

GOVERNMENT OF INDIA
MINISTRY OF POWER
RAJYA SABHA
UNSTARRED QUESTION NO.1113
ANSWERED ON 26.07.2022

REFORMS IN THE POWER SECTOR

1113 SHRI VIJAY PAL SINGH TOMAR:
SHRI HARNATH SINGH YADAV:

Will the Minister of **POWER**
be pleased to state:

- (a) whether Government has formulated any plan to bring reforms in the power sector in the country;
- (b) if so, the details thereof; and
- (c) the achievement made by Government in bringing reforms in the power sector of the country?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (c): Government of India have launched the Reforms-based and Results-linked Revamped Distribution Sector Scheme with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The scheme has an outlay of Rs.3,03,758 crore and estimated GBS from Central Government of Rs.97,631 crore. The financial assistance under the scheme is tied to reform measures and achievement of results thereof as per mutually agreed action plans.

The Government of India have made several interventions to improve financial and operational efficiencies of DISCOMs including Liquidity Infusion Scheme (LIS); Additional Borrowing of 0.5% of GSDP to States linked to power sector reforms; introducing additional prudential norms for lending by Power Finance Corporation (PFC) Limited and REC Limited based on performance of utilities.

Further Ujwal DISCOM Assurance Yojana (UDAY) was launched with an overall aim of operational and financial turnaround of State owned Distribution Utilities (DISCOMs) through efficiency improvements and financial restructuring in Generation, Transmission and Distribution Sectors. As a result, State Power Distribution Utilities have reported improvement which include (i) Reduction in Aggregate Technical & Commercial (AT&C) losses from 23.70% in FY 16 to 20.93% in FY 20; and (ii) Reduction of Average Cost of Supply (ACS) – Average Revenue Realised (ARR) gap from Rs.0.48 per kWh in FY 16 to Rs.0.30 per kWh in FY 20.

The major interventions made in bringing reforms in the power sector is at **Annexure**.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF UNSTARRED QUESTION NO. 1113 ANSWERED IN THE RAJYA SABHA ON 26.07.2022

- a. Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana – Saubhagya during October 2017, with the objective to achieve universal household electrification by providing electricity connections to all un-electrified households in rural areas and all poor households in urban areas in the country. Under the scheme, as on 31.03.2019, all States including West Bengal (except few households in Chhattisgarh) reported fully electrified. Since the launch of Saubhagya total 2.63 crore willing households were electrified. Subsequently, 18.85 lakh Households identified before 31.03.2019, which were unwilling earlier, later expressed willingness were electrified up to 31.03.2021. Further 4,40,893 households have been electrified as on 15.03.2022 under DDUGJY. Accordingly, till date, a total 2.86 crore households have been electrified after the launch of Saubhagya.
- b. Government of India launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in December, 2014 for rural electrification works including separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure, metering at distribution transformers / feeders / consumers and electrification of villages across the country.
- c. Ministry of Power notified the Electricity (Right of Consumers) Rules 2020 with the conviction that the power systems exist to serve the consumers and the consumers have rights to get the reliable services and quality electricity. These Rules lay down the time limits and standards for the various services to be provided by the Distribution Companies across the country, to provide services in accordance with standards or pay compensation to their consumers.
- d. Ministry of Power notified Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 to give huge relief to the DISCOMs, as well as electricity consumers and Generating companies which are also getting the benefit from assured monthly payments, which will help the whole power sector to become financially viable.
- e. Ministry of Power brought Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 into effect in order to ensure timely recovery of the costs due to change in law and to facilitate investments in the power sector.
- f. To optimize the resources at national level with national merit order dispatch and to enable realization of benefits of the flexibility provided to Inter-State Generating Stations (ISGS), the Security Constrained Economic Despatch (SCED) pilot scheme was implemented from 01.04.2019. From the start of the SCED pilot in April 2019 up to January 2021, the cumulative savings in generation cost on All-India basis was ₹ 1624 crores. It has resulted in higher capacity utilization of more efficient power plants. Consumers are entitled to demand supply of Green Power from Discoms. Discoms would be obligated to procure and supply green power to eligible consumers.

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- g. For unshackling the RE Sector, i.e. to remove barriers in availability and utilisation of RE and to address the issues that have hindered the growth of open access for a long time, Green Open Access Rules, 2022 have been issued. The Rules reduces the Open Access limit from 1 MW to 100 kW, which pave the way for small consumers also to purchase RE and there is no limit for Captive Consumers. Any consumer can demand supply of Green power from DISCOMs.
- h. Government of India had taken various steps for improvements in sub-transmission and distribution network and business processes of power distribution companies/boards/departments inter alia including extending financial support to them, aimed at improvement in power supply and reduction of Aggregate Technical and Commercial (AT&C) losses in the urban areas. Ministry of Power, Government of India notified "Integrated Power Development Scheme" (IPDS) on 03.12.2014 and subsumed ongoing "Restructured Accelerated Power Development and Reforms Programme" (RAPDRP) with IPDS. The Scheme has been closed on 31.03.2022 and all the works have been declared complete.
