25

STANDING COMMITTEE ON ENERGY (2011-2012)

FIFTEENTH LOK SABHA

MINISTRY OF POWER

[Action Taken on the recommendations contained in the Nineteenth Report (15th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2011-12]

TWENTY FIFTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2011/*Pausa,* 1933 *(Saka)*

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Presented to Lok Sabha on 29.12.2011
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1.	Shri Brahm Dutt	—	*Joint Secretary*
2.	Shri N.K. Pandey	—	*Additional Director*
3.	Shri Manish Kumar	—	*Executive Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 25th Report on the action taken by the Government on the recommendations contained in 19th Report of the Standing Committee on Energy (15th Lok Sabha) on 'Demands for Grants of the Ministry of Power for the year 2011-12'.

2. The 19th Report was presented to the Lok Sabha/laid in Rajya Sabha on 17th August, 2011. Replies of the Government to all the recommendations contained in the Report were received on 17th November, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 28th December, 2011.

4. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. An analysis on the Action Taken by the Government on the recommendations contained in the 19th Report of the Committee is given at Appendix-II.

6. 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;
28 *December*, 2011
7 *Pausa*, 1933 *(Saka)*

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Recommendations/Observations contained in the Nineteenth Report (Fifteenth Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2011-12.

2. The Nineteenth Report was presented to Lok Sabha on 17th August, 2011 and was laid on the Table of Rajya Sabha on the same day. The Report contained 13 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/ Observations contained in the Report have been received from the Government. These have been categorized as follows:—

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

Serial Nos. 1, 2, 4, 5, 7, 8, 9 and 13.

Total-08
Chapter-II

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

Serial Nos. 6 and 12.

Total-02
Chapter-III

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

Serial Nos. 3, 10 and 11.

Total-03
Chapter-IV

(iv) Recommendation/Observations in respect of which the final reply of the Government are still awaited:

-Nil-

Total-00

Chapter-V

4. The Committee desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I of the Report may be furnished to the Committee within three months of the presentation of this Report.

5. The Committee will now deal with action taken by the Government on some of their Recommendations that require reiteration or merit comments.

A. 11th Five Year Plan – targets and achievements

(Recommendation Sl. No. 3, Para No. 2.4)

6. The Committee had noted that the utilization of the funds by the Government in 1st Quarter has been abysmally low throughout the 11th Plan period. It was 6.07%, 0.08% and 8.15% for the year 2008-09, 2009-10 and 2010-11 respectively. The Committee had observed that poor spending in 1st Quarter had the cascading effect and put pressure in spending patterns of later Quarters. The Ministry had given various reasons for erratic quarterly spending. The Committee had found it difficult to understand that despite the fact that expenditure pattern was monitored on a weekly/monthly/quarterly basis by the Ministry, there are not a single year in the entire 11th Plan when all the four quarterly spending were according to the norms laid down by the Ministry itself. The Committee, therefore, had strongly recommended that the Ministry should not only recast its present monitoring system to make it more accountable and trustworthy to ensure the uniform quarterly spending as per the norms but also taking proper correctives to avoid recurrence of the lapses responsible for sluggishness in the achievement.

7. The Ministry in their action taken reply have stated:

"The recommendation of Standing Committee on energy is noted. They have also stated that the expenditure *vis-a-vis* allotment is

discussed in Senior Officers Meeting and follow up action on directions given by the Secretary are also renewed."

8. The Committee in their 19th Report had noted that the utilization of the funds by the Government in First Quarter had been abysmally low throughout the 11th Plan period. It had been 6.07%, 0.08% and 8.15% for the year 2008-09, 2009-10 and 2010-11 respectively. The Committee, therefore, had strongly recommended that the Ministry should not only recast its present monitoring system to make it more accountable and trustworthy to ensure the uniform quarterly spending as per the norms. The Committee expected the Ministry to come up with some plan to refurbish the present monitoring system, as the same has failed to achieve the desired objectives. Instead, the Ministry in their action taken reply have stated that the recommendation of Standing Committee on energy has been noted. Further, the expenditure *vis-a-vis* allotments are discussed in Senior Officers Meeting and follow up action on directions given by the Secretary are also renewed. The Committee are not satisfied with the routine, brief reply of the Ministry. The Committee firmly believe that a strong co-relation exist between the poor spending in first quarter and non-achievement of annual targets as the initial lapses have cascading effects that put pressure in spending patterns of later quarters. The Committee, therefore, would like to reiterate their recommendation and would await necessary follow-up action.

B. Fuel Supply to Power Sector

(Recommendation Sl. No. 5, Para No. 2.6)

9. The Committee had noted that against the coal requirement of 480 MT for plants designed on indigenous coal for the year 2011-12, the total availability would only be 417.5 MT including 319 MT from CIL, leaving a gap of 62.5 MT. The Ministry of Power had stated that against the earlier indication by CIL for supplying 360 MT of coal, it would supply 319 MT to power sector. The Ministry had further stated that the reduction of 41 MT of coal by the CIL would affect the new

generating capacity to the extent of 15,000 MW. The Committee also acknowledged the fact that various power plants are already running well below their installed capacity for want of coal. In a situation where the country is facing a peak shortage of power of around 13%, the short supply of coal would acutely aggravate the problem. Further, the Ministry of Power have been planning for a massive capacity addition program for the 12th Five Year Plan, mostly based on coal. Considering the limitation on quantity of coal that can be imported due to blending limit and the high cost of imported coal, the Committee had recommended that the Coal India while augmenting excavation of coal, should give first priority to power sector in allocation of coal. The Committee had further recommended that for the time being coal stock, lying at pithead, as reported by the Ministry of Power, should be supplied to power stations facing acute shortage of coal as a stop gap arrangement. The Committee also, strongly recommended that the GoM should give appropriate directions to the Ministry of Coal/Coal India Limited to ensure that power plants do not suffer power generation loss for want of coal.

10. The Ministry in their action taken reply have stated:—

> "Ministry of Power had taken up the matter for enhancing coal supply to Thermal Power Stations at various fora. Coal India Limited (CIL) has agreed to coal supply target of 347 MT for the power stations during 2011-12 but it's materialization would depend on actual supplies."

11. The Committee are happy to note that the Coal India Limited (CIL) has agreed to coal supply target of 347 MT for the power stations during 2011-12 instead of 319 MT as reported earlier by the Ministry of Power. However, the Ministry have also stated that materialization of agreed quantity of coal would depend on actual supplies. The Committee, therefore, desire to be apprised of the actual supply of coal from Coal India Limited (CIL) and other source to power sector during the year 2011-12. The Committee would also like to be apprised about the extent to which generation target would be achieved following the improved supply of coal during the year.

C. Renovation and Modernization of Power Plants

(Recommendation Sl. No. 8, Para No. 2.9)

12. The Committee had noted that 69 units had been identified for implementation of Renovation and Modernization (R&M) work involving generation of capacity of more than 15,500 MW of electricity. In the Central Sector, 20 units were for implementation of Life Extension programme, whereas, 49 units were for Renovation and Modernization work. The PLF in the Central Sector was around 80-85%, whereas, it was much lower in the State. The Committee had also found the reasons given for the non-achievement of the targets under Renovation and Modernization of power plants for 11th Plan, not convincing as BHEL was not in a position to supply the original products for power plants which it had taken upon itself by entering into an agreement with buyers. Hence, to expect BHEL to supply technology including equipment for Renovation and Modernization which is definitely more advanced and complex, is nothing but most unrealistic and amounts to keeping the Renovation and Modernization efforts in the backburner. The Committee, therefore, had strongly recommended that Renovation and Modernization efforts should be reinvigorated, thoroughly examined and properly channelized. Necessary budgetary allocation should also be made with the target set for each of the plant identified for this exercise to make them competitive and efficient with the realization of optimum Plant Load Factor.

13. In their action taken reply, the Ministry of Power have stated:—

"The UMPPs are implemented as green field projects based on supercritical technology and contribute in increasing in installed power generation capacity of the country. Renovation and Modernization (R&M) interventions are undertaken in existing plants after the 15 years of operation whereas the Life Extension (LE) activities are undertaken after 25 years of operation.

The various manufacturing units of BHEL are heavily loaded towards supply of equipments/materials to various green field projects and these units do not have adequate capacity for timely supply of equipments/materials for LE works being executed at thermal power stations of various utilities. The requirement for R&M/LE works is

a huge and in majority of the cases for implementation of LE projects, BHEL (the Original Equipment Manufacturer) have been executing agency for LE works and it appears that BHEL have not been able to gear themselves towards timely completion of LE works undertaken by them. The completion of LE works being executed by BHEL almost gets delayed.

With a view of developing new vendors for undertaking R&M/LE works, interactions have been done with following manufacturers/ vendors for assessment of their capacity and interest for R&M works.

(i) M/s Dooshan Heavy Industries & Construction, Korea.

(ii) M/s Alstom Power Limited, U.K. (with M/s NASL).

(iii) M/s Dong Fang Electric Corporation, China.

(iv) M/s L&T.

(v) M/s Toshiba, Japan.

In fact, the manufacturers/vendors such as Dooshan (Korea), ALSTOM Power (India), Toshiba (Japan), Dong Fang Electric Company (China), NASL etc., have shown their interest to take up execution of R&M/LE works in India. Dooshan and ALSTOM Power have also submitted their bids for execution of World Bank aided 210 MW units at Bandel TPS of WBPDCL.

In addition to above following actions have been taken for speedy implementation of various R&M/LE works :

1. In, December, 2009, a National Perspective Plan was formulated for R&M/LE works during 11th & 12th Plan.

2. CEA has issued guidelines for R&M and LE works of thermal power stations in December, 2009.

3. Apart from PFC/REC, external funding from World Bank, KfW and JBIC have also been arranged to finance LE programme of some utilities at their identified TPSs.

4. During meetings, the utilities implementing the LE works have been requested to set up dedicated R&M team at plant level as well as at Headquarters for implementation of the works.

5. The preparation of DPRs for LE works at 7 units of 210 MW by M/s Evonik-Germany, with grant from KfW under Indo-German Energy Forum, is in final stage, (unit-3 Nasik, unit 1,2 & 3 of Kolaghat TPS, unit 1,2&3 of Bokaro TPS).

6. The preparation of standard documents, with grant from KfW in Phase-II activity under Indo-German Energy Forum, is in progress.

7. Technical studies would be carried out for mitigation of barriers to the R&M in India with grant from GEF/World Bank.

8. A Task Force, under the Chairmanship of Member (Thermal), CEA has already been constituted for promotion of R&M works in India with members from NTPC, DVC, MSPGCL, WBPDCL, HPGCL, APGENCO, CERC, PFC, WORLD BANK & KfW.

9. CEA has prepared a Base Paper for allocation of power from unallocated quota of Central Pool to the State Power Utilities to carry out LE works during the planned shutdown of their thermal units. The paper has been sent to the State Utilities for stakeholder consultations.

Further it is to mention that, R&M works are carried out by the concerned power utilities. Power Finance Corporation Ltd. (PFC) and Rural Electrification Corporation (REC) are providing necessary fund for R&M of thermal power projects. Moreover, the R&M work of Muzaffarpur and Barauni Thermal Power Plants of Bihar is being carried out under the Special Plan for Bihar component of backward region grant fund at an estimated cost of ₹ 1053 crore."

14. The Committee are happy to note that the Ministry have realized the apprehension of the Committee expressed in their 19th Report about the overdependence on BHEL for R&M activities. In this regard they have stated in action taken reply that

manufacturing units of BHEL are heavily loaded towards supply of equipments/ materials to various green field projects and these units do not have adequate capacity for timely supply of equipments/ materials for LE works being executed at thermal power stations at various utilities. The Ministry in their reply have further stated that with a view of developing new vendors for undertaking R&M/ LE works, interactions have been done with some other manufactures/vendors from abroad. While endorsing the step of the Government, the Committee would like to emphasize that the contract with them should be arrived at in such a manner so as to ensure the timely supply of required machinery/ services which should not only be efficient and akin to our needs but also at the competitive cost. This will help us avoiding BHEL like situation and the same will help in timely execution of Renovation and Modernization projects of various power plants.

D. Rajiv Gandhi Grameen Vidyutikaran Yojana

(Recommendation Sl.No. 10, Para No. 2.11)

15. The Committee had found inordinate delays in implementation of RGGVY scheme in some of the States. The Committee had also noted that the transformers installed were of a lower capacity so any further connections required in future could not be accommodated within the installed infrastructure. Further, they were of the opinion that the process of sub-letting of the contract under the scheme should be kept at minimum level as the same not only leads to avoidable delay at each level but also compromises on quality of works besides scope for pilferage of the funds earmarked for the scheme without producing adequate results. The Committee had also recommended that the concept of electrification of the village needs to be relooked and considered afresh specifying the percentage of electrification of village qualifying as the electrification of that particular village. The Committee had also strongly recommended that the scheme of RGGVY should have strong inclusive monitoring systems with regard to its implementation and achievement of the target. The involvement of the elected representative of the people at the District Level Committee should be made mandatory in order to ensure the proper coverage of villages as well as BPL households under the scheme besides,

ensuring the proper quality of work. The Committee had also desired the involvement of people's representatives at local level *i.e.* Panchayats, Gramsabhas and Block Level.

16. The Ministry of Power in their action taken reply have stated:—

"Under RGGVY, the DPRs have been formulated by the implementing agencies of the States in accordance with the RGGVY guidelines. Under the scheme, the villages are electrified as per new definition of village electrification as amended in year 2004-05 wherein number of households electrified should be at least 10% of the total number of households in the village. Further, the scheme envisage providing free electricity connections to all BPL households in a village which in case of most of the villages is much more than 10% of the total households in a village.

Rajiv Gandhi Grameen Vidyutikaran Yojana — Scheme for Rural Electricity Infrastructure & Household Electrification was launched in 2005 merging the existing scheme of 'Accelerated Electrification of one lakh villages and one crore households'. Some of the projects in the States of Bihar and Uttar Pradesh sanctioned under the earlier scheme have been implemented under RGGVY which did not cover all majras/tola of revenue villages. The un-covered areas of such projects including majras/tolas having population more than 300 are proposed to be covered in Phase-II of RGGVY in XI Plan.

Under RGGVY, High Voltage Distribution System (HVDS) has been envisaged. Under HVDS, instead of one large capacity transformer more number of smaller capacity transformers are provided to reduce the chances of power theft and overall AT&C losses. The number and size of the transformers depend on the consumers to be served from the transformers.

Under RGGVY, the executing agencies are sub-letting the contracts with the prior approval of the concerned implementing agency. However, the overall responsibility for execution of the contract within time and accepted quality rests with the main turnkey contractor.

Besides Monitoring Committee, REC and MOP regularly review implementation of RGGVY projects and periodic review meetings are conducted to monitor the progress in detail and also to resolve the issues hampering the progress. REC through its zonal and project offices located in the state headquarters also regularly monitor execution of RGGVY works.

There is a provision to co-opt. public representatives in the District Level Electricity Committee. Further, the implementing agencies are required to obtain a certificate from Gram Panchayat regarding completion of electrification works in a village which results into participation of village level representative in the scheme."

17. The Committee in their Report have expressed their displeasure over the fact that transformers installed under RGGVY are of a lower capacity, therefore, any further connection required in future cannot be accommodated within the installed infrastructure. In their action taken reply, the Ministry have stated that under RGGVY, High Voltage Distribution System (HVDS) has been envisaged. Under HVDS, instead of one large capacity transformer more number of smaller capacity transformers are provided to reduce the chances of power theft and overall AT&C losses. Further, they have stated that the number and size of the transformers depend on the consumers to be served from the transformers. The Committee find the reply of the Ministry convincing to some extent only. The real apprehension of the Committee was about the availability of lesser capacity transformers than the actual requirement and not just the number of transformers. As it has been found, that the installed transformers are of lower capacity and with the increase of even few more connection, it collapses due to overload. In view of the Committee, it is imperative that either the transformers of higher capacity or more number of smaller capacity transformers should be provided in the villages covered under RGGVY so that their capacity should match not only the actual present demands but also take care of near future needs as well.

Further, the Committee had recommended to keep the sub-letting of the contract under the scheme at minimum level as this not only leads to avoidable delay at each level but also compromises on quality of works besides scope for pilferage of the funds earmarked for the scheme without achieving adequate results. The Ministry in their reply have stated that under RGGVY, the executing agencies are sub-letting the contracts with the prior approval of the concerned implementing agency. However, the overall responsibility for execution of the contract within time and accepted quality rests with the main turnkey contractor. Again, the Committee are not convinced with the reply. If agencies are sub-letting the contracts with the prior approval of the concerned agency, nonetheless, more level of sub-letting have inherent disadvantages like difficulty in ensuring quality control and certainty of cost escalation due to involvement of agencies which are there only for earning profits by sub-letting. The Committee, therefore suggest that level of sub-letting should be kept at bare minimum. The Committee are also not satisfied with the reply of the Government with regard to inclusion of people's representatives. It is not only evasive but also misleading as taking completion certificate from Gram Panchayat is different from ensuring their actual participation in the implementation process of the programme. The Committee, therefore, reiterate their recommendation.

E. Re-structured Accelerated Power Development Reform Program (R-APDRP)

(Recommendation Sl. No. 11, Para No. 2.12)

18. The Committee had noted that against the sanction of ₹ 3,059.28 crores under Part-A and ₹ 11,795.15 crores under Part-B of the R-APDRP for the year 2009-10 and 2010-11 only ₹ 1,332.72 crores and ₹ 1,940.92 crores respectively were released. Budget estimate for R-APDRP for the year 2011-12 had been kept as ₹ 2,034 crores. The Committee found that the budget for the programme for the current fiscal had been reduced.

The lesser allocation for the programme clearly indicates that the programme is not coming up on expected lines, whereas, AT&C losses continued to remain on the higher side. The Committee, therefore, had strongly recommended that the scheme of R-APDRP should envisage the analysis of reasons responsible for losses, efficacious remedial measures and a coordination mechanism wherein States and several implementing agencies are entrusted with earmarked role and identified responsibilities for losses reduction.

19. In their action taken reply, the Ministry have stated:—

"Government of India has launched Restructured Accelerated Power Development and Reform Programme (R-APDRP) in July, 2008 as a central sector scheme for XI Plan aimed at turnaround of power distribution sector. The scheme comprises of two parts—Part-A & Part-B. Part-A of the scheme being dedicated to establishment of IT enabled system for achieving reliable & verifiable baseline data system. Part-B deals with regular Sub Transmission & Distribution system strengthening & up-gradation projects. The Schemes sanctioned under R-APDRP are project oriented; therefore the funding mechanism has been worked out and approved by GoI as follows:—

For Part-A Schemes

- Initially 100% funds as loan for Part A shall be provided by the Government of India through Gross Budgetary Support (GBS). The GOI loan is being disbursed to the State Power Utilities through Nodal Agency as follows:

  (a) Up to 30% of the project cost is being released as GoI loan up front on approval of the Project.

  (b) 60% of project cost would be disbursed in two equal tranches (of 30% each) as GoI loan upon utilization of the cumulative amount released and submission of duly certified supporting documents/claims by utilities to PFC based on progress/utilization against achievement of identified milestones.

(c) Balance 10% of the project cost would be disbursed as GoI loan only after full utilization of the loan disbursed through earlier tranches.

- The entire amount of loan for Part-A projects shall be converted into grant once the establishment of the required Base-line data system is achieved and verified by an independent agency appointed by Ministry of Power.

For Part-B Schemes

- 25% (90% for special category States) funds for Part B projects shall be provided through loan from the Government of India. The balance funds for Part B projects shall be raised from financial institutions. The loan shall be disbursed to the State Power Utilities through Nodal Agency as follows:

  Non-Special Category States:

  (a) 15% of the project would be released as GoI loan up front on approval of Project.

  (b) Progressive release of 75% of the project cost as loan from Financial Institutions (FIs)/own resources based on progress/utilization against achievement of identified milestones.

  (c) Balance 10% of the project cost would be disbursed as GoI loan only after full utilization of GoI and FIs' loans disbursed through earlier tranches.

  Special Category States:

  (a) 30% of the project cost would be released as GoI loan up front on approval of Project.

  (b) Progressive release of 10% of the project cost as loan from Financial Institutions (FIs)/own resources based on progress/utilization against achievement of identified milestones.

(c) 50% of project cost would be disbursed as GoI loan progressively against certified claims from Utility based on progress/utilization against achievement of identified milestones.

(d) Balance 10% of the project cost would be disbursed as GoI loan only against full utilization of GoI and FIs' loans disbursed through earlier tranches.

- Up-to 50% (90% for special category States) of the project cost of Part-B projects shall be converted into grant in five equal tranches on achieving the 15% AT&C loss in the project area on a sustainable basis for a period of five years. In addition, utility level loss reduction (AT&C losses) @ 3% per annum for utilities with baseline loss levels exceeding 30% and @ 1.5% for utilities with baseline loss levels less than 30% have to be achieved.

  So far under Part-A of R-APDRP, 1401 IT projects worth ₹ 5177 crore, 42 SCADA projects worth ₹ 982.45 crore and under Part-B, 907 projects worth ₹ 19367.43 crore sanctioned by the Government of India and the eligible amount of first installment as described above have been released to the State Utilities.

  It is therefore submitted, before the Committee, that there is not any short fall in fund allocation for the scheme, the required funds to the eligible utilities as per R-APDRP guidelines have already been released and for the current financial year the funds allocation has been made based on actual requirement.

  It is expected that on successful completion of the scheme, the AT&C losses will be reduced to the extent of 15% in the project areas. The exact result will be known after successful completion of the scheme."

20. The Committee in their Report have noted that against the sanction of ₹ 3,059.28 crores under 'Part-A' and ₹ 11,795.15 crores

under Part-B of the scheme for the year 2009-10 and 2010-11 only ₹ 1,332.72 crores and ₹ 1,940.92 crores respectively were released. Further, budget estimate for R-APDRP for the year 2011-12 had been kept as ₹ 2,034 crores. On finding lesser allocation for the current fiscal, the Committee inferred that the programme is not coming up on expected lines, since AT&C losses continue to remain on the higher side. The programme has been restructured but the desired results are not forthcoming. Against this backdrop, the Committee have strongly recommend that the scheme of R-APDRP should envisage the analysis of reasons responsible for losses, efficacious remedial measures and a coordination mechanism wherein States and several implementing agencies are entrusted with earmarked role and identified responsibilities for losses reduction. The Ministry, in their action taken reply, have *inter-alia* **stated that so far under Part-A of R-APDRP, 1401 IT projects worth ₹ 5177 crore, 42 SCADA projects worth ₹ 982.45 crore and under Part-B, 907 projects worth ₹ 19367.43 crore sanctioned by the Government of India and the eligible amount of first instalment as described above have been released to the State Utilities. The Ministry have further submitted that there is not any short fall in fund allocation for the scheme, the required funds to the eligible utilities as per R-APDRP guidelines have already been released and for the current financial year the funds allocation has been made based on actual requirement. It seems that the Ministry have mis-understood the recommendation of the Committee. As the quantum of fund utilization has direct relation with the physical outcome/achievements, therefore, the Committee found the reduction in fund allocation as a sign of slowdown in the activities of the programme as AT&C losses are still very high and complete infrastructure for lowering the same has yet not been put in place. So the concern of the Committee was not the concern for any deficit of fund but for reduction in actual requirement of fund/ slowdown of the programme. The Ministry have further stated that it is expected that on successful completion of the scheme, the AT&C**

losses will be reduced to the extent of 15% in the project areas. The exact result will be known after successful completion of the scheme. The Committee are well aware of the very objective of the program *i.e.* to reduce the AT&C losses to 15%. Moreover, if the result will be know only after completion of the scheme then the Committee wonder what kind of monitoring system is there to rectify the errors/slippages that occur during the execution of the programme. The Committee, therefore, reiterate their recommendation and also expect the Ministry to send clear, concise and to the point action taken replies including the time frame to bring AT&C losses at 15% level.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Sl. No. 1)

(Recommendation Sl. No. 1, Para No. 2.2)

The Committee note that the Planning Commission had initially fixed a capacity addition target of power generation at 78,700 MW for the 11th Plan period (2007-12). Subsequently, based on the assessment by the Central Electricity Authority (CEA) at the time of Mid-Term Appraisal of the 11th Plan, the capacity addition target was brought down to 62,374 MW. The Ministry have now submitted that so far capacity addition to the tune of 34,462 MW has been commissioned, whereas, the remaining 27,912 MW capacity is still under construction. Further, capacity addition targets for 2011-12, which happens to be terminal year of 11th Plan, has been kept at 17,600 MW including 2,000 MW of Nuclear Power. As a result, even if the target for 2011-12 is fully achieved, only 52,062 MW capacity additions will be attained in the entire 11th Plan Period. Hence, at best only about 66% of the original target for capacity addition in the 11th Five Year Plan is likely to be achieved. Projects of 10,312 MW capacity will be carried over to the 12th Five Year Plan. The main reasons for the shortfall in achievement of targets have been assigned by the Ministry to the delay and non-sequential supply of material for main plant, delay in placement of order for Balance of Plants (BoPs), shortage of skilled manpower for erection and commissioning, inadequate deployment of construction machinery, shortage of fuel, law and order problems etc. The Ministry has reportedly been taking various steps to ensure that capacity addition targets are fully achieved. However, considering the end result it seems that steps taken are neither adequate nor effective. In order to fully achieve the targets of Five Year Plan it is essential that the Ministry should make yearly plan, propose a time schedule, perform consistently

throughout the plan period and achieve yearly targets. In case there is slippage in any particular year, its reasons be analyzed and followed by quick remedial measures. In the process, it should also be ensured that reasons for low performance do not recur and impair the performance of the next year. Rather efforts should be invigorated in such a manner that it compensates the non-achievement, if at all, of the targets of preceding year. But the Ministry has failed to achieve the yearly targets leading to the dismal cumulative performance in terms of capacity addition during the 11th Plan period. The plea of the Ministry that capacity addition in the 11th Plan is highest as compared to earlier Plans is hardly convincing as any comparison to justify the poor performance is nothing but feeble attempt to seek recluse under indefensible cover. The Committee have time and again, considering the pace of work and other factors, expressed their apprehension over the achievement of even the reduced capacity addition target of 62,374 MW and cautioned for execution of the capacity addition programme in a time bound, coordinated and accountable manner which should be closely monitored on monthly basis. However, due attention was not paid to such words of wisdom and the Ministry was oozing with confidence in achieving the reduced target of 11th Plan with high level of certainty. Now, the Ministry has stated that projects of 10,312 MW capacity will slip into the 12th Plan. It reflects not only on planning, execution and monitoring of the projects by the Ministry but also its obtrusiveness with regard to amenability to suggestions made for improving its performance. Most of the reasons tendered by the Ministry for non-achievement of the targets are routine in nature which are neither unexpected nor insurmountable. With a little alertness and planning the factors responsible for the non-attainment of the targets could have been easily sorted out. As the 11th Plan is terminating this year, the Committee strongly recommend that the Government should strive hard to achieve the maximum possible capacity addition in 11th Plan. Further necessary steps should be taken to ensure the non-recurrence of reasons responsible for low achievement of the targets.

Reply of the Government

Against the Mid-Term Appraisal target of 62,374 MW fixed for 11th Plan, a capacity of 34,462 MW has been achieved during the first

four years of the 11th Plan. A capacity addition target of 17,601 MW has been fixed for 2011-12. Against this target, a capacity of 7455.50 MW has been achieved till 15.10.2011. Thus, a capacity of 41,917.50 MW has been achieved till 15.10.2011 in the 11th Plan period so far.

A number of steps have also been taken to improve the power scenario during the remaining period of the Eleventh Five Year Plan and beyond. These include augmentation of manufacturing capacity of BHEL from 10,000 MW in December, 2007 to 20,000 MW by 2012; periodic review of issues related to supply of power equipment from BHEL by a Group under the chairmanship of Secretary (Heavy Industry); formation of several new joint ventures to manufacture supercritical boilers and turbine-generators for thermal power plants; bulk ordering of 11 units of 660 MW each with supercritical technology with mandatory phased indigenous manufacturing programme to promote indigenous manufacturing; sensitization of stakeholders to enlarge the vendors base to meet Balance of Plants requirements; rigorous monitoring of projects at different levels including by Ministry of Power, Central Electricity Authority, Power Project Monitoring Panel and Advisory Group under the chairmanship of Minister of Power; and introduction of web-based monitoring system.

[Ministry of Power, O.M. No. 10/3/2011-Bud., Dated 17.11.2011]

(Recommendation Sl.No. 2, Para No. 2.3)

The Committee also recommend that keeping in view the dismal performance in capacity addition program during 11th Plan so far, the Government while planning the capacity addition targets for 12th Plan, should examine all the ground realities, hindrances as well as opportunities, in more scientific and accurate manner, so that a realistic and achievable target is fixed. In addition, the Government should review its present monitoring system with a view to make it more effective in ensuring the timely completion of the projects.

Reply of the Government

The target of capacity addition for the 12th Five Year Plan has not yet been finalized. The Planning Commission has set up a Working Group

on Power for formulation of 12 Five Year Plan under the Chairmanship of Secretary (Power). Nine specialized sub-groups have been formed to look into all the aspects of the power sector. Based on the reports of the sub-groups, the Working Group will finalize its report including the capacity addition programme for the 12th Five Year Plan which will be finally decided by the Planning Commission.

[Ministry of Power, O.M. No. 10/3/2011-Bud., Dated 17.11.2011]

(Recommendations Sl.No. 4, Para No. 2.5)

The Committee note that the country has the total installed power generation capacity of 1,73,626.40 MW. Against the requirement of 8,30,594 MU of power only 7,46,644 MU of power could be made available during the year 2009-10, leaving a gap of 83,950 MU, *i.e.* 10.1% of the requirement. Further, during 2010-11, 8,11,142 MU of power could be made available against the target of 8,31,000 MU. It is clear that the generation of power has failed to keep pace with the country's ever growing power demand. It is evident that the demand for power has been growing at the rate of 5-10% annually. The Committee is surprised to know that the power generation target for 2010-11 was equal to the actual power requirement of previous year *i.e.* 2009-10. Moreover, even this target could not be fully achieved. Explaining the shortfall in achievement, the Ministry has stated that generation target is primarily dependent on commissioning and stabilization of new generating units and availability of fuel and water for generation of thermal and hydro power respectively.

The Committee further note that the capacity addition of 12,160.50 MW during the year 2010-11, which is reportedly the highest ever, is only 60% of the target. The reasons attributed by the Ministry for the shortfall in achievement has been slow progress of civil works, poor geology, delay and non-sequential supply of material for main plant, shortage of skilled manpower for erection and commissioning, contractual dispute between project developers and their sub-vendors/sub-contractors, inadequate deployment of construction machinery, shortage of fuel, law & order problems etc. It is certain that all the factors may not have happened in most of the plants. The Committee believe that one or the

other reasons might have taken place in a disparate manner here and there, but to put them together as a shield for laxity and inaction in all the projects betrays the Commitment and sincerity of purpose. The Committee feel that the reasons given by the Ministry are such that can be anticipated well in advance and accordingly a remedial action plan could be formulated and strictly executed to ensure that targets are fully achieved. However, it is regretted that these foreseeable and avoidable reasons could not be foreseen and it is a matter of concern as these problems may recur during the 12th Plan period also. The Committee, therefore, recommend that an effective mechanism should be put in place to overcome such routine and anticipated issues in a time bound manner so that the targeted capacity addition is achieved. The Committee further desire that the generation targets for a particular year should commensurate with the anticipated demand for that period. They advice that realistic targets should be fixed keeping in view the present demand as well as the possible growth in demand for power in the ensuing year.

Reply of the Government

The Ministry of Power has adopted a robust monitoring system for the capacity addition programme so as to see that the projects are executed in time. Monitoring of power projects are carried by the Ministry at different levels *i.e.* by the Central Electricity Authority, by the Ministry of Power, through the Power Project Monitoring Panel (PPMP) and the Advisory Group. The Capacity Addition Programme is also monitored by the Planning Commission, PMO and the Cabinet Secretariat, as well. The suggestions of the Committee for putting in place an effective Monitoring Mechanism to overcome routine and anticipated issues in the time bound manner and streamlining the procedure have been noted.

The targets for power generation from the conventional sources are fixed on a year-to-year basis prior to commencement of the next financial year keeping in view the age and performance of existing generating stations, their maintenance requirements, likely commissioning and stabilization of new generating units, availability of fuel and its quality, availability of water, etc. which influence generation of electricity. The generation target for the year 2011-12 was fixed as 855 Billion Unit. The

total electricity generation in the country from the conventional energy sources, during the current financial year (upto 31st October, 2011) was 5,09,197 million unit (MU) against a target of 4,98,116 million unit (MU) representing an achievement of approximately 102.2%.

[Ministry of Power, O.M. No. 10/3/2011-Bud., Dated 17.11.2011]

(Recommendations Sl.No. 5, Para No. 2.6)

The Committee note that against the coal requirement of 480 MT for plants designed on indigenous coal for the year 2011-12, the total availability would be only 417.5 MT including 319 MT from CIL, leaving a gap of 62.5 MT. The Ministry of Power have stated that against the earlier indication by CIL for supplying 360 MT of coal, it will now supply 319 MT to power sector. The Ministry have further stated that the reduction of 41 MT of coal by the CIL would affect the new generating capacity to the extent of 15,000 MW. It is a well known fact that various power plants are already running well below their installed capacity for want of coal. In a situation where the country is facing a peak shortage of power of around 13%, the short supply of coal would acutely aggravate the problem. Further, the Ministry of Power is planning for a massive capacity addition program for the 12 Five Year Plan, mostly based on coal. Since power sector is the backbone of economic development of a country, the significance of power generation capacity cannot be compromised and the self reliant fuel linkage issue cannot be left in the domain of uncertainty. In this context the long term solution has become extremely important. Although, efforts have been made for acquiring coal mines abroad besides allotment of coal blocks to the power utilities like NTPC etc. yet, the realization of coal from these efforts still remain a far cry. To make matter worse, issues like supply of coal to a power plant from far off mines, non-availability of even bare minimum stock of coal and pilferage of coal contributes significantly in the non-achievement of generation targets. Considering the limitation on quantity of coal that can be imported due to blending limit and the high cost of imported coal, the Committee recommend that the Coal India while augmenting excavation of coal, should give first priority to power sector in allocation of coal. The Committee further recommend that for the time being coal stock,

lying at pithead, as reported by the Ministry of Power, should be supplied to power stations facing acute shortage of coal as a stop gap arrangement. The Committee are aware of the constraints of the Ministry of Power with regard to the issue of fuel linkage and they strongly feel that a long term solution to the problem should be worked out in the Group of Ministers (GoMs) meetings and/or International economic tie-up/ cooperation. Further Ministry of Power has made certain suggestions to the Group of Ministers (GoM) which *inter-alia* involves positive response from Coal India Limited with regard to optimum utilisation of mines and committed liabilities of CIL to power utilities before resorting to e-auction at premium. The Committee, therefore, strongly recommend the GoM should give appropriate directions to the Ministry of Coal/Coal India Limited to ensure that power plants do not suffer power generation loss for want of coal.

Reply of the Government

Ministry of Power had taken up the matter for enhancing coal supply to Thermal Power Stations at various fora. Coal India Limited (CIL) has agreed to coal supply target of 347 MT for the power stations during 2011-12 but it's materialisation would depend on actual supplies.

[Ministry of Power O.M. No. 10/3/2011-Bud., Dated 17.11.2011]

Comments of the Committee

(Please *see* para No. 11 of Chapter-I of the Report)

(Recommendation Sl. No. 7, Para No. 2.8)

The Committee note that the Country has hydro power potential to the tune of 1,48,701 MW including 62,604 MW of potential in North-Eastern (NE) Region. The identified potential in NE Region constitutes about 43% of the total identified hydro power potential in the country. The Committee also note that out of the above, a capacity of 1,686 MW has so far been harnessed in NE region which is less than 3% of the total potential available in NE region. Thus, more than 97% of the identified hydro capacity is yet to be exploited. The Committee find that it is totally unsatisfactory situation in view of global warming concern and acute

shortage of fossil fuel supply for the thermal power stations, hydro power can be a suitable, substantial and sustainable source of clean energy. Despite the huge potential available in the NE region, the pace of development of hydro sector has been slower to the level of distress due to one reason or the other. The main reasons given for the poor hydro power development in NE region are environment and forest clearance, infrastructural facilities, non-availability of hydrological and other data, funding arrangements, evacuation of power, non-availability of skilled man power etc. The Committee observe that much of the problems faced in development are hydropower in NER are related with the State Governments and cannot be resolved without their support. Therefore, the special attention of the Central Government is needed in this matter. The Committee also find that the most hydel projects involves issues such as environment clearances, rehabilitation and resettlements. Various Hydro Power Projects get inordinately delayed as the developers find it difficult to overcome these issues. The Committee feel that it would be better if the Government after detailed analysis/survey of the Hydro Power potential available in the Country, resolve the issues of environmental clearances, resettlement of displaced persons and other anticipated issues related to each of the site, if any, before its allotment to the developers as the same would minimise the interruption of work after their allotment for developing hydel power projects and accelerate the pace of development of this Sector. There should also be accurate and complete hydrological data so that the possible constraints are well taken care of at the beginning itself. The Committee strongly recommend that keeping in view the huge potential in this Sector, the Government should expedite a workable and holistic policy on Hydro Power assimilating the recommendations/suggestions of the high powered Committee and Groups (setup earlier), and timely completion of projects. All foreseeable constraints must be taken care of, involvement of public as well as private sector be encouraged and special attention be given to North-Eastern region for proper development of the Hydro Sector with a view to minimising over-dependence on thermal sector.

Reply of the Government

At present 13 HE projects with an aggregate installed capacity of 6752 MW (about 10.8% of the identified capacity) are under construction

in NE Region & Sikkim. Further, a total number of 128 HE Schemes (above 25 MW capacity) with an aggregate capacity of 44513.5 MW have been allotted by the States in NE region including Sikkim for implementation during 12th Plan and beyond which are yet to be taken up for construction. Out of these, 115 Schemes with aggregate capacity of 35536.5 MW have been allotted to Private Sector while 13 Schemes with an aggregate capacity of 8977 MW have been allotted to CPSUs.

Regarding *'Resolution of various Issues including Environmental Clearances, Resettlement of displaced persons etc. before allotment to the Developer'*, it is stated that after the projects are allotted, detailed studies and investigations are carried out by the prospective Developers to analyse assess the impact of these project on environment and ecology etc. It is difficult to anticipate all the problems before the allotment.

The following measures have been taken by the Government for expeditious and timely completion of the project assimilating the recommendations/suggestions of the High Powered Committees and the Groups (set up earlier).

(a) Monitoring of Ongoing Hydro Projects:

The monitoring of ongoing hydro projects is being carried out at three levels as under:

(i) Monitoring by CEA as per Electricity Act, 2003.

(ii) Power Project Monitoring Panel (PPMP).

(iii) Regular review meetings by Ministry of Power.

In addition, Advisory Group under the Chairmanship of Hon'ble Ministers of Power reviews the critical issues.

(b) Monitoring of Future Hydro Projects:

(i) Task Force under the Chairmanship of Hon'ble Minister of Power with Deputy Chairman, Planning Commission, Minister of Water Resources, Minister of New and Renewable Energy, Minister of Environment and Forests and

Ministers of Power from Hydro rich states has been constituted to look into all issues relating to development of Hydro Power.

(ii) Chairperson, CEA takes regular Review Meetings of the progress of hydro projects like preparation of DPR, status of E&F clearance, likely date of placing of order etc. allotted to various developers.

(c) Recommendations of Inter-Ministerial Committee

In pursuance of the decision taken in the third meeting of the Task Force on Hydro Power Development, an Inter-ministerial Committee was formed under the Chairmanship of Member (Energy), Planning Commission to examine and resolve issues impeding the rapid development of hydro electric projects. The Committee gave the following recommendations:—

(i) The Committee recommends that hydrological data available with CWC and Brahmaputra Board should be passed on to the developers after signing a Secrecy Undertaking. It is further recommended that the Committee constituted by CWC for reviewing adequacy of hydrological data for projects in North-Eastern Region, should finalise its report within a period of three months.

(ii) The Committee recommends that since the issue of creation of infrastructure has been extensively deliberated by IMG, their recommendations including construction of Dhola-Sadia bridge and Trans-Arunachal Highways by Ministry of Road Transport and Highways (MoRTH), should be implemented on priority.

(iii) It is recommended that a Single Window Clearance Committee (SWCC) under the Chief Secretary of the State may be constituted to facilitate the environment and forest clearances. The status of clearances/processing of proposals should be reviewed by the State Environment and Forest Department at the level of PCCF/CF/DFO every

3/2/1 month, respectively. Similarly, MoEF should hold review meetings on pending cases of environment and forest clearances, preferably once in every three months, at the level of Additional Secretary (MoEF).

(iv) In view of the requirement of compensatory afforestation in view of forest land diverted for construction of Hydropower Projects, there is an urgent need to identify the non forest/degraded forest land. The Committee recommends that such land banks may be identified by the States on the lines of Arunachal Pradesh.

(v) Since high cost of Net Present Value (NPV) of forest land is likely to affect viability of some of the hydro projects, CEA may consider recommending a bench mark NPV of forest land, say 10% of project cost for assessing the viability of a project. The Committee recommends that if the NPV of forest land is found to be substantially higher than this bench mark, alternate ways and means for viability gap funding should be worked out by the Government.

(vi) To make the process of land acquisition and R&R thereof smooth, the Committee recommends that the requiring agency may supplement the National Resettlement and Rehabilitation Policy by providing more incentives/facilities including suitable public welfare measures such as construction of schools, primary health centers, etc. to make the locals feel that the project is for their benefit. Some of the benefits/incentives should continue to PAFs even after their resettlement, through out the life of the project.

(vii) The Committee recommends that a quick response mechanism should be developed and a monitoring committee under the chairmanship of District Magistrate at district level and under Chief Secretary at the State level should be constituted to resolve law and order problems affecting the smooth progress of the projects.

Moreover, States may develop an appropriate incentive mechanism for district officials for expeditious resolution of such problems. This mechanism need not be based on monetary benefits and could include public recognition of such officials by the State/Central Government.

(viii) If a State wants to convert an identified storage project to ROR scheme, its desirability or otherwise should be examined by a four member Technical Committee constituted by CEA. Based on recommendations of the Technical Committee, CEA should take a view in the matter at the time of according concurrence to the project. The Committee recommends accordingly.

(ix) For award of Hydro-electric Projects by State Governments through a transparent procedure, draft Model Document prepared by CEA should be examined by Ministry of Power and sent to the State Governments within a period of two months.

(x) To obviate the contractual issues due to unworkable rates, variation in BOQ, price adjustment, risk allocation under various force major conditions, etc., a Standard Bidding Document (SBD) for award of the construction works of HEPs on EPC/item-rate contract basis should be finalised within three months and circulated to States.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

(Recommendation Sl.No. 8, Para No. 2.9)

The Committee note that 69 units have been identified for implementation of Renovation and Modernisation (R&M) work involving generation of capacity of more than 15,500 MW of electricity, in the Central Sector, 20 units are for implementation of Life Extension programme, whereas, 49 units are for Renovation and Modernisation work. The PLF in the Central Sector has been around 80-85%, whereas, it is much lower in the State. The generation loss due to old technology and plant machinery can be tackled effectively if advancement of technology is appropriately

introduced and implemented. The Renovation and Modernization is a cost effective option to increase generation from the existing power stations. The Committee feel that this aspect of power generation has not been given due importance and recognition as it was introduced only in the 7th Plan. With the advent of the concept of UMPPs, the existing power plants of the age of 5 years or more do not become obsolete and hence they are to be so modernized as to catch up with the plants equipped with the latest technologies. Hence, the entire concept of Renovation and Modernization needs to be revisited so that it can become compatible with the present days requirement. The reasons given for the non-achievement of the targets under Renovation and Modernization of power plants for 11th Plan is not convincing as BHEL is not in a position to supply the original products for power plants which it has taken upon itself by entering into an agreement with buyers. Hence, to expect BHEL to supply technology including equipment for Renovation and Modernization which is definitely more advanced and complex, is nothing but most unrealistic and amounts to keeping the Renovation and Modernization efforts in the backburner. The organization itself has to evolve the technological methodology to keep it updated without relying on any outside agency. The Committee, therefore, strongly recommend that Renovation and Modernization efforts should be reinvigorated, thoroughly examined and properly channelized. Necessary budgetary allocation should also be made with the target set for each of the plant identified for this exercise to make them competitive and efficient with the realization of optimum Plant Load Factor.

Reply of the Government

The UMPPs are implemented as green field projects based on supercritical technology and contribute in increasing in installed power generation capacity of the country. Renovation and Modernization (R&M) interventions are undertaken in existing plants after the 15 years of operation whereas the Life Extension (LE) activities are undertaken after 25 years of operation.

The various manufacturing units of BHEL are heavily loaded towards supply of equipments/materials to various green field projects and these

units do not have adequate capacity for timely supply of equipments/ materials for LE works being executed at thermal power stations of various utilities. The requirement for R&M/LE works is a huge and in majority of the cases for implementation of LE projects, BHEL (the Original Equipment Manufacturer) have been executing agency for LE works and it appears that BHEL have not been able to gear themselves towards timely completion of LE works undertaken by them. The completion of LE works being executed by BHEL almost gets delayed.

With a view of developing new vendors for undertaking R&M/LE works, interactions have been done with following manufacturers/vendors for assessment of their capacity and interest for R&M works:—

(i) M/s Dooshan Heavy Industries and Construction, Korea.

(ii) M/s ALSTOM Power Limited, U.K. (with M/s NASL).

(iii) M/s Dong Fang Electric Corporation, China.

(iv) M/s L&T.

(v) M/s Toshiba, Japan.

In fact, the manufacturers/vendors such as Dooshan (Korea), ALSTOM Power (India), Toshiba (Japan), Dong Fang Electric Corporation (China), NASL etc., have shown their interest to take up execution of R&M/LE works in India. Dooshan and ALSTOM Power have also submitted their bids for execution of World Bank aided 210 MW units at Bandel TPS of WBPDCL.

In addition to above following actions have been taken for speedy implementation of various R&M/LE works:—

1. In, December, 2009, a National Perspective Plan was formulated for R&M/LE works during 11th and 12th Plan.

2. CEA has issued guidelines for R&M and LE works of thermal power stations in December, 2009.

3. Apart from PFC/REC, external funding from World Bank, KfW and JBIC have also been arranged to finance LE programme of some utilities at their identified TPSs.

4. During meetings, the utilities implementing the LE works have been requested to set up dedicated R&M team at plant level as well as at Headquarters for implementation of the works.

5. The preparation of DPRs for LE works at 7 units of 210 MW by M/s Evonik-Germany, with grant from KfW under Indo-German Energy Forum, is in final stage (unit-3 Nasik, unit - 1, 2 and 3 of Kolaghat TPS, unit 1, 2 and 3 of Bokaro TPS).

6. The preparation of standard documents, with grant from KfW in Phase-II activity under Indo-German Energy Forum, is in progress.

7. Technical studies would be carried out for mitigation of barriers to the R&M in India with grant from GEF/World Bank.

8. A Task Force, under the Chairmanship of Member (Thermal), CEA has already been constituted for promotion of R&M works in India with members from NTPC, DVC, MSPGCL, WBPDCL, HPGCL, APGENCO, CERC, PFC, World Bank and KfW.

9. CEA has prepared a Base Paper for allocation of power from unallocated quota of Central Pool to the State Power Utilities to carry out LE works during the planned shutdown of their thermal units. The paper has been sent to the State Utilities for stakeholder consultations.

Further it is to mention that, R&M works are carried out by the concerned power utilities. Power Finance Corporation Ltd. (PFC) and Rural Electrification Corporation (REC) are providing necessary fund for R&M of thermal power projects. Moreover, the R&M work of Muzaffarpur and Barauni Thermal Power Plants of Bihar is being carried out under the Special Plan for Bihar component of backward region grant fund at an estimated cost of ₹ 1053 crore.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

Comments of the Committee

(Please *see* para 14 of Chapter-I of Report)

(Recommendation Sl.No. 9, Para No. 2.10)

The Committee note that Rajiv Gandhi Grameen Vidyutikaran Yojana was introduced in April, 2005 with the objective of providing access to electricity to all rural households. For this purpose the Ministry had set a target of electrification of about 1.15 lakh un-electrified villages and providing electricity connections to 2.34 crore BPL households by 2011-12. Against these targets, work related to electrification of 96,562 villages and providing electricity connection to 1.60 crore BPL households was accomplished by March, 2011. The Ministry, for year 2011-12 have fixed a target of electrification of 14,500 villages and providing electricity connections to 47 lakh BPL households. Thus, the original target set under this scheme is far from being achieved even if the target fixed for the year 2011-12 are fully achieved. However, the Committee are happy to note that the achievement of the Ministry for the year 2010-11 exceeds the targets *i.e.* 18,306 villages were electrified against the target of 17,500 villages and connections to 58.83 lakh BPL households were provided against the targets of 47 lakh BPL households. The Committee expected this kind of commitment from the Government in implementation of RGGVY right from its inception. However, the performance in initial years was not as committed and result-oriented as it should have been. Moreover, the Committee are unable to understand the low target set for the year 2011-12 *i.e.* electrification of 14,500 villages and providing connections to 47 lakh BPL households, in view of the performance in the previous year where the achievement was 18,306 and 58.83 lakh respectively. The Committee, therefore, strongly recommend that the Ministry should step up the targets for the year 2011-12 so that the target envisaged by RGGVY are fully achieved by the end of the 11th Plan.

Reply of the Government

Under RGGVY, 576 projects (in 546 districts) covering electrification of about 1.18 lakh un/de-electrified villages and 2.46 crore BPL households were approved and are under implementation. However, while execution of the projects on the basis of ground situation as exists, the figures for un/de-electrified villages and BPL households were revised to 1.10 lakh and 2.34 crore respectively. The reduction in coverage of number of

villages and BPL households is mainly because most of the DPRs were not prepared on the basis of field survey. On field survey, many of the villages are found to be already electrified which were considered as un-electrified in DPRs and some of the villages are either not accessible or techno-economical feasible to be electrified through grid extension. The target for electrification of villages for FY 2011-12 has been worked out on the basis of reduced coverage and achievement as on March, 2011. However the target for electrification of BPL households has been enhanced from 47 lakh to 52 lakh for the year 2011-12.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

(Recommendation Sl.No. 13, Para No. 2.14)

The Committee note that various energy conservation programmes are being run by the Government. They feel that the energy conservation program is a step in right direction as 'energy saved is energy generated', therefore, it can help, to a great extent, in bridging the gap between the growing demand of power and supply position in the Country. They further note that a target of 10,000 MW of avoided capacity addition has been fixed for 11th Plan period under the various energy conservation programs run by the Ministry. Against this, 7,478 MW of avoided capacity addition has been achieved till December, 2010. The Committee express its satisfaction over the cumulative achievement. They, however, express their serious concern over abysmally poor performance in respect of some of the projects such as Bachat Lamp Yojana (BLY) and Energy Conservation Building Code (ECBC), the achievement so far has been 230 MW and 9 MW against the targets of 4,000 MW and 500 MW respectively. As dealt with elsewhere in the Report paragraphs that the country's power generation has so far not been able to keep pace with the rapidly growing demands for power, it becomes imperative that besides more generation and capacity addition of power, simultaneous concerted efforts should also be made to conserve energy. The Committee, therefore, recommend that the Ministry, instead of getting complacent with their achievements, should try to accelerate the pace of various energy conservation projects especially in regard to those schemes/programmes/projects where performance has

not been up to the mark. Needless to emphasize the Ministry should focus on all possible avenues to conserve energy besides advertisements for creating awareness among general masses and incentives to participants in their endeavour to conserve energy.

Reply of the Government

Energy Conservation Building Code (ECBC)

The Energy Conservation Building Code (ECBC) was developed by the Government of India for new commercial buildings on 27th May, 2007. ECBC sets minimum energy standards for new commercial buildings having a connected load of 100kW or contract demand of 120 KVA and above. While the Central Government has powers under the Energy Conservation Act, 2001, the State Governments have the flexibility to modify the Code to suit local or regional needs and notify them. Presently, the Code is in voluntary phase of implementation. While the ECBC has been developed by Bureau of Energy Efficiency (BEE), its enforcement lies with the State Governments and Urban Local Bodies through notification within their States. Many States *viz*. Oddisha, Rajasthan and Uttarakhand have already amended the ECBC. Rajasthan and Oddisha have also notified the code in their State. States such as Kerala, Punjab, Uttar Pradesh and Gujarat are in the process of amending ECBC for their State.

Consequent to the notification of mandatory adoption of the code by the States, integration of the provisions of the code in to the bye-laws is essential. BEE has developed model building bye-laws to mandate minimum energy standards for residential and commercial buildings/ complexes for formulation of draft National Sustainable Habitat parameters on energy efficiency. Simultaneously, harmonization of ECBC with 'National Building Code (NBC) 2005' has been initiated by including a chapter "Approach to Sustainability" which would be adopted in all future constructions in the country by including the same in the schedule of rates of the Public Works Department/Construction agencies.

To promote adoption of ECBC in the built environment, several enabling measures were taken up during 11th Plan period. These included (1) empanelment of ECBC expert architects; (2) development of technical

reference material such as ECBC User Guide, Tip Sheets for lighting, envelope, HVAC, simulation; (3) development of conformance/compliance check tool (ECO nirman) to help architects/design professionals and code compliance officials to assess conformance with code requirements; (4) Standard ECBC Training Modules covering various aspects of the code; and (5) Voluntary labelling programme for buildings.

In order to promote a market pull for energy efficient buildings, the BEE has developed a Star Rating Programme for buildings which is based on **actual performance of the building**, in terms of energy usage in the building over its area expressed in kWh/sq.m./year. This Programme rates buildings on a 1-5 star scale, with 5-Star labelled buildings being the most energy efficient. Additionally, the 'Green Rating for Integrated Habitat Assessment (GRIHA)' rating system promoted by the Ministry on New and Renewable Energy (MNRE) adopts both the prescriptive and mandatory provisions for obtaining a rating. Energy Performance Index (EPI) values developed by BEE for different categories of buildings have been adopted under the GRIHA rating system.

Consequently all buildings rated under GRIHA would essentially be compliant to ECBC. Till date, 118 buildings have been registered with GRIHA. Similarly, the LEED rating system of the Indian Green Building Council also requires that buildings meet the ECBC requirements. Till date, 194 buildings have been registered with LEED. Therefore, the present estimated commercial space compliant to ECBC is about 10 million square meters leading to potential avoided capacity of 440 MW.

It may also be pointed out that following the design of a building, it takes 2-3 years, at a minimum, for construction. The building comes into full use, and the energy savings are fully exploited only a year after construction has been completed and occupancy has occurred. Consequently, the savings from these buildings that comply with the ECBC will only start occurring in about 2 years from now.

In conclusion, it may be seen that the mandatory adoption of the code by the State Governments would eventually lead to large scale implementation of ECBC and result in quantified savings of energy.

Bachat Lamp Yojana (BLY)

Bachat Lamp Yojana (BLY) Scheme is an initiative to decrease the use of Incandescent Lamps (ICLs) and enhance CFL penetration in residential Sector. Under the BLY scheme, long-life, quality CFLs are being distributed by investors to grid-connected residential households in exchange of an incandescent lamp (ICL) at Rs. 15 each. This overcomes the high first cost barrier of the household sector that has prevented penetration of CFLs in the household sector.

Electricity Distribution Companies select investors who distribute the CFLs at Rs. 15 each in specific project areas. The energy savings and the GHG (Green House Gas) savings are monitored and the investors earn carbon credits due to GHG savings over the life of the CFL. The investors sell these carbon credits in international markets to recover their cost.

Bureau of Energy Efficiency (BEE) has developed and registered an umbrella CDM (Clean Development Mechanism) project which enables the investors in each project area to quickly register their projects as CDM projects to enable the issuance of carbon credits by UNFCCC (United Nations Framework Convention for Climate Change). Once the CFLs have reached their end of life or any CFLs which have failed prematurely during the project period, the Project investors would arrange for the collection and disposal of CFLs as per applicable environmental norms.

The efforts by BEE for Registration of a Nationwide Umbrella CDM Project, BLY Programme of Activities (PoA) are as under:—

- The efforts of the BEE under the BLY scheme have focused towards building a credible public-private partnership (PPP) wherein resources from both entities (Investors and DISCOMS) are pooled in together to procure, distribute and monitor CFL use in households.

- Pilot projects of BLY with metering support by BEE were developed and registered. These projects required recording of energy saving data for a sample size of the CFLs installed in the project area. BEE provided smart meters to these pilot

projects record and maintain the energy saving data for the entire life of the project (~5 years) which can be verified later as and when required.

- BEE developed the Business Model of the "Bachat Lamp Yojana" projects in such a way that it brings in private investors to invest in the CFLs and distribute them to the households within their specified project areas.

- BEE conducted Nationwide Stakeholder Consultation Meets with Key institutional stakeholders like Standard making bodies, CFL Manufacturers, Electricity regulatory bodies, Electricity Distribution Companies, Implementer(s), leading NGOs active in this field, Resident Welfare Associations, Bulb Industry Association as well as other industry associations such as CII, FICCI and its state equivalent, Pollution Control Board, Policy makers *viz.* National and State Government representatives from the Ministry of Power/Energy, Renewable Energy Development Agency and Energy Efficiency designated authorities before finalising the business model for BLY projects.

- BEE arranged for the validation of this BLY nationwide umbrella CDM Project which is called Programme of Activities (PoA) in July, 2009. A Designated Operational Entity (DOE) was hired by BEE to complete the validation of BLY (PoA) and get it registered with UNFCCC (United Nations Framework Convention for Climate Change).

- BEE, Ministry of Power, Government of India finally got the BLY nationwide umbrella CDM Project (PoA) registered on 29th April, 2010. The Government, under the BLY, facilitates the registration of the development, validation and registration of BLY projects of the CFL suppliers as CDM projects. Any CFL supplier can now develop a project for a specific geographical region, and register it as a CDM project under the PoA if it is completely consistent with PoA requirements. These projects can be registered and included in the PoA as

and when the projects are developed. The project registration under the PoA takes a few months only whereas the registration of standalone projects takes 1.5 to 2 years.

Efforts made by BEE for implementation of BLY:

- BEE is acting as a Managing and Co-ordinating Entity for the Bachat Lamp Yojana Scheme and facilitates the implementation of such projects by assisting the States to implement these projects and issuance of carbon credits.

- Empanelment of CFL manufacturers and Investors: The participation under the BLY scheme is voluntary for all the key stakeholders *i.e.* Project implementers, DISCOMs and the domestic consumers. The electricity distribution companies (DISCOMs) identify the project areas in their area of operation, based on complete coverage, and that each area has 5 to 7 lakh bulbs that can be replaced by CFLs in households. These DISCOMS then select the project implementers for these areas through a competitive selection process.

- Model EOI (Expression of Interest) document for DISCOMs: BEE has developed a standard EOI template for the ready reference of the DISCOMs. The DISCOMs have to fill in their consumer data (Name of the Circles, Divisions of their area of operation) to prepare the tender document for selection of the project implementer.

- Facilitates the registration process of the projects under the "Bachat Lamp Yojana" PoA: BEE does the Eligibility Check of all the BLY projects before forwarding them to the Designated Operation Entity (DOE) for inclusion of these projects in the registered PoA. To facilitate this process, BEE has developed an Eligibility Checklist for the ready reference of the Project Implementers and uploaded on BEE website.

- Liaison with the Auditors and UNFCCC for issuance of carbon credits: BEE is doing all the communication with the DOE and

UNFCCC for the registration of the BLY Projects. The carbon credits for the BLY Projects will be issued to the common pool account of BEE and the BEE will allocate the carbon credits of the respective projects to their project implementers.

- Provides incentives from time to time for the awareness campaign of the BLY Projects, Surveys etc.: BEE is providing incentive to the BLY projects those are registered before March, 2012 to facilitate early registration of BLY projects in the PoA. This is being provided from the budget provided in the XIth Plan for the programme.

- Standardized the Legal Documents required under BLY: BEE has made a special effort to hire a legal consultant for standardizing the legal arrangements required under BLY. To facilitate the implementation of BLY, the following standard templates of the legal agreements have been developed and are available on BEE's Website for the ready reference of the Investors and the DISCOMs:—

  √ Bilateral agreement between the DISCOM and Investor

  √ Bilateral agreement between the BEE and Investor

  √ Tripartite Agreement between BEE, Investor and the DISCOM

- Development of online interactive Database Management System: BEE is getting online database management system developed for facilitating submission of BLY projects to BEE, their registration, issuance and allocation of carbon credits to the investors. As the database management system is currently under development, BEE has prepared offline database for maintaining the data related to the BLY projects.

- Awareness Workshops/Meetings for speedy implementation of BLY: BEE is facilitating the BLY implementation in the States by continuous engagements with the State Electricity

Distribution Companies/State Electricity Boards and the State Electricity Regulatory Commissions for their capacity building to implement BLY in their respective States. BEE is also arranging awareness workshops in the States to interact with the stakeholders speedy implementation of the BLY.

Status of the Bachat Lamp Yojana

(i) The CDM Executive Board has registered the BLY PoA on 29th April, 2010.

(ii) 35 Projects (1 project from Andhra Pradesh, 20 projects from Kerala and 7 projects from Karnataka, 5 projects from Delhi, 2 projects from Goa) have already been included in the umbrella framework of "Bachat Lamp Yojana" Programme of Activity (PoA).

(iii) 22 projects (8 projects from Andhra Pradesh, 7 projects from Punjab, 7 projects from Karnataka) are presently under validation.

(iv) 50 more projects are in the preparation stage and will be submitted to BEE for validation in near future.

(v) At present, 20 Investors are empanelled with BEE under the "Bachat Lamp Yojana".

(vi) 20 Tripartite Agreements and 6 Bilateral Agreements have been signed by BEE till date.

(vii) 236 lakh CFLs have already been distributed in various States of India under the BLY.

(viii) BEE has already initiated the development of the database management system for Bachat Lamp Yojana.

BEE has initiated the process for accreditation of the BLY procedures under ISO 9001.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

(Recommendation Sl.No. 6, Para No. 2.7)

The Committee are dismayed to note that the development work related to coal blocks allotted to power utilities is not satisfactory. National Thermal Power Corporation have been allotted 6 coal blocks but the actual excavation of coal has not started from any of these coal blocks. The reasons for non development of coal blocks have been assigned to environment/forest non-clearances. The developments of many other coal blocks are also getting delayed for want of environment and forest clearances. Issue of environmental clearances is of vital importance and should be resolved before a decision is taken with regard to the allotment of a coal block. This will not only save time, efforts and money of the allottee but will end the air of uncertainty with regard to the development of these coal blocks after allotment. Coal India Limited and other stakeholders should ensure that the coal blocks which they are earmarking for allotment are free from all encumbrances including legal and environmental and are ready for development. The Committee feel that the Country has reached a stage where any kind of the development work will have some kind of impact on environment. Therefore, striking a balance between environmental and development is need of the hour. Both environment and development are prime concern of the Country. The Committee, therefore, recommend that the matter of granting environment and forest clearance to coal blocks, need to solved through joint meetings at highest level by the stake holders at the earliest. Further they also emphasize that a permanent mechanism of joint meeting among the stake holders should be put in place for expeditious environmental and forest clearances.

Reply of the Government

At the 5th Meeting of the Group of Minister (GoM) held on 20th September, 2011 on the issue of Go/No Go, it was agreed to accept the recommendation of the Chaturvedi Committee of Planning Commission to do away with the Go/No concept. Ministry of Environment will revert back to their original practice of examining the project by FAC on case by case based on merit, including the projects rejected based on Go/No Go approach earlier.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

(Recommendation Sl.No. 12, Para No. 2.13)

The Committee note APDRP was first introduced in the year 2002-03 with the main objective of reduction in AT&C losses. The scrutiny by the Committee has revealed that since the inception of APDRP in the year 2002-03, Aggregate Technical and Commercial Losses (AT&C) have been reduced from 36.64% in year 2002-03 to 28.44% in year 2008-09. In other words the Government, in 6 years, have succeeded in reducing the losses by only about 8%. The present losses are still very high and nowhere near the desired level *i.e.* 15% as envisaged under this scheme. The losses in the NE region as well as States such as Jammu and Kashmir, Jharkhand and Madhya Pradesh are unacceptably high. The Committee expect that the Ministry would come up with some special provisions while implementing this Programme in these States so that the losses can be brought down to an acceptable level. The Committee strongly feel that there is an urgent need for review of this programme as the purpose and objective of the programme in bringing down the AT&C losses has not been achieved. The Committee, therefore, recommend that this programme may be reviewed with a view to broaden its scope, putting in place an accountable system to prevent unnecessary delays and below par performances and yield the desired results by achieving its main goal of reducing AT&C and commercial losses to the level of 15% across the country.

Reply of the Government

The Accelerated Power Development Reforms Programme (APDRP) was launched in 2002-03 as additional central assistance to the states for

strengthening and up gradation of sub-transmission and distribution systems of high-density load centers like towns and industrial areas with main objectives of reduction in AT&C and commercial losses; improve quality and reliability of supply of power. The 10th plan APDRP scheme has already been closed as on 31.03.2009. The Ministry of Power took up the evaluation exercise through independent agencies such as IIM Ahemdabad, Administrative Staff College of India, Tata Consultancy Services, The Energy and Resources Institute (TERI) and SBI Caps. Independent evaluators observed that there is an improvement in awareness towards commercial aspects of the business and theft control, improvement in metering, billing and collection efficiencies, improvement in the quality of DPR preparation and recommended the continuation of the APDRP beyond X plan with certain suggestions for achieving better results. The utilities and the Planning Commission had also proposed certain modifications in the programme. Considering this, the Ministry of Power constituted a Task Force, headed by Shri P. Abraham, former Secretary, Government of India, to assess and analyze the current efforts, suggestions made by various agencies and to suggest restructuring of the programme to achieve the objectives of APDRP. The task force had made the certain suggestions to achieve the better outcome from the scheme on sustainable basis.

The main recommendations made by the Task Force are as follows:—

- APDRP to continue with investment and incentive component beyond 10th Plan.
- The assistance under the programme should focus mainly on such activities, which will help in quick reduction of AT&C loss and improvement in customer services. AT&C loss reduction target should be realistic depending on the current level of each utility.
- The focus of the programme may be on following activities:
    - — IT based energy accounting and auditing supported by GIS based consumer indexing.
    - — Spot billing, computerised billing and revenue collection.

— Consumers care centers schemes for reducing technical loss.

— Reduction in theft and pilferage.

— Better operation and monitoring of network.

In view of the recommendations of task force and from the learning the 10th Plan APDRP scheme, the scheme was restructured as Re-structured Accelerated Power Development and Reforms Programme (APDRP) for XI Plan as a Central Sector Scheme on 31st July, 2008 with the sole objective to reduce AT&C loss to the extent of 15% in the project areas on sustainable basis through establishment of Base line data and integrated IT application for energy audit/accounting and investing in improvement of distribution infrastructure.

It is therefore submitted that, as recommended by the Committee, the, 10th Plan APDRP has already been reviewed and re-structured as R-APDRP.

[Ministry of Power O.M. No. 10/3/2011–Bud., Dated 17.11.2011]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE REITERATION

(Recommendation Sl.No. 3, Para No. 2.4)

The Committee note that the utilization of the funds by the Government in 1st Quarter has been abysmally low throughout the 11th Plan period. It has been 6.07%, 0.08% and 8.15% for the year 2008-09, 2009-10 and 2010-11 respectively. It is very logical that poor spending in 1st Quarter have the cascading effect and put pressure in spending patterns of later Quarters. The Ministry has given various reasons for erratic quarterly spending. The Committee find it difficult to understand that despite the fact that expenditure pattern is monitored on a weekly/ monthly/quarterly basis by the Ministry, there is not a single year in the entire 11th Plan when all the four quarterly spending were according to the norms laid down by the Ministry itself. It amount to improper and unscientific planning, financial imprudence and non-serious approach with regard to achievement of the target. When there are hierarchical levels for monitoring of the capacity addition programmes, then such recurrent feature is beyond comprehension and the Committee is inclined to infer that the entire system of monitoring the pace of work of is nothing but a ritual exercise. The Committee, therefore, strongly recommend that the Ministry should not only recast its present monitoring system to make it more accountable and trustworthy to ensure the uniform quarterly spending as per the norms but also taking proper correctives to avoid recurrence of the lapses responsible for sluggishness in the achievement.

Reply of the Government

The recommendation of Standing Committee on energy is noted. The expenditure *vis-à-vis* allotment are discussed in Senior Officers

Meeting and follow up action on directions given by the Secretary are also renewed.

[Ministry of Power OM No. 10/3/2011–Bud., Dated 17.11.2011]

Comments of the Committee

(Please *see* Para 8 of Chapter-I of the Report)

(Recommendation Sl.No. 10, Para No. 2.11)

The Committee find that there is inordinate delay in implementation of RGGVY scheme in some of the States. The Ministry explained that there are number of reasons for this which *inter-alia* include delay in forest clearances, delay in land acquisition for 33/11 KV sub-stations, limited number of good agencies, delay in issuance of road permit, delay in providing authentic BPL list etc. The Ministry also submitted before the Committee that in the execution of the scheme the role of the State Government is crucial in the timely execution of the scheme. The Committee have been apprised that there are delays on the part of States in awarding sanctioned projects to utilities, allotment of land for construction of new sub-stations, sanction of revised cost estimates of CPUs, identification of villages for electrification, energization of villages where the infrastructure has been created and establishment of franchisees in the electrified villages etc. The Committee do appreciate the inherent bottlenecks, wherein the Ministry have hardly any control. However, these impediments cannot be allowed to impede the implementation of such an important scheme covering most remote and neglected sections of the Country. The Committee find that steps have been taken to set up monitoring Committee which periodically meets to sanction projects and review the progress of implementation and formation of district Committee besides the review of the scheme on monthly basis by the respective Chief Secretaries of the States. The Committee gather that at times though only of small proportion of the village is electrified, the village itself is considered as electrified. Further, the transformers installed are of a lower capacity so any further connections required in future cannot be accommodated within the installed infrastructure. They also find that sub-letting of the contract at various levels goes on. This not only leads to avoidable delay

at each level but also compromises on quality of works besides scope for pilferage of the funds earmarked for the scheme without producing adequate results. The Committee are of the considered view that REC, the nodal agency for RGGVY will have to play a more proactive role in the implementation of the scheme. Further, they are of the opinion that the process of sub-letting of the contract under the scheme should be kept at minimum level. The Committee also recommend that the concept of electrification of the village needs to be relooked and considered afresh specifying the percentage of electrification of village qualifying as the electrification of that particular village. They also emphasize that besides monitoring of the scheme at the bureaucratic level periodically, the involvement of elected representatives of the people will go a long way in making the scheme a success. The Committee, therefore, strongly recommend that the scheme of RGGVY should have strong inclusive monitoring systems with regard to its implementation and achievement of the target. The involvement of the elected representative of the people at the District Level Committee should be made mandatory in order to ensure the proper coverage of villages as well as BPL households under the scheme besides, ensuring the proper quality of work. The Committee would like the involvement of people's representatives at local level *i.e.* Panchayats, Gramsabhas and Block Level.

Reply of the Government

Under RGGVY, the DPRs have been formulated by the implementing agencies of the States in accordance with the RGGVY guidelines. Under the scheme, the villages are electrified as per new definition of village electrification as amended in year 2004-05 wherein number of households electrified should be at least 10% of the total number of households in the village. Further, the scheme envisage providing free electricity connections to all BPL households in a village which in case of most of the villages is much more than 10% of the total households in a village.

Rajiv Gandhi Grameen Vidyutikaran Yojana—Scheme for Rural Electricity Infrastructure and Household Electrification was launched in 2005 merging the existing scheme of 'Accelerated Electrification of one lakh villages and one crore households'. Some of the projects in the States

of Bihar and Uttar Pradesh sanctioned under the earlier scheme have been implemented under RGGVY which did not cover all majras/tola of revenue villages. The un-covered areas of such projects including majras/tolas having population more than 300 are proposed to be covered in Phase-II of RGGVY in XIth Plan.

Under RGGVY, High Voltage Distribution System (HVDS) has been envisaged. Under HVDS, instead of one large capacity transformer more number of smaller capacity transformers are provided to reduce the chances of power theft and overall AT&C losses. The number and size of the transformers depend on the consumers to be served from the transformers.

Under RGGVY, the executing agencies are sub-letting the contracts with the prior approval of the concerned implementing agency. However, the overall responsibility for execution of the contract within time and accepted quality rests with the main turnkey contractor.

Besides Monitoring Committee, REC and MOP regularly review implementation of RGGVY projects and periodic review meetings are conducted to monitor the progress in detail and also to resolve the issues hampering the progress. REC through its zonal and project offices located in the State headquarters also regularly monitor execution of RGGVY works.

There is a provision to co-opt public representatives in the District Level Electricity Committee. Further, the implementing agencies are required to obtain a certificate from Gram Panchayat regarding completion of electrification works in a village which results into participation of village level representative in the scheme.

[Ministry of Power OM No. 10/3/2011-Bud., Dated 17.11.2011]

Comments of the Committee

(Please *see* Para 17 of Chapter-I of the Report)

(Recommendation Sl. No. 11, Para No. 2.12)

The Committee note that R-APDRP for the 11th Plan has been approved as a Central Sector Scheme. They find that the aim of the

programme is to bring down Aggregate Technical and Commercial (AT&C) losses in actual and demonstrable manner. The projects under the scheme are to be taken up in two parts. 'Part-A' is for establishment of base line data, IT applications for energy accounting/auditing and IT based consumer centers whereas 'Part-B' is for the strengthening of regular distribution centers. The size of the programme is ₹ 51,577 crores of which ₹ 10,000 cores will be spent in Part-A and ₹ 40,000 crores will be spend in Part-B programme. Under Part-A of the programme 1401 towns at project cost of ₹ 5,177 crores for 29 States/ UTs have been sanctioned and under Part-B of the programme 775 projects amounting to ₹ 14,854 crores have been sanctioned in the 13 States. The Committee further note that against the sanction of ₹ 3,059.28 crores under 'Part-A' and ₹ 11,795.15 crores under Part-B of the scheme for the year 2009-10 and 2010-11 only ₹ 1,332.72 crores and ₹ 1,940.92 crores respectively were released. Budget estimate for R-APDRP for the year 2011-12 has been kept as ₹ 2,034 crores. The Committee find that the budget for the programme for the current fiscal has been reduced. The Committee observe that the lesser allocation for the programme clearly shows that it is not coming up on expected lines and AT&C losses continue to remain on the higher side. The programme has been restructured but the results are not forthcoming. It is yet to be seen whether IT enabled programme will give the desired results as strengthening of the distribution centers does not specify details of the various steps that will help in the reduction of AT&C losses. The Committee therefore, strongly recommend that the scheme of R-APDRP should envisage the analysis of reasons responsible for losses, efficacious remedial measures and a coordination mechanism wherein States and several implementing agencies are entrusted with earmarked role and identified responsibilities for losses reduction so as to ensure that the programme becomes successful.

Reply of the Government

Government of India has launched Restructured Accelerated Power Development and Reform Programme (R-APDRP) in July, 2008 as a central sector scheme for XIth Plan aimed at turnaround of power distribution

sector. The scheme comprises of two parts—Part-A and Part-B. Part-A of the scheme being dedicated to establishment of IT enabled system for achieving reliable and verifiable baseline data system. Part-B deals with regular Sub Transmission and Distribution system strengthening and up-gradation projects. The Schemes sanctioned under R-APDRP are project oriented; therefore the funding mechanism has been worked out and approved by GoI as follows:—

For Part-A Schemes–

- Initially 100% funds as loan for Part-A shall be provided by the Government of India through Gross Budgetary Support (GBS). The GoI loan is being disbursed to the State Power Utilities through Nodal Agency as follows:—

  (a) Upto 30% of the project cost is being released as GoI loan up front on approval of the Project.

  (b) 60% of project cost would be disbursed in two equal tranches (of 30% each) as GoI loan upon utilization of the cumulative amount released and submission of duly certified supporting documents/claims by utilities to PFC based on progress/utilization against achievement of identified milestones.

  (c) Balance 10% of the project cost would be disbursed as GoI loan only after full utilization of the loan disbursed through earlier tranches.

- The entire amount of loan for Part-A projects shall be converted into grant once the establishment of the required Base-line data system is achieved and verified by an independent agency appointed by Ministry of Power.

For Part-B Schemes–

- 25% (90% for special category States) funds for Part-B projects shall be provided through loan from the Government of India. The balance funds for Part-B projects shall be raised from

financial institutions. The loan shall be disbursed to the State Power Utilities through Nodal Agency as follows:—

Non-Special Category States:

(a) 15% of the project would be released as GoI loan up front on approval of Project.

(b) Progressive release of 75% of the project cost as loan from Financial Institutions (FIs)/own resources based on progress/utilization against achievement of identified milestones.

(c) Balance 10% of the project cost would be disbursed as GoI loan only after full utilization of GoI and FIs' loans disbursed through earlier tranches.

Special Category States:

(a) 30% of the project cost would be released as GoI loan up front on approval of Project.

(b) Progressive release of 10% of the project cost as loan from Financial Institutions (FIs)/own resources based on progress/utilization against achievement of identified milestones.

(c) 50% of project cost would be disbursed as GoI loan progressively against certified claims from Utility based on progress/utilization against achievement of identified milestones

(d) Balance 10% of the project cost would be disbursed as GoI loan only against full utilization of GoI and FIs' loans disbursed through earlier tranches.

- Upto 50% (90% for special category States) of the project cost of Part-B projects shall be converted into grant in five equal tranches on achieving the 15% AT&C loss in the project area on a sustainable basis for a period of five years. In addition,

utility level loss reduction (AT&C losses) @ 3% per annum for utilities with baseline loss levels exceeding 30% and @ 1.5% for utilities with baseline loss levels less than 30% have to be achieved.

So far under Part-A of R-APDRP, 1401 IT projects worth ₹ 5177 crore, 42 SCADA projects worth ₹ 982.45 crore and under Part-B, 907 projects worth ₹ 19367.43 crore sanctioned by the Government of India and the eligible amount of first installment as described above have been released to the State Utilities.

It is therefore submitted, before the committee, that there is not any short fall in fund allocation for the scheme, the required funds to the eligible utilities as per R-APDRP guidelines have already been released and for the current financial year the funds allocation has been made based on actual requirement.

It is expected that on successful completion of the scheme, the AT&C losses will be reduced to the extent of 15% in the project areas. The exact result will be known after successful completion of the scheme.

[Ministry of Power OM No. 10/3/2011–Bud., Dated 17.11.2011]

Comments of the Committee

(Please *see* Para 20 of Chapter-I of the Report)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF
WHICH FINAL REPLIES OF THE GOVERNMENT
ARE STILL AWAITED

-NIL-

NEW DELHI;
28 *December*, 2011
7 *Pausa*, 1933 *(Saka)*

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

APPENDIX I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2011-12) HELD ON 28TH DECEMBER, 2011 IN COMMITTEE ROOM 'B' PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1500 hrs. to 1630 hrs.

PRESENT

Shri Mulayam Singh Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Mohammad Azharuddin
3. Dr. Baliram
4. Shri P.C. Chacko
5. Shri Baliram Jadhav
6. Shri Shripad Yesso Naik
7. Shri Ravindra Kumar Pandey
8. Shri Gutha Sukhender Reddy
9. Shri Baju Ban Riyan
10. Shri Vijay Inder Singla
11. Shri Makansingh Solanki

Rajya Sabha

12. Shri Govindrao Adik
13. Shri Rama Chandra Khuntia

SECRETARIAT

1. Shri Brahm Dutt — *Joint Secretary*
2. Shri N.K. Pandey — *Director*

2. At the outset, the Chairman welcomed the members of the Committee and briefly apprised them of the Agenda for the sitting.

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

(i) Action Taken on the recommendations contained in the 18th Report on Demands for Grants of the Ministry of New and Renewable Energy for the year 2011-12 and;

(ii) Action Taken on the recommendations contained in the 19th Report on Demands for Grants of the Ministry of Power for the year 2011-12.

4. The Committee adopted both the Reports without any modification. The Committee also authorized the Chairman to finalise 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 THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 19TH REPORT (15TH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations:	13
(ii)	Recommendations/Observations which have been accepted by the Government:	
	Sl. Nos. 1, 2, 4, 5, 7, 8, 9 and 13	
	Total:	08
	Percentage	62%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:	
	Sl. Nos. 6 and 12	
	Total:	02
	Percentage	15%
(iv)	Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:	
	Sl. Nos. 3, 10 and 11	
	Total:	03
	Percentage	23%
(v)	Recommendations/Observations in respect of which final replies of the Government are still awaited:	
	-Nil-	
	Total:	00
	Percentage	00%

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