

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:181  
ANSWERED ON:05.08.2005  
PRIVATIZATION IN POWER SECTOR  
Sujatha Smt. C.S.

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

- (a) whether the Union Government has made any assessment of the working of private power companies engaged in the task of distribution of power in several States;
- (b) if so, the areas of deficiencies noticed in their working, company-wise; and
- (c) the steps taken by the Union Government to monitor the working of these companies to ensure that goals of privatization in power sector are achieved?

**Answer**

THE MINISTER OF POWER ( SHRI P.M. SAYEED )

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 05.08.2005 REGARDING PRIVATIZATION IN POWER SECTOR.

(a) : No specific assessment has been carried out by the Union Government about the working of private distribution companies. However, the Union Government has been undertaking rating exercise of power sector in various States by independent rating agencies to evaluate the performance of the States. This exercise is carried out annually for a State as a whole. The result of rating exercise of year 2005 are at Annexure – I. Private distribution companies are functioning in States of Gujarat, West Bengal, Uttar Pradesh, Maharashtra, Orissa, Delhi and Kerala.

(b) : Distribution of power falls in the domain of the States. Private distribution companies have already been functioning over the years in Ahmedabad and Surat in Gujarat, in Kolkata and Dishergarh in West Bengal, Greater Noida in Uttar Pradesh, Mumbai in Maharashtra and Munnar in Kerala.

The State Government of Orissa and Government of NCT of Delhi have privatised distribution in 1999 and July 2002 respectively.

Under the provisions of Electricity Act, 2003 the State Electricity Regulatory Commission (SERC) grants licenses for distribution for electricity. As per section 42 of the Act, it is the duty of a distribution licensee to develop and maintain an efficient, coordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions of the Act. Under section 86 (i) of the Act, SERC has been entrusted the function of specifying and enforcing standards with respect to quality, continuity and reliability of service by licensees.

Assessment done by the Orissa SERC about the performance of the private Distribution Companies in Orissa is at Annexure - II.

Assessment done by the Delhi SERC about the performance of the private Distribution Companies in Delhi is at Annexure - III.

The present status of Aggregate Technical and Commercial (ATC) losses, Outage Duration Per Feeder and Reliability Index is given at Annexure-IV

(c) : Central Electricity Authority is monitoring, on a monthly basis, outages duration per feeder, number of outages per feeder and average duration of outages for state capitals and major towns. ATC losses for these cities are being monitored on annual basis. Attention of the State Governments is also being drawn on specific issues emerging out of annual rating exercise and concurrent monitoring for taking remedial measures. Regular meetings are also held with the State Governments. The objective is to improve the quality of supply and consumer satisfaction. Efficiency gains have to be achieved in distribution, both in the public as well as in the private sector in the country.

Section 42 (5) of the Electricity Act provide that every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission.

As per Section 42 (6) of the Electricity Act any consumer, who is aggrieved by non-redressal of his grievances under sub section (5), may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or

designated by the State Commission.

To enable the regular monitoring of redressal of grievances of consumers, the Electricity Rules 2005 notified by the Central Government prescribes that the Ombudsman shall prepare a report on a six monthly basis giving details of the nature of the grievances of the consumer dealt by the Ombudsman, the response of the Licensees in the redressal of the grievances and the opinion of the Ombudsman on the Licensee's compliance of the standards of performance as specified by the Commission under section 57 of the Act during the preceding six months. This report under sub-clause (a) above shall be forwarded to the State Commission and the state Government within 45 days after the end of the relevant period of six months.

#### ANNEXURE-I

ANNEXURE REFERRED TO IN PART (a) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 05.08.2005 REGARDING PRIVATIZATION IN POWER SECTOR.

#### POWER SECTOR RATING

S.No.	States	Total (100) March, 2005
1.	Andhra Pradesh	57.03
2.	Gujarat	53.61
3.	Delhi	51.91
4.	Karnataka	51.46
5.	Tamilnadu	50.94
6.	Goa	50.45
7.	Himachal Pradesh	49.91
8.	West Bengal	44.60
9.	Uttar Pradesh	42.14
10.	Chhattisgarh	39.91
11.	Rajasthan	37.50
12.	Maharashtra	37.25
13.	Punjab	36.82
14.	Haryana	35.16
15.	Tripura	31.65
16.	Kerala	31.48
17.	Assam	27.32
18.	Meghalaya	26.72
19.	Madhya Pradesh	22.79
20.	Sikkim	19.07
21.	Uttaranchal	18.60
22.	Nagaland	15.80
23.	Orissa	13.63
24.	Jammu & Kashmir	9.43
25.	Arunachal Pradesh	9.20
26.	Mizoram	7.88
27.	Manipur	6.55
28.	Bihar	5.78
29.	Jharkhand	3.00

#### ANNEXURE-II

ANNEXURE REFERRED TO IN PART (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 05.08.2005 REGARDING PRIVATIZATION IN POWER SECTOR.

ASSESSMENT MADE BY OERC ON THE WORKING OF PRIVATE DISTRIBUTION COMPANIES

Payment of Power Purchase Bill: All the Distcos except CESCO are regularly making payment against power purchase bills. CESCO is trying to overcome their deficiency in making full payment.

Consumer metering: The Commission, after long persuasion, has become successful to introduce 92.5% to 100% consumer metering for the individual Distco.

#### Feeder Metering

Name of Distco (%)	33 kv feeders (%)	11 kv feeders (%)	11/0.4kv transformers
CESCO	97.6	66.5	16.0
NESCO	100	100	98.2
WESCO	100	100	96.4
SOUTHCO	77.4	100	100

Asset Register: The Commission have made Distcos to submit asset registers.

#### Reduction of T&D losses

OERC has framed the formula for evaluation of AT&C loss which is of course inline with that of DERC. Orissa has got four distribution licensees namely Central Electricity Supply Company of Orissa Ltd. (CESCO), North Eastern Electricity Supply Company of Orissa Ltd. (NESCO), Western Electricity Supply Company of Orissa Ltd. (WESCO), Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO). Their AT&C loss is as under:

AT&C Loss	2002-03	2003-04	2004-05	2005-06
NESCO	52.25	50.36	42.96	39.55
WESCO	47.30	46.18	40.60	36.52
SOUTHCO	49.76	51.56	45.71	41.76
CESCO #	55.04	51.10	49.37	44.96

#### Tariff

There has been no spurt in tariff since 1st February, 2001 in Orissa for the year FY 2005-06, the existing tariff has been reduced in uppermost slab of domestic consumers.

# CESCO is being run through an Administrator appointed by the Regulatory Commission as AES, the US Company which took over management after privatisation failed to perform satisfactorily.

#### ANNEXURE-III

ANNEXURE REFERRED TO IN PART (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 05.08.2005 REGARDING PRIVATIZATION IN POWER SECTOR.

#### ASSESSMENT MADE BY DERC ON THE WORKING OF PRIVATE DISTRIBUTION COMPANIES

##### I. REDUCTION IN AGGREGATE TECHNICAL & COMMERCIAL (AT&C) LOSSES

All the three Distribution Companies (Discoms), namely, North Delhi Power Limited (NDPL), BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) have reduced their AT&C losses ever since they were privatised and their performance has been better than the targets assigned in the Policy Directions. The performance of NDPL in this regard has been better than BSES. During the last Financial Year itself, the NDPL has been able to reduce their AT&C losses by about 11%. The corresponding figures for BYPL and BRPL are 4.1% and 4.4%, respectively. The tabulated chart given below provides the targetted AT&C loss levels and the actual AT&C loss levels achieved, as on March 2003, March 2004 and March 2005.

(All figures are in %age)

Opening loss levels		2002-03	2003-04	2004-05	
BYPL	57.2	Target	56.45	54.7	50.7
Achievement	56.45	54.29	50.12		
BRPL	48.1	Target	47.55	46	42.7
Achievement	47.4	45.06	40.64		
NDPL	48.1	Target	47.6	45.35	40.85
Achievement	47.79	44.86	33.79		

## II. IMPROVEMENT IN PERFORMANCE PARAMETERS

- # Load shedding has gone down to 0.85% of the input Mus in 2004-05 compared to 2.32% of the input Mus at the time of privatisation.
- # The distribution transformer failure rate has been reduced to less than 1% today from 15% at the time of privatisation.
- # The average response time for attending to breakdowns has improved considerably.
- # Number of options available for payment of bills have increased manifold.

## III. REDRESSAL OF GRIEVANCES OF CONSUMERS

In accordance with Section 42(5) of the Electricity Act, 2003, all the three Distribution utilities have set-up their Forums. DERC has also appointed the Electricity Ombudsman in August, 2004 in compliance with the provisions of Section 42(6) of the Electricity Act, 2003.

- # 1558 complaints were received in the Forums till 31st July 2005 out of which 1319 complaints have been disposed off.
- # 1037 complaints have been decided in favour of the consumers. In 6 cases, Forums have recommended to DERC for imposition of penalty on the licensee.
- # 1303 complaints (83.6%) were related to metering and billing.

## ANNEXURE-IV

ANNEXURE REFERRED TO IN PART (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 181 TO BE ANSWERED IN THE LOK SABHA ON 05.08.2005 REGARDING PRIVATIZATION IN POWER SECTOR.

AT& C LOSSES OF PRIVATE DISCOMS (%)

Sl.No.	DISCOM	2002-03	2003-04	2004-05
1	Noida Power Co.(UP)	NA	NA	10.49
2	BSES (Maharashtra)	NA	NA	11.32
3	CESC (West Bengal)	19.60	18.00	17.16
4	AEC (Gujarat)	18.74	16.68	12.63
5.	SEC(Gujarat)	14.23	12.98	11.11
6.	Tata Power Company Ltd. (Maharashtra)	NA	#2.4%	NA
7	Dishergarh Power Supply Co. Ltd.(West Bengal)	6.266	5.68	5.0

# These are T&D losses

Losses for companies in Delhi and Orissa are given in Annexures II and III.

OUTAGE DURATION (IN MINUTES) PER FEEDER (11KV LEVEL) FOR STATE CAPITALS/TOWNS HAVING POPULATION MORE THAN 8 LAKHS

Sl.No.	PRIVATE DISCOM	Jan 05 to Mar 05
1	AEC (Gujarat)	115.44
2	SEC(Gujarat)	68.53
3	BSES (Maharashtra)	17.13
4	CESC (West Bengal)	53.04
5	Dishergarh Power Supply Co. Ltd.(West Bengal)	595.18 ##
6	New Delhi Power Ltd. (Delhi)	681.60
7	BSES Yamuna Power Ltd. (Delhi)	1281.78
8	BSES Rajdhani Power Ltd. (Delhi)	1378.38

## April 04 to June 04.

RELIABILITY INDEX (%) OF 11 KV LEVEL FOR STATE CAPITALS/TOWNS HAVING POPULATION OF OVER 8 LAKHS

Sl.No.	PRIVATE DISCOM	Jan 05 to Mar 05
1	AEC (Gujarat)	99.91
2	SEC(Gujarat)	99.95
3	BSES (Maharashtra)	99.99
4	CESC (West Bengal)	99.96
5	Dishergarh Power Supply Co. Ltd.(West Bengal)	@ 99.55
6	New Delhi Power Ltd. (Delhi)	99.47
7	BSES Yamuna Power Ltd. (Delhi)	99.01
8	BSES Rajdhani Power Ltd. (Delhi)	98.94

@ April 04 to June 04

Abbreviations:

BSES	Bombay Suburb Electricity Supply Company (Now Reliance Energy)
CESC	Calcutta Electricity Supply Company
AEC	Ahmedabad Electricity Company
SEC	Surat Electricity Company