

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3052
ANSWERED ON:31.07.2014
PRIVATE POWER DISTRIBUTION COMPANIES
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Will the Minister of POWER be pleased to state:

- (a) the details of the private power distribution companies operating in the country, State-wise ;
- (b) the criterion and methodology of setting electricity tariffs by the Central/State Electricity Regulatory Commissions;
- (c) whether the Government actively takes part in the procedure for fixing of electricity prices and if so, the details thereof and if not, whether the Government proposes to amend section 62 of the Electricity Act, 2003 to give itself more powers in determining electricity tariffs in the country ;
- (d) the status of auditing of private distribution companies in the country including those in Delhi, including the steps taken/being taken to ensure full compliance/disclosure by the private discoms to the auditing agencies; and
- (e) whether the Government proposes to take punitive action in accordance with Section 19 (1) of the Electricity Act, 2003 against those non-compliant companies and if so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY (SHRI PYUSH GOYAL)

(a) : Based on the information made available, the details of private distribution companies operating in the States of Maharashtra, Gujarat, Jharkhand, Odisha, West Bengal, Kerala, Chhattisgarh, Uttar Pradesh and Union Territory of Delhi are at Annex-I.

(b) : Tariff is determined under Sections 61 to 64 of the Electricity Act, 2003 by the Appropriate Regulatory Commission in line with the provisions of the Act and the policies made thereunder. Whereas the tariff for generation and transmission companies owned or controlled by Central Government is regulated by the Central

Electricity Regulatory Commission, the tariff for generation, supply and transmission within the State is determined by the State Regulatory Commissions. Similarly, the State/Joint Electricity Regulatory Commissions (SERCs/JERCs) notify the terms and conditions of tariff fixation from time to time for both public and private distribution licensees. Section 61 of the Act provides for guiding principles which the Appropriate Commission is required to consider while specifying the terms and conditions of tariff. The relevant provisions of Section 61 are at Annex-II. As per Section 61

(i), the Regulatory Commissions are also guided by the Tariff Policy notified by the Central Government while specifying the terms and conditions of tariff.

(c) :No, Madam. The Central Government does not play any direct role in tariff determination for individual Discom. Tariffs of distribution companies are determined by the SERCs/JERCs based on the principles enunciated under the Electricity Act, 2003 and policies framed thereunder. There is no provision for direct regulation of the electricity tariff by the Central Government. However, through appropriate policy framework and programmes, the Government is promoting efficiency in generation, transmission and distribution businesses as also strengthening of the distribution infrastructure, with a view to reducing the Aggregate Technical and Commercial (AT&C) losses.

(d) : Distribution of electricity is a licensed activity. As per the provisions of Section 14 of the Electricity Act, 2003, the State Electricity Regulatory Commissions (SERCs) have the power to grant license to any person to distribute electricity. Hence, distribution companies in the States are answerable to respective SERCs for licence related activities. The Union Government has no direct role in the functioning of power distribution companies.

As per information made available by Government of National Capital Territory of Delhi (GNCTD), there has been delay by discoms in submissions of records and information to various requisitions raised by the audit teams. GNCTD has intervened through various communications and meetings at different levels and directed distribution companies to furnish information to audit parties in a time bound manner. The Govt. of NCT of Delhi is also actively pursuing the issue of CAG Audit of Discoms in High Court of Delhi. In the order dated 24th March 2014, the Division Bench of High Court of Delhi has directed the Discoms to continue to cooperate fully with the CAG. The Government nominee directors have also insisted in the Board meetings of Discoms to fully cooperate with the Audit.

(e) :Section 19 of the Electricity Act, 2003 provides for revocation of licence of the power distribution companies by the Appropriate

Commission for prolonged violation of provisions of the Act or rules or regulations made there under. There is no provision for the action to be taken by the Union Government.