

29

STANDING COMMITTEE ON ENERGY

(2008-09)

FOURTEENTH LOK SABHA

MINISTRY OF POWER

[Action Taken on the recommendations contained in the Twenty Fifth Report (14th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2008-2009]

TWENTYNINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
January, 2009 / Magha, 1930 (Saka)**

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Presented to Lok Sabha on 13.02.2009
Laid in Rajya Sabha on 13.02.2009



LOK SABHA SECRETARIAT
NEW DELHI
January, 2009 / Magha, 1930 (Saka)

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Composition of the Standing Committee on Energy (2008-09)

Shri Gurudas Kamat – Chairman

Members

Lok Sabha

2. Shri Rashid J.M. Aaron
3. Smt. Susmita Bauri**
4. Shri Nandkumar Singh Chauhan
5. Smt. Anuradha Choudhary
6. Shri Mohan Jena
7. Prof. Chander Kumar
8. Sardar Sukhdev Singh Libra
9. Shri Sanat Kumar Mandal
10. Shri Dharmendra Pradhan
11. Dr. Ravindra Kumar Rana
12. Shri Kiren Rijju
13. Shri Nand Kumar Sai
14. Shri Vijayendra Pal Singh
15. Shri M.K. Subba
16. Shri E.G. Sugavanam
17. Shri Tarit Baran Topdar*
18. Shri G. Venkatswamy
19. Shri Chandra Pal Singh Yadav
20. Shri Kailash Nath Singh Yadav
21. Vacant

Rajya Sabha

22. Shri Shyamal Chakraborty
23. Dr. Bimal Jalan
24. Shri Prakash Javadekar
25. Dr. K. Kasturirangan
26. Shri Anil H. Lad***
27. Shri Syed Azeez Pasha
28. Shri V. Hanumantha Rao
29. Shri Jesudasu Seelam
30. Shri Shivpratap Singh
31. Shri Veer Pal Singh Yadav

SECRETARIAT

1. Shri Ashok Sarin - Joint Secretary
2. Shri Shiv Kumar - Deputy Secretary
3. Smt Neena Juneja - Committee Officer

*** Nominated as Member of the Committee w.e.f. 18.12.2008**

**** Re-nominated as Member of the Committee w.e.f. 9.1.2009**

***** Nominated w.e.f. 15th January, 2009**

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 29th Report (Fourteenth Lok Sabha) on the action taken by the Government on the recommendations contained in the 25th Report of the Standing Committee on Energy on Demands for Grants (2008-09) of the Ministry of Power.

2. The 25th Report of the Standing Committee on Energy was presented to Lok Sabha on 22nd April 2008. Replies of the Government to all the recommendations contained in the Report were received on 20th August 2008.

3. The Standing Committee on Energy considered and adopted this Report at their sitting held on 27th January, 2009.

4. An Analysis on the Action Taken by the Government on the recommendation contained in the 25th Report of the Committee is given at Annexure-II.

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;
27th January, 2009
Magha 7, 1930 (Saka)

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy

CHAPTER I

REPORT

The Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the Twenty- Fifth Report (14th Lok Sabha) of the Standing Committee on Energy on Demands for Grants of the Ministry of Power for the year 2008-09.

2. The Twenty-Fifth Report was presented to Lok Sabha on 22.04.2008 and was laid on the Table of Rajya Sabha on the same day. It contained 29 Recommendations/Observations.

3. Action taken notes in respect of all the observations/recommendations contained in the Report have been received from the Government. These have been categorized as follows:-

- (i) Observations/Recommendations which have been accepted by the Government:

Sl.Nos.2,4,6,7,10,11,12,13,14,15,17,18,19,20,21,22,24,26, 27,28,29.

Total=21
(Chapter-II)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:

Sl. No. 9.

Total=01
(Chapter-III)

- (iii) Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:

Sl. Nos. 1, 3,8, 16,23,25.

Total=6
(Chapter-IV)

- (iv) Observations/Recommendations in respect of which the final replies of the Government are still awaited:

Sl. No. 5.

Total=1
(Chapter-V)

4. The Committee desire that the utmost the importance should be given to the implementation of recommendations accepted by the Government. In cases, where it is not possible for the Government to implement the recommendations in letter and spirit for any reasons, the matter should be reported back to the Committee in time along with reasons for their non-implementation.

5. The Committee will now deal with action taken by the Government on some of their recommendations:

Utilization of Plan Allocation

Recommendation No. 1, Para No. 2.1.11)

6 The Committee observed that during the year 2007-08, the utilisation of Plan outlays had not kept pace with the allocations. Though, the budgetary allocations were being hiked year after year, yet, due to slippages in various programmes, the same were not being fully utilised. The Budget Estimates for the year 2007-08, including IEBR were Rs.33153.26 crore while the Revised Estimates were kept at Rs.30690 crore which was 92.57% of Budget Estimates. The utilisation of funds earmarked for various schemes till 25th February, 2008, was only Rs.18054. 36 crore, showing a utilisation of only 58.83% of the Revised Estimates. The Committee noted that the major under-utilisation of Plan outlays reflected in Revised Estimates was in the annual plan of NTPC, SJVNL, NEEPCO and other Schemes of the Ministry of Power including non-formulation of the new Scheme of Equity Gap Funding (Rs.289.49 crore), merging of the features of the scheme of consultancy charges for APDRP project (Rs.271 crore) and dropping of scheme of preparation of DPRs of new Hydro Electric Schemes (Rs.60.75 crore). The Committee had feared that under-utilisation of Plan outlays by power generating companies during 2007-08 would further delay the execution of projects as the quarterly utilisation of funds upto the third quarter during 2007-08 has only been 46%. Moreover, non-utilisation of funds earmarked for the preparation of DPRs of new Hydro Electric Projects only indicates the lackadaisical approach of the Government in exploiting the hydro power potential

in the country. In the background of the fact that projects/schemes of the Ministry of Power were normally completed in a span of five to ten years, the Committee wondered as to why funds were not being utilised substantially in the first three quarters of the financial year itself. The quarterly utilisation of funds indicates lack of proper planning and execution of Projects/Schemes in the Ministry of Power.

7. The Ministry in their reply have stated: -

“The Ministry of Power was allocated an amount of Rs.33153.26 crore(BE) during 2007-08 comprising of GBS of Rs.5483.00 crore and IEBR of Rs.27670.26 crore. The allocation at RE stage was reduced to Rs.30690.38 crore comprising of Rs.4350 crore as GBS and Rs.26340.38 crore as IEBR. The quarterly utilization of funds by Ministry against the BE & RE of financial year 2007-08 are as under:-

(Rs. in crore)

	GBS	<u>IEBR</u>	Total Expenditure	% Utilization in financial year 2007-08 (w.r.t. BE)	% Utilization in financial year 2007-08 (w.r.t. RE)
Expenditure during 1 st quarter	401.37	3778.87	4180.24	12.60%	13.62%
Expenditure during 2 nd quarter	194.37	4309.55	4503.92	13.58%	14.68%
Expenditure during 3 rd quarter	1565.26	5039.46	6604.72	19.92%	21.52%
Expenditure during 4 th quarter	2147.93	8211.06	10358.99	31.25%	33.75%
Total Expenditure	4308.93	21338.94	25647.87	77.36%	83.57%

In regard to utilization of funds by Ministry of Power upto 25.02.08 which was 58.83% of BE, it is mentioned that against the BE of Rs.33153.26 crore, the actual utilization upto the end of financial year was Rs.25647.87 crore representing 77.36% of BE.

With regard to the greater utilization in the last quarter vis-à-vis the previous three quarters it is mentioned that in the case of GBS the major provision of Rs.3983 crore at BE stage and Rs.3944.56 crore at RE stage was for the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Approval for continuation of

RGGVY during XI Plan was accorded on 03.01.2008. The delay in approval for the continuation of RGGVY in the 11th Plan resulted in a greater utilization in the last quarter of the financial year and less utilization of funds in the first three quarters. It is also mentioned that Ministry of Finance had also accorded special relaxation for RGGVY scheme from the limit of expenditure of 33% of BE in the last quarter.

The schemes like Equity Gap Funding and Preparation of DPRs of New Hydro Electric Projects could not get approval of the competent authorities and hence the provision kept for these schemes could not be utilized. Under utilization for the scheme of Consultancy charges for APDRP projects was due to merger of the scheme with Restructured APDRP scheme, which could not get approval of the competent authority.

With regard to the less utilization of IEBR it was mentioned that four organizations i.e NEEPCO, NTPC, SJVNL and DVC had not been able to utilize their Budgeted IEBR and the detailed reasons for less utilization of IEBR by these organizations have been provided at Annexure I, II, III & IV respectively.”

8. The Committee find that the actual utilization of funds by the Ministry of Power upto the end of financial year was Rs.25647.87 crore i.e. 77.36% of Budget Estimates of Rs.33153.26 crore. The reasons adduced by the Ministry for low utilization of Plan outlay during 2007-08 inter-alia include delayed approval of RGGVY for continuation in the 11th Plan, non-approval of restructured APDRP Scheme and less utilization of their budgetary allocations by NEEPCO, NTPC, SJVNL and DVC. As regards utilization of Plan outlay by NEEPCO, the Committee are constrained to note that the Budget Estimates of Rs.552.23 crore for 2007-08 were drastically reduced at RE stage to only Rs.96.76 crore. Further, the actual utilization of these outlays by NEEPCO during the year is reported to be only Rs.34.16 crore. The Committee also find that the BE for Kameng Hydro Electric Project (600 MW) in Arunachal Pradesh was also revised to Rs. 81.92 crore from the BE of Rs.540.69 crore. As regards Turial Hydro Electric Project (60 MW), Mizoram, Rs.10.09 crore could be spent, that too, on normal upkeep of the assets already created by NEEPCO – as work on the project was held up since June, 2004. The Committee also find that although NTPC, SJVNL and DVC had ambitious targets during 2007-08 for various projects but the actual expenditure was substantially reduced to Rs.8621 crore, Rs.219.23 crore and Rs.2523.87 crore against the approved Plan Outlay (BE) of Rs.

12792 crore, Rs.642.80 crore and Rs.4271.38 crore respectively. While observing that these PSUs could not utilize an amount of Rs.6342.80 crore out of their Budget Estimates due to non supply of equipment, administrative, geological and various other reasons, the Committee feel that the fluctuations in the annual plan and projections should be restricted to such an extent that the financial utilization of the approved outlay and physical achievement of the targets depict a realistic assessment. The Committee therefore, reiterate their earlier recommendation and desire that since power projects are normally completed in a time span of 5 to 10 years, the Ministry should ensure their planning and execution in such a way that there are no substantial variations in the approved Plan outlay and the projections made at RE stage or the actual expenditure incurred during a financial year. At the same time, the Committee expect that the Plan outlay for the year 2008-09 of all the PSUs and various programmes of the Ministry of Power would be fully utilized.

Capacity addition target for the 11th Plan

(Recommendation No. 3, Para No. 2.2.21)

9. The Committee noted that the capacity addition target of power generation for the 11th Plan was 78578 MW – 16627 MW in the hydro sector, 58571 MW in the thermal sector and 3380 MW in the nuclear sector. The Committee noted with great concern the miserable failure of the capacity addition targets in the previous plan periods because the capacity addition target achieved in the 8th, 9th and 10th Plans were only to the tune of 54%, 47% and 51.6% respectively of the planned capacity targets. What further raised alarm was the fact that as against the total target of capacity addition of 12039.20 MW in the year 2007-08, actual capacity addition of 8679 MW could only be achieved as on 26.03.2008. The Committee also noted that against the target of 78,578 MW for the 11th Plan, 60899 MW capacity was under construction, but Letters of Award for the projects totaling 9170 MW were yet to be placed. The Committee also wanted to know the reasons for not issuing Letters of Award for projects amounting to 9170 MW so far and recommended that action in this regard be completed at the earliest in a time bound manner as the gestation period of power projects was generally quite long and as it was equally important that all clearances were expedited and put in place well in time so that the 11th Plan capacity addition targets could be achieved. The Committee also wanted to be informed of the status of the remaining projects of about 8500 MW capacity targeted to be commissioned in the 11th Plan. Further, to speed up work and ensure proper coordination among different Ministries/agencies involved in the process, the Committee desired that the idea of creating a unified chain of command may be taken up for consideration at the highest level of the Government as was agreed to by the Secretary, Ministry of Power during evidence. The Committee awaited the considered views of the Government for their deliberation and consideration.

10. In their reply, the Ministry have stated:-

“According to the latest assessment, a capacity addition of 78,700 MW comprising 15,627 MW Hydro, 59,693 MW Thermal and 3,380 MW nuclear is feasible during 11th Plan. The capacity addition achieved during 2007-08 was 9,263 MW against a revised target of 12039.2 MW. Capacity addition target for the year 2008-09 is 11,061 MW. During the year 2008-09, a capacity of 434.8

MW had been commissioned so far. Thus the total capacity commissioned as on 03.08.2008 during 11th Plan is 10883 MW.

Projects totaling to 63157 MW were under construction at present for likely benefits during 11th Plan. Due to delay in tying up of essential inputs, orders for a capacity of 6,410 MW are yet to be placed. For expediting the ordering process, Ministry of Power is actively interacting and monitoring, through meeting/discussions with the State Governments, BHEL as well as State Power Utilities for giving an impetus to various measures inter-alia the capacity addition. The capacity addition programme was discussed in the Chief Secretaries` Conference held on 23rd – 24th April, 2007 and Chief Ministers` Conference held on 28th May, 2007 wherein inter-alia early placement of orders for power projects proposed to be commissioned during the 11th Plan was emphasized. In the Chief Ministers` Conference, it was resolved that the Centre and States would ensure timely placement of orders for all the projects intended to give benefit during the 11th Plan and had regular monthly monitoring of the projects to ensure their timely commissioning along predetermined milestones. A meeting of Group of Ministers chaired by Minister of Power was held on 24th September, 2007 wherein detailed State-wise discussions were held with regard to accelerated power generation capacity addition for the 11th Plan. Subsequently, a follow-up meeting of Chief Secretaries of States was held on 19th February, 2008 wherein expeditious completion of ordering of all the 11th Plan power generation projects was emphasized. This matter was again discussed in the Chief Secretaries` Conference convened on 22nd April, 2008.

Regarding the issue relating to ensuring proper coordination among different Ministries/agencies involved in the process, it was mentioned that for Inter-Ministerial coordination, Ministry of Power was having regular structured meetings with Ministries of Coal and Environment and Forests. Furthermore, Energy Coordination Committee had been constituted under the chairmanship of Hon`ble Prime Minister to enable a systematic approach to policy formulation, promote coordination in inter departmental actions and function as a key mechanism for providing institutional support to decision making in the area of energy planning. To supplement these efforts if need arises, further inter-ministerial consultations shall be organized.”

11. The Committee were informed that against the target of 78,578 MW of power generation during the 11th Plan, projects having 60899 MW capacity were under construction, and Letters of Award for the projects totaling 9170 MW were yet to be placed. The Committee are, however, constrained to note that due to delay in the tying up of essential inputs, orders for a capacity of 6,410 MW are yet to be placed. The Ministry of Power in their reply, have cited various interaction and monitoring meetings held during

April, May 2007 and also the follow up meetings taken up with State Governments in February and April 2008 for expediting the ordering process. The Committee cannot but deplore lackadaisical approach of the Ministry to expedite the ordering process for remaining projects which are targeted to be completed during 11th Plan period as nothing concrete is reported to have been attempted after the Committee recommended for the same.

12. As regards the issue relating to ensuring proper co-ordination among different Ministries/agencies involved in the commissioning of power projects, the Committee had recommended that a unified chain of command may be considered at the highest level of the Government. In this regard, the Committee have been informed that for inter-Ministerial co-ordination, Ministry of Power have regular structured meetings with Ministries of Coal and Environment and Forests. Furthermore, Energy Co-ordination Committee has been constituted under the Chairmanship of Hon'ble Prime Minister to enable a systemic approach to policy formulation, promote Co-ordination in inter departmental actions and function as a key mechanism for providing institutional support to decision making in area of energy planning. According to the Ministry of Power, inter-Ministerial consultations shall be organized to supplement these efforts. The Committee would however, like to be apprised of how the steps taken to ensure proper co-ordination among different Ministries/agencies have been proved effective in achieving the targets set for capacity addition during the 11th Plan.

Balance of Plant works for Power Projects

(Recommendation No. 4, Para No. 2.2.22)

13. The Committee in particular noted that there was shortage of vendors to execute Balance of Plant Works like (i) Ash handling plant, (ii) Coal handling plant, (iii) Water Treatment Plant including DM plant etc., and this had become the main hindrance in completion of power projects resulting in delayed capacity addition. The Committee observed that the Government was taking certain steps to meet the constraints in the setting up of power plants such as tie-ups for

obtaining critical equipment and for execution of the balance of plant works. Efforts were reportedly being made to involve international conclave of suppliers/vendors of coal handling plants/ash handling plants/ water treatment plants equipment to enhance the manufacturing capacity of the existing vendors and to widen the vendor – base and create new entrepreneurs. The Ministry had also taking steps to revise the qualifying requirements to encourage more vendors and new entrepreneurs to come forward for manufacturing main plant equipment. The Committee would, however, liked to know the outcome of the steps taken by the Government to develop vendor base for Balance of Plant works of power plants.

14. Ministry in their reply have stated as follows:

“The Committee under the Chairmanship of Dr. Kirit Parikh, Planning Commission on standardization of specifications of Thermal Power Plants and development of vendors for Balance of Plants (BoPs) has submitted its Report regarding development of vendors for BoPs on 24th January 2008. The main recommendations of the above report are summarized below:

(a) Order for BoPs (or EPC of BoPs) should be placed within six months of placement of order for main plant and equipment.

(b) Liquidated damages for delay in execution of project in time should be enhanced to discourage cornering of large number of contracts by a few suppliers.

(c) CEA to finalise the pre-qualification requirement for BoP vendors by Feb., 2008 end.

(d) CEA and NTPC to complete the exercise for finalizing the guidelines for standardization/ broad design criterion for various packages of BoP progressively by the end of Aug., 08.

(e) Capacity building for availability of skilled manpower to be taken up by the project developers.

(f) Whether a level playing field is being provided to domestic supplier needs to be examined.

The Ministry of Power & CEA have already taken an initiative in coordination with CII to sensitize the industry about the requirement of BoPs by organizing the international conclave in July, 2007 followed by regional level Conferences at Chennai & Chandigarh. The actual benefits of above efforts will take time to materialize.

However, it is felt that it will definitely result in development of new vendors for the 11th Plan projects & for future plans. The Committee set up in CEA to review the qualifying requirements of BoPs is likely to submit its report shortly.

NTPC Ltd has entered into a Joint Venture Agreement with BHEL to take up work relating to Engineering, Procurement and Construction (EPC) for power plants and other infrastructure projects. NTPC Ltd has also entered into an MOU with Bharat Forge Limited to promote a joint venture company initially to take up the manufacturing of casting, forgings, fittings and high-pressure pipings. However, keeping in view the scarcity of vendors for manufacture of Balance of Plants, this JV would also examine the feasibility of manufacturing and supply of BoPs.”

(Recommendation No. 5, Paragraph No. 2.2.23)

15. The Committee noted that a Committee under the Chairmanship of Dr. Kirit Parikh, Member, Planning Commission, on the standardization of specifications of Thermal Power Plants and development of vendors for balance of plants had been set up. Since the second year of the 11th Plan period had already commenced, the Committee desired that the aforesaid Committee should be asked to come up with its findings and recommendations in a specified time so that the same could be turned into a concrete action plan.

16. The Ministry in their reply have stated:-

“The Committee under the Chairmanship of Dr. Kirit Parikh, Member, Planning Commission has submitted its reports on the issue of Standardization of Specification of Thermal Power Plants and Development of Additional Vendors for Balance of Plants to Hon’ble Finance Minister on 8th January, 2008 and 24th January, 2008 respectively. While consolidated view on the recommendations is yet to be taken by the Government, Central Electricity Authority has already sensitized all the stakeholders regarding placement of orders for various packages of BoPs which according to the recommendations of the Committee should be placed progressively within six months of placement of order for the main plant.”

17. The Committee are dismayed to note that although a Committee under the Chairmanship of Dr. Kirit Parikh, Member, Planning Commission has submitted its Reports on the issue of standardization of specification

of thermal power Plants and Development of additional vendors for balance of plants to Hon'ble Finance Minister on 8th January, 2008 and 24th January, 2008 respectively, a consolidated view on the recommendations of the Committee is yet to be taken by the Government. Since the balance of plant works constitute an important and integral part for the setting up of any power plant, the Committee recommend that the Government should take immediate steps to chalk out a concrete action plan to ensure the capacity addition during the 11th Plan as envisaged taking into consideration the findings and recommendations of the Committee constituted for the purpose.

18. The Committee further observe that one of the important recommendations of the above referred Committee inter-alia include finalization of the pre-qualification requirement for Balance of Plant works (BoP) vendors by CEA by February 2008 and completing the exercise for finalizing the guidelines for standardization/broad design criterion for various packages of BoP progressively by CEA and NTPC by the end of August 2008. The Committee are concerned to note that CEA could not finalize the pre-qualification requirement of BoP by February 2008 as targeted. The Committee also note that the Ministry of Power and CEA have already taken some initiative in coordination with Confederation of Indian Industries to sensitize the industry about the requirement of BoPs by organizing the international conclave in July, 2007 followed by regional level Conferences at Chennai & Chandigarh. The Ministry have stated that the actual benefit of above efforts should definitely result in development of new vendors for the 11th Plan projects & for future plans. The Ministry have also informed that the Committee set up in CEA to review the qualifying requirements of BoPs was likely to submit its report shortly. The Committee would like to be apprised of the main findings of the report of this Committee and action taken by the Government thereon.

19. The Committee also find that NTPC Ltd has entered into a Joint Venture Agreement with BHEL and also with Bharat Forge Limited – to take up the manufacturing of casting, forgings, fittings and high-pressure pipings. However, it has also been stated that keeping in view the scarcity

of vendors for manufacture of Balance of Plants, this JV would also examine the feasibility of manufacturing and supply of BoPs. The Committee are of the view that a feasibility study about the manufacturing and supply of BoPs by the proposed Joint Venture Company of NTPC with Bharat Forge Ltd. be completed at the earliest and the Committee be apprised of the same.

Development of Hydro Power

(Recommendation No. 8, Para No. 2.3.18)

20. The Committee noted that hydro power was a benign source of energy and the sector needs to be accorded high priority from the point of view of energy security as fuels like coal and gas were likely to be exhausted in the near future. The Committee noted that the bulk of the hydro potential which was in the Himalayan region in the States of Jammu and Kashmir, Himachal Pradesh, Uttarakhand and the North-Eastern Region was yet to be tapped. Although India was endowed with an estimated hydro power potential of more than 1,50,000 MW, the installed capacity was only 35,379 MW, i.e. 25% of the total power generating capacity in the country. The Committee had regretted to note that 45 hydro projects with an aggregate capacity of 15,000 MW only were under construction at present and preparation of the feasibility reports of 162 schemes so far with an aggregate capacity of 49,930 MW only had been completed by CEA. The Committee were further constrained to observe that even during the 11th Plan, while the major capacity addition from the thermal power stations was pegged at 58,571 MW, from Hydro power plants, it was to be only 16,227 MW. The Committee noted that a task force had been constituted under the Chairmanship of Minister of Power to look into various aspects of hydro power. The Committee liked to be informed of the steps so far taken by the Task Force to overcome the bottlenecks in implementation of hydro electric projects.

21. The Ministry their reply have stated:-

“In the first meeting of the Task Force on hydro project development held under the Chairmanship of Hon’ble Minister of Power on 12.12.2007 at New Delhi, the following issues were deliberated by the Task Force:

(i) Report of TERI on compensation to resource bearing States. The recommendations made in the Repot of TERI on compensation to resource bearing States and comments of the Ministry of Power thereon were submitted before the Task Force for discussions. The Task Force endorsed the comments of Ministry of Power and noted that the suggestions of TERI had been appropriately addressed in the revised hydro policy. The Task Force also endorsed the provisions of the new Hydro Policy which was subsequently approved by the Cabinet and notified on 31.3.2008.

- (ii) The Task Force also approved a proposal to refer the inter-State issues impeding the implementation of various hydro-electric schemes in the country to the Commission on Centre State relations for an early resolution of these issues.
- (iii) Basin-wise development of hydro potential.

The Task Force advised that the CEA in consultation with the respective State Governments and CWC should carry out river basin optimization studies for all major river basins. If necessary, a scheme for financing these efforts may be formulated. Accordingly, the CEA is requested by this Ministry to conduct a study to explore the feasibility of basin-wise development of hydro potential. The CEA was taking necessary action in this regard.

- (iv) The Task Force recommended that the respective State Governments be asked to identify the potential sites for setting up of Mega Hydel Projects and propose implementation through an SPV on the lines of Thermal Ultra Mega Power Projects (UMPPs). Accordingly, this Ministry wrote to various hydro potential State Governments to identify potential sites in their respective States for setting up of Ultra Mega Hydel Projects of installed capacity of 500 MW or more and consider its implementation through an SPV on the lines of Thermal Ultra Mega Power Project.”

22. As regards the development of Hydro Sector in the Country, the Committee note that the capacity from the Hydro Power Plants targeted to be added is 16227 MW against the thermal power capacity addition of 58,571 MW during the 11th Plan. The Committee are constrained to observe that although they had desired to know the steps taken by the Task Force on Hydro Project Development to overcome the bottlenecks in implementation of the projects, the Ministry of Power in their action taken reply furnished to the Committee have only mentioned the issues which were deliberated by the Task Force at their first meeting held on 12th December, 2007. The Committee would therefore, like to be categorically apprised of the present status of implementation of basin-wise development of hydro potential – where the CEA in consultation with the respective State Governments has been assigned to carry out river basin optimization studies for all major river basins. At the same time, the Committee would also like to be informed of the response of the State Governments on the recommendation of the Task Force to identify the potential sites for the setting up of Mega Hydel Projects and their proposed implementation through Special Purpose Vehicles on the lines of thermal

Ultra Mega Power Projects (UMPPS) for which the Ministry of Power have already written to the respective States; for Ultra Mega Hydel Projects of installed capacity of 500 MW or more.

**Gas Allocation Policy of the Government
(Recommendation No.16, Para No 2.5.10)**

23. The Committee had observed that due to shortage of gas in the country, the actual supplies to NTPC's gas based power station by GAIL had fallen short of the contracted / quantity. Taking note of the fact that the Government was in the process of finalization of Gas Utilization Policy, the Committee observed that it was time that a debate was initiated at the highest level in the country over according relative precedence to various competing sectors, the main being fertilizer and power sectors, in the proposed Gas Utilisation Policy. At the same time, the Committee saw a merit in the argument put forward to the Committee by the Secretary, Ministry of Power that while fertilizers could be imported, power could not. The Committee therefore, recommended that the power sector be accorded priority over all other competing sectors including the fertilizer sector in the matter of allocation of gas and coal because it was the power sector which drove the economy.

24. The Ministry in their reply have stated:-

“The matter of allocation of gas to the Gas Based Power Plants was taken up by the Ministry of Power with Ministry of Petroleum & Natural Gas a number of times. Consequently the Empowered Group of Ministers (EGoM) in its meeting held on 28.05.2008 on commercial utilization of gas under the New Exploration Licensing Policy (NELP) decided to prioritize allocation of gas to Gas Based Power Plants lying idle / under – utilized and likely to be commissioned during 2008-09, and liquid fuel plants, which are now running on liquid fuel and could switch over to natural gas, to meet the partial requirement of these plants.”

25. In regard to the gas policy of the Government, the Committee have been informed that the Empowered Group of Ministers (EGoM) in its meeting held on 28.05.2008 on commercial utilization of gas under the New Exploration Licensing Policy (NELP) has decided to prioritize allocation of gas to the gas based power plants lying idle/under-utilized

and likely to be commissioned during 2008-09 and liquid fuel plants, which are now running on liquid fuel and could switch over to natural gas to meet the partial requirement of these plants. The Committee, however, find that the reply of the Government is silent about according priority to power sector over other competing sectors including the fertilizer sector. The Committee therefore, reiterate their earlier recommendation that power sector needs to be given priority as in the considered opinion of the Committee it is availability of power which primarily drives the economy of the country.

Captive Power Generation

(Recommendation 18, Para No. 2.7.6)

26. The Committee observed that the present installed captive power generation capacity in the country was 22335 MW. The Committee also noted that the captive power generation was a means of decentralized generation with low T&D losses; and to also reduce the cost, as there was no need to set up a transmission system. Further, the Government was taking substantive measures to facilitate captive power generation plants to provide the spare generating capacity to the grid and the Government had also been striving to do away with restrictive levies, duties and regulations in a time bound manner. The Committee further noted that the Government was considering a proposal for amending the existing mega power policy, which, inter-alia provided for extending the Mega Power Project status benefits to captive and merchant power plants, subject to qualifying conditions. The Committee strongly recommended that the Government should finalise the mega power policy at the earliest and benefits from the same should not be confined only to the captive power generators but the projects in the State sector should also be extended mega policy benefits in order to increase and encourage participation of the States in the power generation. The Committee also desired that the Government should also help captive power generator in getting the water supply, coal linkages, etc. and thereby encourage more and more private entrepreneurs to set up such power projects.

27. The Ministry in their reply have stated :-

“A proposal to amend the existing mega power policy is under consideration of the Ministry of Power in the wake of - (i) need to provide impetus to accelerated power generation in the context of the goals set out in the National Electricity Policy, 2005; (ii) Reforms in the power sector including finalisation of Tariff Policy, 2006 and new Hydro Policy, 2008. The 11th Plan target for power generation is 78,577 MW, which is 60% of the country's total generation capacity at the end of the 10th Plan. Sustaining achievement of a power growth rate of this magnitude on a sustainable basis during the next decade calls for modification of the current mega power policy.

Accordingly, the proposal seeks to liberalise the mega power policy further by, inter-alia, providing -

(i) Deleting the requirement of privatization of distribution in the power purchasing States.

(ii) Covering Merchant Power Plants and Captive Power Plants under Mega Power Policy subject to meeting the threshold capacity requirements.

(iii) Deleting the requirement of inter-state sale of power.

Further, Government has taken various legislative, policy and administrative measures to facilitate captive generation and utilization of surplus capacity.

Under the Electricity Act, 2003, captive power plants, including group captive, have been freely permitted. The Act provides that any person may construct, maintain or operate a captive generating plant and dedicated transmission lines. Under the provisions of the Act, every person, who has constructed a captive generating plant and maintains and operates such plant, shall have the right to open access for the purposes of carrying electricity from his captive generating plant to the destination of his use, subject to the availability of transmission capacity.

National Electricity Policy, notified in February, 2005, emphasizes the need for bringing surplus capacity available with a large number of captive and standby generating stations in India to the grid continuously or during certain time periods.

Tariff Policy, notified in January, 2006, recognizes that captive generation is an important means to make competitive power available and urges the Electricity Regulatory Commissions to

create an enabling environment that encourages captive plants to be connected to the grid.

The Conference of Chief Ministers on Power Sector Issues held in May, 2007, has resolved to facilitate captive power plants to provide the spare generating capacity to the grid and strive to do away with restrictive levies, duties and regulations in a time bound manner.

Ministry of Power has been actively involved in moderating the charges / duties on open access, cross-subsidy, etc. Various conferences and seminars with the stakeholders have been held to evolve consensus and expedite actions on the concerned issues, the latest being the Round Table of Forum of Regulators held on 5.11.2007 and the Conference of Chief Secretaries on Power Sector Issues held on 19th February, 2008.

The Captive Power Plants (CPPs) have been getting coal linkages from the coal companies under the Ministry of Coal. The water allocation to the CPPs is provided by the State Governments.”

28. The Committee find that Government was taking substantive measures to facilitate captive power generation plants to provide the generating capacity to the grid and it had also been striving to do away with the restrictive levies, duties and regulations in a time bound manner. During examination of the Demands for Grants of the Ministry of Power, the Committee had been informed that the Government was considering a proposal for amending the existing Mega Power Policy, which, inter-alia provided for extending the Mega Power Project status benefits to both the captive and merchant power plants, subject to qualifying conditions. The Committee are concerned to note that although they had recommended that the Government should finalise the Mega Power Policy at the earliest and benefits from the same should not be confined only to the captive power generators but to the projects in the State sector should also be extended mega policy benefits in order to increase and encourage participation of the States in the power generation, the Ministry have again merely stated that a proposal to amend the existing Mega Power Policy is under their consideration. The Committee deprecate the delay in finalizing/amending the Mega Power Policy and desired that an early decision in the matter be taken by the Government.

R&M schemes in Hydro Sector

(Recommendation No. 23, Para No. 2.9.9)

29. The Committee were dismayed to note that during the 10th Plan, out of a total of 72 hydro schemes programmed for completion, only 32 schemes could be completed and 38 schemes slipped to the 11th Plan. Further, two of the projects were reported to have been shifted to the 12th Plan. The Committee felt that in view of the R&M works slipping in previous plan periods also, the Government should have taken advance action for carrying out the Residual Life Assessment studies, finalising Detailed Project Reports and constituting dedicated teams for carrying out R&M etc., to overcome the likely delays in execution of R&M works during the 10th Plan period.

30. In their reply, the Ministry have stated:-

“At the beginning of 10th Plan, a total of 72 Hydro schemes were identified for taking up R&M works during the 10th Plan based on proposals received from SEBs/ Utilities. While reviewing the progress of R&M activities in the subsequent years, it was observed that the SEBs have not started any activity in 14 schemes and therefore, these schemes were shifted to 11th/ 12th Plan depending on their progress.

As such, works on only 58 schemes were in progress during the 10th Plan. Out of these 58 Hydro R&M schemes, 29 schemes got completed and in addition 3 schemes, which were planned for 11th Plan could be completed earlier in the 10th Plan.

It is submitted that the Hydro R&M schemes were earlier identified considering the 30-35 years of life of the generating units. There have been many reasons which could be attributed for non start of works/ shifting of scheme from 10th Plan to 11th/ 12th Plan, which are listed below:-

(i) The performance/generation from the identified schemes has been found to be satisfactory though the units have completed their design life.

(ii) The response from the bidders for R&M works have been poor and in some cases, single bids were received resulting delay in award of works.

(iii) Delay in carrying out Residual Life Assessment (RLA) studies

(iv) Delay in finalizing the Detailed Project Reports (DPRs)

(v) Non-availability of shut downs and sequential execution of R&M works

(vi) Revised/enhanced scope of works of R&M schemes

(vii) Non-adherence of completion schedules by the concerned power authorities/ utilities

(viii) No dedicated teams have been constituted by the SEBs/ PSUs to carry out the R&M works and to tackle the constraints/bottlenecks and to fix up the responsibility for any delays etc.

(ix) Delays in resolving the inter-state problems in certain cases e.g. Machkund in A.P./ Orissa and Hampi and Tungabhadra in A.P./ Karnataka.

The various works on balance 29 hydro R&M schemes, which have been shifted to 11th Plan, are presently in progress.”

31. The Committee note that a total of 72 Hydro schemes were identified for taking up R&M works during the 10th Plan based on the proposals received from State Electricity Boards/utilities. While reviewing the progress of R&M activities, the Committee find that SEBs had not started any activity in 14 schemes and therefore, these schemes were shifted to 11th/12th Plan periods. The Committee have also been informed that the response from the bidders for R&M works had been poor and in some cases single bids were received resulting in delay in award of works. There were also reported to be some delays in carrying out Residual Life Assessment (RLA) studies and delay in finalization of Detailed Project Reports (DPRs). The major hindrance according to the Ministry is that no dedicated teams have been constituted by the SEBs/PSUs to carry out R&M works, to tackle the constraints/bottlenecks and to fix up the responsibility for any delays, etc. The Committee feel that to ensure timely completion of R&M works, the Government should pursue with the State Governments/PSUs for constitution of some dedicated teams so as to tackle constraints/bottlenecks in the process. At the same time, the Committee would also like to be informed of the present status of the renovation and modernization works of all the 29 R&M schemes targeted to be implemented in the 11th Plan period.

Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY)
(Recommendation No. 25, Para No. 2.10.15.)

32. The Committee noted that the Rajeev Gandhi Grameen Vidyutikaran Yojana(RGGVY), a scheme for Rural Electrification Infrastructure and household electrification was 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. Rural Electrification Corporation (REC) was the nodal agency for the programme. Under this scheme 90% capital subsidy was to be provided for rural electrification infrastructure and 10% as the loan assistance on soft terms by REC. The Committee noted that against a target of electrification of 40,000 villages during 2006-07, only 28,706 villages were actually electrified. Further, during 2007-08, the target for village electrification was kept very low, i.e. 9,000 and only 7,077 villages could be electrified as on 15th February, 2008. The reasons stated by the Ministry for the low target was that continuation of the scheme in the 11th Plan was approved only in January, 2008, as a result of which the work was not in full momentum during April, 2007 to December, 2007. The Committee further noted that the budget requirement for the year 2008-09 for RGGVY was projected at Rs. 24,000 crore for achieving the target of electrification of 67,475 villages and providing electric connections to 2.12 crore BPL households. Against this projected requirement, a budget allocation to the tune of Rs. 5500 crore has been made. For achieving the target of electrifying 25,000 unelectrified villages and providing connections to 60 lakh BPL households, which has been projected in the outcome budget for the year 2008-09, the total requirement of funds is placed at Rs. 13,000 crore. However, additional amount would be required to be released for the scheme at RE stage. The Committee were very unhappy with the pace and progress of the Rajeev Gandhi Grameen Vidyutikaran Yojana, an ambitious programme of the Government which was taken up with the aim of electrifying villages and hamlets for supplying power to the rural areas to unleash full economic growth potential of rural India. Not convinced by the reasons cited by

the Ministry for non-achievement of targets under the programme, i.e., insufficient availability of funds and also the fact that continuation of the programme in the 11th Plan was only approved on 3rd January, 2008, leaving only 3 months in the financial year 2007-08 for sanctioning new projects, the Committee strongly recommended the Ministry to take up the programme progressively on top priority basis in the financial year 2008-09 so that the targets envisaged were achieved. The Committee further noted that the Ministry was making an attempt to compress the implementation cycle from 18 months to 12 months in some of the projects and electrify additional villages in the financial year 2008-09. The Committee, therefore, recommended that the funds required for the scheme be made available in time for implementation of the scheme in the year 2008-09. The Committee noted that 'cost of electrification of an unelectrified village' and the cost of 'intensive electrification of already electrified village' varies from Rs. 13 lakh to Rs. 18 lakh and Rs. 4 lakh to 6 lakh respectively-in normal terrain and in hilly, tribal and desert areas. From the case made out before the Committee during its study visit to Rajasthan and also by going through the figures of cost of village electrification and basis thereof, the Committee note that the cost of Rs. 18 lakh for a village electrification in hilly, tribal and particularly in the desert areas was not sufficient as compared to the cost of electrifying a village in normal terrain. The Committee was also of the view that the present practice of presuming the cost of village electrification as the same for similar areas/terrain throughout the country without factoring in the State specific conditions, disregards the ground realities. The Committee, therefore, recommended that the present cost norms for village electrification should be revisited by the Government and suitably modified taking into account the local conditions in the terrain and areas in different States where electrification has to be carried out.

33. The Ministry of Power have stated:

"The target for 2008-09 has been revised and it has now been fixed to electrify 19,000 un-electrified villages and provide connections to 50 lakh BPL households. So far 316 new projects have been sanctioned for implementation during phase-I of XI Plan period covering electrification of 47,658 un-electrified villages and release of connections to 1.58 crore BPL households, besides 235 ongoing projects of X Plan. For achieving the target, Monitoring Committee

under Chairmanship of Secretary (P) has been regularly reviewing and monitoring the progress of RGGVY in the entire country. Moreover, all State Governments have been advised to constitute a Coordination Committee headed by Chief Secretary of the state to review the progress of Rajiv Gandhi Grameen Vidyutikaran Yojana in their States. State Governments have been requested to monitor each project physically and financially on a regular basis and to remove all implementation bottlenecks so that the targets of Bharat Nirman can be achieved. The budgetary provision for 2008-09 for RGGVY is Rs. 5500 crore which needs to be revised upwards to Rs. 13,000 crore for achieving targets prescribed in outcome budget.

The existing cost norm for electrification of un-electrified villages in normal terrain (Rs. 13 lakh) and in hilly, tribal & desert areas (Rs. 18 lakh) and the cost norm for intensive electrification of already electrified village in normal terrain (Rs. 4 lakh) and in hilly, tribal & desert areas (Rs. 6 lakh) have been approved by the Cabinet and as such modification is not feasible at this stage. Moreover, the existing cost norms seem to be reasonable.”

34. The Committee note that the target for electrification of unelectrified villages for the year 2008-09 has been revised to 19,000 villages and 50 lakh BPL households from the original figure of 25,000 villages and 60 lakh BPL households projected earlier in the Outcome Budget 2008-09. The total requirement of funds for the purpose is estimated at Rs. 13,000 crore whereas the budgetary provision for 2008-09 was only Rs. 55,00 crore which according to the Government is needed to be revised upwards. The Committee recommend that funds for achieving the revised targets of RGGVY in 2008-09 should be made available by the Government for the timely completion of the schemes.

Reduction of Excise Duty on Energy Efficient Products

(Recommendation No. 27, Para No. 2.12.9)

35. The Committee noted that the Bureau of Energy efficiency (BEE) under the aegis of Ministry of Power had formulated an Action Plan in consultation with all stakeholders identifying the major thrust areas of its activities during the early stages of the 10th Plan. The Action Plan released by the Hon'ble Prime Minister on 23rd August, 2002, served as a road-map for BEE. The Committee further noted that against the energy conservation and efficiency potential assessed in

the country at about 20,000 MW, the potential harnessed during the 10th Plan was only 877 MW and the target for harnessing energy conservation during the 11th Plan was stated to be 10,000 MW. To achieve the 11th Plan targets of energy conservation, BEE had also launched schemes such as the Bachat Lamp Yojana and Standard and Labeling programme. The Committee were disappointed to note that the Ministry of Finance had not accepted the proposal of progressive reduction in excise duty for energy efficient products, particularly the labeled products. The committee were of the considered opinion that concessions such as differential excise duty on energy efficient labeled products which had the potential to provide a great deal of encouragement towards energy conservation efforts should have been offered to the customers. The Committee, therefore, recommended to the Ministry of Power to again take up the matter with the Ministry of Finance and Committee be apprised of the outcome in this regard.

36. The Ministry in their reply have stated:-

“In the Pre-Budget Memorandum 2008-09 submitted to Ministry of Finance, Ministry of Power had taken up the following proposals relating to energy efficient products for exemption in Excise & Customs Duty:

(i) Reduction of Excise Duty for Energy Efficient equipment / appliances (airconditionors, refrigerators, motors and pumps):

All energy efficient end use equipment, particularly that are covered under the Standards and Labeling programme of Ministry of Power may be provided fiscal incentives in form of a progressive Excise Duty structure in three different rates of 8%, 4% and 0%. A graded increased abatement allowance on retail price was also recommended for energy efficient equipment.

(ii) Complete waiver of Customs Duty and Excise Duty on CFL, LED & Electronic Ballast:

CFL, LED and Electronic Ballast which are highly energy efficient were recommended for full exemption from all duties.

However, none of these proposals was accepted. This Ministry would again take up the matter with the Ministry of Finance in the next Budgetary exercise.”

37. The Committee have been informed that the pre-budget proposals of Ministry of Power for reduction of excise duty for Energy Efficient equipment / appliances (airconditionors, refrigerators, motors and pumps) Complete waiver of Customs Duty and Excise Duty on CFL, LED & Electronic Ballast were not accepted by the Ministry of Finance. The

Committee are of the considered view that after their repeated recommendations for progressive reduction in excise duty for energy efficient products, particularly the labeled products and the concessions such as differential excise duty on energy efficient labeled products, the Ministry of Power have not taken up these proposals with the Ministry of Finance with due urgency. The Committee feel that instead of leaving the matter to be taken up with the Ministry of Finance to the next Budgetary exercise, the Ministry of Power should have immediately obtained the comments of the Ministry of Finance in the matter by forwarding them, the recommendation of the Committee. Unhappy with the lackadaisical approach of the Government, the Committee reiterate their earlier recommendation and desire that the matter should be immediately taken up with the Ministry of Finance so that energy conservation target of 10,000 MW during 11th Plan could be achieved. At the same time, the Committee also recommend that the Ministry should take necessary steps to ensure labeling programme for all the electrical appliances.

Allocation to Bureau of Energy efficiency (BEE)

(Recommendation No. 28, Paragraph No. 2.12.10)

38. The Committee noted that as against the proposed allocation of Rs.161.65 crore for the BEE during 2008-09, an amount of only Rs.90 crore was approved. The Committee were of the considered opinion that this would definitely affect some of the ongoing important schemes of BEE like (i) Designated Consumers and SMEs, (ii) Institutional Strengthening of BEE (iii) Agriculture DSM and Municipal DSM, and (iv) Contribution to State Energy Conservation Fund etc. To encourage energy saving, the Committee noted that the funds proposed for energy efficiency schemes should not be curtailed. The Committee, therefore, recommended that the funds asked for to undertake the proposed energy conservation schemes during 2008-09 should be made available to the Bureau of Energy Efficiency (BEE).

39. The Ministry in their reply have stated:-

“Ministry of Power agrees with the recommendation made by the Committee and an attempt will be made to seek additional allocation at R.E. stage.”

40. The Committee find that against the proposed funds of Rs.161.65 crore to BEE during 2008-09 an amount of Rs.90 crore was sanctioned during 2008-09 to implement their ongoing Schemes like (i) Designated Consumers and SMEs, (ii) Institutional Strengthening of BEE (iii) Agriculture DSM and Municipal DSM, and (iv) Contribution to State Energy Conservation Fund, etc. The Ministry of power have informed that they agree with the recommendation of the Committee that the funds proposed for energy efficiency schemes should not be curtailed and an attempt will be made to seek additional allocation at Revised Estimates stage. The Committee would like to informed of the details of the additional allocations sought by the Ministry of Power at RE stage and the final outcome thereof in due course.

Funds for Central Power Research Institute

(Recommendation Serial No. 29, Para No. 2.13.4)

41. The Committee noted that the Central Power Research Institute (CPRI) had sought a Gross Budgetary Support of Rs.202 crore during 2008-09 to carry out critical R&D activity. Against this, an allocation of only Rs.50 crore has been made. The Committee further note that due to this huge cut in budgetary support, the major schemes of CPRI, namely, National and International Accreditation for CPRI laboratories and augmentation and modernization of CPRI laboratories would be left with only token amount and augmentation of some of the laboratories to the international standards will get delayed. Moreover, many of the new schemes approved under 11th Plan would also be delayed in terms of implementation. Taking note of the fact that the CPRI is a world class R&D Institute with expertise and advanced know-how in the field of technologies in the power sector, the Committee, recommended that the funds required by CPRI should be sanctioned to the Institute to enable it to carry out R&D projects and also to establish itself as a renowned research Institute of excellence not only in India but also the world over.

42. The Ministry in their reply have stated:-

“Planning Commission has allocated only Rs.30,451.91 crore (at current prices) as Ministry of Power’s GBS for the 11th Plan period as against Rs.33,207.99 crore as the revised minimum requirement requested for by the Ministry. In this exercise, Rs.320 crore had been proposed for allocation to CPRI as GBS for the 11th Plan. For the year 2008-09, Planning Commission has already made an allocation of Rs.50 crore for CPRI. An attempt will be made to seek additional allocation at R.E. stage.”

43. The Committee are concerned to note that in spite of their repeated recommendations to the Government to increase investments in Research and Development activities, against the proposed Gross Budgetary Support of Rs.202 crore during 2008-09 an allocation of only Rs.50 crore has been made to CPRI. Although, the Ministry of Power have stated that an attempt will be made to seek additional allocation at RE stage, the Committee have failed to understand the reasons for substantially reducing the GBS by the Planning Commission during 2008-09. Further, Rs.320 crore had been proposed for allocation to CPRI as Gross Budgetary Support for the entire 11th Plan. While reiterating their recommendation that the funds required by CPRI should be sanctioned to the Institute so as to enable it to carry out its R&D projects and also to establish itself as a renowned research Institute of excellence, the Committee would also like to know the steps taken by the Ministry to impress upon the Planning Commission to allocate the funds asked for by CPRI for the entire the 11th Plan period.

NEEPCO

	Name of the Project/ Scheme	IEBR (Rs. in Crores)			Reasons for less utilization
		B.E.	R.E.	Amount spent	
1	Kameng H.E. Project (600 MW), Arunachal Pradesh	540.69	81.92	--	Details as per <u>Annexure- I-A</u> .
2	Tuirial H.E. Project (60 MW), Mizoram	2.35	4.34	10.09	1) Works held up since 9th June, 2004 due to agitation launched by Tuirial Crop Compensation Claimants' association. 2) Expenditure incurred only for normal upkeep of the assets already created by NEEPCO.
3	Khangten S.H. Project (7.5 MW), Arunachal Pradesh	9.19	1.00	1.10	Major work could not be taken up due to:- 1) Re-tendering of the EPC contract on 12/12/07 due to participation of single bidder.
4	S&I Schemes, Arunachal Pradesh	0.00	6.50	15.24	--
5	Tripura Gas Based Power Project (104.74 MW), Tripura	0.00	3.00	3.94	--
6	Kopili H.E. Project, Stage-II	0.00	0.00	0.07	--
7	Tipaimukh H.E. Project (1500 MW), Manipur	0.00	0.00	3.72	--
	Total	552.23	96.76	34.16	

REASONS OF LESS UTILISATION OF FUND AGAINST KAMENG HEP DURING 2007-08

(1) While framing Annual Plan 2007-08, outlay against Kameng HEP was fixed at Rs 702.77 cr keeping in view the earlier commissioning schedule of the project in Nov '09. Though the outlay amount for 2007-08 was practically on the higher side, it was imperative to insist on the high outlay in order to phase out the total balance expenditure of Kameng HEP within the earlier commissioning schedule of Nov '09. However, on revision of the commissioning schedule to Mar '11 an extended time frame is now available to phase out the balance expenditure of Kameng HEP in a rather more practical way. Accordingly, the approved RE 2007-08 against Kameng HEP was Rs 245.45 Cr. However, the provisional actual expenditure during the year stood at Rs 175.93 Cr only due to the change of design parameters of Bichom & Tenga Dam during Dec' 06 and consequent delay in preparation and release of construction drawings of the respective structures.

(2) Physical Reasons for shortfalls in the implementation of KaHEP (600 MW), Arunachal Pradesh during 2007-08:

Bichom River Diversion: Although the 1st stage river diversion was completed, however, due to changes in design parameters resulting in change of profile & increase in concreting, the diversion works have substantially need to be further taken up during the coming lean period.

Bichom Dam: As suggested by CEA, the crest level of the Bichom Dam spillway has been lowered by 20 m in order to have a better silt management. This resulted in modification to the Bichom Dam and Spillway. According to the revised excavation drawings, with increased no. of blocks in the Dam, profile of excavation has undergone gross changes and resulted in shifting the location of various installations viz. cement silo of batching plant, foundation of cable way etc. already installed prior to the changes in dam parameters. Presently, dismantling and shifting are under process. Meanwhile, revised construction drawings for excavation have been issued on 18th Oct' 07. Relocation works are in progress along with the residual excavation works and approach roads.

HRT Boring: Due to poor geology encountered with presence of Class-III & IV rocks almost along the whole alignment of the HRT, of KaHEP (600 MW) progress of tunnel boring has suffered badly. Face-II & Face-VI of HRT deserve special mention in this context because of the facts as described in brief hereunder:

HRT Boring Face-II: As boring from Face-II continued, an 8 m high cavity formed inside the tunnel at HRT Ch 1214 m due to adverse geological condition. The geology encountered was a mixed flowing face with combination of kaolin, schist, and carbonaceous shale. This led to temporary suspension of boring works w.e.f. 12-01-07 for rectification works which took about 8 (eight) months. The boring works resumed from end of August '07 with conservative pulls. However, the progress again stopped w.e.f. 28-12-07 due to formation of cavity and heavy seepage of water. The restoration works are in progress.

HRT Boring Face -VI : Progress of boring from Face-VI was severely affected since 17-02-07 due to heavy ingress of water to the tune of 6000 to 6500 lpm . Due to such ingress of water entire portion of HRT from the adit junction had been submerged to the level of 2.50 m. On implementation of remedial measures as suggested by renowned experts from CWC, GSI seepage could be controlled. Due to the reasons mentioned, a period of about 3 (three) months, w.e.f. 17th February' 07 to 11th April' 07 was lost. Works resumed on 12-04-07 but the progress has been slow due to heavy ingress of water.

Tenga Dam: As suggested by CEA/CWC, the spillway level of the dam has been lowered by 2.0 mtrs and the work of redesign and drawing is in progress. Further, relocation and realignment of Tenga Dam Axis has been finalised in Dec' 06 based on the model test of Tenga Dam as the original profile of spillway showed excessive asymmetric flow of water through the bays of the Spillway. On firming up of the parameters, excavation works have already been taken up.

Surge Shaft Boring: Although the lining concreting of the Surge Shaft was originally planned to be carried out after completion of boring, however, considering the rock condition, lining works for upper

25 mtrs have been taken up. This has resulted in delay in boring of the shaft. The works have resumed and are progressing satisfactorily since.

HPT Boring: Originally the entire HPT portion was underground. However, due to poor geology, almost throughout the HPT alignment, it was later decided to make the HPT partly over ground and partly underground which rendered slow progress.

Power House Excavation: Geological hurdles are being faced in maintaining the slope of the Power House excavation, primarily due to presence of Gondwana formation with alternate layers of carbonaceous shale and fine grained sand stone. Based on the suggestion of Experts, boring of cast in situ RCC piles at different levels is being taken up.

NTPC

The details of NTPC 's utilization of IEBR in Financial year 2007-08 are given below and the detailed reasons for less utilization of IEBR of NTPC in the financial year 2007-08 are enclosed at Annexure II-A.

Utilisation of IEBR of NTPC in 2007-08

(Rs. in crore)

Description	BE 2007-08	RE 2007-08	Actual 2007-08
IEBR			
Internal Resources	4998.00	5186.90	3781.03
Domestic Borrowings	5279.00	4794.00	3850.00
External Commercial Borrowings	2515.00	1637.10	989.97
Total IEBR	12792.00	11618.00	8621.00

NTPC'S ACTUAL CAPITAL EXPENDITURE FOR 2007-08						(Rs. CRORE)
		BE	RE	EXP. FOR	VARIATION w.r.t RE	Major Reasons for Variation
	NAME OF THE PROJECT	2007-2008	2007-2008	2007-2008	(-) SHORTFALL (+) EXCESS	
A	ONGOING SCHEMES					
1	Koldam	678.26	657.28	440.03	-217.25	Slow progress in Main dam due to right bank landslide and geological occurrence and subsequent rectification and grouting works
2	Kahalgaon II	795.18	831.36	626.20	-205.16	Slow progress due to delay in supply of equipment by Main plant suppliers and IR problems at site
3	Sipat-I	1984.27	1750.90	1004.82	-746.08	Delay in Main Plant supplies by Russian supplier, slow progress due to cancellation of committed water by State Government (now released for one 500 MW) and local agitation
4	Sipat-II	646.00	830.31	552.32	-277.99	Delay in commissioning due to cancellation of committed water by State Government (now released for one 500 MW) & local agitation. Delayed supplies and erection by BHEL
5	Barh	2014.72	1815.91	1283.57	-532.34	Delay in Main Plant supplies by Russian suppliers and slow progress at site
6	Korba III	672.45	504.77	519.59	14.82	
7	Loharinag Pala	280.10	204.38	126.87	-77.51	Delay in acquisition of Forest Land and geological occurrence leading to consequential delay in project works
8	Farakka III	117.41	361.23	358.03	-3.20	
9	NCTPP II	146.98	665.00	966.40	301.40	
10	Tapovan Vishnugad	232.41	169.46	129.70	-39.76	Delay in acquisition of Forest Land and geological occurrence leading to consequential delay in project works

NTPC'S ACTUAL CAPITAL EXPENDITURE FOR 2007-08						(Rs. CRORE)
		BE	RE	EXP. FOR	VARIATION w.r.t RE	Major Reasons for Variation
	NAME OF THE PROJECT	2007-2008	2007-2008	2007-2008	(-) SHORTFALL (+) EXCESS	
11	Simhadri II	251.17	252.20	171.03	-81.17	
12	Mauda	277.12	312.65	0.00	-312.65	Delay in acquisition of land. Initial Advance for Main Plant to be paid after availability of land.
13	Bongaigaon	225.15	244.28	238.31	-5.97	
14	Barh II	370.20	338.80	66.76	-272.04	Delay in award of TG package due to poor response
	Sub-Total A	8691.42	8938.53	6483.63	-2454.90	
B.	NEW PROJECTS					
15	North Karanpura	22.19	89.50	43.22	-46.28	Delay in land acquisition
16	Rihand III	0.00	254.35	0.00	-254.35	Delay in award of Main Plant due to bidders' request for extension of bid opening and non-receipt of Mega power status (Received in May'08)
17	Darlipalli	1175.20	55.00	0.00	-55.00	Delay in receipt of clearances
18	Vindhyachal IV	0.00	10.00	0.00	-10.00	
19	Other New Projects	267.70	7.28	0.00	-7.28	
	Sub- Total B	1465.09	416.13	43.22	-372.91	
C	R & M	615.07	283.26	332.90	49.64	
D	Completed Schemes	748.53	671.14	505.22	-165.92	Delay in final payments due to parameters not being achieved in PG Test
E	EAP	10.44	11.65	5.47	-6.18	
F	Capital Addition	272.60	149.78	294.47	144.69	
G	Energy Conservation	5.81	6.94	1.69	-5.25	
H	Ash Utilisation	8.73	3.12	13.36	10.24	
I	Coal Mining	528.50	103.45	28.81	-74.64	Delay in land acquisition process
J	JV & Subsidiaries	445.81	1034.00	912.23	-121.77	Delay in award of Rammam, delay in payment for Muzaffarpur TPS pending vacation of charge by LIC and less demand by NTECL
	GRAND TOTAL	12792.00	11618.00	8621.00	-2997.00	

SATLUJ JAL VIDYUT NIGAM LIMITED

The details of SJVNL 's utilization of IEBR in Financial year 2007-08 are given below and the detailed reasons for less utilization of IEBR of SJVNL in the financial year 2007-08 are enclosed at Annexure III-A.

(Rs. in crores)

Description	IEBR	Total Plan Outlay	Actual Expenditure
Budget Estimate (2007-08)	642.80	642.80	219.23
Revised Estimate (2007-08)	399.87	399.87	

Reasons for Less utilization of IEBR of SJVNL

Himachal Pradesh Projects:

Nathpa Jhakri Hydro Electric Project:

Non- settlement/ materialization of claims such as escalation, acceleration, extension of time, variation, customs duty / sales tax etc. Non submission of bills by the suppliers against capital spares for runners & MIV parts.

Rampur Hydro Electric Project:

Geological hurdles such as poor strata of rock encountered in Adits and HRT are being faced in maintaining the envisaged progress. However, based on the suggestion of expert remedial measures are being taken.

Further, Mobilization advance claims not made by the contractors as per contract provisions.

Luhri Hydro Electric Project:

Due to non-signing of Implementation Agreement between Government of Himachal Pradesh and SJVNL various scheduled infrastructure works could not be taken up.

Khab Hydro Electric Project:

Due to local agitation the preliminary works got held up. Further, due to non-signing of Implementation Agreement between Govt. of Himachal Pradesh and SJVN various scheduled infrastructure works could not be taken up.

Uttarakhand Projects :

Devsari HE Project Stage – I (252 MW)

The envisaged works could not be undertaken as original storage Devsari Dam Scheme (300 MW) has been modified into a three stage run of river scheme with installed capacity of about 600 MW in order to reduce the submergence area.

The approval for the Stage-I (252 MW) Devsari Scheme was accorded by Govt. of Uttarakhand on December 17, 2007. Accordingly, detailed survey & investigation works are underway.

Jakhol Sankri HE Project (45 MW)

Original proposal changed as the project area was falling under the Wild Life Sanctuary.

The survey & investigation could not be taken up for want of the approval of revised proposal from Govt. of Uttarakhand.

Naitwar Mori HE Project (56 MW)

The progress towards completion of pre-construction activities and preparation of Feasibility Study Report has been affected because of modification in project proposal to enhance its capacity from 33 MW to 56 MW. The layout has also been changed from right bank to left bank.

DVC

The details of DVC's utilization of IEBR in Financial year 2007-08 are given below and the detailed reasons for less utilization of IEBR of DVC in the financial year 2007-08 are enclosed at Annexure IV-A.

(Rs.in crores)

BE 2007-08	RE 2007-08	Variance (2-1)	Expenditure in 2007-08 (Provisional)
1	2	3	4
4271.38	4288.21	16.83	2523.87

The Revised Estimate has been marginally increased (by Rs. 16.83 Crs.) as compared to Budget Estimate. However, the provisional utilization is approximately 58.86 % of the Revised Estimates. The scheme wise /project wise details are given in table below :-

Name of the Project/Schemes	B.E. 2007-08	R.E. 2007-08	Expenditure 2007-08 (Provisional)
Mejia TPS Extn. U# 5&6 (2x250 MW)	32345.89	42963.22	31949.00
Chandrapura TPS Extn. U# 7&8 (2x250 MW)	59766.22	73423.76	43479.00
Kodarma TPS Stage-I:U# 1&2 (2x500 MW)	51492.38	46170.33	26141.00
Durgapur Steel TPS U# 1&2 (2x500 MW)	46859.39	58334.27	37769.00
Raghunathpur TPS U# 1&2 (2x 600 MW)	53041.89	35439.40	38689.00
Bokaro 'A' TPS (1x 500+20% MW)	68297.53	27958.59	17.00
Mejia Phase-II: Unit1&2 (2x 500 MW)	67233.57	73058.77	53556.00
Maithon RB TPS (1050 MW) Equity Contribution to MPL.	20000.00	8716.00	6510.00
Bokaro Steel TPS (3x 250 MW)	3200.00	2000.00	0.00
Ramgarh TPS Stage-I	55.64	0.00	0.00
Investigation/Feasibility studies/DPR, etc.	0.00	200.00	0.00
Bal pahari Dam/Hydel Pollution	226.00	202.00	0.00
	1651.50	2108.51	734.00
R&M (O.S&U) SCHEMES	768.81	363.00	0.00
T&D SCHEMES	17422.31	16117.84	13484.00
COMMUNICATION SCHEMES	1777.02	743.94	59.00
Equity Contribution to BPSCL	3000.00	2500.00	0.00
Misc. Spill Over Works: 1] Mejia TPS U-1,2&3 (3X210 MW)]	0.00	1184.80	0.00
Misc. Spill Over Works: Mejia TPS Extn. U# 4 (1x210 MW)	0.00	699.82	0.00
Refurbishment/ Technology Upgradation/Extension/Improvement	0.00	36636.96	0.00
All TOTAL (in Rs. Lakhs):	427138.15	428821.21	252387
All TOTAL (in Rs. Crs.):	4271.38	4288.21	2523.87

Following are the major project-wise/scheme-wise reasons for under utilization of the budget provision :-

- Mejia TPS Unit-5&6 (2x 250 MW): The project was scheduled for commissioning during 10th five year plan, but it has slipped to 11th five year Plan due to causes mainly attributable to equipment suppliers and contractors of M/s BHEL. There was delay in supply and execution by the EPC contractor.
Multiple packages were involved in EPC contract. M/s BHEL delayed in selection of sub-vendors for multiple packages, resulting in slippages of schedule and associated activities marginally and also inadequate timely supply of materials and equipment, delay in erection by M/s BHEL; further delayed (i.e. slow progress in completion) the project execution.
- Chandrapura TPS Unit-7&8 (2x 250 MW): The project was scheduled for commissioning during 10th five year plan, but it has slipped to 11th five year Plan.
Initially there is delay in handing over the land to EPC contractor (M/s BHEL) by about 7 months. Land was handed over after resettlement of different establishments in the plant area like hospital, school, dormitory etc. Also law and order problem and delay in supply and execution further delayed the project. During the visit of the Hon'ble Minister of State for Power on 18.4.2008 at DVC Towers, it was decided that both the units shall be completed by December 2008.
- Bokaro-A TPS Unit-1 (2x 500 to 500+20% MW): NIT for execution of the projects was floated through ICB route in June, 2007 but the same had to be cancelled due to non-receipt of bids. The fresh NIT issued again in October, 2007 fetched a single offer from M/s Reliance Energy Limited. The quoted price by M/s REL has been found to be very high. Decision of DVC Board on acceptance of the bid or otherwise is awaited.
In this process, the amount kept reserved for making advance payment to the contractor could not be utilized during the financial year 2007-08.
- Koderma TPS Unit-1&2 (2x 500 MW): It was expected that the orders for Coal Handling Plant and Water System Packages would be placed by 2007-08, which could, however, be issued during 2008-09 only.
In view of the delays in placement of the orders, the provisions made in the budget for advance/mobilization payment could not be utilized in 2007-08.
- Durgapur Steel TPS Unit-1&2 (2x 500 MW): Like in the case of the Koderma project, placement of orders for Coal Handling Plant and Water System Package for Durgapur project got delayed and were issued in 2008-09.
In view of the delays in placement of the orders, the provisions made in the budget for advance/mobilization payment could not be utilized in 2007-08.
- Mejia TPS Ph-II Unit-1&2 (2x 500 MW): Main plant package has been awarded to M/s BHEL; there is a delay by one month for achieving Drum lifting milestone of the unit-1. Due to this some construction activities got delayed and hence the expenditure as well could not be utilized fully in 2007-08.
- Misc. Spill over Works: Some provision was kept (approx. Rs. 18.85 Crs.) for expenditure on various miscellaneous spill over works of Mejia TPS Unit-1, 2 and 3 and Mejia TPS Unit-4, which could not be utilized due to difficulty in finding a suitable time-slot for shutdown.
- Ramgarh TPS Stage-I: It was anticipated that some preparatory work of the project could be started during 2007-08 and accordingly budget provision for expenditure to the tune of Rs. 55.64 lakhs was made. The project has now been decided to be implemented during 12th five year plan. Hence, the budget provision in 2007-08 could not be utilized.
- Equity Contribution to BPSCL: The project Bokaro Thermal Power Plant is implemented by Bokaro Power Supply Company Ltd. (BPSCL) which is a 50:50 joint venture of DVC and SAIL. The unit size of the project has been changed to 3x 250 MW from initial size of 2x 250 MW by the BPSCL Board. This has resulted in revalidation of the related statutory clearances, especially MOE&F clearance. Due to this reason the budget provision could not be utilized.

- Refurbishment/Technology Up-gradation/Extension/Improvement: Due to delay in procurement of materials the provision of Rs. 366.37 crs. could not be utilized.
- Communication Schemes: A provision of Rs. 7.44 Crores was kept for in R.E. 2007-08 for different schemes under the communication programme but only Rs. 0.59 crs. could be utilized. Shortfall in expenditure was mainly due to the following:
 - (i) Non-commissioning of PLCC equipment matching with Transmissions lines;
 - (ii) Non-payment of balance amount to V-SAT contractor due to non-fulfilment of contractual obligations; and
 - (iii) Expenditure on account of implementation of ULDC schemes in DVC which, was being recovered through transmission charges was not reflected in the budget.
- R&M Schemes (OS&U): A provision of Rs.3.63 Crores was kept for in R.E. 2007-08 for different schemes under R&M programme. The provision was kept mostly for R&M/LE of Hydel Power plants. As there was delay in placement of orders, the fund could not utilized in 2007-08.
- T&D Schemes: A provision of Rs.161.18 crs. was kept for in R.E. 2007-08 for different schemes under T&D programme, out of which Rs.134.84 crs. was been utilized. The major reasons for non-utilization of fund is due to delay in acquisition and final possession of land for different sub-stations like Gola, Giridih, Uluberia etc., ROW problems and local disturbances and delay in obtaining forest clearance.

Chapter-II

Recommendations/Observations, which have been accepted by the Government

(Recommendation No.2, Para No. 2.1.12)

The Committee had noted a similar phenomenon while examining the Demands for Grants (2007-08) of the Ministry of Power and recommended in their 20th Report that the Government should analyse the reasons for low utilisation of Plan outlays for the year 2006-07 and the continuing trend of making expenditure in the last quarter of the financial year so that the same story should not be repeated the next year. Taking an exception to low utilisation of Plan outlays by PSUs and Ministry of Power during 2007-08 as well, the Committee feel that although various steps for effective utilisation of funds like weekly review by Secretary, Ministry of Power regarding investment approval, monthly review by Chairman, CEA, periodic inter-ministerial coordination meetings, etc. were reported to had been taken by the Government, not much headway had been made in utilising the Plan outlays. The Committee, therefore, couldn't but reiterate their earlier recommendation and desire that more effective steps should be taken by the Government, to plan realistic targets and also ensure regular and adequate infusion of funds in various projects/schemes in each quarter of the financial year so that Plan outlays could be fully utilised. The Committee hoped that the trend of under-utilisation of funds would be checked in the financial year 2008-09.

Reply of the Government

The Plan outlay of this Ministry for the year 2007-08 was Rs.33153.26 crore consisting of Gross Budgetary Support (GBS) of Rs.5483 crore and IEBR of Rs.27670.26 crore while the RE has been kept at Rs. 30690.38 crore consisting of GBS of Rs.4350 crore and IEBR of Rs.26340.38 crore. Against this the utilization of the plan funds during the financial year 2007-08 consisted of Gross Budgetary Support (GBS) of Rs.4308.93 crore and IEBR of Rs.21338.94 crore.

The utilization percentage in 2007-08 w.r.t. GBS vis-à-vis RE was 99% and vis-à-vis BE was 78.59%, while the utilization percentage in 2007-08 w.r.t. IEBR vis-à-vis RE was 81% and vis-à-vis BE was 77.11%. Utilisation in the case of

GBS for which the funds are released directly by the Ministry was quite satisfactory w.r.t. RE ceiling imposed by the Ministry of Finance. The utilisation of IEER by the CPSUs under the control of Ministry of Power was also substantial. In the financial year 2008-09, out of the total GBS of Rs.6000 crore for the Ministry, Rs.5500 crore is for the Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY). Since the utilisation in respect of RGGVY in all the past years has been almost complete (Annexure-V), there is every possibility of full utilisation in the financial year 2008-09 as far as GBS is concerned. All out efforts would also be made to utilise the IEER fully. Intensified monitoring mechanism as mentioned in the recommendation will be rigorously implemented so as to ensure that there is no shortfall in utilisation of Plan outlay by the Ministry of Power.

(Ministry of Power, Ministry's U.O No. 10/4/2008-Budget Dated 11.07.2008)

(Recommendation No. 4, Para No. 2.2.22)

The Committee noted that there was shortage of vendors to execute Balance of Plant Works like (i) Ash handling plant, (ii) Coal handling plant, (iii) Water Treatment Plant including DM plant etc., and this had become the main hindrance in completion of power projects resulting in delayed capacity addition. The Committee observed that the Government was taking certain steps to meet the constraints in the setting up of power plants such as tie-ups for obtaining critical equipment and for execution of the balance of plant works. Efforts were reportedly being made to involve international conclave of suppliers/vendors of coal handling plants/ash handling plants/ water treatment plants equipment to enhance the manufacturing capacity of the existing vendors and to widen the vendor – base and create new entrepreneurs. The Ministry was also taking steps to revise the qualifying requirements to encourage more vendors and new entrepreneurs to come forward for manufacturing main plant equipment. The Committee would, however, like to know the outcome of the steps taken by the Government to develop vendor base for Balance of Plant works of power plants.

Reply of the Government

The Committee under the Chairmanship of Dr. Kirit Parikh, Planning Commission on standardization of specifications of Thermal Power Plants and development of vendors for Balance of Plants (BoPs) has submitted its Report regarding development of vendors for BoPs on 24th January 2008. The main recommendations of the above report are summarized below:

- (g) Order for BoPs (or EPC of BoPs) should be placed within six months of placement of order for main plant and equipment.
- (h) Liquidated damages for delay in execution of project in time should be enhanced to discourage cornering of large number of contracts by a few suppliers.
- (i) CEA to finalise the pre-qualification requirement for BoP vendors by Feb., 2008 end.
- (j) CEA and NTPC to complete the exercise for finalizing the guidelines for standardization/ broad design criterion for various packages of BoP progressively by the end of Aug., 08.
- (k) Capacity building for availability of skilled manpower to be taken up by the project developers.
- (l) Whether a level playing field is being provided to domestic supplier needs to be examined.

The Ministry of Power & CEA have already taken an initiative in coordination with CII to sensitize the industry about the requirement of BoPs by organizing the international conclave in July, 2007 followed by regional level Conferences at Chennai & Chandigarh. The actual benefits of above efforts will take time to materialize. However, it is felt that it will definitely result in development of new vendors for the 11th Plan projects & for future plans. The

Committee set up in CEA to review the qualifying requirements of BoPs is likely to submit its report shortly.

NTPC Ltd has entered into a Joint Venture Agreement with BHEL to take up work relating to Engineering, Procurement and Construction (EPC) for power plants and other infrastructure projects. NTPC Ltd has also entered into an MOU with Bharat Forge Limited to promote a joint venture company initially to take up the manufacturing of casting, forgings, fittings and high pressure pipings. However, keeping in view the scarcity of vendors for manufacture of Balance of Plants, this JV would also examine the feasibility of manufacturing and supply of BoPs.

(Ministry Of Power, Ministry's U O No 2/23/2008-P&P, Dated 23.06.08)

Comments of the Committee

(Please see Para 17-19 of chapter I of the report)

(Recommendation No.6, Para No. 2.2.24)

As regards enhancing the manufacturing capacity in respect of main power plant equipment, the Committee noted that the BHEL has planned to gradually enhance their main plant equipment manufacturing capacity from 6000 MW/year to 15,000 MW by the end of 2009. Further, BHEL was also reported to be taking advance procurement action for critical power plant materials like forgings and castings, which had a long lead-time for manufacture. A MoU had been signed by NTPC and BHEL for carrying out EPC activities and equipment manufacturing in power sector. Further, NTPC and Bharat Forge Ltd. had also forged a Joint Venture company to manufacture castings, forgings, high-pressure piping, power plant equipment etc. The Committee also noted that an agreement had been signed between Larsen and Toubro and Mitsubishi Heavy Industries (MHI) of Japan to manufacture supercritical boilers and large size steam turbines. However, taking note of the fact that manufacturing facilities from these Joint Ventures might also take few years to come up, the Committee were apprehensive that the constraints in supply of equipment would be overcome immediately. The Committee would, therefore, like to know the time frame within which these Joint Venture Schemes would yield results and also till that time when other alternatives were available with the Government to meet the present requirements of power sector.

Reply of the Government

Status of the Joint ventures regarding enhancing the manufacturing capacity is as follows:-

NTPC-BHEL Joint Venture

A joint Venture Company “NTPC BHEL Power Projects Private Limited” has been incorporated on 29/4/2008.

Main Objectives of the Company are:

- To explore, secure and execute EPC contract(s) for Power Plants and other Infrastructure Projects in India and abroad including plant engineering, project management, quality assurance, quality control, procurement, logistics, site management, erection and commissioning services.
- To engage in manufacturing and supply of equipment for power plants and other infrastructure projects in India and abroad.

The Board of the Company is presently under constitution, which shall prepare the Business Plan of the company covering Road Map for taking up various activities for meeting the objectives. The JV Company would be operational and ready to take up EPC assignments within the 11th Plan.

NTPC – Bharat Forge Limited Joint Venture

An MOU has been signed between NTPC and Bharat Forge Limited with the aim of establishing a facility, subject to establishment of techno-commercial viability, to initially take up manufacture of castings, forgings, fittings and High Pressure pipings required for Power and other industries, Balance of Plant (BOP) equipment for the power sector etc. including technological tie-ups, tie-up with strategic partners etc.

Activities related to the formation of the Joint Venture Company have been initiated. After incorporation of the proposed Joint Venture Company, its Board will prepare Business Plan of the Company covering Road Map for taking up various activities.

Besides CEA has reported that the following prospective companies have intended to augment / set up manufacturing facilities in the country for super-critical units.

- (a) BHEL (Boiler and TG)
- (b) Ansaldo Caldie (Boiler)
- (c) L&T – MHI (Boiler and TG)
- (d) Toshiba – JSW (TG)
- (e) Alstom-Bharat Forge (TG)

Out of 5 Companies, 3 companies at (c) to (e) are JV Companies.

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-I. Dated 23.07.08)

(Recommendation No.7, Para No. 2.2.25)

While examining the constraints expressed by the Ministry in the capacity addition programme, the Committee noted that there was a shortage of skilled manpower, i.e., welders, bar benders, crane operators, commissioning team etc. in the power sector. The Committee saw an opportunity in the fact that the development of the power sector would help provide more and more jobs to the youth, trainees in these skills in various ITIs located in various States across the country. The Committee, therefore, recommended that the Government should impress upon the State Governments to arrange to provide training to students of ITIs in these and other power sector related tasks and, if necessary also increase the number of seats in these training institutes; and give more funding to National Power Training Institute (NPTI) in Faridabad to increase its training facilities.

Reply of the Government

The issue of shortage of manpower has been recognized. It was raised in the International Conclave organized by Ministry of Power and Central Electricity Authority on 4th & 5th July, 2007 on "Key Inputs for Accelerated Development of Power Sector during 11th Plan & Beyond". Participants included 85 industries such as BHEL, Dong Fang, L&T, MHI, Ansaldo, Alstom, VA Tech, Toshiba, various research institutions, State Governments, Central and State Regulatory

Commissions, Ministries of Labour & Employment and Heavy Industry, Public Sector Companies and other organisations.

The Conclave noted that the large capacity addition planned in generation, transmission & distribution sectors offers a great opportunity for employment generation and building up of a large skilled manpower base. Shortage of skilled manpower was recognized as an issue of concern, more so in the context of competing requirements on account of the infrastructure development boom in the country. It was agreed that one of the steps required to be taken urgently is to train the required additional manpower from the existing ITIs to suit the requirements of the power sector. There was a consensus in the Conclave that the project developers should contribute to building up of trained manpower base which could be utilized by them and their contractors/sub contractors.

One of the recommendations of the Conclave was adoption of ITIs located close to the project site by the project developers and major EPC contractors and who would contribute by means of providing necessary infrastructure at the ITIs and also assist in organizing practical training programmes at the project sites under the technical apprenticeship programme .

One of the positive outcomes of the International Conclave mentioned above was the initiation of a dialogue with the Ministry of Labour. The Ministry of Labour had informed that 500 ITIs out of a total of 1896 ITIs (as on 1.1.2007) owned by the State Governments are being upgraded through the World Bank assisted scheme and domestic funding scheme of Government of India. The Ministry of Labour, Govt. of India had also informed that it had launched a Scheme for Up-gradation of the remaining 1396 Government ITIs through Public-Private Partnership from 2007-08.

The issue regarding requirement of manpower was further discussed in a Seminar organized by Ministry of Power on “Requirement and Availability of Highly Skilled Manpower for the Power Sector” in October,2007 with participation from Power Secretaries and Secretaries (Technical Education) from the States/UTs, Director General (Employment and Training), Ministry of Labour,

Chairman, AICTE, CPSUs, Autonomous Bodies and Statutory Bodies under the administrative control of Ministry of Power.

As a result of the deliberations, it was decided that Task Forces be constituted to look into the following areas:

- i) Curriculum setting (for new trades as well as existing ones)
- ii) Road map for development of human resources for 11th and 12th Plans.
- iii) Key performance indicators – Employment satisfaction, Status of teaching methodology, Physical infrastructure and Teaching training capability.
- iv) Power Sector Job portal to be set up.
- v) Distance learning and practical training to develop highly skilled workforce.

Central Electricity Authority have submitted the Draft Reports/Reports of the Task Forces which are currently under examination.

For the year 2008-09, Planning Commission has made an allocation of Rs.20 crore for NPTI. Planning Commission has allocated only Rs.30,451.91 crore as Ministry of Power's GBS for the 11th Plan period as against Rs.33,207.99 crore as the revised minimum requirement requested for by the Ministry. In this exercise Rs.80 crore has been kept for allocation to NPTI as GBS for the 11th Plan.

(Ministry of Power, U.O. No. 12/3/2008-T&R dated 9.7.2008.)

Recommendation SI.No.10, Para 2.3.20)

The Committee observed that the 10th Plan capacity addition target for NHPC which was 4357 MW (1 number of projects), was revised to 3252 MW (8 number of projects) during the mid term appraisal in the year 2004. The Committee also noted that the total 10th Plan allocation for NHPC was Rs.32,226 crore including Rs.14,200 crore as Budgetary Support. The Plan outlay was revised (during Mid-Term Appraisal) to Rs.20,107 crore, with a budgetary support

of Rs.10,645 crore. The actual utilization out of this, however, during the 10th plan had only been Rs.10,888 crore including budgetary support of Rs.4,982 crore. The Committee were unhappy to note that only about 33 per cent of the total outlays could be used by NHPC in 10th Plan period. The Committee were informed that the main reason for the slippage was that the projects included in the 10th Plan were at the initial stages of preparation of DPRs and the approvals could not be obtained in time. The Committee were constrained to observe that the actual capacity addition of 1970 MW (4 number of projects) achieved by NHPC during 10th Plan was quite small as against the target of 4357 MW set for the Plan period. The Committee, therefore, couldn't but deplore the way the unrealistic targets (both physical and financial) were set for NHPC during the 10th Plan period. The Committee further observed that NHPC plans to add 4713 MW from nine hydro electric projects during the 11th Plan period. The Committee hoped that the achievement of targets by NHPC for the 11th Plan would not follow the same path as that of the 10th Plan. The Committee, therefore, recommended that execution of hydro projects by NHPC should be taken up not only in a more realistic manner but also on a fast track mode. The Committee expected the NHPC to achieve both the physical and financial targets during the 11th Plan period.

Reply of the Government

The reasons (physical and financial) for not achieving the target fixed for 10th Plan are given below:-

Physical Targets

Major reason for slippage in achievement of capacity addition is that slipped projects (except Teesta-V), which were included in X plan), were at initial stage of preparation of DPR. The project wise reasons for non achievement of the targets of capacity addition are enclosed at **Annex-I**.

Financial Targets

When the X Plan was prepared, originally most of the projects were in the initial stage of preparation of Feasibility Report and their preparedness were not adequate. Further, 2 projects (937 MW) i.e Purulia PSS (900 MW) and Bav-II (37

MW) were dropped from X plan and 4 projects (940 MW) were approved later than envisaged for various reasons. These are Teesta Low Dam-III (132 MW), Teesta Low Dam-IV (168 MW, later on revised to 160 MW), Sewa-II (120 MW) and Omkareshwar (520 MW)

XI Plan

Physical Targets

NHPC has proposed a capacity addition of 4713 MW on its own and 520 MW through JV, during XI Plan. Only those projects which have been sanctioned by GOI has been included for benefit during the XI plan. Even out of sanctioned projects, two projects viz. Nimoo Bazgo (45 MW) and Chutak (44 MW) have been targeted under “Best Effort” category due to location of these projects in hostile climatic conditions of Laddakh region. Amongst these Omkareshwar Project (520 MW) has already been commissioned in November 2007 and Teesta-V (510 MW) in Mar, 08.

(Ministry of Power, Ministry’s U.O No. 1/19/2007-DO(NHPC), Dated 21.07.2008)

Recommendation No.11, Para 2.3.21)

Regarding Subansiri HE Project being executed by NHPC, the Committee observed that although the project got the CCEA approval on September 3, 2003, for execution within a period of 7 years and the civil construction work packages for Dam works and Power House Works were awarded on 19th Dec., 2003, the project was delayed pending final forest clearance and on account of imposition and subsequent payment of net present value – which further delayed physical possession of encumbrance free land. After achieving the milestones of diversion of the river in December, 2007, and completion of Power House excavation in August, 2007, the commissioning of the 1st unit of the project was now scheduled for 30th October, 2011. Expressing confidence that now with the constitution of a “Steering Committee” to address the problems encountered in the execution of work, the Committee desired that the project be positively completed in the 11th Plan period as per revised schedule. The Committee would, however, like to be apprised of the developments taking place in implementation of this important project from time to time.

Reply of the Government

Standing Committee on Energy Demands for grants for year 2008-2009, has already appreciated the initial teething troubles which Subansiri Lower HE Project has faced after obtaining CCEA approval on 3rd Sep.,03. Further to above, it is brought out that the work on all the fronts for the project started in full swing since Jan., 05 until 27th Jan., 08. On 28th Jan., 08, a major slide took place in back slope of the Power House. The debris flew in the entire Power House pit excepting the unit-1 area. After this slide, the work in the Power House came to standstill. Corporate management of NHPC, constituted an External Expert Committee to examine the causes of failure and suggest remedial measures for restoration works of the back hill slope of Power House. The committee has submitted its report and same is under examination by NHPC for incorporating the advice/ suggestions in the construction drawings of the Power House. It is expected that the work will be resumed after the monsoon (May to September). The progress in the HRT intake area and surge shaft suffered due to the slide in the Power House which disrupted the access road etc.

The work in the dam is reportedly going on as scheduled. The upstream and down stream coffer dams are ready and the excavation in the dam pit is also getting completed. In this regard, it is expected that the main concreting in the dam body would start after the monsoon period i.e. from October, 08 onwards. The stripping of abutments of the dam is proceeding as per schedule and the stripping work of the left abutment is almost complete.

The project is now planned for commissioning in January, 2012.

(Ministry of Power, Ministry's U.O No. 1/19/2007-DO(NHPC) Dated 21.07.2008)

(Recommendation No.12, Para No. 2.3.22)

The Committee were further constrained to note that in the case of NEEPCO also, as against Budget Estimates of 1258.70 crore in 2007-08, the Revised Estimates during the year were only Rs.260.90 crore. The main reason for low Revised Estimates was the slippage of Kameng hydro electric project which was initially envisaged to be completed by November 2009. The Committee noted that work on Kameng hydro electric project suffered initially due

to various factors like unprecedented geology, poor approach road as well as delay in mobilization of equipment and manpower by the package contractor. The Committee further noted that the Government had appointed a panel of experts comprising personnel of national repute to assist and render advice on design and construction aspects of Kameng hydro electric project so that the project was expedited as rescheduled. The Committee hoped that the project would now be completed as per revised commissioning schedule of March, 2011.

Reply of the Government

Progress of various major civil works of Kameng HE project suffered primarily on account of extremely poor geological strata encountered in various work fronts. Necessary action has been taken for augmentation of resources and manpower so as to adhere to the revised commissioning schedule of March 2011.

In view of the modifications suggested by the committee constituted by the Ministry of Power, Govt of India, the crest level of Bichom and Tenga dam has been lowered on account of high silt load. The design and drawing under revised parameters had been carried out. The excavation of Bichom dam under revised parameter has commenced. In order to augment the rate of HRT boring in this adverse geology, methodology has been reviewed in the context of encountered rock strata. However, marginal improvement in rock condition has been observed in some stretches where the various state of the art tunneling techniques have been adopted in place of conventional methods, to yield better progress. In order to achieve maximum progress, optimization of blasting pattern and pull has been carried out considering the geology of the heading.

All efforts are being made both at corporate and site level to commission the projects as per the revised schedule of March 2011.

(Ministry of Power, Ministry's U.O No. 45/3/2008- H-I Dated 12.05.2008)

(Recommendation No.13, S. No 2.4.8)

The Committee were constrained to note that NTPC, a Central PSU engaged in power generation for the last three decades, was unable to target realistic outlays during 2007-08. Against the estimated plan outlay of

Rs.12792.00 crore for NTPC during 2007-08, revised outlay were Rs.11618.00 crore, showing a substantial decrease. The committee noted that the Budget Estimates of Rs.1175.20 crore for the proposed thermal power station of NTPC at Darlipalli, were drastically reduced at Revised Estimates stage of Rs.55 crore, showing a shortfall of Rs.1120.20 crore as there were various problems regarding supply of water to the project. Also another important project, i.e. Badarpur Expansion Project could not be taken up due to soil conditions and non-availability of relaxation of chimney height from Ministry of Environment and Forests. The Committee expected realistic plan outlays to be formulated by NTPC in future and at the same time they desired that the Plan outlay for 2008-09 be fully utilized by NTPC. The Committee would like to be apprised of the action plan formulated by the NTPC for the year 2008-09 in this regard.

Reply of the Government

As regards realistic outlays, it needs to be appreciated that outlays are prepared considering the status of on-going projects and the targets envisaged for new power projects. However, in the case of new projects, outlay is particularly linked to investment approval date and main plant award date which in turn depend on the availability of various input tie-ups / clearances to be obtained from external agencies. Delay in input tie-ups or availability of clearances leads to shifting of main plant award date resulting in reduction of outlays / expenditure.

NTPC's outlay for the year 2008-09 is Rs.13588 crore. The outlay has been broken up into monthly targets based on the physical progress of projects. Each project is reviewed every month by project review team especially constituted for this purpose. The exceptions out of this review are flagged to the top management for corrective measures and directions. In addition to this, reviews are carried out by the top management at regular intervals to expedite the projects, both at site and at corporate centre. Actual budget utilization vis-a-vis the monthly targets is also reviewed by NTPC's Board of Directors so as to facilitate taking corrective actions wherever necessary.

Further, NTPC vigorously follows up with BHEL / Main Plant supplier for timely completion of supplies and subsequent erection at site so that the

identified project milestones are fully achieved and corresponding outlays are fully utilised.

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-I Dated 23.07.2008)

(Recommendation No.14, Para No 2.4.9)

The Committee noted that NTPC had taken up R&D works in the 10th Plan period. However, the efforts made were developmental in nature and did not exactly qualify as R&D since research component in fundamental science was minimum. The Committee further observed that NTPC envisages to upgrade and strengthen the R&D centre facilities established by it at a cost of Rs.28 crore. The Committee were also happy to note the commitment on the part of NTPC to invest 0.5% of its net profit every year on R&D activities, over and above the capital expenditure for Energy Technology Research Centre and that NTPC has also entered into research collaborations with 10 leading research institutes for 14 research projects in various areas of efficiency and environment, with reference to power generation, to be completed over a time period of 18 to 48 months at a cost of around Rs.9.5 crore. The Committee, however, desired to know the details of the 14 R&D projects proposed to be taken at a cost of Rs.9.5 crore and recommend that the proposed outlays be fully and properly utilized by NTPC and the projects completed as targeted.

Reply of the Government

Details of 14 R&D projects costing approximately Rs.9 crores being taken up by NTPC's Energy Technologies department are given below:

Sl. No.	Name of the Project	Total expected R&D cost (Rs. Lacs)	Expenditure till date (Rs. Lacs)	Expected deliverable
1.	Development of SO ₃ reactor and associated components for SO ₃ – Flue Gas Conditioning (Collaborative R&D project with NCL Pune).	95	18	SO ₃ based flue gas conditioning system which can be dovetailed with Ammonia based flue gas conditioning system to form dual conditioning

				system.
2.	Development of Artificial Intelligence based Modeling & Optimization system for SG-TG Cycle (Collaborative R&D project with NCL Pune)	20	9.25	Real time operator advisory system to run the plant at maximum efficiency all the time.
3.	Computational Fluid Dynamics (CFD) Modeling of Coal Fired Boiler. (Collaborative R&D project with NCL Pune)	40	17.24	1. CFD model of 210 MW coal fired boiler. 2. Reduced order phenomenological model.
4.	CO2 separation using membrane contractors based on ionic liquid. (Collaborative R&D project with NCL Pune)	24	20	Membrane separation Process for CO2 separation
5.	Anoxic Microbial sequestration of carbon dioxide in flue gas to methane. (Collaborative R&D project with ARI, Pune)	54.53	9.5	Bio sequestration of CO2 and conversion to methane.
6.	Development of Adsorbent based process for the recovery of the CO2 from power plant flue gasses (Collaborative R&D project with IIT, Mumbai,	79.2	34	Pressure swing adsorption (PSA) process for CO2 separation
7.	Development of Adsorbent based process for the recovery of the CO2 from power plant flue gasses (Collaborative R&D project with IIP Dehradun	79.2	31.96	Pressure swing adsorption (PSA) process for CO2 separation
8.	Development of Adsorbent based process for the recovery of the CO2 from power plant flue gasses (Collaborative R&D project with CSMCRI Bhavnagar)	89	28.38	Pressure swing adsorption (PSA) process for CO2 separation
9.	Development of Adsorbent based process	50	26.39	Pressure swing adsorption (PSA)

	for the recovery of the CO2 from power plant flue gasses (Collaborative R&D project with NEERI Nagpur)			process for CO2 separation
10.	Urea based flue gas conditioning system (Collaborative R&D project with IIT, Kharagpur)	65	9	Process design package for Urea based flue gas conditioning
11.	Improvement of Turbine Cycle Heat Rate through Multi-Composition Ammonia Liquor Absorption Engine (MALAE) (Collaborative R&D project with UICT Mumbai)	71.13	13	100 KW MALAE cycle pilot plants. Design for bottoming cycle for 210 MW / 500 MW unit based on MALAE cycle.
12.	Modeling and Design of Cooling towers & Their Components for Optimum Approach Temperature. (Collaborative R&D project with UICT Mumbai)	59.31	10.56	Improved design of cooling tower and software for online performance monitoring of cooling tower
13.	Develop and Deliver Automated Boiler Tube Inspection System for Coal Based Thermal Power Plants (Collaborative R&D project with BARC, Mumbai)	125	-	Automated boiler tube inspection system
14.	Transfer of Ammonia Based Flue Gas Conditioning (AFGC) technology to NTPC, set up of prototype facility and further research for the improvement of efficacy of AFGC.	75	-	Ammonia based flue gas conditioning system
	Total	926.37	227.28	

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-I Dated 2.06.2008)

(Recommendation No.15, Para No 2.5.9)

The Committee observed that the Government was making all efforts to obtain long-term coal linkages based on the capacity addition targets for the 11th Plan. The committee also noted that NTPC and CIL had initiated the model fuel supply agreement which would be signed with subsidiary companies of CIL for supply of coal to power stations. Further, NTPC had kept all options open for the import of coal. Taking note of the fact, that 26 thermal power plants monitored by CEA had been declared as critical due to short supply/stock of coal, the Committee recommended that the Government should take necessary steps to ensure adequate supply of coal to existing thermal power stations. At the same time, the Committee urged the Government to identify well in advance the dedicated coal blocks/linkages for thermal power plants targeted to be completed in the 11th Plan.

Reply of the Government

Out of 56670 MW coal based power projects envisaged for commissioning during the 11th Plan period, long term linkages/ dedicated coal blocks have already been granted by the Ministry of Coal for 51640 MW capacity. Recommendations for long term coal linkage to the remaining 5030 MW capacity have already been sent to Ministry of Coal. On the advice of Ministry of Coal, power utilities, including NTPC, have been asked by the Ministry of Power to import 20 MT coal during 2008-09 in order to meet the shortfall of coal production. Through vigorous monitoring of the supply of coal to the power stations at all levels, efforts are being made to ensure that utility power stations in the country do not suffer generation loss due to shortage of coal.

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-I Dated 23.07.2008)

Recommendation Serial No.17, Paragraph No. 2.6.5)

The Committee noted that the Ultra Mega Power Projects (UMPPs) were ambitious projects of the Ministry as they would immensely help in the capacity addition programme of the Government. The Committee further observed that bidding process for UMPPs located in Sasan (MP), Mundra (Gujarat) and

Krishnapatnam (Andhra Pradesh) had been completed and Special Purpose Vehicle had been transferred to the executive companies. The Committee noted with satisfaction that because of the efforts made by the Ministry of Power four of the UMPPs were reported to be at the stage of take off and construction work for three of them would be started soon. The Committee, however, found that the Central Electricity Authority (CEA) has identified an alternate site for a UMPP in Orissa and the State Government was communicated the recommendations of CEA on 20th September, 2007, approval for identified site and water allocation had yet to be consented to by the Government of Orissa. The Committee further observed that the selection of site and initiation of bidding process for setting up UMPPs in the States of Chhattisgarh, Maharashtra and Karnataka were contingent upon the necessary inputs/clearances by the respective State Governments. While observing that involvement of State Governments in the whole process of identification of sites, allotment of land and water for the setting up of UMPPs as well as relocation of affected families in the respective State were very important for the timely development of these projects, the Committee once again reiterated their recommendation made in their 22nd report on Ultra Mega Power Projects, that the success of UMPPs depends on the support of and coordination among various players involved, i.e., the Central Government, the State Government, project developers, consultants, etc. The Committee were of the opinion that lack of coordination among these agencies could derail the capacity addition programme during the 11th and 12th Plan periods. The Committee, therefore, recommended that the Government should ensure that all agencies work in tandem for the completion of UMPPs. The Committee also desired that Central/State Government should take necessary steps in advance to settle the local issues, if any, before the State Government offers a site to set up an UMPP. The Committee hoped that the UMPPs would be set up in the specified timeframe to facilitate the capacity addition as targeted.

Reply of the Government

1. It is well recognized that development of UMPP requires support and coordination between the various players involved particularly the State Governments. Keeping this in view a coordinated approach is being adopted for the development of UMPPs. The Project specific Special Purpose Vehicle (SPV)

formed under PFC are responsible for carrying out various developmental activities on behalf of the procurers which include appointment of consultants to undertake preparation of project reports, preparation of environmental Impact Assessment Reports, Preparation of bidding documents, carrying out bidding process, acquisition of land, getting clearances regarding water and environment & forests etc. The Boards of SPVs includes officials of the PFC, the representatives of the distribution companies of the major power procuring states. CEA is providing the technical support to the SPVs in formulation of project reports and other feasibility studies. Power Grid Corporation of India (PGCIL) is providing support in formulating the transmission system for evacuation of power. State Governments are being involved right from the beginning i.e. in site identification, land acquisition, water allocation, R&R Plan, participation in various Committees for undertaking the competitive bidding process, facilitation of signing of the Power Purchase Agreement, Payment Security Mechanism etc.

2. It is submitted that the scheme of developing UMPPs has following mechanisms for active involvement of the concerned State Governments :

- (i) Involvement of the State Government agencies has been ensured from the initial stage itself. Probable sites as identified by the Central Electricity Authority (CEA) in consultation with Central Mine Planning & Design Institute(CMPDI), National Remote Sensing Agency(NRSA) and Railways/ sites as proposed by the States, are visited by a team of officers from CEA, PFC and concerned State agencies.
- (ii) On the basis of the inputs provided by the above mentioned State agencies a likely site is identified by CEA.
- (iii) Thereafter, CEA holds meetings with senior State Government officials to obtain their specific confirmation about the availability of land and water for the identified likely site.

- (iv) This is followed by a formal request to the State Government for making available land and water.
- (v) The State agencies also continue to be involved at different stages of the process. The representative of the Power Utilities who are getting to procure major share of electricity from the project are nominated by the concerned State Governments on the Board of the Special Purpose Vehicle (SPV) formed for a particular UMPP. The Board of the SPV takes final decision at various stages of the bidding process for the particular UMPP.
- (vi) The representative of the State Power Utilities are also consulted in finalization of the project specific bidding documents.
- (vii) After award of the project, a monitoring committee is constituted for every UMPP to review and facilitate resolution of issues arising during implementation of the project. These committees are co-chaired by a Member of the Central Electricity Authority and the Principal Secretary/ Secretary (Energy) of the concerned State Government.

3. Before selecting a particular site for the UMPP a team of Officers from CEA, PFC and State Utilities invariably visit the various available alternative sites. It is only on the basis of the inputs provided by the state agencies that CEA selects a particular site for UMPP. Also in most of the cases the Central team held series of meetings with senior State Government officials to obtain their specific confirmation about the availability of land and water for the UMPPs.

4. However, the observations of the Hon'ble Committee have been noted and all efforts will be made to improve the level of coordination with the State agencies.

(Ministry Of Power, Ministry's U O No 2/23/2008-P&P Dated 23.06.2008)

(Recommendation 18, Para No. 2.7.6)

The Committee observed that the present installed captive power generation capacity in the country is 22335 MW. The Committee noted that the captive power generation was a means of decentralized generation with low T&D losses; and to also reduce the cost, as there was no need to set up a transmission system. Further, the Government was taking substantive measures to facilitate captive power generation plants to provide the spare generating capacity to the grid and it had also been striving to do away with restrictive levies, duties and regulations in a time bound manner. The Committee further noted that the Government was considering a proposal for amending the existing mega power policy, which, inter-alia provides for extending the Mega Power Project status benefits to captive and merchant power plants, subject to qualifying conditions. The Committee strongly recommended that the Government should finalise the mega power policy at the earliest and benefits from the same should not be confined only to the captive power generators but the project in the State sector should also be extended mega policy benefits in order to increase and encourage participation of the States in the power generation. The Committee also desired that the Government should also help captive power generation in getting coal linkages, water supply etc. and thereby encourage more and more private entrepreneurs to set up such power projects.

Reply of the Government

A proposal to amend the existing mega power policy is under consideration of the Ministry of Power in the wake of - (i) need to provide impetus to accelerated power generation in the context of the goals set out in the National Electricity Policy, 2005; (ii) Reforms in the power sector including finalisation of Tariff Policy, 2006 and new Hydro Policy, 2008. The 11th Plan target for power generation is 78,577 MW, which is 60% of the country's total generation capacity at the end of the 10th Plan. Sustaining achievement of a power growth rate of this magnitude on a sustainable basis during the next decade calls for modification of the current mega power policy.

Accordingly, the proposal seeks to liberalise the mega power policy further by, inter-alia, providing -

- (iv) Deleting the requirement of privatization of distribution in the power purchasing States.
- (v) Covering Merchant Power Plants and Captive Power Plants under Mega Power Policy subject to meeting the threshold capacity requirements.
- (vi) Deleting the requirement of inter-state sale of power.

Further, Government has taken various legislative, policy and administrative measures to facilitate captive generation and utilization of surplus capacity.

Under the Electricity Act, 2003, captive power plants, including group captive, have been freely permitted. The Act provides that any person may construct, maintain or operate a captive generating plant and dedicated transmission lines. Under the provisions of the Act, every person, who has constructed a captive generating plant and maintains and operates such plant, shall have the right to open access for the purposes of carrying electricity from his captive generating plant to the destination of his use, subject to the availability of transmission capacity.

National Electricity Policy, notified in February, 2005, emphasizes the need for bringing surplus capacity available with a large number of captive and standby generating stations in India to the grid continuously or during certain time periods.

Tariff Policy, notified in January, 2006, recognizes that captive generation is an important means to make competitive power available and urges the Electricity Regulatory Commissions to create an enabling environment that encourages captive plants to be connected to the grid.

The Conference of Chief Ministers on Power Sector Issues held in May, 2007, has resolved to facilitate captive power plants to provide the spare generating capacity to the grid and strive to do away with restrictive levies, duties and regulations in a time bound manner.

Ministry of Power has been actively involved in moderating the charges / duties on open access, cross-subsidy, etc. Various conferences and seminars with the stakeholders have been held to evolve consensus and expedite actions on the concerned issues, the latest being the Round Table of Forum of Regulators held on 5.11.2007 and the Conference of Chief Secretaries on Power Sector Issues held on 19th February, 2008.

The Captive Power Plants (CPPs) have been getting coal linkages from the coal companies under the Ministry of Coal. The water allocation to the CPPs is provided by the State Governments.

(Ministry of Power, Ministry's U.O No. PS-1/2008-IPC Dated 25.06.2008)

Comments of the Committee

(Please see para 28 of chapter I of report)

(Recommendation 19, Para No 2.8.9)

The Committee noted that the use of supercritical technologies helps in faster and cleaner capacity addition due to large unit size, fuel efficiencies and reduced emission. The supercritical technologies also gave better load cycling. The Committee, however, expressed concern at the high levels of carbon dioxide emission by power projects in the environment. The Committee also noted that supercritical technology in the power plants had a higher thermal efficiency of about 40% as compared to 38.6% for sub-critical units of 500 MW. Apart from this, Circulating Fluidized Bed Combustion (CFBC) Technology was also being adopted as a cleaner technology in the power plants. Moreover, the Ministry had stated that the Integrated Gasification Combined Cycle (IGCC) had been adopted in the world for low ash coal, which was not suitable for Indian high ash coal. In this connection, the Committee recommended that multipoint efforts for development of indigenous technology should be made and a special R&D

project be prioritized for developing suitable technology for use of high ash coal with reduced emissions. Besides adopting other cleaner technologies available in the world for reducing the carbon emissions by power plants, the Committee also recommended that the government should examine the feasibility of using carbon dioxide for useful purposes like enhanced oil recovery or for making ethanol, etc.

Reply of the Government

The reply regarding adoption of supercritical technology is given in the reply of Para No 2.8.10.

NTPC has been interacting with international partner / organizations for enhancing efficiency in fossil fuel based power plants. NTPC is also pursuing with BHEL to set up an Integrated Gasification Combined Cycle Project (IGCC) at Auraiya. A Joint team of NTPC and BHEL has been set up to work on the IGCC.

As to the feasibility of using carbon dioxide for useful purposes like enhanced oil recovery or for making ethanol, etc, Ministry of Petroleum & Natural Gas, has been addressed for taking appropriate action in this regard(copy enclosed).

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-IDated 23.07.2008)

(Recommendation 20, Para No 2.8.10)

The Committee noted with satisfaction that the supercritical technologies are under installation at Sipat and Barh Thermal Power Stations (TPS) of NTPC Ltd. A number of other 600/800 MW power stations based on supercritical technology were going to be set up by NTPC and the State utilities. The Ultra Mega Power Projects (UMPPs) were also envisaged to be set up with supercritical parameters. Taking note of the fact that the supercritical technology had been adopted by various developed countries like USA, Japan, Germany, Korea, Russia etc. and that its use will result in the saving of about four per cent of fuel and correspondingly less emission, the Committee desired that the Government should accord high priority to the development and use of supercritical technology in the power plants to every possible extent.

Reply of the Government:

In order to promote Supercritical Technology in the Thermal Power Projects in the country, Government has decided the methodology for the award of 7 units of 660 MW & 6 units of 800 MW Supercritical Units, which would pave the way for progressive indigenization of Super Critical Technology in India. States are also setting up new power plants based on supercritical technology. The list of Super-critical projects that may come up in the 12th Plan in Central / State sector other than those being set up through tariff based competitive bidding including UMPPs are as below:-

S.No	Project Name	Capacity	Executing Agency
1.	Darlipalli, Orissa	4x800 MW	NTPC
2.	Tanda Expn., UP	2x660 MW	NTPC
3.	Pench, MP	2x660 MW	NTPC
4.	Mejja, UP	2x660 MW	NTPC-UP JV
5.	New Nabinagar, Bihar	2x660 MW	NTPC-Bihar JV
6.	Koradi, Maharashtra	3x660 MW	Mahagenco
7.	Dopawe, Maharashtra	2x800 MW	Mahagenco
8.	Obra, U.P.	2x800 MW	BHEL-UP JV
9.	Udangudi, T.N.	2x800 MW	BHEL-TNEB JV

(i) The following prospective companies have intended to augment / set up manufacturing facilities in the country for Super-critical units.

- (a) BHEL (Boiler and TG)
- (b) Ansaldo Caldie (Boiler)
- (c) L&T – MHI (Boiler and TG)
- (d) Toshiba – JSW (TG)
- (e) Alstom-Bharat Forge (TG)

(Ministry of Power, Ministry's U.O No. 3/4/2008-Th-I Dated 23.07.2008)

(Recommendation No. 21, Para No. 2.8.11)

Taking noted of the fact that preservation of the top soil and proper management of fly ash from power stations was an area which requires urgent attention, the Committee recommended that the Ministry should accord top priority to issues relating to fly ash management and also explore the possibility of having suitable tie-ups for the use of fly ash with other sectors such as cement industry etc., to make maximum use of this significant by product of the thermal power plants.

Reply of the Government

Ash utilisation is guided by the notification No.763 (E) dated 14.09.1999 read with amended notification No. 979 (E) dated 27.8.2003 issued by the Ministry of Environment and Forests (MOE &F). Central Electricity Authority(CEA), under the Ministry of Power, is monitoring ash utilisation in thermal power stations. As a result of constant monitoring, ash utilisation has increased from 20.79 million tones in 2002-03 to 55.01 million tones n 2006-07. In some of the power stations, ash utilisation has been of the order of 100%. Besides use of ash in cement sector, ash is also being utilised in various other segments like bricks manufacturing, road embankment, reclamation, mine filling, agriculture etc.

(Ministry of Power, Ministry's U.O No. 5/10/2008-State Thermal Dated 16.07.2008)

(Recommendation No. 22, Para No. 2.9.8)

The Committee noted that demand for electric power continues to grow at a rapid rate out-stripping the availability of the same. In the prevailing scenario of shortage of resources to build up new capacity on the one hand, and stringent environmental conditions on the other, Renovation and Modernisation (R&M) and Life Extension (LE) of power plants had been recognised as a well-proven, cost effective technique the world over for improving the performance of older power plants and thereby obtaining additional generation of power at a much lesser cost. The Committee were of the opinion that by infusion of small amount of funds, in these processes, the performance of power plants could be greatly increased. The Committee were constrained to note that against a total

estimated cost of Rs.570.68 crore for R&M of thermal power plants during the 10th Plan to undertake 282 activities, only 198 activities with a total expenditure of Rs.257.80 crore could be completed till January, 2008. Taking note of the fact that the 10th Plan targets of R&M activities of thermal power station slipped to the 11th Plan on account of some delay in finalization of schemes, delay in supplies by equipment suppliers, non-availability of unit shut down for carrying out the works, poor response of bidders for execution of R&M works and non-constitution of dedicated teams by SEBs/ PSUs for R&M work etc., the Committee expect the Government to take necessary steps to complete the R&M activities during 2008-09 as targeted. The Committee would also like to know, the action plan of the Government to achieve the targets during the year.

Reply of the Government

In order to complete the pending activities of the R&M works of all ongoing thermal power plants close monitoring with the power utilities and implementing agencies are being done regularly by CEA. NTPC have intimated that in case of their projects R&M activities are ongoing process. In case of State sector projects, the R&M activities in 23 units out of 32 units taken up during the 10th plan have already been completed and the balance units are expected to be completed during 2008-09.

(Ministry of Power, Ministry's U.O No. 5/10/2008-State Thermal Dated
16.07.2008)

(Recommendation No. 24, Para No. 2.9.10)

The Committee also noted that the Government had been making some efforts for increasing the Plant Load Factor in the State Sector power plants by R&M and Life Extension work. The Committee further noted that a total number of 60 hydro R&M schemes had been planned for implementation during the 11th Plan, having an installed capacity of 11069 MW for renovation & modernization, uprating, life extension and restoration at an estimated cost of Rs.3987 crore. After implementation of these schemes, there would be a benefit of about 4392 MW – towards uprating (257MW), life extension (4105MW) and restoration (30MW). The Committee were dismayed that out of 60 schemes identified for the 11th Plan, till date only one scheme of the State Sector with an installed capacity of 40 MW at a cost of about Rs.24 crore had been completed and had brought a

benefit of 50 MW – through life extension (40MW) & uprating (10MW) and 41 schemes were on-going. On balance 18 schemes, the works had yet to take off. The Committee couldn't but deplore the lackadaisical approach of the Central and State Government/Utilities responsible for implementing the R&M activities in the power sector. To carry out the R&M work in a time bound manner, the Committee urged the Government to take all necessary steps so that the R&M work of all pending projects be completed as per the revised schedule. The Committee also recommended that the involvement of the private sector in the R&M works might also be encouraged for speedy achievement of the targets.

Reply of the Government

R & M in Hydro Power Sector

At the beginning of 11th Plan i.e. May/ June, 2007, a total of 62 Hydro R&M schemes were programmed. During Dec., 2007, M/s. RRVPNL (Rajasthan Rajya Vidyut Prasaran Nigam Limited) declared two Hydro R&M schemes of Rajasthan as closed as no R&M works were going on the schemes due to non-receipt of approval from Madhya Pradesh (Inter State Projects). Hence, as on Dec., 2007 a total of 60 Hydro R&M schemes were projected to be completed during 11th Plan. Out of these 60 schemes, till 30th April,2008 only 2 schemes (one in Central Sector and one in State Sector) with an installed capacity of 134 MW at a cost of about Rs. 35 Crores have been completed and have accrued a benefit of 50 MW through life extension and uprating. During the last week of April, 2008/ first week of May, 2008, status of ongoing hydro R&M schemes programmed for completion during 11th Plan, has recently been reviewed with the different SEBs/ Utilities.

R & M in Thermal Power Sector

(i) In order to complete the pending activities of the R&M works of all ongoing thermal power plants, close monitoring with the power utilities and implementing agencies are being done regularly by CEA. NTPC have intimated that in case of their projects R&M activities are ongoing process. In case of State sector projects, the R&M activities in 23 units out of 32 units taken up during the 10th plan have already been completed and the balance units are expected to be completed during 2008-09.

- (ii) During the 10th Plan, most of R &M works were awarded by state utilities to the Original Equipment Manufacturer (OEM) through negotiation route. However, at present utilities are free to follow competitive bidding thus facilitating private sector participation.

R & M by Private Sector

Regarding encouragement to the private sector it is stated that R, M& U works are awarded by the State Governments through a process of open tendering in which private sector entities also participate. A few of the R, M& U Projects in the country are already being executed by private companies.

(Ministry of Power, Ministry's U.O No. 6/3/2005-BBMB Dated 27.05.2008)

&

(No.5/10/2008-State Thermal Dated 18.06.2008)

(Recommendation No. 26, Paragraph No. 2.11.8)

The Committee noted the main objective of the APDRP programme was reduction of Aggregate Technical and Commercial (AT&C) losses to around 15% in five years to begin with in the urban areas and high density/ consumption areas. Further, the scheme was also targeted to reduce commercial and cash loss of the utilities. The Committee noted that nine States had achieved cash loss reduction of Rs.5753.22 crore and had become eligible for incentive of Rs.2876.61 crore. But the Committee were constrained to note that out of this amount incentive of Rs.1959.70 crore only could be released. The balance could not be released due to low availability of budget. The Committee further noted that it was proposed to continue APDRP during the 11 Plan with revised terms and conditions as a Centrally sponsored scheme. The focus of the programme was stated to be on the actual, demonstratable performance in terms of loss reduction. Establishment of reliable and automated systems for sustained collection of accurate baseline data and the adoption of Information Technology in the areas of energy accounting would be necessary pre-conditions before sanctioning any projects for strengthening and upgradation of subtransmission and distribution networks. The scheme would involve two parts – Part A shall

include the projects for establishment of baseline data and IT applications for energy accounting/auditing and IT based consumer service centres and Part-B should include regular distribution strengthening projects. The Committee found that the automatic systems for collection of accurate baseline data were not available in all the States. The Committee also noted that in the restructured APDRP, emphasis was laid on first establishing reliable and automated systems for sustained collection of accurate baseline data, and adoption of Information Technology (IT) in the areas of energy accounting and auditing. According to the Ministry, the establishment of baseline data would result in fixing accountability at the lowest level in the electricity distribution utility, which was expected to bring down AT&C losses of the utilities. Moreover, IT would also allow real time monitoring of quality of power and service level to consumers. Further, the Committee noted that the Expenditure Finance Committee (EFC) Memorandum for restructuring of APDRP had been circulated to all concerned and the meeting was expected to be held very soon. The proposal was to be placed before the Cabinet Committee on Economic Affairs (CCEA) for approval and finalisation of the allocations for restructured APDRP. The Committee had been informed that the scheme should be operationalised as and when CCEA's approval was obtained. The Committee strongly recommended that the proposal for restructuring APDRP should be submitted to CCEA for their approval at the earliest so that the revised APDRP scheme could be implemented at the earliest in the 11th Plan as one precious year of the plan period had already been lost. The Committee recommended that the APDRP scheme needs to be continued in its new form in the rural areas as well and the programmes such as Feeder Renovation Programme (FRP) as undertaken in the States like Gujarat and Rajasthan specifically needs to be included under the scheme. The Committee further recommended that the fund constraints should not be a hurdle for implementation of the scheme and funds for the same should also be made available without any reservations.

Reply of the Government

Nine states have achieved cash loss reduction of Rs.5759.46 crores and became eligible for incentive of Rs.2879.73 Crore under the Accelerated Power Development and Reforms Programme (APDRP). The Government has released the full incentive i.e. Rs.2879.73 Crore. The details are given below :-

(Figures in Rs. Crore)

S.No	State	Cash Loss Reduct	Eligibility	Incentive Release
1	Andhra Pradesh	53	26	26
2	Gujarat	207	103	103
3	Haryana	21	10	10
4	Kerala	29	14	14
5	Maharashtra	27	13	13
6	Punjab	50	25	25
7	Madhya Pradesh	59	29	29
8	Rajasthan	27	13	13
9	West Bengal	99	49	49
	Total	575	287	287

It is proposed to continue Accelerated Power Development and Reforms Programme (APDRP) during the XI Plan with revised terms and conditions as a Central Sector Scheme. The focus of the programme shall be on actual, demonstrable performance in terms of loss reduction. Establishment of reliable and automated systems for sustained collection of accurate base line data, and the adoption of Information Technology in the areas of energy accounting will be necessary pre-conditions before sanctioning any project. This will enable objective evaluation of the performance of utilities before and after implementation of the programme, and will enforce internal accountability leading to pressure to perform on officers and staff. It is proposed to cover urban areas – towns and cities with population of more than 30,000 (10,000 in case of special category states). In addition, in certain high-load density rural areas with significant loads, works of separation of agricultural feeders from domestic and industrial ones, and of High Voltage Distribution System (11kv) are also proposed to be taken up.

Cabinet Committee on Economic Affairs (CCEA) has approved the restructured APDRP for implementation in XI Plan.

(Ministry of Power, F.No. 5/2/2008-APDRP Dated August, 10, 2008)

(Recommendation No. 27, Para No. 2.12.9)

The Committee noted that the Bureau of Energy efficiency (BEE) under the aegis of Ministry of Power had formulated an Action Plan in consultation with all stakeholders identifying the major thrust areas of its activities during the early stages of the 10th Plan. The Action Plan released by the Hon'ble Prime Minister on 23rd August, 2002, serves as a road-map for BEE. The Committee noted that against the energy conservation and efficiency potential assessed in the country at about 20,000 MW, the potential harnessed during the 10th Plan was only 877 MW. The target for harnessing energy conservation during the 11th Plan was stated to be 10,000 MW. To achieve the 11th Plan targets of energy conservation, BEE had also launched schemes such as the Bachat Lamp Yojana and Standard and Labeling programme. The Committee were disappointed to note that the Ministry of Finance had not accepted the proposal of progressive reduction in excise duty for energy efficient products, particularly the labeled products. The committee were of the considered opinion that concessions such as differential excise duty on energy efficient labelled products which had the potential to provide a great deal of encouragement towards energy conservation efforts should have been offered to the customers. The Committee would, therefore, recommended to the Ministry of Power to again take up the matter with the Ministry of Finance and Committee be apprised of the outcome in this regard.

Reply of the Government

In the pre Budget Memorandum 2008-09 submitted to Ministry of Finance, Ministry of Power had taken up the following proposals relating to energy efficient products for exemption in Excise & Customs Duty:

- (i) Reduction of Excise Duty for Energy Efficient equipment / appliances (airconditioners, refrigerators, motors and pumps):

All energy efficient end use equipment, particularly that are covered under the Standards and Labeling programme of Ministry of Power may be provided fiscal incentives in form of a progressive Excise Duty structure in three different rates of 8%, 4% and 0%. A graded increased abatement allowance on retail price was also recommended for energy efficient equipment.

- (ii) Complete waiver of Customs Duty and Excise Duty on CFL, LED & Electronic Ballast:

CFL, LED and Electronic Ballast which are highly energy efficient were recommended for full exemption from all duties.

However, none of these proposals was accepted. This Ministry would again take up the matter with the Ministry of Finance in the next Budgetary exercise.

(Ministry of Power, F.No. 8/7/2008-Fin Dated July 17, 2008)

Comments of the Committee

(Please see para 37 of chapter I of report)

(Recommendation No. 28, Paragraph No. 2.12.10)

The Committee also noted that as against the proposed allocation of Rs.161.65 crore for the BEE during 2008-09, an amount of only Rs.90 crore was approved. The Committee were of the considered opinion that this would definitely affect some of the ongoing important schemes of BEE like (i) Designated Consumers and SMEs, (ii) Institutional Strengthening of BEE (iii) Agriculture DSM and Municipal DSM, and (iv) Contribution to State Energy Conservation Fund etc. To encourage energy saving, the Committee noted that the funds proposed for energy efficiency schemes should not be curtailed. The Committee, therefore, recommended that the funds asked for to undertake the proposed energy conservation schemes during 2008-09 should be made available to the Bureau of Energy Efficiency (BEE).

Reply of the Government

Ministry of Power agrees with the recommendation made by the Committee and an attempt will be made to seek additional allocation at R.E. stage.

(Ministry of Power, F.No. 14/9/2008-EC Dated May 12, 2008)

Comments of the Committee

(Please see para 40 of chapter I of report)

(Recommendation Serial No. 29, Para No. 2.13.4)

The Committee noted that the Central Power Research Institute (CPRI) had sought a Gross Budgetary Support of Rs.202 crore during 2008-09 to carry out critical R&D activity. Against this, an allocation of only Rs.50 crore had been made. The Committee further noted that due to this huge cut in budgetary support, the major schemes of CPRI, namely, National and International Accreditation for CPRI laboratories and augmentation and modernization of CPRI laboratories would be left with only token amount and augmentation of some of the laboratories to the international standards will get delayed. Moreover, many of the new schemes approved under 11th Plan would also be delayed in terms of implementation. The Committee noted that CPRI is a world class R&D Institute with expertise and advanced know-how in the field of technologies in the power sector. The Committee, therefore, recommended that the funds required by CPRI should be sanctioned to the Institute to enable it to carry out R&D projects and also to establish itself as a renowned research Institute of excellence not only in India but also the world over.

Reply of the Government

Planning Commission has allocated only Rs.30,451.91 crore (at current prices) as Ministry of Power's GBS for the 11th Plan period as against Rs.33,207.99 crore as the revised minimum requirement requested for by the Ministry. In this exercise, Rs.320 crore had been proposed for allocation to CPRI as GBS for the 11th Plan. For the year 2008-09, Planning Commission has already made an allocation of Rs.50 crore for CPRI. An attempt will be made to seek additional allocation at R.E. stage.

(Ministry of Power, Ministry's U.O. No. 12/3/2008-T&R
dated 6.08.2008.)

Comments of the Committee

(Please see para 43 of chapter I of report)

Chapter-III

Recommendation/Observations which the Committee do not desire to pursue in view of the Government's replies

(Recommendation No.9, Para No. 2.3.19)

The Committee were surprised to note that a scheme of preparation of DPRs for new hydro electric projects amounting to Rs. 60.75 crore was dropped due to lack of response of hydro rich States for taking up the schemes for survey and investigation under 50,000 MW hydro initiative. The Committee felt that this would not had been the case if the necessary and proactive action had been taken by the CEA in persuading the hydro rich States to agree for survey and investigation. While noting that preparation of DPRs is only a first step for development of hydro power, the Committee recommended that the matter regarding preparation of DPRs for hydro projects should be taken up with the State Governments on top priority and an action plan clearly indicating the physical and financial targets should be drawn up for execution in the 11th Plan period and the Committee be apprised of the same.

Reply of the Government

Under the 50,000 MW Initiative, out of 162 hydro-electric projects for which PFRs have been prepared during 2003-04, 77 schemes (whose first year tariff is below Rs. 2.50/kWh) have been considered as low tariff schemes and taken up for S&I and preparation of DPRs. Action has already been initiated in this regard by CPSUs/SPSUs/SEBs/IPPs.

A proposal for Rs.350 crores for preparation of DPRs for 50 schemes was submitted to the Planning Commission in December, 2003 for obtaining 'in principle' approval. However, this proposal was not agreed to by the Planning Commission. Subsequently, a revised proposal was sent to the Planning Commission for Rs. 120 crores for preparation of DPRs of 17 schemes. An amount of Rs.60 crores were kept in the year 2007-08 for the above work. However, the concurrence of the Planning Commission was received only in 2007. In the meanwhile, most of the schemes had been either allotted to IPPs by the respective State Governments for implementation / survey and investigation and preparation of DPRs.

CEA wrote to the hydro rich States of J&K, Uttarakhand, Himachal Pradesh, Sikkim, Arunachal Pradesh and Karnataka in April, 2007 seeking proposals to take up preparation of Bankable DPRs for balance attractive schemes selected from PFR schemes prepared under 50,000 MW H.E. initiative, thereby, providing a shelf of projects for execution in the near future. However, no proposal were received from Himachal Pradesh, Arunachal Pradesh and Karnataka.

In response, only J&K and Sikkim submitted their proposals. J&K state wanted to take up the work of S&I and preparation of DPRs of all the 13 schemes for which PFRs were prepared. In this connection, it is mentioned that only five of the 13 schemes of J&K were identified as low tariff schemes and out of these the DPRs of three schemes namely Kiru, Kawar and Ratle had already been prepared by NHPC. DPR of Shamnot was not prepared by NHPC of it was found unviable due to large submergence of the National Highway. The remaining one scheme namely Bichlari was allotted to WAPCOS for DPR preparation. The balance 8 schemes were having high first year tariffs and therefore, could not be taken up for DPR preparation.

Sikkim Govt. submitted the proposal for 4 Nos. of small H.E. schemes namely (i) Rorathang (30 MW), (ii) Rellichu-II (27 MW), (iii) Kali Khola (30 MW) and (iv) Taramchu (45 MW) for Survey & Investigation and preparation of DPRs under 50,000 MW H.E. initiative. These schemes were, very small and beyond the 50,000 MW initiative under which PFRs had already been prepared. These schemes, therefore, were not taken up the CEA. All the schemes in Sikkim, for which PFRs were prepared under 50,000 MW H.E. initiative, have already been allotted by Govt. of Sikkim to developers for implementation / Survey & Investigation and preparation of DPR's.

In view of the allotment of most of the 77 low tariff schemes already to CPSUs / SEBs / SPSUs / IPPs for implementation / DPR preparation and lack of response of the hydro rich State Governments for taking up the schemes for the Survey & Investigation and preparation of DPRs of balance schemes under the 50,000 MW H.W. initiative, it was decided that in the revised scenario, the

subject scheme may be dropped. The same view was endorsed in the meeting of the Hydro Task Force chaired by Minister of Power on 12.12.2007.

(Ministry of Power, Ministry's U.O No. No. 37/9/2008-H-II Dated 24.07.2008)

Chapter-IV

Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee

(Recommendation No. 1, Para No. 2.1.11)

The Committee observed that during the year 2007-08, the utilisation of Plan outlays had not kept pace with the allocations. Though, the budgetary allocations were being hiked year after year, yet, due to slippages in various programmes, the same were not being fully utilised. The Budget Estimates for the year 2007-08, including IEER were Rs.33153.26 crore while the Revised Estimates were kept at Rs.30690 crore which is 92.57% of Budget Estimates. The utilisation of funds earmarked for various schemes till 25th February, 2008, was Rs.18054.36 crore, showing a utilisation of only 58.83% of the Revised Estimates. The Committee noted that the major under-utilisation of Plan outlays reflected in Revised Estimates was in the annual plan of NTPC, SJVNL, NEEPCO and other Schemes of the Ministry of Power including non-formulation of the new Scheme of Equity Gap Funding (Rs.289.49 crore), merging of the features of the scheme of consultancy charges for APDRP project (Rs.271 crore) and dropping of scheme of preparation of DPRs of new hydro electric scheme (Rs.60.75 crore). The Committee feared that under-utilisation of Plan outlays by power generating companies during 2007-08 would further delay the execution of projects as the quarterly utilisation of funds upto the third quarter during 2007-08 had only been 46%. Moreover, non-utilisation of funds earmarked for preparation of DPRs of new hydro electric projects only indicates the lackadaisical approach of the Government in exploiting the hydro power potential in the country. In the background of the fact that projects/schemes of the Ministry of Power were normally completed in a span of five to ten years, the Committee wondered as to why funds were not being utilised substantially in the first three quarters of the financial year itself. The quarterly utilisation of funds indicates a lack of proper planning and execution of Projects/Schemes in the Ministry of Power.

Reply of the Government

The Ministry of Power was allocated an amount of Rs.33153.26 crore(BE) during 2007-08 comprising of GBS of Rs.5483.00 crore and IEBR of Rs.27670.26 crores. The allocation at RE stage was reduced to Rs.30690.38 crore comprising of Rs.4350 crore as GBS and Rs.26340.38 crore as IEBR. The quarterly utilization of funds by Ministry against the BE & RE of financial year 2007-08 are as under:-

(Rs. in crore)

	GBS	IEBR	Total Expenditure	% Utilization in financial year 2007-08 (w.r.t. BE)	% Utilization in financial year 2007-08 (w.r.t. RE)
Expenditure during 1st quarter	401.37	3778.87	4180.24	12.60%	13.62%
Expenditure during 2nd quarter	194.37	4309.55	4503.92	13.58%	14.68%
Expenditure during 3rd quarter	1565.26	5039.46	6604.72	19.92%	21.52%
Expenditure during 4th quarter	2147.93	8211.06	10358.99	31.25%	33.75%
Total Expenditure	4308.93	21338.94	25647.87	77.36%	83.57%

In regard to utilization of funds by Ministry of Power upto 25.02.08 which was 58.83% of BE, it is mentioned that against the BE of Rs.33153.26 crore, the

actual utilization upto the end of financial year was Rs.25647.87 crore representing 77.36% of BE.

With regard to the greater utilization in the last quarter vis-à-vis the previous three quarters it is mentioned that in the case of GBS the major provision of Rs.3983 crore at BE stage and Rs.3944.56 crore at RE stage was for the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Approval for continuation of RGGVY during XI Plan was accorded on 03.01.2008. The delay in approval for the continuation of RGGVY in the 11th Plan resulted in a greater utilization in the last quarter of the financial year and less utilization of funds in the first three quarters. It is also mentioned that Ministry of Finance had also accorded special relaxation for RGGVY scheme from the limit of expenditure of 33% of BE in the last quarter.

The schemes like Equity Gap Funding and Preparation of DPRs of New Hydro Electric Projects could not get approval of the competent authorities and hence the provision kept for these schemes could not be utilized. Under utilization for the scheme of Consultancy charges for APDRP projects was due to merger of the scheme with Restructured APDRP scheme, which could not get approval of the competent authority.

With regard to the less utilization of IEER it is mentioned that four organizations i.e NEEPCO, NTPC, SJVNL and DVC have not been able to utilize their Budgeted IEER and the detailed reasons for less utilization of IEER by these organizations are given at Annexure I, II, III & IV respectively.

(Ministry of Power, Ministry's U.O No. 10/4/2008-BudgetDated 11.07.2008)

Comments of the Committee

(Please see para 8 of chapter I of report)

(Recommendation No. 3, Para No. 2.2.21)

The Committee noted that the capacity addition target of power generation for the 11th Plan is 78578 MW – 16627 MW in the hydro sector, 58571 MW in the thermal sector and 3380 MW in the nuclear sector. The Committee noted with

great concern that capacity addition targets in the previous plan periods had failed miserably as the target achieved in the 8th, 9th and 10th Plans were only 54%, 47% and 51.6% respectively of the planned capacity targets. What further raises alarm was the fact that as against the total target of capacity addition of 12039.20 MW in the year 2007-08, actual capacity addition of 8679 MW could be achieved as on 26.03.2008. The Committee also noted that against the target of 78,578 MW for the 11th Plan, 60899 MW capacity was under construction, but Letters of Award for the projects totaling 9170 MW were yet to be placed. The Committee would like to know the reasons for not issuing Letters of Award for projects amounting to 9170 MW so far and recommend that action in this regard might now be completed in a time bound manner and at the earliest as the gestation period of power projects is generally quite long and as it was equally important that all clearances were expedited and put in place well in time so that the 11th Plan capacity addition targets could be achieved. The Committee would also like to be informed of the status of the remaining projects of about 8500 MW capacity targeted to be commissioned in the 11th Plan. Further, to speed up work and ensure proper coordination among different Ministries/agencies involved in the process, the Committee desired that the idea of creating a unified chain of command might be taken up for consideration at the highest level of the Government as was agreed to by the Secretary, Ministry of Power during evidence. The Committee would await the considered views of the Government for their deliberation and consideration.

Reply of the Government

According to the latest assessment, a capacity addition of **78,700** MW comprising **15,627** MW Hydro, **59,693** MW Thermal and **3,380** MW nuclear is feasible during 11th Plan. The capacity addition achieved during 2007-08 was 9,263 MW against a revised target of 12039.2 MW. Capacity addition target for the year 2008-09 is 11,061 MW. During the year 2008-09, a capacity of **434.8** MW has been commissioned so far. Thus the total capacity commissioned as on 03.08.2008 during 11th Plan is **10883** MW.

Projects totaling to **63157** MW are under construction at present for likely benefits during 11th Plan. Due to delay in tying up of essential inputs, orders for

a capacity of 6,410 MW are yet to be placed. For expediting the ordering process, Ministry of Power has been actively interacting and monitoring, through meeting/discussions with the State Governments, BHEL as well as State Power Utilities for giving an impetus to various measures inter-alia the capacity addition. The capacity addition programme was discussed in the Chief Secretaries` Conference held on 23rd – 24th April, 2007 and Chief Ministers` Conference held on 28th May, 2007 wherein inter-alia early placement of orders for power projects proposed to be commissioned during the 11th Plan was emphasized. In the Chief Ministers` Conference, it was resolved that the Centre and States would ensure timely placement of orders for all the projects intended to give benefit during the 11th Plan and have regular monthly monitoring of the projects to ensure their timely commissioning along predetermined milestones. A meeting of Group of Ministers chaired by Minister of Power was held on 24th September, 2007 wherein detailed State-wise discussions were held with regard to accelerated power generation capacity addition for the 11th Plan. Subsequently, a follow-up meeting of Chief Secretaries of States was held on 19th February, 2008 wherein expeditious completion of ordering of all the 11th Plan power generation projects was emphasized. This matter was again discussed in the Chief Secretaries` Conference convened on 22nd April, 2008.

Regarding the issue relating to ensuring proper coordination among different Ministries/agencies involved in the process, it is mentioned that for Inter-Ministerial coordination, Ministry of Power is having regular structured meetings with Ministries of Coal and Environment and Forests. Furthermore, Energy Coordination Committee has been constituted under the chairmanship of Hon`ble Prime Minister to enable a systematic approach to policy formulation, promote coordination in inter departmental actions and function as a key mechanism for providing institutional support to decision making in the area of energy planning. To supplement these efforts if need arises, further inter-ministerial consultations shall be organized.

(Ministry Of Power, Ministry`s U O No 2/23/2008-P&P Dated 23.06.08)

Comments of the Committee

(Please see para 11 & 12 of chapter I of report)

(Recommendation No. 8, Para No. 2.3.18)

The Committee noted that hydro power is a benign source of energy and the sector needs to be accorded high priority from the point of view of energy security as fuels like coal and gas are likely to be exhausted in the near future. The Committee found that the bulk of the hydro potential which was in the Himalayan region in the States of Jammu and Kashmir, Himachal Pradesh, Uttarakhand and the North-Eastern Region was yet to be tapped. Although India was endowed with an estimated hydro power potential of more than 1,50,000 MW, the installed capacity is only 35,379 MW, i.e. 25% of the total power generating capacity in the country. The Committee regret to note that 45 hydro projects with an aggregate capacity of 15,000 MW only are under construction at present and preparation of feasibility reports of 162 schemes so far with an aggregate capacity of 49,930 MW only has been completed by CEA. The Committee were further constrained to observe that even during the 11th Plan, while the major capacity addition from the thermal power stations was pegged at 58,571 MW, from Hydro power plants, it was to be only 16,227 MW. The Committee noted that a task force has been constituted under the Chairmanship of Minister of Power to look into various aspects of hydro power. The Committee would like to be informed of the steps so far taken by the Task Force to overcome the bottlenecks in implementation of hydro electric projects.

Reply of the Government

In the first meeting of the Task Force on hydro project development held under the Chairmanship of Hon'ble Minister of Power on 12.12.2007 at New Delhi, the following issues were deliberated by the Task Force:

(i) Report of TERI on compensation to resource bearing States.

The recommendations made in the Report of TERI on compensation to resource bearing States and comments of the Ministry of Power thereon were submitted before the Task Force for discussions. The Task Force endorsed the comments of Ministry of Power and noted that the suggestions of TERI have been appropriately addressed in the revised hydro policy. The Task Force also endorsed the provisions of the new Hydro Policy, which was subsequently approved by the Cabinet and notified on 31.3.2008.

(ii) The Task Force also approved a proposal to refer the inter-State issues impeding the implementation of various hydro-electric schemes in the country to the Commission on Centre State relations for an early resolution of these issues.

(iii) Basin-wise development of hydro potential.

The Task Force advised that the CEA in consultation with the respective State Governments and CWC should carry out river basin optimization studies for all major river basins. If necessary, a scheme for financing these efforts may be formulated. Accordingly, the CEA was requested by this Ministry to conduct a study to explore the feasibility of basin-wise development of hydro potential. The CEA is taking necessary action in this regard.

(iv) The Task Force recommended that the respective State Governments be asked to identify the potential sites for setting up of Mega Hydrel Projects and propose implementation through an SPV on the lines of Thermal Ultra Mega Power Projects (UMPPs). Accordingly, this Ministry wrote to various hydro potential State Governments to identify potential sites in their respective States for setting up of Ultra Mega Hydrel Projects of installed capacity of 500 MW or more and consider its implementation through an SPV on the lines of Thermal Ultra Mega Power Project.

(Ministry of Power, Ministry's U.O No. No. 37/9/2008-H-II Dated 24.07.2008)

Comments of the Committee

(Please see para 37 of chapter I of report)

(Recommendation No.16, Para No 2.5.10)

The Committee further observed that due to shortage of gas in the country, the actual supplies to NTPC's gas based power station by GAIL have fallen short of the contracted / quantity. Taking note of the fact that the Government was in process of finalization of Gas Utilization Policy, the Committee observed that it was high time that a debate was initiated at the highest level in the country over according relative precedence to various competing sectors, the main being fertilizer and power sectors, in the proposed Gas Utilisation Policy. At the same time, the Committee saw a merit in the argument put forward to the Committee by the Secretary, Ministry of Power that while fertilizers could be imported, power could not be. The Committee therefore, recommended that the power sector be accorded priority over all other competing sectors including the fertilizer sector in the matter of allocation of gas and coal because it was the power sector, which drives the economy.

Reply of the Government

The matter of allocation of gas to the Gas Based Power Plants was taken up by the Ministry of Power with Ministry of Petroleum & Natural Gas a number of times. Consequently the Empowered Group of Ministers (EGoM) in its meeting held on 28.05.2008 on commercial utilization of gas under the New Exploration Licensing Policy (NELP) decided to prioritize allocation of gas to Gas Based Power Plants lying idle / under – utilized and likely to be commissioned during 2008-09, and liquid fuel plants, which are now running on liquid fuel and could switch over to natural gas, to meet the partial requirement of these plants.

(Ministry of Power UO No.3/4/2008 TH-I, dated 23.07.2008)

Comments of the Committee

(Please see para 25 of chapter I of report)

(Recommendation No. 23, Para No. 2.9.9)

The Committee were dismayed to note that during the 10th Plan, out of a total of 72 hydro schemes programmed for completion, only 32 schemes could be completed and 38 schemes slipped to the 11th Plan. Further, two of the projects were reported to have been shifted to the 12th Plan. The Committee felt that in view of the R&M works slipping in previous plan periods also, the Government should have taken advance action for carrying out Residual Life Assessment studies, finalising Detailed Project Reports and constituting dedicated teams for carrying out R&M etc., to overcome the likely delays in execution of R&M works during the 10th Plan period.

Reply of the Government

At the beginning of 10th Plan, a total of 72 Hydro schemes were identified for taking up R&M works during the 10th Plan based on proposals received from SEBs/ Utilities. While reviewing the progress of R&M activities in the subsequent years, it was observed that the SEBs have not started any activity in 14 schemes and therefore, these schemes were shifted to 11th/ 12th Plan depending on their progress.

As such, works on only 58 schemes were in progress during the 10th Plan. Out of these 58 Hydro R&M schemes, 29 schemes got completed and in addition 3 schemes which were planned for 11th Plan could be completed earlier in the 10th Plan.

It is submitted that the Hydro R&M schemes were earlier identified considering the 30-35 years of life of the generating units. There have been many reasons which could be attributed for non start of works/ shifting of scheme from 10th Plan to 11th/ 12th Plan, which are listed below:-

(x) The performance/generation from the identified schemes has been found to be satisfactory though the units have completed their design life.

- (xi) The response from the bidders for R&M works have been poor and in some cases, single bids were received resulting delay in award of works.
- (xii) Delay in carrying out Residual Life Assessment (RLA) studies
- (xiii) Delay in finalizing the Detailed Project Reports (DPRs)
- (xiv) Non-availability of shut downs and sequential execution of R&M works
- (xv) Revised/enhanced scope of works of R&M schemes
- (xvi) Non-adherence of completion schedules by the concerned power authorities/ utilities
- (xvii) No dedicated teams have been constituted by the SEBs/ PSUs to carry out the R&M works and to tackle the constraints/bottlenecks and to fix up the responsibility for any delays etc.
- (xviii) Delays in resolving the inter-state problems in certain cases e.g. Machkund in A.P./ Orissa and Hampi and Tungabhadra in A.P./ Karnataka.

The various works on balance 29 hydro R&M schemes, which have been shifted to 11th Plan, are presently in progress.”

(Ministry of Power, Ministry's U.O No. 6/3/2005-BBMB dated 27.05.2008)

(Recommendation No. 25, Para No. 2.10.15.)

The Committee noted that the Rajeev Gandhi Grameen Vidyutikaran Yojana(RGGVY), a scheme for Rural Electrification Infrastructure and household electrification was 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. Rural Electrification Corporation (REC) was the nodal agency for the programme. Under this scheme 90% capital subsidy was to be provided for rural electrification infrastructure and 10% as the loan assistance on soft terms by REC. The Committee noted that against a target of electrification of 40,000 villages during 2006-07, only 28,706 villages were actually electrified. Further, during 2007-08, the target for village electrification was kept very low, i.e. 9,000 and only 7,077 villages could be electrified as on 15th February, 2008. The reasons stated by the Ministry for the

low target was that continuation of the scheme in the 11th Plan was approved only in January, 2008, as a result of which the work was not in full momentum during April, 2007 to December, 2007. The Committee further noted that the budget requirement for the year 2008-09 for RGGVY was projected at Rs. 24,000 crore for achieving the target of electrification of 67,475 villages and providing electric connections to 2.12 crore BPL households. Against this projected requirement, a budget allocation to the tune of Rs. 5500 crore had been made. For achieving the target of electrifying 25,000 unelectrified villages and providing connections to 60 lakh BPL households, which had been projected in the outcome budget for the year 2008-09, the total requirement of funds was placed at Rs. 13,000 crore. However, additional amount would be required to be released for the scheme at RE stage. The Committee were very unhappy with the pace and progress of the Rajeev Gandhi Grameen Vidyutikaran Yojana, an ambitious programme of the Government which was taken up with the aim of electrifying villages and hamlets for supplying power to the rural areas to unleash full economic growth potential of rural India. Not convinced by the reasons cited by the Ministry for non-achievement of targets under the programme, i.e., insufficient availability of funds and also the fact that continuation of the programme in the 11th Plan was only approved on 3rd January, 2008, leaving only 3 months in the financial year 2007-08 for sanctioning new projects, the Committee strongly recommended the Ministry to take up the programme progressively on top priority basis in the financial year 2008-09 so that the targets envisaged were achieved. The Committee further noted that the Ministry was making an attempt to compress the implementation cycle from 18 months to 12 months in some of the projects and electrify additional villages in the financial year 2008-09. The Committee, therefore, recommended that the funds required for the scheme be made available in time for implementation of the scheme in the year 2008-09. The Committee noted that 'cost of electrification of an unelectrified village' and the cost of 'intensive electrification of already electrified village' varies from Rs. 13 lakh to Rs. 18 lakh and Rs. 4 lakh to 6 lakh respectively-in normal terrain and in hilly, tribal and desert areas. From the case made out before the Committee during its study visit to Rajasthan and also by

going through the figures of cost of village electrification and basis thereof, the Committee noted that the cost of Rs. 18 lakh for a village electrification in hilly, tribal and particularly in the desert areas was not sufficient as compared to the cost of electrifying a village in normal terrain. The Committee was also of the view that the present practice of presuming the cost of village electrification as the same for similar areas/terrain throughout the country without factoring in the State specific conditions, disregards the ground realities. The Committee, therefore, recommended that the present cost norms for village electrification should be revisited by the Government and suitably modified taking into account the local conditions in the terrain and areas in different States where electrification had to be carried out.

Reply of the Government

The target for 2008-09 has been revised and it has now been fixed to electrify 19,000 un-electrified villages and provide connections to 50 lakh BPL households. So far 316 new projects have been sanctioned for implementation during phase-I of XI Plan period covering electrification of 47,658 un-electrified villages and release of connections to 1.58 crore BPL households, besides 235 ongoing projects of X Plan. For achieving the target, Monitoring Committee under Chairmanship of Secretary (P) has been regularly reviewing and monitoring the progress of RGGVY in the entire country. Moreover, all State Governments have been advised to constitute a Coordination Committee headed by Chief Secretary of the state to review the progress of Rajiv Gandhi Grameen Vidyutikaran Yojana in their States. State Governments have been requested to monitor each project physically and financially on a regular basis and to remove all implementation bottlenecks so that the targets of Bharat Nirman can be achieved. The budgetary provision for 2008-09 for RGGVY is Rs. 5500 crore which needs to be revised upwards to Rs. 13,000 crore for achieving targets prescribed in outcome budget.

The existing cost norm for electrification of un-electrified villages in normal terrain (Rs. 13 lakh) and in hilly, tribal & desert areas (Rs. 18 lakh) and the cost

norm for intensive electrification of already electrified village in normal terrain (Rs. 4 lakh) and in hilly, tribal & desert areas (Rs. 6 lakh) have been approved by the Cabinet and as such modification is not feasible at this stage. Moreover, the existing cost norms seem to be reasonable.

(Ministry of Power, F.No. 44/7/2008- RE Dated June 17, 2008)

Comments of the Committee

(Please see para 34 of chapter I of the report)

Chapter-V

Recommendations/Observations in respect of which the final replies of the Government are still awaited

(Recommendation No. 5, Para No. 2.2.23)

The Committee further noted that a Committee under the Chairmanship of Dr. Kirit Parikh, Member, Planning Commission, on standardization of specifications of Thermal Power Plants and development of vendors for balance of plants had been set up. Since the second year of the 11th Plan period had already commenced, the Committee desired that the aforesaid Committee should be asked to come up with its findings and recommendations in a specified time so that the same could be turned into a concrete action plan.

Reply of the Government:

The Committee under the Chairmanship of Dr. Kirit Parikh, Member, Planning Commission has submitted its reports on the issue of Standardization of Specification of Thermal Power Plants and Development of Additional Vendors for Balance of Plants to Hon'ble Finance Minister on 8th January, 2008 and 24th January, 2008 respectively. While consolidated view on the recommendations is yet to be taken by the Government, Central Electricity Authority has already sensitized all the stakeholders regarding placement of orders for various packages of BoPs which according to the recommendations of the Committee should be placed progressively within six months of placement of order for the main plant.

(Ministry Of Power, Ministry's U O No 2/23/2008-P&P Dated 23.06.08)

Comments of the Committee

(Please see para 17,18,19 of chapter I of the report)

**NEW DELHI;
27th January, 2009
Magha 7, 1930 (Saka)**

**GURUDAS KAMAT,
Chairman,
Standing Committee on Energy**

APPENDIX-I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2008-09) HELD ON 27TH JANUARY, 2009 IN COMMITTEE ROOM 'C', PHA, NEW DELHI.

The Committee met from 1100 hrs to 1150 hrs.

PRESENT

Shri Jesudasu Seelam - In the Chair

MEMBERS

LOK SABHA

2. Smt. Susmita Bauri
3. Sardar Sukhdev Singh Libra
4. Shri Sanat Kumar Mandal
5. Shri Rabindra Kumar Rana
6. Shri Tarit Baran Topdar

RAJYA SABHA

7. Dr. Bimal Jalan
8. Shri Prakash Javadekar
9. Shri Sayed Azeez Pasha
10. Shri Shivpratap Singh
11. Shri Veer Pal Singh Yadav

SECRETARIAT

1. Shri Raj Kumar, Deputy Secretary
2. Shri Shiv Kumar, Deputy Secretary
3. Shri Rajesh Ranjan Kumar, Deputy Secretary-II

2. In the absence of the Chairman, the Committee chose Shri Jesudasu Seelam, a Member of the Committee, under Rule 258(3) of the Rule of Procedure and Conduct of Business in Lok Sabha, to act as Chairman for the sitting. The acting Chairman welcomed the Members of the Committee to the sitting. The Committee then took up for consideration/adoption the following draft Reports and adopted the same without any amendment/modifications:

- (i) Draft Report on the subject “Role of CERC and SERCs in the Protection of Interests of Consumers”.
- (ii) Draft Report on Action Taken on recommendations contained in the 22nd Report of the Committee on the subject “Ultra Mega Power Projects”.
- (iii) Draft Report on Action Taken on the recommendations contained in the 25th Report of the Committee on Demands for Grants of the Ministry of Power for the year 2008-09.
- (iv) Draft Report on Action Taken on the recommendations contained in the 26th Report of the Committee on Demands for Grants of the Ministry of New and Renewable Energy for the year 2008-09.

3. The Committee authorised the Chairman to finalize the Reports and present the same to both the Houses of Parliament.

The Committee then adjourned.

Appendix – II
(Vide Introduction of Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE TWENTY-FIFTH REPORT OF STANDING COMMITTEE ON ENERGY (14TH LOK SABHA)

(i)	Total number of Recommendations	29
(ii)	Recommendations/Observations which have been accepted by the Government:	
	SI.No.2,4,6,7,10,11,12,13,14,15,17,18,19,20,21,22,24,26,27,28,29	Total : 21
	Percentage	72.42%
(iii)	Recommendations/Observations which the Committee do not desire to persue in view of the Government's replies:	
	SI No. 09	Total : 01
	Percentage	3.45%
(iv)	Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:	
	SI No. 1,3,8,16,23 and 25	Total : 6
	Percentage	20.68%
(v)	Recommendations/Observations in respect of which the final replies of the Government are still awaited:	
	SI No. 5	Total : 01
	Percentage	3.45%