

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1361

ANSWERED ON:11.03.2005

LICENCE TO POWER COMPANIES

Adsul Shri Anandrao Vithoba;Tripathy Shri Braja Kishore

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

- (a) whether US based power company AES has been assigned the job of distribution of electricity in various parts of the country;
- (b) if so, the details thereof;
- (c) whether the licence of said company has been cancelled by the Government; and
- (d) if so, the details thereof along with the reasons therefor?

**Answer**

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

(a) to (d) : AES of United States of America had acquired controlling interest of 51% in Central Electricity Supply Company of Orissa Ltd (CESCO) through AES Orissa Distribution Private Limited (AES) in September, 1999.

Grid Corporation of Orissa Ltd. under section 28 read with section 30 of the OERC Reforms Act, 1995 had filed a petition before Orissa Electricity Regulatory Commission (OERC) alleging that AES Orissa Distribution Company Private Ltd. had not taken appropriate steps to maintain the supply of electricity to the consumers in the area of supply of CESCO. OERC being satisfied that there was an urgent need to vest the management and control of CESCO in an appropriate officer to ensure maintenance of continued supply of electricity in CESCO area to protect the interest of the consumers and public, vide its order dated 27th August 2001 has appointed a nominated officer of the State Government to take over the management and control of CESCO and manage the electricity supply activities in the CESCO area till further orders.

While further hearing the case on 26th February, 2005, the OERC being satisfied held that circumstances exist to revoke the licence under Section 19 of the Electricity Act, 2003, in particular, on the ground that CESCO has failed to show to the satisfaction to the Commission that CESCO under the AES Management will be in a position fully and efficiently to discharge the duties and obligations imposed on it by the licence. The Commission, therefore, directed that the Distribution and Retail Supply Licence, 1999 (1 of 99) granted by the Commission to the Central Electricity Supply Company of Orissa Limited be revoked. However, the Commission has ordered that the Order of revocation of the licence be kept in abeyance for a period of 45 days to enable the stakeholders, namely, the consortium of AES Corporation and its Associates, if considered appropriate to finalise a scheme for revival of CESCO as per specified conditions. If the scheme as mentioned above is not received on or before 31.3.2005, the revocation shall take effect without any further hearing or proceeding.