

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO.3208
ANSWERED ON 16.12.2021**

DELICENSING OF POWER DISTRIBUTION COMPANIES

**3208. SHRI SHANMUGA SUNDARAM K.:
SHRI VELUSAMY P.:**

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

- (a) whether the Government proposes to amend the Electricity Act, 2003 for delicensing of power distribution companies;**
- (b) if so, the details thereof;**
- (c) whether the power distribution companies have to register with the Government and if so, the details thereof;**
- (d) whether the delicensing process will affect the consumers in terms of unit cost by the private enterprises and if so, the details thereof;**
- (e) whether the Central Electricity Regulatory Commission (CERC) will implement uniform unit cost throughout the country and if so, the details thereof;**
- (f) whether the subsidy charges would be allocated to give free of cost power supply to agriculture sector; and**
- (g) if so, the details thereof?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (d): The condition of most of the State Government owned Distribution companies is a matter of grave concern. Their AT&C losses at the end of 2019-20 range from an average of 21% to a maximum of 60.16%. The gap between Average Cost of Supply (ACS) and Average Revenue Realized (ARR) excluding Regulatory Assets and Ujwal DISCOM Assurance Yojana (UDAY) grants averages 60 paise per Unit in 2019-20 and the Accumulated losses of all DISCOMs in the country by 2019-20 have risen to Rs.5,07,416 crore. DISCOMs have not been able to pay the Generation Companies for the power procured, and the Outstanding payments to Generation Companies are estimated to be in excess of Rs.1,56,000 crore. The Outstanding dues to Renewable Generators are around 11 months of revenues. Therefore, reforms have been deliberated upon in consultation with the States and all Stakeholders. No final decisions have been arrived at so far.

(e) : As per the Electricity Act, 2003, the tariff is determined by the State Electricity Regulatory Commissions. Central Electricity Regulatory Commission (CERC) determines the tariff of only inter-State projects. CERC adopts the tariff of competitively bid projects under section 63 of the Electricity Act, 2003. The discovered tariffs are different for different bids.

(f) & (g) : As per provision of section 65 of the Electricity Act, 2003, the State Governments have the discretion to give subsidy to the extent they consider appropriate.
