

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:770

ANSWERED ON:17.08.2007

POWER TARIFF AFTER PRMATIZATION OF POWER DISTRIBUTION

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

(a) whether the Government is aware that complaints of faulty meter reading and inflated bills have increased after privatization of power distribution system in various States;

(b) if so, the steps being taken by Government to put a check on the said private companies; and

(c) the percentage increase in power tariff in various States after privatization of power distribution?

**Answer**

THE MINISTER OF POWER ( SHRI SUSHILKUMAR SHINDE )

(a) & (b) : Privatization of State Power Utilities comes within the purview of the State Governments. Distribution of electricity has been privatized in the National Capital Territory of Delhi and the State of Orissa. The distribution companies are regulated by the respective State Electricity Regulatory Commissions (SERCs) under the provisions of the Electricity Act, 2003. The Act provides for the setting up of a Consumer Grievance Redressal Forum by every distribution licensee in its respective area of operation. The Act also provides for constitution of an Ombudsman by the SERCs. The main function of the Ombudsman is to look into the non-redressal of grievances by the Grievance Redressal Forums. Under sections 57 and 86(1) of the Act, SERCs have also been entrusted the function of specifying and enforcing standards with respect to quality, continuity and reliability of services by licenses. The Delhi Electricity Regulatory Commission (DERC) and the Orissa Electricity Regulatory Commission (OERC) have notified Performance Standards.

DERC has informed that there have been complaints of faulty meter readings and inflated bills from consumers in the NCT of Delhi over the last two to three years which were primarily on account of perception of consumers regarding fast running electronic meters. Several meter testing drives have been conducted, which include drives conducted by the Distribution Companies (DISCOMs), by the DERC and also the Govt. of NCT of Delhi. All these drives showed that by and large, the electronic meters are functioning well within the limits set under the Indian Electricity Rules.

The drive conducted by DERC from 1st October 2005 to 10th January 2006 was done in association with the Central Power Research Institute (CPRI), Bangalore and the Bureau of Indian Standards (BIS). 536 meters were tested and only 4 were found to be recording higher consumption levels than the stipulated norms. The Public Grievance Cell set up by Govt. of NCT of Delhi has launched a third party meter testing drive in May, 2007 through CPRI.

The OERC has informed that instances of complaints of faulty meter reading and inflated bills have not come to its notice.

(c) : Tariff determination is the function of the Appropriate Electricity Regulatory Commission under the provisions of the Electricity Act, 2003. The cost of power to a consumer includes the overall bulk power purchase cost as well as transmission cost and the operational and financial performance of the DISCOMs i.e. Aggregate Technical and Commercial (AT&C) losses, operational expenses, capital investment for system upgradation/augmentation, consumer profile, subsidy and cross subsidy etc.

DERC has informed that in the NCT of Delhi, while there was no increase in over-all tariffs in 2002-03, tariffs increased by 5% in 2003-04. There was a further increase of 10% in the year 2004-05 and in 2005-06, tariffs increased by 6.6%. There has been no further increase in tariffs in the NCT of Delhi since 2005-06.

OERC has informed that privatisation of distribution of electricity in Orissa took place with effect from 1.4.1999. In the financial year 1999-2000, there was 4.5% rise in the overall retail tariff. The year 2000-01 witnessed a rise in retail supply tariff to the extent of 10.23%. There has not been any increase in retail tariff after 2000-2001.