16

STANDING COMMITTEE ON ENERGY

(2020-21)

SEVENTEENTH LOK SABHA

MINISTRY OF POWER

[Action taken by the Government on the recommendations contained in the Fourth Report (17th Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Power]

SIXTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 2021/Phalguna, 1942 (Saka)

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[*Action taken by the Government on the recommendations contained in the Fourth Report (17th Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Power*]

Presented to Lok Sabha on 19.03.2021
Laid in Rajya Sabha on 19.03.2021

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March/ Phalguna, 1942 (*Saka*)

C.O.E NO. 331

Price: ‘

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Sixteenth Edition) and Printed by _____

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31. Vacant #

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3.	Shri Kulmohan Singh Arora	Additional Director
4.	Smt. L.N. Haokip	Deputy Secretary
5.	Shri Manish Kumar	Committee Officer

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^ Nominated as Member of the Committee w.e.f. 28.12.2020

** Vacant vice Shri Javed Ali Khan retired from Rajya Sabha on 25.11.2020*

 # Vacant since constitution of the Committee.

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Sixteenth Report on the action taken by the Government on the recommendations contained in the Fourth Report (Seventeenth Lok Sabha) of the Standing Committee on Energy on Demands for Grants (2020-21) of the Ministry of Power.

2. The Fourth Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 12th March, 2020 and was laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 9th July, 2020.

3. The Report was considered and adopted by the Committee at their sitting held on 18th March, 2021.

4. An Analysis on the Action Taken by the Government on the recommendations contained in the Fourth Report of the Committee is given at Appendix-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

New Delhi
18th March, 2021
Phalguna 27, 1942 (Saka)

Rajiv Ranjan Singh *alias* Lalan Singh,
Chairperson,
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 Fourth Report (17th Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Power.

2. The Fourth Report (17th Lok Sabha) was presented to Lok Sabha on 12th March, 2020 and was laid same day on the Table of Rajya Sabha. The Report contained 28 Observations/Recommendations.

3. Action taken replies in respect of all the Observations/Recommendations contained in the Fourth Report were received on 9th July, 2020. These have been categorized as follows:

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

Serial Nos.
1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,22,23,24,25,26,27 and 28

Total - 27
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:

Serial No. 21

Total–01
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 statement on the Observations/Recommendations contained in Chapter-I of this Report may be furnished to the Committee within three months of its presentation.

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

(Recommendation Sl. No. 8, Para No. 2.8)

Saubhagya Scheme

6. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee noted that all the States have declared electrification of all households on 31st March, 2019, except 18,734 households in Left Wing Extremist (LWE) affected areas of Chhattisgarh. The Ministry have stated that subsequently seven States namely Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan, and Uttar Pradesh reported that there are 19.09 lakh un-electrified households which were earlier un-willing, and now willing to get electricity connection, identified before 31st March, 2019. The Ministry had informed that States were asked to electrify these household under Saubhagya by 31st December, 2019. However, out of 19.09 lakh only 10.71 lakh households have been electrified upto 31st January, 2020. Most of the remaining households (6.5 lakh) are in the State of Uttar Pradesh.
>
> The Committee are appreciative of the good work done under the Saubhagya Scheme by which a large number of household were provided electricity connection in a time bound manner. The Committee also expect that the remaining households need to be provided connection at the earliest. Since most of the left out households are in the State of Uttar Pradesh, the Committee recommend the Ministry to coordinate and provide necessary assistance to the State if so required."

7. The Ministry, in their action taken reply, have stated as under:

> "Ministry is in constant touch with the state for early completion of work."

8. The Committee in their original Report had observed that the remaining households were needed to be provided with electricity connections at the earliest. Taking into account the fact that most of the remaining households

(6.5 lakh) were in the State of Uttar Pradesh as per Ministry's own submission, the Committee had recommended the Ministry to co-ordinate and provide necessary assistance to the State, if so required. In their action taken reply, the Ministry has simply stated that they are in constant touch with the State for early completion of work. The Committee is of the view that instead of submitting one liner reply to such an important recommendation of the Committee, the Ministry should have shared with the Committee, the details of the problems being faced by the States in the electrification of remaining households and also the details of the assistance extended by the Ministry to the State to resolve those issues. The Committee expressed their anguish over the over the manner in which the Ministry has responded. The Committee therefore recommend that the Ministry should avoid such vague and cryptic reply to the recommendations of the Committee and should furnish a self contained and comprehensive reply on the action taken on the various recommendations of the Committee in future.

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

Central Power Research Institute (CPRI)

9. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee note that the core activities of the Central Power Research Institute (CPRI) are Applied Research in electrical power engineering, Testing & Certification of Power equipment, Consultancy and Field testing services to Power Utilities and Industries, Third Party Inspection and Vendor Analysis, Organizing Customized Training programs for Utilities and Industries. Since CPRI is the leading research institute in the field of Power, the Committee believe that they have to play a vital role in transformation and modernization of Power Sector. However, the Committee note that their financial performance has not been up to the mark. During the last five years they have never been able to fully utilize the allocated fund. Their actual utilization against the Budgetary Estimate for the year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 have only been 27%, 30%, 53%, 34% and 100 63% respectively. The Committee, during the examination of previous year's Demands for Grants had highlighted the need to augment the budgetary provisions for Research and Development purpose in the country. But the Committee are not satisfied with performance of CPRI in utilization of funds that have been allocated to them during the last five years. However, the Committee note

with satisfaction that they have already utilized Rs.178 crore (as on 31.01.2020) of the Budgetary Estimate of Rs. 200 crore for the year 2019-20 which is 89% of the BE. The Committee believe that they will be able to fully utilize the allocated fund this time. The Committee recommend that in future also it must be ensured that whatever fund is allocated to CPRI is fully utilized. Simultaneously, the Committee also desire to review the budgetary provisions for CPRI with a view to enhance it."

10. The Ministry, in their action taken reply, have stated as under:

"Adequate grants for approved capital projects to augment test facilities of CPRI are being provided by Ministry of Power which can also be seen from the Budget allocations to CPRI in previous years. Besides, funds are also being provided for carrying out and coordinating research on the state of the art technologies on the Power sector and facilitating technology upgradation under National Perspective Plan (NPP) and Research Scheme on Power (RSoP). A Budget provision for Rs.200 Crore has been made for CPRI in the BE 2020-21. The budgetary estimate is arrived at by taking into consideration the annual action plan including procurement that can be completed during the year, the balance payments to be made to the vendors, payments for establishing LC (Letter of Credit), and Funds required for R&D projects. Any requirement of funds by CPRI over and above the B.E 2020-21 will be addressed in the Revised Estimates stage of 2020-21."

11. The Committee in their original Report had noted that the core activities of the Central Power Research Institute (CPRI) were Applied Research in electrical power engineering, Testing & Certification of Power equipment, Consultancy and Field testing services to Power Utilities and Industries, Third Party Inspection and Vendor Analysis, Organizing Customized Training programs for Utilities and Industries. The Committee had expressed their view that since CPRI was the leading research institute in the field of Power, they have to play a vital role in transformation and modernization of Power Sector but their financial performance had not been up to the mark as during the last five years the Institute had never been able to fully utilize the allocated funds. The Committee had therefore recommended for enhancement of the fund of CPRI. The Committee observe that the Ministry, in their action taken reply, has assured that any requirements of funds of CPRI over and above the BE 2020-21 will be addressed in the Revised Estimates stage of 2020-21. The Committee re-emphasize that to promote research and development activities, there is a need to increase the budgetary allocation of the CPRI. The

Committee believe that the Ministry would not only have taken additional funds for CPRI at the RE stage as per the requirements of the Institute but also have made structured efforts for its gainful utilization to realize the mandated objectives of the Institute.

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

National Power Training Institute (NPTI)

12. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee note that National Power Training Institute (NPTI) is a National Apex body for fulfilling the training requirements of the power sector in the Country. Also, NPTI has been appointed as the Certifying Authority for SYSTEM OPERATOR of NLDC, RLDCs, SLDCs. NPTI also functions as an Apex Cadre Training Institute for Engineer/Officer of Central Power Engineering Service (Ministry of Power, Govt. of. India). The Committee further note that the performance of NPTI in terms of utilization of allocated fund has been good during the last three years as there have been no shortfalls. For the year 2019-20, NPTI was allocated a fund of Rs. 69 crore at BE which was revised to Rs. 50 crore at RE. As on 05.02.2020, they have utilized only Rs.28.90 crore. Since the budgetary allocation has direct correlation with the work to be done at the ground, the Committee are a bit surprised as to why the budgetary allocation which was Rs. 100.5 crore in the year 2018-19 was brought down to Rs. 69 crore only in the year 2019-20. Considering the number of trained personnel required for implementation of various programmes pertaining to Power Sector and to adapt according to rapid technological changes being effected in the system, the Committee are of the view that there is a need to augment and further strengthen the training facilities. The Committee also recommend the Ministry to provide the required financial support to NPTI for the approved training infrastructure and to meet the upcoming requirements. The Committee also expect the Ministry to provide 103 assistance to NPTI in allotment of land for establishment of new units for expansion of training facility."

13. The Ministry, in their action taken reply, have stated as under:

> "Adequate grants for capital projects are being provided by Ministry of Power to NPTI based on approved projects. A Budget provision for Rs. 82.34 crore has been made for NPTI in the Budget Estimate 2020-21, keeping in view the annual action plan of NPTI including procurement that can be completed during the year and balance payments to be

made to the vendors based on the progress of the project. Any requirement of funds by NPTI over and above the B.E 2020-21, will be addressed in the Revised Estimates stage of 2020-21."

14. The Committee in their original Report had noted that the National Power Training Institute (NPTI) is a national apex body for fulfilling the training requirements of the power sector in the country and the performance of NPTI in terms of utilization of allocated funds had been good during the last three years but to the surprise of the Committee, the Budgetary Allocation which was Rs.100.5 crore in the year 2018-19 was brought down to Rs.69 crore in the year 2019-20. The Committee had observed that there was a need to augment and further strengthen the training facilities because of requirement of trained personnel for implementation of various programmes in the power sector with the fast changing technology. The Committee had therefore recommended for providing the required financial support to NPTI for the approved training infrastructure and to meet the upcoming requirements. In the action taken reply, the Ministry had assured that any requirement of funds by NPTI over and above the BE 2020-21 will be addressed in the RE stage of 2020-21. Since the financial year 2020-21 is almost over, the Committee believe that the Ministry would have taken additional funds for NPTI at RE stage of 2020-21 and also must have made structured planning for gainful utilization of additional funds. The Committee would like to be apprised about the status in this regard.

(Recommendation Sl. No. 17, Para No. 2.17)

<u>Ujwal DISCOM Assurance Yojana (UDAY)</u>

15. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee note that UDAY (Ujwal DISCOM Assurance Yojana), a scheme for financial and operational turnaround of Power Distribution Companies (DISCOMs) was formulated and launched by the Government on 20th November, 2015 in consultation with the various stakeholders to ensure a sustainable permanent solution to the problem of legacy of debts and address potential future losses. The Committee also note that there have been reduction in ACS-ARR Gap as it has came down to Rs.0.27 per kWh in FY-2019 from Rs. 0.60 per kWh in FY-2016. It has also been submitted that UDAY states have showcased an improvement in annual book losses from Rs. 51,562 crore in FY-2016 to Rs. 27.250 crore in FY-2019. AT&C losses have also came down slightly from 20.81% in FY-2016

to 18.19% in FY-2019. The Committee feel that UDAY scheme has been successful in improving the situation to some extent, however, it has not been able to fully address the problem as the losses of Discoms, after showing dip in the initial years, have once again started rising. The Committee were given to understand that the Ministry is working on a new 104 scheme and its details would be shared as and when it is finalized. However, so far there is no announcement in this regard. The Committee being well aware of the importance of Distribution Sector's economic viability, desire that the Government would make all out effort to improve the financial health of Discoms on sustainable basis. They also expect that the new Scheme in this regard would soon be formulated and announced."

16. The Ministry, in their action taken reply, have stated as under:

"UDAY was launched in 2015 to facilitate the financial and operational turnaround of State Power distribution utilities. While several target states that were in financial and operational problems before the onset of UDAY have shown signs of improvement, some states that were performing well before UDAY have deteriorated their performance, because of which the overall national position has been impacted.

2. The main reasons for limited success of the scheme are: inability of the states to improve their billing and collection efficiencies and thereby AT&C losses as per defined trajectories; tariffs not being reflective of costs; and delays in payments by Government departments and local bodies in paying up for their electricity bills.

3. A reforms based results linked scheme (including provisioning for Smart meters) is under consideration of the Ministry. The proposed scheme will be an all-encompassing scheme with several components which includes a complex technological intervention of Smart meters and other reforms, and therefore, requires time for finalizing the bidding ecosystem, and specifications etc."

17. The Committee in their original Report had observed that UDAY (Ujwal DISCOM Assurance Yojana), a scheme for financial and operational turnaround of Power Distribution Companies (DISCOMs) was formulated and launched by the Government on 20th November, 2015 in consultation with the various stakeholders to ensure a sustainable permanent solution to the problem of legacy of debts and address potential future losses. The Committee had observed that UDAY Scheme had been successful in improving the situation to some extent, but it has not been able to fully address the problem. The Committee had, therefore, desire that the Government should make all out efforts to improve the financial health of

Discoms on sustainable basis and it was also expected that the new scheme in this regard would soon be formulated and announced. The Ministry in their action taken reply has inter alia informed that a reform based results linked scheme (including provisioning for Smart meters) is under consideration of the Ministry and the proposed scheme will be an all-encompassing scheme with several components which includes a complex technological intervention of Smart meters and other reforms. The Committee are hopeful that the Ministry will expeditiously formulate and announce the proposed new scheme for resolving the issue of Discom's financial distress on a sustainable basis.

(Recommendation Sl. No. 19, Para No. 2.19)

Development of Power Sector

18. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee note that there was a gap of 7.1 Billion Units in Energy Requirement and the Energy Supplies in the year 2018-19. There was also a gap of 1,494 MW in Peak Demand and Peak Met. The Committee also note that we have generation capacity to the tune of 3,67,280 MW while the Peak Demand was only 1,77,022. Despite that we were not able to fully meet the demand. The Ministry have submitted that it is due to constraints in sub transmission and distribution network, commercial reasons, financial constraints of State utilities, etc. The Committee, therefore, recommend the Ministry to remove all the constraints in fully meeting the demand of power in the country. The Committee expect that the Ministry would provide a detailed road map in this regard at the time of furnishing action taken notes."

19. The Ministry, in their action taken reply, have stated as under:

> "Distribution of electricity to various consumers is the responsibility of the State power utilities particularly the Distribution licensee. The Intra state electricity supply is regulated by the respective State Electricity Regulatory Commissions (SERCs).
>
> ii. Distribution licensees within the States continuously keep on updating and augmenting their distribution system to improve the reliability of supply to the consumers within their financial resources.
>
> iii. Government of India from time to time provides financial assistance through various schemes like DDUGJY, IPDS, SAUBHAYA and PSDF, for augmenting the distribution system and providing last mile connectivity for the consumers.

iv. The total financial assistance provided to the States under the various schemes for the period 2014-15 to 2019-20 is approximately ₹ 80115.03 crores.

v. The Indian electricity grid is one of the largest synchronous grid in the world. Ideally all electrical equipment should be available 100% of time but due to inherent nature the generator, transmission lines, distribution lines and other associated equipment, they undergo outage due to various technical reasons. Due to the efforts made by the various stakeholders of the power sector, the restoration of faulty equipment has been expedited. This has led to reduction in the gap between demand and supply to less than 1%. Making improvements to reduce the deficit is a continuous process, in which action is being taken."

20. The Committee in their Fourth Report (Seventeenth Lok Sabha) had recommended the Ministry to remove all constraints in meeting the power demand so far assessed in the Country. The Ministry in their reply have enumerated various steps, direct or indirect, being taken by the Ministry in this regard. The Committee do understand the intricacies of distribution of electricity to consumers and that the responsibility of the State power utilities particularly the Distribution licensee need to be fixed. They are also aware that the gap between the demand and supply has considerably fallen in recent years. Nonetheless, the Committee are of the view that the endeavour of the Government should be to completely bridge the gap between the demand and supply of power in the country. The Committee while acknowledging the good work being done by the Ministry in this regard, also desire that they should remove the constraints in fully meeting the demand of power in a time-bound manner by focusing on the States/areas where such issues are being faced. The Committee also expect that the Ministry at the time of furnishing action taken statement will provide the information regarding remedial measures taken and their result.

(Recommendation Sl. No. 21, Para No. 2.21)

Power Purchase Agreements (PPAs)

21. The Committee, in their Original Report, had recommended/observed as under:

"The Committee observe that the issue of long term Power Purchase Agreement (PPA) has become a conundrum. Since the advent of Solar Power, its tariff is on a constant decline. In the recent years, Solar Power tariff has aggressively been quoted making the Discoms reluctant to enter any long term PPA. This situation is causing disruption as long term PPA is a pre-requisite for financing of any new power project. In absence of long term PPAs it may be difficult to attract investment in Power Sector. On one hand, there are Power Generators who insist on honoring of long term PPAs at any cost as they have made huge investment in their projects. On the other hand, there are Discoms who do not want to purchase power at higher rate through long term PPAs as it is available at much cheaper rate in short term market. The Committee have been apprised that the Ministry is looking for a possible solution to this problem and will come out with a Policy Paper in this regard. The Committee expect that the Ministry would expeditiously finalize the Policy Paper. The Committee, however, would like to recommend the Ministry to make a provision for review of such PPAs, wherein, tariff has been increased owing to cost overrun due to delay in development of a Power Project."

22. The Ministry, in their action taken reply, have stated as under:

"It may not be possible to suddenly shift from game of long-term PPAs to short-term or medium terms agreements for sale of power. The Banks may be reluctant to finance projects entirely based on short or medium term agreements. However, Banks may be willing to finance a project in which most of the output is tied up in long-term PPA but remaining output can be sold through medium term or short-term agreements. Therefore, avenues will have to be provided for sale of power generated, particularly from RE projects in platforms such as Power Exchanges. In this context, Ministry of Power had constituted a Group of Officers drawing officers from CEA, CTU, CERC and POSOCO. The group has submitted its report on 20th April 2020. The Group has inter-alia recommended introduction of separate day-ahead market segment for RE power. Such separate segment will facilitate clear identification of buyers for RPO. The group has also recommended a fixed term of waiver of transmission charges and losses for energy bought and sold in this segment."

23. During examination of the Demand for Grants of the Ministry of Power for the year 2020-21, the Committee had raised the problems being faced in power sector due to long term Power Purchase Agreements (PPAs) and the Committee was apprised that the Ministry was looking for a possible solution to this problem and would come with a policy paper in this regard. While recommending the Ministry to make a provision for review of such PPAs wherein tariff has been increased owing to cost overrun due to delay in

development of power project had also expected the Ministry to expeditiously finalize the Policy Paper. The Ministry in their action taken reply has stated that it may not be possible to suddenly shift from gain of long term PPAs to short term or medium terms agreements for sale of power and in this context, the Ministry of Power has constituted a Group of Officers drawing officers from Central Electricity Authority (CEA), Central Transmission Utility (CTU), Central Electricity Regulatory Commission (CERC) and Power System Operation Corporation (POSOCO). The Group has submitted its report on 20th April 2020. The Group has *inter-alia* recommended introduction of separate day-ahead market segment for renewable energy power and such separate segment will facilitate clear identification of buyers for Renewable Purchase Obligation (RPO). The Group has also recommended a fix term of waiver of transmission charges and losses for energy bought and sold in this segment. While acknowledging the efforts made by the Ministry to seriously address the issues, the Committee observe that the Ministry is silent on the specific recommendation of the Committee to make a provision for review of such PPAs wherein the tariff has been increased owing to cost overrun due to delay in the development of a Power Project. The Committee, therefore, would like to reiterate this specific recommendation of the Committee. The Committee expect that the Ministry will consider the recommendation positively and provide the details of the efforts made by them in this regard at the time of furnishing action taken statement.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (S. No. 1, Para No. 2.1)

2.1 The Committee noted that the electricity sector is passing through a turbulent phase and witnessing the change of unprecedented nature. We have more than adequate generation capacity, one unified synchronous grid and a huge consumer base. However, the issues like quality and affordable electricity to common men, low per capita electricity consumption and distressed Discoms are also haunting the sector. Despite various initiatives taken by the Government, the conundrum of sluggishness is all pervasive. Demands broadly remain stagnant, AT&C losses defying all efforts to contain them, assured fuel supply to generating units still illusive and long-term PPAs under severe strain can be summed-up as salient features of the electricity sector. Electricity policy inter alia laid down that supply of reliable and quality power of specified standard in an efficient manner and at reasonable rates, increase in per capita availability of electricity by 1000 units and financial turn-around/commercial viability of the electricity sector as its goals. These objectives were envisaged way back in the year 2005. However, we have been able to achieve a little on all these fronts. The committee, therefore, desire that instead of ad hoc and eye-wash measure, a long-term, thoughtful and efficacious planning is the need of the hour to make the sector healthy, competitive, sustainable and vibrant.

REPLY OF THE GOVERNMENT

In accordance with the Section 3(4) of the Electricity Act, 2003, Central Electricity Authority prepares National Electricity Plan (NEP) for generation and transmission in accordance with the National Electricity Policy and notify such plan once in five years.

Although the Generation is delicensed activity, this document serves as a roadmap for Electricity generation sector of the country and gives signals to the developers for going ahead with future investments in electricity

NEP (Generation) covers the review of last five-years, detailed plan for current five-year plan, and perspective plan for next five years, giving capacity addition requirements for power generation from various sources, details about requirement of key inputs (Cement, Steel and other materials) & funds and also man-power requirement to meet the projected capacity addition. It also highlights the fuel requirement to meet the projected energy generation and environmental impact (especially CO2 emissions).

During the formulation of the National Electricity Plan, CEA consults all the stakeholders including State Governments. Numbers of Sub-Committees are formed to look into different aspects of power sector and to provide inputs, such as energy efficiency measures taken by Government, requirement of Cement, Steel, Human Resources, etc. NEP is based on choosing different technologies available for efficient generation keeping in view fuel choices based on economy, energy security and environmental consideration.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Annual Plan Outlay

Recommendation (S. No. 2, Para No. 2.2)

2.2 The committee noted that the Gross Budgetary Support (GBS) of the Ministry of Power for the year 2020-21 is Rs. 15,874.82 crore. However, the Ministry of Power had made a proposal of Rs. 33,366.75 crore. Similarly, for the year2019-20 the Ministry was allocated Rs. 15,874.82 crore only against the demand of Rs. 32,001.11 crore. The Committee further noted that the year 2018-19 an allocation of Rs. 15,046.92 crore was made against the demand of Rs. 36,843.32 crore. The Committee also noted that the Ministry have been able to fully utilize the allocated fund.

The Committee are appreciative of the good performance of the Ministry as far as utilization of fund is concerned. The Committee have observed that there is visible change in functioning of the Ministry in the recent years and full utilization of fund is its testimony. The Committee also noted that the Government have achieved various goal for which they have been aspiring for long and in some case even before their targeted timeline. In view of the Committee this was made possible not only by sincere efforts of the Ministry but also due to the fact that they were allocated more funds. The Committee do understand that the resources of the country are limited and are to be utilized in the best possible manner taking a holistic picture of various sectors. Nonetheless, there is need to give priority to some programmes/sectors which are not only necessary for socio-economic upliftment of the people of the country but also play important role in the economic growth of the country. The Power Sector and their some of the flagship programmes doubtlessly fall under this category. DDUGJY/Saubhagya are not only schemes to provide electricity access to each and every household in the country but also an instrument to increase the demand of electricity. Similarly, IPDS scheme would immensely help in making the Distribution Sector economically viable and ensuring uninterrupted and quality power supply. Besides

that, it will also enable to reduce high AT&C losses which monetary value runs in tens of thousands crores.

Considering the financial performance of the Ministry in the recent years, the Committee are surprised that this year also the Ministry of Finance resorted to a budgetary cut of more than 50%. Even the projection of the Ministry of Power for raising Extra Budgetary Resources (EBR) for DDUGJY, has also been curtailed. Against the demanded EBR of Rs. 10,491 crore only Rs. 5500 crore is approved by the Ministry of Finance. Likewise, a budgetary allocation of only Rs. 5300 crore has been approved against the projection of Rs. 7000 crore for DDUGJY.

Considering the importance of various flagship programmes of the Ministry of Power and their financial performance in the recent years, the Committee are disappointed by the Budgetary cut made by the Ministry of Finance as it may adversely affect the progress of these programmes. The committee, therefore, strongly recommend that adequate fund should be provided to the Ministry of Power at the stage of Revised Estimate so that timely implementation of important programmes can be ensured. The Committee also expect that the Ministry of Power will not slow down their pace of work in view of the budgetary cut. The Committee recommend the Ministry of Power to utilize whatever they have been allocated as Budgetary Estimate so that they can post demands for more funds at the time of Revised Estimate.

REPLY OF THE GOVERNMENT

We are thankful to the committee for appreciating Ministry of Power about its budget utilization in previous years. We assure the committee that the Ministry of Power will keep utilizing the Budget provisions in the best possible manner.

2. Ministry of Power regularly seeks the required amount for Schemes of M/o Power in Revised Estimates through pre-budget discussion meeting and also by way of various Supplementary demand for grants and at various other forums from time to time. The Ministry also ensures that all flagship programmes of MoP do not suffer due to inadequacy of fund.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY)

Recommendation (S. No. 3, Para No. 2.3)

2.3 The Committee noted that apart from Rural Electrification, there are two other components under DDUGJY viz. separation of agriculture and non- agriculture feeders to facilitate Discoms in the judicious rostering of supply to agricultural and uninterrupted quality power supply to non-agricultural consumers and strengthening and augmentation of Sub-Transmission & Distribution infrastructure

in rural areas, including metering of distribution transformers/feeders/consumers.

In regard to achievement under separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure components, it has been submitted that they have generally been satisfactory considering a large focus towards expeditious completion of village and household electrification. It has further been informed that States have reported that feeder separation involving 1,00,901ckm of 11 KV line has been completed. Under system strengthening component States have reported that 3190 new Sub-Stations have been established/augmented; 4,97,268 DT installed; 3,55,708 km LT and 1,76,045 km HT (11KV and 33/66 KV) line erected.

The reason for slow progress in some of the States, has been attributed to delay in award of the contract, delay in getting forest & railway clearances, land acquisition for sub-stations, Right of Way (RoW) issues, law & order issues and difficult terrain etc. However, it has also been stated that though DDUGJY scheme is available till 2021-22, the Government of India is impressing upon States for completion of all the component of DDUGJY before the schedule time. The Committee have consistently been emphasizing the importance of DDUGJY and its earliest possible implementation. The remaining components of DDUGJY are equally important and supplementary to rural electrification, therefore, every effort should be made to ensure their timely completion. The Committee recommend the Ministry to closely monitor the progress of the scheme and provide guidance and assistance to the States where the pace of implementation of this programme is not satisfactory.

REPLY OF THE GOVERNMENT

The progress of the scheme and its other components are reviewed regularly by the Ministry. Issues are regularly taken up with the concerned Additional Chief Secretaries/Principal Secretaries Energy/Power of the States/UTs highlighting specific details advising them to promptly resolve the issues hampering the progress to ensure timely completion of works. Keeping in view the important aspects of each of the components of the scheme, the Ministry has requested all the concerned States to ensure early completion of sanctioned works.

Under DDUGJY new projects, 3,231 new sub-stations have been established/augmented, work on 1,07,842 Ckm feeder segregation have been completed, 3,23,725 new distribution transformers have been installed and 2,08,438 Ckm LT & 1,21,624 Ckm HT new lines have been erected, as on 29.02.2020. Under the scheme, the overall progress in the country is 86%.

The DDUGJY projects are regularly reviewed in the Review, Planning and Monitoring (RPM) meetings with all States/Power Utilities and all concerned

States/Power Utilities have been advised to accelerate the pace of execution of works to ensure completion of works at the earliest.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.4 The Committee noted that there is an elaborated monitoring mechanism under DDUGJY to ensure its proper implementation. In regard to specification of material it has been submitted that the nodal agency has specified broad technical specifications of major material/equipment for the scheme as part of Standard Bidding Documents. As per the Quality Assurance Mechanism established under the scheme, at first level; State Power Utilities carryout necessary quality checks including pre-dispatch inspection of materials as well as quality of erection works in the field. At second level, the Nodal agency, REC Limited has also been entrusted with the responsibility to carryout pre-dispatch quality inspection of materials and erection works in villages on random sample basis through third party agencies designated as REC Quality Monitoring Agencies (RQMs). The defects notified by quality monitoring agencies are forwarded to Project Implementing Agencies for rectification & corrective measures. Despite all these mechanism in place, the Committee have been receiving feedback through Members of Parliament about the poor quality of work being done at the ground level. The Ministry have also agreed that the defects generally found are relating to erection of poles (tilted pole, improper grouting), earthing (inadequate or loose), proper use of hardware (loose Nuts & Bolts, lugs not crimped, PG Clamps not used), oil leakage in transformers, stay wire and guard wire) etc. The Committee, therefore, recommend the Ministry to ensure the quality of materials being used under the Scheme as well as the work being done at the ground level. The Committee desire that in quest of meeting deadlines, there should not be any compromise in quality of work as it leaves a bad impression on the minds of people. The Committee also expect the Ministry to take prompt and sincere action on the feedback/complaints of the Members of Parliaments regarding implementation of this Scheme.

REPLY OF THE GOVERNMENT

Ministry through nodal agency constantly monitors the adherence of Quality Assurance Mechanism by the project implementing agencies (PIA) of all the States. Prime responsibility of ensuring quality of materials and works lies with PIA of the states. In addition, pre-dispatch inspection of material is witnessed randomly for the selected lot by REC Quality Monitoring (RQM) agencies appointed by the nodal agency to ensure quality of materials and field inspection is carried out on random sampling basis as per approved guidelines to ensure

quality in erection works and the defects observed by RQM agency is conveyed to PIA for rectification of the defects.

In order to enforce quality in the DDUGJY works, the payment to the PIAs is also linked with defect rectification and other quality compliances besides progress of works. Further, in case of complaints from Public Representatives, a Committee/Team consisting of officials from REC, State Power Utilities, Project Implementing Agencies, Quality Monitors etc., is constituted to enquire into the matter and ensure redressal of the concerns raised.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.5 The Committee also observe that despite multi-level of monitoring, the problem of sub-standard materials and poor quality of work continues unabated. This also reflects that either we are not serious in our approach for quality improvements or there is gross systemic malaise. It cannot be allowed to continue indefinitely. Some abiding solution will have to be worked out. The routine and usual mechanism has failed to deliver. Some unconventional methodology need to be explored. It would be in the fitness of things if the current system of monitoring is dispensed with altogether. A new set of system, which is independent of prevailing processes and persons, should be entrusted with the responsibility of quality monitoring. Random checking or sampling of only 10% of the material be done away with. It should be percent quality checking and made mandatory. Ways and means of implementing it can be worked out.

REPLY OF THE GOVERNMENT

Under DDUGJY scheme, the ownership of the electricity infrastructure created lies with the State Governments & State Power Utilities/DISCOMs. Therefore, Quality Assurance Mechanism guidelines of DDUGJY scheme mandated State Power Utilities/ DISCOMs solely responsible and accountable for ensuring quality of materials and execution of works. The State Power Utilities/DISCOMs/PIAs are carrying out 100% pre-dispatch inspections of all the materials and 100% inspection of works executed at site under the scheme.

The Nodal agency, REC has been entrusted with the responsibility to ensure that above Quality Assurance Mechanism guidelines is adhered to in each & every project under the schemes.REC through third party agencies designated as REC Quality Monitoring Agencies (RQMs) are performing following two types of inspections through on random sample basis:

- Field (Village & Substation) inspections of erected assets
- Pre-dispatch material inspections at manufacturers premises.

The performance of quality monitoring mechanism under DDUGJY scheme has generally been satisfactory and the defects pointed out by RQM agencies are pertaining to quality of workmanship. In order to overcome the issue of quality of workmanship, Ministry of Power, through nodal agency REC has imparted trainings to the frontline supervisors of State Power Utilities, Turnkey Contractors & Project Implementing Agencies (PIA).

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Recommendation (S. No. 6, Para No. 2.6)

2.6 The Committee noted that feeder separation and strengthening of sub-transmission and distribution system in rural areas including metering are the basic features of the DDUGJY. For the metering purpose, a data-hub is also created. It has been informed that the Discom will prioritize strengthening of rural infrastructure works considering specific network requirement and will formulate detailed project reports of the projects for coverage under the scheme. These DPRs through procedural compliance will be submitted to the Monitoring Committee for approval. The scheme (DDUGJY) has been in operation in some or the other form since more than one and a half decade, but the pattern of its implementation has not been evolved. The Committee are aware that we are in a federal system, wherein, working is streamlined in a particular manner, but that should not be an alibi for our slumber, lack of application of innovations and treading over the beaten tracks. If data-hub on rural electrification has been created, then further DPR should be considered only in the light of these data for the purpose of priority. A representative body consisting of all the concerned should also examine it instead of the usual and routine administrative set-up that has been associated with the process.

REPLY OF THE GOVERNMENT

Online DPRs were submitted by states for various works under DDUGJY. The DPRs are prepared by the States DISCOMs after conducting site survey and as per ground requirement. Ministry has already deployed DDUGJY portal where data regarding all work sanctioned under DDUGJY is available. In addition to that ministry has also deployed National Power Portal (NPP) which provides various data pertaining to power value chain.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Recommendation (S. No. 7, Para No. 2.7)

2.7 The Committee is also inclined to infer that village electrification repeat village electrification have become an unending process despite the claim of all the villages having been electrified much before the target date. The focus on village and household electrification have impacted the desired results in the other components of the scheme. The Committee, therefore, recommend that the critical areas of the DDUGJY scheme in the form of its various components should be given due attention so that it fortifies the electrification network in the rural areas. Simultaneously, household electrification can go parallel as the work involved therein is not very enormous.

REPLY OF THE GOVERNMENT

The progress of the scheme and its other components are reviewed regularly by the Ministry. Issues are regularly taken up with the concerned Additional Chief Secretaries/Principal Secretaries Energy/Power of the States/UTs highlighting specific details advising them to promptly resolve the issues hampering the progress to ensure timely completion of works. Keeping in view the important aspects of each of the components of the scheme, the Ministry has requested all the concerned States to ensure early completion of sanctioned works.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Saubhagya Scheme

Recommendation (S. No. 8, Para No. 2.8)

2.8 The Committee noted that all the States have declared electrification of all households on 31stMarch, 2019, except 18,734 households in Left Wing Extremist (LWE) affected areas of Chhattisgarh. The Ministry have stated that subsequently seven States namely Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan, and Uttar Pradesh reported that there are 19.09 lakh unelectrified households which were earlier un-willing, and now willing to get electricity connection, identified before 31stMarch, 2019. The Ministry had informed that States were asked to electrify these household under Saubhagya by 31stDecember, 2019. However, out of 19.09 lakh only 10.71 lakh households have been electrified upto 31.01.2020. Most of the remaining households (6.5 lakh) are in the State of Uttar Pradesh.

The Committee are appreciative of the good work done under the Saubhagya Scheme by which a large number of household were provided

electricity connection in a time bound manner. The Committee also expect that the remaining households need to be provided connection at the earliest. Since most of the left out households are in the State of Uttar Pradesh, the Committee recommend the Ministry to coordinate and provide necessary assistance to the State if so required.

REPLY OF THE GOVERNMENT

Ministry is in constant touch with the state for early completion of work.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Integrated Power Development Scheme (IPDS)

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

2.9 In regard to progress of implementation of IPDS scheme, the Committee noted that the scheme has been sanctioned in 546 circles across the country and till date 403 circles have been completed. The Committee further noted that some of the States have done exceedingly well in completion of the Scheme, Whereas, some States particularly Bihar, Jammu & Kashmir and the States of North-Eastern Region are lagging behind. The Committee, therefore, recommend that all out efforts be made to expedite the execution of work under the scheme especially in the aforementioned States. Since this scheme has technical complexities and it also requires trained manpower in adequate numbers, the Committee expect the Ministry of Power to do hand-holding of those States which are facing difficulties in implementation of this scheme. Also, there should be a regular exchange of best practices and lesson learned in implementation of this scheme among the States at an appropriate forum.

REPLY OF THE GOVERNMENT

Ministry of Power, Government of India is paying utmost attention to the implementation of IPDS across the country to ensure that works awarded are completed within timelines and quality as prescribed by IPDS Monitoring Committee. IPDS implementation is being rigorously monitored at highest levels of Ministry of Power and M/s Power Finance Corporation, designated as nodal agency by MoP for operationalization of the scheme. The scheme is being monitored at various levels to ensure speedy implementation is as follows:

Central level monitoring at Ministry of Power

Monthly Review, Panning & Monitoring (RPM) meetings by Ministry of Power with Secretaries (Power/Energy) of States/CMD's of Discoms. Such meetings are often chaired by the Hon'ble Minister of State for Power, GoI. IPDS Monitoring Committee under chairmanship of Secretary (P) reviews implementation of IPDS (including subsumed R-APDRP) for operationalization of the Programme.

State level monitoring in respective States

Regular monitoring and review at State level by the Distribution Reforms Committee (DRC), chaired by Energy Secretary of the State and by the concerned CMDs/MDs of Discoms. Also, periodic reviews of Social Sector schemes including IPDS is carried out by DISHA (District Development Coordination and Monitoring Committee) under the Hon'ble Member of Parliament.

Monitoring by PFC

Regular review by PFC, the nodal agency along with Web based project monitoring. Also, day–to-day monitoring at the level of Nodal/Zonal Officers of PFC with States/Utilities to resolve implementation issues, expediting progress of project implementation and release of funds. In addition to this, handholding of Discoms is being done by Urban Vidyut Abhiyantas (UVAs), stationed at Discom HQs.

Quality Monitoring

The Project Management Agency (PMA) appointed by Discoms to assist them in project management for ensuring timely implementation of project. Concurrent and post implementation evaluation by Third Party Concurrent Evaluating Agency (TPCEA) for verification of material and process at site, reporting of progress etc.

Rigorous monitoring of IPDS implementation and handholding has resulted in overall progress level of 84.90% as on 24thApril'20 with reported completion of 430Circles as on date against earlier reported 403 Circles as on 5th February'20.These additional 27Circles completed also include the following:

- Additional 8 Circles reported completion in NER (Assam-3, Nagaland-2, Meghalaya-2, Mizoram-1)with 100% Circle completion reported in Meghalaya, Mizoram and Nagaland
- Additional 3 Circles reported completion in Bihar
- NER progress reported as 76% while that of Bihar reported as 80%against All India progress of84.9%

Above progress in NER and Bihar was facilitated by various high level review meetings held by Nodal Agency in said States and handholding of State Utilities by PFC nodal officers and Urban Vidyut Abhiyantas(UVA) posted in said States.

Efforts are being made by Nodal Agency to push IPDS implementation in Jammu, Kashmir & Ladakh also. J&K Govt. has entrusted 05/12 circles (04 in J&K and 01 circle of Ladakh) to RECPDCL as PIA for implementation of scheme.

Further, Ministry of Power (MoP) /Power Finance Corporation (PFC) is facilitating sharing of information, best practices and success stories amongst the Discoms under IPDS in following ways:

- Technical Guidance is provided to State Utilities to facilitate scheme implementation. PFC / MoP also issues guidelines for simplification of implementation procedures
- Dedicated workshops are organized for sharing of Best Practices in IPDS Implementation/online monitoring.
- Best practices and success stories of Discoms are regularly shared during the various review meetings organized by PFC and MoP and also on social media platforms
- Separate Review meetings/visits to handhold the States where progress of implementation is slow. Workshops/ meetings with other stakeholders including Project Management Agencies and work contractors are also held
- Capacity building / training of Utility personnel is also carried out under IPDS – RAPDRP to enhance their skill. PFC / MoP also organizes workshops on technical areas, guidelines, best practices etc. for dissemination of information.
- Fund release under IPDS is being done through Public Financial Management System (PFMS). State Utilities have also been trained on use of said system
- Revamped IPDS web-portal with provision of on-line submission of IPDS DPRs and maintaining MIS. All the model documents, guidelines, Links for bidding documents of Utilities, events etc. are regularly posted on dedicated IPDS web portal.
- A system has been developed in-house for web-based project monitoring of IPDS/ R-APDRP on IPDS web portal. Discoms are uploading award details, work execution details along with financial progress of the projects on the portal at regular intervals. MoP/ PFC is monitoring the progress of project implementation online through the system.
- Sharing of Best Practices in IPDS Implementation with all State Utilities at various forums.

As such, MoP/PFC are periodically undertaking various pro-active measures for speedy implementation of the scheme, providing assistance to the States to resolve critical issues hampering implementation, sharing of best practices at various forums etc.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.10 The Committee noted that the IPDS envisages to bring down AT&C losses to the level of 15% by establishment of IT enabled energy accounting/auditing, improvement in billed energy based on metered consumption and improvement in collection efficiency. However, when the Committee asked about the reduction of AT&C losses in the town where it has already been implemented, it has been submitted by the Ministry that the scheme does not specify monitoring of AT&C losses at circle level, but at Discom level. It has been further submitted that as per IPDS Guidelines the Discoms-wise AT&C Losses are determined by PFC in its 'Report on Performance of State Power Utilities' which shall be source of examining compliance of the above condition. Work in 403 Circles have been completed in FY-2018-19 & FY-2019-20, but 'Report on Performance of State Power Utilities' is yet to be released for said Financial Year. In view of the submission made by the Ministry, the Committee infer that it is yet to be seen that how far the work done under the scheme has helped in reduction of AT&C losses. The Committee expect that the Report of PFC will be released soon to assess the situation accurately. However, the Committee expected that the Ministry should have put in place some mechanism that can indicate the effectiveness of the scheme, so that any loopholes left in the scheme could be plugged. The Committee, therefore, recommend that efforts should be made to assess the effectiveness of IPDS in reduction of AT&C losses, wherein, it has been already been implemented with a view to further improve this scheme.

REPLY OF THE GOVERNMENT

As already informed, IPDS scheme intends to supplement the efforts of States/Discoms and synergize with other initiatives of GoI (viz. UDAY, DDUGJY, SAUBHAGYA) in distribution system strengthening, metering etc. and collectively reduce AT&C losses at Discom level, progressively.

Regarding 'Report on Performance of State Power Utilities':

- It is to inform that 'Report on Performance of State Power Utilities' for FY 17-18 has been released on 25th April'2020.
- Further, 'Report on Performance of State Power Utilities' for FY 18-19 too is in final stages of compilation and is likely to be released within next three-four months.
- 'Report on Performance of State Power Utilities' for FY19-20 shall be compiled only after receipt of audited accounts of State Utilities for FY19-

20which is likely by September, 2020. Efforts will be made to finalize the report for FY 2019-20 also at the earliest.

It is also submitted that the third party evaluation of the scheme would be carried out upon its completion.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.11 The Committee noted that there is provision of underground cabling under IPDS Scheme. Underground cabling are not only beneficial from an aesthetic standpoint but also a great help in checking pilferage of electricity. The Ministry have submitted that underground cabling cost 8 to 10 times more than the overhead wiring, nevertheless, as per experience its higher cost have been recovered within three years of their lying in the areas prone to pilferage. The Committee understand that higher cost of underground cabling is a deterrent, even then, they support it as it would be cost effective in the long run. The Committee, therefore, recommend that the Ministry should endeavor to lay underground cabling on priority basis in the areas which are highly prone to power theft.

REPLY OF THE GOVERNMENT

Entire outlay earmarked for IPDS has already been sanctioned to various States/UTs under the scheme.

Moreover, 20130 ckt.km of underground cables has been sanctioned out of which 16679 ckt.km has already been laid. Nevertheless, the recommendations by Standing Committee regarding emphasis on underground cabling can be considered suitably in future schemes of Ministry of Power, Government of India after taking into consideration techno/commercial aspects of the same.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Bureau of Energy Efficiency (BEE)

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

2.12 The Committee noted that Bureau of Energy Efficiency (BEE) is the nodal central statutory body to assist the Government in implementing the provision of the Energy Conservation Act. As a quasi-regulatory and policy advisory body, the Bureau helps in developing policies and strategies that emphasize self-regulation

and market principles to achieve the primary objective of reducing the energy intensity of the Indian Economy.

The Committee also find that the benefits derived from Energy Efficiency (EE) programme in the country have been astonishing. The Committee noted that there has been a saving of 109.54 BUs i.e. 7% of total electricity consumption of the country which has resulted in cost saving worth Rs. 54. 770 crores. Whereas, there has been a saving of 18.82 Million Tonnes of oil Equivalent i.e. 2% of total primary energy supply of the country. Also. a reduction in CO2 emission of around 125.18 Million Tonnes has been reported.

Considering the benefits already derived and the mammoth potential which is yet to be realized. The Committee believe that the budgetary allocation of the organization involved in energy efficiency and conservation has been insufficient. There has been Budgetary Allocation of Rs. 48 crore. 63 crore and 49 crore for the year 2015-16, 2016-17 and 2017-18. However, this allocation has been increase to Rs. 100 crore since the year 2018-19. Still, the Committee are of the view that there is a need to further enhance the budgetary provisions for BEE with a view to intensify various energy efficiency programmes in the country.

REPLY OF THE GOVERNMENT

Energy efficiency has the potential to bring many significant economic and environmental benefits. In the current context of the COVID-19 pandemic, energy efficiency can play a role in stimulating the economy as well as supporting progress towards clean energy transition.

The budgetary allocation of Bureau of Energy Efficiency (BEE) together with allocation for Energy Conservation for financial year 2019-20 and 2020-21 is Rs. 213.37 crores. At present the Budget provisions are adequate as the Investment in EE Projects are done by beneficiaries and the Role of Ministry / BEE is to facilitate policies and capacity building activities.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.13 The Committee noted that the implementation and enforcement of the provisions of the Energy Conservation Act in the States is to be carried out by State Designated Agencies (SDAs). The Ministry have submitted that as on date, the SDAs have been set up in 36 states/UTs by designating one of the existing organizations as required under section 15(d) of the EC Act. These agencies differ from State to State with the Renewable Energy Development Agency (44%), Electrical Inspectorate (19%),Distribution Companies (19%), Power Department (11%) and others(6%).

The Committee have been emphasizing that Energy Efficiency programmes are not only beneficial from environmental perspective but also a profitable business as it leads to reduction in energy cost. It has already been mentioned in the preceding para as to how tens of thousands crores have been saved due to energy efficiency programmes with paltry budgetary provisions. Though remarkable achievements have been made under these programmes, the Committee are of the belief that there is still great potential in the field of energy efficiency. The potential of energy efficiency can be understood by the fact that the MSME (micro, small and medium enterprises) sector accounts for about 33% of the India's manufacturing output and around 28% contribution in the GDP. There are about 8 million MSMEs in India — and majority of them have not been exposed to energy efficiency/technology up-gradation measures since they continue to depend on obsolete, low efficiency technologies that result in wasteful energy consumption, thereby reducing their profitability and competitiveness in the sector.

The Committee, therefore, recommend that institutional capacities of States Designated Agencies should be strengthened to make them capable of enforcing various provisions of EC Act in their respective States. The Committee expect the Ministry to provide all necessary financial assistance to these Agencies.

REPLY OF THE GOVERNMENT

The Ministry of Power through Bureau of Energy Efficiency (BEE) have been making efforts to strengthen the institutional capacities of State Designated Agencies (SDAs) to coordinate, regulate and enforce efficient use of energy and its conservation at the State level. Once they acquire the capacity, the SDAs will be able to undertake various energy efficiency projects, capacity building of key stakeholders and create awareness amongst the masses. Hon'ble Ministerof State for Power and New & Renewable Energy (Independent Charge) has earlier written to all Hon'ble Chief Ministers of the States for establishment of "Stand- Alone SDAs".

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Central Power Research Institute (CPRI)

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

2.14 The Committee noted that the core activities of the Central Power Research Institute (CPRI) are Applied Research in electrical power engineering, Testing & Certification of Power equipment, Consultancy and Field testing services to Power Utilities and Industries, Third Party Inspection and Vendor Analysis, Organizing Customized Training programs for Utilities and Industries. Since CPRI is the

leading research institute in the field of Power, the Committee believe that they have to play a vital role in transformation and modernization of Power Sector. However, the Committee noted that their financial performance has not been up to the mark. During the last five years they have never been able to fully utilize the allocated fund. Their actual utilization against the Budgetary Estimate for the year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 have only been 27%, 30%, 53%, 34%, and 63% respectively. The Committee, during the examination of previous year's Demands for Grants had highlighted the need to augment the budgetary provision for Research and Development purpose in the country. But the Committee are not satisfied with performance of CPRI in utilization of funds that have been allocated to them during the last five years. However, the Committee noted with satisfaction that they have already utilized Rs.178 crore (as on 31.01.2020) of the Budgetary Estimate of Rs.200 crore for the year 2019-20 which is 89% of the BE. The Committee believe that they will be able to fully utilize the allocated fund this time. The Committee recommend that in future also it must be ensured that whatever fund is allocated to CPRI is fully utilized. Simultaneously, the Committee also desire to review the budgetary provisions for CPRI with a view to enhance it.

REPLY OF THE GOVERNMENT

Adequate grants for approved capital projects to augment test facilities of CPRI are being provided by Ministry of Power which can also be seen from the Budget allocations to CPRI in previous years. Besides, funds are also being provided for carrying out and coordinating research on the state of the art technologies on the Power sector and facilitating technology upgradation under National Perspective Plan (NPP) and Research Scheme on Power (RSoP).

A Budget provision for Rs.200 Crore has been made for CPRI in the BE 2020-21. The budgetary estimate is arrived at by taking into consideration the annual action plan including procurement that can be completed during the year, the balance payments to be made to the vendors, payments for establishing LC (Letter of Credit), and Funds required for R&D projects. Any requirement of funds by CPRI over and above the B.E 2020-21 will be addressed in the Revised Estimates stage of 2020-21.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

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

2.15 The Committee noted that CPRI has strength of around 545 personnel of which over 200 are well qualified and experienced Scientists/Engineers. CPRI is the only testing Laboratory in the world having all the test facilities for power equipment under one roof. The Institute has completed over more than 400 R&D

projects and has been awarded 25 patents over the years and 72 patents are in process for the award. To its credit, the Institute has published over 3700technical and research papers in national & international forums. The Institute has also brought out over 450 technical reports which are widely referred to by both the utilities and industry. The senior scientists & engineers represent CPRI in various Electro-Technical Committees of BIS. CPRI officers are also represented in International Standards Committees like IEC, IEEE, and CIGRE etc. The Committee appreciate the good work being done by the CPRI and congratulate them for achieving various feats. However, the Committee at the same time feel that there is a need to further intensify the Research and Development projects specially related to Power Sector. The Committee have time and again been emphasizing the need to bring efficiency and cost effectiveness in Power Sector which can be made possible by technological interventions and up-gradation of infrastructure. The Committee have also been stressing on the need to focus our Research and Development activities on the areas which are necessary to cater the needs of electrical industry of the country for development of products indigenously. The Committee also believe that it is high time to take the quality of R&D to the next level to become globally competitive. The Committee, therefore, recommend the Ministry to:

(i) Provide assistance to CPRI in making its test certificate globally acceptable.

(ii) Provide adequate Grant in Aid for approved capital projects to augment test facilities of CPRI, and

(iii) Provide assistance in allotting land for establishment of new units for expansion of Research and Test facilities.

REPLY OF THE GOVERNMENT

(i) CPRI with the assistance of IEEMA is promoting CPRI test certificates globally. Countries where CPRI test certificates are not accepted have been identified with the help of market survey of CPRI customers and IEEMA. CPRI has written letters to the concerned utilities explaining the credentials of CPRI and requested them to accept CPRI certificates.

(ii) Adequate grants for approved capital projects to augment test facilities of CPRI are being provided by Ministry of Power which can also be seen from the Budget allocations to CPRI in previous years. A Budget provision for Rs.200Crore has been made for CPRI in the BE 2020-21. Any requirement of funds raised by CPRI over and above the Budget provisions will be addressed in the RE 2020-21.

(iii) Ministry of Power is extending all help to CPRI for their requirement of Land, based on requests received from CPRI.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

National Power Training Institute (NPTI)

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

2.16 The Committee noted that National Power Training Institute (NPTI) is a National Apex body for fulfilling the training requirements of the power sector in the Country. Also, NPTI has been appointed as the Certifying Authority for SYSTEM OPERATOR OF NLDC, RLDCs, SLDCs. NPTI also functions as an Apex Cadre Training Institute for Engineer/Officer of Central Power Engineering Service (Ministry of Power, Govt of India). The Committee further noted that the performance of NPTI in terms of utilization of allocated fund has been good during the last three years as there have been no shortfalls. For the year 2019-20, NPTI was allocated a fund of Rs.69 crore at BE which was revised to Rs.50 crore at RE. As on 05.02.2020, they have utilized only Rs.28.90 crore. Since the budgetary allocation has direct correlation with the work to be done at the ground, the Committee are a bit surprised as to why the budgetary allocation which Rs.100.5 crore in the year 2018-19 was brought down to Rs.69 crore only in the ear 2019-20.

Considering the number of trained personnel required for implementation of various programmes pertaining to Power Sector and to adapt according to rapid technological changes being effected in the system, the Committee are of the view that there is a need to augment and further strengthen the training facilities. The Committee also recommend the Ministry to provide the required financial support to NPTI for the approved training infrastructure and to meet the upcoming requirements. The Committee also expect the Ministry to provide assistance to NPTI in allotment of land for establishment of new units for expansion of training facility.

REPLY OF THE GOVERNMENT

Adequate grants for capital projects are being provided by Ministry of Power to NPTI based on approved projects. A Budget provision for Rs. 82.34 crores has been made for NPTI in the Budget Estimate 2020-21, keeping in view the annual action plan of NPTI including procurement that can be completed during the year and balance payments to be made to the vendors based on the progress of the project. Any requirement of funds by NPTI over and above the B.E 2020-21, will be addressed in the Revised Estimates stage of 2020-21.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Ujwal DISCOM Assurance Yojana (UDAY)

Recommendation (S. No. 17, Para No. 2.17)

2.17 The Committee Noted that UDAY (Ujwal Discom Assurance Yojana), a scheme for financial and operational turnaround of Power Distribution Companies (DISCOMs) was formulated and launched by the Government of India on 20thNovember, 2015 in consultation with the various stakeholders to ensure a sustainable permanent solution to the problem of legacy of debts and address potential future losses.

The Committee also Noted that there have been reduction in ACS-ARR Gap as it has come down to Rs.0.27 per Kwh in FY-2019 from Rs.60 per Kwh in FY 2015-16. It has also been submitted that UDAY States have showcased an improvement in annual book losses from Rs.51,562 crore in FY 2016 to Rs.27,250 crore in FY 2019. AT&C loss have also came down slightly from 20.81% in FY-2016 to 18.19% in FY-2019. The Committee feel that UDAY scheme has been successful in improving the situation to some extent, however, it has not been fully address the problem as the losses of Discoms, after showing dip in initial years, have once again started rising. The Committee were given to understand that the Ministry is working on a new scheme and its details would be shared as and when it is finalized. However, so far there is no announcement in this regard. The committee being well aware of the importance of Distribution Sector's economic viability, desire that the Government would make all out effort to improve the financial health of Discoms on sustainable basis. They also expect that the new scheme in this regard would soon be formulated and announced.

Reply of the Government

UDAY was launched in 2015 to facilitate the financial and operational turnaround of State Power distribution utilities. While several target states that were in financial and operational problems before the onset of UDAY have shown signs of improvement, some states that were performing well before UDAY have deteriorated their performance, because of which the overall national position has been impacted.

4. The main reasons for limited success of the scheme are: inability of the states to improve their billing and collection efficiencies and thereby AT&C losses as per defined trajectories; tariffs not being reflective of costs; and delays in payments by Government departments and local bodies in paying up for their electricity bills.

5. A reforms based results linked scheme (including provisioning for Smart meters) is under consideration of the Ministry. The proposed scheme will be an all- encompassing scheme with several components which includes a complex technological intervention of Smart meters and other reforms, and therefore, requires time for finalizing the bidding ecosystem, and specifications etc.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Development of Power Sector

Recommendation (S. No. 18, Para No. 2.18)

2.18 The Committee noted that at present there is 3,67,280 MW of total installed generation capacity in the Country. The Committee further noted that as per the National Electricity Plan for Generation, it is estimated that there would be Generation capacity to the tune of 6,19,066 MW by the end of2026-27. Whereas, as per 19 Electric Power Survey there would be Peak Demand of only 2,98,800 MW in the year2026-27.

The Committee also noted that the Central Electricity Authority (CEA), as a statutory organization, is responsible for overall power sector planning, coordination, according concurrence to hydro-electric schemes, promoting and assisting the timely completion of projects, specifying technical standards and safety requirements, Grid Standards etc,. The Committee feel that despite the fact that generation is a de-licenced activity, it is an obligation on part of the Ministry/ CEA to ensure that the power sector is developed in a balanced manner. Though we have been able to create enough generation capacities in the recent years, it has also created several issues. There are issues of stressed assets, low PLF of thermal power plants, falling share of hydro power in energy mix, difficulty in accommodation of intermittent renewable energy, etc. The Committee believe that all these issues cropped up due to inaccurate projections, faulty execution and inability to change as per the new situation.

The Committee, therefore, desire that while making plans to meet future power generation requirements, it should invariably be taken into account that the demand has to be met by an optimum energy mix comprising hydro, nuclear, thermal and the renewable in right proportion. There should also be planning as to how those generation resources would be utilized optimally.

REPLY OF THE GOVERNMENT

CEA has carried out studies to project “Optimal Generation Capacity mix by the year 2030" to assess optimal generation and capacity mix, using sophisticated modeling tool in view of the high penetration of Renewables sources envisaged in the coming decade. In the studies all the technological options for power generation including Grid scale battery energy storage systems , which is expected to play an important role in balancing the Electrical Grid has been studied and projections for Battery storage systems requirement has been carried out along with the optimal utilization of Coal, Hydro, Nuclear and Gas etc. Further, Hourly Economic dispatch has been carried out in detail to study the behavior of various power generation technologies during extreme Grid variability constraints.

The economic dispatch studies also looked into various technical constraints such as ramp rates, technical minimum load of operation, and variability of RE, etc. in detail. The studies have also projected the fuel requirement and Carbon emissions by the year 2030. The studies have been carried out so that the INDCs announced by India during Paris Climate conventions are fulfilled.

CEA had published the draft report on "Optimal Generation Capacity Mix for the year 2030" for stakeholder's comments. Based on the comments received from various stakeholders the report has been finalized and approved by Ministry of Power. Now it is available on the CEA website.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Recommendation (S. No. 19, Para No. 2.19)

2.19 The Committee noted that there was a gap of 7.1 Billion Units in Energy Requirement and the Energy Supplies in the year 2018-19. There was also a gap of 1,494 MW in Peak Demand and Peak Met. The Committee also noted that we have generation capacity to the tune of 3,67,280 MW while the Peak Demand was only 1,77,022 MW. Despite that we were not able to fully meet the demand. The Ministry have submitted that it is due to constraints in sub-transmission and distribution network, commercial reasons, financial constraints of State utilities, etc. The Committee, therefore, recommend the Ministry to remove all the constraints in fully meeting the demand of power in the country. The Committee expect that the Ministry would provide a detailed road map these constraints in this regard at the time of furnishing Action Taken Notes.

REPLY OF THE GOVERNMENT

i. Distribution of electricity to various consumers is the responsibility of the State power utilities particularly the Distribution licensee. The Intra state electricity supply is regulated by the respective State Electricity Regulatory Commissions(SERCs).
ii. Distribution licensees within the States continuously keep on updating and augmenting their distribution system to improve the reliability of supply to the consumers within their financial resources.
iii. Government of India from time to time provides financial assistance through various schemes like DDUGJY, IPDS, SAUBHAYA and PSDF, for augmenting the distribution system and providing last mile connectivity for the consumers.
iv. The total financial assistance provided to the States under the various schemes for the period 2014-15 to 2019-20 is approximately ₹ 80115.03 Crores.
v. The Indian electricity grid is one of the largest synchronous grid in the world. Ideally all electrical equipment should be available 100% of time but due to

inherent nature the generator, transmission lines, distribution lines and other associated equipment, they undergo outage due to various technical reasons. Due to the efforts made by the various stakeholders of the power sector, the restoration of faulty equipments have been expedited. This has led to reduction in the gap between demand and supply to less than 1%. Making improvements to reduce the deficit is a continuous process, in which action is being taken.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Stress Assets in Power Sector

Recommendation (S. No. 20, Para No. 2.20)

2.20 The Committee noted that there were 34 Power Plants having capacity of 40,130 MW which were stressed. In regard to their present status, the Ministry have stated that 14 projects with a total capacity of 16,450 MW have been resolved. 14 projects with a total capacity of 17,320 MW are at various stages of resolution, whereas, 6 projects with a total capacity of 6,360 MW are at very initial stage of construction and are totally stalled. Such projects have either been ordered to be liquidated or heading toward liquidation. The Ministry have enumerated various steps to take the remaining projects out of stress. The Committee, however, recommend the followings:

I. The Ministry should make sincere effort while resolving the issue of stress in power sector with a view to bring out maximum possible power plants from the stress category especially those which have suffered because of the faults of others. The Committee have also found that in most of the cases, lack of coal supply is the prime reason for their stress.

II. The Committee are surprised that despite having more than enough coal reserves we are not able to supply adequate coal to our power plants. The Committee, therefore, recommend that efforts should also be made to ensure adequate supply of coal to the power plants by raising this issue at the appropriate level.

III. The Committee also recommend an impartial and independent investigation into the entire episode of Stress/NPA in Power Sector and process of its resolution so as to identify the malpractices and willful defaults in making these assets non-performing including the aspect of gold-plating/siphoning of funds which is perceived to have been done in some cases.

REPLY OF THE GOVERNMENT

Reply to point no. (i) & (ii):

Department of Financial Services (DFS) on 22.03.2017 had provided a list of 34 coal based Thermal Power Projects, mostly private, totaling to 40,130 MW which were considered 'Stressed' by Ministry of Power. Status of these 34 thermal power projects under stress is as follows:

i. 14 projects with a total capacity of 16,450 MW have been resolved.

ii. 14 projects with a total capacity of 17,320 MW are at various stages of resolution.

iii. 6 projects with a total capacity of 6,360 MW are at very initial stage of construction and are totally stalled. Such projects have either been ordered to be liquidated or heading towards liquidation.

2. **The following steps have been taken by the Government to resolve the stress in thermal power sector**:

i. After the cancellation of 204 coal blocks, Government of India formulated a transparent policy for re-allocation of cancelled coal mines in a fair and transparent method. Government has re-allocated 62 blocks through auction/allotment till date to power sector.

ii. Based on the request of Ministry of Power (MoP), Ministry of Coal (MoC) vide letter dated 13.04.2016 started separate e-auction window for power sector under which Coal India Limited (CIL) is making arrangements for conduct of special forward e-auction (SFeA) of coal exclusively for power sector on a sustained basis, offering adequate quantities at regular intervals so that coal is made available to such power plants on regular basis. CIL has allocated 33.1 million tonnes of coal through SFeA to the power sector during Apr,2019toMarch,2020.

iii. Based on inputs provided by MoP, MoC vide letter dated 08.02.2016 had notified policy guidelines for grant of Bridge Linkage to specified end use plants of Central and State Public Sector Undertakings (Both in Power as well as Non-Power sector) which have been allotted coal mines or blocks. Bridge linkages applications for public sector power projects in prescribed formats have been approved.

iv. **Introduction of Transparent Linkage policy:** On 22.05.2017, Government introduced Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI) Policy for grant of linkage to power sector. Linkages granted under SHAKTI Policy are as follows:

a. **Shakti Policy Para B(i)**: Linkage granted to 23 nos. Thermal Power Projects (TPPs) totaling 25,060 MW under Central/State Sector category.

b. **Shakti Policy Para B(ii)**: Coal linkages have been allotted under 1st round of B(ii) of Shakti (IPP Projects having PPA but no linkage) for 9045 MW capacity (32.68 MT) and 2nd round of B(ii) for 877.4 MW capacity (3.34 MT). In the 3rd round of B(ii) of SHAKTI, the auction

has been held on 11.05.2020, 5 IPPs have booked a total quantity of 3.48 MT.

c. **Shakti Policy Para B(iii)** for IPPs having no PPA and no linkage: Bidding held from 5th to 7th February, 2020. The non-PPA capacity of 3775 MW (out of Total 5995 MW) have secured linkage for 6.49MT.

d. **Shakti Policy Para B(iv):** Coal linkages granted to the States-Gujarat (for 4,000 MW), UP (for 1,600 MW) and MP (for 2640 MW) to be allocated through tariff based competitive bidding.

e. **Shakti Policy Para B(viii)(a)**: Methodology issued by MoP for IPPs not having PPAs for short term linkage (3 months to one year) for selling power through Day Ahead Market (DAM) or through Discovery of Efficient Electricity Prices (DEEP) portal. Applications were received from 14 nos. of bidders with plant capacity of 9,813 MW and non-PPA capacity of 8145 MW. CIL has completed the process of conducting Tranche-I auction on 19.03.2020. A total quantity of 1.34 MT has been booked.

v. **Pilot project for procurement of 2500 MW power:** In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, the Ministry of Power had notified a scheme for procurement of 2500 MW on competitive basis for a period of 3 years from the generators with commissioned projects having untied capacity.

a. 1st Round (2500 MW): Letter of Award (LOA) was issued to all the successful bidders (1900 MW) - PPA signed for 1900MW.

b. 2nd Round (2500 MW): Bid Security for 21 bidders for a total capacity of 6000 MW was received. Bids opened on 07.02.2020. 12 bidders were successful with capacity of 2500MW.

vi. Government of India constituted a **High Level Empowered Committee (HLEC)** under the Chairmanship of Cabinet Secretary to address the issues of stressed thermal power projects. The report of the HLEC was submitted on 12.11.18 and was also placed in the public domain on the website of Ministry of Power. The Government thereafter constituted a Group of Ministers (GoM) to examine the specific recommendations of HLEC. The Group of Ministers (GoM) made recommendations regarding stressed power projects. On 07.03.2019, the Government approved the recommendations of Group of Ministers (GoM). Subsequently, MoP vide OM dated 08.03.2019, notified the approval of the Government. The recommendations of GoM approved by the Government are under implementation. The action taken on the recommendations is annexed as **Annexure-2.20(I)**.

vii. **Payment Security Mechanism:** Ministry issued an order on 28.06.2019 and subsequent corrigendum thereon 17.07.2019. National & Regional Load Dispatch Centres (NLDC & RLDC) have been directed to dispatch power only after it is intimated by the Generating Company and /Distribution Companies that a Letter of Credit (LC) for the desired quantum

of power has been opened. This has ensured timely payments by Discoms to the generators.

In view of the above, it may please be noted that Ministry of Power is taking all the necessary steps to reduce the stress in the power sector.

The domestic coal consumption during the year 2019-20 was 577.3 MillionTonnes(MT)againsttheactualreceiptof569.5MTfromdomesticsources whileMT coal was imported for blending purpose. As reported by Coal India Limited (CIL), availability of domestic coal in the country has improved with openingstockof75MTatminesendason01.04.2020.Theexpectedavailabilityof coal from various domestic sources during 2020-21 is about 648 MT against the requirement of 645 MT, which includes 530 MT from CIL, 55 MT from SCCL and 63 MT from captive sources.

As the expected availability of domestic coal is more than the requirement during 2020-21, there may be very little requirement of importing coal for blending purpose depending upon cost economics and transportation logistics. In light of this, MoP has requested all the Generating companies (Gencos) [who are importing coal for blending purpose], to make best efforts to replace their imports with domestic coal. However, due to Covid-19 pandemic, there is shortfall in demand of power in the first two months in the current year and therefore, coal demand is also low. This has resulted into availability of coal stock of 50 MT with Thermal Power Plants (TPPs) as on 15.05.2020 which is sufficient to meet requirements of TPPs for about 30days.

Reply to point no. (iii):

1. As per Section 7 of the Electricity Act, 2003, any generating company can establish, operate and maintain a generating station without obtaining a license/ permission if it complies with the technical standards relating to connectivity with the grid.

2. As power generation is a delicensed activity, decision to set up a power plant is taken by the concerned developer based on his /her assessment of market conditions, demand of power in future, finance options, viability of the project etc. In order to finance the project, a Financial Agreement is signed between the developer and the lender based on mutual negotiation and understanding, and the risk is entirely borne by the developers and the lenders. Lenders normally deploy a Project Engineer to assess and evaluate the project financing costs based on the extant lending norms of the Banks/Financial Institutions etc. Ministry of Power has no role to play in any kind of financial tie-up of such power generation projects.

3. There are extant norms of Central Electricity Regulatory Commission (CERC) for the Operation & Maintenance (O&M) expenses already in place on per MW basis to check whether the developer is gold plating O&M expenses. It is also mentioned that the bankers appoint a Lenders'

Financial Advisor (LFA) and Lenders' Engineer for a particular project to monitor the cash flow of theproject.

4. The sectoral issues as identified by HLEC as the causes of stress have been resolved by different policy interventions taken by theGovernment.

5. The details of resolution process of the stressed assets through Insolvency & Bankruptcy Code (IBC) and through National Company Law Tribunal (NCLT) have been given at **Annexure-2.20(II)** to this Noted. It may be seen from Annexure-II that the resolution of a stressed projects is done as per the guidelines issued by RBI and/or under the IBC Act or NCLT. The process of resolution by lenders is overseen by Department of Financial Services (DFS) which is the administrative Ministry for all Financial Institutions/ Banks. The frame-work and role for NCLT come under the jurisdictionofMinistryofCorporateAffairs(MCA).Thus,itmaybeseenthat project developers / lenders can seek remedy in case of Non- Performing Asset under the above two resolution processes It is pertinentto noted that Ministry of Power has no role in the aforesaid process of resolution of stressed assets throughIBC/NCLT.

6. In view of the facts brought out as above, an independent investigation into the entire episode of Stress/NPA in Power Sector and process of its resolution as recommended by the Standing Committee on Energy will not fall within the domain of Ministry of Power. However, the aforesaid recommendation of the Standing Committee is being sent to Department of Financial Services (DFS), Ministry of Finance with a copy to Ministry of Corporate Affairs (MCA) for appropriate action in the matter.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Hydro-Power

Recommendation (S. No. 22, Para No. 2.22)

2.22 The Committee noted that India is blessed with immense amount of hydro-electric potential and ranks 5th in terms of exploitable hydro potential on global scenario. As per assessment made by CEA, India is endowed with economically exploitable hydro-power potential to the tune of 1,48,700 MW of installed capacity. Against this capacity the present hydro power installed capacity in the country is 45,399 MW. The Committee have constantly been raising the issue of slow development of hydro power in the country and recommending the Government to take various steps to promote and expedite development of hydro power sector. The Committee noted with satisfaction that the Government of India has brought out an Office Memorandum on 08.03.2019, wherein, apart from declaring all hydro power projects as renewable energy irrespective of capacity, they have also stipulated for budgetary support for the infrastructure (roads & bridges) as well as flood moderation, Hydro Purchase Obligation, tariff rationalization etc. The Committee expect that the Government would further be making efforts to enable

this sector grow at the desired speed. The Committee, therefore, would like to recommend some of the steps that are yet to be taken. The issue of water cess imposed by the State of Jammu & Kashmir is one of them which need to be removed permanently as it is making hydro power projects unviable. Apart from the Central Government, it is equally important that State Government should also facilitate the development of hydro power to reap its benefits in long term. Himachal Pradesh have taken various measures that promote development of hydro-power. Other States endowed with hydro power potential may also be persuaded to take such measures.

REPLY OF THE GOVERNMENT

As on date (i.e. 6.5.2020), the installed capacity of hydropower in the country is 45,699 MW which includes 4,786 MW of pumped storage schemes. The hydropower potential of 1,45,320 MW has been identified for the country by CEA in the year 1979-87. A re-assessment study is underway to identify the existing potential in the light of exploited potential, basin studies etc.

As part of Nationally Determined Contribution to Climate Change submitted to UNFCCC, India has committed to increase its generation capacity from non-fossil resources to 40% of the total generation capacity by the year 2030. To honour this commitment, India has targeted to add 4,40,000 MW of solar and wind power, which are both infirm sources of power.

To send the right market signals and to create an enabling environment to achieve the target of adding 30000 MW by 2030, Union Cabinet decided to introduce Hydropower Purchase Obligation (HPO) mandating all Obligated Entities to purchase a certain percentage of their consumption from hydropower on the lines of RPO, apart from other measures like declaring all hydropower as renewable energy, tariff rationalization measures and budgetary support for enabling infrastructure and flood moderation. Apart from these, Central Govt. has requested State Govts to take measures to promote hydropower.

Through constant follow-up, the State of Himachal Pradesh has decided to certain incentives to developers to promote hydropower which included staggering/ deferring free power, reimbursing 50% State GST and allowing 1.5% pre-construction LADF to be excluded from project cost etc. with an intent to bring down the hydropower tariff. These measures adopted by Himachal Pradesh and the measures approved the Union Cabinet were presented by the Ministry of Power in the Power Ministers Conference held at Tent City Narmada on 11-12 October, 2019. All other hydro-rich states were requested to consider to grant similar incentives to hydro power projects in their state. Minister of State for Power (IC) has also written to the Chief Ministers of hydro-rich states to consider to grant similar incentives to hydro power projects in their state and also to consider allotting hydro projects to CPSUs.

The UT of Jammu & Kashmir has also exempted water cess for upto 10 years in certain projects, viz., PakalDul (1000 MW), Kiru (624 MW) and Ratle (850MW).

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

New Emission Norms of Power Plants

Recommendation (S. No. 23, Para No. 2.23)

2.23 The Committee noted that the Ministry of Environment, Forest and Climate Change (MoEF&CC) have notified new Emission Norms on 07.12.2015, which was to be complied by December, 2017. The Committee have been apprised that after extensive consultations held between stakeholders, an year wise implementation plan (FGD installation in 1,67,552 MW (415 units) and Electrostatic Precipitator Up gradation in 65,952 MW (231 units) starting from 2018 till December 2022 has been prepared, keeping in mind the techno economic feasibility and ensure availability of power to all at affordable cost without affecting the electricity requirement of the country. The same has been forwarded to MoEF&CC/ CPCB has given directions to TPPs under Section 5 of the Environment (Protection) Act, 1986 regarding compliance to new environment norms. The Ministry of Power have enumerated various steps being taken to facilitate implementation of new norms. The Committee recommend the Ministry to ensure strict and time bound compliance of these norms as it is not only beneficial from environmental perspective but also helpful in phasing out old and inefficient power plants.

REPLY OF THE GOVERNMENT

(i) CEA is monitoring the implementation of installation of pollution control equipments in 437 units. Latest status of FGD installation in these units is as follows:

S.No	Sector (Capacity in MW)	FGD planned	Feasibility Study Started	Feasibility Study Complete d	Tender Specification Made	NIT Issued	Bids Awarded	FGD Commi-ssioned
1	**Central**	53850 (145)	53850 (145)	53850 (145)	51960 (136)	51960 (136)	32840 (73)	420 (2)

2	**State**	50855 (159)	49205 (153)	43545 (142)	28295 (88)	23675 (69)	1000 (2)	0
3	**Private**	61237 (133)	59327 (129)	49122 (100)	40400 (75)	38000 (70)	6000 (10)	1320 (2)
	Total	165942 (437)	162382 (427)	146517 (387)	120655 (299)	113635 (275)	39840 (85)	1740 (4)

(ii) Hon'ble Minister of State (IC) Power & NRE vide DO letter dated 16 April 2020 has requested Hon'ble CMs of 15 states having coal based Thermal Power Plants to give directions to TPPs/IPPs (FGD status of State and Private sector plants also provided) in their State to take all actions necessary to meet the timelines prescribed by CPCB/MoEF&CC for complying with the new emission norms so that the operation of these plants are not stopped by CPCB under the Environment (Protection) Act, 1986, adversely affecting the availability of power in the State.

(iii) CEA vide letter(s) dated 10.02.2020, 19.02.2020, 20.02.2020 (2 letters) have advised utilities that in order to meet the target of FGD phasing plan, the process of awarding the tender should have been completed 30 months prior to the target date. For units having target date of completion by 31.12.2022, Letter of award (LoA) need to be placed by June 2020 for meeting the deadline.

(iv) Ministry of Power has no *locus standi* to consider any time extension for installation of FGD as the installation of pollution control measures are being closely monitored by Hon'ble Supreme Court of India as well as by Ministry of Environment Forest & Climate Change and Central Pollution Control Board (CPCB) as per time lines given by MoEF&CC and CPCB in this regard.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Performance of Power Sector PSUs

North Eastern Electric Power Corporation Limited (NEEPCO)

Recommendation (S. No. 24, Para No. 2.24)

2.24 The Committee noted that NEPCO was incorporated in 1976 to plan, investigate, design, construct, generate, operate & maintain power stations in the North Eastern Region of India. The Committee further noted that NEEPCO operates 7 hydro, 3 thermal and 1 solar power stations with a combined installed capacity of 1,457 MW. Considering the fact that NEEPCO is a specialized organization of North-Eastern Region where most of the hydro power potential lies, their performance in terms of their present installed capacity leaves much to be

desired. The Committee, therefore, are of the opinion that NEEPCO's performance should be reviewed with a view to make it proactive in obtaining and developing of more hydro power projects.

REPLY OF THE GOVERNMENT

NEEPCO is the only CPSU to have hydropower installed in the states of Arunachal Pradesh (815 MW), Assam (275 MW), Nagaland (75 MW) and Mizoram (60 MW). Apart from these, 300 MW (2 units of Kameng HEP) in Arunachal Pradesh is to be commissioned in 2020-21. Further, NEEPCO has been allotted 3 hydropower projects in WahUmiam basin in Meghalaya consisting of three cascade projects, of which DPR of Stage-III project is under examination in CEA. Further, NEEPCO is under discussion with Govt. of Arunachal Pradesh for development of some projects in Bichom and Siang basins in Arunachal Pradesh.

In the Siang basin, NEEPCO had undertaken S&I (survey and investigation) activities in respect of the 3750 MW Siang Upper St-II HEP. However, the same is held up as Government is contemplating a single integrated project by combining both the St-I and St-II projects.

Further, with the intent to undertake some other major projects in the state of Arunachal Pradesh, NEEPCO has already joined hands with SJVNL. Projects are being identified for joint execution, based on the desktop studies and data available with various authorities.

Government has divested its 100% shares in NEEPCO to NTPC Ltd, a Maharatna CPSU, through a strategic disinvestment. NTPC, being a world class company with strong management capabilities and financial position, the strategic disinvestment will support NEEPCO's endeavor to implement more hydro projects in North Easter Region.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Damodar Valley Corporation

Recommendation (S. No. 25, Para No. 2.25)

2.25 The Committee noted that Damodar Valley Corporation, the first major Multipurpose integrated River Valley Project of the country, conceived in line with Tennesse Valley Authority (TVA), came into existence on 7thJuly, 1948 by an Act of Central Legislature for the integrated development of Damodar Valley region in the State of Bihar (presently Jharkhand) and West Bengal. At present, Thermal Power Generation Capacity of DVC is 7,090 MW and Hydel Power Generation Capacity is 147.2 MW. The Committee further noted that DVC during April-2019 to Dec-2019 and FY 2019-20 has incurred losses from Power Generation to the tune

of Rs.1,166 crore and Rs.1,235 crore respectively. The scrutiny of the Committee has revealed that there has been mismanagement in marketing of electricity by DVC. It is found that there was surplus power ranging from 836 MW to 1,666 MW during the period 2013-14 to 2017-18. Their decision to invest in a new power projects i.e. Raghunathpur Thermal Power having total capacity of 1,200 MW, seems imprudent as they were already finding it difficult to sell electricity of their existing power plants due to lack of buyers. The Committee, therefore, recommend the Ministry of Power to review the functioning of DVC with a view to improve its financial heath and submit a detailed report in this regard at the time of furnishing Action Taken Noted. Also, the Ministry should provide assistance to DVC in recovery of due from the State Government of Jharkhand.

REPLY OF THE GOVERNMENT

DVC is in the business of both generation and distribution. Presently, installed capacity of DVC is 7107.5 MW consisting of 6960 MW of thermal and 147.2 MW of hydro capacity. Sale of power by DVC is primarily to two sets of consumers viz. High Tension (HT) power supply to the consumers present in DVC command area in West Bengal & Jharkhand State and sale of balance power to various DISCOMS for which bilateral PPAs have been signed. DVC is committed to its consumers to provide reliable power supply. Accordingly, DVC has planned to supply uninterrupted (24X7) power to its valley consumers throughout the year considering rotational overhauling of units, contingency for forced outage of any units etc. In bilateral mode, DVC is selling power to various DISCOMS as per the contracted quantum in terms of PPA. In addition, DVC takes necessary action for sale of its surplus power from time to time in the power exchanges (IEX and PXIL). For sale of surplus power, DVC from time to time explores feasibility for export of power to neighboring countries. For example, DVC is exporting 300 MW power to Bangladesh through NVVN.

Presently there is a surplus power of only 270MW (after taking into account the scheduling of 300 MW power to MPPCL as per CERC order) which is required to take care of additional load requirement of consumers, overhauling of units, forced outages and non-availability of fuel. In view of above, it may be appreciated that DVC is not having any significant surplus power as of now.

As regards investment in Phase-II of Raghunathpur Thermal PowerStation, it is stated that the decision was taken by DVC management to supplement the capacity addition programme in the 12thPlan. As per decision of DVC Board, a consultant (M/s Deloitte) was engaged for due diligence study for revival. Report submitted by the Consultant is under examination by DVC and final decision will be taken by the DVC Board in view of viability, sustainability of DVC projects as well as long term PPA with West Bengal State Electricity Development Corporation Limited.

Steps taken for improvement of the Financial Status:

DVC operates in its command area of 24235 sq. km in the States of West Bengal and Jharkhand. In the last few years, DVC was unable to recover full Depreciation, Interest and Return on Equity on annual basis through its tariff due to dis-allowance of Capital Cost by CERC for various projects of DVC due to non-admittance of IDC for time overrun and also the allowed O&M costs by CERC for the DVC employees was not sufficient to meet the entire liability of DVC on this account. To improve the financial status, DVC has taken up the dis-allowance of Capital Cost by CERC by submitting appeal before APTEL, the decision is under active consideration of APTEL. Also, DVC has improved its Plant Availability Factor in the current Financial Year and thereby improved recovery of fixed charges. Again taking advantage of the recent market scenario, DVC tied up long term loans and working capital at a very considerable low rate of interest than even before. There has been improvement in power generation consistently over the last five years. In the year 2017-18 and 2018-19, the power generation was 35692 MU and 36677 MU respectively. In the year 2019-20, the Thermal Power Generation of DVC is 36998 MU. Again the PLF for the year 2017-18 and 2018-19 was 56.04% and 59.05% respectively. In the Financial Year 2019-20, the DVC achieved PLF of 60.52%. Further, the DVC registered Profit After Tax (PAT) of Rs 65 crore (provisional) in Financial Year 2019-20, as against the loss of Rs 1115 crore in Financial Year2018-19.

Monitoring the activities of DVC:

DVC was established for integrated development of Damodar Valley region in the State of Bihar (now Jharkhand) and West Bengal. Major activities of DVC are power generation and transmission. Regarding development of coal block, it is stated that two coal blocks namely, Khagra Joydev in West Bengal and Tubed in Jharkhand have been allotted by the Ministry of Coal as captive coal blocks for meeting the coal requirement of Mejiaand Chandrapura Thermal Power Stations of DVC respectively. Through development of these coal blocks, quality and surety of coal to the DVC power plants will be ensured. The quarterly performance of DVC is reviewed by Ministry of Power. Recently, a review was done by the Secretary (Power) in the month of November, 2019 at Kolkata. In addition, the important issues and performance of DVC are reviewed by the Hon'ble Minister of State (IC) for Power and NRE from time to time. The last review of DVC was done by the Hon'ble Minister on17.01.2020.

Slow Progress of Capital Expenditure:

The capital expenditure of DVC for the Financial Year 2019-20 was fixed at Rs. 1835.26 crore. Major portion of this Budget Estimate was for development of two coal blocks (Rs.609.34 crore) and installation of FGD Plants (Rs. 813.64 crore) in Thermal Power Stations to meet the environmental norms as per

instructions of Ministry of Environment, Forest and Climate Changes. The reason for slow progress of expenditure was the delay in acquisition of land for development of Khagra Joydev Coal Mine and award of contract. The land price and R&R package for acquisition of land for the said coal mine is yet to be finalized by the District Level Committee of Birbhum District of West Bengal. Orders for installation of FGD plants were supposed to be placed in March 2019 but due to some procedural requirement, these were placed in July 2019. In view of the slow progress of expenditure, the budget for capital expenditure has been revised at Rs. 1410crore.

Steps taken for improvement of the Financial Status:

DVC operates in its command area of 24235 sq. km in the States of West Bengal and Jharkhand. In the last few years, DVC was unable to recover full Depreciation, Interest and Return on Equity on annual basis through its tariff due to dis-allowance of Capital Cost by CERC for various projects of DVC due to non-admittance of IDC for time overrun and also the allowed O&M costs by CERC for the DVC employees was not sufficient to meet the entire liability of DVC on this account. To improve the financial status, DVC has taken up the dis-allowance of Capital Cost by CERC by submitting appeal before APTEL, the decision is under active consideration of APTEL. Also, DVC has improved its Plant Availability Factor in the current Financial Year 2019-20 and thereby improved recovery of fixed charges. Again taking advantage of the recent market scenario, DVC tied up long term loans and working capital at a very considerable low rate of interest than even before. There has been improvement in power generation consistently over the last five years. In the year 2017-18 and 2018-19, the power generation was 35692 MU and 36677 MU respectively. In the year 2019-20, it is expected to be at 39000 MU. Again, the PLF for the year 2017-18 and 2018-19 was 56.04% and 59.05% respectively. In the current financial year, it is expected to be at63.79%.

Surplus power and rates for sale:

Presently there is a surplus power of only 270 MW only (after taking into account the scheduling of 300 MW power to MPPCL as per CERC order) which is required to take care of valley load growth, overhauling of units, forced outages and non-availability of fuel. In view of above it may be appreciated that DVC is not having any significant surplus power as of now. The average rate of selling of power (Rs./Kwh) by DVC to its consumers (bilateral/direct/exchange/export) for themonthsofNovember,2019,December,2019andJanuary,2020are4.69;and 4.61,respectively.

New Power Projects by DVC:

Presently, there is no proposal under consideration to set up new power plant by the DVC. However, the Phase-II of Raghunathpur TPS could not be

completed in time due to various reasons. A decision was taken during DVC Board Meeting held on 24.03.2018 to start discussion with respective vendors for revival of the contracts short closed earlier and also to undertake Due Diligence Study by engagement of a reputed consultant. Accordingly, on 26.07.2018, M/s. Deloitte Touche Tohmatsu India LLP was engaged as consultant through open bidding for carrying out "Due Diligence Study with respect to revival of RTPS Phase-II". Discussions with vendors have also been held to firm up contract price in respect of changed scenario.

Liabilities of DVC:

As on 31.01.2020, DVC have the liability of repayment of loan of Rs. 17,737 crore as long term loan; Rs. 5300 crore as short term loan and Rs.3856 crore as cash credit taken from financial institutions. An amount of Rs.6346.25 crore (approx.) is due to be paid to DVC by various Distribution Companies (DISCOMS) for power supplied to them. Major defaulter is the Jharkhand Bijlee Vitran Nigam Limited (JBVNL) who owns Rs.5018.77 crore liability to the DVC. Following steps are being taken to improve the financial status of DVC:

i. Regular persuasion for realization of outstanding dues from various DISCOMS.
ii. Regular interaction with various DISCOMS for their power requirement.
iii. Regular discussions with the existing valley consumers for their additional requirement of power.
iv. Induction of new Valley HT consumers.

Development of two coal blocks to ensure supply of requisite quantity of coal to its power plants.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Strengthening of Power System

Recommendation (S. No. 26, Para No. 2.26)

2.26 The Committee noted that the Ministry of Power, for improvement of transmission system in the North-Eastern Region, is implementing North-Eastern Region Power System Improvement Project (NERPSIP). It has been submitted that a total of Rs. 2,610.33 crore has been received while amount of Rs. 1,886.31 crore has been spent. In regard to fund utilization, the Ministry have stated that the fund allocated has not been fully utilized because the elements covered under the scheme are under implementation and expected to be completed progressively by December,2020.

The Committee do appreciate this initiative of the Government as implementation of this project would strengthen the Intra-State transmission & Distribution infrastructure of six States of North Eastern Region (Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura); improve its connectivity to the upcoming load centres, and thus would extend the benefits of the grid-connected power to all the consumers. The project would also provide the required grid connectivity to such villages and towns of the States, where development of distribution system at the downstream level has been taking place under Government of India sponsored RGGVY/ APDRP/ R-APDRP schemes. The Committee, therefore, desire that the project should be properly implemented within the stipulated timeline. Needless to say that paucity of fund should not get in the way of timely and proper implementation of this project.

REPLY OF THE GOVERNMENT

The Recommendations of the Committee have been noted. North Eastern Regional Power System Improvement Project (NERPSIP) was sanctioned by Government of India for improvement in intra-state transmission and distribution (33 kv and above) for six States i.e. Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura. Power Grid Corporation of India Ltd (PGCIL) is implementing the project. The progress of the works is regularly monitored by PGCIL, Central Electricity Authority and Ministry of Power. Besides, a Project Screening Committee (PSC) comprising of representatives of DONER, Central Electricity Authority, PGCIL and six participating State Governments regularly review the progress of the work and facilitates timely completion of the project. The last meeting of the PSC was held on 31stJan-1stFeb 2020.

Progress of the works was affected due to difficult terrains, poor participating of contractors in the bidding process, delayed handing over of land by State Governments, severe Right of Way (RoW) problems and Forest/ Wild life related issues. As on date (i.e. 14.5.2020), all 55 packages have been awarded and the works under all awarded packages are under progress. Till April 2020, physical progress of works is 42%. The works are scheduled for completion progressively till December 2020. However, prevailing country wide lockdown measures to contain outbreak of COVID-19, may affect the pace of construction activities, and consequently scheduled date of completion of works.

The project is undergoing cost revision due to higher discovered prices of packages through bidding compared to estimated cost, changes in taxes, inclusion of new elements in project, impact of GST etc. An Expenditure Finance Committee (EFC) memo has been circulated for appraisal of the proposed revised cost.

Till 31.03.2020, Rs. 2,810.33 crore has been released by Ministry of Power and out of that, Rs. 2,114.63 crore has been spent till 30.04.2020. During 2020-

21, Rs. 770 crore of budget allocation has been made against project to take care of anticipated expenditure.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Smart Grid

Recommendation (S. No. 27, Para No. 2.27)

2.27 The Committee noted that Smart Grid is an Electrical Grid with Automation, Communication and IT Systems that can monitor power flows from points of generation to points of consumption (even down to appliances level) and control the power flow or curtail the load to match generation in real time or near real time. The Committee considering the importance of Smart Grid in integration and optimization of renewable power, maximizing the conventional sources for power generation etc. are disappointed with the delay in its implementation. The Committee, therefore, recommend that the work related to Smart Grid should be expedited and implemented in a time bound manner.

REPLY OF THE GOVERNMENT

The deployment of Smart Grids can be expedited with timely monitoring at various levels (viz. DISCOM, State and Central levels) and regularly attending the issues through agenda discussions in RPM meetings of MoP. Also, the State Level Project Management Units (SLPMU) established in the states as the nodal group for implementing smart grid be advised to hold regular meetings with the stakeholders. The sanction of future projects is being linked to tie-up of balance 70% funds beforehand and a dedicated and skilled smart grid team.

The complete smart grid at CED, Chandigarh may be test case for above actions and it's timely execution can be better ensured on Deposit work basis (including Consultancy and Implementation) through CPSUs (like POWERGRID, NTPC, EESL etc.) considering their expertise in managing projects. The committee is also apprised that the Smart Grid outlays under NSGM are not enough to cater to the complete requirement of Smart grids across the country, and therefore, an approach using smart meters as a building block is being contemplated to build up smart grids across the country.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

Smart Meters

Recommendation (S. No. 28, Para No. 2.28)

2.28 The Committee noted that Smart Meter is an electronic device capable of recording electricity consumption, operating via 2-way communication and having an internal load switch. It records various types of meter data such as load profile, daily billing profile, monthly billing profile, instantaneous profile, events etc. and is capable of remote configuration change and remote firmware upgrade. Smart meters conforming to IS 16444 can be configured to work as prepaid meters.

The Committee therefore, recommends that followings:

i. As there is need to augment the manufacturing base of the Smart Meters to ensure supply of adequate number of meters to be installed all over country, *it* should be ensured that there are multiple players in the field to rule out monopoly or any constraints in supply of Smart Meters in future.
ii. The Ministry should encourage States to submit their plans for complete switchover to Smart meters as done by UT of Chandigarh.
iii. The Ministry should also ensure that henceforth only Smart Meters are installed under Saubhagya Scheme to avoid duplicity of work.

REPLY OF THE GOVERNMENT

(i) EESL has completed procurement of 10 Million Smart Meters through International Competitive Bidding and has engaged 5 different Smart Meter manufacturers. Considering the requirement of 250 Million Smart Meters, engagement with industry is necessary for getting them to ramp up their manufacturing capacity and also to get BIS certification for all Smart Meters. As per the mandate issued by Ministry of Power for deployment of Smart/Prepaid meters in the country within a span of 3 years time, a standard bidding documents (SBD) for appointment of Advanced Metering Infrastructure Service Provider (AMISP) for rollout of Smart/Prepaid meters by the DISCOMs has been developed. The SBD has been discussed with multiple stakeholders including MoP, CEA, CSPUs, Industry etc. and a Draft is under finalization/approval. The AMISP SBD aims to encourage the state DISCOMs to initiate adoption of Smart/Prepaid meters on OPEX model (For approx 10 years (configurable) period including Establishment and O&M) through multiple players. Once the SBD is finalized and released, the DISCOMs shall be asked to take up projects on OPEX model.

(ii) In addition to the states where EESL is implementing Smart Prepaid Meter projects, EESL has been in active engagement with other states/ UTs like West Bengal, Gujarat, Arunachal Pradesh, Karnataka etc. for deployment of Smart Meters and sharing the immense benefits experienced with 12 Lakhs Smart Meters under operations in UP, Haryana, Bihar and NDMC.

As per Saubhagya scheme guidelines, electricity connections to un-electrified households includes provision of energy meter including

prepaid/smart meter. Installation of meters for every consumer is the responsibility of the respective State Distribution Utilities. Ministry of Power had already issued an advisory to all DISCOMs to cover all consumers in the next three years.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

CHAPTER-III

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

-NIL-

CHAPTER-IV

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

Power Purchase Agreements(PPAs)

Recommendation (S. No. 21, Para No. 2.21)

2.21 The Committee observe that the issue of long term Power Purchase Agreement (PPA) has become a conundrum. Since the advent of Solar Power, its tariff is on a constant decline. In the recent years, Solar Power tariff has aggressively been quoted making the Discoms reluctant to enter any long term PPA. This situation is causing disruption as long term PPA is a pre-requisite for financing of any new power project. In absence of long term PPAs it may be difficult to attract investment in Power Sector. On one hand, there are Power Generators who insist on honoring of long term PPAs at any cost as they have made huge investment in their projects. On the other hand, there are Discoms who do not want to purchase power at higher rate through long term PPAs as it is available at much cheaper rate in short term market. The Committee have been apprised that the Ministry is looking for a possible solution to this problem and will come out with a Policy Paper in this regard. The Committee expect that the Ministry would expeditiously finalize the Policy Paper. The Committee, however, would like to recommend the Ministry to make a provision for review of such PPAs, wherein, tariff has been increased owing to cost overrun due to delay in development of a Power Project.

REPLY OF THE GOVERNMENT

It may not be possible to suddenly shift from game of long-term PPAs to short-term or medium terms agreements for sale of power. The Banks may be reluctant to finance projects entirely based on short or medium term agreements. However, Banks may be willing to finance a project in which most of the output is tied up in long-term PPA but remaining output can be sold through medium term or short-term agreements. Therefore, avenues will have to be provided for sale of power generated, particularly from RE projects in platforms such as Power Exchanges. In this context, Ministry of Power had constituted a Group of Officers drawing officers from CEA, CTU, CERC and POSOCO. The group has submitted its report on 20th April 2020. The Group has inter-alia recommended introduction of separate day-ahead market segment for RE power. Such separate segment will facilitate clear identification of buyers for RPO. The group has also recommended a fixed term of waiver of transmission charges and losses for energy bought and sold in this segment.

[Ministry of Power OM No.10/1/2020-Budget Dated: 09/07/2020]

CHAPTER-V

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

-NIL-

New Delhi
18th March, 2021
Phalguna 27, 1942 (Saka)

Rajiv Ranjan Singh *alias* Lalan Singh,
Chairperson,
Standing Committee on Energy

APPENDIX-I

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2020-21) HELD ON 18th MARCH, 2021 IN COMMITTEE ROOM '2', PARLIAMENT HOUSE ANNEXE EXTENSION, NEW DELHI

The Committee met from 1500 hrs. to 15.35 hrs.

LOK SABHA

Shri Rajiv Ranjan Singh alias Lalan Singh - Chairperson

2. Km. Shobha Karandlaje
3. Shri Ramesh Chander Kaushik
4. Shri Ashok Mahadeorao Nete
5. Shri Parbatbhai Savabhai Patel
6. Shri Dipsinh Shankarsinh Rathod
7. Shri N. Uttam Kumar Reddy
8. Shri Shivkumar Chanabasappa Udasi

RAJYA SABHA

9. Shri T.K.S. Elangovan
10. Shri Maharaja Sanajaoba Leishemba
11. Shri Jugalsinh Mathurji Lokhandwala
12. Dr. Sudhanshu Trivedi
13. Shri K.T.S. Tulsi

SECRETARIAT

1. Shri R.C. Tiwari - Joint Secretary
2. Shri R.K. Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Smt. L. N. Haokip - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members and apprised them about the agenda of the sitting. The Committee then took up the following ten draft Reports for consideration and adoption:

a) Report on Action-taken by the Government on the recommendations contained in the 28th Report (16th Lok Sabha) on 'National Solar Mission-An Appraisal';

b) Report on Action-taken by the Government on the recommendations contained in 37th Report (16th Lok Sabha) on Stressed/Non-performing Assets in Power Sector';

c) Report on Action-taken by the Government on recommendations contained in 40th Report (16th Lok Sabha) on 'Impact of RBI's Revised

Framework for Resolution of Stressed Assets on NPAs in the Electricity Sector';

d) Report on Action-taken by the Government on recommendations contained in 42nd Report (16th Lok Sabha) on 'Stressed/Non-Performing Assets in Gas based Power Plants';

e) Report on Action-taken by the Government on the recommendations contained in the 43rd Report (16th Lok Sabha) on 'Hydro Power'; and

f) Report on Action-taken by the Government on the recommendations contained in the 1st Report (17th Lok Sabha) on Demands for Grants (2019-20) of the Ministry of New and Renewable Energy;

g) Report on Action-taken by the Government on the recommendations contained in the 2nd Report (17th Lok Sabha) on Demands for Grants (2019-20) of the Ministry of Power;

h) Report on Action-taken by the Government on the recommendations contained in the 3rd Report (17th Lok Sabha) on Demands for Grants (2020-21) of the Ministry of New and Renewable Energy'.

i) Report on Action-taken by the Government on the recommendations contained in the 4th Report (17th Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Power.

j) Report on the subject 'Action Plan for achievement of 175 Gigawatt (GW) Renewable Energy Target'.

3. After discussing the contents of the Reports, the Committee adopted the aforementioned draft Reports without any amendment/modification. The Committee also authorized the Chairperson to finalize the above-mentioned Reports and present the same to both the Houses of Parliament in the current Budget Session.

The Committee then adjourned.

APPENDIX-II

(*Vide* Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT (17TH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	28
(ii)	Observations/Recommendations which have been accepted by the Government: Sl. Nos. 1,2,3,4,5,6,7,8,11,12,13,14, 15, 16,17 18,19,20,22, 23,24,25,26,27,28	
	Total: Percentage	27 96.42%
(iii)	Observation/ Recommendation which the Committee do not desire to pursue in view of the Government's reply: - Nil -	
	Total: Percentage	00 00%
(iv)	Observation/ Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration: Sl. No. 21	
	Total: Percentage	01 3.57%
(v)	Observation/Recommendation in respect of which final reply of the Government is still awaited: - Nil -	
	Total: Percentage	00 00%