

There is no such thing as free electricity: R.K. Singh

Power minister pitches for direct benefits transfer for better targeting of subsidies

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NEW DELHI

Unveiling the road map for structural reforms in the power sector, power and new and renewable energy minister Raj Kumar Singh on Thursday pitched for leveraging the direct benefits transfer (DBT) scheme in the electricity sector for better targeting of subsidies. He asked the states to bear the subsidy component.

Singh's pitch comes in the backdrop of India running the world's largest direct benefits transfer programme resulting in Rs57,000 crore savings to the government exchequer. Some of the schemes where DBT has been implemented for cash transfers include; domestic cooking gas subsidy, scholarships, Mahatma Gandhi National Rural Employment Guarantee Scheme and pensions.

At a conference organized by the lobby group Associated Chambers of Commerce and Industry of India (Assocham), Singh also spoke about holding a meeting of state energy ministers on 10 and 11 November to help expedite the legal provisions to boost electricity demand, promote retail competition and rationalize tariff slabs to drive manufacturing.

"You want to meet subsidies for these sectors, you do it through the direct benefit transfer. As far as electricity is concerned, it needs to be metered and bills need to be raised and bills need to be paid. And whatever subsidy you want to give to any category of consumer, you give it through the direct benefit transfer, so that the efficiencies or inefficiencies of discoms are clear," said Singh while inaugurating Assocham Global Investors' India Forum.

In November 2015, the NDA government approved Ujjwal Discom



Power minister R.K. Singh at the Assocham 3rd Global Investors' India Forum-2017, in New Delhi on Thursday.

PTI

Assurance Yojana (UDAY), a turnaround scheme to improve operational and bill collection efficiency of power distribution companies (discoms).

"There is no such thing as free electricity. You want electricity, you have to pay for it. You want to subsidise the farmer? Fine, subsidise the farmer. So instead of farmer, you have to pay. And that is something which I have been pressing and that's a major requirement," Singh added.

The government's policy think-tank NITI Aayog has also pitched for DBT in the electricity sector in its draft national energy policy.

"Because if we won't do that, if we don't recover the price of electricity we distribute, then five years down the line, discoms will be dead

NITI Aayog has also pitched for DBT in electricity sector in its draft national energy policy

again...So that is something which is occupying us and I tend to carry the states along with this. So, that is again something that I will be discussing on the 10th and 11th with the states," Singh said.

The legal route planned for power sector reforms includes enforcement of signed power purchase agreements (PPAs), making it mandatory for a discom to have PPAs to cover 100% of the annual average demand, penalties in the event of electricity generators' dues not being cleared in time and statutory renewable purchase obligations.

This comes at a time when states are reneging on their off-take commitments for projects. Also, with states unwilling to buy electricity, no new PPAs are being inked, contributing to the uncertain outlook for the Indian power sector.

The other radical changes are to separate the so-called carriage and content operations of existing discoms, which was earlier proposed by the United Progressive Alliance government. The separation will allow consumers in India to buy electricity from a power company of their choice. "We are going to change the law," Singh said.

These steps will require amend-

ments in the Electricity Act of 2003. The government plans to move the legislative changes in the next session of the Parliament.

"We are going to make certain that the payments of bills are on time by going for smart metering and prepaid metering. And we are also going to push for wherever feasible, privatisation. We are going to separate carriage and content. That is again something, which is going to happen," Singh said.

The government's strategy is aimed at improving India's per capita power consumption of 1100 kilowatt hour (kWh) which is among the lowest in the world. In comparison, China has a per capita consumption of around 4,000 kWh, with developed nations averaging around 15,000kWh per capita.

"Next amendment will see that happen. And we will bring more competition in distribution, which will bring more efficiency. So, this is the trajectory which I have in mind," Singh added.

This comes at a time when the centre and states are working for electricity tariff slab rationalization to make them uniform across the country. This will help in reduction of cross-subsidies borne by the industry, and make tariffs more competitive for businesses thereby pushing the government's Make in India drive.

"So, it cannot be that the lowest tariff is, let's say, Rs1.5 per unit and the highest tariff is Rs7 per unit. It can't be. We will agree on a band, may be 20%-25% but that's it. Because until and unless you make the tariff for industry also competitive, our industry can't grow," Singh said.

Singh also questioned the intentions of non-governmental organizations opposing hydropower projects. He also said that the new hydropower policy will be taken up for the cabinet's approval to address the problems faced by India's hydropower sector.

Major reforms for power sector on cards, says minister

FE BUREAU
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THE GOVERNMENT IS planning to introduce major changes in various segments in the power sector such as power purchase agreement (PPA) requirement, renewable purchase obligation (RPO) norms and cross-subsidy tariff structure.

Inaugurating the 'ASSOCHAM Global Investors' India Forum' here on Thursday, power minister RK Singh said that in the forthcoming meeting of energy ministers of all states on November 10-11, he is going to announce that 'all discoms must have PPAs to cover 100% of requirement'.

Currently, states buy power from the electricity exchanges at spot market rates to cater to power requirements beyond PPA capacities.

Singh also said that there has to be a limit to cross-subsidisation in tariff to make the industry competitive enough. To compensate lower agricultural power tariffs, electricity rates for industrial and commercial customers can go as high as ₹8/unit to ₹13/unit in some states. The minister also spoke about introducing Direct Benefit Transfer (DBT) in the power sector.

As FE reported earlier, the government is looking at options to initiate measures and pilot projects in states to introduce the DBT mechanism for power consumers to meet the

twin goals of curbing wasteful consumption and efficiently delivering subsidy. The draft national energy policy, published by the NITI Aayog in June, had noted that adoption of DBT would protect the vulnerable electricity customers from rise in electricity prices when fuel costs go up.

The minister said that he plans to make amendments in the Electricity Act, 2003, to introduce a penalty provision for utilities who do not meet their RPO targets. To achieve the target of achieving 175 GW renewable energy capacity by FY22, the power ministry in July, 2016 had issued guidelines for long-term RPO trajectory for a three-year period from FY17 to FY19. The minimum RPO target was set at 11.50% for FY17, 14.25% in FY18 and to 17% in FY19. RPO is the share of the total energy that is to be procured from renewable energy sources. State discoms can meet RPOs by buying renewable energy through PPAs and by purchasing renewable energy certificates.

The union minister further said that his ministry will separate carriage and content. Separating carriage and content would segregate distribution grid from distribution of electricity, effectively allowing end consumers to choose where they want to buy electricity from— something similar to current telephone or television connection system.

'Amendment Bill to include penalty norms for PPAs, RPOs'

NEW DELHI: The power ministry will include penalty provisions in the electricity Amendment Bill for stricter enforcement of power purchase agreements (PPA) and renewable purchase obligation (RPO), Union Minister RK Singh said on Thursday.

The Minister also said that he has a roadmap for reforms in the power sector and he will try to move the amendment bill in the upcoming winter session of Parliament.

"We will deal with the issues of PPA (power purchase agreement) and RPO (renewable purchase obligation) among others in the Electricity Amendment Bill," Singh told reporters on the sidelines of an investors' forum organised by Assocham. Asked whether the long pending bill which would incorporate other new amendments, can be pushed for passage in the winter session, he said, "I am trying for that. I have a roadmap for reforms in power sector."

Under PPAs, discoms are required buy certain amount of power from generators while under the RPO, the principle of polluter pays applies. The utilities either buy electricity generated by specified renewable energy sources, or buy renewable energy certificates (RECs) from the market.

Elaborating on new amendments, the minister said, "We are going to change the law and provide that any PPA which is signed, will be honoured. If they don't honour it then there would strict penalties. So the uncertainties will go."

He further said, "We will also bring it to the law making it necessary for all discoms



to tie up for PPAs to cover the requirement of power in the area which they serve. They must have tied up PPA to cover 100 per cent of that requirement before their licences can be renewed.

"You cannot get a monopoly licence to distribute power in certain area without tying up PPA for 100 per cent requirement," he said.

He also said, "It (bill) will also provide that RPOs will be obligatory, a statutory legal compulsion. We are going to world saying our 40 per cent of power would be from renewables." In his address to the forum, the minister talked about cyber security in areas including power generation, distribution and transmission, saying as India goes for more automation, it is a vital point.

He told that a group has been working on the issue related to cyber security in power sector and has given some directions.

The minister also spoke about changes in law for imposing stricter penalties for non-payment of electricity bills. On the ₹16,000 crore hydro power policy to boost the segment, he said, "As far as hydel policy is concerned, a draft was put up to me. I have seen it. They (officials) are refining it. Once it is ready it will go to the Cabinet." **PTI**

बिजली क्षेत्र में कड़े सुधारों की तैयारी

■ नई दिल्ली (एसएनबी)।

बिजली मंत्री आरके सिंह ने बृहस्पतिवार को कहा कि मंत्रालय बिजली क्षेत्र में विभिन्न मोर्चों पर सुधार को लेकर संशोधित बिजली विधेयक को अंतिम रूप देने में लगा है। इसमें बिजली खरीद समझौते और अक्षय ऊर्जा खरीदने संबंधी शर्तों का सम्मान नहीं करने पर कड़े जुमनि का प्रावधान किया जाएगा।

उद्योग मंडल एसोचैम द्वारा आयोजित तीसरे वैश्विक निवेशक-भारत मंच कार्यक्रम के दौरान अलग से बातचीत में सिंह ने संवाददाताओं से कहा, हम बिजली संशोधन विधेयक में पीपीए (बिजली खरीद समझौते) और आरपीओ (अक्षय ऊर्जा खरीद बाध्यता) समेत अन्य मुद्दों का निपटान करेंगे। हालांकि, मंत्री ने इस बात को लेकर स्पष्ट आश्वासन नहीं दिया कि संशोधित बिजली विधेयक को संसद के



■ इससे जुड़े विधेयक को अंतिम रूप देने में जुटी है सरकार

■ बिजली खरीद करार का सम्मान न करने पर होगा भारी जुर्माना

आगामी सत्र में पेश किया जाएगा या नहीं।

उन्होंने कहा, मैं उसके लिए कोशिश कर रहा हूँ। मेरे पास बिजली क्षेत्र में सुधार की रूपरेखा है। विधेयक में अन्य संशोधनों को भी शामिल किया जाएगा। पीपीए के तहत

बिजली वितरण कंपनियों को उत्पादकों से बिजली खरीदनी होती है वहीं आरपीओ के तहत कंपनियों को अक्षय ऊर्जा संबंधी बाध्यताओं को पूरा करना होता है। कंपनियाँ अक्षय ऊर्जा स्रोतों से उत्पादित बिजली खरीद सकती हैं या बाजार से अक्षय ऊर्जा प्रमाणपत्र हासिल कर सकती हैं।

नए संशोधन के बारे में विस्तार से बताते हुए उन्होंने कहा, हम कानून में बदलाव करने जा रहे हैं। बिजली खरीद के लिए पीपीए पर हस्ताक्षर किए जाते हैं, उसका सम्मान हो। अगर वे सम्मान नहीं करते हैं, तब कड़ा जुर्माना लगाया जाएगा। इससे अनिश्चितता दूर होगी।

