

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.4470
ANSWERED ON 27.03.2025**

FINANCIAL VIABILITY OF DISCOMS

**4470. SHRI DINESHBHAI MAKWANA:
DR. RAJESH MISHRA:
SHRI BIDYUT BARAN MAHATO:
SHRI ARUN GOVIL:
SHRI LUMBA RAM CHAUDHARY:
SHRI BHARTRUHARI MAHTAB:
SHRI NABA CHARAN MAJHI:
SHRI YOGENDER CHANDOLIA:
SHRI DILIP SAIKIA:
SHRI RAO RAJENDRA SINGH:**

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

- (a) the manner in which the Government is working towards improving the financial viability of electricity distribution utilities across India;**
- (b) the role of renewable energy in reducing power costs and enhancing the sustainability of DISCOMs;**
- (c) the manner in which the Government plans to strengthen regulatory frameworks for improving cost-reflective power tariffs; and**
- (d) the efforts being made for solar energy in Sidhi Parliamentary Constituency?**

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) : Government of India (GoI) has been supporting the Power Distribution Utilities to improve their performance through various initiatives. Some of the key initiatives taken are as under:

- i. Revamped Distribution Sector Scheme (RDSS) has been launched with the objective of improving the quality and reliability of power through a financially sustainable and operationally efficient Distribution Sector. The release of funds under the scheme is linked to States/ Distribution Utilities taking necessary measures for improving their performance against specified parameters including the Gap between average cost of supply and average revenue realized i.e. ACS-ARR Gap and the Aggregate Technical & Commercial (AT&C) losses.**

- ii. **Allowing additional borrowing space of 0.5% of GSDP to the State if the distribution utility implements loss reduction measures.**
- iii. **Additional Prudential Norms have been specified for sanctioning of loans to State owned Power Utilities which is contingent on performance of Power Distribution Utilities against prescribed parameters.**
- iv. **Timely filing of tariff petitions and issuance of tariff orders.**
- v. **Rules have been notified for implementation of Fuel and Power Purchase Cost Adjustment (FPPCA) and cost reflective tariff to ensure all prudent costs for supply of electricity are passed through and are timely realised.**
- vi. **Rules and Standard Operating Procedure have been issued for proper Subsidy Accounting and their timely payment.**

With collective efforts of the Centre and States/UTs, the AT&C loss of distribution utilities at the national level has reduced from ~22% in FY 2021 to ~16.28% in FY 2024 and the ACS-ARR Gap has reduced from Rs. 0.71/kWh to Rs. 0.19/kWh during the same period.

(b) : Renewable energy particularly if produced near the load centers, would reduce power costs and enhance the sustainability of distribution Utilities.

(c) The following measures have been taken by Government of India to strengthen regulatory framework for improving cost-reflective power tariff. Rules have been notified for:

- (i) **Ensuring that tariff shall be cost reflective and there shall not be any gap between estimated and approved Annual Revenue Requirement except under natural calamity conditions, provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement.**
- (ii) **Aligning the Aggregate Technical and Commercial loss reduction trajectory with the trajectory agreed by the respective State Governments and approved by the Central Government under any national scheme or programme.**
- (iii) **Pass-through of prudent costs of power procurement, incurred by distribution licensee for ensuring 24x7 supply of electricity to consumers and for meeting requirements as per Resource Adequacy plan.**
- (iv) **Providing reasonable Return on Equity (RoE) and to align the same with the RoE specified by the Central Commission for generation and transmission.**
- (v) **Timely issuance of tariff order and timely payment of subsidy declared by State Government.**

(d) : The following efforts have been made to promote solar energy in the country including in the Sidhi Parliamentary Constituency:

- i. Permitting Foreign Direct Investment up to 100 percent under the automatic route for renewable energy projects**
- ii. Inter State Transmission System charges have been waived for solar and wind power based renewable energy projects to be commissioned up to 30th June 2025. For Green Hydrogen Projects, the waiver is till 31st December 2030 and for offshore wind projects, the waiver is till 31st December 2032.**
- iii. Setting up of Ultra Mega Renewable Energy Parks, to provide land and transmission access to renewable energy developers.**
- iv. Standard Bidding Guidelines have been issued for procurement of Power from Grid Connected Solar, Wind-Solar Hybrid and Firm & Dispatchable RE (FDRE) projects through a tariff based competitive bidding process.**
- v. Schemes such as Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM), PM Surya Ghar: Muft Bijli Yojana, National Programme on High Efficiency Solar PV Modules, New Solar Power Scheme (for Tribal and PVTG Habitations/Villages) under Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan (PM JANMAN) and Dharti Aabha Janjatiya Gram Utkarsh Abhiyan (DA JGUA), etc. have been launched.**
- vi. Evacuation of renewable power under the Green Energy Corridor Scheme through laying of new transmission lines and creation of new sub-station capacity.**
- vii. Green Term Ahead Market has been launched to facilitate sale of renewable power through exchanges.**
- viii. Transmission Plan for integration of 500 GW renewable energy capacity by 2030.**
- ix. Promotion of renewable energy through Green Energy Open Access Rules 2022.**
