

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3089

ANSWERED ON:19.08.2011

LOSSES OF SEBS

Mahtab Shri Bhartruhari;Reddy Shri Magunta Srinivasulu

Will the Minister of POWER be pleased to state:

- (a) whether huge quantum of losses are being borne by the State Electricity Boards (SEBs) and power distribution companies because of transmission and distribution losses;
- (b) if so, the details thereof, State-wise;
- (c) whether transmission and distribution losses are expected to go up in next ten years;
- (d) if so, the details thereof;
- (e) whether the Government proposes to conduct any enquiry to identify specific reasons for such losses; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) to (d) : Transmission & Distribution (T&D) losses as measure of grid losses were replaced with Aggregate Technical & Commercial (AT&C) losses for better clarity. AT&C losses have been reduced from 36.64% in year 2002-03 to 27.15% in year 2009-10. Details are placed at Annex.

The responsibility of reduction of losses in the distribution network lies with the State Governments and the Power Departments/Utilities. Losses taking place in distribution system also contribute to the losses of the State Electricity Boards and power distribution companies. According to M/s Mercados Report on 'Study on Specific Aspects of the Power Sector for Impact on State Finances' submitted to the Thirteenth Finance Commission, Govt. of India, the projected losses at constant nominal tariffs and without considering the subsidies have been worked out as Rs.116,089 crores for the year 2014-15. The primary reasons for (a) Commercial losses are operational inefficiency, leading to high AT&C losses, inadequate revision of tariff to cover cost of supply, pilferage/theft of power and non-disbursement of subsidy by State Governments to utilities, and (b) technical losses are overloaded networks, inadequate neutralization of reactive power by capacitors, load imbalances in 3 phase supply etc.

(e) & (f): Yes, Madam, a High Level Panel on 'Financial Position of Distribution Utilities' to look into the financial problems of the State Electricity Boards (SEBs) and to recommend system improvement measures has been constituted by the Planning Commission under the chairmanship of Shri V. K. Shunglu, Former Comptroller & Auditor General of India.

The Terms of Reference of the Panel are:

- (a) Review accounts of SEBs' and State Distribution Companies as on March 31, 2010 or earlier if updated accounts for the year ended March 31, 2010 are not available.
- (b) Review their Financial Position as on March 31, 2010, and in particular, losses incurred and projected distribution losses over the period April 2010 to March 2017.
- (c) Review Electricity Tariff including the role of (i) State Governments;(ii) State Tariff Regulator; and(iii)SEBs' /State Distribution Companies in periodic tariff revision.
- (d) Assess system improvement measures accomplished in distribution of power, in particular, in urban areas as well as future needs / plans.
- (e) Examine geographical and spatial compulsion and determine their operational impact.
- (f) Review organizational and managerial structure, manpower, employed and future requirements / plans.
- (g) To recommend plan of action to achieve financial viability in distribution of power by 2017.

The composition of the above High Level Panel is as follows :-

- (i) Shri V.K. Shunglu, former CAG - Chairman
- (ii) Shri S.K. Tuteja - Member
- (iii) CMD/PFC - Member
- (iv) CMD/REC - Member
- (v) Chairman, CEA or his representative - Member
- (vi) Three representatives from SEBs/Discoms - Members
- (vii) Pr. Adviser (Energy), Planning Commission - Convener