

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4658
ANSWERED ON:04.05.2012
PAYMENT DUES TO PSUS FROM SEBS
Ajmal Shri Badruddin

Will the Minister of POWER be pleased to state:

- (a) whether there are huge arrears of payments due to Central Public Sector Undertakings (PSUs) from the State Electricity Boards;
- (b) if so, the details thereof for the last three years, State-wise;
- (c) the mechanism/instruments available with the Government to deal with these mounting arrears; and
- (d) the success so far achieved in recovering these dues?

Answer

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

(a) & (b): As per the information available in Central Electricity Authority (CEA) in this regard, the outstanding dues payable to CPSUs during the past three (3) years i.e. as on 31.03.2010, 31.03.2011 & 31.03.2012 are of the order of Rs.5143.54 Crs., Rs.7337.61 Crs. & Rs.13,452.08 Crs. respectively. The details of the outstanding dues of SEBs/Discoms payable to CPSUs are enclosed at Annex-I, II & III.

(c) & (d): CPSUs have their own mechanism as per contractual agreements to deal with the arrears arising out of their sale of power with States utilities. However, to deal with this issue and with a view to improve the financial health of SEBs/Discoms which will also help them to deal with pending dues of the distribution utilities, Ministry of Power had also approached Appellate Tribunal for Electricity (APTEL) to address the timely rationalization of annual tariff.

The Appellate Tribunal for Electricity in its order dated 11th November, 2011 has issued following directions to the State Commissions` Every State Commission to ensure Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination on year to year basis as specified in regulations.

- (i) Every State Commission to ensure that tariff for the financial year is decided before 1st April of the tariff year.
- (ii) In case of delay in filing of ARR beyond schedule date of submission, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with section 64 of the Act read with clause 8.1(7) of the Tariff Policy.
- (iii) In tariff determination, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost should be allowed.
- (iv) Truing up should be carried out regularly and preferably every year.
- (v) Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should be preferably be on monthly basis but in no case exceeding a quarter.

Model Tariff Guidelines: Forum of State Regulators and CERC have also resolved to implement Model Tariff Guidelines, which address the issue of adequacy of tariff; FOR (Forum of Regulators) has circulated Model Tariff Guidelines to SERCs, for their adoptions. Now SERCs are required to adopt these tariff guidelines.