

Union Minister of Power and Housing & Urban Affairs Shri Manohar Lal chairs the 5th meeting with Group of Ministers constituted for addressing issues related to viability of distribution utilities in the country

New reform-based scheme of debt restructuring of distribution utilities by Central Government

Compulsory full cost and timely tariff order by Regulatory Commissions

Liability of utilities ultimate liability of State Government

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Union Minister of Power and Housing & Urban Affairs, Shri Manohar Lal, chaired the 5th meeting with Group of Ministers constituted for addressing the issues related to viability of electricity distribution utilities in New Delhi today.

Shri Shripad Yesso Naik, Union Minister of State for Power and New & Renewable Energy, Shri Atul Save, Renewable Energy Minister, Maharashtra, Shri A. K. Sharma, Energy Minister, Uttar Pradesh, Shri S. S. Sivasankar, Energy & Transport Minister, Tamil Nadu and Shri Hiralal Nagar, Minister of State for Energy, Rajasthan attended the meeting. Shri Gottipati Ravi Kumar, Energy Minister, Andhra Pradesh and Shri Pradyuman Singh Tomar, Energy Minister, Madhya Pradesh attended the meeting through video-conference. The meeting was also attended by Secretary Power, Govt. Of India, Chairperson, CEA, senior officials from Central Government, State Governments, State Power Utilities of Member States and Power Finance Corporation (PFC) Ltd.

Secretary (Power), GoI, in his opening remarks welcomed all dignitaries and highlighted the need for taking reforms measures to restore the financial viability of distribution utilities and also simultaneously ensuring that these reforms are so structured that the improvements made as a result are irreversible and the situation of debt trap doesn't arise again. He mentioned that the GoM has been constituted for this purpose and aims to identify requisite reform measures.

Union Minister of State in his opening address welcomed Union Minister of Power and Energy Ministers from the member States. While mentioning the deliberations held during the first four meetings of GoM, he emphasised upon the need for regulatory reforms. He also mentioned about the proposed interventions based on the discussions held till now which need to be taken by the Central and the State Governments for reducing

the debt of distribution utilities thereby improving their efficiency to provide quality and reliable power supply to consumers.

Union Minister of Power and Chairman Group of Ministers in his address highlighted the importance of operational and financial health of distribution utilities in ensuring quality power supply to the public. He remarked that collaborative efforts by Central Government, State Governments and Regulatory Commissions are required to implement necessary reforms that ensure the viability of the power sector. He emphasised for early installation of prepaid smart meters in all Government establishments. Hon'ble Minister urged the States to reaffirm the commitment of **“Power for All, at All Times”**, in a manner that is efficient, environmentally sustainable, and cost-effective.

Joint Secretary (Distribution), Ministry of Power, GoI in his presentation briefed about the key reasons for continued un-viability of distribution utilities which in turn gets manifested in sub-optimal service delivery to the consumers. He further informed that the high cross subsidy being levied has resulted in expensive cost of manufacturing affecting their competitiveness. The prevailing losses of the distribution companies have led to the sector becoming less attractive for private investment. He presented the proposed key reform measures which have emerged as a result of the outcome of the deliberations held so far and based on consideration of the member States. He also mentioned that these reforms are being proposed to be so designed that the improvements in the sector should be irreversible.

Additional Secretary, Ministry of Power, GoI also made a presentation on the proposed Electricity (Amendment) Bill which could create enabling environment for improving financial viability of utilities, facilitating Ease of Living & Doing Business, promoting Energy Transition, Strengthening Regulatory Framework and optimizing distribution network utilisation.

During the meeting it was deliberated that the Regulatory Commissions must issue full cost tariff, and the State Governments may provide subsidy if required. It was deliberated that in order to ensure timely resolution of issues and discourage motivated litigation, needful measures to encourage mediation mechanisms should be brought in the regulations. In view of the gravity of the debt situation, there was a felt need to recognise the debt of the distribution utilities as the liability of the State Governments.

The key points of discussion included role that the State Governments and the Regulators should play for ensuring cost reflective tariff, and for ensuring timely payment of subsidies and Government department dues, expediting smart metering works, increasing the use of Data Analytics to improve power purchase optimisation and demand forecasting, etc. The deliberations were also held for drafting the broad contours of the new scheme to be proposed by GoM for debt restructuring of distribution utilities.

The Group of Ministers reiterated their commitment, to take necessary measures for improving the financial viability of distribution utilities.

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