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STANDING COMMITTEE ON ENERGY

(2022-23)

SEVENTEENTH LOK SABHA

MINISTRY OF POWER

[Action taken by the Government on the recommendations contained in the Twenty-Sixth Report (17th Lok Sabha) on Review of Power Tariff Policy – need for uniformity in tariff structure across the country]

THIRTY-SECOND REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2022/Agrahayana, 1944 (Saka)

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[*Action taken by the Government on the recommendations contained in the Twenty-Sixth Report (17th Lok Sabha) on Review of Power Tariff Policy – need for uniformity in tariff structure across the country*]

Presented to Lok Sabha on – 20/12/2022
Laid in Rajya Sabha on – 20/12/2022

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* *Nominated as Member of the Committee w.e.f. 4th November, 2022.*

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Thirty-Second Report on the action taken by the Government on the recommendations contained in the Twenty-Sixth Report (Seventeenth Lok Sabha) of the Standing Committee on 'Review of Power Tariff Policy – need for uniformity in tariff structure across the country' pertaining to the Ministry of Power.

2. The Twenty-Sixth Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 2nd August, 2022 and was laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 25th October, 2022.

3. The Report was considered and adopted by the Committee at their sitting held on 15th December, 2022.

4. An Analysis on the action-taken by the Government on the recommendations contained in the Twenty-Sixth Report of the Committee is given at Appendix-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

New Delhi
December, 2022
Agrahayana, 1944 (Saka)

Jagdambika Pal,
Chairperson,
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 Twenty-Sixth Report (Seventeenth Lok Sabha) on the subject 'Review of Power Tariff Policy – need for uniformity in tariff structure across the country'.

2. The Twenty-Sixth Report (Seventeenth Lok Sabha) was presented to the Lok Sabha on 2nd August, 2022 and was laid in Rajya Sabha on the same day. The Report contained 12 Observations/Recommendations.

3. Action taken replies in respect of all the Observations/Recommendations contained in the Twenty-Sixth Report were received on 25th October, 2022. These have been categorized as follows:

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

Serial Nos. 1,2,3,4,5,6,7,8,9, 11 and 12

Total - 11
Chapter-II

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

- Nil - Total - 00
Chapter-III

(iii) Observation/Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration:

Serial No. 10 Total–01
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 statement on the Observations/Recommendations contained in Chapter-I of this Report may be furnished to the Committee within three months of its presentation.

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

<u>Rationalization of Tariff</u>

(Recommendation Sl. No.1)

6. The Committee, in their Original Report, had recommended/observed as under:

> "The Committee note that Electricity in India is under the concurrent list of the Constitution at entry number 38 in the List III of the Seventh Schedule of the Constitution of India and is administered both by the Central and the State Governments. The Electricity Act, 2003 is currently the legislation governing the Indian Electricity Sector. The Electricity Act, 2003 provides the Central Government to publish the National Electricity Policy and Tariff Policy, for the development of the power system based on optimal utilization of resources. The Tariff Policy is meant to provide guidance to Regulators in tariff fixation. The Committee have an intention to make the power tariff not only affordable for each and every citizen of the country but also make the system of power tariff simple, transparent and accountable.
>
> The Committee observe that the cost of supply of electricity to the consumer primarily consists of generation, transmission and distribution costs. The Committee also note that there is a great variation in generation cost as well as the installation cost of power plants depending on their source, fuel, location, etc. DISCOMS have made long term Power Purchase Agreements (PPAs) with multiple power generators at various rates (fixed as well as variable cost) as per their demand and regulation obligations such as Renewable Purchase Obligation (RPO). Therefore, the power procurement cost by the DISCOMS varies greatly. Further, due to inherent considerations of distance, direction and quantum, in the present mechanism for transmission of electricity i.e. Point of Connection (PoC) charges vary for different injection/ drawal points. Thereon, O&M Expenses, AT&C losses and other charges are added to the power procurement cost to arrive at the Average Cost of Supply (ACoS) of any DISCOM. The Committee are also apprised that at the distribution level, since electricity is a concurrent subject, States have the right to decide the tariff across the categories of consumers, keeping in view the socio-economic conditions of their consumers
>
> and the State Government policies. The States with a view to provide lower power tariff to marginalized/ poor consumers use cross-subsidy as a tool. Also, many States have created a large number of consumer tariff categories/slabs, in some cases, the number is as high as 93.
>
> The Committee, therefore, cannot but conclude that the present power tariff structure being very complex and varied, as such there is a great need for rationalization of various key components of power tariff. The Committee also

understand that having a uniform tariff across the country at present or in one go would be very difficult. However, the Committee are of the opinion that the Ministry should take concrete steps in the direction of rationalization of tariff structure. Keeping in view that the subject is under the concurrent list of the Constitution, the Central Government should undertake comprehensive discussions with the State Governments to address their concerns in this regard so that this desired goal is achieved at some point without pitfalls.”

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

“The tariff determination is done by the Appropriate Commission as per the provisions of the Electricity Act, 2003 and the Tariff Policy. Section 62(3) of the Electricity Act, 2003 provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, the retail tariffs are determined by the State Commissions.

Section 61(g) of the Electricity Act, 2003 provides that the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act which inter-alia requires State Governments to compensate Discoms for the same.

Government is promoting competition through Power Exchanges. The uniform tariff is discovered on the Power Exchanges for a specific time block of the day. Accordingly, to this extent, for the power procured by the distribution utilities from Power Exchanges the price of electricity remains uniform, except in case of market splitting. The proposed Market Based Economic Despatch (MBED) mechanism is a step towards a uniform price throughout the country. The implementation of phase -1 of MBED is under process by CERC.

The need for simplification and rationalization of tariff structure has been recognized by the Government. In order to simplify the tariff structure, following is proposed in the revised draft Tariff Policy, which is presently under the consideration of the Government:

a) The price of electricity should be based on cost of supply of electricity which primarily depends on voltage of supply, connected load and energy consumed.

b) No individual category/subcategory shall be prescribed for temporary supply. Such supply may be provided at fixed multiple of cost of supply for that category.

c) The fixed charge component in the tariff should progressively reflect the actual share of fixed cost in the revenue requirement of Distribution licensees.

d) In order to achieve the simplified categorization, the process of merging of existing categories/ sub-categories and slabs shall be carried out progressively.

e) In addition, a separate category for EV charging stations, may be created, if required.

The committee report on the rationalisation of tariff had also been shared with all the States. As per the Act, the State Commission is mandated to rationalise the tariff. The Forum of Regulators is also required to bring in the consensus among the State Commissions.

8. The Committee are happy to note that the Ministry of Power has seriously recognized the need for simplification and rationalization of tariff structure and in order to simplify the tariff structure, there are several proposals in the revised draft Tariff Policy, which is presently under the consideration of the Government. Moreover, the Committee Report on the rationalisation of tariff had also been shared with all the States. The Committee also believe that the role of the Forum of Regulators is crucial in bringing the consensus among the State Commissions in this regard. The Committee expect that the Ministry, inter alia, would also utilize the platform of the Forum of Regulators for this purpose and a revised Tariff Policy will be finalized soon with consensus.

Power Purchase Agreements (PPAs)

(Recommendation Sl. No.4)

9. The Committee, in their Original Report, had recommended/observed as under:

"The Committee note that the Electricity Act, 2003 specifies the duties of DISCOMS by which they are obligated to fulfil the electricity requirements and demands of consumers. The Committee also concur with the view that maintaining the sanctity of contracts is one of the main pillars which attracts the confidence of both buyer and seller and is fundamental to bring investment into the sector. Re-negotiation of PPAs unless mutually decided by the contracting parties is not desirable as it sends adverse signals to future investment. The Committee further note that approximately 90% of the electricity demand of the DISCOMS are met through long term Power Purchase Agreements (PPAs). PPAs are entered into between the generating companies and the load-serving entities. The PPAs are commercial in nature and mutually agreed by the parties and are binding on them. The Committee are also aware that the major chunk of any DISCOM's cost is the power purchase cost and there are States/DISCOMS which have made PPAs at very high rates from the current market price and this situation is putting a lot of pressure on their financial performance. In Committee's views if the same is rationalized it would immensely help in making power tariff affordable for the end consumers. Moreover, for having a uniform power tariff across the country, the States will have to end the long-term PPAs with the power generating companies. The Committee, therefore, desire that in case both the parties agree, there should be a provision of review/renegotiation of the PPAs. Further, the Committee also desire that gradually as and when the PPAs expire, they can be pooled. The Central Government should examine this matter and if required, provide all possible assistance to the stakeholders so that instead of a zero-sum game it becomes a win-win situation for the concerned parties."

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

"Ministry of Power has already issued advisory to the State Governments conveying that in view of the settled position of law, it is evident that once a binding contract has been entered, neither party can resile from the same nor the Hon'ble Court can alter any of the terms of the contract that has been mutually agreed inter se parties. Further, it was also advised that the Appropriate Commission should strictly adhere to and ensure compliance of the above settled principles to ensure sanctity of concluded contracts/ PPAs, which, essentially, is the foundation for ensuring the growth of Indian electricity sector.
It may be mentioned that any contract generally has provision for its amendment subject to mutual agreement. With the objective of improving financial health of distribution licensees and better utilisation of generation resources in the country, Guidelines were issued by Ministry of Power, in March, 2021, giving option to the states to exit from the PPA from Central Generating Stations, on the completion of the period of the PPA. The generators have been allowed to sell this power in market. These guidelines will ease financial burden on Distribution Company by obviating obligation of payment of fixed charges, even without utilising the capacity and will increase availability of power in market, ensuring optimum utilisation of generation capacity. This step is in line with transition towards shorter terms of PPAs and it will usher a new era in development of power market.
Further, a scheme for pooling of power from the generating stations completing 25 years is under consideration in the Ministry of Power. The proposed scheme would benefit the Discoms in terms of reduction of fixed cost liability and at the same time will facilitate optimum utilisation of power plants and availability of more power in the grid to meet the demand. The amendment in Model Power Purchase Agreement is under consideration of the Ministry of Power, wherein, long term tenure would be reduced from 25 years to 12-15 years. Further, DISCOMs should also endeavour to have a judicious mix of long, medium and short term contracts depending on its requirement.
Government of India have taken the following steps to reduce the cost of power generation and resultant reduction in cost of electricity to consumers:
(i) The Government in May, 2016 allowed flexibility in utilization of domestic coal by State/Central Gencos amongst their generating stations to reduce the cost of power generation by allocating more coal to their most efficient plants as well as by saving in transportation cost. The States may also transfer their linkage coal to IPPs selected through bidding process and take equivalent power.
(ii) Rationalization of linkage sources of State/Central Gencos and IPPs with a view to optimize transportation cost has been allowed.
(iii) The Government has introduced the SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)-2017 Scheme to provide coal

linkages to the power plants which do not have linkage, thus helping the generators to get cheaper coal and thereby reduction in cost of generation.

(iv) A Merit Order Despatch System has been put in place for Inter State Generating Stations under which electricity from more efficient/lower cost plant are despatched first."

11. The Committee observe that as desired by them the need of pooling of power has been felt and a scheme for pooling of power from the generating stations completing 25 years is under consideration in the Ministry of Power. Simultaneously, the amendment in Model Power Purchase Agreement is also under consideration of the Ministry of Power, wherein, long term tenure would be reduced from 25 years to 12-15 years. The Committee believe that these are steps in the right direction, as it would benefit the Discoms in terms of reduction of their fixed cost liability and, at the same time, will facilitate the optimum utilisation of power plants and the availability of more power in the grid to meet demand. The Committee, therefore, expect the Ministry to expeditiously finalize the proposals in this regard keeping in view the needs and demands of the Generators and the Discoms.

Power Exchanges

(Recommendation Sl. No.5)

12. The Committee, in their Original Report, had recommended/observed as under:

"The Committee observe that the Power Exchanges in the country harbinger the possibility of having a uniform tariff across the country. The Committee are also of the opinion that for ushering a new era of competition and rationalization of power tariff of power generation of various sources, an efficient, neutral and transparent system of power exchanges would be required. However, at the same time, the Committee also find that at present the power procured through power exchanges is less than 5% of the total electricity generated in the country which fulfill the power demand of DISCOMS in short term. The Committee also concur with the view that the price of electricity being traded is not cheaper than the average power purchase cost, all the time. Many times, distress bid is put by generating stations so as to keep the plant running at a technical minimum, therefore, the rate therein may not be the true indicator. Also, it is usually observed that other than monsoon and lean demand period, the rate in the Power Exchanges increases due to the increase in overall buy volumes. Moreover, the power exchange prices are determined at the Regional Periphery and hence, do not reflect the cost of transmission.

During the course of detailed discussion, the Committee have found that most of the stakeholders are not averse to the idea of price discovery through Power

Exchanges in a fair manner. The Committee also observe that since most of the power demands of DISCOMS are tied with long term PPAs, there is little scope for further growth in the trading volumes of Power Exchanges. However, in future, power exchanges may play a bigger role once the utilities are liberated from the commitment of long term PPAs. The Committee, therefore, recommend that the Government should ensure that the Power Exchange system in the country develops in a manner that encourages competition in the market leading to an increase in the overall efficiency of the power system. They also desire that there should be an adequate number of Power Exchanges to rule out any monopoly in this regard. Also, stringent regulation needs to be made and strictly enforced to avoid any gaming or malpractice in power exchanges, which would be detrimental to consumer interest."

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

"Section 66 of the Electricity Act, 2003 provides for development of Power Market. The Central Electricity Regulatory Commission (CERC) evolved an enabling framework for operation of power exchanges through its Power Market Regulations. Earlier, there were two power exchanges in the country namely IEX (Indian Energy Exchange) and PXIL (Power Exchange of India Limited). With a view to promoting competition in the Power Market CERC through its Order dated 12.05.2021 granted registration to the third power exchange of India namely, Hindustan Power Exchange Limited (HPX). HPX has commenced the operations w.e.f 06.07.2022. The Power Exchanges operating as on date include IEX, PXIL and HPX. The Power Market Regulations, 2021 have made elaborate provisions to ensure that the Power Exchanges operate in a fair and transparent manner.

The buyers and sellers choose a particular power exchange platform based on their requirements with products available on Term-Ahead Market, Day-Ahead Market and Real-Time Market segments. Market oversight is required to maintain the market integrity and credibility and to ensure that the market is fair and efficient. The Central Commission has always accorded importance to transparency in functioning of the Power Exchanges. It has been enshrined in the Power Market Regulations that a Power Exchange shall function with the objective to ensure fair, neutral, efficient and robust price discovery. The Power Exchanges are required to comply with the provisions of the Regulations and their status of compliance is monitored regularly. The Market Monitoring Cell (MMC)of the Central Commission has been monitoring the market operations including in the power exchanges at regular intervals, through its monthly & annual market monitoring reports.

Since power exchanges work under oversight of Central Electricity Regulatory Commission (CERC) and majority of volume under various category of products available on power exchanges is cleared through double side bidding, number of power exchanges working is not an area of concern. In fact, in its market regulations, CERC has covered possibility of coupling of power exchanges so that one price is discovered in all the power exchanges.

New products like G-DAM and G-TAM have been launched in Power Exchanges to deepen the green market and to provide competitive price signals, besides offering an opportunity to the market participants to trade in green energy, in the most transparent, flexible, competitive, and efficient manner.

The steps like implementation of Market Based Economic Despatch (MBED) and the proposed schemes of pooling of power after completion of 25 years of Generating Stations would facilitate the enhanced transaction through power exchanges.

A committee has been constituted under Secretary (Power) with the objective to prepare a roadmap for power market development in the country."

14. The Committee are happy to note that Hindustan Power Exchange Limited (HPX), the third power exchange of India, has commenced operations w.e.f 06.07.2022. The Ministry have further stated that new products like G-DAM and G-TAM have been launched in Power Exchanges to deepen the green market and to provide competitive price signals, besides offering an opportunity to the market participants to trade in green energy in the most transparent, flexible, competitive, and efficient manner. Also, a committee has been constituted under the Secretary (Power) to prepare a roadmap for power market development in the country. Nonetheless, the Committee would like to emphasize that, while preparing the roadmap, it should be ensured that the system of Power Exchanges evolves in such a manner that it facilitates the optimum utilization of resources in the power system fairly and transparently. For healthy competition and the desired growth of the sector, the interests of all the players need to be protected.

Pooling of Power

(Recommendation Sl. No.6)

15. The Committee, in their Original Report, had recommended/observed as under:

"The Committee note that the country has a total generation installed capacity to the tune of 3,88,848 MW, whereas, the average peak demand hovers around 1,70,000 MW. The Plant Load Factor in respect of coal and lignite based power plants was 53.37% during the year 2020-21. Such power plants under State Sector had a PLF of 44.68% during the same period. This shows the extent of the underutilization of those power plants. Some DISCOMS have raised the issue that since Solar is the daytime power and have a 'must run' status; they have to surrender some of the power of the conventional generators to accommodate renewable power. This attracts payment of fixed charges on DISCOMS. The Committee also note that the RPO trajectory which is being laid down by the Regulatory Commission is not being adhered to by the distribution companies. Moreover, the Committee are aware that the cost of installation as well as power generation, vary greatly from plant to plant and source to source. The

Committee are also aware that Renewable Energy which is intermittent, needs balancing power from other sources for the stability of the Grid and a need for bundling of power is thus being felt for the firm supply of power. Some sources of power such as Hydropower have a higher initial cost and are also difficult to develop; however, once they are commissioned and fully depreciated, they are an excellent source of clean and cheap energy.

The Committee, therefore, are of the opinion that there should be an ideal mix of power basket not only to get clean, reliable and affordable power but also to optimize the generation resources. In Committee's view there is a need to develop a mechanism to ensure that the power sector develops in a desired manner having an ideal mix of power generation from various sources, and also the resources are utilized optimally. It is also desirable that there should be some strategic planning to reap gains in the long run. The Committee, therefore, desire that the Government should constitute an Expert Committee to examine as to how the pooling of power at the Central level could be done and incentivized to ensure an ideal mix of energy and provide electricity to all the States and UTs at an uniform rate.

The Committee note that 'Merit Order Dispatch' of electricity by the load dispatch centres through 'Security Constrained Economic Dispatch' so far has indicated optimization of the generation across the country thereby reducing the production cost. The Committee also note that to help reduce electricity cost for consumers, the Central Government is planning for the implementation of 'Market-Based Economic Despatch' (MBED) from 01.04.2022 on a limited scale. The Committee understand that this would ensure a single price in a given time slot for all buyers in that time slot and would be a step forward toward One Nation - One Tariff. The Committee hope that MBED will certainly ensure that the cheapest resources across the country are dispatched to meet the overall system demand and facilitate annual savings and desire that if this mechanism proves effective, it should be made more encompassing by including all other power generating companies and be implemented in a phased manner. Further, the Committee also desire that to maximize the gains from such a mechanism the fuel allocation should be streamlined on the basis of plant efficiency and optimum utilization of pit head plants."

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

"Resource Adequacy (RA) framework is needed to ensure inter-alia optimum and least cost power procurement. Resource adequacy is aimed at ensuring availability of adequate resources to reliably meet the projected demand in compliance with specified reliability standards for serving the load with optimum generation mix. Given the current focus on integration of environmentally benign technologies, the RA framework is also required to take into account the need, inter alia, for flexible resources, storage systems for energy shift and demand response measures for managing the intermittency and variability of renewable energy sources. Central Electricity Authority is preparing Resource Adequacy Guidelines for the country.

CERC has published the draft amendment Indian Electricity Grid Code (IEGC) which also provides Resource Adequacy Planning.

Central Electricity Authority has carried out "Optimal generation capacity mix studies for the year 2029-30". The objective of the study is to find out the least cost optimal power generation capacity mix, which may be required to meet the peak electricity demand by the year 2029-30.

According to section 3(4) of the Electricity Act, 2003, Central Electricity Authority has been mandated to prepare a National Electricity Plan (NEP) in accordance with the National Electricity Policy and notify such plan once in five years. As mandated by the Act and the Policy, CEA has prepared the fourth draft National Electricity Plan covering review of capacity addition during 2017-22, short term detailed plan for the period 2022-27 & perspective Plan for the period 2027-32.

With the objective of Redesigning of present market mechanism for lowering the cost of power purchase to Consumers, Framework for Implementation of Phase1 of Market Based Economic Despatch (MBED) wherein mandatory participation by Central Generating Stations and voluntary participation by other generators, has been envisaged. The Phase-1 of MBED is under implementation by CERC.

The pilot on Security Constrained Economic Despatch (SCED) has been extended by CERC until further orders vide its order dated 31st March 2022. Operation of SCED at national level has resulted in reduction of generation cost to the tune of₹ 2255 crore from its inception in April 2019 till July 2022."

17. It is a matter of satisfaction for the Committee that the operation of Security Constrained Economic Despatch (SCED) at national level has resulted in reduction of generation cost to the tune of Rs. 2,255 crore from its inception in April 2019 till July 2022. The Committee also appreciate the fact that the Central Electricity Authority is preparing Resource Adequacy Guidelines for the country to ensure inter-alia optimum and least cost power procurement. Although generation is a de-licenced activity, the Committee are of the view that the optimum utilization of generation resources would not only make the power system robust and efficient but also help in making power affordable for the end consumers. As desired by the Committee, to ensure that the cheapest resources across the country are dispatched to meet the overall system demand and facilitate annual savings, Phase-I of Market Based Economic Despatch (MBED) is under implementation by Central Electricity Regulatory Commission (CERC) wherein there is mandatory participation by Central Generating Stations and voluntary by other generators and the Committee hope that the Committee would be apprised about the efforts, the outcome and future planning in this regard.

Feeder Separation

(Recommendation Sl. No.10)

18. The Committee, in their Original Report, had recommended/observed as under:

"The Committee note that the Feeder Separation is one of the important works to supplement the goal for providing 24x7 uninterrupted power supply and in improving the AT&C loss in the DISCOMS /Power Departments. The Committee are aware that under Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), there is a component for separation of agriculture and non-agriculture feeders. The feeder separation involves the separation of predominantly existing mixed category feeders (which supply electricity to all types of consumers including agriculture consumers) into agriculture and non-agriculture feeders.

In regard to the status of feeder separation in the country, the Ministry of Power have stated that there are about 1,64,057 Rural feeders in the country. And out of these, a total of 62,193 Feeder (37.91%) are under Agriculture category. They have also stated that 4,697 Feeders have been separated under the ongoing DDUGJY scheme as on 31.12.2021. These agriculture feeders are the separated feeders with predominantly agriculture consumers. There are balance of 166 feeders under DDUGJY as on 31.12.2021 which are under reconciliation. They have further stated that the separation of Feeders is a dynamic process to be carried out by States/DISCOMS. The Committee find that the separation of feeders will facilitate DISCOMS to supply electricity to the agriculture sector without interrupting quality and reliable power to domestic consumers. The Committee, therefore, are of the view that this system would benefit consumers as well as DISCOMS, as the agriculture sector may get power at a supportive rate and the State Governments/DISCOMS may rationalize their power procurement cost by resorting to Demand Side Management (DSM). The Committee, therefore, recommend the Government to proactively engage with the States to assess the quantum of work that needs to be undertaken under feeder separation by doing Cost-Benefit Analysis, encouraging them to execute it expeditiously and complete the process within a fixed timeline."

19. The Ministry, in their action taken reply, have stated as under:

"Government of India launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in December, 2014 for various rural electrification works including separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure, metering at distribution transformers/feeders/consumers and electrification of villages across the country. Works including feeder Segregation works covering 1,12, 754.67(CKm) have been completed and the scheme has been closed as on 31.03.2022.

Further, under Revamped Distribution Sector Scheme (RDSS), agriculture feeders segregation works covering 208,522 (Ckms) have already been sanctioned. More Feeder Segregation works shall be sanctioned as and when the States and their DISCOMs pose their DPRs to the Ministry of Power. All the agriculture feeders are proposed to be metered using communicable smart feeder meters in accordance with the Scheme guidelines. ln this respect, it is also mentioned that under RDSS, convergence with the KUSUM scheme is also envisaged wherein the agricultural feeders, once segregated, shall also be solarised, which would help in reducing the subsidy burden of the States on electricity used for Agriculture."

20. The Committee while recognizing the benefits of feeder separation, had specifically recommended the Government to proactively engage with the States to assess the quantum of work that needs to be undertaken. The Ministry, in their reply, have stated that feeder segregation works covering 2,08,522 km have already been sanctioned. However, their reply is silent about any assessment of the remaining work pertaining to feeder separation or even any attempt being made in this regard. The Committee are of the view that in the absence of assessed quantum of work to be undertaken, its expeditious and time bound execution would be very difficult. The Committee, therefore, reiterate their recommendation. The Committee believe the Ministry would provide the related data, at least in approximation, by discussing the same with the concerned States, at the time of furnishing the final replies in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1)

The Committee note that Electricity in India is under the concurrent list of the Constitution at entry number 38 in the List III of the Seventh Schedule of the Constitution of India and is administered both by the Central and the State Governments. The Electricity Act, 2003 is currently the legislation governing the Indian Electricity Sector. The Electricity Act, 2003 provides the Central Government to publish the National Electricity Policy and Tariff Policy, for the development of the power system based on optimal utilization of resources. The Tariff Policy is meant to provide guidance to Regulators in tariff fixation. The Committee have an intention to make the power tariff not only affordable for each and every citizen of the country but also make the system of power tariff simple, transparent and accountable.

The Committee observe that the cost of supply of electricity to the consumer primarily consists of generation, transmission and distribution costs. The Committee also note that there is a great variation in generation cost as well as the installation cost of power plants depending on their source, fuel, location, etc. DISCOMS have made long term Power Purchase Agreements (PPAs) with multiple power generators at various rates (fixed as well as variable cost) as per their demand and regulation obligations such as Renewable Purchase Obligation (RPO). Therefore, the power procurement cost by the DISCOMS varies greatly. Further, due to inherent considerations of distance, direction and quantum, in the present mechanism for transmission of electricity i.e. Point of Connection (PoC) charges vary for different injection/ drawal points. Thereon, O&M Expenses, AT&C losses and other charges are added to the power procurement cost to arrive at the Average Cost of Supply (ACoS) of any DISCOM. The Committee are also apprised that at the distribution level, since electricity is a concurrent subject, States have the right to decide the tariff across the categories of consumers, keeping in view the socio-economic conditions of their consumers
and the State Government policies. The States with a view to provide lower power tariff to marginalized/ poor consumers use cross-subsidy as a tool. Also, many States have created a large number of consumer tariff categories/slabs, in some cases, the number is as high as 93.

The Committee, therefore, cannot but conclude that the present power tariff structure being very complex and varied, as such there is a great need for rationalization of various key components of power tariff. The Committee also understand that having a uniform tariff across the country at present or in one go would be very difficult. However, the Committee are of the opinion that the Ministry should take concrete steps in the direction of rationalization of tariff structure. Keeping in view that the subject is under the concurrent list of the Constitution, the Central Government should undertake comprehensive discussions with the State Governments to address their concerns in this regard so that this desired goal is achieved at some point without pitfalls.

Reply of the Government

The tariff determination is done by the Appropriate Commission as per the provisions of the Electricity Act, 2003 and the Tariff Policy. Section 62(3) of the Electricity Act, 2003 provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, the retail tariffs are determined by the State Commissions.

Section 61(g) of the Electricity Act, 2003 provides that the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act which inter-alia requires State Governments to compensate Discoms for the same.

Government is promoting competition through Power Exchanges. The uniform tariff is discovered on the Power Exchanges for a specific time block of the day. Accordingly, to this extent, for the power procured by the distribution utilities from Power Exchanges the price of electricity remains uniform, except in case of market splitting. The proposed Market Based Economic Despatch (MBED) mechanism is a step towards a uniform price throughout the country. The implementation of phase -1 of MBED is under process by CERC.

The need for simplification and rationalization of tariff structure has been recognized by the Government. In order to simplify the tariff structure, following is proposed in the revised draft Tariff Policy, which is presently under the consideration of the Government:

a) The price of electricity should be based on cost of supply of electricity which primarily depends on voltage of supply, connected load and energy consumed.
b) No individual category/subcategory shall be prescribed for temporary supply. Such supply may be provided at fixed multiple of cost of supply for that category.
c) The fixed charge component in the tariff should progressively reflect the actual share of fixed cost in the revenue requirement of Distribution licensees.
d) In order to achieve the simplified categorization, the process of merging of existing categories/ sub-categories and slabs shall be carried out progressively.
e) In addition, a separate category for EV charging stations, may be created, if required.

The committee report on the rationalisation of tariff had also been shared with all the States. As per the Act, the State Commission is mandated to rationalise the tariff. The Forum of Regulators is also required to bring in the consensus among the State Commissions.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Comments of the Committee
(Please see Para No. 8 of Chapter – I of the Report)

Recommendation (Sl. No. 2)

The Committee note that the focus of the Tariff Policy 2016 is on 4 Es: Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future, Ease of doing business to attract investments and to ensure financial viability. The Committee find that the goal of 'Electricity for all' has been successfully achieved. In regard to Efficiency to ensure affordable tariffs, the Committee are of the view that in this context much more is needed to be done. The Country has a total installed capacity of 3,88,848 MW, whereas the peak demand so far has been about 2,00,000 MW. The PLF of Coal & Lignite based power plants in the country during the year was 53.37%. The under-utilization of such power plants leads to the payment of fixed cost by the DISCOMS which is ultimately passed on to the end consumers. The Aggregate Technical and Commercial (AT&C) losses in the country is still about 21% which needs to be brought down in a time-bound manner and the benefit accrued thereon should be passed on to the consumers in the form of lower tariff.

The Committee also hope that on the front of 'Environment for a sustainable future', there have been sincere efforts by the Central Government by focusing on installation of more and more renewable energy and committing a target of 500 GW by the year 2030. However, it is also a fact that the coal-based thermal power is the mainstay of the power sector in the country and will remain so at least during the present decade. As there is no dearth of indigenous coal in the country, the Committee are of the view that the endeavour of the Government should be maximum utilization of coal-based thermal plants in the country by restricting their emission by various interventions including the use of carbon capture technology. Also, the source and supply of coal to these power plants needs further rationalization to bring down the generation cost. The Committee are of the view that much has been done by the Government for 'Ease of doing business' to attract investments and to ensure financial viability, nonetheless, the issue of financial viability in the distribution sector still persists. The total loss of distribution utilities for the year 2019-20 stands at Rs. 74,914 crore. Their revenue gap without the UDAY grant and Regulatory Income was Rs. 0.60/kWh during the year 2018-19.

In view of the foregoing, the Government should suitably amend the present Tariff Policy not only to enable it to cater to the needs of the changed scenario but also to achieve its unaccomplished goals particularly in connection with the efficiency to ensure affordable tariff, rationalization to bring down the generation cost and financial viability in the distribution sector.

Reply of the Government

Tariff Policy 2016 already provides that barring some exception future procurement of power and transmission service is to be done through competitive bidding. This automatically bring in efficiency and leads to reduction in tariff. Ministry of Power has also framed Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 and Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 which will also help in ensuring financial viability of generating and transmission companies. In so far as distribution sector is concerned, Government had launched UDAY for the Financial Turnaround of Power Distribution Companies.

Government has announced Revamped Distribution Sector Scheme (RDSS) in July 2021 with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector in the country. The scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.

Tariff Policy is proposed to be revised which would inter-alia have following objectives:

(1) Promote competition, efficiency in operations and improvement in quality of supply;

(2) Ensure financial viability of the sector and attract investments;

(3) Promote generation of electricity from renewable sources as a green activity;

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 3)

The Committee note that as per Tariff Policy, Two-Part Tariff Structure comprising fixed and variable charges has been adopted for power procured under medium and long term contracts by DISCOMS from Generating Stations. The fixed charges are reflective of capital investments and are paid based on the availability of the power station. The variable charges are the cost of fuel used for the generation of electricity. The Committee observe that various States have been raising the issue that they have to pay a big amount as a fixed cost in the event of non-utilization of power stations. Also, they have raised the issue that 15.5% of Return on Equity is too high and does not match the present low interest regime. The Committee also note that at the distribution tariff level the fixed cost component is not being recovered fully. The Committee do understand that the principal objective of the tariff policy is to essentially attract adequate investments in the power sector by providing an appropriate return on investment; nonetheless, they also believe that it should also not be aloof to the changed scenario. The Committee understand that in regard to the fixed charge component of the power plant, there is no escape from it, however, they desire that the Government should earnestly explore avenues and come out with solutions to reduce its burden on DISCOMS, including ensuring optimum utilization of the generation resources.

Reply of the Government

The tariff determination is done by the Appropriate Commission as per the provisions of the Electricity Act, 2003 and the Tariff Policy. Section 61(g) of the Electricity Act, 2003 provides that the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

The Central Commission has introduced the pilot of Security Constrained Economic Despatch (SCED) with a view to ensuring optimization of generation resource at national level. The prime driver behind the pilot is to explore the scope of optimization and therefore the possibility of minimizing the system cost without major structural changes in the existing system. The pilot optimises the injection from generating resources with the objective of minimization of production cost, after the beneficiaries submit their last revision i.e. seven to eight blocks before the actual dispatch of power. The optimisation of generation has been achieved by creating a merit order by dispatching cheaper generating station after duly factoring in technical constraints such as technical minimum, maximum generation, ramping constraints, transmission constraints etc. Thus, optimisation at national level is achieved by increasing the lower variable cost pithead generation while reducing the higher variable cost generation participating it the pilot. Around 50 generating stations have been participating in the pilot having 120 generating units and capacity of around 53, 000 MW in the country. Till now more than three years of implementation of the Pilot have shown that the pilot has facilitated the ease of generator's operations. Since its inception in April 2019, SCED has resulted in reduction of variable cost of generation by more than ₹ 2000 crore.

The fact that at distribution level, fixed costs component is not being reflected in retail tariff has been recognized.

To reduce burden of discoms, government is actively considering measures to increase volumes in competitive markets. Further, the scheme of bundling RE power with conventional generation will also lead to reduction in revenue outgo of discoms due to sharing of benefits. RoE for tariff determination is under the jurisdiction of Appropriate Commissions. However, in order to make the project viable, developers in the hydro sector are willing to accept less Return on Equity on case to case basis. Fixed charges liability of the DISCOMs arise out of contractual obligations under PPA which need to be honoured. However, DISCOMs may undertake optimal resource adequacy planning so that they are not burdened with excess capacity charges.

With the objective of improving financial health of distribution licensees and better utilisation of generation resources in the country, Guidelines were issued by Ministry of Power, in March, 2021, giving option to the states to exit from the PPA from Central Generating Stations, on the completion of the period of the PPA. The generators have been allowed to sell this power in market. These guidelines will ease financial burden on Distribution Company by obviating obligation of payment of fixed charges, even without utilising the capacity and will increase availability of power in market, ensuring optimum utilisation of generation capacity. This step is in line with transition towards shorter terms of PPAs and it will usher a new era in development of power market.

Further, the Central Government has approved a "Revamped Distribution Sector Scheme - A Reforms based and Results linked Scheme" with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and Average Cost of Supply (ACS) - Average Revenue Realised (ARR) gap to zero by 2024-25. The Scheme has an outlay of Rs.3,03, 758 crore. Under the scheme, eligible DISCOMs would be provided conditional financial support for up gradation of the Distribution Infrastructure and Smart Metering Systems for the network as well as prepaid smart metering systems for consumers linked to initiation of reforms and achievement of results. A DISCOM which is making losses will not be able to access funds under this Scheme unless it draws up a plan to reduce the losses, lists out the steps it will take to reduce such losses and the timelines thereof and get their State Government's approval on it, and file the same with the Central Government.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 4)

The Committee note that the Electricity Act, 2003 specifies the duties of DISCOMS by which they are obligated to fulfil the electricity requirements and demands of consumers. The Committee also concur with the view that maintaining the sanctity of contracts is one of the main pillars which attracts the confidence of both buyer and seller and is fundamental to bring investment into the sector. Re-negotiation of PPAs unless mutually decided by the contracting parties is not desirable as it sends adverse signals to future investment. The Committee further note that approximately 90% of the electricity demand of the DISCOMS are met through long term Power Purchase Agreements (PPAs).

PPAs are entered into between the generating companies and the load-serving entities. The PPAs are commercial in nature and mutually agreed by the parties and are binding on them. The Committee are also aware that the major chunk of any DISCOM's cost is the power purchase cost and there are States/DISCOMS which have made PPAs at very high rates from the current market price and this situation is putting a lot of pressure on their financial performance. In Committee's views if the same is rationalized it would immensely help in making power tariff affordable for the end consumers. Moreover, for having a uniform power tariff across the country, the States will have to end the long-term PPAs with the power generating companies. The Committee, therefore, desire that in case both the parties agree, there should be a provision of review/renegotiation of the PPAs. Further, the Committee also desire that gradually as and when the PPAs expire, they can be pooled. The Central Government should examine this matter and if required, provide all possible assistance to the stakeholders so that instead of a zero-sum game it becomes a win-win situation for the concerned parties.

Reply of the Government

Ministry of Power has already issued advisory to the State Governments conveying that in view of the settled position of law, it is evident that once a binding contract has been entered, neither party can resile from the same nor the Hon'ble Court can alter any of the terms of the contract that has been mutually agreed inter se parties. Further, it was also advised that the Appropriate Commission should strictly adhere to and ensure compliance of the above settled principles to ensure sanctity of concluded contracts/ PPAs, which, essentially, is the foundation for ensuring the growth of Indian electricity sector.

It may be mentioned that any contract generally has provision for its amendment subject to mutual agreement. With the objective of improving financial health of distribution licensees and better utilisation of generation resources in the country, Guidelines were issued by Ministry of Power, in March, 2021, giving option to the states to exit from the PPA from Central Generating Stations, on the completion of the period of the PPA. The generators have been allowed to sell this power in market. These guidelines will ease financial burden on Distribution Company by obviating obligation of payment of fixed charges, even without utilising the capacity and will increase availability of power in market, ensuring optimum utilisation of generation capacity. This step is in line with transition towards shorter terms of PPAs and it will usher a new era in development of power market.

Further, a scheme for pooling of power from the generating stations completing 25 years is under consideration in the Ministry of Power. The proposed scheme would benefit the Discoms in terms of reduction of fixed cost liability and at the same time will facilitate optimum utilisation of power plants and availability of more power in the grid to meet the demand. The amendment in Model Power Purchase Agreement is under consideration of the Ministry of Power, wherein, long term tenure would be reduced from 25 years to 12-15 years. Further, DISCOMs should also endeavour to have a judicious mix of long, medium and short term contracts depending on its requirement.

Government of India have taken the following steps to reduce the cost of power generation and resultant reduction in cost of electricity to consumers:

(i) The Government in May, 2016 allowed flexibility in utilization of domestic coal by State/Central Gencos amongst their generating stations to reduce the cost of power generation by allocating more coal to their most efficient plants as well as by saving in transportation cost. The States may also transfer their linkage coal to IPPs selected through bidding process and take equivalent power.

(ii) Rationalization of linkage sources of State/Central Gencos and IPPs with a view to optimize transportation cost has been allowed.

(iii) The Government has introduced the SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)-2017 Scheme to provide coal linkages to the power plants which do not have linkage, thus helping the generators to get cheaper coal and thereby reduction in cost of generation.

(iv) A Merit Order Despatch System has been put in place for Inter State Generating Stations under which electricity from more efficient/lower cost plant are despatched first.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Comments of the Committee
(Please see Para No. 11 of Chapter – I of the Report)

Recommendation (Sl. No. 5)

Power Exchanges

The Committee observe that the Power Exchanges in the country harbinger the possibility of having a uniform tariff across the country. The Committee are also of the opinion that for ushering a new era of competition and rationalization of power tariff of power generation of various sources, an efficient, neutral and transparent system of power exchanges would be required. However, at the same time, the Committee also find that at present the power procured through power exchanges is less than 5% of the total electricity generated in the country which fulfill the power demand of DISCOMS in short term. The Committee also concur with the view that the price of electricity being traded is not cheaper than the average power purchase cost, all the time. Many times, distress bid is put by generating stations so as to keep the plant running at a technical minimum, therefore, the rate therein may not be the true indicator. Also, it is usually observed that other than monsoon and lean demand period, the rate in the Power Exchanges increases due to the increase in overall buy volumes. Moreover, the power exchange prices are determined at the Regional Periphery and hence, do not reflect the cost of transmission.

During the course of detailed discussion, the Committee have found that most of the stakeholders are not averse to the idea of price discovery through Power Exchanges in a fair manner. The Committee also observe that since most of the power demands of DISCOMS are tied with long term PPAs, there is little scope for further growth in the trading volumes of Power Exchanges. However, in future, power exchanges may play a bigger role once the utilities are liberated from the commitment of long term PPAs. The Committee, therefore, recommend that the Government should ensure that the Power Exchange system in the country develops in a manner that encourages competition in the market leading to an increase in the overall efficiency of the power system. They also desire that there should be an adequate number of Power Exchanges to rule out any monopoly in this regard. Also, stringent regulation needs to be made and strictly enforced to avoid any gaming or malpractice in power exchanges, which would be detrimental to consumer interest.

Reply of the Government

Section 66 of the Electricity Act, 2003 provides for development of Power Market. The Central Electricity Regulatory Commission (CERC) evolved an enabling framework for

operation of power exchanges through its Power Market Regulations. Earlier, there were two power exchanges in the country namely IEX (Indian Energy Exchange) and PXIL (Power Exchange of India Limited). With a view to promoting competition in the Power Market CERC through its Order dated 12.05.2021 granted registration to the third power exchange of India namely, Hindustan Power Exchange Limited (HPX). HPX has commenced the operations w.e.f 06.07.2022. The Power Exchanges operating as on date include IEX, PXIL and HPX. The Power Market Regulations, 2021 have made elaborate provisions to ensure that the Power Exchanges operate in a fair and transparent manner.
The buyers and sellers choose a particular power exchange platform based on their requirements with products available on Term-Ahead Market, Day-Ahead Market and Real-Time Market segments. Market oversight is required to maintain the market integrity and credibility and to ensure that the market is fair and efficient. The Central Commission has always accorded importance to transparency in functioning of the Power Exchanges. It has been enshrined in the Power Market Regulations that a Power Exchange shall function with the objective to ensure fair, neutral, efficient and robust price discovery. The Power Exchanges are required to comply with the provisions of the Regulations and their status of compliance is monitored regularly. The Market Monitoring Cell (MMC)of the Central Commission has been monitoring the market operations including in the power exchanges at regular intervals, through its monthly & annual market monitoring reports.
Since power exchanges work under oversight of Central Electricity Regulatory Commission (CERC) and majority of volume under various category of products available on power exchanges is cleared through double side bidding, number of power exchanges working is not an area of concern. In fact, in its market regulations, CERC has covered possibility of coupling of power exchanges so that one price is discovered in all the power exchanges.
New products like G-DAM and G-TAM have been launched in Power Exchanges to deepen the green market and to provide competitive price signals, besides offering an opportunity to the market participants to trade in green energy, in the most transparent, flexible, competitive, and efficient manner.
The steps like implementation of Market Based Economic Despatch (MBED) and the proposed schemes of pooling of power after completion of 25 years of Generating Stations would facilitate the enhanced transaction through power exchanges.

A committee has been constituted under Secretary (Power) with the objective to prepare a roadmap for power market development in the country.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Comments of the Committee
(Please see Para No. 14 of Chapter – I of the Report)

Recommendation (Sl. No. 6)

Pooling of Electricity at Central Level

The Committee note that the country has a total generation installed capacity to the tune of 3,88,848 MW, whereas, the average peak demand hovers around 1,70,000 MW. The Plant Load Factor in respect of coal and lignite based power plants was 53.37% during the year 2020-21. Such power plants under State Sector had a PLF of 44.68% during the same period. This shows the extent of the underutilization of those power plants. Some DISCOMS have raised the issue that since Solar is the daytime power and have a 'must run' status; they have to surrender some of the power of the conventional generators to accommodate renewable power. This attracts payment of fixed charges on DISCOMS. The Committee also note that the RPO trajectory which is being laid down by the Regulatory Commission is not being adhered to by the distribution companies. Moreover, the Committee are aware that the cost of installation as well as power generation, vary greatly from plant to plant and source to source. The Committee are also aware that Renewable Energy which is intermittent, needs balancing power from other sources for the stability of the Grid and a need for bundling of power is thus being felt for the firm supply of power. Some sources of power such as Hydropower have a higher initial cost and are also difficult to develop; however, once they are commissioned and fully depreciated, they are an excellent source of clean and cheap energy.

The Committee, therefore, are of the opinion that there should be an ideal mix of power basket not only to get clean, reliable and affordable power but also to optimize the generation resources. In Committee's view there is a need to develop a mechanism to ensure that the power sector develops in a desired manner having an ideal mix of power generation from various sources, and also the resources are utilized optimally. It is also desirable that there should be some strategic planning to reap gains in the long run. The Committee, therefore, desire that the Government should constitute an Expert Committee to examine as to how the pooling of power at the Central level could be done and incentivized to ensure an ideal mix of energy and provide electricity to all the States and UTs at an uniform rate.

The Committee note that 'Merit Order Dispatch' of electricity by the load dispatch centres through 'Security Constrained Economic Dispatch' so far has indicated optimization of the generation across the country thereby reducing the production cost. The Committee also note that to help reduce electricity cost for consumers, the Central Government is planning for the implementation of 'Market-Based Economic Despatch' (MBED) from 01.04.2022 on a limited scale. The Committee understand that this would ensure a single price in a given time slot for all buyers in that time slot and would be a step forward toward One Nation - One Tariff. The Committee hope that MBED will certainly ensure that the cheapest resources across the country are dispatched to meet the overall system demand and facilitate annual savings and desire that if this mechanism proves effective, it should be made more encompassing by including all other power generating companies and be implemented in a phased manner. Further, the Committee also desire that to maximize the gains from such a mechanism the fuel allocation should be streamlined on the basis of plant efficiency and optimum utilization of pit head plants.

Reply of the Government

Resource Adequacy (RA) framework is needed to ensure inter-alia optimum and least cost power procurement. Resource adequacy is aimed at ensuring availability of adequate resources to reliably meet the projected demand in compliance with specified reliability standards for serving the load with optimum generation mix. Given the current focus on integration of environmentally benign technologies, the RA framework is also required to take into account the need, inter alia, for flexible resources, storage systems for energy shift and demand response measures for managing the intermittency and variability of renewable energy sources. Central Electricity Authority is preparing Resource Adequacy Guidelines for the country.

CERC has published the draft amendment Indian Electricity Grid Code (IEGC) which also provides Resource Adequacy Planning.

Central Electricity Authority has carried out "Optimal generation capacity mix studies for the year 2029-30". The objective of the study is to find out the least cost optimal power

generation capacity mix, which may be required to meet the peak electricity demand by the year 2029-30.
According to section 3(4) of the Electricity Act, 2003, Central Electricity Authority has been mandated to prepare a National Electricity Plan (NEP) in accordance with the National Electricity Policy and notify such plan once in five years. As mandated by the Act and the Policy, CEA has prepared the fourth draft National Electricity Plan covering review of capacity addition during 2017-22, short term detailed plan for the period 2022-27 & perspective Plan for the period 2027-32.

With the objective of Redesigning of present market mechanism for lowering the cost of power purchase to Consumers, Framework for Implementation of Phase1 of Market Based Economic Despatch (MBED) wherein mandatory participation by Central Generating Stations and voluntary participation by other generators, has been envisaged. The Phase-1 of MBED is under implementation by CERC
The pilot on Security Constrained Economic Despatch (SCED) has been extended by CERC until further orders vide its order dated 31st March 2022. Operation of SCED at national level has resulted in reduction of generation cost to the tune of₹ 2255 crore from its inception in April 2019 till July 2022.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Comments of the Committee
(Please see Para No. 17 of Chapter – I of the Report)

Recommendation (Sl. No. 7)

Point of Connection (PoC) Charges

The Committee note that the yearly transmission charges are calculated based on CERC Tariff regulations or are based on discovered price through competitive bidding. The yearly transmission charges are to be recovered from users of Inter-State Transmission System (ISTS) based on a sharing mechanism, which is currently the Point of Connection (PoC) mechanism. Due to inherent considerations of distance/ direction and quantum, these PoC charges vary for different injection/ drawal points. Many States have pointed out the need to rationalize the PoC mechanism as it lacks transparency. The Committee are in agreement with the view that the characteristic of transmission pricing is that the transmission charges have to be recovered in full. The sharing of these charges will change within the set of payees depending upon the mechanism used for computation. Hence, any decrease of charges for one payee will definitely lead to an increase of charges for other payees. This makes it difficult to satisfy all the stakeholders.

The Committee, therefore, desire that the Government/ CERC should form an Expert Committee to examine this issue. The Committee also recommend that for better and optimum utilization of the transmission system and realization of the dream of 'One-Nation One-Grid' in its true spirit, the feasibility of having a uniform transmission charges based only on the usage in terms of MW may be explored by consulting the stakeholders.

Reply of the Government

The Sharing of inter-State transmission charges and loses is governed by the regulations framed by the CERC in this regard, from time to time. Central Commission constituted a taskforce on 10.7.2017 under Chairmanship of Shri A.S. Bakshi (the then Member, CERC) to review the framework of Point of Connection (POC) Charges. The terms of Reference (ToR) were inter-alia to critically examine the efficacy of the existing POC mechanism, deficiency in the existing mechanism, if any, and in the light of issues and concerns of various stakeholders suggest modifications required in the existing mechanism. The Task Force submitted its report to the Commission in March 2019. The taskforce suggested two options for transmission pricing viz (a) modifications in the present PoC method and (b) Uniform charges method.

The Commission constituted a Committee under Shri I.S. Jha, Member, CERC in May 2019 to formulate draft regulations keeping in view the Bakshi Committee Report and future power scenario. The Committee submitted its Report to the Commission in August 2019 along with the proposed draft regulations. Taking into consideration the Bakshi Committee Report and the Jha Committee Report, the Central Commission, after due public stakeholder consultations, notified the revised Sharing of Inter State Transmission Charges and Losses Regulations on 01.07.2020 which came into effect from 01.11.2020.

CERC (Sharing of inter-State transmission charges and losses) Regulations 2020 ('2020 Sharing Regulations') have been notified on 4.5.2020 and, brought into effect from 1.11.2020. The 2020 Sharing Regulations were finalized after a detailed deliberation with stakeholders by way of participation in Committee formed by CERC, conducting of workshops for all distribution licensees, transmission licensees, generating stations, traders etc. during January 2020, inviting comments from stakeholders on draft Regulations and Public hearing held on 29.1.2020. As per the notified regulations, Transmission charges for DICs shall have the following components:

a. National Component (NC); Elements covered under National component shall be shared by All India drawee DICs and injecting DICs with untied LTA in proportion to their quantum of LTA plus MTOA and untied LTA respectively.

b. Regional Component (RC): Elements covered under Regional component shall be shared by Regional drawee DICs and injecting DICs with untied LTA in proportion to their quantum of LTA plus MTOA and untied LTA respectively.

Transformer Component (TC): This shall comprise of YTC of ICTs planned for drawal of power by concerned State and shall be shared by the drawee DICs located in concerned State in proportion to LTA+MTOA.

c. AC System Component (ACC): This component shall comprise remaining YTC of the Transmission system except covered above. This is further divided into two components.

i. Usage Based Component (AC-UBC): This shall correspond to part of YTC to be shared on respective usage of Transmission lines by DICs

ii. Balance Component (AC-BC): This shall comprise of balance YTC from ACC after AC-UBC has been determined and shall be shared by drawee DICs and injecting DICs in the ration of their LTA +MTOA and Untied LTA respectively.

The Commission has also notified CERC (Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ('GNA Regulations') on 7.6.2022. With this Regulation, 2020 Sharing Regulations have been proposed to be amended to charge transmission charges based on such GNA.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 8)

Cross-Subsidy

The Committee note that the Tariff Policy provides that for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. The response of the State Governments in regard to the restriction of cross-subsidy to plus-minus 20% of the Average Cost of Supply, has been positive and most of them have emphasized the need to have a cost-reflective tariff. In view of this, the Committee recommend that there is a need not only for restriction of cross-subsidy within a band but also for bringing more transparency in this matter for the improvement of the financial health of the DISCOMS. The Committee also desire that the possibility of adoption of a system may be examined, wherein the base tariff is the 'Average Cost of Supply' for all the categories, thereafter, plus-minus 20% is applied as the case may be for simplicity and transparency in tariff determination. Alternatively, the Direct Benefit Transfer (DBT) of subsidy in the account of the beneficiary may also be examined to make the system of cross-subsidy more focused and effective.

Reply of the Government

The Electricity Act, 2003 provides that cross subsidies shall be progressively reduced in the manner as may be specified by the State Commission. The Tariff Policy, 2016 stipulates that, for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. One fallout of the cross-subsidies is that it increases tariff for industries and affects their global competitiveness.

As an alternative, Tariff Policy, 2016 recognizes that direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board.

Amendment in the Electricity Rules is proposed to make a provision that the surcharge, determined by the State Commission under sub-section (1) (a) of Section 86 of the Electricity Act, 2003 shall not exceed 20% of the Average Cost of Supply.

Further, the proposed revised Tariff Policy, presently under consideration of the Government provides that the Appropriate Commission shall determine the tariff without taking into account any subsidy components. Any subsidy to be given to any category of consumers shall be given by way of Direct Benefit Transfer directly into the bank account of the consumer or their consumer account with the Distribution Licensee to be reflected in the electricity bill of the consumer.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 9)

Rationalization of Tariff Categories

The Committee find that over the years, the tariff structure across the States has become very complex and the consumer tariff categories are unduly large in numbers. In this regard, it is often argued that the high complexity of tariffs for each segregated category prevents consumers from fully responding to tariffs due to the high cost of processing the price information. Further, the basis for making such classifications has not been uniform across the country. The Committee further note that the Ministry of Power had also constituted a Committee to suggest measures for "Simplification of consumer categories and rationalization of Tariff Structure". The Committee in its report had recommended streamlining the consumers broadly into five major categories, i.e. domestic, agriculture, commercial, industrial and institutional. Under these broad categories, it was proposed to sub-categorize the consumers on the basis of voltage. The domestic category may have within itself three subcategories i.e. cross-subsidizing, cross-subsidized and cross-subsidy neutral. Further, this category may have a lifeline category and efforts should be made to gradually phase out un-metered, rural and urban categories. For agriculture consumers, consolidation of sub-categories may be made into agriculture and agriculture allied categories and efforts should be made to dis-incentivize unmetered consumption. For industry category, a separate "Supported" category may be created to facilitate a select group of industries.

The Committee are of the view that rationalization of tariff structure across the country would not only make the process of tariff determination simpler but would also bring more transparency and accountability, as only the targeted and deserving group would get the needed benefits. The Committee, therefore, are of the opinion that the said proposal for rationalization of tariff structure may become part of the Tariff Policy and the States be persuaded to implement this earnestly. The Committee also desire that the Central Government should provide assistance to the States which may find it difficult to implement this due to some practical reasons.

Reply of the Government

The tariff determination is done by the Appropriate Commission as per the provisions of the Electricity Act, 2003 and the Tariff Policy. Section 62(3) of the Electricity Act, 2003 provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, the retail tariffs are determined by the State Commissions.
Section 61(g) of the Electricity Act, 2003 provides that the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act which inter-alia requires State Governments to compensate Discoms for the same.
Government is promoting competition through Power Exchanges. The uniform tariff is discovered on the Power Exchanges for a specific time block of the day. Accordingly, to this extent, for the power procured by the distribution utilities from Power Exchanges the price of electricity remains uniform, except in case of market splitting.
The need for simplification and rationalization of tariff structure has been recognized by the Government. In order to simplify the tariff structure, following is proposed in the revised draft Tariff Policy, which is presently under the consideration of the Government:

a) The price of electricity should be based on cost of supply of electricity which primarily depends on voltage of supply, connected load and energy consumed.

b) No individual category/subcategory shall be prescribed for temporary supply. Such supply may be provided at fixed multiple of cost of supply for that category.

c) The fixed charge component in the tariff should progressively reflect the actual share of fixed cost in the revenue requirement of Distribution licensees.

d) In order to achieve the simplified categorization, the process of merging of existing categories/ sub-categories and slabs shall be carried out progressively.

e) In addition, a separate category for EV charging stations, may be created, if required.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 11)

Reduction of AT&C losses

The Committee note that for the year 2018-19, the ACoS and ARR were Rs. 6.15/kWh and Rs. 5.55/kWh respectively with a gap of Rs. 0.60 kWh (9.75% of ACoS) without UDAY Grant and Regulatory Income. The Committee further note that the AT&C losses for the said period stood at 21.74%. Had the AT&C losses reduced even by half, the DISCOMS would have become financially viable. The Committee are aware that the Central Government has also been making efforts to reduce the AT&C losses for years, with little success as it is still at the level of about 21% and in some States it is as high as 60%. The Committee are aware that distribution of electricity is in the domain of States so their determination and active participation to bring down AT&C losses are equally important. The Committee in the past had examined the subject on AT&C losses in-depth and found that there are majorly commercial losses and pilferages with a little share of technical losses. The Committee had also learnt that the reduction of AT&C losses is also an administrative issue and depends greatly on managerial interventions of the States/DISCOMS. The Central Government have been doing their bit by the implementation of RPDRP, A-RPDRP, IPDS and UDAY schemes. However, Supervisory Control and Data Acquisition (SCADA) as provided under IPDS, enables the DISCOMS to know where the problem is and what to do. But ultimately, DISCOMS will have to take managerial action to address that issue.

In the view of the Committee, there is a dire need to reduce the AT&C losses swiftly by taking stricter measures, as it would not only reduce the burden on the exchequer but also benefit the honest consumers in the form of reduced power bills. The Committee, therefore, desire that the Central Government should persuade the State Governments and provide them all the possible assistance in reducing AT&C losses in a time-bound manner. The Committee also desire that the success stories in regard to the reduction of AT&C losses worth emulating should be propagated and the information related to the performance of DISCOMS also needs to be publicized in layman's terms so that the public also becomes aware of it.

Reply of the Government

The reasons for high AT&C losses are mainly managerial deficiencies. The losses are primarily because of poor billing and collection efficiencies; non-payment of electricity dues by State Government departments; non-payment/short payment by the State Government against the subsidies announced by them.

Government of India has taken several steps in the past through interventions of Government Schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and

Integrated Power Development Scheme (IPDS) to reduce AT&C losses which is one of the major reasons for financial losses. The interventions under these schemes include feeder segregation, Information technology (IT)/Operational Technology (OT) measures such as SCADA, DMS, ERP and remote monitoring of feeder. Further, the Central Government has undertaken following initiatives to assist the power distribution companies to reduce their losses:

(i) Govt. of India announced a Liquidity infusion scheme tied to credible action plan by States for the reduction of AT&C losses and ACS - ARR gap. Under the Scheme State Governments are required to give undertaking to liquidate the payments due to DISCOMs on account of electricity dues of Government departments/attached offices, and also to install smart prepaid meters in Government departments/attached offices etc. The State Governments are also required to give undertaking to clear the dues of subsidies and to put in place a system such that the bills for subsidies are raised by DISCOMs and paid upfront every quarter, notify subsidy of State Government per unit of consumption for each consumer category.

(ii) Government of India has provided additional borrowing permissions to the extent of 0.05% of the State GSDP each linked to reduction of AT&C losses and ACS-ARR gap for the year FY 2020-21.

(iii) Further, the Central Government has approved a "Revamped Distribution Sector Scheme - A Reforms based and Results linked Scheme" with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and Average Cost of Supply (ACS) - Average Revenue Realised (ARR) gap to zero by 2024-25. The Scheme has an outlay of Rs.3,03, 758 crore. Under the scheme, eligible DISCOMs would be provided conditional financial support for up gradation of the Distribution Infrastructure and Smart Metering Systems for the network as well as prepaid smart metering systems for consumers linked to initiation of reforms and achievement of results. A DISCOM which is making losses will not be able to access funds under this Scheme unless it draws up a plan to reduce the losses, lists out the steps it will take to reduce such losses and the timelines thereof and get their State Government's approval on it, and file the same with the Central Government.

Prepaid smart metering is one of the critical interventions envisaged under RDSS. This important intervention has provisioned an outlay of Rs 1,50,000 Cr with Gross Budgetary Support of Rs 23,000 Cr and 25 crore prepaid consumer smart meters are targeted to be installed during the scheme period.. Further, installation of prepaid smart meters along with system metering at DT level as well as Feeder level would facilitate Discoms to measure accurate measurement of energy flows at all levels with any human interface. Proper and accurate energy accounting is the key to identification of theft pockets and high loss areas; thereby facilitating Discoms to reduce AT&C losses as per already agreed/committed trajectories with GoI under RDSS. So far, Smart metering projects to tune of Rs 1,15,493.79 Cr have been sanctioned under RDSS, which covers installation of

17,34,39,869 prepaid Smart meters, 49,02,755 numbers of DT meters and 1,68,085 numbers of Feeder meters across 23 States/ UTs.

Ministry of Power vide letter dated 26.02.2021 has requested all the States to prepare a road map for shifting over to smart pre-payment meters/ pre-payment meters. Also Ministry of Power notified timelines for the replacement of existing meters with smart meters on 17.08.2021.

Furthermore, leveraging advanced technologies have also been provisioned under RDSS. With this advanced technologies such as Artificial Intelligence, Machine Learning and Block chain Technology to analyze data generated through IT/OT devices to enable the DISCOMs to take informed decisions on loss reduction, demand forecasting, asset management, Time of Day (ToD) tariff, Renewable Energy (RE) Integration and for other predictive analysis.

With the above measures, going forward, AT&C loss will be reduced along the improvement in operational efficiencies and financial sustainability of Discoms; thereby providing quality, reliable and affordable power to all consumers across the country.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Recommendation (Sl. No. 12)

The Committee find that the task of providing universal access to electricity has been successfully achieved. Now, the aim is to provide '24x7 power to all', a joint initiative of the Government of India and the States/UTs. The Committee are of the view that to achieve the target, the financial viability of DISCOMS is of utmost importance. Simultaneously, it is of paramount importance that the honest consumers should get quality, reliable and uninterrupted power supply at reasonable rates. The Committee are also of the belief that the Distribution Sector needs to be made more transparent, responsive and accountable. The Central Government should examine the matter as to how we can gradually move to cost reflective tariff without increasing the burden on the common man. The Committee desire that the audit system for DISCOMS needs to be improved and strengthened for better transparency. Simultaneously, interventions such as 'Time of Day' (TOD) tariff should be deployed as an important 'Demand Side Management' (DSM) measure to incentivize consumers to shift a portion of their load from peak times to off-peak times, thereby improving the system load factor by reducing the demand on the system during peak period. This can be thus implemented by the DISCOMS to reduce their expenses and for better utilization of generation resources.

Reply of the Government

The tariff determination is done by the Appropriate Commission as per the provisions of the Electricity Act, 2003 and the Tariff Policy. Section 62(3) of the Electricity Act, 2003 provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, the retail tariffs are determined by the State Commissions.

Section 61(g) of the Electricity Act, 2003 provides that the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act which inter-alia requires State Governments to compensate Discoms for the same.

The emphasis of government on bring cross subsidies within ±20% of average cost of supply together with enhancing efficiencies in distribution sector is aimed at having cost reflective tariff without enhancing burden on common man. This needs to be implemented by State Governments and State Electricity Regulatory Commissions.

The Tariff Policy 2016 lays emphasis on two-part tariffs featuring separate fixed and variable charges and time differentiated tariff. Also Electricity (Amendment) Bill, 2022 seeks to amend section 61 of the principal Act to ensure cost reflective tariff, which is important for financial viability of the Power Sector.

Bureau of Energy Efficiency (BEE) notified a regulation to Conduct Energy Audit in DISCOMs on 7th October, 2021. As per this notification, all DISCOMs are mandated to conduct periodic energy accounting, annual energy audit, creation of a centralized energy accounting and audit cell with adequately qualified personnel. Energy accounting and a consequent annual energy audit would help to identify areas of high loss and pilferage, and thereafter focus efforts to take corrective action.

In Tariff Policy 2016 it is mandated that metering should be compatible with ABT requirements, which would also facilitate implementation of Time of Day (ToD) tariffs. In the proposed Revised Tariff Policy, there is a provision that Time differentiated (Time of Day) tariff shall be introduced on priority for large consumers (say, consumers with demand exceeding 1 MW) within three years and subsequently for all consumers. This would also help in flattening the peak and implementing various energy conservation measures.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

CHAPTER III

OBSERVATION/RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY:

-NIL-

CHAPTER IV

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH THE REPLY OF THE GOVERNMENT HAS NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION:

Recommendation (Sl. No. 10)

Agriculture Feeder Separation

The Committee note that the Feeder Separation is one of the important works to supplement the goal for providing 24x7 uninterrupted power supply and in improving the AT&C loss in the DISCOMS /Power Departments. The Committee are aware that under Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), there is a component for separation of agriculture and non-agriculture feeders. The feeder separation involves the separation of predominantly existing mixed category feeders (which supply electricity to all types of consumers including agriculture consumers) into agriculture and non-agriculture feeders.

In regard to the status of feeder separation in the country, the Ministry of Power have stated that there are about 1,64,057 Rural feeders in the country. And out of these, a total of 62,193 Feeder (37.91%) are under Agriculture category. They have also stated that 4,697 Feeders have been separated under the ongoing DDUGJY scheme as on 31.12.2021. These agriculture feeders are the separated feeders with predominantly agriculture consumers. There are balance of 166 feeders under DDUGJY as on 31.12.2021 which are under reconciliation. They have further stated that the separation of Feeders is a dynamic process to be carried out by States/DISCOMS. The Committee find that the separation of feeders will facilitate DISCOMS to supply electricity to the agriculture sector without interrupting quality and reliable power to domestic consumers. The Committee, therefore, are of the view that this system would benefit consumers as well as DISCOMS, as the agriculture sector may get power at a supportive rate and the State Governments/DISCOMS may rationalize their power procurement cost by resorting to Demand Side Management (DSM). The Committee, therefore, recommend the Government to proactively engage with the States to assess the quantum of work that needs to be undertaken under feeder separation by doing Cost-Benefit Analysis, encouraging them to execute it expeditiously and complete the process within a fixed timeline.

Reply of the Government

Government of India launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in December, 2014 for various rural electrification works including separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure, metering at distribution transformers/feeders/consumers and electrification of villages across the country. Works including feeder Segregation works covering 1,12, 754.67(CKm) have been completed and the scheme has been closed as on 31.03.2022.

Further, under Revamped Distribution Sector Scheme (RDSS), agriculture feeders segregation works covering 208,522 (Ckms) have already been sanctioned. More Feeder Segregation works shall be sanctioned as and when the States and their DISCOMs pose their DPRs to the Ministry of Power. All the agriculture feeders are proposed to be metered using communicable smart feeder meters in accordance with the Scheme guidelines. ln this respect, it is also mentioned that under RDSS, convergence with the KUSUM scheme is also envisaged wherein the agricultural feeders, once segregated, shall also be solarised, which would help in reducing the subsidy burden of the States on electricity used for Agriculture.

[Ministry of Power, O.M. No. F.No. 27/01/2022-R &R dated 25/10/2022]

Comments of the Committee
(Please see Para No. 20 of Chapter – I of the Report)

CHAPTER V

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH THE FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED:

-NIL-

New Delhi **Jagdambika Pal, Chairperson,**
December, 2022 **Standing Committee on Energy**
Agrahayana, 1944 (Saka)

APPENDIX-II

(*Vide* Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE TWENTY-SIXTH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	12
(ii)	Observations/Recommendations which have been accepted by the Government:	
	Sl. Nos. 1,2,3,4,5,6,7,8,9, 11 and 12	
	Total:	11
	Percentage	91.7%
(iii)	Observation/ Recommendation which the Committee do not desire to pursue in view of the Government's reply:	
	- Nil -	
	Total:	00
	Percentage	00%
(iv)	Observation/ Recommendation in respect of which the reply of the Government has not been accepted by the Committee and which require reiteration:	
	Sl. No. 10	
	Total:	01
	Percentage	8.3%
(v)	Observation/Recommendation in respect of which final reply of the Government is still awaited:	
	- Nil -	
	Total:	00
	Percentage	00%