

आर. के. सिंह
R. K. SINGH



D.O. No. 217909/MOS(IC)/Power/2018

विद्युत एवं नवीन और नवीकरणीय ऊर्जा

राज्य मंत्री (स्वतंत्र प्रभार)

भारत सरकार

Minister of State (Independent Charge)
for Power and New & Renewable Energy
Government of India

29 JAN 2018

Dear Chandrashekar Jee

Please refer to the discussions which we had in the meeting of Ministers of Power and Renewable Energy of all the States held on 7th December, 2017 in Delhi. Based on the discussions, we would request you to take action on the following points:-

- i) The distribution companies must become viable. There are many States in which the losses range from 20% to 50%. With accumulating losses interest burdens will go up resulting in a situation where they will not be able to pay for the power which they purchase. They will also not be able to maintain the distribution system. Therefore, the following steps may be taken:-
 - a) All feeders, transformers and consumers must be metered.
 - b) Human interface may be done away with in the metering and billing. All meters should be smart meters, configured in the prepaid mode. Only large consumers can be on post paid basis. But in their cases also, meters will be remotely readable. The payment will be made by mobile or digitally. The system of meter readers and printing and service of bills etc. may be done away with.
 - c) The audit of every feeder may be put up to the Executive Engineer, Superintendent Engineer and Chief Engineer as well as CMD of Discoms every month. Where a particular feeder shows losses it may be replaced by Aerial Bunched cables. Where a particular area shows losses continuously, it may be given out on the franchisee system where the power is sold in bulk to the franchisee and he gets commission per unit. The selection of the franchisee may be by open bid on the quantum of commission required.
 - d) There is no justification for the consumers to be asked to bear the cost of inefficiency and theft. The technical losses generally vary from 2.5% to 6.5%. There is no reason for any losses beyond that. We had agreed that the losses will be brought down to less than 15% by 31st December, 2018. We propose to provide in the tariff policy that the maximum losses which can be taken into account for fixation of tariff from 1st January, 2019 would not be more than 15%.
 - e) The tariff policy mandates that the cross subsidy should not be more than 20%. Currently, the cross subsidy goes up to 150%. It may be ensured that the tariff policy is implemented and that cross subsidy is not more than 20%. If it is desired to give additional subsidy to any sector, it can be done by Direct Benefit Transfer.
 - f) All consumers may be metered and may be required to pay as per the tariff. Any subsidy the government wants to give may be credited to his account by Direct Benefit Transfer. This will ensure responsible consumption of electricity and this is as per the Electricity Act which mandates compulsory metering.

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:: 2 ::

- g) It is proposed to introduce Time of Day Tariff. This will ensure that the load is distributed and the peaks evened out.
- h) It is time that we move away from the era of load shedding. There is sufficient installed generation capacity to meet our energy requirements. We are also giving funds to strengthen the distribution system. Therefore, there is no reason why 24X7 supply should not be guaranteed to every consumer. As indicated in the conference, we propose that from 1st April, 2019, it will be obligatory to ensure 24X7 supply to all consumers. Penalty would be levied for wilful load shedding. Disruptions of electricity supply because of system break down will however not be penalised.
- i) In order to ensure that investments continue to come in power generation sector so as to meet the growing demand, it is necessary that PPAs are signed and honoured. Before any distribution company is given a licence for a particular area, it should be able to show to the regulator that it has tied up sources of supply to meet 100% of the annual average demand of the area. This will leave peaking power requirement to be met from purchases on the spot market. We are proposing to provide for this in the amendments which we propose to the Electricity Act. This will ensure that Distribution companies will be able to ensure 24X7 supply. This will also ensure that investments come into generation as and when required.
- j) Renewable power purchase obligations are a must. It is necessary for cleaning up the environment, so that we leave behind a healthy country for our succeeding generations. It is also necessary for meeting our commitments under the International Climate Accord. The DISCOMs may be directed to ensure that the RPO obligations are complied with. We propose to increase the penalties for not complying with the RPO obligation.

I shall be grateful if action is taken on the above.

With regards,

Yours sincerely,

(R.K. Singh)

To,

Shri Chandrashekhar K Bawankule
Hon'ble Minister of Energy and New & Renewable Energy
Government of Maharashtra
2nd Floor, Main Building Mantralaya
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