

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2116
TO BE ANSWERED ON 04.07.2019**

POWER PURCHASE AGREEMENT

**†2116. SHRI DILIP SAIKIA:
SHRI ANIL FIROJIYA:**

**Will the Minister of POWER
be pleased to state:**

- (a) whether the faulty power purchase agreement signed by the States is one of the reason for poor power distribution in the country;**
- (b) if so, the details thereof; and**
- (c) the extent to which Ujwal DISCOM Assurance Yojana (UDAY) of the Government has proved beneficial in dealing with the said situation?**

A N S W E R

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, NEW & RENEWABLE ENERGY AND THE MINISTER OF STATE FOR SKILL DEVELOPMENT & ENTREPRENEURSHIP

(SHRI R.K. SINGH)

(a) to (c) : The Power Purchase Agreement (PPA) is a contract between the seller i.e. Generating Company and the procurer i.e. Distribution Company. The Tariff for power purchase is determined either through competitive bidding as per Section 63 of the Act or by the Regulator as per Section 62 of the Electricity Act. The performance of the distribution sector depends upon various factors such as distribution network adequacy, tie-up of adequate power to meet the demand; efficiencies of the distribution companies; reduction of AT&C losses etc.

Government of India launched Ujwal DISCOM Assurance Yojana (UDAY) on 20-11-2015 for financial and operational turnaround of Power Distribution Companies (DISCOMs). As a result of implementation of UDAY and as per data uploaded by States on UDAY Portal, State Power Distribution Utilities have reported improvement in their performance in number of parameters such as (i) Aggregate Technical & Commercial (AT&C) losses have come down from 20.80% in 2015-16 to 18.76% in 2017-18 (ii) Average Cost of Supply (ACS) – Average Revenue Realised (ARR) Gap has come down from 60 paise per unit in 2015-16 to 17 paise per unit in 2017-18, thus having a positive impact on Power Distribution Sector.
