08

STANDING COMMITTEE ON ENERGY

(2014-15)

SIXTEENTH LOK SABHA

MINISTRY OF POWER

[Action Taken by the Government on the recommendations contained in the First Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2014-15]

EIGHTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

August, 2015/ Shravana, 1937 (Saka)

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(2014-15)

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Presented to Lok Sabha on 11.08.2015

Laid in Rajya Sabha on 11.08.2015

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NEW DELHI

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1.	Shri K.Vijayakrishnan	Additional Secretary
2.	Shri N.K. Pandey	Director
3.	Shri Manish Kumar	Committee Assistant

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 8th Report on the action taken by the Government on the recommendations contained in 1st Report of the Standing Committee on Energy (16th Lok Sabha) on 'Demands for Grants of the Ministry of Power for the year 2014-15'.

2. The 1st Report was presented to Lok Sabha on 22nd December, 2014 and laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 19th March, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 05th August, 2015.

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 1st 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	**Dr. KIRIT SOMAIYA,**
7 th August, 2015	**Chairman,**
Shravana16,1937 (Saka)	**Standing Committee on Energy**

CHAPTER - I

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Observations/Recommendations contained in the First Report (Sixteenth Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2014-15.

2. The First Report was presented to Lok Sabha on 22nd December, 2014 and was laid on the Table of Rajya Sabha on the same day. The Report contained 09 Observations/Recommendations.

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

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

Serial Nos. 1,2,3,5,6,7 and 9

Total - 07

Chapter-II

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

- Nil -

Total - 00

Chapter-III

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

Serial Nos. 4 and 8

Total–02

Chapter-IV

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

- Nil -

Total - 00

Chapter-V

4. The Committee desire that Action Taken Notes on the Observations/Recommendations 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. <u>Annual Plan Outlay</u>

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

6. The Committee had noted that the Ministry have included five ambitious schemes in the 12th Plan during the current fiscal viz. Deen Dayal Upadhyaya Feeder Separation Scheme, Green Energy Corridor, Smart Grid, Power System Development Fund and Integrated Power Development Scheme. While the Deen Dayal Upadhyaya Feeder Scheme and Integrated Power Development Scheme have outlay of Rs.500 crore and Rs.100 crore respectively, other three schemes – Green Energy Corridor, Smart Grid and Power System Development Funds have been allocated a token amount of Rs.1 crore each for the current financial year. The Green Energy Corridor will integrate the proliferating non-conventional energy to the main grid, whereas Smart Grid aims at modernization of grid system through use of IT to make it more efficient, reliable, economic and sustainable. The Feeder Separation Scheme envisages to provide separate feeders for agriculture and non-agricultural supply in rural areas to cater to their different needs. The Committee had appreciated and wished that these schemes should be implemented effectively and timely. The Committee, therefore, had recommended that the roadmap for these programmes be finalized and their expeditious implementation ensured.

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

"The recommendation has been noted for compliance. The roadmap has been worked out and the steps taken so far in respect of the individual schemes are briefly outlined below.

(i) Deendayal Upadhyaya Gram Jyoti Yojna

- The scheme was approved by the CCEA on 20th Nov 2014.
- Office Memorandum for the Scheme was issued on 3rd Dec 2014 and REC is the Nodal Agency.
- MOP has already constituted a Monitoring Committee under Chairmanship of Secretary (Power) for implementation of DDUGJY including sanction of DPRs/Projects, monitoring and review of implementation of the scheme.
- The scope of the existing State Level Standing Committee (SLSC), under chairmanship of Chief Secretary in states, has been extended to cover DDUGJY for recommending the projects to Nodal Agency and monitoring the implementation of the projects under the scheme.
- Detailed guidelines for implementation of the scheme was approved by the Monitoring Committee and guidelines were issued on 29th Dec 2014 after detailed consultation with the stakeholders.
- As per detailed guidelines of DDUGJY, Utilities shall create a dedicated team for implementation of projects at district and Utility/State level including necessary manpower and requisite infrastructure like office, logistics etc. to ensure smooth implementation, monitoring and to redress grievance of public and public representatives of the project areas.
- On the basis of DPRs furnished by the State Discoms, the Monitoring Committee had in its meeting held on 19.2.2015 sanctioned projects of the value of Rs. 8853.12 crore. Keeping in view the budget provided for the scheme during the year 2014-15 of Rs. 500 crore, Rs. 166 crore has been released to Rural Electrification Corporation and the process for release of balance amount of the available budget is in the process.
- A Project Management Agency (PMA) will also be appointed by the States preferably utility-wise to assist them in project management ensuring timely implementation of the project.

(ii) Integrated Power Development Scheme(IPDS)

- The scheme was approved by the CCEA on 20th Nov 2014
- Office Memorandum for the Scheme was issued on 3rd Dec 2014 and PFC is the Nodal Agency.
- MOP has already constituted a Monitoring Committee under Chairmanship of Secretary (Power) for implementation of IPDS including sanction of DPRs/Projects, monitoring and review of implementation of the scheme.
- The scope of the existing Distributions Reforms Committee (DRC), under chairmanship of Chief Secretary/Principal Secretary/Secretary (Power) in States, has been extended to cover IPDS for recommending the projects to Nodal Agency and monitoring the implementation of the projects under the scheme.

- Detailed guidelines for implementation of the scheme was approved by the Monitoring Committee and guidelines were issued on 31st Dec 2014 after detailed consultation with the stakeholders.
- As per detailed guidelines of IPDS, Utilities shall create a dedicated team for implementation of projects at field and Utility/State level including necessary manpower and requisite infrastructure like office, logistics etc. to ensure smooth implementation, monitoring and to redress grievance of public and public representatives of the project areas.
- Projects of value of Rs.3268.33 crore was sanctioned by the Monitoring Committee on 19.02.2015 and the budget of Rs. 100 crore kept for FY 2014-15 is under process for release.

(iii) Smart Grid

A **National Smart Grid Mission (NSGM)** is proposed to be launched. The Scheme has been appraised by the EFC on 30.09.2014 and the approval of FM has been accorded on 03.03.2015. A provision of Rs. 40 crore has been kept during the financial year 2015-16.

(iv) Green Energy Corridor

The toke provision is for setting up of Renewable Energy Management Centre (REMC) as part of State Load Despatch Centre (SLDC) in the Renewable Energy rich States to forecast and schedule the renewable energy along with state-of-art communication infrastructure. The REMC would seek to maximize renewable energy generation and integration with the main grid without compromising on the security and stability of power system.

(v) Power System Development Fund

This Scheme was approved by the Cabinet in January, 2014. Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014 has also been notified by CERC on 9th June 2014.

PSDF has been constituted for crediting balance amounts received under pool accounts maintained by the National Load Despatch Centre (NLDC) / Regional Load Despatch Centres (RLDCs) under various regulations of the CERC. The Fund is to be utilized for funding of proposals related to safe operation of Grid like installation of protection system, renovation and modernisation (R&M) of transmission and distribution system for relieving congestion etc.

The budget provision for 2014-15 (Rs,200 crore) is likely to be utilized. The provision for 2015-16 is Rs.300 crore.

At present 5 schemes worth Rs. 618.21 Crore have been sanctioned, 4 schemes worth Rs. 521.77 Crore have been concurred by CERC, 6 schemes worth Rs. 506.33 Crore recommended by CERC and 23 schemes worth Rs. 2691 Crore are under examination."

8. The Committee note with satisfaction that the Ministry has worked out the roadmap for expeditious implementation of the new schemes which had been introduced in the previous year budget i.e 2014-15. The Committee also note that a provision of Rs. 40 crore has been kept for National Smart Grid Mission during the financial year of 2015-16, whereas, a token provision has been kept for setting up of Renewable Energy Management Centre (REMC) as part of State Load Despatch Centre (SLDC) in the Renewable Energy rich States to forecast and schedule the renewable energy along with state-of-the art communication infrastructure. ***The Committee are of the belief that these two programmes have greater importance for the power sector, therefore, the Ministry may ensure their expeditious implementation on priority basis.***

B. Rajiv Gandhi Grameen Vidyutikaran Yojana

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

9. The Committee had noted that the Planning Commission has approved an outlay of Rs.35,447 crore for continuing RGGVY in 12th & 13th Plan, out of which Rs.23,397 crore will be met through GBS for the 12th Plan and remaining Rs.12,050 crore would spill over to the 13th Plan. The annual outlay for the current year is Rs.5144.09 crore whereas, the expenditure till August, 2014 is 76.15 crore. The Committee had further noted that from the year 2011-12 onward, the utilization of funds under the scheme has not been satisfactory. Against the budgetary allocation of Rs.3,544 crore, Rs.4,900 crore and Rs.4,500 crore for the year 2011-12, 2012-13 and 2013-14, the actual utilization has been Rs. 2,237.31 crore, Rs.697.94 crore and Rs.2,938.52 crore respectively. The Committee, therefore, had suggested the Ministry to expedite the pace of the scheme and ensure optimum utilization of funds allocated. The Committee, apart from the slow pace of RGGVY, had been raising issues relating to installation of transformers of inadequate capacity, poor quality of materials used in erecting infrastructure, delay in replacement/repair of not working items, inadequate supply of power to villages electrified under the scheme, etc. since long. The Committee were apprised by the Ministry that steps have been taken to address these problems in this regard to 12th Plan projects. The Committee had suggested the Government to give further push to the efforts aimed at resolving these issues. They had also desired that the endeavor of the Ministry to address these issues need not be limited to 12th Plan projects only but to all the villages covered under the scheme.

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

"The recommendation has been noted and further steps as required will be put in place. However the following steps have been taken for effective implementation of the RGGVY scheme-

a. Government of India has set up an Inter-Ministerial Monitoring Committee under chairmanship of Secretary (Power) which periodically meets to sanction the projects including Revised Cost Estimates, monitor and review the implementation of the Scheme in addition to issuing necessary guidelines from time to time.

b. States have been advised to set up District Committees to monitor the progress of rural electrification works. District committees have been set up in all the states to monitor the progress of rural electrification works. States have also been advised to associate elected representatives including the Member of Parliament in the District Committee.

c. The States have also been requested by MOP to hold monthly meeting under the Chairmanship of Chief Secretary to resolve the bottlenecks, if any, in implementation of RGGVY. State Government have been advised to set up a State Level Standing Committee, headed by the Chief Secretary and consisting of Secretaries of Energy, Rural Development, Finance, Panchayati Raj, Forest, Revenue and a representative of REC etc. to vet the DPR before submitted to REC and also to monitor the progress, quality control and resolve issues relating to implementation of sanctioned projects Viz. allocation of land for substation, right of way, forest clearance, safety clearance etc.

d. Ministry of Power, Government of India as well as Rural Electrification Corporation (REC), the nodal agency for RGGVY, conduct frequent review meetings with all the stakeholders, the concerned State Governments, State Power Utilities and implementing agencies for expeditious implementation of the scheme as per the agreed schedules.

e. Wherever there is delay in forest clearance/Railway clearances etc. requiring inter-ministerial interventions, the matters are taken up with concerned Ministry/Railway Board at different levels to expedite the issue of necessary **clearances**.

As RGGVY has now been subsumed in DDUGJY, there is a provision of appointment of Project Management Agency (PMA) under DDUGJY to assist utilities in project management ensuring timely implementation of the project. 100% grant will be provided by Government of India towards expenditure incurred on Project Management Agency (PMA) as per provision in the DDUGJY scheme.

Optimum utilization of funds allocated:

The funds under RGGVY for the sanctioned projects are released by REC directly to the project implementing agencies as per approved guidelines of RGGVY, after satisfying the conditions specified for release of the particular installments. The releases are delayed if the conditions are not satisfied.

As regards under utilization of fund in previous years, main reasons are as under:

a) Majority of remaining village & BPL Households are in far flung areas

b) Delay in Forest Clearance in Assam, Odisha, Jharkhand & MP.

c) Delay in award of XI plan Phase-II projects especially in UP & Bihar

d) Delay in Railway clearance in Assam, Bihar & Jharkhand

e) Slow progress due to LWE activities particularly in Chhattisgarh

f) CBI investigation in Jharkhand

g) Non-availability of adequate upstream network in Jharkhand.

h) Litigation with contractors in Unnao district of Uttar Pradesh.

i) Local law & order issues in Assam & Meghalaya

j) Border dispute between Assam and Meghalaya

k) Right of Way issues in Jharkhand, Assam, WB and other states

l) Delay in commissioning of sub stations either due to delay in availability of land or lack of upstream network (mainly in Bihar, Jharkhand, Meghalaya, Arunachal Pradesh)

m) Inadequate manpower with SPUs to take over the completed projects

n) While releasing funds to REC the nodal agency, the Ministry has to take into account the fact if unspent balances from earlier releases are lying with the agency.

Installation of transformers of inadequate capacity:

The issue of inadequate capacities of distribution transformers under RGGVY has already been addressed under 12th and 13th plan RGGVY scheme. In XII Plan projects, higher transformers are allowed i.e. 63 KVA, 100 KVA. Under 12th & 13th plan scheme, adequate capacities of distribution transformer are being provided by considering enhanced load of 250W for each BPL household (in place of 40/60 W considered earlier) and 500 W for each APL household(in place of 250 W considered earlier) and load of 1 kW for public places like Panchayat, Schools etc along with the growth rate for next 5 years.

Poor quality of materials:

The projects under RGGVY are subjected to 3 tier quality monitoring mechanism. As per the Information received from REC, the nodal agency of RGGVY, under 12th plan RGGVY, an on-line Monitoring system has also been put in place to monitor the progress including the inspection by Third Party Agency. The quality of materials is being verified by TPIA & RQM.

Delay in replacement/repair of not working items

As the infrastructure created under the scheme has to be handed over to the distribution utilities after completion so the responsibility of maintaining/replacement/ repairing of the infrastructure lies with the concerned distribution utilities.

Inadequate supply of power to villages electrified

As regarding the adequate power supply in the villages, it is the responsibility of distribution licensees to provide reliable & quality power supply to all consumers in their area of operation. However, under RGGVY, prior commitments of the states are obtained before sanction of projects for providing a minimum daily supply of 6-8 hours of electricity in the RGGVY network. State governments have been instructed to maintain sufficient power supply to rural areas at par with urban areas. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th Plans has been subsumed in DDUGJY scheme, approved by Govt of India recently, as a separate rural electrification component."

11. The Committee had desired *inter-alia* that the Government provide adequate capacity of transformers not only to the projects of 12th Plan but to all villages which have already been covered under the RGGVY. The Ministry, however, in their reply have stated that the issue of inadequate capacities of distribution transformers under RGGVY has already been addressed under 12th and 13th Plan RGGVY scheme. In 12th Plan projects, higher transformers are allowed i.e. 63 KVA, 100 KVA. The Committee note that the Ministry have not mentioned anything in regard to providing transformers of higher capacity in villages which have already been covered under the scheme during the 10th and 11th Plan period. The Committee have time and again been raising the issue of inadequate capacity transformers installed in the villages covered under the programme and its consequence. A transformer is the vital component of the village electrification infrastructure and its malfunction brings the electric supply of the entire village to a complete halt. In such a scenario, the village which has been electrified on paper, remains deprived of the electricity in reality. *The Committee are of considered view that the infrastructure provided under the scheme should be sustainable and have the*

ability to serve the growing electricity need of the villages. The Committee, therefore, would like to reiterate their recommendation and desire the Government to pursue this matter expeditiously.

C. Restructured-Accelerated Power Development & Reforms Programme

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

12. The Committee had noted that the objective of the Re-structured – Accelerated Power Development Reform Programme (R-APDRP) is to bring down AT&C losses to the level of 15%. The programme with a provision of Rs.51, 577 crore, has four parts namely, A, B, C and D. It is informed that 645 towns out of 1412 towns have been integrated with Data Centre and already been declared 'Go Live' by the utilities. Out of 1278 towns envisaged for Part-B of the scheme, work in 139 towns has been completed. The Committee had further noted that at the time of inception of Re-structured – APDRP i.e. year 2008-09 the AT&C losses in the country were at 27.37% which has marginally come down to 25.38% in the year 2012-13. The Ministry had claimed that once the programme is fully implemented then only the effectiveness of this programme can be judged. In regard to slow execution of the works under the scheme, the Ministry inter-alia had submitted reasons such as longer time taken by the IT companies in completion of Part – A, Lack of readiness of infrastructures, slow procurement procedure and practices of state power distribution utilities and Human Resource issues. The whole power sector is dependent on the distribution sector for their economic viability, whereas the viability of the distribution sector itself hinges on the success of the AT&C losses reduction programme i.e. R-APDRP. The Committee, therefore, had expected the Ministry to strengthen the mechanism of coordination between the agencies involved in the implementation of this programme to ensure timely execution of the work. They had further desired for further expansion and acceleration the training programmes for utility personnel to resolve the human resource issue.

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

> "Based on the recommendations of the Hon'ble Members of the Standing Committee of Energy, Ministry of Power along with Power Finance Corporation the agency designated as nodal agency for operationalizing R-APDRP have further strengthened the mechanism of coordination between agencies involved in implementation of the scheme to ensure timely completion. The efforts include:
>
> **a.** Extensive reviews by Ministry of Power/PFC with utility in presence of implementing agencies leading to resolving issues hampering progress.
>
> **b.** Frequent visits by Ministry of Power & PFC officials at utility sites/offices.

c. Release of Guildelines & Advisories to utilities facilitate expeditious progress etc.

The efforts by Ministry of Power/PFC have resulted in improved progress as on 15.01.2015 as per details provided below:

a) 743 Towns out of 1412 towns have been declared Go Live.

b) Post Go Live Reports are being sought by Ministry of Power for utilities to showcase benefits accrued through the scheme in AT&C Loss Reduction and Consumer Benefits. The reports comprise of four parameters for effective monitoring:

- AT&C Loss Improvement Town Wise
- AT&C Loss Improvement in High Loss Feeders
- % Consumer Grievance Redressal – as per SERC guidelines.
- % New Connection Release – within timelines as per SERC guidelines.

c) Post Go Live Reports received from 675 towns in December against 708 Towns declared Go-Live.

d) AT&C Loss Reduction Reported in 466 Towns through technical & administrative interventions

e) Part B works have been completed in 185 towns of 1259 sanctioned.

The capacity building programme too has been accelerated and further expanded to include Post Go Live Capacity Building also. In Financial Year 2014-15 as on 15.01.2015:

a) Post Go Live Capacity Building for utility personnel has been done for about 200 mandays.

b) Capacity Building for utility personnel through other programmes has been accomplished for about 4500 mandays (Cum.1,07,000 Mandays).

The capacity building programmes are regularly updated and expanded based on utility needs and feedback received."

14. The Committee note that the Ministry in regard to implementation of R-APDRP, have stated that 743 towns out of 1412 towns have been declared Go Live. These 1412 towns were selected under Part-A of R-APDRP for establishment of IT enabled system for achieving reliable & sustainable baseline data system. This IT enabled system is the very base which will enable reduction of AT&C losses to 15%, therefore, the sooner it is implemented, the better it will be. After more than a decade and spending crores of Rupees on the programmes, almost half of the towns are yet to Go

Live. ***The Committee would like the Government to expedite implementation of this programme and fully implement the Part-A component by declaring 1412 town covered under the scheme Go Live as early as possible.***

D. Latent Demands of Electricity in the Country

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

15. The Committee had noted that there was energy deficit of 4.2% and peak deficit of 4.5% during the year 2013-14. When the Committee had desired to know would there be no shortage of energy in the country if the supply somehow increases by 4.5%, the Ministry had stated that these figures are supplied by the Central Electricity Authority (CEA) and they do not have figures of latent demand for energy. Complete statistics helps in policy planning and energy demand/production for the country. The Committee, therefore, had desired that the Govt. must compile and consolidate comprehensive statistics taking in to account the latent demand of energy, assuming every person has to be provided at least fair minimum amount of electricity.

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

> "The energy deficit and peak deficit of 4.2% and 4.5%, respectively during 2013-14 reflects the gap in supply and demand due to scheduled and un-scheduled power cuts imposed by utilities on their consumers not necessarily due to non-availability of adequate power. These power cuts are also at times due to transmission & distribution constraints, and poor financial health of State utilities/Distribution Companies (Discoms) making it difficult for them to purchase power from available resources. The energy not served due to power cuts are estimated figures computed by Distribution Companies (Discoms)/ Area Load Dispatch Centre (ALDC) or State Load Dispatch Centre (SLDC). The energy and peak deficit does not include unconnected consumers. The figures, especially those related to outage of distribution network, are learnt to be under-reported. This is one of the reasons for under reporting of demand-supply gap. If demand supply gap is only on account of shortage of power, then increased availability of power to that extent would eliminate the gap/shortage. However, other factors as mentioned above are also responsible for the demand-supply gap. Regarding direction of Committee to compile statistics including latent demand, it is to submit that the CEA brings out electricity demand forecast, referred to as "Electric Power Survey", in consultation with the State governments/Utilities etc. The latent

demand is dynamic in nature and it is factored in the demand forecast exercise."

17. In regard to the recommendation of the Committee to compile and consolidate comprehensive statistics taking in to account the latent demand of energy, assuming every person has to be provided at least fair minimum amount of electricity, the Ministry in their reply have stated that the Central Electricity Authority (CEA) brings out electricity demand forecast, referred to as "Electric Power Survey", in consultation with the State Governments/Utilities etc. They have further stated that latent demand is dynamic in nature and it is factored in the demand forecast exercise. The Committee are not convinced with the reply of the Ministry as it merely mentions the factual position and does not spell out efforts of the Ministry in this regard. ***Since the information in regard to the latent demand of electricity is crucial in formulation and execution of power sector policies and programmes, the Committee reiterate their recommendation and desire the Government to issue necessary directions to the Central Electricity Authority for assessing latent demands of electricity in the Country.***

CHAPTER II

Observations/Recommendations which have been accepted by the Government

Recommendation (Serial No. 1 Paragraph No.2.2)

The Committee while scrutinizing the Gross Budgetary Support (GBS) for the year 2013-14 note that against the Budgetary Estimation (BE) of Rs.9642.00 crore, which was revised to Rs.5,000.00 crore, the actual utilization was Rs.4,529.72 crore only. Notably, the Committee find the financial performance of the Ministry far from satisfactory. In regard to RGGVY, against the BE of Rs.4, 500 crore the actual utilization was only Rs.2,938.52 crore. Important programmes of the Ministry viz. Energy Conservation, Bureau of Energy Efficiency, CPRI, etc. have also shown poor utilization of funds during the period. There is nil utilization of fund under the heads of Financial support for DISCOMs and National Electricity Fund. The Committee note that poor utilization of allocated fund by the Ministry has become a regular recurring feature. The scrutiny of the Committee reveals that the Ministry, after 2008-09 has not fully utilized the allocated funds. Every year, the Ministry while assigning various reasons for the poor performance, has been apprising the Committee of the remedial measures being taken by them to ensure a better performance next year, an assurance with remains still unfulfilled. The Committee, therefore, recommend the Ministry to take necessary measures to improve monitoring mechanism to fully utilize the allocated fund.

Reply of the Government

The recommendation has been noted for compliance.

In respect of the Schemes such as National Electricity Fund and Financial Support to Discoms, fund releases can take place only on compliance of number of conditions. The pre conditions, inter-alia include formulation of business plan for financial turnaround and/or sustained profitability, re-organisation of State Electricity Board, release of subsidy by the State, audited annual accounts and timely filing of tariff petitions, reduction of AT&C losses, reduction in the revenue gap on subsidy received basis etc. The incentives under these Schemes are available only if mandatory conditions are met by the State/Discoms. Since State/Discoms are not meeting these conditions fully, the off take of funds has not begun. In big schemes like RGGVY and RAPDRP, extant instructions of Ministry of Finance requires to take into account unspent balances from out of the earlier releases. Further release depends upon the claims made by the implementing agencies at the State level. These are the major reasons for low utilization of allocated funds.

However, the position of plan fund utilization for the Ministry of Power during the last financial year of 2014-15 has been better compared to the previous year (2013-14). As at the end of Feb 2015, the expenditure was Rs. 4884.22 crore under plan as against Rs.4262.17 crore at the end of Feb 2014 last year. As against the utilisation of Rs. 4529.72 crore during FY 2013-14, the entire RE provision of Rs. 5700 crore (fixed by M/o Finance) for 2014-15 is likely to be utilized.

Notwithstanding the above position, and in pursuance of the recommendations of the Standing Committee it has been decided to put in place the following mechanism to oversee the utilization of budgetary allocation under various plan schemes with regular periodicity at different levels:

(i) The Programme Division (at the level of the concerned Joint Secretary) will review the progress of utilization of the outlay (both GBS and IEBR) with the concerned implementing agencies/organizations on monthly basis and suggest course corrections/measures from time to time to improve utilization.
(ii) The progress will be monitored at the level of JS&FA on quarterly basis with a view to rationalize the allocation.
(iii) The progress will be further reviewed at the level of Secretary (Power) on half yearly basis.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Recommendation (Serial No.2 Paragraph No.2.3)

The Committee also note that the Ministry have included five ambitious schemes in the 12th Plan during the current fiscal viz. Deen Dayal Upadhyaya Feeder Separation Scheme, Green Energy Corridor, Smart Grid, Power System Development Fund and Integrated Power Development Scheme. While the Deen Dayal Upadhyaya Feeder Scheme and Integrated Power Development Scheme have outlay of Rs.500 crore and Rs.100 crore respectively, other three schemes – Green Energy Corridor, Smart Grid and Power System Development Funds have been allocated a token amount of Rs.1 crore each for the current financial year. The Green Energy Corridor will integrate the proliferating non-conventional energy to the main grid, whereas Smart Grid aims at modernization of grid system through use of IT to make it more efficient, reliable, economic and sustainable. The Feeder Separation Scheme envisages to provide separate feeders for agriculture and non-agricultural supply in rural areas to cater to their different needs. The Committee appreciate and wish these schemes implemented effectively and timely. The Committee, therefore, recommend that the roadmap for these programmes be finalized and their expeditious implementation ensured.

Reply of the Government

The recommendation has been noted for compliance. The roadmap has been worked out and the steps taken so far in respect of the individual schemes are briefly outlined below.

(i) Deendayal Upadhyaya Gram Jyoti Yojna

- The scheme was approved by the CCEA on 20th Nov 2014.
- Office Memorandum for the Scheme was issued on 3rd Dec 2014 and REC is the Nodal Agency.
- MOP has already constituted a Monitoring Committee under Chairmanship of Secretary (Power) for implementation of DDUGJY including sanction of DPRs/Projects, monitoring and review of implementation of the scheme.
- The scope of the existing State Level Standing Committee (SLSC), under chairmanship of Chief Secretary in states, has been extended to cover DDUGJY for recommending the projects to Nodal Agency and monitoring the implementation of the projects under the scheme.
- Detailed guidelines for implementation of the scheme was approved by the Monitoring Committee and guidelines were issued on 29th Dec 2014 after detailed consultation with the stakeholders.
- As per detailed guidelines of DDUGJY, Utilities shall create a dedicated team for implementation of projects at district and Utility/State level including necessary manpower and requisite infrastructure like office, logistics etc. to ensure smooth implementation, monitoring and to redress grievance of public and public representatives of the project areas.
- On the basis of DPRs furnished by the State Discoms, the Monitoring Committee had in its meeting held on 19.2.2015 sanctioned projects of the value of Rs. 8853.12 crore. Keeping in view the budget provided for the scheme during the year 2014-15 of Rs. 500 crore, Rs. 166 crore has been released to Rural Electrification Corporation and the process for release of balance amount of the available budget is in the process.
- A Project Management Agency (PMA) will also be appointed by the States preferably utility-wise to assist them in project management ensuring timely implementation of the project.

(ii) Integrated Power Development Scheme(IPDS)

- The scheme was approved by the CCEA on 20th Nov 2014
- Office Memorandum for the Scheme was issued on 3rd Dec 2014 and PFC is the Nodal Agency.
- MOP has already constituted a Monitoring Committee under Chairmanship of Secretary (Power) for implementation of IPDS including sanction of DPRs/Projects, monitoring and review of implementation of the scheme.
- The scope of the existing Distributions Reforms Committee (DRC), under chairmanship of Chief Secretary/Principal Secretary/Secretary (Power) in States, has been extended to cover IPDS for recommending the projects to Nodal Agency and monitoring the implementation of the projects under the scheme.

- Detailed guidelines for implementation of the scheme was approved by the Monitoring Committee and guidelines were issued on 31st Dec 2014 after detailed consultation with the stakeholders.
- As per detailed guidelines of IPDS, Utilities shall create a dedicated team for implementation of projects at field and Utility/State level including necessary manpower and requisite infrastructure like office, logistics etc. to ensure smooth implementation, monitoring and to redress grievance of public and public representatives of the project areas.
- Projects of value of Rs.3268.33 crore was sanctioned by the Monitoring Committee on 19.02.2015 and the budget of Rs. 100 crore kept for FY 2014-15 is under process for release.

(iii) Smart Grid

A **National Smart Grid Mission (NSGM)** is proposed to be launched. The Scheme has been appraised by the EFC on 30.09.2014 and the approval of FM has been accorded on 03.03.2015. A provision of Rs. 40 crore has been kept during the financial year 2015-16.

(iv) Green Energy Corridor

The toke provision is for setting up of Renewable Energy Management Centre (REMC) as part of State Load Despatch Centre (SLDC) in the Renewable Energy rich States to forecast and schedule the renewable energy along with state-of-art communication infrastructure. The REMC would seek to maximize renewable energy generation and integration with the main grid without compromising on the security and stability of power system.

iv) Power System Development Fund

This Scheme was approved by the Cabinet in January, 2014. Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014 has also been notified by CERC on 9th June 2014.

PSDF has been constituted for crediting balance amounts received under pool accounts maintained by the National Load Despatch Centre (NLDC) / Regional Load Despatch Centres (RLDCs) under various regulations of the CERC. The Fund is to be utilized for funding of proposals related to safe operation of Grid like installation of protection system, renovation and modernisation (R&M) of transmission and distribution system for relieving congestion etc.

The budget provision for 2014-15 (Rs,200 crore) is likely to be utilized. The provision for 2015-16 is Rs.300 crore.

At present 5 schemes worth Rs. 618.21 Crore have been sanctioned, 4 schemes worth Rs. 521.77 Crore have been concurred by CERC, 6 schemes worth Rs. 506.33 Crore recommended by CERC and 23 schemes worth Rs. 2691 Crore are under examination.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Comments of the Committee

(Please *see* Para No. 8 of Chapter I of the Report)

Recommendation (Serial No. 3 Paragraph No.2.4)

The Committee note that during the first quarter of the current fiscal, the Ministry could spend Rs. 101.16 crore, i.e. a 1.05% of the annual outlay. The Committee, therefore, expect the Ministry to make monitoring mechanism for quarterly expenditure more effective to ensure adherence to the norms laid down by the Ministry of Finance in this regard.

<u>Reply of the Government</u>

The observation is with reference to the financial year 2014-15. The off take of funds releases during the first quarter of 2014-15 has partly been impacted due to the operation of Model Code of Conduct issued by the Election Commission of India in connection with the General Elections 2014 to the Lok Sabha. However, the position of plan funds utilization has since improved. The utilization during the Financial Year 2014-15 has been better compared to the previous year of 2013-14. As at the end Feb. 2015, the expenditure was Rs. 4884.22 (under plan) as against Rs.4262.17 crore at the end Feb 2014. As against the utilisation of Rs. 4529.72 crore during FY 2014-15, RE provision of Rs. 5700 crore (fixed by M/o Finance) for 2014-15, is likely to be fully utilized. The improved monitoring mechanism as mentioned in response to the Recommendation at Serial Number 1 (para No.2) will improve the quarterly expenditure pattern.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Recommendation (Serial No. 5 Paragraph No.2.6)

The Committee note that the objective of the Re-structured – Accelerated Power Development Reform Programme (R-APDRP) is to bring down AT&C losses to the level of 15%. The programme with a provision of Rs.51, 577 crore, has four parts namely, A, B, C and D. It is informed that 645 towns out of 1412 towns have been integrated with Data Centre and already been declared 'Go Live' by the utilities. Out of 1278 towns envisaged for Part-B of the scheme, work in 139 towns has been completed. The Committee further note that at the time of inception of Re-structured – APDRP i.e. year 2008-09 the AT&C losses in the country were at 27.37% which has marginally come down to 25.38% in the year 2012-13. The Ministry have claimed that once the programme is fully implemented then only the effectiveness of this programme can be judged. In regard to slow execution of the works under the scheme, the Ministry inter-alia submitted reasons such as longer time taken by the IT companies in completion of Part – A, Lack of readiness of infrastructures, slow procurement procedure and practices of state power distribution utilities and Human Resource issues. The whole power sector is dependent on the distribution sector for their economic viability, whereas the

viability of the distribution sector itself hinges on the success of the AT&C losses reduction programme i.e. R-APDRP. The Committee, therefore, expect the Ministry to strengthen the mechanism of coordination between the agencies involved in the implementation of this programme to ensure timely execution of the work. They further desire for further expansion and acceleration the training programmes for utility personnel to resolve the human resource issue.

Reply of the Government

Based on the recommendations of the Hon'ble Members of the Standing Committee of Energy, Ministry of Power along with Power Finance Corporation the agency designated as nodal agency for operationalizing R-APDRP have further strengthened the mechanism of coordination between agencies involved in implementation of the scheme to ensure timely completion. The efforts include:

d. Extensive reviews by Ministry of Power/PFC with utility in presence of implementing agencies leading to resolving issues hampering progress.

e. Frequent visits by Ministry of Power & PFC officials at utility sites/offices.

f. Release of Guildelines & Advisories to utilities facilitate expeditious progress etc.

The efforts by Ministry of Power/PFC have resulted in improved progress as on 15.01.2015 as per details provided below:

f) 743 Towns out of 1412 towns have been declared Go Live.

g) Post Go Live Reports are being sought by Ministry of Power for utilities to showcase benefits accrued through the scheme in AT&C Loss Reduction and Consumer Benefits. The reports comprise of four parameters for effective monitoring:

- AT&C Loss Improvement Town Wise
- AT&C Loss Improvement in High Loss Feeders
- % Consumer Grievance Redressal – as per SERC guidelines.
- % New Connection Release – within timelines as per SERC guidelines.

h) Post Go Live Reports received from 675 towns in December against 708 Towns declared Go-Live.

i) AT&C Loss Reduction Reported in 466 Towns through technical & administrative interventions

j) Part B works have been completed in 185 towns of 1259 sanctioned.

The capacity building programme too has been accelerated and further expanded to include Post Go Live Capacity Building also. In Financial Year 2014-15 as on 15.01.2015:

c) Post Go Live Capacity Building for utility personnel has been done for about 200 mandays.

d) Capacity Building for utility personnel through other programmes has been accomplished for about 4500 mandays (Cum.1,07,000 Mandays).

The capacity building programmes are regularly updated and expanded based on utility needs and feedback received.

[Ministry of Power OM No.10/04/2014-Budg Date: 16 March, 2015]

Comments of the Committee

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

Recommendation (Serial No.6 Paragraph No.2.7)

The Committee note that there is a budgetary provision of Rs.1696 crore for Energy Conservation for the 12th Plan period. However, during the first two years of the 12th plan only Rs. 53 crore has been utilized. Similarly, under Bureau of Energy Efficiency (BEE) head against the budgetary estimate of Rs. 200 crore and Rs.193.41 crore for the year 2012-13 and 2013-14, the actual utilization has been Rs.58.80 crore and Rs.66.72 crore respectively. The Ministry have assisgned delay in approval/finalization of Schemes as reasons for poor performance. Since, more than two years of the 12th Plan have elapsed, the committee expect that the Schemes relating to the BEE and Energy Efficiency shall soon be finalized by the Ministry. Considering the gap between power supply and demand in the country and the potential of energy conservation & efficiency programs to save power, the Committee desire that the Ministry, besides ensuring optimum utilization of allocated funds, shall expeditiously finalise/approve schemes relating to Energy Conservation & Efficiency.

Reply of the Government

Against a gross budgetary provision of Rs. 2499.91 crore the revised approved budget outlay as per approved SFC/EFC for 12th Plan is Rs. 1327.97 crore for Energy Conservation and Bureau of Energy Efficiency Line of Heads.

EC Conservation

All Schemes under 12th Plan period, being ongoing in nature, have since been approved. The approved outlay after SFC/EFC appraisal is Rs. 894.95 crore. As against this an amount of Rs.69.58 crore has already been spent. The balance provision will be fully utilized during remaining period of the 12th Plan.

Bureau of Energy Efficiency

All schemes under 12th Plan period, being ongoing in nature, have since been approved. The approved outlay by SFC/EFC is Rs. 433.02 crore. Out of this approved outlay, an amount of Rs.110.82 crore has already been spent. The balance provisions will be fully utilized during remaining period of 12th Plan.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Recommendation (Serial No. 7 Paragraph No.2.8)

The Committee note that a scheme for financial restructuring of the State DISCOMs was notified in the year 2012 which was available to all participating State owned Discoms having accumulated losses and facing difficulty in financing operational losses. The scheme had a total outlay of Rs.1,000 crore for the entire 12th Plan. However, later on, the outlay was increased and a provision of Rs.1,500 crore was made for the year 2013-14 only. Now, the Government have provided an outlay of only Rs.400 crore for the current year as no funds could be utilized during the year 2013-14 due to non-filing of claims by the participating States. The Committee believe that the programme, besides restructuring the loan of the Discoms, has the potential to provide further impetus to R-APDRP as reduction of AT&C losses is one of the condition. The condition of reduction of AT&C losses and reducing the gap between average cost of supply and average revenue realized to a certain extent has been laid in the scheme to ensure the sustainability of improved financial condition of the Discoms and to avoid getting their accounts in red again. Since, not many States have shown their willingness to avail the scheme, the Committee desire that the Government may review and widen the scope of the scheme in order to cover more and more Discoms.

Reply of the Government

Under FRP Central Government is required to provide the following grants/benefits to the States/Discoms participating in the Scheme:-

1. **Capital Reimbursement Support :** Grant equal to 25% of liability taken over by the state Government will be provided by the Central Government. The CRS grant under FRP will be given only after the State Govt. takes over the entire 50% eligible STL of the Discom by issuing Special Security and subject to fulfilment of other mandatory conditions envisaged under the scheme.

2. **Grant for loss reduction** : Grant equal to the value of additional energy saved by way of accelerated AT&C loss reduction beyond the loss rajectory specified under RAPDRP will be given by Central Govt. under FRP.

   During FY 2013-14, provision of Rs.1500 crore was made for outlay under Financial Restructuring Plan (FRP) on account of Capital Reimbursement Support (CRS) based upon the phasing pattern of bonds (issued under FRP) submitted by the participating states. The States could not take over the bonds as per the phasing pattern submitted by them and some States have now revised their phasing pattern. Therefore, the grant for CRS could not be released.

   The scheme was available to all State Owned Discoms who were willing to abide by the conditionalities of the scheme. Only Tamil Nadu, Rajasthan, Haryana, Uttar Pradesh, Bihar, Jharkhand, Telangana and Andhra Pradesh agreed to abide by the conditionalities of the scheme/fulfilled the scheme eligibility criteria.

   During a joint review meeting taken by Secretary (P) and Secretary (DFS), it has been decided that committee comprising of Joint Secretaries of M/o Power and DFS a representative each of State Bank of India and Central Bank of India examine the Scheme and suggest modifications to improve the scheme. This Committee had a meeting with T.N., Rajasthan, Haryana and U.P. on 24.2.2015. The States have been asked to submit further information to facilitate suitable decision in the matter. The information is still awaited.

[Ministry of Power OM No.10/04/2014-Budget Date 16 March, 2015]

Recommendation (Serial No. 9 Paragraph No.2.10)

The Committee notes that Plant Load Factor (PLF) of thermal power stations (coal/lignite based) during the year 2013-14 and 2014-15 (up to September 2014) has been 65%. The Ministry have inter-alia assigned reasons for having such a low PLF viz. shortfall in supply of coal, age of power generating unit, etc. Low PLF indicates to sub-optimal utilization of power stations. The Committee, therefore, desire that necessary steps for addressing the issues responsible for low PLF be taken. They also desire that the issues of supply of coal and renovation and modernization of power stations shall be dealt with on priority.

Reply of the Government

The Committee has noted that Plant Load Factor (PLF) of thermal power stations (coal/lignite based)has been of the order of 65 % during the year 2013-14 and 2014-15(up to September 2014).In this regard it may be noted that the PLF from April to December 2014 is 65.09 %. Further, in the current year, during April-December 2014, there was 14.4% growth in coal-based generation over the generation during the corresponding period last year. However, for the year 2014-15, as against domestic coal requirement of 594 Million Tonne (MT), availability of domestic coal was 473 MT only.

In order to ensure adequate availability of coal, the following steps are being taken by the Government:

1. Multi-dimensional efforts are underway by Coal India Ltd to enhance production of domestic coal beyond current year's target.
2. Power Utilities have been advised to import 54 MT coal to bridge the shortfall in domestic coal availability. During the period April- December, 2014, Power Utilities had imported 36.7 MT as against prorata target of 40.5 MT.
3. The availability of coal is being regularly monitored closely at the highest level in the Government.

Also, Renovation & Modernization (R&M) is seen as one of the cost-effective option for getting additional generation from the existing old thermal power stations as well as restoring their rated installed capacity. R&M works are carried out by the concerned state/central power utilities for getting additional power to minimize the gap between demand and supply. For the 12th plan, 135 units with aggregate capacity of 29367 MW have been identified for implementation of R&M works at thermal power stations, 23 units with aggregate capacity of 2630.07 MW have been achieved upto December, 2014 during the 12th Plan so far.

[Ministry of Power OM No.10/04/2014-Budget Date:16 March, 2015]

CHAPTER III

Observation/Recommendation which the Committee do not desire to pursue in view of the Government's reply.

-NIL-

CHAPTER IV

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

Recommendation (Serial No. 4 Paragraph No.2.5)

The Committee note that the Planning Commission has approved an outlay of Rs.35,447 crore for continuing RGGVY in 12th & 13th Plan, out of which Rs.23,397 crore will be met through GBS for the 12th Plan and remaining Rs.12,050 crore would spill over to the 13th Plan. The annual outlay for the current year is Rs.5144.09 crore whereas, the expenditure till August, 2014 is 76.15 crore. The Committee further note that from the year 2011-12 onward, the utilization of funds under the scheme has not been satisfactory. Against the budgetary allocation of Rs.3,544 crore, Rs.4,900 crore and Rs.4,500 crore for the year 2011-12, 2012-13 and 2013-14, the actual utilization has been Rs. 2,237.31 crore, Rs.697.94 crore and Rs.2,938.52 crore respectively. The Committee, therefore, suggest the Ministry to expedite the pace of the scheme and ensure optimum utilization of funds allocated. The Committee, apart from the slow pace of RGGVY, have been raising issues relating to installation of transformers of inadequate capacity, poor quality of materials used in erecting infrastructure, delay in replacement/repair of not working items, inadequate supply of power to villages electrified under the scheme, etc. since long. The Committee were apprised by the Ministry that steps have been taken to address these problems in this regard to 12th Plan projects. The Committee suggest the Government to give further push to the efforts aimed at resolving these issues. They also desire that the endeavor of the Ministry to address these issues need not be limited to 12th Plan projects only but to all the villages covered under the scheme.

Reply of the Governement

The recommendation has been noted and further steps as required will be put in place. However the following steps have been taken for effective implantation of the RGGVY scheme-

f. Government of India has set up an Inter-Ministerial Monitoring Committee under chairmanship of Secretary (Power) which periodically meets to sanction the projects including Revised Cost Estimates, monitor and review the implementation of the Scheme in addition to issuing necessary guidelines from time to time.

g. States have been advised to set up District Committees to monitor the progress of rural electrification works. District committees have been set up in all the states to monitor the progress of rural electrification works. States have also been advised to associate elected representatives including the Member of Parliament in the District Committee.

h. The States have also been requested by MOP to hold monthly meeting under the Chairmanship of Chief Secretary to resolve the bottlenecks, if any, in implementation of RGGVY. State Government have been advised to set up a State Level Standing Committee, headed by the Chief Secretary and consisting of Secretaries of Energy, Rural Development, Finance, Panchayati Raj, Forest, Revenue and a representative of REC etc. to vet the DPR before submitted to REC and also to monitor the progress, quality control and resolve issues relating to implementation of sanctioned projects Viz. allocation of land for substation, right of way, forest clearance, safety clearance etc.

i. Ministry of Power, Government of India as well as Rural Electrification Corporation (REC), the nodal agency for RGGVY, conduct frequent review meetings with all the stakeholders, the concerned State Governments, State Power Utilities and implementing agencies for expeditious implementation of the scheme as per the agreed schedules.

j. Wherever there is delay in forest clearance/Railway clearances etc. requiring inter-ministerial interventions, the matters are taken up with concerned Ministry/Railway Board at different levels to expedite the issue of necessary **clearances**.

As RGGVY has now been subsumed in DDUGJY, there is a provision of appointment of Project Management Agency (PMA) under DDUGJY to assist utilities in project management ensuring timely implementation of the project. 100% grant will be provided by Government of India towards expenditure incurred on Project Management Agency (PMA) as per provision in the DDUGJY scheme.

Optimum utilization of funds allocated:

The funds under RGGVY for the sanctioned projects are released by REC directly to the project implementing agencies as per approved guidelines of RGGVY, after satisfying the conditions specified for release of the particular installments. The releases are delayed if the conditions are not satisfied.

As regards under utilization of fund in previous years, main reasons are as under:

a) Majority of remaining village & BPL Households are in far flung areas
b) Delay in Forest Clearance in Assam, Odisha, Jharkhand & MP.
c) Delay in award of XI plan Phase-II projects especially in UP & Bihar
d) Delay in Railway clearance in Assam, Bihar & Jharkhand
e) Slow progress due to LWE activities particularly in Chhattisgarh
f) CBI investigation in Jharkhand
g) Non-availability of adequate upstream network in Jharkhand.
h) Litigation with contractors in Unnao district of Uttar Pradesh.
i) Local law & order issues in Assam & Meghalaya
j) Border dispute between Assam and Meghalaya
k) Right of Way issues in Jharkhand, Assam, WB and other states

l) Delay in commissioning of sub stations either due to delay in availability of land or lack of upstream network (mainly in Bihar, Jharkhand, Meghalaya, Arunachal Pradesh)

m) Inadequate manpower with SPUs to take over the completed projects

n) While releasing funds to REC the nodal agency, the Ministry has to take into account the fact if unspent balances from earlier releases are lying with the agency.

Installation of transformers of inadequate capacity:

The issue of inadequate capacities of distribution transformers under RGGVY has already been addressed under 12th and 13th plan RGGVY scheme. In XII Plan projects, higher transformers are allowed i.e. 63 KVA, 100 KVA. Under 12th & 13th plan scheme, adequate capacities of distribution transformer are being provided by considering enhanced load of 250W for each BPL household (in place of 40/60 W considered earlier) and 500 W for each APL household(in place of 250 W considered earlier) and load of 1 kW for public places like Panchayat, Schools etc along with the growth rate for next 5 years.

Poor quality of materials:

The projects under RGGVY are subjected to 3 tier quality monitoring mechanism. As per the Information received from REC, the nodal agency of RGGVY, under 12th plan RGGVY, an on-line Monitoring system has also been put in place to monitor the progress including the inspection by Third Party Agency. The quality of materials is being verified by TPIA & RQM.

Delay in replacement/repair of not working items

As the infrastructure created under the scheme has to be handed over to the distribution utilities after completion so the responsibility of maintaining/replacement/ repairing of the infrastructure lies with the concerned distribution utilities.

Inadequate supply of power to villages electrified

As regarding the adequate power supply in the villages, it is the responsibility of distribution licensees to provide reliable & quality power supply to all consumers in their area of operation. However, under RGGVY, prior commitment of the states are obtained before sanction of projects for providing a minimum daily supply of 6-8 hours of electricity in the RGGVY network. State governments have been instructed to maintain sufficient power supply to rural areas at par with urban areas. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th Plans has been subsumed in DDUGJY scheme, approved by Govt of India recently, as a separate rural electrification component.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Comments of the Committee

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

(Recommendation Serial No.8 Paragraph No.2.9)

The Committee noted that there was energy deficit of 4.2% and peak deficit of 4.5% during the year 2013-14. When the Committee desired to know will there be no shortage of energy in the country if the supply is somehow increased by 4.5%, the Ministry stated that these figures are supplied by the Central Electricity Authority (CEA) and they do not have figures of latent demand for energy. Complete statistics helps in policy planning and energy demand/production for the country. The Committee, therefore, desire that the Govt. must compile and consolidate comprehensive statistics taking in to account the latent demand of energy, assuming every person has to be provided at least fair minimum amount of electricity.

Reply of the Government

The energy deficit and peak deficit of 4.2% and 4.5%, respectively during 2013-14 reflects the gap in supply and demand due to scheduled and un-scheduled power cuts imposed by utilities on their consumers not necessarily due to non-availability of adequate power. These power cuts are also at times due to transmission & distribution constraints, and poor financial health of State utilities/Distribution Companies (Discoms) making it difficult for them to purchase power from available resources. The energy not served due to power cuts are estimated figures computed by Distribution Companies (Discoms)/ Area Load Dispatch Centre (ALDC) or State Load Dispatch Centre (SLDC). The energy and peak deficit does not include unconnected consumers. The figures, especially those related to outage of distribution network, are learnt to be under-reported. This is one of the reasons for under reporting of demand-supply gap. If demand supply gap is only on account of shortage of power, then increased availability of power to that extent would eliminate the gap/shortage. However, other factors as mentioned above are also responsible for the demand-supply gap.

Regarding direction of Committee to compile statistics including latent demand, it is to submit that the CEA brings out electricity demand forecast, referred to as “Electric Power Survey”, in consultation with the State governments/Utilities etc. The latent demand is dynamic in nature and it is factored in the demand forecast exercise.

[Ministry of Power OM No.10/04/2014-Budget Date: 16 March, 2015]

Comments of the Committee

(Please *see* Para No. 17 of Chapter I of the Report)

CHAPTER V

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

-NIL-

NEW DELHI
<u>7th August, 2015,</u>
Shravana 16, 1937 (Saka)

DR. KIRIT SOMAIYA
Chairman,
Standing Committee on Energy

APPENDIX-I

MINUTES OF THE THIRTIETH SITTING OF THE STANDING COMMITTEE ON ENERGY (2014-15) HELD ON 5TH AUGUST, 2015 IN COMMITTEE ROOM '139', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1800 hrs. to 1840 hrs.

PRESENT

LOK SABHA

Shri Kirit Somaiya - Chairperson

2 Shri Harish Dwivedi
3 Shri Bhagat Singh Koshyari
4 Dr. Arun Kumar
5 Shri R.P. Marutharajaa
6 Shrimati Krishna Raj
7 Shri Vinayak Bhaurao Raut
8 Shri Devendra Singh alias Bhole Singh
9 Shri Malyadri Sriram
10 Shri Bhanu Pratap Singh Verma

RAJYA SABHA

11 Shri V.P. Singh Badnore
12 Shri Pyarimohan Mohapatra
13 Shri S. Muthukaruppan
14 Dr. K.P. Ramalingam
15 Shri Ananda Bhaskar Rapolu
16 Dr. Anil Kumar Sahani

SECRETARIAT

1.	Shri K. Vijayakrishnan	Additional Secretary
2.	Shri N.K.Pandey	Director
3.	Shri Arun K Kaushik	Director

2. At the outset, the Chairman welcomed the Members and apprised them of the agenda for the sitting. The Committee then took up for consideration the following draft Reports:-

i) 7th Report on 'Energy Conservation' pertaining to the Ministry of Power.

ii) 8th Report on Action Taken by the Government on the recommendations contained in the 1st Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2014-15.

3. After discussing the contents of the Reports in detail, the Committee adopted the aforementioned draft 7th Report with slight amendments. The 8th Report was adopted without any change. The Committee also authorized the Chairman to finalise the above-mentioned Reports and present the same to both the Houses of Parliament in the current Session.

The Committee then adjourned.

APPENDIX-II

(*Vide* Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE 1st REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	09
(ii)	Recommendations/ Observations which have been accepted by the Government:	
	Sl. Nos. 1,2,3,5,6,7 and 9	
	Total:	07
	Percentage	%
(iii)	Recommendations/ Observations which the Committee do not desire to pursue in view of the Government's replies:	
	- Nil -	
	Total:	00
	Percentage	%
(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. 4 and 8	
	Total:	02
	Percentage	%
(v)	Recommendation/ Observation in respect of which final reply of the Government is still awaited:	
	- Nil -	
	Total:	00
	Percentage	00%