

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:258
ANSWERED ON:30.03.2012
PROBLEMS IN POWER SECTOR
Bajwa Shri Partap Singh;Sugumar Shri K.

Will the Minister of POWER be pleased to state:

- (a) whether the power sector is facing problems of fuel shortage, delay in getting various clearances, distorted tariffs, funding constraints etc., which are adversely affecting the sector;
- (b) if so, the details thereof;
- (c) the details of the steps being taken or proposed to be taken to address these issues;
- (d) whether any committee has been constituted to look into the plethora of problems being faced by the power sector; and
- (e) if so, the details and the present status thereof?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

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

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 258 TO BE ANSWERED IN THE LOK SABHA ON 30.03.2012 REGARDING PROBLEMS IN POWER SECTOR.

(a) & (b) : Inadequate availability of fuel, delays in environmental and forest clearances, financial health of State DISCOMs, inappropriate tariff structures amid rising cost of power procurement are some of the major concerns in the Power sector.

Ministry of Environment & Forests along with related State departments take time to conduct and evaluate studies as well as reports and grant of forest and environment clearance. Non-filing of ARR regularly by the DISCOMs and non-finalisation of tariff petitions under the Electricity Act, 2003 by Appropriate Commission have been impacting the power distribution sector.

(c) to (e) : The fuel availability issues are being addressed by the Ministry of Coal in consultation with its coal producing companies as well as concerned project developers and related Ministries including Ministry of Power. A Group of Ministers has been constituted to consider environmental and developmental issues relating to coal mining and other developmental projects. A Committee of Secretaries headed by Principal Secretary to Prime Minister has been set-up to deliberate and resolve the issues.

As regards addressing concerns relating to financial health of State DISCOMs, a conference of Power Ministers was held in July, 2011 during which the issue of financial viability of State DISCOMs was discussed and States were requested to make alleffortstoaddress these issues. An Expert Group to consider issues affecting the financial health of State Distribution Utilities has been set-up under the Chairmanship of Member (Energy), Planning Commission, Shri B.K. Chaturvedi, for suggesting measures to improve financial health of distribution utilities.

As regards tariff issues, the Appellate Tribunal for Electricity (APTEL) vide its judgment dated 8th November, 2011, has issued directions to State Electricity Regulatory Commissions for determination of tariff on an annual basis and also to ensure that the tariffs are decided before the beginning of the financial year. Directions have also been issued to initiate suo-motu proceedings in case of delays in filing of ARR beyond scheduled date for submission. Forum of Regulators and CERC have resolved to implement Model Tariff Guidelines which addressed issue of rationalization of tariff. Forum of Regulators has circulated Model Tariff Guidelines to SERCs for adoption.

A high level panel on `Financial Position of Distribution Utilities` to look into the problems of State Electricity Boards and to recommend system improvement measures was constituted by the Planning Commission under the Chairmanship of Shri V.K. Shunglu, Former Comptroller and Auditor General of India. The Panel has submitted its report to Planning Commission.