23

STANDING COMMITTEE ON ENERGY

(2021-22)

SEVENTEENTH LOK SABHA

MINISTRY OF POWER

[Action taken by the Government on the recommendations contained in the Seventh Report (17th Lok Sabha) on Demands for Grants (2021-22) of the Ministry of Power]

TWENTY-THIRD REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2022/ Phalguna, 1943 (Saka)

TWENTY-THIRD REPORT

STANDING COMMITTEE ON ENERGY
(2021-2022)

(SEVENTEENTH LOK SABHA)

MINISTRY OF POWER

[*Action taken by the Government on the recommendations contained in the Seventh Report (17th Lok Sabha) on Demands for Grants (2021-22) of the Ministry of Power*]

Presented to Lok Sabha on 22.03.2022
Laid in Rajya Sabha on 22.03.2022

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March/ Phalguna, 1943 (*Saka*)

C.O.E NO. 347

Price:

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

CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2021-22)

*****

Shri Rajiv Ranjan Singh *alias* Lalan Singh – *Chairperson*

MEMBERS

LOK SABHA

2 Shri Gurjeet Singh Aujla
3 Shri Devendra Singh Bhole
4 Shri Harish Dwivedi
5 Shri Sanjay Haribhau Jadhav
6 Shri Kishan Kapoor
7 Dr. A. Chella Kumar
8 Shri Sunil Kumar Mondal ^
9 Shri Uttam Kumar Reddy Nalamada
10 Shri Ashok Mahadeorao Nete
11 Shri Praveen Kumar Nishad
12 Shri Velusamy P.
13 Shri Parbatbhai Savabhai Patel
14 Shri Gyaneshwar Patil@
15 Shri Jai Prakash
16 Shri Dipsinh Shankarsinh Rathod
17 Shri Gnanathiraviam S.
18 Shri Bellana Chandra Sekhar
19 Shri Shivkumar C. Udasi
20 Shri Akhilesh Yadav
21 Vacant #

RAJYA SABHA

22 Shri Ajit Kumar Bhuyan
23 Shri T. K. S. Elangovan
24 Shri Rajendra Gehlot*
25 Shri Muzibulla Khan
26 Shri Maharaja Sanajaoba Leishemba
27 Shri S.Selvaganabathy*
28 Shri Sanjay Seth
29 Dr. Sudhanshu Trivedi
30 Shri K.T.S. Tulsi
31 Vacant $

SECRETARIAT

1.	Dr. Ram Raj Rai	Joint Secretary
2.	Shri R.K. Suryanarayanan	Director
3.	Shri Kulmohan Singh Arora	Additional Director
4.	Shri Manish Kumar	Committee Officer

---

^ Nominated as Member of the Committee *w.e.f* 01.12.2021 *vice* Smt. Sajda Ahmed.
@ Nominated as Member of the Committee *w.e.f* 07.02.2022*vice* Shri Ramesh Chander Kaushik.
# Vacant since constitution of the Committee
* Nominated as Member of the Committee *w.e.f.* 11.11.2021
$ Shri Jugalsinh Lokhandwala resigned from the membership of the Committee w.e.f. 02.12.2021

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Twenty-Third Report on the action taken by the Government on the recommendations contained in the Seventh Report (Seventeenth Lok Sabha) of the Standing Committee on Energy on Demands for Grants (2021-22) of the Ministry of Power.

2. The Seventh Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 8th March, 2021 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 18th January, 2022.

3. The Report was considered and adopted by the Committee at their sitting held on 15th March, 2022.

4. An Analysis on the action-taken by the Government on the recommendations contained in the Seventh 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
15th March, 2022
Phalguna 24, 1943 (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 Seventh Report (Seventeenth Lok Sabha) on Demands for Grants (2021-22) of the Ministry of Power.

2. The Seventh Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 8th March, 2021 and was laid in Rajya Sabha on the same day. The Report contained 17 Observations/Recommendations.

3. Action-taken replies in respect of all the Observations/Recommendations contained in the Seventh Report were received on 18th January, 2022. 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 and 17

Total - 17
Chapter-II

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

- Nil -

Total - 00
Chapter-III

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

- Nil -

Total–00
Chapter-IV

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

- Nil -

Total - 00
Chapter-V

4. The Committee observe that the Seventh Report (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22) of the Ministry of Power' was presented to Lok Sabha on 8th March, 2021 and was laid on the same day on the Table of Rajya Sabha. The Ministry of Power was required to submit the action taken reply on the Observations/Recommendations contained in the Report within a period of 3 months i. e. by 7th June, 2021. The Committee, however, find that the Ministry have submitted the requisite action taken reply on 18th January, 2021 <u>after a long delay of more than 7 months</u>. Since the examination of Demands for Grants by the Committee is an annual exercise, extensive delay in furnishing of action taken reply tends to defeat the purpose, as the Committee have to examine the successive Demands of the Ministry for the next year also and present a Report thereon in a time-bound manner. The Committee, therefore, deprecate such delays in submission of action taken replies by the Ministry. The Committee, while expressing their strong displeasure expect the Ministry to be more vigilant in timely submission of replies to the Committee. They desire that necessary instructions in this regard be issued to all concerned in the Ministry for strict compliance. The Committee further 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.12)

<u>Smart Grid</u>

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

> "The Committee note that for Smart Grids, an allocation of ₹40 crore only has been made for 2021-22. For the fiscal 2020-21 also, it was ₹40 crore, which was revised downward to ₹20 crore. However, Actual Expenditures for 2019-2020, 2018-19, 2017-18 have been as low as ₹ 6.10 crore, ₹ 7.13 crore, and ₹3.07 crore respectively. The Committee are, therefore, not happy with the financial performance under this head. Keeping in view the importance of this scheme, the Committee would, therefore, recommend

that optimum fund utilization for Smart Grids must be ensured by the Ministry to enable timely completion of this project. ”

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

“NSGM funds utilization is linked to the milestones achievement by the project implementing utilities. The fact of the matter is that since March, 2020, the pandemic Covid-19 and the resultant lockdown imposed by the Govt. had also an effect on the implementation of the projects by the implementing utilities. As there are delays seen in the field implementation which in turn delays the claims of the utilities thereby resulting in low expenditure. However, all sincere efforts are being put in for implementation of projects in faster pace and optimum fund utilization through regular reviews at NSGM and at MoP.”

8. The Committee since the beginning of the Smart Grid initiative have been emphasizing the need for its expeditious implementation considering its benefits for the Power System in the country. The Ministry have assigned COVID-19 pandemic and the resultant lockdown as the reason for slow implementation of the Scheme. Nonetheless, the Committee would like the Ministry to keep making sincere efforts to expedite this important Scheme and try to make up for lost time. The Committee may be informed about the initiatives taken and the outcome thereof.

(Recommendation Sl. No. 13)

Smart Meters

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

“The Committee note that that Smart Meters have various advantages over the conventional electricity meters. Smart meters can record energy usage in near real time/15-minute intervals (configurable) and transmit data to the utilities constantly. Most importantly, smart meters enable two-way communication with the utility and the home/business and facilitate online energy audit etc. Smart meters can also help consumers monitor and regulate their consumption so they can save money on power bills. Due to these advantages, the Committee have been supportive of installation of Smart Meters all over the country expeditiously. The Committee are happy to note that the Ministry is also endeavoring to complete Smart Metering in the next three years with a window that it can be extended by two years for State-specific reasons to be decided by the State Regulatory Commission. The Committee believe that Smart Metering would not only increase the billing collection of DISCOMs but also empower the end consumers to manage their spending on electricity.

It seems to be a ‘Win-Win’ situation for both the parties. The Committee, therefore, recommend that the Ministry should take Smart Metering drive in a time-bound mission mode as done in case of village electrification and providing electricity connection to households.

The Committee are however surprised to note that for Smart Metering, no fund has been allocated for the financial year 2021-22. In the last financial year, there was a token allocation of ₹10 lakh only. The Committee, desire that the work related to Smart Metering should be taken more seriously and expedited, and sufficient funds be allocated for the same to enable this consumer–friendly scheme to really take off.”

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

> "NPMU is actively pursuing the implementation of smart metering in smart grid projects sanctioned under NSGM. For FY 2021-22, Rs.40 Cr. was allotted. The expenditure is linked to claims by the implementing utilities. The Smart Metering on prepaid model is being taken up in Reform Linked Distribution Scheme which is under the active consideration of this Ministry. The proposed “Revamped Reforms Based and Results Linked Distribution Sector Scheme” envisages elimination of human interface in metering, billing and collection to reduce AT&C losses, by introducing an end-to-end technological solution of Advanced Metering Infrastructure (AMI), covering the distribution system – consumers, feeders and distribution transformers. It will facilitate installing of smart prepaid meters for consumers and communicable meters for DTs & Feeders to be integrated with AMI system. Under the proposed scheme approx. 25 Crore Smart meters are expected to be installed with 10 crore prepaid smart meters proposed to be installed by December,2023. . There is further emphasis on such installation in PPP mode (DBFOOT), involving private participation, which will not only create investment opportunities for private sector but also provide fiscal space for Discoms to undertake large investments."

11. The Committee are happy to note that the Ministry have proposed ‘Revamped Reforms Based and Results Linked Distribution Sector Scheme’, which envisages elimination of human interface in metering, billing and collection to reduce Aggregated Technical & Commercial (AT&C) losses by introducing an end-to-end technological solution of Advanced Metering Infrastructure (AMI). Under the proposed scheme approx. 25 crore Smart meters with 10 crore prepaid smart meters are proposed to be installed by December, 2023. The Committee expect the Ministry to finalize the scheme at the earliest and ensure that the targets in this regard are achieved within the stipulated timeline.

(Recommendation Sl. No. 14)

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

> "The Committee note with concern the reply of the Ministry in regard to the actual reason for the incident of disconnection of 1.5 lakh home connections with smart meters during August 2020 in Uttar Pradesh. The Committee was informed during evidence that the Energy Efficiency Services Limited had investigated this incident and the disconnection was being done from HES (Head End System) and it has been moved to the MDM which is better practice. It was further stated that so far, they have not come to any conclusion relating to cyber security aspect or of any sabotage and EESL has been asked to take corrective actions. Since the country has decided to go ahead with the Smart Grid and Smart Metering technologies in a big way, the Committee are of the view that such issues could wreak havoc in the energy sector, if we are not prepared with a foolproof plan to timely avert them. As the Committee believethat the matter of cyber security of the Power System is very critical, they would recommend that the Ministry must take this issue more seriously and formulate effective and adequate safeguards in this regard."

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

> "The Bulk disconnection incident of 12th Aug 2020 has interrupted the smart meter installation; Primary cause being attributed is "Execution of command on all groups in place of target group' and command generated from HES (Head End System) instead of MDMS (Meter data Management System). Security audit of UP AMI system is being conducted through STQC and final report is awaited. EESL is carrying out UAT for the system. It may be noted that clauses related to cyber security and data privacy (clauses 3.7 and 3.8) have been adequately incorporated in the Standard Bidding Documents for Appointment of AMI Service Provider (AMISP) on OPEX model duly approved by HMoSP (I/C) in January 2021 which is available at https://www.nsgm.gov.in/sites/default/files/AMISP-Contract-January-2021.pdf."

14. With regard to the incident of disconnection of 1.5 lakh home connections with smart meters during August 2020 in Uttar Pradesh, the Ministry have stated that Security audit of Uttar Pradesh Advance Metering Infrastructure(AMI) system is being conducted through Standardization Testing and Quality Certification (STQC) and the final report is awaited. It is a matter of concern for the Committee that even after a lapse of one and half year, the investigation in this regard is yet to be concluded. The Committee have time and again been cautioning the Ministry about the potential cyber attack threat for the Smart Metering System. Since the Government has

planned to go for Smart Metering system in a big way, the Committee, therefore, desire that after completion of the security audit of Uttar Pradesh Advanced Metering Infrastructure system in the shortest possible time and based on the outcome the cyber security related provisions are thoroughly reviewed and a foolproof mechanism is evolved and put in place to avert such incidents in future.

National Electricity Policy

(Recommendation Sl. No. 15)

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

> "The Committee note that the present National Electricity Policy was adopted in the year 2005. It aims at achieving the objectives such as access to electricity and availability for all households, power - demand to be fully met, per capita availability of electricity to be increased to over 1000, etc. The Committee observe that as most of the enunciated objectives of the National Electricity Policy, 2005 have already been achieved, it no more reflects the aspirations, challenges and dynamics of the fast-changing electricity sector. The Committee, therefore, stronglyfeelthat there is a need for the formulation of a new National Electricity Policy. During his deposition, the Secretary, Ministry of Power agreed to the proposal and apprised the Committee that the Ministry is considering amendments to this policy. However, the Committee would like to recommend that instead of making piecemeal amendments in the present National Electricity Policy, an altogether new Policy be freshly formulated according to the requirements of the changing power sector scenario, so that it can serve as a beacon light for the power sector as a whole and lay a coherent trajectory for its future growth and development."

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

> "An Expert Committee has been constituted by Ministry of Power for preparing draft National Electricity Policy 2021 on 12.4.2021. Interactions with all stakeholders including States representative were held in the month of May, 2021/ June 2021 to prepare and recommend National Electricity Policy, 2021. Comments received from various stakeholders on draft NEP, 2021 circulated on 27.04.2021, are under examination. Keeping in mind future growth and development of Power Sector as a whole, Expert Committee is working on making amendments in the present NEP.
> Expert Committee is expected to submit the draft NEP, 2021 by 12th August, 2021."

17. The Committee are happy to note that the Government has constituted an Expert Committee for preparing a draft National Electricity Policy. In Committee's view the said Expert Committee would have submitted their Report to the Ministry by this time. The Committee desire that the new National Electricity Policy should be finalized expeditiously after completion of the due process in a time-bound manner and the Committee be informed accordingly.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No.1

Budgetary Allocation

The Committee note that the Ministry of Power have been allocated ₹15,322 crore though they had projected a demand of ₹30,155 crore. The scrutiny of the Demands for Grants of the Ministry of Power for the previous years has revealed that the Ministry has constantly been allocated funds less than 50% of their original demands. The Ministry had posted a demand of ₹ 33,366 crore in 2020-21 and got only ₹ 15,874 crore. Similarly, in 2019-20 and 2018-19, the Ministry had projected budgetary requirements of ₹ 32,001 crore and ₹ 36,843 crore but had been allocated only ₹ 15,874 crore and ₹ 15,046 crore respectively. The Committee also find that the track record of the Ministry of Power as far as utilization of funds is concerned in the previous three years *viz*. 2019-20, 2018-19 and 2017-18 has been satisfactory as whatever fund had been allocated, the Ministry was able to fully utilize it. For the fiscal 2020-21, the Ministry have assigned Nationwide Lockdown from April 2020 in wake of COVID-19 pandemic as a reason for the slow pace of utilization of fund. In the considered view of the Committee, the past performance of the Ministry of Power merits enhancement of their budgetary provisions as their programmes are vital for the development of Power Sector which will not only lead to significant improvement in the reliable supply of electricity and its access to all but also result in financial saving for the Government in the long run. The Committee, are therefore, inclined to recommend that the budgetary allocation for the Ministry of Power may be suitably enhanced, if so warranted, so that the important programmes of the Ministry are implemented in a timely manner. Keeping in view the fact that the two flagship schemes of the Ministry of Power namely, IPDS and DDUGJY are nearing their expiry in about a year's time, it is necessary that the Ministry of Power should first strive to utilize the allocated funds at the earliest so that they have sufficient justification to post additional demands at the stage of Revise Estimates, which needless to emphasize should be underpinned by a coherent and time-bound schematic plan. The Committee also believe that it's time for the Ministry to now come out with a clear cut road map and a coherent strategy for the power sector as a whole, factoring the global energy scenario.

Reply of the Government

Ministry of Power express its sincere thanks to the Hon'ble committee for considering the submission regarding utilization of funds against the BE/RE allocation in the last three years i.e FY 2017-18, FY 2018-19 and FY 2019-20. Again, the MOP would like to express its gratitude to the Hon'ble Committee for the recommendation for enhancement of budget allocation for Power sector . The recommendation made by the Hon'ble Committee will be placed before the Ministry of Finance at the time of Pre-Budget Discussion for finalization of Revised Estimates (2021-22) and Budget Estimates (2022-23).

Regarding IPDS and DDUGJY Schemes, all efforts will be made by the Ministry of Power to ensure utilization of the allocated funds during the year 2021-22 through frequent monitoring and review of the implementation of the schemes, so that additional demands may be sought at the stage of Revised Estimates.

Section 3(4) of Electricity Act, 2003 stipulates that, the Central Electricity Authority (CEA) shall prepare a National Electricity Plan (NEP) in accordance with the National Electricity Policy and notify such plan once in five years.

National Electricity Plan is a clear cut road map document for Electricity sector of the country and gives signals to the developers for going ahead with future investments in electricity generation, transmission and other industries like Cement, Steel, Mining, etc. Based on the Generation Planning, detailed road map for transmission network planning in the country is carried out.

National Electricity Plan give the detailed roadmap for Generation and Transmission capacity expansion requirements for next 10 years keeping in view the electricity demand projections as per Electric Power Survey of Central Electricity Authority.

National Electricity Plan also estimates the requirement of key inputs like Cement, Steel and other materials), manufacturing facilities assessments, infrastructure requirements for transportation of fuel, gas pipelines network, port development, railway infrastructure and also human resource requirement to meet the projected capacity addition. It also highlights the fuel requirement and its availability to meet the projected energy generation and its environmental impact (especially CO2 emissions). It provides indication of financial resources required for future NEP Plan period for capacity addition. This helps in modifying framing sectoral limits in Banking system and special dispensation on Limits for REC and PFC.

While formulating NEP, the latest global advancements in generation and transmission technologies along with their cost projection are considered. In addition, the global commitments towards mitigating climate change are also considered while planning for generation technology mix for future years considering gestation period and meeting load requirement with adequate reserves capacity to have reliable power supply.

The National Electricity Plan is finalized after detailed consultation with all the stakeholders in the power sector.

As mandated by the Act and the Policy, CEA has prepared the third National Electricity Plan for the period 2017-22 & Perspective Plan for the period 2022-27 wherein clear cut roadmap for Generation and Transmission capacity expansion has been covered keeping in view the electricity demand projections as per 19th Electric Power Survey. While projecting the future electricity demand, various demand side management measures planned for future years by various agencies are considered. The latest NEP also covers detailed generation capacity addition requirement and transmission capacity addition requirements, retirement plan of old plants and renovation and modernization of old plant etc.

The generation capacity addition planning in the third National Electricity Plan has been carried out considering the Government of India’s target to achieve 175 GW of Installed Capacity from Renewable Energy Sources (RES) by the year 2021-22. The added challenge of Grid Integration as Renewable Energy specially Wind and Solar is intermittent were also studied in detail and measures to overcome these challenges are highlighted. In view of high Renewable penetration in the National Grid, Issues like ramping requirement, Minimum Technical load for Thermal power plants, flexibility of thermal generation etc., been efficiently addressed in National Electricity Plan.

The NEP Volume I (Generation), Volume II (Transmission) are available on CEA website www.cea.nic.in .

New National Electricity Plan covering generation and transmission detailed plan for the period 2022-27 and perspective plan for the period 2027-32 is under preparation.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 2

The Committee note that apart from BE of ₹15,322 crore for 2021-22, there is a provision for raising Extra Budgetary Resources (EBR) to the tune of ₹9,300 crore specifically for DDUGJY (₹3,250 crore) and IPDS Scheme (₹6,050 crore), which is to be authorized by the Ministry of Finance. The Committee feel that as the provision of EBR would help in meeting the financial requirements of these two important schemes to a great extent, authorization may be obtained at the earliest. The Committee also desire that the Ministry of Power should make diligent and vigorous efforts to fully utilize the proposed EBR.

Reply of the Government

The Ministry of Finance has inprincipal decided to not allow to raise EBR, but to provide required resources in supplementary against BE of Rs. 5300 (for IPDS) & Rs. 3600 (for DDUGJY).

Note: if required, proposal for extra requirement in the above two flagship schemes may please be submitted during next supplementary.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 3

DeenDayalUpadhaya Gram JyotiYojana (DDUGJY)

The Committee note that budgetary provision for the year 2020-21 was ₹4,500 crore while the actual utilization was only ₹931 crore (upto 31.01.2021). During the period, an additional amount to the tune of ₹2,000 crore was also raised through EBR and utilized. The Committee do understand that due to the nationwide lockdown, the fund utilization could not be of a level as approved in the BE. Nonetheless, the Committee is also aware that DDUGJY scheme is available till fiscal 2021-22 only. Therefore, the Committee are of the view that all the works envisaged under the scheme should be completed before the end of fiscal 2021-22 by making up for the lost time during the COVID – 19 pandemic. The Committee, therefore, desire that the Ministry should pro-actively try not only to fully utilize the allocated funds but also to further accelerate the pace of implementation of the scheme, so that additional funds at the stage of RE, if required, can be demanded by them with ample justification.

Reply of the Government

The details of BE, RE and the actual expenditure for the year 2020-21 in respect of DDUGJY is given below:

(Rs. in crore)

BE	RE	Actual expenditure up to 31.03.2021
2020-21	2020-21	
4500.00	2000.00	4484.77 (GBS:1984.77 Cr & EBR: 2500 Cr)

The progress of the DDUGJY is reviewed regularly by the Ministry. Issues including COVID–19 pandemic related 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 DDUGJY scheme is in the sunset year and is available till financial year 2021-22, the Ministry has directed to all the concerned States to ensure early completion of sanctioned works and all possible help is extended to States for timely and effective implementation of the scheme including extensions of time line where required, permitting inter-se allocation of funds between inter-projects etc.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 4

The Committee note that apart from rural electrification, there are two other components of DDUGJY namely, separation of agriculture and non-agriculture feeders and Strengthening and augmentation of sub-transmission & distribution infrastructure. When the Committee asked for cumulative as well as yearly targets for these two components, they were surprised to find out that no cumulative, as well as yearly targets, have been assigned for them. However, the Committee were informed that the Government of India is impressing upon States for completion of all the components of DDUGJY, including separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure before the scheduled time. The Committee find it difficult to comprehend as to how the Ministry have been fixing annual budgetary provisions and monitoring the scheme in the absence of any physical targets. The Committee, therefore, recommend that the Ministry should make an objective and fair assessment of the quantum of work that still needs to be done under the scheme. The Committee also desire that all the envisaged works under the scheme should be completed before its sunset in fiscal 2021-22.

Reply of the Government

Under DDUGJY, the sanctioned projects including all the components are targeted for completion before its sunset in fiscal 2021-22. The performance of all the sanctioned projects and its components are reviewed regularly by the Ministry and all possible help is extended to States for timely and effective implementation of the scheme.

Most of the works sanctioned under DDUGJY-New projects have already been completed and the overall progress in the country is 94% as on 28.02.2021. The achievement under separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission &distribution infrastructure have generally been satisfactory considering a large focus towards expeditious completion of village and household electrification.

The progress in some of the States is slow due to reasons beyond control of the Project Implementing Agencies (PIAs) viz. delay in getting forest & railway clearances, land acquisition for sub-stations, Right of Way (RoW) issues, law & order issues, difficult terrain, restriction norms due to COVID-19 pandemic, harsh weather conditions, Assembly Elections, large-scale floods etc. 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 before its sunset in fiscal 2021-22.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 5

Integrated Power Development Scheme (IPDS)

The Committee note that Integrated Power Development Scheme (IPDS) is a central sector scheme which *inter-alia* envisages to strengthen sub-transmission and distribution networks in the urban areas, metering of distribution transformers / feeders / consumers in the urban areas and establishment of Real Time-Data Acquisition System (RT-DAS). The Committee observe that the work being undertaken would help in the reduction of AT&C losses in the country which are still high as compared to other countries. The Committee have been apprised that the Government is aiming to bring down AT&C losses to the level of 15%. The Committee also note that AT&C loss of one per cent amounts to approximately ₹6,959 crore. AT&C loss in the country was as high as 22.03% in FY 2018-19 which accounted for overall monetary value of AT&C losses in the power sector to the tune of ₹1,53,307 crore. The Committee feel that these figures are unsustainably high and necessitate the need to bring down AT&C losses urgently. The Committee, therefore, recommend that structured efforts should be made to reduce AT&C losses even below the level of 15% to match international thresholds.

Reply of the Government

IPDS scheme was launched by Government of India to supplement the resources of State Power Discoms/Power Departments by way of extending financial assistance against capital expenditure to address the gaps in Sub transmission & Distribution network, metering and IT enablement in urban areas. The aim of the scheme is to provide quality and reliable power supply in the urban areas. The main components of IPDS are i) Strengthening of sub-transmission and distribution networks in the urban areas; ii) Metering of distribution transformers / feeders / consumers in the urban areas and iii) IT enablement of distribution sector and strengthening of distribution network being undertaken under R-APDRP.

Out of the 547 circles sanctioned under IPDS, the sub-transmission and distribution system strengthening projects have already been declared complete in 497 circles. As for the other IPDS projects viz. IT phase-II, ERP, RT-DAS, Smart Metering and GIS substations, the works are under different stages of implementation in various Discoms. The overall impact of IPDS in terms of reduction of AT&C losses shall be observed/ visible upon completion of the projects and effective utilisation of different projects being implemented under IPDS for reduction of losses etc. by the State Power Discoms.

The Central Government , on 30.6.21, approved the Revamped Distribution Sector Scheme- A Reforms-based and Results-linked Scheme with an outlay of Rs.3,03,758 core and a Gross Budgetary Support of Rs.97,631 crore form Government of India over a period of five years from 2021-22 to FY 2025-26. The Scheme seeks to improve the operational efficiencies and financial sustainability of all DISCOMs/ Power Departments excluding Private Sector DISCOMs by providing conditional financial assistance to DISCOMs for strengthening of supply infrastructure based on meeting pre-qualifying criteria as well as upon achievement of basic minimum benchmarks by the DISCOM evaluated on the basis of agreed evaluation framework tied to financial improvements. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.

2. The Office Memorandum of Reforms-based and Results-linked Scheme, Revamped Distribution Sector Scheme has been issued on 20-07-2021 and 1st Monitoring Committee Meeting of the scheme was held on 23-07-2021 under the chairmanship of Secretary (Power) for finalization of guidelines of the scheme. The Guidelines of the Scheme has also been issued on 27.7.21

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 6

The Committee note that a provision of ₹5,300 crore which is equal to the previous year's BE, has been made for IPDS for the year 2021-22. The Committee further note that the fund allocation during the last five years under the scheme has been hovering around ₹5,500 crore. Since the sunset timeline of IPDS is fiscal 2021-22, the Committee hope that the Ministry will keep a constant watch over flow of expenditure and progress of the works so that the budgetary allocation does not constrain completion of all pending works under this scheme within the stipulated time and, if required, the Ministry may also request for additional allocation of funds at RE stage.

Reply of the Government

Ministry of Power had proposed a budgetary allocation of Rs. 11337 Crore at the time of BE against which an allocation of Rs. 5300 Crore only has been allocated under IPDS for the year 2021-22. Considering the sunset timeline of fiscal 2021-22, the estimated budget requirement (including funds required for conversion of loan into grant under R-APDRP) for FY 2021-22 is estimated to be around Rs. 11,337 Cr. Based on the progress and utilization of funds during the Financial Year 2021-22 and also keeping in view the sunset date of the scheme viz. 31.03.2022, the additional funds, if any, would be requisitioned at RE stage.

Expenditure Plan under IPDS for FY 2021-22:

(Amount in crore).

Scheme	BE	Q1 - Actuals	Q2	Q3	Q4	
IPDS	11337	400	836	2385	1679	

As on 31.11.2021, against the budget allocation of Rs. 5300 Cr. under IPDS, funds amounting to Rs. 1593.72 Cr. have been released by MoP.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 7

Grants for creation of Capital Assets

The Committee observe that under the head “Grants for creation of Capital Assets”, ₹2,980.50 crore were allocated under DeenDayalUpadhyay Gram JyotiYojana (DDUGJY) and ₹2,640.00 crore under Integrated Power Development Scheme(IPDS) for the financial year 2020-21. However, the expenditure upto 27.01.2021 had been ₹102.23 crore and ₹1,440.87 crore respectively under the scheme which is substantially less than the allocations made for the year and in all likelihood huge unspent balances will be registered under this head by the close of the financial year. Taking into account the fact that capital assets are fundamental requirements for infrastructure development and also such assets give long term base for further growth of the economy, the Committee would recommend that the Ministry should streamline implementation at ground level and execute their projects in a time-bound manner with close monitoring so that the allocated funds on such important head are not left unutilized.

Reply of the Government

Under IPDS, the entire budget (RE) allocated under the head “Grants for creation of Capital Assets” has been utilized for the FY 2020-21 and is as detailed below:

(Amount in Rs. Cr)

Budget Head	BE 2020-21	RE 2020-21	Actual Utilization in FY 2020-21 upto 31.03.2021
Grants for creation of Capital Assets	2640	2360	2360

As per the RE 2020-21 head “Grants for creation of Capital Assets”, Rs.1108 crore was allocated under DeenDayalUpadhyay Gram JyotiYojana (DDUGJY) and the same has been released by Ministry. This amount has been fully utilized as on 31st March, 2021.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 8

Allocation of funds for Tribal Area Sub-plan and Special Component Plan for Scheduled Castes

The Committee observe that for the financial year 2020-21, allocations for Tribal Area Sub-plan and Special Component Plan for Scheduled Castes under the Deen Dayal Upadhyay Gram Jyoti Yojana had been ₹387.00 crore and ₹747.00 crore. Similarly, under the Integrated Power Development Scheme, ₹400.00 crore under Tribal Area Sub-plan and ₹750.00 crore under Special Component Plan for Scheduled Castes had been allocated. In addition, ₹140.00 crore and ₹70.00 crore were allocated as loan under Special Component Plan for Scheduled Castes and Tribal Area Sub-plan for the financial year 2020-21. The analysis of the allocation of funds thus reveals that the aggregate allocation for SC and ST component under both the above schemes comes to ₹2,494.00 crore which is about 15.71% of the total budgetary allocation of ₹1,5874.82crore of the Ministry of Power for the financial year 2020-21. The Committee are however concerned to note that the aggregate expenditure upto 27.01.2021 on all the above schemes under SC and ST components had been only ₹1,044.01 crore. The Committee feel that allocations under SC and ST components are made with a view to provide electricity to the SC and ST communities in a mission mode so that the underprivileged sections of the society are provided with basic facilities to enable them to uplift their life standard and therefore, the Committee are of the view that not only full utilization of the allocated funds under these components need to be ensured but at the same time, it is also to be closely monitored that the intended objectives of such allocations of funds have been achieved. The Committee would therefore recommend the Ministry to have effective monitoring by way of collection of data from the field formations and respective Departments to undertake the cost-benefit analysis of the scheme and also to find out as to whether the objectives of such allocations have been achieved.

Reply of the Government

Under IPDS, Rs. 4000 Cr. had been provided under RE as against the BE of Rs. 5,300 Cr. The entire budget (RE) allocated under the head “Tribal Area sub-plan and Special Component Plan for Scheduled Castes” has been utilized under IPDS for the FY 2020-21 as detailed below:

(Amount in Rs. Cr.)

Budget Head	**BE 2020-21**	**RE 2020-21**	**Actual Utilization in FY 2020-21 upto 31.03.2021**
Special Component Plan for Scheduled Castes – IPDS Grant	750	450	450

Tribal Area sub-plan – IPDS Grant	400	150	150
Special Component Plan for Scheduled Castes – R-APDRP Loan	140	45	45
Tribal Area sub-plan – R-APDRP Loan	70	15	15
Total	1360	660	660

IPDS/ R-APDRP schemes are mainly focused on strengthening of sub-transmission and distribution network of urban areas/ IT implementation and have Universal coverage across Urban Power Distribution sector. The projects are being sanctioned by the IPDS Monitoring Committee of MoP as per scheme Guidelines.

Further, MoP is releasing funds under SCSP/ TSP component of IPDS/R-APDRP budget to beneficiary State Power Utilities based on percentage of State's SC/ST population (as per Census Data of 2011 for IPDS and 2001 for R-APDRP) as indirect proportionate utilization towards SCSP/TSP components. As such, identification and cost benefit analysis of individual beneficiaries of scheme may not be feasible under IPDS/R-APDRP.

During the financial year 2020-21, allocations for Tribal Area Sub-plan and Special Component Plan for Scheduled Castes under the DeenDayalUpadhyay Gram JyotiYojana was Rs.227.00 crore (11% of the total budgetary allocation) and Rs.403.00 crore (20% of the total budgetary allocation) respectively, and the same has been released by Ministry. These funds have been fully utilized as on 31st March, 2021.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 9

<u>Bureau of Energy Efficiency (BEE)</u>

The Committee note that our country is committed to an ambitious Nationally Determined Contributions (NDCs) of reducing emission intensity by 33-35% in 2030 against the levels of year 2005. The Committee alsonote that the Bureau of Energy Efficiency (BEE) is the nodal central statutory body to assist the Government in implementing the provisions of the Electricity Conservation Act. The Committee further note that there have been electrical energy savings of 147 Billion Units and a total cost savings worth ₹94,523 crores approximately, which is equivalent to the reduction in CO2 emission of around 161 Million Tonnes due to the Energy Efficiency Scheme/Programmes being run by the BEE. The Committee is also aware that the BEE have been assigned the task of implementing 'Go-electric'campaign – an initiative which promotes the usage of electricity to decrease our dependency on the imported fuel.

The Committee note that the BEE has been allocated ₹117 crore for 2021-22 which is slightly more than their previous year's allocation of ₹100 crore. Considering the importance of Energy Efficiency and Conservation programmes, the Committee have been emphasizing the need for expansion and intensification of energy efficiency programmes. For better utilization of budgeted funds for energy efficiency, the Committee would recommend the following:

(i) With increased budgetary allocation, BEE should augment its managerial and operational capacity to fully utilize the funds as they have not been able to fully utilize the allocated funds in the past.

(ii) The Ministry should provide all the necessary assistance to the BEE especially in persuading States to have a separate and exclusive State Designated Agency (SDA) for addressing the issues related to Energy Efficiency Financing and Energy Conservation Schemes.

Reply of the Government

(i) BEE could utilize the outlay allocated and it was sufficient to carry out activities. Funds are released by MoP on the basis of demand raised by BEE. BEE utilizes the funds as per activities planned. All efforts are made by BEE to utilize the funds for planned activities.

Moreover, BEE could achieve all set targets as proposed during the last five years. Hence, there is no shortfall observed.

At present the Budget provisions are adequate as the investment in energy efficiency projects are done by beneficiaries and the role of Ministry / BEE is to facilitate policies and capacity building activities. Enhancement in budgetary provisions for BEE, will further enable large scale implementation of energy efficiency programmes in the country.

Over a period of time, the activities of BEE have increased exponentially in comparison to the sanctioned manpower. With the sanctioned strength of 17 at beginning of establishment, BEE is at present is functioning with sanctioned strength of 29 and finding it difficult to meet the expectation at various fronts.

The absence of organized structure with regular technical manpower has also led to adversely impacting the growth of organization and its delivery mechanism.

To address the present issuer and to contribute in meeting India’s commitment to global community, it is very much essential that BEE augments its managerial and operational capacity and develop sustainable organization structure in line with similar national and international organizations. Under the guidance of Ministry, BEE has prepared a detailed proposal in this regard and the same is under consideration with Ministry.

(ii) The Ministry of Power (MoP), Government of India has time and again persuaded the State Governments / UT Administrations to establish Standalone SDA that would work exclusively towards Energy Efficiency and Energy Conservation. The Hon’ble Minister of State (I/C) for Power and New & Renewable Energy vide letter dated 27th August, 2018 had written to all State Governments requesting for establishment of Standalone SDA in their State.

This was followed by DG, BEE’s letter dated 28th November, 2018 to State Principal Secretaries. Recently on direction of Hon’ble Minister of State (I/C) for Power and New & Renewable Energy, a model organizational structure for

Standalone SDA has been drafted. MoP is in process of forwarding it to all State Governments for its adoption.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 10

Central Power Research Institute (CPRI)

The Committee note that a budgetary provision of ₹180 crore has been made for Central Power Research Institute (CPRI)for 2021-22. The Committee also note that for 2020-21 and 2019-20 there were provisions of ₹200 crore for each year. The Committee note that budgetary utilizations for 2020-21 and 2019-20 were ₹178 crore and ₹30 crore respectively. The Committee are aware of the compelling need for augmentation and intensification of Research and Development work specially related to Energy Storage, Integration of Renewable Energy into the Grid, Solar PV system, Cyber Security of the Power Sector, Waste to Energy, etc. which can make the Power Sector more efficient and less dependent on import. In view of this, the Committee strongly feel thatthere is a need toaugmentthe R&D activities in the power sector in the country. However, the Committee also find that the performance of CPRI during the last five years, in regard to utilization of allocated funds, has been lacklustre. The Committee, therefore, recommend that every effort should be made to expand their base of Research and Development so that allocated funds are optimally utilized and the country gets the advantage of the latest technological developments in the energy sector.

Reply of the Government

The provision of Rs 200 crore in BE 2020-21 for CPRI had to be reduced to Rs.80 crore in RE state as the procurement planned during 2020-21 could not materialize since the prospective bidders did not participate due to the pandemic (Covid 19). However, the entire outlay of Rs.80 crore was released to CPRI in 2020-21.

The budgetary estimate of CPRI 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. In the financial year 2021-22, a provision of Rs 180 Cr (Rs.155 crores for creation of Capital Assets and Rs.25 crores for R&D Schemes) has been kept for CPRI in the BE.TheRs 155 Cr budget provision for capital asset creation for R&D Infrastructure includes Augmentation of existing High Power Short Circuit test facilities, Establishment of New Unit at Nashik and Establishment of Smart Grid Research Laboratory.

In respect of R&D, CPRI has been receiving novel research proposals from various academic Institutes across India like IIT-Kharagpur, IIT-Delhi, IIT-Madras etc. on frontier areas of research such as Cyber Security, Renewable Energy, Energy Storage, Waste to energy, Grid Technologies and other areas covering Generation, Transmission & Distribution in the Power Sector. Around 175 research proposals with an outlay of Rs 71.89 crore has already been received by CPRI which are to be put up for evaluation of Technical Committees. To support the approved projects a budget of Rs 25.00 crore has been proposed for the R&D schemes.

As suggested by the Committee, every efforts are being made to expand their base of Research and Development so that allocated funds are optimally utilized and the power sector gets advantage of the latest technological developments. This would also help the manufacturers in quality product development and in turn will help the utilities to procure quality product ensuring 24*7 Power Supply for All.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 11

National Power Training Institute (NPTI)

The Committee note that the performance of NPTIin regard to utilization of allocated fundsfor the year 2016-17, 2017-18 and 2018-19 has been satisfactory in as much as they were able to fully utilize the funds. However, their performance during the last two years i.e. 2019-20 and 2020-21 has not been up to the mark. In 2019-20 they could utilize only ₹28 crore against the provision of ₹69 crore, whereas, in 2020-21 their utilization so far is nil, with the budgetary provision at ₹82 crore. They further note that for 2021-22, NPTI has been allocated a reduced amount of₹70 crore.

Despite the increased need for training in the Power Sector due to various reforms, rapid technological advancements and creation of large infrastructure, the Committee are surprised to note the decreasing trend of budgetary utilization by NPTI, especially in recent years. The Committee, during the examination of the Demands for Grants of the Ministry of Power for the preceding two years, have been emphasizing the need for augmentation of training facilities and increase in budgetary provisions in this regard. However, the Committee feel that NPTI must first strive to fully utilize the allocated funds purposefully so that training needs of power sector do not suffer on this count.

Reply of the Government

The grants support from Government of India to NPTI is restricted to contribution towards Pension Fund and Support for creation of Capital assets / Training Infrastructure. During the last two years, allocation of budget to NPTI has decreased due to the reasons given below.

Some training courses of NPTI has been discontinued in phased manner considering the less participation by the trainees and demand of the market. This has resulted in less budget utilisation.

A lot of PSUs and other private organisations have started their own training institutes, resulting in less no of participants for training course in NPTI. Expenditure on these accounts has accordingly been less.

Spread of covid-19 pandemic had impacted the training activities of NPTI very badly and most of the training activities were halted/cancelled due to restrictions imposed by the Government. This has resulted in less expenditure by the organisation.

The matter for utilization of plan funds has been deliberated in 43rd meeting of Standing Committee of NPTI held in March, 2021. The Standing Committee of NPTI has directed NPTI to:

- Establish a modern, state of art Training Centre on Cyber Security of global standards with hands on / Simulation facilities for trainees at NPTI, Faridabad. It will facilitate hands on training in cyber security for deployment of concerned Technicians / Officials to SLDC / RLDC and in other sensitive domains in the Power Sector, and
- Establish training facilities for New and Renewable Energy, SPF / Solar / Wind / Biomass / Biogas etc. in grid connected mode.

In addition to above, management of NPTI has been advised to review their training programmes as per the requirement of the market, add new courses/ training programmes in their curriculum, to constitute an advisory board for each institute to guide/advise for new course/change in course as per requirement of the stakeholders in their respective catchment areas and to do SWOT analysis to find the cause of the weak performance.

The above initiatives are expected to result in better performance of the Institute and the Ministry will support it by way of outlays on creation of Capital assets / Training Infrastructure.

Further, as suggested by the Committee, all efforts are being made to fully utilize the allocated funds purposefully in the year 2021-22 so that training needs of power sector do not suffer on this count.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 12

Smart Grid

The Committee note that for Smart Grids, an allocation of ₹40 crore only has been made for 2021-22. For the fiscal 2020-21 also, it was ₹40 crore, which was revised downward to ₹20 crore. However, Actual Expenditures for 2019-2020, 2018-19, 2017-18 have been as low as ₹ 6.10 crore, ₹ 7.13 crore, and ₹3.07 crore respectively. The Committee are, therefore, not happy with the financial performance under this head. Keeping in view the importance of this scheme, the Committee would, therefore, recommend that optimum fund utilization for Smart Grids must be ensured by the Ministry to enable timely completion of this project.

Reply of the Government

NSGM funds utilization is linked to the milestones achievement by the project implementing utilities. The fact of the matter is that since March, 2020, the pandemic Covid-19 and the resultant lockdown imposed by the Govt. had also an effect on the implementation of the projects by the implementing utilities. As there are delays seen in the field implementation which in turn delays the claims of the utilities thereby resulting in low expenditure. However, all sincere efforts are being put in for implementation of projects in faster pace and optimum fund utilization through regular reviews at NSGM and at MoP.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Comments of the Committee

(Please see Para No. 8 of Chapter-I of the Report)

Recommendation No. 13

Smart Meters

The Committee note that that Smart Meters have various advantages over the conventional electricity meters. Smart meters can record energy usage in near real time/15-minute intervals (configurable) and transmit data to the utilities constantly. Most importantly, smart meters enable two-way communication with the utility and the home/business and facilitate online energy audit etc. Smart meters can also help consumers monitor and regulate their consumption so they can save money on power bills. Due to these advantages, the Committee have been supportive of installation of Smart Meters all over the country expeditiously. The Committee are happy to note that the Ministry is also endeavoring to complete Smart Metering in the next three years with a window that it can be extended by two years for State-specific reasons to be decided by the State Regulatory Commission. The Committee believe that Smart Metering would not only increase the billing collection of DISCOMs but also empower the end consumers to manage their spending on electricity. It seems to be a ‘Win-Win’ situation for both the parties. The Committee, therefore, recommend that the Ministry should take Smart Metering drive in a time-bound mission mode as done in case of village electrification and providing electricity connection to households.

The Committee are however surprised to note that for Smart Metering, no fund has been allocated for the financial year 2021-22. In the last financial year, there was a token allocation of ₹10 lakh only. The Committee, desire that the work related to Smart Metering should be taken more seriously and expedited, and sufficient funds be allocated for the same to enable this consumer–friendly scheme to really take off.

Reply of the Government

NPMU is actively pursuing the implementation of smart metering in smart grid projects sanctioned under NSGM. For FY 2021-22, Rs.40 Cr. was allotted. The expenditure is linked to claims by the implementing utilities. The Smart Metering on prepaid model is being taken up in Reform Linked Distribution Scheme which is under the active consideration of this Ministry. The proposed “Revamped Reforms Based and Results Linked Distribution Sector Scheme” envisages elimination of human interface in metering, billing and collection to reduce AT&C losses, by introducing an end-to-end technological solution of Advanced Metering Infrastructure (AMI), covering the distribution system – consumers, feeders and distribution transformers. It will facilitate installing of smart prepaid meters for consumers and communicable meters for DTs & Feeders to be integrated with AMI system. Under the proposed scheme approx. 25 Crore Smart meters are expected to be installed with 10 crore prepaid smart meters proposed to be installed by December,2023. . There is further emphasis on such installation in PPP mode (DBFOOT), involving private participation, which will not only create investment opportunities for private sector but also provide fiscal space for Discoms to undertake large investments.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Comments of the Committee

(Please see Para No. 11 of Chapter-I of the Report)

Recommendation No. 14

The Committee note with concern the reply of the Ministry in regard to the actual reason for the incident of disconnection of 1.5 lakh home connections with smart meters during August 2020 in Uttar Pradesh. The Committee was informed during evidence that the Energy Efficiency Services Limited had investigated this incident and the disconnection was being done from HES (Head End System) and it has been moved to the MDM which is better practice. It was further stated that so far, they have not come to any conclusion relating to cyber security aspect or of any sabotage and EESL has been asked to take corrective actions. Since the country has decided to go ahead with the Smart Grid and Smart Metering technologies in a big way, the Committee are of the view that such issues could wreak havoc in the energy sector, if we are not prepared with a foolproof plan to timely avert them. As the Committee believethat the matter of cyber security of the Power System is very critical, they would recommend that the Ministry must take this issue more seriously and formulate effective and adequate safeguards in this regard.

Reply of the Government

The Bulk disconnection incident of 12th Aug 2020 has interrupted the smart meter installation; Primary cause being attributed is "Execution of command on all groups in place of target group' and command generated from HES (Head End System) instead of MDMS (Meter data Management System). Security audit of UP AMI system is being conducted through STQC and final report is awaited. EESL is carrying out UAT for the system. It may be noted that clauses related to cyber security and data privacy (clauses 3.7 and 3.8) have been adequately incorporated in the Standard Bidding Documents for Appointment of AMI Service Provider (AMISP) on OPEX model duly approved by HMoSP (I/C) in January 2021 which is available at https://www.nsgm.gov.in/sites/default/files/AMISP-Contract-January-2021.pdf.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Comments of the Committee

(Please see Para No. 14 of Chapter-I of the Report)

Recommendation No. 15

National Electricity Policy

The Committee note that the present National Electricity Policy was adopted in the year 2005. It aims at achieving the objectives such as access to electricity and availability for all households, power - demand to be fully met, per capita availability of electricity to be increased to over 1000, etc. The Committee observe that as most of the enunciated objectives of the National Electricity Policy, 2005 have already been achieved, it no more reflects the aspirations, challenges and dynamics of the fast-changing electricity sector. The Committee, therefore, stronglyfeelthat there is a need for the formulation of a new National Electricity Policy. During his deposition, the Secretary, Ministry of Power agreed to the proposal and apprised the Committee that the Ministry is considering amendments to this policy. However, the Committee would like to recommend that instead of making piecemeal amendments in the present National Electricity Policy, an altogether new Policy be freshly formulated according to the requirements of the changing power sector scenario, so that it can serve as a beacon light for the power sector as a whole and lay a coherent trajectory for its future growth and development.

Reply of the Government

An Expert Committee has been constituted by Ministry of Power for preparing draft National Electricity Policy 2021 on 12.4.2021. Interactions with all stakeholders including States representative were held in the month of May, 2021/ June 2021 to prepare and recommend National Electricity Policy, 2021. Comments received from various stakeholders on draft NEP, 2021 circulated on 27.04.2021, are under examination. Keeping in mind future growth and development of Power Sector as a whole, Expert Committee is working on making amendments in the present NEP. Expert Committee is expected to submit the draft NEP, 2021 by 12th August, 2021.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Comments of the Committee

(Please see Para No. 17 of Chapter-I of the Report)

Recommendation No. 16

Electricity Amendment Bill

The Committee note that the Government is intending for reduction in national Average Cost of Supply(ACS)-Average Revenue Realized (ARR) gap to zero by 2024-25. The Committee have been apprised that to provide a choice to the consumer for selection of power supply company by promoting competition and to deal with other issues, draft Electricity Amendment Bill 2021 is under finalization and will be sent for Cabinet approval. The Committee welcomes the endeavour of the Government, and are of the belief that it is a step in the right direction. However, they desire that diligent efforts be made to bridge ACS-ARR gap by bringing greater efficiency in the system and significantly reducing AT&C losses so that the need to raise tariff does not arise in the usual course.

Reply of the Government

Draft Electricity (Amendment) Bill 2021 has the provision of introducing competition in the distribution business and allows multiple distribution companies to supply electricity to consumers in the same area of supply. Consumers will have the choice to choose the supplier of electricity. Salient features of the proposed amendment are as under:

- Multiple distribution companies allowed to operate in same area of supply
- Choice to Consumer to choose any distribution company
- Distribution companies can use either its own distribution system or that of another company: Non-discriminatory open access to be provided.
- SERC to set ceiling tariffs for each category – Discoms free to sell power below the ceiling tariff. This will enable innovations in consumer service
- Registration with the Commission for supplying electricity
- Obligation to supply: for all registered companies in the area of supply.

Other areas of amendments include strengthening of regulatory commission and the APTEL, penalty for non-fulfillment of Renewable purchase obligation for promotion of Renewable energy etc.

The draft Cabinet Note on Electricity (Amendment) Bill, 2021 was circulated to eight Ministries/Departments for the Inter-Ministerial Consultation on 10.03.2021. Based on the comments received from concerned Ministries/Departments, the draft Electricity (Amendment) Bill, 2021 has been modified and sent to M/o Law & Justice (Legislative Department) for vetting.

After obtaining approval of the Union Cabinet the draft Electricity (Amendment) Bill, 2021 is planned to be introduced in the next session of Parliament.

Steps proposed for reduction AT&C Losses through amendment in Tariff Policy:

(i) In most areas Distribution systems are monopolies - there is no competition, which is the tool which normally incentivize increase in efficiencies. It is therefore the responsibility of the Regulatory framework to ensure that the burden of inefficiencies of the service provider is not passed on to the consumers. In order to ensure that the burden of inefficiencies of the Distribution Licensees is not passed on to the consumers the State Commission shall lay down a trajectory of AT&C loss reduction, and AT&C loss exceeding the given trajectory shall not be passed on in tariff.

The target for AT&C losses and the period to achieve should be decided, keeping in mind the present levels of AT&C losses and the technical losses. The technical losses may be estimated on the basis of the characteristics of the distribution system including the ratio of length of high tension to low tension wires, the proportion of energy supplied at high and extra high voltage, the intensity of electricity consumption, etc.

Where AT&C losses being passed on in tariff is 20% or more, the trajectory should be such that it is brought down to 15% in a maximum of five years. Where AT&C losses being passed on in tariff is less than 20% but more than 15%, the trajectory should be such that it is brought down to 15% in not more than three years. Further, AT&C losses shall be brought down to a level of 10% within five years of the reference date for achieving 15% AT&C losses. State Commission may provide suitable incentives to achieve AT&C losses below 10%.

Amendment proposed in Tariff Policy regarding average cost of supply:

(ii) No consumer should be asked to pay more than 20 % above the cost of supply approved at as above. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission will notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. This roadmap shall be notified within one year of coming into force of this policy.

The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the weaker sections of consumers than the mechanism of cross-subsidizing the tariff across the board. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

Recommendation No. 17

The Committee further desire that while amending the Electricity Act to provide choice to the consumer for selection of power Supply Company by promoting competition, the apprehensions and the issues flagged by the Committee in this regard in their 4thReport(16thLokSabha) on Electricity Amendment Bill, 2014, maybe addressed and taken into consideration.

Reply of the Government

The Electricity (Amendment) Bill, 2014 was introduced in the LokSabha on 19.12.2014. The Bill was subsequently referred to the Standing Committee on Energy for examination and report. The Committee had submitted its report on 7.5.2015. The stakeholders consultation was carried out on the revised draft proposed amendment to the Electricity Act, 2003. During the process deliberation/consultation at various levels was also carried out to finalize the Bill.

However, Electricity (Amendment) Bill, 2014 got lapsed due to dissolution of 16th LokSabha.

Budget announcements 2021-22 - Following announcement has been made in the Union Budget 2021-22 on 01.02.2021 for giving choice to the electricity consumers:

"The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company."

Pursuant to the Budget announcements, series of consultations were held with various stakeholders including State Governments, Electricity Regulators and Industry players. The proposed reform was also discussed in the Consultative Committee meeting held on 3.3.2021 wherein Hon'ble Members of Parliament welcomed the proposal.

Accordingly, draft Cabinet Note on Electricity (Amendment) Bill, 2021 was circulated to eight Ministries/Departments for the Inter-Ministerial Consultation on 10.03.2021. Based on the comments received from concerned Ministries/Departments, the draft Electricity (Amendment) Bill, 2021 has been modified and sent to M/o Law & Justice (Legislative Department) for vetting.

After obtaining approval of the Union Cabinet the draft Electricity (Amendment) Bill, 2021 is planned to be introduced in the monsoon session of Parliament.

The proposal for separation of carriage and content envisaged under Electricity (Amendment) Bill 2014 has been dropped as Electricity (Amendment) Bill, 2014 got lapsed due to dissolution of 16th Lok Sabha.

[Ministry of Power, OM No.F.No.10/1/2021(Part-I), Dated: 18/01/2022]

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

-NIL-

CHAPTER-V

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

-NIL-

New Delhi
15th March, 2022
Phalguna 24 , 1943 (Saka)

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

APPENDIX-I

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2021-22) HELD ON 15th MARCH, 2022 IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1030 hours to 1100 hours

LOK SABHA

Shri Rajiv Ranjan Singh alias Lalan Singh - Chairperson

2. Shri Sunil Kumar Mondal
3. Shri Velusamy P.
4. Shri Parbatbhai Savabhai Patel
5. Shri Dipsinh Shankarsinh Rathod
6. Shri Gnanathiraviam S.
7. Shri Bellana Chandra Sekhar
8. Shri Shivkumar C. Udasi

RAJYA SABHA

9. Shri Ajit Kumar Bhuyan
10. Shri T.K.S. Elangovan
11. Shri Muzibulla Khan
12. Shri S. Selvaganabathy
13. Shri Sanjay Seth
14. Dr. Sudhanshu Trivedi

SECRETARIAT

1.	Dr. Ram Raj Rai	Joint Secretary
2.	Shri R.K. Suryanarayanan	Director
3.	Shri Kulmohan Singh Arora	Additional Director

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

(i) Report on 'Action-taken by the Government on recommendations contained in the 6th Report (17th Lok Sabha) of the Committee on Demands for Grants (2021-22) of the Ministry of New and Renewable Energy'.

(ii) Report on 'Action-taken by the Government on recommendations contained in the 7th Report (17th Lok Sabha) of the Committee on Demands for Grants (2021-22) of the Ministry of Power'.

(iii) Report on 'Demands for Grants (2022-23) of the Ministry of New and Renewable Energy'.

(iv) Report on 'Demands for Grants (2022-23) of the Ministry of Power'.

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 Houses of the Parliament.

The Committee then adjourned.

APPENDIX-II

(*Vide* Introduction of Report)

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

(i)	Total number of Recommendations	17
(ii)	Observations/Recommendations which have been accepted by the Government:	
	Sl. Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14, 15, 16 and 17	
	Total:	17
	Percentage	100%
(iii)	Observation/ Recommendation which the Committee do not desire to pursue in view of the Government's reply:	
	- Nil -	
	Total:	00
	Percentage	00%
(iv)	Observation/ Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration:	
	- Nil -	
	Total:	00
	Percentage	00%
(v)	Observation/Recommendation in respect of which final reply of the Government is still awaited:	
	- Nil -	
	Total:	00
	Percentage	00%