that all the smart cities, which are being approved, will have only LED street lighting. The committee, while expressing its disappointment with the poor achievement of the set targets under the LED streetlight schemes, appreciates the decision of the Government to have only LED streetlights in all the upcoming Smart cities. The committee are also glad to note the good performance in respect of Domestic Efficiency lighting Programme (DELP), wherein, 9.15 crores bulbs have been distributed in 26 States (as on 31.03.2016) against the target of 9 crore for the year 2016. Further, the efforts made in bringing down the cost of LED bulbs in the country, are also commendable. The committee, therefore, recommend that:

(i) The Government must take more such steps / make provision to provide a further push to the LED Streetlight scheme.

(ii) Utmost efforts should be made to expedite this scheme.

(iii) The Government must endeavor to augment the manufacturing capacity of LED streetlights.

(iv) The committee, with a view to ensuring quality control of LED bulbs, desire that prompt action may be taken to make available adequate number of testing facilities for LED bulbs in the country.

Reply of the Government

(i) The observations of the Hon'ble Committee have been noted for compliance. Energy Efficiency Services Limited (EESL), a joint venture company of four Power Sector PSUs, is making all out efforts to give further push to the scheme. As a result of its efforts, EESL has been able to sign the agreements with following ULBs for replacement of conventional street lights with LED street lights.

Varanasi Nagar Nigam	:	36,000
Himachal Pradesh	:	70,000
Amrawati & Jalna	:	60,000
South Delhi MC (Phaze-2)	:	62,000
Gtr.Vizag MC (Phaze-2)	:	13,000

(ii) EESL is pursuing with the ULBs in following States/UTs to take up large scale replacement. The states/UTs are:

Jharkhand
Chhattisgarh
J&K
Maharashtra
Uttar Pradesh
Gujrat
Lakshadweep
Andaman & Nicobar

(iii) To increase the overall coverage of the street lighting programme, apart from follow up with ULBs, EESL is also in dialogue with other departments and agencies such as:

Army, Navy, Ordnance, Airforce
Development Authorities (HUDA, ADA, GDA)
Govt. PSU's - ONGC,NTPC, NHPC
Oil Companies (HPCL,BPCL,IOC)
Coal Fields

(iv) There are at present 4 major NABL accredited labs for quality testing of LED bulbs namely, Underwriters Laboratory, Manesar, Haryana;BHARAT TEST HOUSE (P) LTD., Sonepat, Haryana;Hi Physix Laboratory India. Pvt. Ltd. Pune, Maharashtra;Electrical Research and Development Association, Vadodara, Gujarat. EESL is also pursuing with some other agencies such as Intertek India, New Delhi; Central Power Research Institute, Bengaluru; TUV Rhineland, New Delhi and Hi

Physix Laboratory India. Pvt. Ltd, New Delhi to develop LED testing competency with due accreditation from NABL keeping in view increasing coverage under the scheme, as also in view of increasing manufacturing capacity of the industry.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

Recommendation (Sl No. 16, Para No. 2.16)

The Committee understand that there is a provision for installation of Smart Meters by December, 2017, under the UDAY scheme, for consumers who use more than 500 units of electricity in one month. There is also a proposal to extend this to the consumers whose consumption exceeds 200 units per month, by December, 2019. The Committee has been apprised that at present the normal cost of a Smart Meter is in the range of Rs.5,800-8,000 against the cost of Rs.900 – 1200 for normal meters. The Committee are in complete agreement with this proposal as the Smart Meters will not only be helpful for Discoms but also facilitate the end consumers. The Committee, therefore, recommend that:

(i) **Sincere efforts be made to implement the provision of installing Smart Meters within the stipulated timeline.**

(ii) **Pre-emptive measures be taken to ensure the availability of adequate number of Smart Meters required for the scheme.**

(iii) **Efforts be made to bring down the cost of Smart Meters, as done in the case of LED bulbs, so that its high cost should not become a deterrent for its popularity.**

Reply of the Government

(i) It is stipulated in the UDAY Scheme to install Smart Meters for those consumers which are consuming more than 500 units per month by December, 2017 and for those consumers which are consuming more than 200 units per month by December, 2019. 10 States have already signed the Memorandum of Understanding (MoU) with the Ministry and the respective States/utilities are bound to take necessary action for installation of Smart Meters as per the MoU. The BIS standards for communication Protocol and Smart Meters have been issued. Commercial Specifications for the complete Advance Metering Infrastructure (AMI) solution would be issued shortly.

(ii) For ensuring the availability of adequate number of Smart Meters in the country, the Ministry of Power/CEA have had several meetings with Meter manufacturers wherein it has emerged that the adequate number of smart meters would be available as per the requirement.

(iii) It is expected that the cost of smart meter may reduce with procurement of Smart Meter in bulk quantity. However, the actual price of the smart meter would be known only after the price discovery on the basis of tendering.

[Ministry of Power O.M. No. 10/2/2016 – Budget dated 21/7/2016]

CHAPTER III

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

-NIL-

CHAPTER IV

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

-NIL-

CHAPTER V

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

-NIL-

New Delhi;
14 December, 2016,
Agrahayana 23, 1938 (Saka)

Dr. VIRENDRA KUMAR
Chairman,
Standing Committee on Energy

Central Sector Thermal Projects Slipping from 12th Plan

Annexure-I

Project name/ Implementing Agency	Slipping Unit No./ Capacity (MW)	Original date of commissioning	Reasons for slippage
Bongaigaon TPP, (3x250 MW) NTPC	U-2: 250 U-3: 250	U-1: Commissioned U-2: 05/11 U-3: 09/11	Frequent bandhs, Heavy monsoon and slow civil works. Delay in supply of material by BHEL. Work came to halt due to violence and mass exodus of labour from site in 2011-12. Civil works got affected due to poor performance by civil contractors resulting in to their contract cancellation. Balance civil and structural works rewarded to NBCC on 29.09.14.
Barh STPP-I, (3x660 MW) NTPC	U-1: 660 U-2: 660 U-3: 660	U-1: 10/13* U-2: 04/14* U-3: 10/14* *original schedule revised.	Delay due to contractual dispute of NTPC with Power machine &Technopromexport, Russia. Delay in supply of boiler material and ordering of Bought out Items (BOIs) by M/s TPE due to financial constraint. M/s. TPE stopped work from 10/13. M/s TPE contract was terminated on 14.01.2015 by NTPC. Delay in supply of material and slow progress by M/s. Power Machine.
Nabinagar TPP, (4x250 MW) NTPC	U-3: 250 U-4: 250	U-1: Commissioned U-2: Targeted for 2016-17 U-3: 01/14 U-4: 05/14	Delay in acquisition of Land. Slow progress of works by main plant civil agency M/s ERA resulting in delay in handing over civil fronts to erection agencies. Supply of equipment by BHEL. Agitation by villagers. Patches of land could not be acquired because of unwillingness of people to accept compensation. Delay in readiness of CHP.

Annexure-II

Sector-wise Summary of hydro capacity addition during 13th Plan (2017-22)

Sector	Under Construction			Yet to be taken up for construction			Total		
	No.	I.C. (MW)	Benefits during 13th Plan (MW)	No.	I.C. (MW)	Benefits during 13th Plan (MW)	No.	I.C. (MW)	Benefits during 13t Plan (MW
Central	8	5115	5115	2	447	447	**10**	**5562**	**5562**
State	11	2377	2317	1	93	93	**12**	**2470**	**2410**
Private	15	3126	3126	10	4027	3001	**25**	**7153**	**6127**
Total	**34**	**10618**	**10558**	**13**	**4567**	**3541**	**47**	**15185**	**14099**

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2016-17) HELD ON 09.12.2016 AT 0930 HOURS IN COMMITTEE ROOM NO 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 0930 hours to 1000 hours.

PRESENT

Dr. Virendra Kumar - Chairperson

LOK SABHA

2. Shri Sultan Ahmed
3. Shri Bhagat Singh Koshyari
4. Shri Arun Kumar
5. Shri Ravindra Kumar Pandey
6. Shri Vinayak Bhaurao Raut
7. Shri Bhanu Pratap Singh Verma

RAJYA SABHA

8. Shri La Ganesan
9. Shri Javed Ali Khan
10. Dr. Pranbhakar Kore
11. Shri Shamsher Singh Manhas
12. Dr. Anil Kumar Sahani

SECRETARIAT

1. Shri Sukhi Chand Chaudhary - Joint Secretary
2. Smt. L. Nemjalhing Haokip - Under Secretary

2. At the outset, the Chairperson welcomed the Members and apprised them of the agenda for the sitting. Thereafter, the Committee took up for consideration the following draft Reports:-

i) 'Energy Access in India – Review of current Status and Role of Renewable Energy'.
ii) Action Taken Report on the recommendations contained in the Twentieth Report (16th Lok Sabha) on 'Power Generation from Municipal Solid Waste'
iii) Action Taken Report on the recommendations contained in the Twelfth Report (16th Lok Sabha) on 'Commercial Losses'

iv) Action Taken Report on the recommendations contained in the Fifteenth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2016-17, clause by clause.

3. After detailed deliberations, the Committee adopted the aforementioned draft Reports without any changes. The Committee uthorized the Chairperson to finalize the Reports and present the same to Lok Sabha/ lay in Rajya Sabha in the current Session.

The Committee then adjourned.

APPENDIX-II

(*Vide* Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/ OBSERVATIONS CONTAINED IN THE 15th REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	16
(ii)	Recommendations/ Observations which have been accepted by the Government: Sl. Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14 and15	
	Total: Percentage	16 100%
(iii)	Recommendation/ Observation which the Committee do not desire to pursue in view of the Government's reply: - Nil -	
	Total: Percentage	00 00%
(iv)	Recommendation/ Observation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration: Sl. No. 2	
	Total: Percentage	00 0%
(v)	Recommendation/ Observation in respect of which final reply of the Government are still awaited: - Nil -	
	Total: Percentage	00 00%