

SHRI YOGINDER K. ALAGH : Yes, Sir, I am in your hands.

[Translation]

SHRI SATYA DEO SINGH : Mr. Speaker, Sir, there is great need of energy for the development of country. Today, the concern of the country is that we are not nationally utilising the energy which we are generating. Perhaps, that is why you have decided to set up an agency for energy conservation. According to section 59 of Electricity Act, State Electricity councils have been instructed to earn atleast 3% profit every year. Till now all state electricity councils have not earned 3% profit and the state governments also do not follow this. Till now, the Central Government has not made any arrangement or made an enquiry to implement this law. The arrangements which you are going to make for energy conservation you have mentioned about equipment. There is no proper system of distribution of every energy which you are generating and transmission losses have also increased. Pilferage is reported in distribution and for that pilferage consumers as well as your department are responsible.

I would like to know from the Hon'ble Minister through you whether there are any guideline regarding the Authority which you are going to set up. Have you taken into confidence the state governments before setting this Authority and before making rules and laws, because ultimately the entire responsibility of implementing this authority will be of the state Government.

SHRI YOGINDER K. ALAGH : I would like to tell the hon'ble Member that discussion are going on for the past 6-7 years on this proposed legislation and in this regard state governments were consulted eloboutely. Except one or two state governments most of them have welcomed this Act because firstly energy appliances will be standardised, audit will be conducted for energy intensive industries and standards will also be set for the energy equipments for generation or transmission of power. As I have said we will make full efforts for having Central legislation and I believe that when state governments set up such authority they will make provision for including the representative of the farmers as the pump sets equipments, diesel efficiency are the areas of concern and there are such tube lights and lamps which can give as much light while consuming less energy. We will make efforts that the Housewives also give their advice to this energy authority..... (Interruptions)

[English]

MR. SPEAKER : Please, Mr. Minister, you cannot go on explaining that please be precise. We have very limited time.

[Translation]

SHRI YOGINDER K. ALAGH : The hon'ble Member is interested that the energy conservation programme should be chalked out with State Governments only and to some extent State Governments themselves will implement these penalties.

[English]

SHRI PRADIP BHATTACHARYA : Sir, I would like to know from the hon. Minister what is the reaction of the State Governments with regard to taking the decision to set up such Commission.

SHRI YOGINDER K. ALAGH : As I have explained, Sir, almost all State Governments have welcomed it.

AN HON. MEMBER : What is 'almost'!

SHRI YOGINDER K. ALAGH : I think one or two States have expressed their reservation.

SHRI PRADIP BHATTACHARYA : Which are those States?

SHRI YOGINDER K. ALAGH : Jammu and Kashmir, I think, is one such State. They have also said that they are not opposed to it. But otherwise the State Governments have welcomed this legislation.

DR. RAM CHANDRA DOME : Mr. Speaker, Sir we are discussing an important issue, that is, conservation of energy. Conservation of energy is the nature's law. There is a law that dissipation of energy is there. Therefore, my pointed question is whether the government has made any sort of study to know (a) the rate of dissipation of energy and (b) the primary reasons for dissipation of energy in our country.

SHRI YOGINDER K. ALAGH : Sir, I assure the hon. Member that the Government will work within the laws of physics. But the concern here is very specific, that is, on the places of equipment and so on.

SHRI JAGMOHAN : Sir, the point is the implementation of the laws that you make. There is a section 59 of the electricity Supply Act of 1948 which makes it obligatory on the part of the State Electricity Boards to earn three per cent rate of return. If this law is being violated by every States Electricity Board and if it is being violated by the State Governments, where in the guarantee that the new Authority will be able to enforce these regulations?

SHRI YOGINDER K. ALAGH : Sir, the new Authority will do not of the its work through coordination and through publicity campaigns. For example, there are countries in the world where when energy conservation project is there, it is discused with the Chief Minister or the Governor of that State. These kinds of things are expected to have an impact. The enforcement part will be very specific and will be limited to abuse of equipment or labelling or standards, and we hope that it will be enforced.

[Translation]

Decontrol of Supply and Price of Fuel

*322. DR. RAMKRISHNA KUSMARIA : Will the Minister of POWER be pleased to state :

(a) whether the Government propose to decontrol the supply and the price of fuel for the private power producers;

(b) if so, the details thereof; and

(c) the time by when final decision is likely to be taken in this regard?

[English]

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE OF THE MINISTRY OF POWER (SHRI YOGINDER K. ALAGH):

(a) to (c) A Statement is laid on the Table of the House.

Statement

(a) to (c) **Liquid Fuel** : In order to establish additional power generation capacity in the short run. Government of India had decided to provide liquid fuel linkages to about 12,000 MW of liquid fuel based projects. Pricing of liquid fuel imports for these power plants would be outside the administered pricing mechanism and would not be linked up with the Oil Pool Account. The prices of these liquid fuels would be based on international prices, and would not have any element of subsidy. Apart from this liquid fuels are subject to the Administered Pricing Mechanism, for both public and private sector projects. Import of LSHS is however, permitted on OGL.

Natural Gas : The prices are fixed by Government. However, import of Liquid natural gas is permitted on OGL. These apply to all projects, for both public and private sector.

Coal : Prices of grades E.F.G grades of coal are fixed by the coal companies in accordance with the formula laid down by Bureau of Industrial Costs and Prices, Captive mining for power generation units is permitted. Coal can also be imported on OGL. These apply to all projects, for both public and private sector.

[Translation]

DR. RAMKRISHNA KUSMARIA : Hon'ble Speaker, Sir, I had asked a clear cut question whether the government propose to introduce the policy of decontrol for the power producers? The reply of Hon'ble Minister does not contain clear details regarding three types of fuel, i.e. liquid fuel, natural gas or coal. I had asked that whether the government propose to decontrol the supply and the price of fuel or not for the private power producers which they are demanding. Therefore, I would like the Hon'ble Minister to give a clear reply in this regard.

MR. SPEAKER : You have to give clear reply.

SHRI YOGINDER K. ALAGH : It is a clear reply. What more clarification do you want in this regard.

DR. RAMKRISHNA KUSMARIA : Fuel is the source of energy. It is very essential for power, Power has great potential for the development of our country. It can be irrigation. Power is required both for irrigation and industry. Therefore, It is essential for its supply that you give clear guidelines with regard to its control and supply. Has any such demand come from Power Supply Zones.

SHRI YOGINDER K. ALAGH : If you are talking about Naphtha there should not be any control over its import then I would like to say that the policy of Government of India in this regard is that there should be limited quantity of power generation based on Naphtha. However, the price will be fixed at international level. And its import will be as per the licences approved.

[English]

SHRI A.C. JOS : Sir, it is quite well known that Kerala is starving for power. With all the rains we have, our dams could not be filled and we are still short of power. Every-day loadshedding and power-cuts are going on. We are blessed with a lot of hydroelectric projects. But, unfortunately, the Environment Ministry is always putting some objection on us with the result that our Poyamkutty scheme is still in the cold storage. For the past 15 years we have been after the Government to sanction the Poyamkutty scheme. The Central Government has not sanctioned it. Desperately, now Kerala is going in for Naphtha-based and coal-based small as well as medium power projects. In the reply the hon. Minister has stated that he has calculated the liquid fuel to the extent of 12,000 MW. The reports are that the Ministry has not taken into consideration the needs of the small units that have sprung up in Kerala and also our major Kayamkulan project is there.

MR. SPEAKER : Please put the question.

SHRI A.C. JOS : Sir, my question is, considering the logistical fixation of Kerala, will the government be pleased to come out with a clear statement that Naphtha and other liquid fuel will be available for our Kayamkulan scheme and for a number of other schemes that have been submitted before the Government also?

SHRI YOGINDER K. ALAGH : Mr. Speaker, Sir, Kerala has been allocated 660 MW of fuel linkage and this has been issued by the Ministry of Petroleum and Natural Gas. As far as Kayamkulan project is concerned, it is an approved project and its fuel linkage has been taken care of. I would also like to inform the hon. Member that we are making provision this year for a fairly substantial amount of loan assistance for Kerala for the refurbishment of its existing hydel power plants so that they can work at a larger capacity.

SHRI A.C. JOS : In that case, why do you not sanction the Poyamkutty scheme also? ... (Interruptions)

SHRI ANIL BASU : Thank you sir, The position is that liquid fuel linkage should be provided to the independent power producers to the extent of 12,000 MW. Recently the reports from various newspapers say that the infrastructure which would be required to set up for supply of liquid fuel is to be put up by the independent power producers. The independent power producers are complaining that the cost of infrastructure should not be borne by them. That is why the power stations which were to be set up for this 12,000 MW of power by the independent power producers could not come up because there is no clear fuel policy of the Government of India. The independent power producers are objecting against bearing

the cost of infrastructure which will be required to supply the liquid fuel to them. What is the reaction of the government to this position of the independent power producers? I want to know whether the Government is contemplating to impose the cost of infrastructure on the independent power producers or whether the Government would make budgetary allocation from out of its own resources to provide fuel linkage to independent power producers.

SHRI YOGINDER K. ALAGH : Sir, the position of the Government of India on the liquid fuel projects has been very clear from the very beginning. (*Interruptions*) The independent power producers will have to pay the price of imported Naphtha depending on its international price. As far as the creation of the additional infrastructure is concerned, the Ministry of Petroleum and Natural Gas would like them to deposit some funds which will be adjusted in the final Naphtha price.

SHRI ANIL BASU : They are objecting.

SHRI YOGINDER K. ALAGH : I can understand the objective behind to it. It has always been understood that this will be expensive power. The Government does not think that there is any case for subsidizing this power.

[*Translation*]

PROF. RITA VERMA : Mr. Speaker, Sir, Hon'ble Minister is saying that after decontrolling the price at which power was produced, government will have no control over that. The Hon'ble Minister is also saying that they are encouraging Naphtha as a fuel. Naphtha is a very costly item and therefore, its use is not encouraged for power generation in any country of the world. I also know that our country is first one where experiment is being conducted to use this item for producing power. As is said :

[*English*]

Fools rush in where angels fear to tread.

[*Translation*]

This is what is happening. It seems that by using costly item we are going to make electricity a luxury item. Whether by doing so electricity will not be out of reach of the common people. I would also like to know from the hon'ble Minister that is it not the responsibility of government that not only more and more electricity be generated but it should also reach common people at low price, when you are not giving any subsidy on it.

SHRI YOGINDER K. ALAGH : Mr. Speaker, Sir, Hon'ble Member has rightly said that Naphtha-based power is costly power. The Planning Commission had conducted study in this regard last year. They have conducted study at four-five locations and arrived at the conclusion that the Naphtha based power would cost from Rs. 210 to Rs. 2.60.

PROF. RITA VERMA : We are going to import naphtha while naphtha based power is not produced in any other

country. Naphtha is not produced in our country and we are going to import naphtha.

SHRI YOGINDER K. ALAGH : Mr. Speaker, Sir, during Eighth Five year Plan adequate investment decisions had not been taken on coal and other resources and naphtha based power plants are being constructed within two months. As per the study conducted by the Planning Commission it would be in the interest of India if some limited quantities of power is produced by using naphtha.

PROF. RITA VERMA : The power will be much more costlier and how it would be in the interest of India. We can experiment about it in our country while power is not produced by naphtha in any country in the world.

[*English*]

MR. SPEAKER : You have already put three supplementaries.

PROF. RITA VERMA : I was just explaining my basic question.

SHRI YOGINDER K. ALAGH : Naphtha-based power do exist in a limited quantity.

[*Translation*]

PROF. RITA VERMA : You tell me the name of any country where naphtha based power is being produced. The policy of the Government is wrong. Government wants to make power a luxury item so that common man could not get power.

[*English*]

SHRI YOGINDER K. ALAGH : I will send you the information.

[*Translation*]

SHRI ANANT GANGARAM GEETE : Hon'ble Mr. Speaker, Sir, I would like to ask a very simple question from the Hon'ble minister. You are going to produce power by using naphtha, whether the use of naphtha would affect the environment?

[*English*]

MR. SPEAKER : The question should be short like this and the answer should be shorter perhaps.

[*Translation*]

SHRI YOGINDER K. ALAGH : The Government have equipments to handle the problems of environment.

SHRI LAKSHMAN SINGH : Sir, maximum power is produced with the natural gas and as per the policy of the Central Government four plants based on natural gas were sanctioned in Madhya Pradesh, but natural gas has not been provided. When they asked for naphtha, it was also not provided in adequate quantity to them. Apart from Madhya Pradesh, power is not being generated in other states also due to lack

of naphtha. I would like to know as to what steps the Government are going to take in this regard? Are you going to increase the allocation of naphtha or efforts are being made to increase it so that power generation of 1500 megawatt which is being affected due to lack of naphtha in Madhya Pradesh, could be prevented? What steps the Government is going to take in this regard?

SHRI YOGINDER K. ALAGH : Mr. Speaker, Sir, provision would be made for linkage of coal and gas fuel during the Ninth Five Year Plan.

[English]

DR. T. SUBBARAMI REDDY : Sir, we want a special discussion on fuel, because it is very important.

MR. SPEAKER : Today is the last day.

[Translation]

Free Power-Free Fall

*323. PROF. PREM SINGH CHANDUMAJRA : Will the Minister of POWER be pleased to state :

(a) whether attention of the Government has been drawn to the news-item appearing in the Financial Express dated July 18th, 1997 under the caption Free Power-Free Fall;

(b) if so, whether as per the study conducted in the country, 63% of power is being used without making any payment;

(c) if so, the reaction of the Government in this regard;

(d) the estimated percentage of payment actually made at the national level for using power?

[English]

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE OF THE MINISTRY OF POWER (SHRI YOGINDER K. ALAGH) : (a) to (d) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) On the basis of an assessment made by the Planning Commission, it is estimated that for the year 1996-97, the average cost and average revenue of supplying electricity per unit was 186 Paise and 147 Paise respectively. This implies cost recovery of 79 per cent. The non-recovery of full cost of supply can be attributed to several factors including low tariff prevailing in the agricultural and domestic sectors which account for 47% of the total sales but contribute only 15.4% of the total revenue, theft, un-metered supply etc. The State-wise details of sales revenue as a ratio of cost are given at Annexure-I. The State-wise details of auxiliary consumption and Transmission & distribution losses (including commercial losses) are given at Annexure-II & III respectively.

(c) and (d) Improvement of Plant Load Factor (PLF) and reduction of Transmission and Distribution losses would help in improving the financial performance of the State Electricity Boards and also result in better utilisation of capacity.

The Common Minimum National Action Plan for Power adopted on the basis of discussions held with Chief Ministers on 16.10.1996 and 3.12.1996 provides that the following measures would be undertaken by the State/UT Governments to rationalise retail tariff, improve PLF, reduce T & D losses and promote private sector participation in Distribution.

Rationalisation of Retail Tariffs

- (i) Determination of retail tariffs, including wheeling charges etc., will be decided by SERCs which will ensure a minimum overall 3% rate of return to each utility with immediate effect.
- (ii) Cross-subsidization between categories of consumption may be allowed by SERCs. No sector shall, however, pay less than 50% of the average cost of supply (cost of generation plus transmission and distribution). Tariffs for agricultural sector will not be less than fifty paise per Kwh to be brought to 50% of the average cost in not more than three years.
- (iii) Recommendations of SERCs are mandatory. If any deviations from tariffs recommended by it are made by a State/UT Government, it will have to provide for the financial implications of such deviations explicitly in the State budget.

Improvement of PLF

PLF of those thermal power stations having less than 40% PLF at present would be increased by 3% annually, by 2% in the case of those plants with PLF between 40 and 60% and by 1% for those plants with PLF over 60%. The overall PLF in the State sector in the country must come up to a minimum of 65% and the national average to 70% by 2002 A.D.

Metering arrangements to reduce Transmission & Distribution losses including commercial losses

Compulsory metering at sub-stations and on all major feeders would be introduced. Compulsory metering of all new electricity connections as also of connections to agriculture sector exceeding 10 HP will be under-taken and completed in two years. All electric supplies would be metered by 2002 A.D.

Private Sector participation in Distribution

State Governments agree to a gradual programme of private sector participation in distribution of electricity. The process of private participation shall be initially in one or two viable geographical areas covering both urban and rural areas in a State and the State may extend this to other parts of the State gradually.