

12

STANDING COMMITTEE ON ENERGY

(2005-06)

FOURTEENTH LOK SABHA

MINISTRY OF POWER

**DEMANDS FOR GRANTS
(2006-2007)**

TWELFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
May, 2006/ Vaishakha, 1928 (Saka)**

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STANDING COMMITTEE ON ENERGY
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Presented to Lok Sabha on 22.5.2006

Laid in Rajya Sabha on 22.5.2006



LOK SABHA SECRETARIAT
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C.O.E. No. 157

Price: _____

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha
(Eleventh Edition) and Printed by

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2005-06)

Shri Gurudas Kamat - Chairman

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* Expired on 14th April, 2006

** Ceased to be Member of the Committee w.e.f. 2nd April, 2006, consequent upon his retirement from Rajya Sabha.

SECRETARIAT

1. Shri P.K. Bhandari - Joint Secretary
2. Shri B.D. Swan - Deputy Secretary
3. Shri Shiv Kumar -Under Secretary
4. Smt. Juby Amar - Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to submit the Report on their behalf, present this Twelfth Report (Fourteenth Lok Sabha) on Demands for Grants (2006-2007) relating to the Ministry of Power.

2. The Committee took evidence of the representatives of the Ministry of Power on 23rd March, 2006.
3. The Committee wish to express their thanks to the representatives of the Ministry of Power for appearing before the Committee and for furnishing the information that the Committee desired in connection with the examination of subject.
4. The Report was considered and adopted by the Committee at their sitting held on 17th May, 2006.
5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI,
17th May, 2006
27 Vaishakha , 1928 (Saka)

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	
INTRODUCTION.....	

PART-I

CHAPTER-I

Introductory	
--------------------	--

CHAPTER-II

Analysis of Demands for Grants and Plan Budget of the Ministry of Power	
---	--

- A. Plan Outlay.....
- B. Power Generation and Capacity Addition.....
- C. Slippage of Power Projects.....
- D. National Hydroelectric Power Corporation Ltd.(NHPC).....
- E. North Eastern Electric Power Corporation (NEEPCO).....
- F. Renovation & Modernisation of Power Plants
- G. Rural Electrification
- H. Supply of free/subsidized power.....

Statement of Conclusions/Recommendations of the Standing Committee on Energy contained in the Report.....	
---	--

PART-II

ANNEXURES

- I. Annexure I : Minutes of the 18th sitting of the Standing Committee on Energy (2005-06) held on 23rd March, 2006
- II. Annexure II : Minutes of the 19th sitting of the Standing Committee on Energy (2005-06) held on 17th May, 2006.

PART-I

CHAPTER – I

INTRODUCTORY

1.1 Electricity is a concurrent subject at Entry 38 in List III of the Seventh Schedule of the constitution of India. The Ministry of Power which started functioning independently with effect from 2nd July, 1992 is primarily responsible for the development of electrical energy in the country. The Ministry is concerned with perspective planning, policy formulation, processing of projects for investment decision, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal and hydro power generation, transmission and distribution.

1.2 The Ministry of Power is entrusted with the evolution of the general policy in the field of Energy. Under the Allocation of Business Rules, the Ministry is responsible for the following :-

- i) General Policy in the electric power sector and issues relating to energy policy. (details of short, medium and long-term policies in terms of formulation, acceptance, implementation and review of such policies, cutting across sectors, fuels, regions and cross country flows).
- ii) All matters relating to hydro-electric power (except small/mini/micro hydel projects of and below 25 MW capacity) and thermal power and transmission system network.
- iii) Research, development and technical assistance relating to hydro-electric and thermal power and transmission system network.
- iv) Administration of the Electricity Act, 2003 (34 of 2003) the Damodar Valley Corporation Act, 1948 (14 of 1948) and Bhakra Beas Management Board as provided in Punjab Reorganisation Act, 1966 (31 of 1966)
- v) All matters relating to Central Electricity Authority and Central Electricity Regulatory Commission.

- vi) Rural Electrification, Power Schemes in Union Territories and issues relating to power supply in the States and Union Territories.
- vii) Administrative control of Public Sector Undertakings, Statutory and Autonomous Bodies functioning under the Ministry.
- viii) Other Public Sector Enterprises concerned with the subject included under this Ministry except such projects as are specifically allotted to any other Ministry or Department.
- ix) All matters concerning energy conservation and energy efficiency pertaining to Power Sector.

1.3 In all technical and economic matters, Ministry of Power is assisted by the Central Electricity Authority (CEA). While the Authority (CEA) is a Statutory Body constituted under the erstwhile Electricity (Supply) Act, 1948, hereinafter replaced by the Electricity Act, 2003, where similar provisions exist, the office of the CEA is an "Attached Office" of the Ministry of Power. The CEA is responsible for technical coordination and supervision of programmes and is also entrusted with a number of statutory functions. It is headed by a Chairperson, who is also ex-officio Secretary to the Government of India and comprises six full time Members of the CEA of the rank of ex-officio Additional Secretaries to the Government of India. They are designated as Member (Thermal), Member (Hydro), Member (Economic & Commercial), Member (Power Systems), Member (Planning) and Member (Grid Operation and Distribution).

1.4 Following the enactment of the Central Electricity Regulatory Commission's Act (1998) since subsumed in Electricity Act, 2003 the Central Electricity Regulatory Commission (CERC) was constituted in July, 1998 with a Chairman & three full time members. The main functions of the CERC are to regulate tariff of Centrally owned or controlled generating companies, regulate inter-state transmission including tariff of transmission entities, to regulate inter-state Bulk Sale of Power, to advise the Central government in matters of tariff formulation policy, etc.

1.5 Badarpur Management Contract Cell (BMCC) is a subordinate office directly under the control of Ministry of Power and 13 subordinate offices under the control of Central Electricity Authority.

1.6 There are five Statutory Bodies, six Public Sector Undertakings, three Joint Venture Corporations, two Autonomous Bodies (Societies) under the administrative control of the Ministry. These are :-

a) STATUTORY BODIES (Non-Commercial) :

- 1) Central Electricity Regulatory Commission (CERC)
- 2) Appellate Tribunal for Energy (ATE)
- 3) Bureau of Energy Efficiency (BEE), New Delhi;

b) STATUTORY BODIES (Commercial):

- 1) Damodar Valley Corporation (DVC), Calcutta;
- 2) Bhakra Beas Management Board (BBMB), Chandigarh;

c) PUBLIC SECTOR UNDERTAKINGS :

- 1) National Thermal Power Corporation (NTPC), New Delhi;
- 2) Power Grid Corporation of India Ltd. (PGCIL), New Delhi;
- 3) National Hydro-electric Power Corporation (NHPC), Faridabad;
- 4) North-Eastern Electric Power Corporation (NEEPCO), Shillong;
- 5) Rural Electrification Corporation (REC), New Delhi
- 6) Power Finance Corporation (PFC), New Delhi;

d) JOINT VENTURE CORPORATIONS :

- 1) Satluj Jal Vidyut Nigam Limited (SJVN), Shimla (HP);
- 2) Tehri Hydro Development Corporation (THDC), Noida (UP);
- 3) Narmada Hydro Development Corporation (NHDC), Bhopal (MP)

e) AUTONOMOUS BODIES :

- 1) Central Power Research Institute (CPRI), Bangalore;
- 2) National Power Training Institute (NPTI), Faridabad.

1.7 Programmes and Schemes Implemented by the Ministry

- i. Secretariat : This scheme takes care of Establishment matters for the Secretariat of the Ministry of Power. Ministry of Power has 12 schemes under its administrative supervision as explained hereafter.
- ii. Central Electricity Authority : Provision under the scheme is made to the Central Electricity Authority coordinating the activities of the various agencies in relation to control and utilization of national power resources. It helps CEA in carrying out the survey and studies, collection and recording of data concerning generation, distribution, utilization and development of power resources.
- iii. Research and Development: Scheme of Research & Development is implemented through the Central Power Research Institute, Bangalore. CPRI serves as a National Laboratory for applied research in the field of electrical power and also functions as an independent authority for testing, evaluation and certification of electrical equipment and components.
- iv. Training: This scheme intend to impart training in various aspects of power stations, operation and maintenance and implemented through the National Power Training Institute's training facilities in the country.
- v. Central Electricity Regulatory Commission: Under the provision of the ERC Act, 1998, the Central Government has constituted the Central Electricity Regulatory Commission (CERC). The Central Commission is a statutory body with a quasi judicial status. The new Electricity Act, 2003 passed by the Parliament and notified in the Gazette of India on 2nd June, 2003 has come into force with effect from 10th June, 2003. The provision for the scheme is to meet the expenditure on establishment of CERC and other related costs.
- vi. Appellate Tribunal for Electricity: Under the provision of Electricity Act,2003,the Central Government has set up the Appellate Tribunal for Electricity. It will here appeals against the orders of the adjudicating officer or the Appropriate Commissions under the Electricity Act, 2003. The provision under the scheme is for meeting the forums' running expenses.

- vii. Interest Subsidy to Power Finance Corporation: Under the Accelerated Generation and Supply Programme (AG&SP) interest subsidy is given to SEBs for R&M of Power Plants and new Generation Schemes of State Sector. It is implemented through PFC and REC.
- viii. Consultancy charges for APDRP projects : A proposal for appointment of Advisor cum Consultants under APDRP has been made for studying the utility and effectiveness of APDRP Scheme. The scheme is meant for reduction of T&D losses, improvement in billing and revenue realisation require adoption of new technologies in the areas of IT, consumer indexing, GIS mapping, SCADA/DMS etc., for revival of distribution sector.
- ix. Funds for evaluation studies and consultancy: This scheme provides funds for evaluation of specific projects regarding upgradation & Strengthening of Sub-transmission & distribution network including energy accounting & metering in the distribution circles.
- x. Rural Electrification / RGGVY: This scheme of rural Electricity Infrastructure and Household Electrification has been introduced in April, 2005 for achieving the National Common Minimum Programme objective of providing access to electricity to all rural households over a period of four years. At present only 44% of the rural households have access to electricity. Improvement of rural electricity infrastructure is essential to empower rural India and unleash its full growth potential. Rural Electrification Corporation (REC) is the nodal agency for the programme. Under the scheme, projects can be financed with 90% capital subsidy for provision of Rural Electricity Distribution Backbone (REDB), Creation of Village Electrification Infrastructure (VEI) and Decentralised Distributed Generation (DDG) and Supply. REDB, VEI and DDG would also cater to the requirement of agriculture and other activities including irrigation pump-sets, small and medium industries, khadi and village industries, cold-chains, healthcare, education and IT. Under this scheme un-electrified below poverty line (BPL) households will get electricity connection free of charge, as per norms of Kutir jyoti Programme in all rural habitations.

- xi. Comprehensive Award Scheme: The scheme for awarding shields/ certificates is introduced by the Ministry of Power for outstanding performances of the Thermal Power Stations and Utilities.
- xii. Investment in Public Enterprises: Provision under the scheme is towards capital investment in the generation and transmission projects taken upon in the Central Sectors through CPSUs like NTPC, NHPC, NEEPCO, THDC, SJVNL, NHDC and POWERGRID.

1.8 The Minister for Power laid on the Table of the Lok Sabha, the detailed Demands for Grants (2006-07) relating to the Ministry of Power on 8 March, 2006. The detailed Demands for Grants, for the Ministry of Power show a budgetary provision of Rs. 6986.16 crore.

1.9 The Committee have examined the Demands for Grants of the Ministry of Power in detail. The Committee on their part fully endorse the Demands of the Ministry subject to their observations/recommendations, which are contained in the next Chapter.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS AND PLAN BUDGET OF THE MINISTRY OF POWER

A. Plan Outlay

2.1 Financial Performance of the Ministry of Power during the last three years

is as under:

(Rs. in crore)

Year	Budget Estimates (BE)	Revised Estimates (RE)	Actuals	Utilisation (in percentage)
2002-03	13483.00	11268.36	8649.22	76.76
2003-04	14668.00	12037.77	10741.30	89.22
2004-05	15630.37	14041.06	12947.57	92.21
2005-06	23013.90	19140.11	16358.22	71.08

2.2. The budgetary allocation of the Ministry during the year 2006-07 is Rs.

27623.70 crore as per the details given below:

(Rs. in crore)

Sr. No.	ORGANISATION/ SCHEMES	INTERNAL & EXTRA BUDGETARY RESOURCES (IEBR)	GBS	TOTAL PLAN OUTLAY
1	2	3	4	5
A. CENTRAL PLAN				
1.	N.T.P.C.	11325.00	0.00	11325.00
2.	N.H.P.C.*	1978.68	1204.96	3183.64
3.	POWERGRID	4649.00	200.00	4849.00
4.	D.V.C.	2302.69	0.00	2302.69
5.	T.H.D.C.	778.17	10.00	788.17
6.	S.J.V.N.	290.51	0.00	290.51
7.	P.F.C.	0.00	0.00	0.00
8.	P.T.C.	0.00	0.00	0.00
9.	NEEPCO	799.65	381.48	1181.13
10.	R.E.C.	0.00	0.00	0.00

Total -A		22123.70	1796.44	23920.14
B. MOP SCHEMES				
1.	AG&SP	0	598.00	598.00
2.	Rural Electrification Scheme	0	3000.00	3000.00
3.	N.P.T.I. (Training & HR)	0	11.00	11.00
4.	C.P.R.I. (Research & Testing)	0	33.02	33.02
5.	Programme & Infrastr-cture improvement of CEA	0	18.13	18.13
6.	Other MOP Schemes	0	43.41	43.41
Total -B		0.00	3703.56	3703.56
TOTAL CENTRAL PLAN				
		22123.70	5500.00	27623.70
GRAND TOTAL		22123.70	5500.00	27623.70

2.3 On being enquired about the financial requirements of the Ministry during 2006-07 and as finally approved by the Planning Commission, the Ministry of Power informed the Committee as follows:

(Rs. in crore)

Name of Orgn.	Outlay proposed by Ministry of Power			Finally approved by the Planning Commission		
	GBS	IEBR	Total	GBS	IEBR	Total
NTPC	0.00	11325.00	11325.00	0.00	11325.00	11325.00
NHPC	1374.45	1937.06	3311.51	1204.96	1978.68	3183.64
PGCIL	451.00	4649.00	5100.00	200.00	4649.00	4849.00
DVC	0.00	2302.70	2302.70	0.00	2302.69	2302.69
THDC	10.00	1255.67	1265.67	10.00	778.17	788.17
SJVN	0.00	338.00	338.00	0.00	290.51	290.51
NEEPCO	511.48	269.90	781.38	381.48	799.65	1181.13
MOP Schemes	4065.56	0.00	4065.56	3703.56	0.00	3703.56
	6412.49	22077.33	28489.82	5500.00	22123.70	27623.70

2.4 The Committee have been further informed that an outlay of Rs.1,43,399 crore comprising Rs.25,000 crore as budgetary support and Rs.1,18,399 crore as IEBR

has been allocated for the Ministry of Power for the 10th Plan. The details of 10th Plan outlays *vis a vis* year-wise expenditure during the first four years of 10th Plan are as given in the table below:

(Rs. in crore)

Name of Organisation	10 th Plan Outlay	2002-03 (BE)	2002-03 (Actual)	2003-04 (BE)	2003-04 (Actual)	2004-05(BE)	2004-05 (Actual)	2005-06 (BE)	2005-06 (Act. Up to Dec. 2005)
NTPC	61680 (GBS 3000, IEBR 58680)	3506 (GBS 167.63, IEBR 3338.37)	2945.26 (GBS Nil, IEBR 2945.26)	4501 (GBS 5, IEBR 4496)	4549.85 (GBS Nil, IEBR 4549.85)	4755 (GBS Nil, IEBR 4755)	5297.05 (GBS Nil, IEBR 5297.05)	8550 (GBS Nil, IEBR 8550)	3741.83 (GBS Nil, IEBR 3741.83)
NHPC	32226 (GBS 14200, IEBR 18026)	2925.89 (GBS 1800, IEBR 1125.89)	1830.74 (GBS 874.71, IEBR 956.03)	3269.72 (GBS 2131.14, IEBR 1138.58)	2087.11 (GBS 1388.42, IEBR 698.69)	2849.86 (GBS 1804, IEBR 1045.86)	2424.34 (GBS 1304.24, IEBR 1120.10)	3791.96 (GBS 1606.60, IEBR 2185.36)	1336.63 (GBS 574.09, IEBR 762.54)
PGCIL	21370 (GBS 1000, IEBR 20370)	3312 (GBS Nil, IEBR 3312)	2561.20 (GBS Nil, IEBR 2561.20)	2670 (GBS Nil, IEBR 2670)	2301.08 (GBS Nil, IEBR 2301.08)	3738 (GBS 300, IEBR 3438)	3216.18 (GBS 130, IEBR 3086.18)	4787.63 (GBS 419.38, IEBR 4368.25)	2363.78 (GBS 285, IEBR 2078.78)
DVC	13519.50 (GBS 10, IEBR 13509.50)	840.66 (GBS Nil, IEBR 840.66)	146.02 (GBS Nil, IEBR 146.02)	1450 (GBS Nil, IEBR 1450)	316.51 (GBS Nil, IEBR 316.51)	999.70 (GBS Nil, IEBR 999.70)	626.46 (GBS Nil, IEBR 626.46)	2373.51 (GBS Nil, IEBR 2373.51)	394.69 (GBS Nil, IEBR 394.69)
THDC	3646.50 (GBS 600, IEBR 3046.50)	1139.80 (GBS 146, IEBR 993.80)	339.68 (GBS 162, IEBR 177.68)	924.29 (GBS 467.31, IEBR 456.98)	560.05 (GBS 75.75, IEBR 484.30)	1248.76 (GBS 314, IEBR 934.76)	436.22 (GBS 8.05, IEBR 428.17)	656.29 (GBS Nil, IEBR 656.29)	595.12 (GBS Nil, IEBR 595.12)
SJVN	3254 (GBS 700, IEBR 2554)	653 (GBS 256, IEBR 397)	10.06 (GBS Nil, IEBR 10.06)	758.05 (GBS Nil, IEBR 758.05)	504 (GBS Nil, IEBR 504)	592 (GBS Nil, IEBR 592)	84.65 (GBS Nil, IEBR 84.65)	407.70 (GBS Nil, IEBR 407.70)	33.74 (GBS Nil, IEBR 33.74)
NEEPCO	4224 (GBS 2011, IEBR 2213)	375.76 (GBS 200.48, IEBR 175.28)	71.77 (GBS 49.26, IEBR 22.51)	414.49 (GBS 216.49, IEBR 198)	61.17 (GBS 21.26, IEBR 39.91)	482 (GBS 217, IEBR 265)	166.53 (GBS 149.35, IEBR 17.18)	996.79 (GBS 624, IEBR 372.79)	135.93 (GBS 100, IEBR 35.93)
PFC	--							--	
REC	--							--	
MOP Schem (Misc)	3479 (GBS 3479)	728.89 (GBS 728.89)	744.49 (GBS)	680.06 (GBS 680.06)	361.03 (GBS 361.03)	965 (GBS 965, IEBR Nil)	696.14 (GBS 696.14, IEBR Nil)	1450.02 (GBS) (1100 cr. Allocated later on)	861.98 (GBS)
Total	143399 (GBS 25000, IEBR 118399)	13483 (GBS 3300, IEBR 10183)	8649.22 (GBS 1830.46, IEBR 6818.76)	14667.61 (GBS 3500, IEBR 11167.61)	10740.80 (GBS 1846.46, IEBR 8894.34)	15630.32 (GBS 3600, IEBR 12030.32)	12947.57 (GBS 2287.78, IEBR 10659.79)	23013.90 (GBS 4100, IEBR 18913.90)	9463.70 (GBS 1821.07, IEBR 7642.63)

2.5 The Committee categorically desired to know from the Ministry the steps taken by the Government to ensure that investment proposals for 2006-07 for all PSUs are strictly achieved so that the project/schemes could be executed as targeted. The Ministry in a written reply submitted:

“The Ministry of Power has taken the corrective measures to ensure that the budgeted amounts earmarked at the BE stage are fully utilized during 2006-07. An intensified monitoring mechanism has been put in place as indicated hereunder:-

- (i) Weekly review by Secretary (P) of the status of investment approval new of projects. Constant follow-up with Finance Ministry and Planning Commission is taken up to expedite the same so as to ensure approval of the Competent Authority and thereby utilization of budgeted expenditure.
- (ii) Monthly review by Chairman, CEA of all projects.
- (iii) Three stage approval process of Hydro Projects to ensure adequacy of Survey & Investigation, creation of all essential infrastructure required for commencement of construction before accord of final approval by the CCEA.
- (iv) Comprehensive quarterly review by Secretary (P) of all status of all ongoing and new projects.
- (v) Representatives from Planning Commission and Programme Implementation
- (vi) Periodical reviews with States on Capacity addition/APDRP/Village electrification
- (vii) Periodic Inter-ministerial coordination meetings with M/o P&NG; M/o Coal; M/o E&F; M/o WR for expositional clearances for the projects.
- (viii) Periodic reviews with Private projects developers
- (ix) Periodic visits to States- Comprehensive individual review with the State Governments
- (x) Periodic project visits”

2.6 The Committee in their Fifth Report on DFG (2005-06) had recommended that the Government should take elaborate steps to ensure proper and uniform utilization of Plan outlays during the year. The Minister of Power while explaining the status of implementation of the recommendation in a Statement laid on the Table of the House in August, 2005 had stated that no shortfall is likely for schemes of Ministry of Power and it is expected that full utilization of fund will take place during the year 2005-06. However, the Committee observe that budgetary estimate of Rs. 23013.90 crore allocated during the year 2005-06 was reduced to Rs. 19140.11 crore at RE stage, out of which only Rs. 16358.22 crore , i.e., 71.08% could be utilized by the Ministry. The Committee take a serious note of the non-achievement of financial and physical targets by the Government inspite of assurance given by the Minister to Parliament and desire to be apprised of the reasons for the same. The Committee further desire that planning and close monitoring should be strictly done by the Ministry to ensure full utilization of allocated funds during the year 2006-07.

2.7 The Committee note that out of Gross Budgetary Support (GBS) of Rs. 25,000 crore for 10th Plan, only Rs. 7785.77 crore have been utilized by the Ministry during the first four years. For the fifth and last year i.e. 2006-07, the Government have proposed a GBS of Rs. 5500 crore. Similarly under IEBR category, the total expenditure in four years has been only Rs. 34015.52 crore out of the total 10th plan outlay of Rs. 1,18,399 crore. In fifth year allocation under IEBR has been placed at Rs. 22123.70 crore. Keeping in view the performance of the Government during the first four years of 10th Plan, it is very unlikely that the Ministry would be able to fully utilize GBS of Rs. 5500 crore and IEBR of Rs. 22123 crore. The Committee are very unhappy to note that 10th Plan Outlay would not be fully expended.

2.8 The Committee in the Fifth Report on DFG (2005-06) had also recommended that instead of revising the allocated budget at RE stage based on the performance of first two quarters of the financial year, it should be based on the utilization of the funds during the last financial year. The Minister of Power in his Statement laid on the Table of the House in August, 2005 had stated that the matter will be taken up with Ministry of Finance during RE discussion. The Committee would like to be apprised of the final outcome of the discussion held in the matter.

2.9 The Committee observe that out of total outlay of Rs. 143399 crore allocated for the Ministry of Power for the 10th Plan, Rs. 139920 crore has been earmarked for the scheme of investment in Public Enterprises. Provision under the scheme is towards capital investment in generation & transmission projects taken up in the Central Sector through Public Sector Undertakings like NTPC, NHPC, NEEPCO, THDC, SJVNL, BHDC & POWERGRID.

The Committee are surprised to note that allocated funds have not been fully expended by PSUs such as DVC & NEEPCO- the utilization is even less than 50% of the allocated funds. During the year 2002-03 Rs. 840.66 crore was allocated to DVC, out of this only Rs. 146.02 crore was utilized. Again during 2003-04, out of the allocated Rs. 1450 crore only Rs. 316.51 crore was utilized. Similarly for the year 2005-06, out of Rs. 2373.51 crore, utilization was only to the tune of Rs. 394.69 crore (till December, 2005). Similarly the achievement of NEEPCO was Rs. 61.17 crore against the target of Rs. 414.49 crore earmarked for the year 2003-04, and out of Rs. 482 crore, only Rs. 166.53 crore was utilized in 2004-05, utilization in 2005-06 was only Rs. 135.93 crore against the allocated Rs. 996.79 crore. Needless to mention, the under utilization of funds would have an adverse affect on the on-going and future power projects. The Committee would, therefore, like to impress upon the Ministry to ascertain the reasons of persistent under utilization of allocated fund and take remedial action for full utilization of allocated funds during the year. The Committee further desire that learning from the experience of the 10th Plan, planning for the 11th Plan be done in

such a way that there is proper utilization of funds during all the years of the plan period.

B. Power Generation And Capacity Addition

2.10 The all India installed capacity of electric power generating stations under utilities was stated to be 118419.09 MW as on 31.3.2005 consisting of 80902.45 MW thermal, 30935.63 MW hydro, 2770.00 MW nuclear, 2979.70 MW wind and 831.31 MW Renewable Energy Sources. This has increased to 124100 MW as on 15.3.2006. The details of the same are as under:-


Hydro	32,335 MW (26%)
Thermal	82,297 MW (66%)
Coal 68,433 MW	
Gas 12,663 MW	
Nuclear	3,310 MW (3%)
Renewables	6,158 MW (5%)
Total	1,24,100 MW

2.11 Explaining the increase in generation over the years, Secretary, Ministry of Power during evidence stated that during the years 2001 to 2003 a generation growth rate was 3.1 per cent to 3.2 per cent . It crossed the figure of 5 per cent in the year 2004-05. During the year 2005-06 generation growth rate was 5.2 per cent. The generation growth rate expected, during the year 2006-07 is above 5.8 per cent.

2.12 As regards the contribution of CPSUs in the generation, the following figures were submitted:

ORGANISATION	TARGET (BUs) 2005-06	ACTUAL (BUs) 2005-06 (April-Feb)	ACTUAL APR-FEB (2004-05) (BUs)	% AS PER CORRESPONDING PERIOD
NTPC	169.7	159.6	149.3	106.9%
NHPC	12.2	11.7	10.0	117%
NEEPCO	4.9	5.0	4.8	104.2%
DVC	13.1	11.3	9.7	116.5%
SJVN	6.9	3.8	4.9	77.6%
INDIRA SAGAR	2.2	2.5	1.3	192.3%
NLC	16.5	15.0	15.0	100%
NPCIL	16.8	15.8	12.2	129.5%
TOTAL	242.3	224.7	207.2	108.4%

2.13 The Committee while noting that though the generation has increased over the years but the same was not sufficient to meet the increased demand, when during the course of evidence asked about the reasons for low growth rate of generation vis-à-vis demand, the Secretary, Ministry of Power tried to explain:

“...This year with the efforts that we took on the coal import, we were able to reduce loss of generation substantially on account of coal shortage. It is only marginal at about 1.5 billion units only. the shortage on account of gas for our power stationsaggregates to about 12,000 MW. They were able to operate at 60 per cent plant load factor. As the Committee is aware, we had a joint meeting of the representatives from the Ministries of Petroleum, Coal and Power. This year the loss of generation on account of coal and gas, is likely to be of the order of 25 billion units. Up to February, if we did not suffer this loss of generation on account of coal and gas and primarily on account of gas which was 21 billion units, the growth in generation would have been nine per cent 

2.14 On being again asked about the steps taken to deal with this situation, the Secretary, submitted:

“...Several steps are being taken. This august Committee has also been guiding us on this by way of advising the Ministry of Non-Conventional Energy Sources so that in future the gas supply is augmented. But from the last review that the Ministry of Power had with the Ministry of Petroleum and Natural Gas it looks unlikely that before June, 2008, the KG Basin gas will flow. During this period there would be only a marginal addition in the gas production in the country from all groups put together. By June, 2008, the Petroleum Ministry says, starting from small quantities, the additional production may be of the order of 40 million cubic meters per day.”

2.15 The Committee have been informed that a capacity addition of 41,110 MW has been targeted for the 10th Five Year Plan, the Sector-wise details of the same are:

(in MW)

Source	Central	State	Private	Total
Hydro	8742	4481	1170	14393
Thermal	12790	6676	5951	25417
Nuclear	1300	-	-	1300
Total	22832	11157	7121	41110

2.16 The Ministry added that at the time of Mid Term Appraisal, a capacity addition of 36956 MW, against the target of 41110 MW, was found feasible during 10th Plan period as per the break –up given below:

(in MW)

Source	Central	State	Private	Total
Hydro	6177	4248	700	11125
Thermal	11070	7992	4199	23261
Nuclear	2570	0.00	0.00	2570
Total	19817	12240	4899	36956

2.17 As per the Ministry, at present, a capacity of 34024 MW is likely to be achieved during 10th Plan and the sector-wise and type-wise break-up of the same is as under:

Sector-wise:

(in MW)

	Original target	Units commissioned	Under Execution	Overall capacity addition now anticipated
Central	22832	8325	8900	17225
State	11157	4480.64	7420.02	11900.66
Private	7121	1378.80	3519.80	4898.60
Total	41110	14184.44	19839.82	34024.26

- Capacity addition during X plan is likely to exceed combined capacity addition during VIII and IX plans.
- The likely capacity addition is expected to be 34,024.26 MW which is about 83% of target.

Type-wise:**(in MW)**

	Original target	Units commissioned	Under Execution	Works to be awarded / under approval	Overall capacity addition now anticipated
Thermal	25417	8014.44	13215.72	0.00	21230.16
Hydro	14393	5580	4594.1	0.00	10174.1
Nuclear	1300	590	2030	0.00	2620
Total	41110	14184.44	19839.82	0.00	34024.26

2.18 The Ministry has informed the projects which are slipping since the assessment made during the Mid Term Appraisal of 10th Plan comprise mainly the gas based projects of Kawas, Gandhar and Monarchak in the Central Sector and Yamunanagar (600 MW) in the State Sector. In the hydro sector, the projects slipping since the MTA assessment are Sewa II(120MW) and Koteshwar(400MW) in the Central Sector and Jurala Priyadarshini(39 MW) in State Sector.

2.19 When asked about the reasons for the revision of target for the 10th Five Year Plan, the Secretary, Ministry of Power, during evidence explained:

“Some of the capacities during the Mid-term review and even subsequently we had to take out because of the total uncertainty in the gas supply. For example, 2800 MW NTPC power stations at Kawas and Gandhar could have easily come, in fact, it was to have come during the 10th Plan period, but it was taken out of the 10th Plan because of gas supply uncertainty. A few more projects in Gujarat for which financial closure was done and Power Finance Corporation and other institutions took keen interest and leading role and had to be postponed. Environmental clearance and all other things were in place, there was financial tie up in place, but then if the project does not have fuel linkage, how to proceed? Learning from past lessons, about 1500 MW capacity in Andhra Pradesh, they had a MoU with GAIL and they are getting it commissioned now but they would not have gas. So, some kind of projections which were put on gas, these developers decided not to proceed because when they all have invested money building the plant, they would not have the gas to run the power station. Gas based capacities did have and does continue to have that problem. For the future

we have suggested to all public sector, State sector as well as private sector that we have to be somewhat cautious for the future and that we plan capacity, decide to order the plant and machinery and implement the project only when we are 100 per cent sure that there is availability of gas.”

2.20 Explaining the progress made on this account he further added:

“We are pursuing each of these projects. As we draw closer, there are projects that have to be commissioned during the year like Tehri that we touch and go. They have reached the water level of 719 metres. When we reach 720 metres level, we would get on going with the commissioning activities. You may get into April if you get 725 metres and we will get into commissioning of Tehri. Subject to such last minute problems, this 34,000 and odd megawatts for the 10th Five Year Plan is the figure which we are not saying that any of these capacities is being postponed or is not being taken up for want of fuel linkage though it is a fact that once the projects are under construction and getting commissioned. If they do not get adequate fuel, they will run at a lower capacity. As I mentioned to you, 1500 megawatt capacity is under implementation and getting commissioned this year and early next year. In Andhra Pradesh, all of them will have very little gas supply in the initial years but they will be commissioned.”

2.21 The year-wise targets & achievements of capacity addition during 10th Five Year Plan were submitted to the Committee as follows:

	2002-03	2003-04	2004-05	2005-06	2006-07
Target	4109.10	5202.34	5245.52	6934.52	17974(Tentative)
Achievement	2858.10	3951.62	3948.92	3425.8 till 29.03.2006	-

(MW)

2.22 It may be seen from the above table that 53% of the anticipated target is slated for commissioning during the last year of 10th Plan.

2.23 Asked how could Government achieve the target, with only one year of the 10th Five Year Plan remaining, the Ministry of Power in a post evidence reply stated:

“The following efforts are being made for realization of targets:-

- The monitoring mechanism has been strengthened. The CEA has a nodal officer for each project, both at the conception stage as well as during execution. Progress of the projects is being reviewed on daily basis and corrective actions are taken wherever required.
- To resolve the issues related to supply of equipments to the power projects, meetings with BHEL has been institutionalized.
- Majority of the projects are to be executed by BHEL and BHEL has been clearly told that projects should be completed in the 10th Plan itself so that the projects could avail AG&SP subsidy benefits. Also, to avoid any slippage from the target of 2006-07, all the projects should be aimed at for completion by January,2007.
- To meet the last minute rush in the 2006-07, BHEL has agreed to deploy sufficient number of commissioning teams at the project sites.”

2.24 The Committee noted that existence of the capacity and its actual utilization , i.e. , power generation are two different issues. Hence, when asked whether these 34,000 MW will be available to the consumers or not because it will ultimately have an effect on the Gross Domestic Product ratio, the Secretary, Ministry of Power clarified :

“All the 34,000 megawatts will be available. Let us divide them into hydro, coal and gas. Coal stations, as we have mentioned in the past, and I would like to reconfirm, have reached a very good level of performance. For the country as a whole, it is 74 - 75 per cent. They give you power generation at that level. The hydro stations give at design energy level, they are all available and they give the generation. I am only mentioning about the gas stations, it is not the total 34,000 megawatts. Even today, if we leave out the commissioning that is taking place during the year or the next year, I mentioned that 12,000 megawatt plus capacity that we have is on a combined cycle gas based station. Of this, almost one-third remains unutilised because of the shortage. That issue is only with reference to the gas based stations. We are also in problem as regards the coal stations. In 2004-05, we lost more generation in coal stations. Therefore, we stepped up our import for 2005-06. On this import of coal, we have made a presentation to hon. Committee in the previous meeting. For 2006-07 also, the country is likely to face shortage of domestic coal supply. In fact, for 2006-07, we are preparing the

whole country for an import of 20 million tonnes because we are likely to have a shortage of 30 million tonnes of coal in 2006-07. It is not only that we are preparing the central public sector undertakings. We are preparing the State utilities as well particularly those who are near the post and not very much away. As regards gas, we have also asked people to import LNG and this again, we have shared it again with the Committee in the past. At this point of view, the LNG prices have shot up to the level of 8 to 9 dollar per million BTU. Still, the organizations which have the gas based stations are trying and they have not given up because we have regasification capacity in the country. At least two terminals can regasify some more liquefied natural gas. The moment our companies are able to tie up LNG import, maybe through this supplementary input of LNG, gas based plant capacity may be better utilised. But it is subject to what price they are able to get. I was not taking that point with reference to the entire 34,000 megawatts.”

2.25 On the issue of failure of the Government in achieving the capacity addition target of the 10th Plan, the Committee suggested that the States and Private Sector should have been assigned more responsibility and higher targets should have been set for them. When asked about the Government’s view in this regard, the Secretary, Ministry of Power replied:

“..In the last few years, we have been constantly discussing with each State. Sir, you are aware of the financial condition of the States. In the Government of India, we took a decision three years back that Power Finance Corporation support to Central sector organization need not be there because Central sector organizations, by and large, have come to a stage that they can access loan from external market, from financial institutions and from others. Therefore, the brief of Power Finance Corporation is that, by and large, they should concentrate on State sector, private sector. This was a major contribution from the Government of India, Ministry of Power on the subject which the hon. Chairman mentioned. In fact, we have been emphasizing and our Power Minister has been writing to the

hon. Chief Ministers that the Centre has come a long way to about 32 per cent of the total capacity. We might be almost 45-50 per cent of the total additional capacity that is getting created. Maybe, in the Eleventh Plan also, we may be about 45-50 per cent. But a State and private sector, sponsored through State, should contribute at least 50 per cent plus towards capacity addition programme. In doing so, whatever assistance is required from us, we have institutionalized a mechanism through which we are trying to get coal linkages, coal blocs allotment, environmental clearances for them because we have had bilateral meetings at the Secretary level. We are trying to help each State in not only bringing their proposal, we put Central Electricity Authority to assist them in preparing project reports and guide them. Beyond that, whatever assistance they require at the Government of India agency level, we are doing, not on one-time basis but in an institutionalized fashion. That is how, at least, this time they are able to add about 11,000-12,000 megawatt capacity. We are also not very happy like the hon. Chairman mentioned that the States should be contributing greater amount of capacity addition. We have been writing to the Chief Ministers that they should provide for allocations in their budget for capacity addition programme. In fact, in many cases, we put the Ministry of Power, Central Electricity Authority, to see that BHEL and States are able to decide quickly about capacity addition programme.”

2.26 The Committee are dissatisfied with the slow progress in capacity addition during the last four years of the 10th Plan and are apprehensive regarding achieving the targets fixed to the effect for the last year of 10th Plan. It has been assured to the Committee that Government would be able to achieve 90% of the targeted generation i.e. 36926 MW (targeted 41110 MW), which was revised during Mid Term Appraisal at 36956 MW. Now it has been stated by the Government that a capacity of only 34024 MW is likely be achieved during the 10th Five Year Plan.

Non-availability of fuels – coal and gas are stated to be the major reasons for non-achieving the targets. Though import of coal is being done yet the problem continues with gas based power plants. The Government failed to achieve the target during the year 2004-05 and 2005-06. Out of targeted 5245.52 MW, only 3948.92 MW capacity could be added, this further declined in the year 2005-06 – out of targeted 6934.52 MW the achievement was only 3425.8 MW.

The Committee are surprised to note that inspite of such poor performance in capacity addition, the target for the year 2006-07 has been kept at 17974 MW, i.e. almost 53% of the target fixed for 10th Five Year Plan. Though Government is planning to import coal and gas to meet the target, but still the Committee feel the target for the year 2006-07 is too ambitious. The Committee feel that instead of going in for the frequent revisions of targets, the Government should plan the capacity addition for each year properly, keeping in mind all the relevant factors like fuel supply, etc. The Committee feel that the Government has failed in terms of perspective planning. The scarcity of fuel was not sudden, the Government should

have foreseen it and should have planned accordingly. The Committee believe that the capacity addition targets for 2006-07 will be optimally achieved.

2.27 The Committee feel that one of the reasons for failure to achieve the generation target could be un-equal contribution of State and Private Sectors. The target for the Centre was 22832 MW whereas for State and Private Sector it was 11157 MW & 7121 MW respectively. The Committee, therefore, recommend that more responsibility in terms of capacity addition be assigned to the State & Private Sectors during the Eleventh Five Year Plan and the Centre can provide specific assistance to them, if needed. The Committee also desire that Ministry should examine the question of undertaking more and more new joint venture projects with the State Governments and the Private Sector to give the much desired impetus to power generation through these sectors.

C. Slippage of Power Projects:

2.28 The Committee note that the commissioning of power projects gets delayed and the power projects are slipping from one plan period to another. This results in time and cost escalation of the projects affecting the entire economy of the country.

2.29 In this backdrop, when asked about the cost & time overruns of projects which slipped from Ninth to Tenth Plan , the Ministry of Power furnished the following details:

The following Hydel Projects slipped from 9th to 10th Plan:

Sr. No	Name of Project Capacity Agency	Date of CCEA clearance/ investment decision	Commissioning schedule		Time over run	Project costs Rupees in Crores/ Price Level			Cost over run As per latest cost		Reason for time and cost over run
			Original	Latest		Original	Latest Appd	Latest	%age	Rs. Crore	
CENTRAL SECTOR											
1.	Tehri Stage-1 H.E .Project (4x250MW) THDC Uttaranchal	15.03.1994 19.11.2004	Mar-1999 1998-99	Mar-2006 2005-06	7 Yrs.	3391.40 (3/93)	6621.32 (03/04)	-	95.20	3229.92	R&R problem, ILO works and clouser of Diversion Tunnel T2 and due to mishaps on 02.08.2004 & 22.12.2004
2	Dulhasti HE.Project NHPC (3x130MW) J&K	10.11.1982 12.07.1989 29.10.1997	Nov 1990 (1990-91)	Dec 2006 (2005-06)	16 Yrs 1 months	183.45 (03/80)	3559.77 (11/96)	4827.65 (anti- pated)	2531.58	4644.20	Law and order problem, withdrawal of French Consortium, poor geological strata encountered in Head Race (Upstream) and rock burst leading to burial of TBM.
3	Nathpa Jhakri HE Project SJVNL (6x250 MW) HP	05.04.1989 10.05.1999	1994-95	2003-04	9 yrs	1678.02	7666.31	8187.71	387.9	6509.69	Landslide and need for rock stabilization work, flash floods in July/Aug 2000, rock fall in desilting chamber no. 3&4 during May, 2000 and rock fall in the desilting chamber no.4 during Sept- Oct 2002

4	Kopili Extn.-II HE Project NEEPCO (1X25 MW) Assam	27.7.1999	2001-02	Dec 2003 2003.04	1 Yr 9 Months	76.09	-	95.01	24.86	18.92	Leakage in Spiral Casing
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STATE SECTOR

Northern Region

5	Baspa-II HE Project (3x100 MW) HP	29.04.1994 16.01.1998	2001-02	2003-04	2 Yr 2 Months	949.23	-	949.23	Nil	Nil	Damage to bridge/roads due to flood affecting material supply to the project
6	Dhamwari Sunda H.E .Project (2x35MW) H.P. M/s. Dhamwari Power Co., Ltd	6.7.2001 (TEC)	2006-07	2010-11	4 Yr	439.96	439.96	-	Nil	Nil	Earlier delays owing to non-achievement of Financial closure by M/s DPCL.

Western Region

7	Ghatghar PSS HE Project (2x125MW) ID/Govt. of Mah.	11.8.92	1995-96	2006-07	11 Yrs.	620.78 (1992)	1184.60 (03/02)	1184.60 (03/02)	90.82	563.82	Delay in land acquisition. Delay in award of major works & delay in completion of lower dam. Flooding of Power House.
8.	Bansagar Tons PH-II & III (2x15 3x20) MPEB	31.7.92	1996-97	2006-07	9 Yrs.	51.06 (1991)	84.97 (97-98)	133.10 (3/2002)	160.67	82.04	Funds constraint. Delay in finalization of executing agency. R&R problem. Completion of dam to its full height (341.46 M) by irrigation Depatt. of M.P. Govt.
9.	Bansagar Tons PH-IV (2x10 MW) MPEB	31.7.92	1996-97	2006-07	9 Yrs.	51.06 (1991)	84.97 (97-98)	133.10 (3/2002)	160.67	82.04	Funds constraint. Delay in finalization of executing agency. R&R problem. Completion of dam to its full height (341.46 M) by irrigation Depatt. of M.P. Govt.
10	Maheshwar H.E .Project (10x40 MW) SMHPC M.P.	30.12.96	2001-02	11 th Plan	About 6 Yrs.	1569.27 (96-97)	1673.00 (4/2000)	-	6.61	103.73	Delay in finalization of executing agency, Equity gap, R&R problem, General price escalation.

11	Sardar Sarovar H.E. Project (6x200+5x50MW) SSNL Gujarat	5.10.88	1994-96	2002-07	11 Yrs.	1551.86 (86-87)	4614.00 (96-97)	5502.00 (2002)	254.54	3950.14	Resettlement problems, court case & withdrawal of World Bank funding
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Southern Region

12	Srisaillam LBPH ((6x150 MW) AP	01.09.1986	1993-95	2002-04	9 Years	418.00	-	2482.00	493.7	2064	Delay in erection of Generating units, HRT works and erection of Draft tube gates.
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Eastern Region

13	Balimela Extn. H.E. Project (2x75MW) OHPC	5.1.2001	2006-07	2006-07	Nil	200.09 (10/1998)	212.40 04/2000	212.40	5.80	12.31	Initial delays due to splitting of contract with Russian firm. Delays in supply of Generating units components, switch yard works. Delays in supply of 12 nos. Penstock expansion joints in place of earlier supplied expansion joints from Russia.
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North-Eastern Region

14	Karbi Langpi H.E. Project (2x50 MW) ASEB	24.9.1979	1985-86	2006-07	22 Yrs.	36.36 (09/76)	36.36 (09/76)	557.42 (12/04)	1433.05	521.06	Initial delays due to frequent change in executing agencies, shifting of project from state sector to private sector and then back to state sector and Funds constraints. Slow progress of dam concreting works.
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STATEMENT SHOWING DETAILS OF TIME OVER-RUN AND COST OVER-RUNS IN RESPECT OF THERMAL GENERATING PROJECTS SLIPPED FROM 9TH PLAN TO 10TH PLAN

			Commissioning Schedule			Estimated cost			
CENTRAL SECTOR									
NORTHERN REGION									
			Original	Actual/ As now expecte d		Original (Rs. Lakhs)	Latest (Rs. Lakhs)		
Auraiya CCGT Ph.-II UP/NTPC	GTs+ST	650	-	-	-	182080.58	-	-	Due to non-availab naphtha/ project could not be taken
Anta CCGT Ph.-II Raj/NTPC	GTs+ST	650	-	-	-	186229.45	-	-	-do-
WESTERN REGION									
Kawas CCGT Ph.-II Guj./NTPC	GTs+ST	650	-	-	-	-	-	-	-do-
SOUTHERN REGION									
Hyderabad CCGT AP/NTPC	GTs+ST	650	-	-	-	-	-	-	Project has been d
Neyveli FST Extn. TN/NLC	U-1 U-2	210 210	08/2000 02/01	10/02(A) 07/03(A)	26 29	159058	156623	0	i)Delay in placemen order for main pla was placed on 10 1998. ii)Delay in supply o Ash Plant refract Material. iii) Labour problem
EASTERN REGION									
Maithon RBC TPS Bihar/DVC	U-1 U-2	250 250	- -	- -	- -	-	-	-	Implementation of is yet to be taken u & M/s Tata Power venture.
STATE SECTOR									
NORTHE- EASTERN REGION									
Lakwa WH Assam/APGCL	WH-1 WH-2	47.5	-	-	-	-	-	-	Implementation of with reduced capac 30MW is yet to be

Name of project & Executing Agency	Unit No.	Capacity (MW)	Commissioning Schedule		Time over Run (In months)	Estimated cost		Cost Esc. (Rs. Lakhs) (%)	Broad reasons for delay
			Original	Actual/As now expected		Original (Rs. Lakhs)	Latest (Rs. Lakhs)		
CENTRAL SECTOR									
NORTHERN REGION									
Auraiya CCGT Ph.-II UP/NTPC	GTs+ST	650	-	-	-	182080.58	-	-	Due to non-availability of naphtha/gas, the project could not be taken-up.
Anta CCGT Ph.-II Raj/NTPC	GTs+ST	650	-	-	-	186229.45	-	-	-do-
WESTERN REGION									
Kawas CCGT Ph.-II Guj./NTPC	GTs+ST	650	-	-	-	-	-	-	-do-
SOUTHERN REGION									
Hyderabad CCGT AP/NTPC	GTs+ST	650	-	-	-	-	-	-	Project has been dropped.
Neyveli FST Extn. TN/NLC	U-1 U-2	210 210	08/2000 02/01	10/02(A) 07/03(A)	26 29	159058	156623	0	i)Delay in placement of order for main plant. Order was placed on 10 th August, 1998. ii)Delay in supply of Bottom Ash Plant refractory Material. iii) Labour problem.
EASTERN REGION									
Maithon RBC TPS Bihar/DVC	U-1 U-2	250 250	- -	- -	- -	-	-	-	Implementation of the project is yet to be taken up by DVC & M/s Tata Power Co. in joint venture.
STATE SECTOR									
NORTHERN-EASTERN REGION									
Lakwa WH Assam/APGCL	WH-1 WH-2	47.5	-	-	-	-	-	-	Implementation of the project with reduced capacity of 30MW is yet to be taken up.

Name of project & Executing Agency	Unit No.	Capacity (MW)	Commissioning Schedule		Time over Run (In months)	Estimated cost		Cost Esc. (Rs. Lakhs) (%)	Broad reasons for delay
			Original	Actual/ As now expected		Original (Rs. Lakhs)	Latest (Rs. Lakhs)		
Leimakhong DGPP Electricity Deptt., Govt.of Manipur	4	6	11/98	04/ 02(A)	41	11338	13424	2086 (18.40 %)	a. Delay in release of funds. b. Delay in transportation of heavy equipment to site due to heavy rains and land slides. c. Provision of inadequate security at site. d. Delay in completion of works of DG Building. e. Readiness of power evacuation system. f. Availability of fuel and Lub. Oil. g. Availability of water supply for operation of units. h. Unrest in Manipur.
	5	6	12/98	04/ 02(A)	40				
	6	6	12/98	04/ 02(A)	40				
				(*DG-1,2&3 have been commissioned in 9 th Plan)					
Rokhia GT Extn. Dept.of Power, Govt.of Tripura	7	21	03/02	07/02(A)	4	8517	8517	0	i)Transportation problem. ii) Repair of Generator Transformer which fell into the river bed (Dry) during transportation.
EASTERN REGION									
Tenughat TPS Bihar/TVNL	U-3 U-4 U-5	210 210 210	- - -	- - -	- - -	66910	-	-	Project could not be taken up due to:- - Paucity of funds - Delay in financial tie-ups. - Delay in placement of order for main plant & equipment.
IB Valley TPS Orissa/OPGC	U-3 U-4	210 210	- -	- -	- -	-	-	-	Project has been dropped.
NORTHERN REGION									
Pragati CCPP DVB	GT-2	104.6	01/02	11/02(A)	10	107730 (includes GT-1&ST also)	102388 (in(includes GT-1&ST also)	0	GT-2: Delay in receipt of GT-2 at site.
Valuthur GTPP TNEB	GT	60	02/02	12/02(A)	10	30100	-	-	Vibration in GT observed and to rectify this problem GT dismantled and sent to GEA works at Singapore.

2.30 The Committee desired to know about the steps to ensure timely commissioning of projects. In reply, the Ministry stated that projects are monitored by Ministry of Power and Central Electricity Authority. When asked about the reasons for slippage of some important projects such as Tehri, Dulhasti & Nathpa Jakri from one plan to another resulting in time & cost overrun inspite of monitoring by the Ministry & Central Electricity Authority, the Ministry in a written reply stated :

“Due to rigorous monitoring and continuous inter-action with the developers, the long delayed projects of Nathpa Jhakri HEP, Dhauliganga HEP have been commissioned and the remaining major projects with long history of cost and time overrun specially the projects of Tehri HEP and Dulhasti are likely to be commissioned in May,06 and September, 06 respectively. With this all the Central Sector projects with long history of time and cost overrun would be commissioned in the X Plan.”

2.31 The details of projects slipped during the 10th Plan are given below:

Sl. No.	Name of Project/ State/Organisation Nos. x size= Capacity MW	Unit No.	Capacity (MW)	Target at beginning of year	Reasons for slippage
Units slipped from the year 2002-2003					
1.	Tehri St. I Uttaranchal/THDC 4x250=1000 MW	4	250	03/2003	Laying of Rip-Rap material over dam from Asena Quarry. Closure of Diversion tunnel T2. and Resettlement & Rehabilitation. ILO works
	Total (1 Unit)		250 MW		

Capacity Programmed	:	585 MW
Capacity Commissioned	:	635MW(335+300*)
Capacity Slipped	:	250 MW

* Advance from the programme of 2003-04

Sl. No.	Name of Project/ State/Organisation Nos. x size= Capacity MW	Unit No.	Capacity (MW)	Target at beginning of year	Reasons for slippage
Units slipped from the year 2003-04					
1.	Dulhasti J&K/NHPC 3x130=390 MW	1	130	12/2003	Slow progress of HRT due to Geological problem
		2	130	01/2004	
		3	130	02/2004	
2.	Tehri St. I Uttaranchal/THDC 4x250=1000 MW	4	250	12/2003	ILO works. Closure of Diversion tunnel T2. and Resettlement & Rehabilitation.
		3	250	01/2004	
		2	250	02/2004	
		1	250	03/2004	
3.	Pykera Ultimate Tamil Nadu/TNEB 3x50 = 150 MW	1	50	03/2004	Transmission line: MOEF clearance has been resolved. Clearance received on 30.01.2004
Total (8 Unit)			1440 MW	Capacity slipped from the year 2003-04	

Capacity Programmed	:	3765 MW
Capacity Commissioned	:	2590 MW(2325+265*)
Capacity Slipped	:	1440 MW

* Advance from the programme of 2004-05

Sl. No.	Name of Project/ State/Organisation Nos. x size= Capacity MW	Unit No.	Capacity (MW)	Target at beginning of year	Reasons for slippage
Units slipped from the year 2004-05					
1.	Dulhasti	1	130	01/2005	Slow progress of Head Race Tunnel
		2	130	02/2005	
		3	130	03/2005	
2.	Dhauliganga Uttaranchal/NHPC 4x70= 280 MW	4	70	12/2004	Non-completion of Transmission line.
		3	70	01/2005	
		2	70	02/2005	
		1	70	03/2005	
3.	Tehri St. I Uttaranchal/THDC 4x250=1000 MW	4	250	12/2004	Mishap in shaft T-3 on 2.8.04 & 22.12.2004 affecting works.
		3	250	01/2005	
		2	250	02/2005	
4.	Pykera Ultimate Tamil Nadu/TNEB 3x30=150 MW	1	50	10/2004	Non-completion of Transmission line.
		2	50	12/2004	
		3	50	02/2005	
Total (13 Unit)			1570 MW	Capacity slipped from the year 2004-05	

Capacity Programmed	:	2585 MW
Capacity Commissioned	:	1015 MW
Capacity Slipped	:	1570 MW

2.32 Considering the huge losses in terms of time and cost, when the Committee asked about the action taken by the Ministry of Power to ensure that projects are commissioned as per schedule, the Ministry of Power in a written reply stated:

- ❖ 10th Plan capacity addition targets were finalized in consultation with the States and on the basis of the identification of individual project.
- ❖ Monitoring mechanism has been strengthened to achieve 10th Plan capacity addition targets. The Central Electricity Authority (CEA) has a nodal officer for each project, both at the conception stage as well as during execution. In addition, regular review meetings are being organized in the Ministry of Power. The nodal officer keep track of and facilitate resolution of problems which may delay the project by escalating the issue to appropriate levels for immediate resolution.
- ❖ Review meetings are held with project authorities for identifying bottlenecks and taking corrective measures.
- ❖ Visits are made by officers to the various projects under construction and various bottlenecks are identified and solution thereof are decided in consultation with the project authorities. In addition, High level meetings are held for major projects with the state authorities.
- ❖ Comprehensive Quarterly Review meetings are being held in CEA in order to review the status of 10th Plan projects by Ministry of Power.
- ❖ Meeting are held with major equipment suppliers and other major contractors executing the major works of dam, head race tunnel, power house etc., for solving the major constraints delaying the execution of the projects at project site/ their works.
- ❖ Detailed investigations are being carried out before the project is taken for execution to minimize geological surprises at the time of actual execution.

- ❖ Steps are being taken for tying up of necessary funds before commencement of the project execution so that there is no delay in project execution during construction.
- ❖ Efforts are being made to minimize contractual problems to avoid delays in project execution.

2.33 The Committee are constrained to note that power projects are regularly slipping from year to year- some projects such as Nathpa Jhakri took 9 long years for completion, Dulhasti HE Project which was scheduled for commissioning in 1990 is now targeted for commissioning in December, 2006, i.e., after 16 years. The cost overrun in terms of percentage has been 2531.58% for Dulhasti and 387.9% for Nathpa Jhakri Project. Similarly during the Tenth Five Year Plan, the capacity addition slipped has increased over the years. During the year 2002-03, 250 MW capacity slipped, this increased to 1140 MW in 2003-04 and 1570 MW in the year 2004-05. The Committee are at a loss to understand how this happened in spite of a monitoring mechanism in place with the Ministry and Central Electricity Authority. The Ministry has stated that “detailed investigations are carried out before the project is taken up for execution to minimize geological surprises at time of actual execution”. The Committee, however, note that one of the reasons for slippage of Dulhasti Project was poor geological starata and in case of Nathpa Jhakri – landslide, flood and rock fall in desilting chambers. The Committee wonder as to whether the detailed investigation in these cases were really carried out in a serious manner.

The Ministry further informed that steps are being taken for tying up of necessary funds before commencement of project execution. The Committee, however, note that Bansagar Tons PM-IV Project of MPEB & Karbi Langi HE Project of ASEB were delayed due to funds constraints. Similarly Tenughat TPS of Bihar could not be taken up due to paucity of funds. The Committee feel that there are serious lacunae in the monitoring mechanism of the Government and recommend that the monitoring mechanism be further strengthened. The

Committee feel that resolution of the problems identified by monitoring mechanism is not properly attended to. The Committee desire that problems should be resolved in a time bound manner. Detailed investigation in terms of geological feasibility be undertaken before taking up a project. The Committee further recommend that the Government should take advance measures to ensure that projects do not slip due to geological factors or funds constraints - leading to time and cost overruns. The Committee desire that the Ministry should conduct a full scale review of the causative factors that resulted in slippages in various projects during the last One and half decades and thereby come out with the corresponding schedule and financial overruns in these projects. The Committee would like to be apprised thereof.

D. National Hydroelectric Power Corporation Ltd.(NHPC)

2.34 National Hydroelectric Power Corporation Ltd.(NHPC) is a schedule “A” Enterprise of the Government of India with an authorized share capital of Rs.15,000 crore and an investment base of more than Rs.20,000 crore. NHPC was set up in 1975, and has now become the largest organization for hydro power development in India, with capabilities to undertake all the activities from conceptualization to commissioning of Hydro Projects. The main objects of NHPC include, planning, promoting and organizing an integrated and efficient development of hydroelectric, Wind, Tidal and Geothermal in accordance with National Economic Policy.

2.35 The Ministry has informed that approved outlay for NHPC during X Plan was Rs. 32226 crore which included Net Budgetary Support of Rs. 14200 crore. Expected utilization during X Plan is Rs. 12064 crore which includes Net Budgetary Support of Rs. 5935 crore.

2.36 The allocation and utilization of funds in regard to NHPC during the last four years is as follows:

		(Rs. in crore)				
NHPC		2002-03	2003-04	2004-05	2005-06	2006-07
	BE	2925.89	3269.72	2849.86	3791.96	3183.64
	RE	2600.93	2505.00	2653.28	2523.81	
	Actuals	1830.74	2087.11	2424.34	2040.54	

2.37 The above table makes it clear that there has been low utilization of allocated funds during these years, when asked about the reasons for this , the Ministry of Power in a post-evidence reply submitted:

Year	Reasons for low utilization
2002-03	<ul style="list-style-type: none">• Subansiri Lower, Sewa-II, Omkareshwar & Purulia PSS- Non availability of CCEA sanction• Partabti-II, Availability of CCEEA sanction at a later date than anticipated• Dulhasti- Less progress in HRT due to encountering of poor rock starta &

	<p>adverse geological conditions with heavy seepage of water</p> <ul style="list-style-type: none"> • Pakal Dul & Bursar – law and order problems at both the sites and non availability of sanction of Stage-II estimate of Bursar • Dhauliganga –I geological problems in surge shaft. • Chamera-III- Stage –II work hampered due to non availability of forest clearance
2003-04	<ul style="list-style-type: none"> • Purulia PSS- Non-availability of Government sanction for formation of joint venture and cost of the project. • Dulhasti- Less progress due to heavy ingress of water in head race tunnel and switch over from higher rate loans to lower rate loans • Omkareshwar- It was advised that flow of equity between NHPC and GOMP to flow on pari-passu basis as against full equity support by NHPC to be given upfront as assumed earlier. • Teesta Low Dam-III, Sewa-II and Subansiri Lower- Availability of CCEA sanction at a later date than anticipated for these projects and due to non settlement of JKPDG dues in case of Sewa-II, the budget was affected • Parbati-III, Chamera-III & Uri-II- Non-availability of CCEA sanction • Teesta Low Dam-IV -Stage-II works suffered due to change in layout of the project to avoid Mahananda Wild Life Sanctuary.
2004-05	<ul style="list-style-type: none"> • Teesta-V- Less progress in HRT due to adverse geological conditions and rescheduling of supply of E&M equipments. • Parbati-III, Chamera-III, Uri-II, Teesta Low Dam-IV, Siyom & Nimoo Bazgo – Non-availability of CCEA sanction • Dulhasti- Due to heavy ingress of water in HRT • Purulia PSS- Non-availability of sanction for formation of joint venture and project cost. • R&M of Power House –Non-finalization of bids as non of the bidders furnished the guaranteed output as per the tender specification. • Teesta Low Dam-III- Work hampered due to late receipt of formal forest clearance.
2005-06	<ul style="list-style-type: none"> • Parbati-II- Incessant snow fall and heavy rainfall during winter season. Flash flood in Higrail Nallah resulted in damage of access road to various adits, so excavation of Dam got delayed as such concreting could not be started. The work of Power House excavation has suffered due to back slop failure. Delay in cutting of trees by forest department. • Subansiri Lower- Resistance from the State Government & local persons had resulted in slow progress at Power House. • Siyom-Non-availability of CCEA sanction. TEC of the project has not yet been accorded. Also proposal for Forest clearance has not been submitted by State Government to MOEF. • Uri-II and Chamera-III-Availability of Government sanction at a later date than anticipated earlier i.e. 1st quarter and non-drawal of mobilization advance by the contractor. • Teesta Low Dam-IV and Parbati-III- Availability of CCEA sanction at a later date than anticipated and non-drawal of mobilization advance by the controller. • Kishanganga- Non-availability of Government sanction. • Teesta Low Dam-III- Due to adverse geological strata, back slope failure at Power House site. Highfloods in Teesta river before closure of 2nd stage diversion, work at cellular wall & barrage got delayed. • Sewa-II- Cofferdam washed away due to heavy floods resulting in delay in concreting. Less progress of excavation at site has delayed HM work.

2.38 When asked about capacity addition programme of NHPC during the 10th Five Year Plan and actual realization, the Ministry in a written reply informed:

“NHPC was given the target of capacity addition programme of 4357 MW during 10th Five Year Plan. However, the capacity addition was envisaged now is 2480 MW out of which 1580 MW has already been achieved.”

2.39 Details are given below:

Year Wise Targeted Capacity addition Programme (Physical) Since 2002-03 & actual realisation (till 31.12.2005)													
Sl. No.	Name of the Scheme	Capacity (MW)	2002-2003		2003-04		2004-05		2005-06		Total		
			Target	Achievements	Targets	Achievements	Target	Achievements	Targets	Achievements	Targets	Achievements	
1	Dulhasti	390											
2	Chamera-II	300	Nil	Nil	390						390		
3	Dhauliganga-I	280				300	300					300	300
4	Teesta-V	510					280				280	280	280
5	Teesta Low Dam-III	132										0	
6	Teesta Low Dam-IV	168										0	
7	Sewa-II	120										0	
8	Bav-II	37										0	
	Under J.V.												
9.	Indira Sagar Project	1000					500		500	1000		1000	1000
10.	Omkareshwar	520										0	0
11.	Purulia Pumped Storage Scheme	900										0	0
	Total	4357	0	0	390	800	580	500	1000	280	1970	1580	

2.40 The Committee noted that execution of some schemes of NHPC such are Sewa-II, Omkeshwar, Teesta Low Dam-III, Subansiri lower, Testa Low Dam-IV, Uri-II & Parbati-III & Kishan Ganga got delayed; when asked about the reasons for the delays and Government’s plan of action to deal with the situation, the Ministry of Power in a Post Evidence Reply stated:

“Taking upon implementation of these schemes got delayed due to delays in clearance process. The date-wise details of various clearances accorded in respect of these schemes is:

Name of Project	Env. Clearance	PIB meeting held on	CCEA sanction	Formal clearance forest	Remarks
Sewa-II	7.3.03	2.4.03	9.9.03	28.4.94	Project got delayed due to late receipt of sanction than originally envisaged.
Teesta Low Dam-III	16.7.03	7.4.03	30.10.03	7.4.04	
Subansiri Lower	16.7.03	14.3.03	9.9.03	12.10.04	Project got delayed due to late receipt of sanction than originally envisaged. Formal forest clearance was delayed because of NPV issue. Further works got slowed down due to local resistance.
Teesta Low Dam-IV	31.3.05	1.7.05	30.9.05		Delay in finalization of DPR due to change in layout of project to avoid Mahananda Wildlife Sanctuary thus delay in the CCEA.
Uri-II	13.8.04	9.5.05	1.9.05	NA	Project got delayed due to late receipt of sanction than originally envisaged.
Parbati-III	16.4.05	15.7.05	9.11.05	13.6.05	
Kishanganga	9.3.06	-	-	-	Government sanction is awaited. NHPC has formulated a revised scheme of the project to reduce the cost.

It was added that the Government has now streamlined the procedure for sanction of HE Schemes, as follows:

Time Schedule for appraisal and approval cycle for Power and Coal Project

(i)	Circulation of draft PIB Memo alongwith DPR, complete in all respects as per prescribed check list	Zero date
(ii)	Comments to be offered on draft PIB memo by Planning Commission and concerned Ministries/agencies	Five weeks
(iii)	Circulation of final PIB Memo by the Administrative Ministry, after incorporating response to comments issued by various appraising agencies	Two weeks
(iv)	Convening of PIB meeting after receipt of final PIB	Four weeks

	memo	
(v)	Issue of PIB minutes after the PIB meeting	Two weeks
(vi)	Circulation of draft CCEA Note	Four weeks
(vii)	Issue of comments by different Ministries/Departments on draft CCEA Note with approval	Two weeks
(viii)	Forwarding the proposal finalized by Administrative Ministry to Cabinet Secretariat for consideration by Cabinet/CCEA	Three weeks
(ix)	Meeting of Cabinet/CCEA and issue of minutes of Cabinet/CCEA	Two weeks
	Total	24 Weeks

Now there is no requirement of pre-PIB clearance and in-principle approval of Planning Commission. Time limits have been specified for each stage along with provision of trigger mechanism for moving on to the next stage.

Regular meetings are being held with MOEF and Suggestions have been given to them to expedite clearances of HE projects from environmental/ forest/wild life angles. As a result MOEF clearances have got expedited.

Further, the Government is contemplating to set up a Committee under the Chairmanship of Cabinet to examine the existing procedures relating to environment, forest and wild life clearances and give its recommendations to streamline the procedures.

Government had launched 50,000 MW HE initiative under which PFRs of 162 schemes over 16 states aggregating to about 48000 MW were prepared by various agencies under the overall guidance of CEA. 77 schemes, with low first year tariff upto Rs.2.50 per Kwh., aggregating to about 34,000 MW have been identified for taking up preparation of DPRs. This exercise would provide a ready shelf of projects for taking up implementation at subsequent stages.

Government is also taking advance action for identification of implementing agencies and projects, which would yield benefits during 11th Plan period and beyond.”

2.41 The Ministry has informed that NHPC has generated 10655.96 MUs up to 31.12.2005 and likely to generate 1582.16 MUs from remaining part of financial year 2005-06 (i.e. Jan. 06 to March 06) against the annual target of 11932 MUs. The Capacity Index upto Dec.' 05 was 98.71% against the annual target of 94.1% .

2.42 Generation from NHPC power stations have stated to be as follows:

(in MUs)

Name of Power Station	Generation upto December, 2005	Likely to be generated in balance period i.e. January to March 2006	Total expected generation 2005-06
BAIRASIUL	667.78	110.17	777.95
LOKTAK	449.88	115.84	565.72
SALAL	3050.97	301.19	3352.16
TANAKPUR	443.13	43.27	486.50
CHAMERA-I	2118.06	171.44	2289.50
URI	2038.96	507.47	2548.43
RANGIT	311.89	38.89	350.78
CHAMERA-II	1351.42	207.08	1558.50
DHAULIGANGA	223.86	87.82	311.58
TOTAL	10655.96	1582.16	12239.12

R&M Programme of NHPC

2.43 As regards the Renovation and Modernisation Plan under 10th Five Year Plan Rs. 20 crore was earmarked for R&M of Power Houses. Out of this only Rs. 1.61 core has been utilized till December, 2005. When the Committee desired to know the reasons for low utilization of funds and the plan of action to utilize these funds during the year 2006-07, the Ministry of Power in a post evidence reply stated :

“NHPC has already identified 2 power stations for renovation and modernization activity i.e. Loktak and Salal. The contract for R&M of Loktak Power Station has

been awarded to M/s LMZ Energy (India) Ltd. New Delhi on 6.7.2005 at R. 19.13 crore and notice inviting tenders (N.I.T.) has already been floated for R&M of Salal. Power Station.”

2.44 Again to this effect when asked about NHPC’s plan for the year 2006-07, the Ministry informed:

“NHPC has proposed an outlay of Rs. 22 crore for R&M works for the year 2006-07 from its Internal Resources. The budget estimate for the year 2006-07 is about Rs. 12.6 crore for Loktak HEP and Rs. 9.0 crore for Salal HEP.”

2.45 The Committee note with concern that out of Rs. 32226 crore allocated to NHPC for the 10th Plan, expected utilization is Rs. 12064 crore only. Similarly, there has been a huge shortfall in achieving the capacity addition targets. The reasons for under utilization of funds are stated to be delay in getting clearances for some schemes of NHPC such as Sewa-II, Omkareshwar, Teesta Low Dam III, etc. However, to overcome such delay, the procedure for the sanction of HE Schemes has now been streamlined and it would take 24 weeks for obtaining all the clearances. The Committee, therefore, strongly recommend that time schedule for giving clearances be strictly adhered to by all concerned. The Committee would like to be apprised in this regard as to how far this schedule is being adhered to.

2.46 The Committee note that out of Rs. 20 crore earmarked for Renovation and Modernisation of Power Houses under the 10th Plan only Rs. 1.61 crore has been utilized till December, 2005 by NHPC after the completion of four years of the 10th Plan. Now NHPC has awarded a contract of Rs. 19.13 crore for Loktak Power Station and tenders have been floated for Salal Power Station. The Committee fail to understand the reasons for lack of interest of NHPC in R&M schemes. The Committee find it astonishing that only two power stations have been identified for R&M during the 10th Plan and that too, at the fag end of the Plan period. The Committee, therefore, recommend that R&M of these two projects should be completed in a fixed time schedule. The Committee further desire that NHPC should formulate a well articulated perspective plan for the Eleventh Plan, so that the funds allocated are properly utilized and benefit of R&M Schemes is reaped in terms of increased generation.

E. North Eastern Electric Power Corporation (NEEPCO)

2.47 North Eastern Electric Corporation Ltd. (NEEPCO) was constituted in 1976 under the Indian Companies Act, 1956 with the objective of developing the power potential of the North Eastern Region of the country through planned development of power generation projects, which, in turn, would effectively promote the development of the North Eastern Region. Since then NEEPCO has grown into one of the pioneer Public Sector Undertaking under the Ministry of Power, Government of India, with an authorized share capital of Rs. 3,500 crore and having an installed capacity of 1,130 MW (755 MW hydro & 375 MW thermal), which meets more than 60% of the energy requirements of the N.E. Region. The main objectives of Corporation are to add to the power generating capacity in the North Eastern Region by ensuring optimum utilization of commissioned generation projects, to generate adequate internal resources ensuring justifiable return on investment, to continue sustained efforts to obtain the receivables from State Electricity Boards/Departments, to execute and commission power projects, both hydro and thermal, within prescribed time frames, and to undertake long term feasibility studies for optimum development of hydro power resources of the North Eastern Region.

2.48 During the year 2004-05, Rs. 265 crore was earmarked for NEEPCO at BE stage. It was reduced to Rs. 50 crore at RE stage, out of which only Rs. 17.18 crore was utilized. Similarly during the year 2005-06 Rs. 372.79 crore allocated at BE stage was reduced to Rs. 27 crore at RE stage. However, Rs. 35.93 crore was utilized during this year.

2.49 While noting this, the Committee desired to know the reasons for heavy reduction at the RE stage and low utilization of funds during the years 2004-05 and 2005-06, the Ministry of Power stated:

“While framing BE for 2004-05, the work of Tuirial HEP (60 MW) was going on smoothly & in respect of Tripura Gas Based Power Project (280 MW), PIB had recommended investment decision in May’2004. Considering the positive trends of both the above projects an amount of Rs. 265 crore(**Tuirial HEP: Rs.115.00 crore as IEBR & TGBPP: Rs.150.00 crore as IEBR**) was earmarked at BE stage.

Reasons for reduction at RE stage.

- Due to agitation called by Tuirial Crop Compensation Claimants Association (TCCA) w.e.f. 09/06/04, the project work of Tuirial HEP came to a total stop. Therefore, no further expenditure on the project was incurred by NEEPCO apart from such expenditure that is required for safety, security and normal upkeep of assets already created .The matter of continuation of the project is being reviewed by the MOP.
- For TGBPP (280 MW), Gas Agreement was concluded with GAIL on 14/09/04 but became infructuous due to cancellation of gas allocation which was subsequently required by Ministry of Petroleum and Natural Gas on 10 th Jan’2005. However, the Ministry of Petroleum & Natural Gas revalidated allocation of 1.0 MMSCUMD of gas under order dated 10.01.2005. As advised by the Ministry of Petroleum & Natural Gas, the matter was taken up with ONGC for firming up price payable and other terms and conditions.
- Considering all the above factors for Tuirial HEP & TGBPP an amount of Rs. 50.00 crore was kept as RE for 2004-05 (Tuirial HEP : Rs.50.00 crore as IEBR & TGBPP : Rs.0.00 crore

For 2005-06.

During preparation of BE for 2005 -06 an amount of **Rs. 372.79 crore** was kept as IEBR, break up of which are Tuirial HEP: Rs. 43.11 crore TGBPP: Rs. 227.00 crore and TKTS:Rs. 102.68 crore

While framing BE for 2005-06 it was anticipated that work for Tuirial HEP (60 MW) will resume during the year 2005-06 & for Tripura Gas Based Power Project (280 MW) PIB had recommended investment decision in May’2004. During the year 2005-06, proposal for Tripura Kopili Transmission System (TKTS) was also initiated. Considering the positive trends of all the above three projects, an amount of Rs.43.11 crore , Rs.227.00 crore & Rs. 102.68

crore was provided against Tuirial HEP, TGBPP & TKTS respectively totaling Rs. 372.79 crore as IEBR.

Reasons for reduction at RE stage:

- As per the communication of the Ministry of Petroleum & Natural Gas on allocation and pricing of natural gas, it has been observed that the price of gas in NE region has been fixed at Rs 1920.00/1000SCUM against ONGC's proposal for supplying of natural gas at Rs 5540.00/1000SCUM. Accordingly, ONGC was requested to confirm the same so that NEEPCO may finalize the other commercial terms and conditions for the gas supply agreement. In addition ONGC was also required to intimate the price payable for transportation of gas from ONGC Terminal to the Project Site. For want of the above confirmation, the agreement for gas supply could not be concluded. As CCEA clearance was not available, no expenditure against the major works could be incurred during 2005-06.
- Ministry of Power decided in November, 2005 to abandon NEEPCO's Gas Based Combined Cycle Power Plant (280 MW) at Monarckack, Tripura with instruction that no further expenditure be incurred on this project. Therefore, no provision against IEBR in respect of TGBPP & Tripura- Kopili-Transmission System respectively have been kept in RE 2005-06.
- Considering all the above factors in respect of Tuirial HEP , TGBPP & TKTS an amount of Rs. 27.00 crore only was kept as IEBR component against RE of Rs. 27.00 crore for 2005-06 (**Tuirial HEP : Rs.27.00 crore , TGBPP : Rs.0.00 crore & TKTS : Rs. 0.00 crore as IEBR**)

Reasons for the low utilization of fund during 2004-05 and 2005-06 years were stated to be mainly;

- 1) Non-receipt of investment decision in respect of Tipaimukh HEP (1500 MW), Tripura Gas Based Power Project (280 MW) and Tripura- Kopili-Transmission System.
- 2) No further expenditure on Tuirial HEP was incurred by NEEPCO apart from such expenditure that is required for safety, security and normal upkeep of assets already created."

2.50 On being further asked about the Plan of action to utilize Rs. 1181.13 crore allocated during the year 2006-07. The Ministry of Power replied:

“The BE for 2006-07 in respect of NEEPCO has been fixed at Rs.1181.13 crore with GBS as Rs. 381.48 crore and IEBR as Rs. 799.65 crore. While submitting the draft annual plan (2006-07). IEBR was considered in respect of Tuirial HEP , Kameng HEP, Tripura Gas Based Power Project & Tripura Kopili Transmission System as Rs. 121.38 crore, Rs.148.52 crore ,Rs.334.75 crore & Rs. 195.00 crore respectively totaling to Rs. 799.65 crore As the work of Tuirial HEP has come to total stop and abandoning of TGBPP and associated transmission system as detailed above the IEBR in respect of the aforementioned project has been reworked at Rs. 1.00 crore in respect of Tuirial HEP without keeping any provision against Tripura Gas Based Power Project (TGBPP) & associated transmission system i.e. Tripura Kopili Transmission System(TKTS).In view of the above IEBR for the proposed BE 2006-07 in respect of NEEPCO stands at Rs.149.52 crore Considering GBS of Rs. 381.48 crore and IEBR of Rs. 149.52 crore, the total proposed outlay for the year 2006-07 stands at Rs.531.00 crore.”

2.51 The Committee note that the proposed capacity addition during the 10th Five Year Plan was 155 MW. Out of this only 25 MW capacity could be added so far, when asked about the schemes planned to be completed during the 10th Five Year Plan, the Ministry in a Post Evidence Reply submitted:

“The following power projects of NEEPCO were planned to be completed during the 10th Plan:

1. Kopili HEP- Stage-II (25 MW), Assam.
2. Tuirial HEP (60 MW), Mizoram.:
3. Tripura Gas Based Power Project (280 MW), - Unit-I - approximately **70 MW** was scheduled to be commissioned during Xth plan.”

2.52 When the Ministry was asked about the reasons for slow progress in achieving the targets of above projects, Ministry furnished following information:

Tuirial HEP(60 MW) :

Work held up since June, 2004 due to agitation demanding crop compensation on forest lands, poor law and order situation and increase in the project cost.


Tripura Gas Based Power Project (Unit I – 70 MW):

In view of the decision of ONGC, Govt. of Tripura and IL&FS to jointly set up a 750 MW Combines Cycle Gas Based Power Project in the vicinity at Palatana, South Tripura District in Tripura and on the advice of the Ministry of Finance, it has been decided to keep in abeyance the 280 MW Combined Cycle Gas Based Project of NEEPCO at Monarchak, West Tripura District in Tripura. Moreover, there are issues relating to availability of gas and sufficient viable options are available in the North East for alternate power generation.

2.53 The Committee observed that a 500 MW Combined Cycle Gas Based Project of NEEPCO at Tripura was downsized to 280 MW due to ONGC's reluctance to provide the gas required. Now the Government is planning to abandon it. But at the same time ONGC has taken up a project of 750 MW in Tripura.

2.54 On being asked as to how will ONGC provide the gas required for 750 MW power plant, when it declined to provide for a 280 MW plant, the Secretary, Ministry of Power during evidence explained:

“It is a fact that when we started to discuss with the Ministry of Petroleum and Natural Gas in 2002-03, I personally had three or four meetings on this with the representatives of the Petroleum Ministry and ONGC. At that time, they did indicate that they will not be able to supply gas for 500 megawatt capacity. That is the project configuration which NEEPCO had worked out for this power project. Then we asked how much capacity you can provide for a reasonable period of 15 years. They said that it will be a little less than 300 megawatts. So, we reworked the configuration of this project to 280 megawatt capacity and in fact, the Ministry of Power got the PIB clearance on this project. At the stage of approaching the Cabinet Committee on Economic Affairs, the CCEA, ONGC

raised a number of points about the gas supply agreement. NEEPCO was not in a position to clinch that agreement on gas supply. After a few months of that discussion, ONGC came out with a discovery on the latest studies which they have found out from the study reports that there is little more gas available and that ONGC itself would like to develop a project upto the capacity of 750 megawatts. That is what ONGC came out with 

Our PIB clearance is still there so far as Tripura is concerned and so far as the generation in that part of the country is concerned. The ONGC is a credible organisation and a large organisation. If the ONGC and the ONGC-sponsored organisations can set up a capacity of 750 megawatts, in which case they will be able to take care of the gas pricing issuing also at the reasonable level, why not the Ministry of Power allow this or support this initiative. Therefore, the Ministry of Power fully supported this initiative. The Hon. Prime Minister himself laid the foundation. There we found that one thing which got entangled got disentangled, in the sense that we made the Chairman ONGC to commit that they will put the gas price in a manner that the price of power at the Basmarc power station will not be more than Rs. 1.60. This was the major achievement. It is because from the area again you have transmission cost because the entire 750 megawatt would not be absorbed there.

So, I think, this was the development which no doubt negated some of the efforts that the Ministry of Power and NEEPCO has put in the past. But this was a positive development in the sense that we are getting a larger capacity power station. That is no. 1. Secondly, we are making the ONGC to commit to price its gas in a manner that the cost is not more than Rs. 1.60. That is the position. We are vigorously pursuing this particular scheme. The latest is that the ONGC may increase the capacity even to 1,000 megawatts.”

2.55 The Committee, however, persisted with their query regarding the fate of Tripura Gas Base Project and desired to know its fate. The Secretary, Ministry of Power, during the course of evidence agreed that with the numbers taking off, some of the efforts that the Ministry of Power and NEEPCO had put in the past had no doubt been negated.

2.56 On being asked about the plan of action of NEEPCO to achieve the capacity addition target in the last year of the 10th Five Year Plan, the Ministry replied as under:

“**Kopili HEP Stage-II (25 MW)** was Commissioned in Dec’2003; Tripura Gas Based Power Project (280 MW) has been abandoned; and works on Tuirial HEP (60 MW) are held up since June, 2004 and efforts are being made to start work.”

2.57 In case of shortfall in achieving the targets; when asked about the steps NEEPCO has taken or proposed to take to ensure that the targets are realized fully. the Ministry in a written reply informed:

“As per the original commissioning schedule, the Tuirial H.E. Project (60 MW) was to be commissioned on 07/2006. All project activities came to a total stop w.e.f. 09.06.04 because of agitation called by Tuirial Crop Compensation Claimants Association (TCCA) demanding payment against crop compensation. In view of the law and order situation and anticipated increase in cost of the project, the matter regarding economic viability and continuation of the project is being reviewed”

2.58 Being concerned over the slow progress of power projects in the North-East Region, the Committee in their Fifth Report on DFG 2005-06 had recommended that three ongoing projects of NEEPCO namely Tuirial HEP, Kameng HEP & TGBPP be completed within Tenth Plan period. The Ministry in its Action Taken Reply had stated that all these projects are scheduled to be completed during the Eleventh Plan period.

However, the Committee now note that TGBPP project has been abandoned and no progress has been made on Tuirial HEP project – the work being held up since June 2004 due to agitation demanding crop compensation on forest lands, poor law and order situation and increase in project cost. Continuation or otherwise of the project is being reviewed by CEA in view of the increase in project cost. The Committee are disappointed with the performance of NEEPCO during the Tenth Plan period because only 25 MW capacity has been added against the proposed capacity addition of 155 MW. The Committee note that NEEPCO was constituted with the objective of developing the power potential of North Eastern Region, its performance has, however, deteriorated over the years. Two years have passed and NEEPCO have not taken any steps to resolve the difficulties due to which work on Tuirial had to be stopped. The Committee recommend that all out efforts be made to start work at Tuirial HEP at the earliest. The Committee further recommend that NEEPCO should formulate and implement a well laid out strategy for the Eleventh Plan to accomplish its projects and make all efforts to improve its performance.

2.59 The Committee are not happy with the way the Ministry has handled its 280 MW Tripura Gas Based Combined Cycle Power Project. While a lot of money and efforts have gone in to prepare the ground for this project, the Ministry has decided to abandon the project. The Committee strongly condemn the action of GAIL/ONGC on going back on their commitment to supply gas to this project. Instead, they have now agreed to supply gas to another Greenfield project in the same State. The Committee desire that all out efforts should be made to restart this project at the earliest.

F. Renovation & Modernization of Power Plants:

2.60 Renovation & Modernisation (R&M) and Life Extension (LE) of the existing old power stations has been recognised as one of the most cost effective options to achieve additional generation by virtue of the short gestation period and low cost. In addition to generation improvement, other benefits such as life extension, improvement in efficiency, availability, safety and environmental conditions are also achieved through R&M and LE Programme.

Renovation & Modernization of Thermal Power Stations

2.61 In order to improve the performance of existing Thermal Power Stations, a Renovation and Modernisation (R&M) Programme called Phase-I R&M Programme was launched by the Government of India all over the country in September, 1984 for completion during the Seventh Plan Period. This programme has since been completed, though with time and cost overruns.

R&M (Phase-II) Programme

2.62 In view of the encouraging results achieved from the Phase-I Programme, the Phase-II programme for R&M of 44 thermal power stations was taken up in the year 1990-91. Power Finance Corporation (PFC) was assigned to provide loan assistance to the State Electricity Boards for R&M works. All the schemes were identified by the Roving teams comprising engineers from CEA, BHEL and concerned utilities. An expenditure of Rs. 862 crore was incurred and an additional generation of 5000 MU/year has been achieved. Also, the Life Extension works on 4 units (300 MW) of Neyveli Thermal Power Station were completed.

9th Plan Programme

2.63 The CEA reviewed the progress of Phase-II R&M Programme and the

balance activities still required to be carried out were included in the 9th Plan Programme along with the subsequently identified additional activities. During the 9th Plan programme, 127 Units (17306 MW) at 29 Power Stations were taken up for R&M and another 25 units (1685MW) for Life Extension at an estimated cost of Rs. 1700 crore. Life Extension works on all the 25 units planned for 9th Five Year Plan have been completed.

10th Plan Programme

2.64 The Committee were informed that 106 thermal units aggregating to a total capacity of 10413 MW of various State Electricity Boards / Generating Corporations have been identified for LE works during 10th Plan so as to extend their economical life by another 15-20 years and to recapture/uprate their capacities by implementing comprehensive R&M schemes. The cost of carrying out LE works on these 106 units is estimated to be Rs. 9200 Crore.

2.65 When asked about the benefits likely to be accrued through R&M Programme during the 10th Plan, the Ministry in a written reply stated:

“The capacity of 106 units identified for 10th plan period is 10412.5 MW. The same will be rerated / uprated to 10747.00 MW and an anticipated additional generation of 23700 MU/annum is likely to be achieved after the completion of LE works on all units apart from the life of these units will get extended for another 15-20 years”

2.66 On being asked about the achievements during the 10th Plan vis-à-vis the target, the Ministry informed:

“The LE works on 8 units (755 MW) have been completed so far and another 10 units (850 MW) on which the works are in progress are also likely to be

completed at the end of 10th Plan period. Orders for LE works on 5 more units (680 MW) have been placed.

In addition, another 57 units (14270 MW) which are comparatively new have been identified for R&M works to sustain their performance at an estimated cost of Rs.977 crore and most of the works are likely to be completed during 10th Plan period.”

2.67 On being asked about the reasons for under-achievement of the objectives set for R&M, the Ministry in a post-evidence reply stated:

“During the 10th Five Year Plan 106 thermal units have been programmed for Renovation & Modernization (Life extension) but the desired progress could not be achieved mainly due to the following reasons:

- Procedural delays in placement of orders for Renovation & Modernization (R&M)/Life extension (LE) works including preparation of Detailed Project Reports (DPRs) by the concerned Utility.
- Delay / indecision by State Governments for finalization of placement of orders.
- Reluctance to take shut down for R&M / LE works due to shortage of power.
- For some of the units the R&M/LE was found to be not economical.”

2.68 When asked about the Government’s plan of action regarding the achievement of target during the remaining period of 10th plan, the Ministry in a written reply stated:

“To overcome the shortfall, the Central Electricity Authority/ Ministry of Power, Government of India has drawn an Action Plan to improve the performance of identified existing Thermal Power Stations in the country having a Plant Load

Factor (PLF) of less than 60% to the level of national average of 74.82%. 26 thermal power stations comprising of 109 units aggregating to 10293.5 MW capacity have been identified as having poor performance i.e. operating at a PLF below 60%. Three stage Station -wise programme has been drawn up to improve the performance of these stations.

One of the steps taken is to improve the performance through O&M practices /R&M programme through partnership with better performing utilities like NTPC, RRVUNL, APGENCO and TATA POWER. Out of 26 low performing thermal power stations, 20 stations have been identified to have partnership with NTPC Ltd., RRVUNL, APGENCO and TATA POWER. NTPC Ltd. have partnership for 16 stations (having 55 units aggregating to 6295 MW), RRVUNL have partnership for 1 station (having 2 units aggregating to 220 MW), APGENCO have partnership for 2 stations (4 units aggregating to 290 MW).and Tata power have partnership for one station (6 units aggregating to 534 MW.) Agreement for 16 stations have already been signed while the signing of agreements on balance stations are under process. After implementation of the first and second stage, the PLF of these power stations will be improved up to the level of 60% within six months and above 60% in one year through comprehensive overhauling and essential R&M works. In third stage, improvement will be done through major R&M programme.”

2.69 Considering the failure of the Government regarding implementation of R&M Schemes, the Committee observed that private sector can also play an important role in this area. When asked about the Government’s plan in this regard, the Ministry in a post evidence reply stated:

“With the announcement of the private power policy in October 1991, private investment became possible in all areas of the power sector. It consequently opened up a new avenue of financing of R&M of power plants. The Government of India, therefore, way back in 1995 framed draft guidelines for private sector participation in R&M and circulated it to the States inviting their comments which was followed up by discussions with the States and based on the feedback

received, Policy Guidelines on “Privatized Renovation and Modernization of Power Plants” in October, 1995 but no private party came forward for participation in R&M of thermal units. However, it is the Government Policy that where R&M of a generating units is considered to be beneficial efforts should be directed at securing those benefits at the earliest by tapping feasible source of investment, whether public or private. It may be indicated that the Government of India under the “Partnership in Excellence” Programme, aimed at improving the Plant Load Factor of identified Low Performing Units, entrusted the revival of six units of Dhuvaran Thermal Power Station in Gujarat to M/s. TATA Power.”

R&M Programme of DVC

2.70 The Committee noted that DVC undertakes Renovation and Modernization of its own power stations. The performance of DVC during the 10th Five Year Plan has not been satisfactory. Rs. 31742.02 lakh was earmarked for R&M/LE Schemes of DVC during the 10th Five Year Plan. However, DVC could utilize only Rs. 5093.03 lakh so far. Asked about the reasons for low utilization of funds, the Ministry of Power in a written reply clarified:

“The reasons for low utilization of earmarked funds for R&M/ LE Schemes are:

1. Poor response of bidders against NIT (Open Tender):
 - a) Earlier Tender for ESP Package of BTPS’A’ fetched single offer of M/s BHEL. Tender did not materialize due to very high bid price of BHEL.
 - b) R&M/LE Tender for DTPS U#3 fetched single offer of M/s L&T.
2. Extension of pre-bid conference, bid submission & Post-bid conference dates as per request of bidders.”

2.71 The allocation for R&M Schemes of DVC, for the year 2006-07 is stated to be Rs. 23996.40 lakh. The scheme-wise details of the same are as follows:

(Rs in lakhs)

SI No.	Activities/Schemes	BE 06-07
1	CTPS	11533.40
2	DTPS	9623.00
8	BTPS 'A' # 1 to 3	1800.00
9	Maithon Hydel U # 1,2 & 3	580.00
10	Panchet Hydel U#1	460.00
TOTAL		23996.40

2.72 When asked about the DVC's plan regarding the utilization of the allocated amount, the Ministry of Power informed:

“Relaxation in the bid conditions in consultation with CEA & NTPC on the advice of Secretary (Power), MOP is under finalization to attract participation of more number of bidders & price competition to enable award of contracts as per schedule programme. Meeting has been arranged on 29.3.06 with L&T and NTPC for discussion/consideration on withdrawal of deviations on certain bid conditions in respect of R&M of DTPS unit # 3.”

2.73 The Committee are not happy with the pace of Renovation and Modernization of Power Plants because after the completion of four years of the plan period LE of only 8 units has been completed against the target of 106 units. Work is stated to be in progress on another 10 units. The Committee are informed that 57 units which are comparatively new have been identified for R&M works and works on them are likely to be completed during the Tenth Plan period. It seems unlikely that the target for Tenth Five Year Plan fixed to this effect will be achieved. One of the reasons given for poor performance is that for some of the units R&M/LE was not found to be economical. The Committee also fail to understand why comparatively new units have been identified for R&M whereas according to them, priority should have been given to units earlier identified. The Committee feel that the Ministry has adopted a very casual approach towards R&M Schemes and efforts have not been made to resolve the problems being encountered in the implementation of the Schemes. A large number of projects have been held up due to procedural delays and lack of taking decisions by the State Governments.

The Committee, therefore, recommend that prior to setting up physical targets, the units which are actually required to be renovated and modernized should be properly identified by the Government. The Committee further recommend that proper plan of action be formulated by the Government in the beginning of each year, giving priority to the Units which are in a dire need of renovation and modernization and strictly adhere to the plan.

2.74 The Committee are quite unhappy with the poor performance of DVC in regard to implementation of R&M/LE programme, Out of Rs. 31742.02 lakh allocated under the 10th Plan, only Rs. 5093.03 lakh have been utilized till date. Poor performance of bidders, extension of pre-bid conference and post bid conference, etc. are some of the reasons put forth by the Ministry with regard to poor performance in this regard which are not acceptable to the Committee. The Committee feel if there was poor response of bidders against the open tenders floated by DVC, the bid conditions should have been relaxed much earlier as is being done now. The Committee take this to be an indication of lackadaisical approach of DVC towards R&M programme. The Committee strongly recommend that DVC take R&M programme seriously and make all out efforts to achieve the target set for the year 2006-07.

G. Rural Electrification

2.75 Electrification is identified as an essential rural infrastructural input for improving production oriented activities like minor irrigation, agro-based rural and semi urban industries etc. for effecting growth in agricultural productivity and rural industrial production and for speeding up the pace of development of the rural economy.

2.76 A scheme “Rajiv Gandhi Grameen Vidyutikaran Yojana” (RGGVY) for Rural Electricity Infrastructure and Household Electrification was introduced in April, 2005 for the attainment of the objective of the National Common Minimum Programme of providing access to electricity to all Rural Household in four years.

2.77 The Government had sanctioned Rs. 5000 crore for implementation of Phase-I of the Programme in remaining two years of X Plan. Total grant of Rs. 16,000 crore has been envisaged for implementation of the scheme over a period of 4 years

2.78 Under the scheme, projects could be financed with capital subsidy for provision of:

- a) Rural Electricity Distribution Backbone (REDB)
 - Provision of 33/11 KV (or 66/11 KV) sub-stations of adequate capacity and lines in blocks where these do not exist.
- b) Creation of Village Electrification Infrastructure (VEI)
 - Electrification of un-electrified villages
 - Electrification of un-electrified habitations
 - Provision of distribution transformers of appropriate capacity in electrified villages/habitation(s).
- c) Decentralised Distributed Generation (DDG) and Supply

2.79 Decentralised generation-cum-distribution from the conventional sources for villages where grid connectivity is either not feasible or not cost effective, provided it is not covered under the programme of Ministry of Non-Conventional Energy Sources for

providing electricity from non-conventional energy sources under their remote village electrification programme of 25000 villages.

d) REDB, VEI and DDG would also cater to the requirement of agriculture and other activities including

- Irrigation pumpsets
- Small and medium industries
- Khadi and village industries
- Cold chains

e) Rural Household Electrification of Below Poverty Line

2.80 Electrification of un-electrified Below Poverty Line (BPL) households would be financed with 100% capital subsidy as per norms of Kutir Jyoti Programme in all rural habitations. Households above poverty line would be paying for their connections at prescribed connection charges and no subsidy would be available for this purpose.

2.81 Eligible projects are being implemented after fulfilling the conditionalities above. In the event the projects are not implemented satisfactorily in accordance with the conditionalities, the capital subsidy will be converted into an interest bearing loan.

2.82 In order to ensure revenue sustainability of the scheme, deployment of franchisees for management of rural distribution has been made mandatory under the scheme. It is necessary that the system of franchisee is implemented in a phased manner by the State government/utilities in order to bring down commercial losses, improve collection efficiency and provide door-step services to the consumers. The franchisee would be responsible for distribution of electricity within an identified contiguous area for a prescribed duration and for collecting revenue directly from the consumers.

2.83 The franchisees arrangement could be for system beyond and including feeders from substation or from Distribution Transformer(s)

2.84 On being asked about the role of various players in *Rajiv Gandhi Gramin Viduytikaran Yojana* (RGGVY), the Ministry in a note submitted:

“The success of RGGVY will hinge on long term revenue sustainability in rural areas; not only the utilities but also the State governments have to make all out efforts to achieve this objective.

State Governments are required to notify rural areas under Section 14 of the Electricity Act, 2003 to get maximum benefit under the scheme. Cooperation of State power utilities is desired in furnishing data on un-electrified villages, habitations, rural households, BPL households, etc and charging villages once electricity infrastructure has been created by the implementing agencies to declare it electrified.

State have to notify non-discrimination in supply of power between urban and rural areas. States have been advised to set up District level committees which will include local representatives to monitor the village electrification process.

Panchayats will be associated with the implementation of the scheme; will oversee the implementation at village level; will provide necessary support to franchisee who is managing the rural distribution. Panchayats can also play the role of franchisee in States where they can sue or be sued. Once village is electrified, certification in this regard by Panchayat is required at the earliest to declare it electrified.

In order to speed up the process of implementation, services of Central Public Sector Undertakings (CPSUs) like Power Grid, National Thermal Power Corporation, National Hydro-electric Power Corporation, Damodar Valley Corporation and NEEPCO have been provided to States for which they have signed agreements with Rural Electrification Corporation Ltd. and these organization.

REC has been designated as a nodal agency for RGGVY. The quadripartite/Tripartite agreements which have been entered into by states under the schemes have REC as one of the parties. REC will not only process, evaluate

and sanction the projects given by the States but will also help in formulation of franchisee agreement and DPR formulation, if required by states. REC is monitoring the entire schemes with its project offices spread all over India.”

2.85 When the Committee desired to know the achievements under the Scheme during the year 2005-06, the Ministry informed:

“The Government has sanctioned Rs.5000 crore for implementation of Phase-I of the Programme in remaining two years of X Plan.

Till date 187 projects have been sanctioned for 191 districts, covering 51,284 un-electrified villages and 69 lakhs rural households. These 187 projects cover Uttar Pradesh, West Bengal, Rajasthan, Bihar, Kerala, Haryana, Jammu & Kashmir, Uttranchal, Gujarat, Madhya Pradesh, Andhra Pradesh and Karnataka, Assam, Himachal Pradesh, Maharashtra, Punjab, Arunachal Pradesh, Chhatisgarh, Nagaland, Mizoram, Orissa and Manipur. Though the work has already started in 50840 villages, so far 2778 villages have been electrified till 31-1-2006.

During the year 2005-06, it is targeted to electrify 10,000 villages. Notification of rural areas by State Governments under Section 14 of the Electricity Act, 2003. Twelve States have so far notified rural areas, namely, Andhra Pradesh, Assam, Bihar, Chhatisgarh, Jharkhand, Karnataka, Kerala, Mizoram, Punjab, Orissa, Nagaland and Uttar Pradesh. Other states have yet to notify rural areas, which when notified will allow them to take maximum benefit under the scheme.

Deployment of franchisees for management of rural distribution system in projects financed under the scheme is one of the prior commitment, which has been taken from States under the scheme. Some States are in the process of installing Franchisee like Bihar, Uttar Pradesh, Karnataka, J & K, Jharkhand, Maharashtra, Rajasthan, West Bengal and Nagaland. West Bengal Government has already identified Self Help Groups for Franchisee work. It is desired that Franchisees should be in place by the time villages are electrified under the scheme.

Under the Electricity Act 2003 it is also required to set up District Committees which *inter alia* will monitor the implementation of the scheme. 19 states have so far notified formation of District Committees. Determination of Bulk Supply Tariff for franchisees by State Electricity Regulatory Commissions is also envisaged in the scheme ensuring commercial viability of the franchisees.”

2.86 The Secretary, Ministry of Power, during evidence, added that as per the latest information around 6300 villages have been electrified under the scheme. He further added that based on the tenders given this year, target for electrification for the year 2006-07 is 40,000 villages.

2.87 The Committee noted that Rs. 1100 crore was allocated under the scheme during the year 2005-06 and Rs. 3000 crore has been earmarked for the year 2006-07. So far, 27 States have signed the agreement in this regard. On being asked during the evidence, about the status of progress in these States in regard to rural electrification and the problems being faced by them, the Secretary, Ministry of Power during evidence stated:

“As I have mentioned that we launched this scheme in April, 2005 and I had a meeting of all Energy Secretaries on this subject collectively region-wise and State-wise also. It has taken some time for many States to even sign the agreement because there are certain conditionalities. During the year that has happened. Its a very fact that in the first year itself we are going to electrify 10,000 villages, which has not happened in the last many, many years that for one year we do 10,000 villages. In the first year itself, additionally beyond these 10,000, work is going on for about 38,000 to 40,000 more villages. So, both these years put together, this year as well as next year, you will have almost 50,000 villages electrified. Sir, your point is 100 per cent correct. There are States whose rural electrification organisation is very weak. They are not able to prepare good project report. They do not send their people to field. What we have done is that we have offered the services of our organisation, namely, Power Grid.

Power Grid has been doing maximum on the rural electrification. NTPC, NHPC and in West Bengal even DVC is helping them. In North-Eastern Region, even NEEPCO has been asked to help them.”

2.88 It was also noted by the Committee that the electrification of 1,25,000 villages under RGGVY will increase the demand manifold . When asked as to how will the Government deal with this increase in demand and whether the nuclear energy can also be used to meet the increasing demand from various sectors, the Secretary, Ministry of Power during evidence replied:

“ We are supporting nuclear energy in a big way. In the beginning of the 10th Plan we had an interaction with the Secretary of the Department of Atomic Energy and even today I had a meeting with the Department of Atomic Energy to know as to what is their projection for the 11th Plan.

But coming to this point, I entirely agree that if you would see the draft of the Integrated Energy Policy which is likely to be finalised soon, you will find this reflection that if the growth rate is like this, then we should be more or less planning our electricity generation growth rate at par with the projected economic growth rate. For that we will take action and then you will see the results. This will happen when large inflow of investments takes place. Capacity addition will give extra generation of power. Side by side I would like to submit that this growth rate could as well have been 9 per cent this year. Therefore, the Integrated Energy Policy would indicate that you need to add capacity and along with that we should run these capacities well.”

2.89 The Committee are concerned to note that some of the steps which are to be taken by the State Governments to prepare the ground for rural electrification are yet to be taken. For example under section 14 of the Electricity Act, 2003, the States are required to notify rural areas. So far only 12 States have notified these areas. States have been advised to set up District Committees and only 19 States have notified the same. Deployment of Franchisees is also to be done by the State Governments. A few States feel that appointment of franchisees lead to cost escalation and need not be made compulsory. Demand for enhanced electricity is also to be met.

2.90 The Committee are highly concerned to note that out of 6 lakhs villages, 125000 villages are unelectrified and out of 13.8 crore rural households, 7.8 crore do not have access to electricity as per 2001 census. The Committee are informed that RGGVY Scheme was introduced in April 2005 to provide access to electricity to all rural households in four years and Rs. 5000 crore had been earmarked for the remaining two years of 10th Plan. Rs. 1100 crore was allocated for 2005-06 and target was to electrify 10,000 villages, but about 6300 villages have been electrified so far. The Committee feel that the Scheme if implemented in its true spirit can change the scenario in rural India. For the year 2006-07, Rs. 3000 crore has been allocated and a target has been set to electrify 40,000 villages. The Committee apprehend with present pace of physical and financial achievement during the previous year, the target for 2006-07 appear to be unachievable. Therefore, the Committee trust the Ministry would make all out efforts to fully achieve the target. Special attention should be given to the States which have a large number of unelectrified villages. Against Rs. 5000 crore earmarked for the remaining two years of the 10th Plan, Rs. 4100 crore has been allocated but no reason has been furnished to the Committee for less allocation. The Committee would like to be apprised about the reasons for less allocation and projects sacrificed.

2.91 The electrification of villages under RGGVY will increase the demand for electricity considerably because this Scheme is not only restricted to households. Considering the present status of generation of electricity, the Committee are concerned regarding meeting this demand by the Government. The Committee are of the view that the electrification of villages shouldn't just mean existence of infrastructure, but the people in rural areas should really get electricity for their varied needs. The Committee, therefore, desire that the Ministry make all out efforts to increase the generation of electricity by exploring all the possibilities.

H. Supply of free/subsidized power

2.92 The Committee noted that some State Governments have announced free power to certain categories of consumers. When asked about the details in this regard, the Ministry in a note furnished to the Committee stated:

“In the past, a few State Governments such as Punjab and Madhya Pradesh had decided to give free power to agricultural consumers. But, realizing the adverse impact on the financial health of the utility and also its unsustainability in view of additional strain on the revenues of the State Government, they had revised their decision. In the year 2003, no State had free power supply. The State of Maharashtra had also introduced and subsequently withdrew the provision of free power in 2005. At present three States *viz.* Andhra Pradesh, Punjab and Tamil Nadu are giving free supply of power without any ceiling on consumption to certain categories of consumers. In some other States, free supply of electricity is available to certain category of consumers only upto a very limited level of consumption or connected load.”

2.93 On being asked whether the Central Government has ever tried to address this issue, the Ministry replied:

“Realising the adverse effects of free power supply, Government of India had addressed the concerns appropriately through Electricity Act, 2003 and Tariff Policy.

As per the provisions of the Electricity Act, 2003 the State Electricity Regulatory Commissions (SERCs) have the powers to fix tariff for sale of electricity to consumers including farmers. In doing so, the Commission is required to be guided by the provisions contained in Section 61 of the Act which, *inter alia*, include the factors which would encourage competition, efficiency, economical use of the resources, safeguarding of consumer’s interest and at the same time ensure recovery of the cost of electricity in a reasonable manner. The State

Commissions are also required to ensure transparency while exercising its powers and discharging its functions.

Section 65 of the Act provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commissions, the State Government shall pay to the concerned utility/licensee the full amount required to compensate the grant of subsidy

The Tariff Policy states that extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. However, the provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water table in turn creating avoidable problem of water shortages for irrigation and drinking water for later generations.

The Policy further states that the subsidised rates of electricity should be permitted only upto a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers.

While the Tariff Policy discourages grant of free power, the provision of the Act ensures that the utility fully recovers its cost. Section 65 of the Act provides that no direction of the State Government regarding grant of subsidy to consumers in the tariff determined by the State Commission shall be operative if the payment on account of subsidy as decided by the State Commission is not made to the utilities and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.”

2.94 The Committee observe that free supply of power is being given by three States viz. Andhra Pradesh, Punjab, Tamil Nadu, to certain categories of consumer without any ceiling on consumption. The Committee further observe that State Electricity Regulatory Commission (SERCs) have been empowered , under the Electricity Act, 2003, to fix tariff for sale of electricity to consumers. If State Governments are interested to give subsidy to certain class of consumers, they will have to pay full amount required to compensate the grant to concerned Utility/Licensee. The Tariff Policy, however states that provision of free electricity is not desirable as it encourages wasteful expenditure of electricity. The Committee are in agreement with the provisions of the Tariff Policy and feel that in the era of privatization, to go on giving free power to certain categories of consumers is not logical. Being concerned with the absence of any time framework to bring tariff in line with the cost of supply to each consumer, the Committee in their 31st Report on Electricity Bill, 2001, had recommended that a time frame be fixed within which the tariff may be brought in line with cost of supply of power. The Committee had recommended that this time limit can be notified by each State Government within six months from the date of coming into force of this Act. However, this provision was not included in the Electricity Act, 2003. The Committee, therefore, recommend again that a time frame be fixed by the State Governments within which the tariff may be brought in line with the cost of supply of power, so that special privilege is not given to certain categories of consumers. The Committee also desire that a limit should also be fixed on the quantity of supply of free electricity to any category of consumers like people living below the poverty line/those living in tribal areas or hamlets and small farmers and strict control be maintained by the State Governments to ensure that only the targeted sections of society are given subsidies on the power tariff.

NEW DELHI,
17th May, 2006
27 Vaishakha , 1928 (Saka)

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS
OF THE STANDING COMMITTEE ON ENERGY
CONTAINED IN THE REPORT**

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1.	2.6	The Committee in their Fifth Report on DFG (2005-06) had recommended that the Government should take elaborate steps to ensure proper and uniform utilization of Plan outlays during the year. The Minister of Power while explaining the status of implementation of the recommendation in a Statement laid on the Table of the House in August, 2005 had stated that no shortfall is likely for schemes of Ministry of Power and it is expected that full utilization of fund will take place during the year 2005-06. However, the Committee observe that budgetary estimate of Rs. 23013.90 crore allocated during the year 2005-06 was reduced to Rs. 19140.11 crore at RE stage, out of which only Rs. 16358.22 crore , i.e., 71.08% could be utilized by the Ministry. The Committee take a serious note of the non-achievement of financial and physical targets by the Government inspite of assurance given by the Minister to Parliament and desire to be apprised of the reasons for the same. The Committee further desire that planning and close monitoring should be strictly done by the Ministry to ensure full utilization of allocated funds during the year 2006-07.
2.	2.7	The Committee note that out of Gross Budgetary Support (GBS) of Rs. 25,000 crore for 10 th Plan, only Rs. 7785.77 crore have been utilized by the Ministry during the first four years. For the fifth and last year i.e. 2006-07, the Government have proposed a GBS of Rs. 5500 crore. Similarly under IEBR category, the total expenditure in four years has been only Rs. 34015.52 crore out of the total 10 th plan outlay of Rs. 1,18,399 crore. In fifth year allocation under IEBR has been placed at Rs. 22123.70 crore. Keeping in view the performance of the Government during the first four years of 10 th Plan, it is very unlikely that the Ministry would be able to fully utilize GBS of Rs. 5500 crore and IEBR of Rs. 22123 crore. The Committee are very unhappy to note that 10 th Plan Outlay would not be fully expended.
3.	2.8	The Committee in the Fifth Report on DFG (2005-06) had also recommended that instead of revising the allocated budget at RE stage based on the performance of first two quarters of the financial year, it should be based on the utilization of the funds during the last financial year. The Minister of Power in his Statement laid on the Table of the House in August, 2005 had stated that the matter will be taken up with Ministry of Finance during RE discussion. The Committee would like to be apprised of the final outcome of the discussion held in the matter.
4.	2.9	The Committee observe that out of total outlay of Rs. 143399 crore allocated for the Ministry of Power for the 10th Plan, Rs.

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
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139920 crore has been earmarked for the scheme of investment in Public Enterprises. Provision under the scheme is towards capital investment in generation & transmission projects taken up in the Central Sector through Public Sector Undertakings like NTPC, NHPC, NEEPCO, THDC, SJVNL, BHDC & POWERGRID.

The Committee are surprised to note that allocated funds have not been fully expended by PSUs such as DVC & NEEPCO- the utilization is even less than 50% of the allocated funds. During the year 2002-03 Rs. 840.66 crore was allocated to DVC, out of this only Rs. 146.02 crore was utilized. Again during 2003-04, out of the allocated Rs. 1450 crore only Rs. 316.51 crore was utilized. Similarly for the year 2005-06, out of Rs. 2373.51 crore, utilization was only to the tune of Rs. 394.69 crore (till December, 2005). Similarly the achievement of NEEPCO was Rs. 61.17 crore against the target of Rs. 414.49 crore earmarked for the year 2003-04, and out of Rs. 482 crore, only Rs. 166.53 crore was utilized in 2004-05, utilization in 2005-06 was only Rs. 135.93 crore against the allocated Rs. 996.79 crore. Needless to mention, the under utilization of funds would have an adverse affect on the on-going and future power projects. The Committee would, therefore, like to impress upon the Ministry to ascertain the reasons of persistent under utilization of allocated fund and take remedial action for full utilization of allocated funds during the year. The Committee further desire that learning from the experience of the 10th Plan, planning for the 11th Plan be done in such a way that there is proper utilization of funds during all the years of the plan period.

5. 2.26

The Committee are dissatisfied with the slow progress in capacity addition during the last four years of the 10th Plan and are apprehensive regarding achieving the targets fixed to the effect for the last year of 10th Plan. It has been assured to the Committee that Government would be able to achieve 90% of the targeted generation i.e. 36926 MW (targeted 41110 MW), which was revised during Mid Term Appraisal at 36956 MW. Now it has been stated by the Government that a capacity of only 34024 MW is likely be achieved during the 10th Five Year Plan.

Non-availability of fuels – coal and gas are stated to be the major reasons for non-achieving the targets. Though import of coal is being done yet the problem continues with gas based power plants. The Government failed to achieve the target during the year 2004-05 and 2005-06. Out of targeted 5245.52 MW, only 3948.92 MW capacity could be added, this further declined in the year 2005-06 – out of targeted 6934.52 MW the achievement was only 3425.8 MW.

The Committee are surprised to note that inspite of such poor performance in capacity addition, the target for the year 2006-07 has been kept at 17974 MW, i.e. almost 53% of the target fixed for 10th Five Year Plan. Though Government is planning to import coal and gas to meet the target, but still the Committee feel the target for the year 2006-07 is too ambitious. The Committee feel that instead of going in for the frequent revisions of targets, the Government should

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
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plan the capacity addition for each year properly, keeping in mind all the relevant factors like fuel supply, etc. The Committee feel that the Government has failed in terms of perspective planning. The scarcity of fuel was not sudden, the Government should have foreseen it and should have planned accordingly. The Committee believe that the capacity addition targets for 2006-07 will be optimally achieved.

6 2.27 The Committee feel that one of the reasons for failure to achieve the generation target could be un-equal contribution of State and Private Sectors. The target for the Centre was 22832 MW whereas for State and Private Sector it was 11157 MW & 7121 MW respectively. The Committee, therefore, recommend that more responsibility in terms of capacity addition be assigned to the State & Private Sectors during the Eleventh Five Year Plan and the Centre can provide specific assistance to them, if needed. The Committee also desire that Ministry should examine the question of undertaking more and more new joint venture projects in with the State Governments and the Private Sector to give the much desired impetus to power generation through these sectors.

7 2.33 The Committee are constrained to note that power projects are regularly slipping from year to year- some projects such as Nathpa Jhakri took 9 long years for completion, Dulhasti HE Project which was scheduled for commissioning in 1990 is now targeted for commissioning in December, 2006, i.e., after 16 years. The cost overrun in terms of percentage has been 2531.58% for Dulhasti and 387.9% for Nathpa Jhakri Project. Similarly during the Tenth Five Year Plan, the capacity addition slipped has increased over the years. During the year 2002-03, 250 MW capacity slipped, this increased to 1140 MW in 2003-04 and 1570 MW in the year 2004-05. The Committee are at a loss to understand how this happened in spite of a monitoring mechanism in place with the Ministry and Central Electricity Authority. The Ministry has stated that “detailed investigations are carried out before the project is taken up for execution to minimize geological surprises at time of actual execution”. The Committee, however, note that one of the reasons for slippage of Dulhasti Project was poor geological starata and in case of Nathpa Jhakri – landslide, flood and rock fall in desilting chambers. The Committee wonder as to whether the detailed investigation in these cases were really carried out in a serious manner.

The Ministry further informed that steps are being taken for tying up of necessary funds before commencement of project execution. The Committee, however, note that Bansagar Tons PM-IV Project of MPEB & Karbi Langi HE Project of ASEB were delayed due to funds constraints. Similarly Tenughat TPS of Bihar could not be taken up due to paucity of funds. The Committee feel that there are serious lacunae in the monitoring mechanism of the Government and recommend that the monitoring mechanism be further strengthened. The Committee feel that resolution of the problems identified by monitoring mechanism is not properly attended to. The Committee

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
		<p>desire that problems should be resolved in a time bound manner. Detailed investigation in terms of geological feasibility be undertaken before taking up a project. The Committee further recommend that the Government should take advance measures to ensure that projects do not slip due to geological factors or funds constraints - leading to time and cost overruns. The Committee desire that the Ministry should conduct a full scale review of the causative factors that resulted in slippages in various projects during the last One and half decades and thereby come out with the corresponding schedule and financial overruns in these projects. The Committee would like to be apprised thereof.</p>
8.	2.45	<p>The Committee note with concern that out of Rs. 32226 crore allocated to NHPC for the 10th Plan, expected utilization is Rs. 12064 crore only. Similarly, there has been a huge shortfall in achieving the capacity addition targets. The reasons for under utilization of funds are stated to be delay in getting clearances for some schemes of NHPC such as Sewa-II, Omkareshwar, Teesta Low Dam III, etc. However, to overcome such delay, the procedure for the sanction of HE Schemes has now been streamlined and it would take 24 weeks for obtaining all the clearances. The Committee, therefore, strongly recommend that time schedule for giving clearances be strictly adhered to by all concerned. The Committee would like to be apprised in this regard as to how far this schedule is being adhered to.</p>
9.	2.46	<p>The Committee note that out of Rs. 20 crore earmarked for Renovation and Modernisation of Power Houses under the 10th Plan only Rs. 1.61 crore has been utilized till December, 2005 by NHPC after the completion of four years of the 10th Plan. Now NHPC has awarded a contract of Rs. 19.13 crore for Loktak Power Station and tenders have been floated for Salal Power Station. The Committee fail to understand the reasons for lack of interest of NHPC in R&M schemes. The Committee find it astonishing that only two power stations have been identified for R&M during the 10th Plan and that too, at the fag end of the Plan period. The Committee, therefore, recommend that R&M of these two projects should be completed in a fixed time schedule. The Committee further desire that NHPC should formulate a well articulated perspective plan for the Eleventh Plan, so that the funds allocated are properly utilized and benefit of R&M Schemes is reaped in terms of increased generation.</p>
10.	2.58	<p>Being concerned over the slow progress of power projects in the North-East Region, the Committee in their Fifth Report on DFG 2005-06 had recommended that three ongoing projects of NEEPCO namely Tuirial HEP, Kameng HEP & TGBPP be completed within Tenth Plan period. The Ministry in its Action Taken Reply had stated that all these projects are scheduled to be completed during the Eleventh Plan period.</p> <p>However, the Committee now note that TGBPP project has been abandoned and no progress has been made on Tuirial HEP</p>

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
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project – the work being held up since June 2004 due to agitation demanding crop compensation on forest lands, poor law and order situation and increase in project cost. Continuation or otherwise of the project is being reviewed by CEA in view of the increase in project cost. The Committee are disappointed with the performance of NEEPCO during the Tenth Plan period because only 25 MW capacity has been added against the proposed capacity addition of 155 MW. The Committee note that NEEPCO was constituted with the objective of developing the power potential of North Eastern Region, its performance has, however, deteriorated over the years. Two years have passed and NEEPCO have not taken any steps to resolve the difficulties due to which work on Tuirial had to be stopped. The Committee recommend that all out efforts be made to start work at Tuirial HEP at the earliest. The Committee further recommend that NEEPCO should formulate and implement a well laid out strategy for the Eleventh Plan to accomplish its projects and make all efforts to improve its performance.

11 2.59

The Committee are not happy with the way the Ministry has handled its 280 MW Tripura Gas Based Combined Cycle Power Project. While a lot of money and efforts have gone in to prepare the ground for this project, the Ministry has decided to abandon the project. The Committee strongly condemn the action of GAIL/ONGC on going back on their commitment to supply gas to this project. Instead, they have now agreed to supply gas to another Greenfield project in the same State. The Committee desire that all out efforts should be made to restart this project at the earliest.

12 2.73

The Committee are not happy with the pace of Renovation and Modernization of Power Plants because after the completion of four years of the plan period LE of only 8 units has been completed against the target of 106 units. Work is stated to be in progress on another 10 units. The Committee are informed that 57 units which are comparatively new have been identified for R&M works and works on them are likely to be completed during the Tenth Plan period. It seems unlikely that the target for Tenth Five Year Plan fixed to this effect will be achieved. One of the reasons given for poor performance is that for some of the units R&M/LE was not found to be economical. The Committee also fail to understand why comparatively new units have been identified for R&M whereas according to them, priority should have been given to units earlier identified. The Committee feel that the Ministry has adopted a very casual approach towards R&M Schemes and efforts have not been made to resolve the problems being encountered in the implementation of the Schemes. A large number of projects have been held up due to procedural delays and lack of taking decisions by the State Governments.

The Committee, therefore, recommend that prior to setting up physical targets, the units which are actually required to be renovated and modernized should be properly identified by the Government. The Committee further recommend that proper plan of action be

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
		formulated by the Government in the beginning of each year, giving priority to the Units which are in a dire need of renovation and modernization and strictly adhere to the plan.
13.	2.74	The Committee are quite unhappy with the poor performance of DVC in regard to implementation of R&M/LE programme, Out of Rs 31742.02 lakh allocated under the 10 th Plan, only Rs. 5093.03 lakh have been utilized till date. Poor performance of bidders, extension of pre-bid conference and post bid conference, etc. are some of the reasons put forth by the Ministry with regard to poor performance in this regard which are not acceptable to the Committee. The Committee feel if there was poor response of bidders against the open tenders floated by DVC the bid conditions should have been relaxed much earlier as is being done now. The Committee take this to be an indication of lackadaisical approach of DVC towards R&M programme. The Committee strongly recommend that DVC take R&M programme seriously and make all out efforts to achieve the target set for the year 2006-07.
14.	2.89	The Committee are concerned to note that some of the steps which are to be taken by the State Governments to prepare the ground for rural electrification are yet to be taken. For example under section 14 of the Electricity Act, 2003, the States are required to notify rural areas. So far only 12 States have notified these areas. States have been advised to set up District Committees and only 19 States have notified the same. Deployment of Franchisees is also to be done by the State Governments. A few States feel that appointment of franchisees lead to cost escalation and need not be made compulsory. Demand for enhanced electricity is also to be met.
15.	2.90	The Committee are highly concerned to note that out of 6 lakhs villages, 125000 villages are unelectrified and out of 13.8 crore rural households, 7.8 crore do not have access to electricity as per 2001 census. The Committee are informed that RGGVY Scheme was introduced in April 2005 to provide access to electricity to all rural households in four years and Rs. 5000 crore had been earmarked for the remaining two years of 10 th Plan. Rs. 1100 crore was allocated for 2005-06 and target was to electrify 10,000 villages, but about 6300 villages have been electrified so far. The Committee feel that the Scheme if implemented in its true spirit can change the scenario in rural India. For the year 2006-07, Rs. 3000 crore has been allocated and a target has been set to electrify 40,000 villages. The Committee apprehend with present pace of physical and financial achievement during the previous year, the target for 2006-07 appear to be unachievable. Therefore, the Committee trust the Ministry would make all out efforts to fully achieve the target. Special attention should be given to the States which have a large number of unelectrified villages. Against Rs. 5000 crore earmarked for the remaining two years of the 10 th Plan, Rs. 4100 crore has been allocated but no reason has been furnished to the Committee for less allocation. The Committee would like to be apprised about the reasons for less

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
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allocation and projects sacrificed.

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| 16. | 2.91 | <p>The electrification of villages under RGGVY will increase the demand for electricity considerably because this Scheme is not only restricted to households. Considering the present status of generation of electricity, the Committee are concerned regarding meeting this demand by the Government. The Committee are of the view that the electrification of villages shouldn't just mean existence of infrastructure, but the people in rural areas should really get electricity for their varied needs. The Committee, therefore, desire that the Ministry make all out efforts to increase the generation of electricity by exploring all the possibilities.</p> |
| 17 | 2.94 | <p>The Committee observe that free supply of power is being given by three States viz. Andhra Pradesh, Punjab, Tamil Nadu, to certain categories of consumer without any ceiling on consumption. The Committee further observe that State Electricity Regulatory Commission (SERCs) have been empowered, under the Electricity Act, 2003, to fix tariff for sale of electricity to consumers. If State Governments are interested to give subsidy to certain class of consumers, they will have to pay full amount required to compensate the grant to concerned Utility/Licensee. The Tariff Policy, however states that provision of free electricity is not desirable as it encourages wasteful expenditure of electricity. The Committee are in agreement with the provisions of the Tariff Policy and feel that in the era of privatization, to go on giving free power to certain categories of consumers is not logical. Being concerned with the absence of any time framework to bring tariff in line with the cost of supply to each consumer, the Committee in their 31st Report on Electricity Bill, 2001, had recommended that a time frame be fixed within which the tariff may be brought in line with cost of supply of power. The Committee had recommended that this time limit can be notified by each State Government within six months from the date of coming into force of this Act. However, this provision was not included in the Electricity Act, 2003. The Committee, therefore, recommend again that a time frame be fixed by the State Governments within which the tariff may be brought in line with the cost of supply of power, so that special privilege is not given to certain categories of consumers. The Committee also desire that a limit should also be fixed on the quantity of supply of the free electricity to any category of consumers like people living below the poverty line/those living in tribal areas or hamlets and small farmers and strict control be maintained by the State Governments to ensure that only the targeted sections of society are given subsidies on the power tariff.</p> |

ANNEXURE - I

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2005-06) HELD ON 23RD MARCH, 2006 IN THE COMMITTEE ROOM NO.'62', PARLIAMENT HOUSE, NEW DELHI

The Committee met from 1100 hours to 1230 hours.

PRESENT

Shri Vijayendra Pal Singh - **In the chair**

MEMBERS

Lok Sabha

2. Shri Chander Kumar
3. Shri M. Shivanna
4. Shri Dharmendra Pradhan

Rajya Sabha

5. Dr. K. Kasturirangan
6. Shri Matilal Sarkar
7. Shri Motilal Vora

SECRETARIAT

1. Shri P.K. Bhandari, Joint Secretary
2. Shri Surender Singh, Deputy Secretary
3. Shri Shiv Kumar, Under Secretary

WITNESSES

Ministry of Power

1. Shri R.V. Shahi, Secretary
2. Shri U.N. Panjiar, Additional Secretary
3. Shri Mrutunjay Sahoo, JS&FA
4. Shri Harish Chandra, Joint Secretary (Parl.)
5. Shri Arvind Jadhav, Joint Secretary
6. Shri A.K. Kutty, Joint Secretary
7. Shri Rakesh Nath, Chairperson, CEA
8. Shri A. K. Sachan, Secretary, CERC
9. Shri C. P. Jain, CMD, NTPC
10. Shri S. K. Garg, CMD, NHPC
11. Shri R. P. Singh, CMD, PGCIL
12. Shri R. K. Sharma, CMD, THDC
13. Shri A. K. Lakhina, CMD, REC
14. Shri H K Sharma, CMD, SJVNL
15. Shri R. K. Sen, Chairman, DVC
16. Shri S C Sharma, CMD, NEEPCO
17. Dr. V K Garg, CMD, PFC
18. Shri S. Majumdar, Director, Powergrid

2. In the absence of the Chairman, the Committee choose Shri Vijendra Pal Singh, MP and a Member of the Committee, under Rule 258 of the Rules of Procedure and Conduct of Business in Lok Sabha to act as Chairman for the sitting. At the outset, the Chairman, welcomed the Secretary of the Ministry of Power and other officials accompanying him to the sitting of the Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker.

3. The following points were discussed with the representatives of the Ministry of Power:

- (i) Growth rate of generation of power.

- (ii) Targeted and actual capacity addition during 10th Five Year Plan.
- (iii) Contribution of States in capacity addition and assistance provided by the Central Government.
- (iv) Reasons for abandoning 280 MW power project in Tripura.
- (v) Progress made under Rajiv Gandhi Grameen Vidyutikaran Yojana.
- (vi) Per capita consumption of electricity in India vis-à-vis other countries.
- (vii) Power trading by States

4. Thereafter the members raised some queries which were replied by the representatives of the Ministry of Power.

(The Witnesses then withdrew)

5. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

(The Committee then adjourned.)

ANNEXURE - II

**MINUTES OF THE NINETEENTH SITTING OF THE STANDING COMMITTEE
ON ENERGY(2005-06) HELD ON 17TH MAY, 2006 IN COMMITTEE ROOM
G-074, PARLIAMENT LIBRARY BUILDING, NEW DELHI**

The Committee met from 1500 hrs. to 1600 hrs.

PRESENT

Shri Gurudas Kamat -*Chairman*

MEMBERS

Lok Sabha

2. Shri Ajoy Chakraborty
3. Shri B. Vinod Kumar
4. Shri Chander Kumar
5. Shri Prashanta Pradhan
6. Shri Rabindra Kumar Rana
7. Shri J.M. Aaron Rashid
8. Shri M. Shivanna
9. Shri Vijayendra Pal Singh
10. Shri M.K. Subba

Rajya Sabha

11. Shri Vedprakash P. Goyal
12. Dr. K. Kasturirangan
13. Shri Jesu Das Seelam

SECRETARIAT

- | | | | |
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| 1. | Shri P.K. Bhandari | - | Joint Secretary |
| 3. | Shri B.D. Swan | - | Deputy Secretary |
| 4. | Shri Shiv Kumar | - | Under Secretary |

2. At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration the following draft Reports:

- (i) Draft Report on the Demands for Grants(2006-07) of the Ministry of Power.
- (ii) Draft Report on the Demands for Grants (2006-07) of the Ministry of Non-Conventional Energy Sources.
- (iii) Draft Report on the Electricity (Amendment) Bill, 2005 of the Ministry of Power.

4. The Committee adopted draft Reports with minor additions/deletions/amendments as suggested by the Members of the Committee.

5. The Committee also authorised the Chairman to finalise the above-mentioned Reports after incorporating the changes suggested by the Members of the Committee and also making consequential changes arising out of factual verification, if any, by the concerned Ministries and also to present the same to both the Houses of Parliament.

The Committee then adjourned.