

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4724
ANSWERED ON:18.12.2009
POWER SECTOR REFORMS
Hazari Shri Maheshwar

Will the Minister of POWER be pleased to state:

- (a) the salient features of the report of Comptroller and Auditor General (CAG) on power sector reforms;
- (b) whether the Government has taken up any follow-up action to redress the shortcomings in the power sector pointed out in the report;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the time by which the Government is likely to redress these shortcomings?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a): The salient features/recommendations of the report of Comptroller and Auditor General (CAG) on performance audit of Accelerated Power Development and Reforms Programme (APDRP) are as follows:

States re-orient their efforts towards reduction of AT&C Loss;

Independently verify the authenticity of reported AT&C Losses;

Minimize the extent of billing/metering done on assessment basis;

SEBs / Utilities complete 100 per cent feeder, DT and consumer metering;

Such metering data is fully validated in an independent fashion;

Funds for APDRP projects are released only after 100 percent metering is validated;

States carry out effective energy accounting and audit at the feeder and DT levels, and necessary pre-requisites for such auditing and accounting e.g. 100 percent system and consumer metering, regular/automated system meter reading and reconciliation and consumer indexing and other IT enabling activities are implemented;

In order to have a comprehensive monitoring of the programme, the MOP should monitor together the release of funds and progress on a project-by- project basis;

Ministry should ensure that the separate identity of APDRP funds is maintained, and that separate accounts are opened not only by the State Government but also the SEB/Utility concerned; and

States comply with the letter and spirit of the MOA and ensure target- based accountability at the Distribution circle and feeder level.

(b) to (d): In view of the audit recommendations, Accelerated Power Development and Reforms Programme (APDRP) for XI Plan has been revamped. Focus of the revamped APDRP for XI Plan is on AT&C loss reduction on sustainable basis through systematic measures. Assistance to State Power Utilities under the revamped APDRP for XI Plan has been linked to performance duly verified by independent agency. It is necessary for state power utilities to establish the system for base line data, system metering and IT applications for energy accounting / auditing first under the Part-A of the programme. Funding to the state power utilities for the Part-A is in the form of loan. The loan shall be converted to grant once the establishment of the required IT enabled base line data system for energy accounting / auditing is achieved and verified by an independent agency. The system strengthening & up-gradation projects are to be taken up under the Part-B of the programme. Funds for Part-B will also be provided initially as loan. The conversion of 50% (90% for special category states) of loan to grant will take place on reaching and maintaining the target of 15% AT&C losses in the programme areas. The conversion of loan to grant will take place on third-party verification that the AT&C losses are maintained below 15% in the programme area. Power Finance Corporation (PFC) has been designated as Nodal Agency for operationalisation of R-APDRP. Progressive funds under the programme will be disbursed to State Power Utilities in separate account through nodal agency.