

Title: Moved the motion for consideration of the Electricity Laws (Amendment) Bill, 1998. (Not Concluded)

15.15 hrs

THE MINISTER OF POWER (SHRI P.R. KUMARAMANGALAM): I beg to move:

"That the Bill further to amend the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948, be taken into consideration".

Sir, I rise to move the Electricity Laws (Amendment) Bill, 1998. An earlier Bill which was introduced in the Lok Sabha on 13th March, 1997 was referred to the Standing Committee on Energy on 20th March, 1997. The Standing Committee on Energy was constituted under the Chairmanship of Shri Jagmohan, Member of Lok Sabha. The Standing Committee on Energy held detailed consultations with experts in the power sector and submitted its report to Speaker, Lok Sabha on 3rd December, 1997. The Standing Committee had made several important recommendations and suggested modifications to the Bill. The major recommendations were:

- (i) Overall planning of the transmission system should be under the scope of CEA, POWERGRID and SEBs.
- (ii) There should be only one main transmission agency in each State and at Regional/National level. For the transmission system within a State it should be the respective SEB, or its successor organisation. At the regional/national level it should be POWERGRID.
- (iii) The main transmission agencies indicated at (ii) should continue under Government ownership.
- (iv) The main transmission agencies should decide which part of the required transmission augmentation within their responsibility should be entrusted to the private sector.
- (v) The private transmission company should be required to enter into a transmission service agreement with the concerned SEB/POWERGRID for making available its transmission assets to the latter. The private company should not be concerned with wheeling and third party access issues.
- (vi) The transmission company should operate and maintain its assets in accordance with the directions of the Regional load dispatch centre/State load dispatch centre. The RLDC/SLDC should be under POWERGRID/SEB (its successor organisation).
- (vii) The private transmission company should be given a license on the basis of a recommendation of the concerned main transmission agency.

The Government has accepted all these recommendations of the Standing Committee on Energy and these have now been incorporated in the Electricity Laws (Amendment) Bill, 1998.

The Bill will provide a legal framework for recognising transmission as a distinct activity and for regulating transmission through licensing and for fixation of transmission tariff. This is necessary since transmission entities have been established at the national/state level (POWERGRID, GRIDCO) and some States are proposing to create separate transmission entities. Under the existing Electricity Laws, transmission can be taken up only in conjunction with generation or distribution and not as an independent activity.

Before dealing with the salient features of the Bill, I will briefly review the development of the transmission sector. With the enactment of the Electricity (Supply) Act, 1948 the State Electricity Boards became the nodal organisations for expansion of the transmission and distribution network. In the mid-60s, the Regional Electricity Boards were established

and the process of linking the power system of the individual States within the region was initiated. From the mid-70s onwards the Government of India started establishing Central generating stations (thermal and hydel) in the regions along with their associated transmission system. The Central sector transmission system was designed to deliver power to the States based on their share of power from the Central generation stations. In 1989, the POWERGRID Corporation of India Ltd. was set up to move blocks of power from the Central generating agencies and also transfer surplus within and across regions.

An extensive network of transmission system with over 1,10,000 circuit kilometre of extra high voltage lines at 220 KV and higher voltage including HVDC are in operation today. Apart from these, 1,30,000 circuit kilometre of sub-transmission lines of 66 KV and 110KV or 132 KV have also been established.

A critical problem in the power sector is the inadequacy of the transmission and distribution network. The sort of power blackouts and failures that we are seeing are invariably due to the weakness in this sector. The two major areas of weakness actually are (i) lack of power integration of transmission and distribution system with the generation plant as a result of which generation capacity cannot be fully utilised and (ii) inadequate investment in transmission and distribution as compared to generation.

The expenditure incurred in generation as compared to that on transmission and distribution has been of the order of 1:0.46. In other words, when we spend Re.1 for generation, we spend only 46 paise for transmission and distribution. This is much below the recommended standard norm of 1:1. This was the norm that was recommended by the Rajyadhyaksha Committee on Power. It is necessary to correct the imbalance by providing a legal framework under which private investment can supplement the efforts of POWERGRID Corporation and the SEBs.

An important area of concern relates to the manner in which integrated operation of the regional or the State Grid would be ensured when licences are sought to be granted to private transmission licensees for putting up transmission projects on Build-Own-Operate-Maintain basis. The responsibility of the transmission licensee will be only to construct and maintain the transmission lines and associated substations in good working conditions so that the lines are available for transmission of power.

The scheme under this Bill is in that order. The transmission licensees will not be concerned with the amount or the quantum of energy that would be transmitted on the lines. The POWERGRID or the SEBs, under an agreement with the transmission licensees, will have the exclusive use of the transmission system. The decisions with regard to power flows will be taken by the regional load dispatch centres at the regional level and the State load dispatch centres at the State level. The regional load dispatch centre presently under the control of the POWERGRID shall issue directions which will be binding on the State Electricity Boards, generating companies, bulk distribution licensees and transmission licensees to ensure integrated grid operation.

Similarly, the directions of the State load dispatch centre presently under the SEBs will be binding on all licensees - transmission licensees and generating companies - for the smooth operation of the State Grid. If I may submit, this is essentially required to come as a Bill so that we understand that transmission is no longer an activity that can be said to be either part of generation or of distribution. It is a distinct activity for which there are distinct incomes and distinct relevance.

We have one major problem, in fact, in the transmission arena, in addition to what I have mentioned and that is, redundancy. We need to create redundancy in the transmission arena so that in the event of any mishap or any unfortunate situation that arises, circulating power away

mishaps or any unfortunate situation instances, circulating power away through another route would also be possible.

We have a situation today where we have about 2,000 MW of surplus power in the Eastern region and there is a market available for it in the South. But unfortunately, due to lack of proper transmission links, we are not able to move this power down to the South. The investment that is required just to do this one small activity of moving 2,000 MW is so substantial that we are talking about tens and thousands of kilometres of circuit to be put into place. We have managed to put in a couple of large circuits and we are in the process of doing more. But until we achieve a situation where, nationally, we can flow power from one part of the country to another part of the country where there is a shortage, we really would not be meeting the demand of a modern growing nation.

Therefore, in the light of this, as it is often misunderstood, I want to make it clear that we are not privatising transmission totally. On the contrary, what we are doing is only bringing or making available or facilitating investment in the transmission sector but the investment so based will be investment to build and maintain but the real operation will remain within the control of the Government and its agencies and not under control of any private body. This is the sum and substance of the Bill.

I commend that the Bill be now considered by the House with all the inputs that are there.

(ends)

MR. CHAIRMAN : Motion moved:

"That the Bill further to amend the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948, be taken into consideration."

">SHRI PRITHVIRAJ D. CHAVAN (KARAD): Sir, I stand to support the Electricity Laws (Amendment) Bill which has been moved by the hon. Minister.

Electricity is a key input for overall socio-economic development of our society. The State has the ultimate responsibility for ensuring adequate supply of electricity at economic cost and ensuring the quality and the reliability. Unfortunately, the State has not been able to adequately meet its responsibility.

A little overview would be in order if we compare India and China. Both India and China started with the same capacity in 1950. India had an installed capacity of 1560 megawatts as against China's installed capacity of 1850 megawatts. If we look at the situation after four-and-a-half decades, in March, 1998, India had an installed capacity of nearly 90,000 MW while China had galloped to an installed capacity of 2,20,000 MW. Our consumption of electricity is 350 units per capita per year as against the world average of 2200 units. Electricity consumption is an important parameter of socio-economic development. It is well documented that there is an energy shortage of about 11.5 per cent and the peaking shortage of over 18 per cent. Inadequacy in infrastructure started engaging our attention after we initiated the economic reforms. We started reforming our electricity laws and these efforts have had some effect. If you look at the overall generation scenario further, we may find that peaking shortage is met by hydro generation. But the ratio of thermal and hydro generations, as against the ideal ratio of 40 per cent hydro generation and 60 per cent thermal generation, today we have only 25 per cent hydro generation and 75 per cent thermal generation, nuclear generation being very marginal. Out of about 1,30,000 MW of hydro potential, we have been able to exploit only 14 per cent. We are still beset with high transmission and distribution losses which are well above the world average. We are running losses at about 21-23 per cent. Efforts at improving the electricity scenario over the last seven to eight years have resulted in improved plant load factor from 55 per cent to about 65 per cent.

We have had growth in electricity generation on a regular basis. But a lot more needs to be done. We all know that electricity has three main aspects, namely, generation, transmission and distribution. The reforms, which were carried from 1991 onwards, focussed mainly on generation aspect of the entire electricity scenario. Because of inadequacy of State funding, the entry of private sector was sought. The electricity laws were amended. We send delegations all over the world inviting private participation in our power sector. Some people did venture to come in. We gave them special facilities. We call them fast track projects.

The experience of these fast track projects over the last seven years has been very dismal. Firstly, we focussed on generation and neglected the other important aspects, that is, the transmission and the distribution aspect. Even in generation, the situation is pathetic. In the Eighth Plan, against a target of over 30,000 MW, we could achieve only 16,400 MW. Against an expectation of the private sector participation to the extent of 2,800 MW, we could get only 1,400 MW. The private sector is not rushing headlong to invest in this country unlike what my friends in the Left or the Swadeshi Jagran Manch might think. The investment will go only where there is a reasonable return. Therefore, having neglected the important transmission and distribution sectors, there serious distortions. In the present set-up of electricity availability, there are frequent outages. The frequency and voltages are off the standard resulting in equipment, burning out. Timely power is not being given to industrialists and agriculturists. A major distortion has come in. Just now, the Minister informed us that there is an availability of surplus power and an availability of generating capacity in certain parts of the country. But we are not able to evacuate that power

because of lack of adequate bulk transmission facilities. Therefore, major initiatives are needed.

Even the last Government, in their Common Minimum Action Plan for Power set out certain priorities. One of the priorities of that document was that transmission sector would be considered as an independent activity and then, we would see that private investment comes in transmission.

The Ninth Plan also looked at the overall energy scenario, energy being a very important sector of the infrastructure. They laid emphasis on completing the incomplete projects, improving the plant load factor, reducing the transmission and distribution losses, reforms in electricity laws, institutional reforms and also sought to improve the hydro and thermal mix.

An important focus was also on creation of high capacity inter-regional transmission lines. The important objective of the Ninth Plan was to shift the emphasis from regional and State level grid control to a national integrated grid operation. Of course, the laws were sought to be made for simplifying investment through private sector - both indigenous and foreign. And captive power generation was also to be encouraged. All these were good objectives. But unfortunately, the Ninth Plan document is in

doldrums. I think the R I P is now again looking at it and

conditions. I think, the Government is now again looking at it and wants to review and reform it. I am afraid, it may not see the light of day.

The Working Group of the Planning Commission wants to add a capacity -

there is a requirement of 57,000 MW in the next five years - of about 40,000 MW is planned. This 40,000 MW of additional capacity would require an investment of something like Rs. 1,60,000 crore at an average cost of rupees four crore per MW.

According to the Rajadhakshya Committee, about which the hon. Minister has referred to, the ideal investment mix is, for every rupee that you spend for generation, a rupee should be spent for transmission and distribution in equal proportion. But unfortunately, right from the Fourth Plan - we need not go beyond that - the investment in transmission and distribution which was 47 per cent of the total investment in the Fourth Plan, has been coming down steadily from the Fifth Plan onwards. In the Fifth Plan, it was 39 per cent. In the Sixth, Seventh and Eighth Plans, it has been steady at about 33 per cent. A great distortion has set in.

Now, availability of funds has been the main problem. Given the Tariff Policy and the way in which our State Electricity Boards are functioning, there is no chance of any internal resource generation. The net rate of return of the SEBs is estimated to be a negative 18 per cent. If we want to have a zero per cent rate of return, then we will have to increase the average tariff by 38 paise. We know the political will for increasing the power tariff. If we want to get a rate of return of three per cent, then the average rate per unit would have to be increased by 43 paise. The Electricity Law amendments about the Regulatory Commission, which this House passed recently, is a step in this direction. But I do not think that this Government has been able to generate the political will across the Party lines, the entire polity, to agree to a reasonable tariff policy. I think, the Government must continue to take the initiative so that the tariffs are not distorted.

Sir, only 40 per cent of the energy that is produced earns revenue. The rest 60 per cent of the energy goes either as uncalled for losses or commercial losses, which are nothing but euphemism for theft, or as unmetered supply to various sectors. The high T&D losses, the technical losses are because of inadequate transmission and distribution network. Therefore, upgrading transmission and distribution network to achieve optimum Plant Load Factor has to be the top priority keeping the overall power scenario in this country in view

15.38 hrs (Mr. Speaker in the Chair)

The formation of the POWERGRID in the year 1989 was a major step in this direction. Now, what is the investment that is required in the Ninth Plan? Some documents say that an investment of Rs. 56,000 crore is required. Now, if they talk of generating a capacity of 40,000 MW and also of an investment of rupees four crore per MW, meaning thereby an investment of Rs. 1,60,000 crore in the generating sector, then they have to be spending a similar amount in transmission and distribution by their own argument. So, the need is anything between Rs. 56,000 crore, as per some documents, and about Rs. 1,22,000 crore according to the former Chief of the POWERGRID. So, the need is enormous. The POWERGRID alone and the SEBs together can only invest something like Rs. 20,000 crore through their internal resource generation. The rest has to come from the private sources.

Sir, the present provisions of the electricity laws, the two laws that we have - the Indian Electricity Act of 1910 which deals with the rights of the licensees and the Electricity Supply Act of 1948 which defines the role of the Central Electricity Authority and the State Electricity Boards, as amended from time to time, does not provide for transmission to be an exclusive and a separate entity as

against generation and distribution which could be an exclusive entity.

In the Act, for transmission, there are no provisions for an independent organisation. Therefore, as the present law provides, transmission lines can only be provided alongwith generation by a generating company or smaller low voltage sub-transmission lines can be provided alongwith distribution by a licensee of a distribution system.

This Bill seeks to define transmission as a separate activity and permits private sector participation exclusively in the field of transmission as a licensee. The Government had set up an Expert Group under the Chairmanship of Shri Shankerguruswamy. The Group submitted its Report last year and it has the guidelines for private investment in transmission and distribution. This Bill has by and large come out of the recommendations of that Expert Group. Therefore, focusing on the Bill and focusing on the transmission aspect of the power scenario, we have about 1,10,000 circuit Km. worth of extra high voltage, that is 400 KV and 220 KV of A/C transmission lines and about 1700 circuit Km. of high voltage D/C transmission lines of 500 KV. There are plans to go to the next higher level because losses would be much less. The next higher level is 765 KV A/C. I do not know when the project will start. Sooner we go to the higher level better it is. I know money is required for that.

Coming to the specific aspect of the Bill, it is a well-accepted fact and the Shanker Guruswamy Report highlights it, that transmission is a natural monopoly and it should remain a State monopoly. Transmission

activity should not be handed over to a private sector organisation. Therefore, what is being sought is that we will have a Central level Transmission Utility and a State level Transmission Utility. The Act provides for the creation of these utilities. Both the Electricity Acts have sought to be modified. These utilities would then licence independent power transmission companies (IPTC) which will work under the Regional Load Despatch Centre and the State Load Despatch Centre. They will not be responsible for operation of the grid, therefore, they are not responsible for the grid parameters. They would only offer the infrastructure which they would engineer, design, construct and maintain. They will operate it under the directions of the Load Despatch Centres.

Coming to Clause 3 of the Bill which seeks to amend Section 27(b), I have some worries. The State Transmission Utility can be SEBs or the State Government. First of all, it is accepted that the transmission utilities will be the State Government's monopoly. It is said in the amendment of Section 27(b) that the State Transmission Utility can be a State Electricity Board and in the same breath it is also said "or a successor organisation". Now, the Government is planning to privatize the State Electricity Boards. In Orissa, the State Electricity Board is privatized. In Haryana, there is some initiative in this regard. Therefore, are you contemplating a privatized State

Electricity Board to become the State Transmission Utility? If it is so, you are going against the concept of transmission being a State monopoly.

I would like to seek this clarification. Otherwise you will have to remove from Section 27 (b), sub-clause 1, reference to State Electricity Boards or to mention that 'State Electricity Board as long as it is Government-owned'. I am afraid, when you say a 'successor' organisation, it need not be a Government organisation.

Where the State network of transmission is already in existence, does the Act permit that network could be sold to an Independent Power Transmission Company (IPTC)? Or will the IPTC necessarily have to create a new infrastructure? Is leasing of existing infrastructure to the IPTC is permitted?

The third point I would like a clarification on is, if IPTC are not responsible for maintaining grid parameters like voltage and frequency and if those parameters are not met because of maybe nonavailability of a perfect working grid, how are the disputes going to be settled? What is the dispute settlement mechanism? Will the Central Transmission Authority or the Central Regulatory Commission settle disputes? We do not know. The Bill does not clearly talk about it.

The next aspect of the Bill is this. How is private sector participation going to be decided? The Committee very clearly states that a negotiated route is not preferred. The Committee has said that the State Commission or the Central Transmission Utility should design the grid, the network and the specifications, draw bid documents and finally should go for open competitive bidding and not for negotiated route as we had gone for in the case of the fast track projects. The Minister has not spelt out whether giving entry to private sector will be only through an open competitive bidding process or not. That needs to be clarified. Otherwise, tomorrow he

could go back to the negotiated route and we all know as to what happened to the now famous Enron project in my State.

SHRI MURLI DEORA (MUMBAI SOUTH): Is it famous or notorious?

SHRI PRITHVIRAJ D. CHAVAN : The project itself is not notorious because we need that power. The negotiations, both by the Government which started the project and the Government that took over from the previous Government, and the entire negotiating process was opaque. We have apprehensions that the power which would flow from Enron will be very expensive

be very expensive.

We do not want to go for an opaque negotiating route but we want to go for transparent competitive bidding route.

My next point is, the Minister has stated that the State and Central Transmission Utilities will be working transparently. But, will there be public hearings? Tariffs will, of course, come out of public tenders. Supposing you want to modify, supposing somebody complains to either the Central Transmission Utility, will an open public hearing be held? There is no such provision in the Bill. I was a member of the Standing Committee on Energy in the last Lok Sabha which went through this Bill. I think this issue had also come up that whenever tariffs are being fixed, whenever contracts have been awarded, whenever a private transmission operator is to be selected, it should go through a public hearing. I think the Bill does not clearly mention that it should be done.

I have a little worry about Section 27(c), sub-clause 5 and Section 27(d), sub-clause 5. I think, this is in clause 3. Why are exemptions being granted? The Minister says that under certain very special circumstances, it need not be necessary to take licences. Why is this clause there? I do not know what are the intentions behind this. This clause worries me because it is an escape route. Tomorrow, without going through the process of obtaining a proper licence, a State or both the State and the Central Governments can permit somebody to transmit

power without obtaining a licence.

I do not understand why this exemption route is kept there.

The new amendment to Section 27(6) is regarding the role of Parliament. It says that any new notification or any new contract has to be presented before the two Houses of Parliament and the State Legislature within a certain time. It is a good suggestion. Do you need ratification from Parliament within a certain time-frame? If that is the purpose, then I think, perhaps, the way Parliament is functioning now, it may not be able to ratify with a given period of 30 days. I do not know the intention. Of course, going to Parliament is good. You must keep the two Houses of Parliament informed about what is going to happen.

The proposed law does not indicate the time for which the licence will be granted. In the first case, it shall be 20 or 30 years with an option to review it for a certain period of time. I think, initially, this should have been included in the law. It should not be left to the rule-making or delegated legislation because we are treading into a new area. As Shankarguruswamy Report has indicated, there is no adequate experience in independent transmission companies anywhere. Here, we do not have at all. But even internationally, there is no adequate experience in the independent power transmission companies. We should tread very carefully, otherwise we could be taken for a ride.

Regarding the draft agreements, I know and the Minister knows, how long it took to get into the Power Purchasing Agreements in the case of IPPs and now you have got, what you call, the Transmission Agreements. We would like to know, whether any work has been done on the Draft Model Transmission Agreement. I do not think that anything has been mentioned here. There is a chapter in the Report where it talks about the Transmission Agreements. But this is an area which one has to go through very carefully.

What are you going to do about land acquisition or what are you going to do about forest clearances? Because when you are going to set up Inter-State and Intra-State Transmission lines, and a private company is going to come and set up a line, say from Bihar to Orissa or say in the Chicken's neck or connecting Maharashtra and Karnataka, you have the problem of land acquisition. If towers have to be set up at particular distances, about half an acre of land is required for each tower. You know the land acquisition procedures. Unless forest clearance and other procedures are simplified and there is a fresh look at these laws, I think

procedures are simplified and there is a fresh look at these laws, further, many foreign transmission companies which otherwise are willing to invest in this area, will be discouraged.

Finally, it is a welcome legislation, but the experience of privatising generation has not been very good. Even our Fast Track Projects took years and years before the first unit of electricity starts flowing. Perhaps, this year we might see some energy flowing out of the private generating projects. If you are going the same way as in the transmission projects, the purpose will be defeated. Transmission lines need all the investments that we can get so that the distortion which has been there for a long time can be corrected.

With these words, I support the Bill with the worries and objections that I have underlined. The hon. Minister in his reply, I am sure, will clarify some of the doubts that we have raised.

I conclude by saying that we have a very dynamic Minister-in-charge. He has rightly been trained politically. But I am afraid, whether he will be allowed to work in this present scenario, where Government does not

seem to be working. Let us, at least, get some legislations through before the Government which is already tottering finally collapses. Thank you.

">SHRI V. DHANANJAYA KUMAR (MANGALORE): Mr. Speaker Sir, I stand in support of the Bill.

This Bill seeks to amend certain provisions of the Indian Electricity Act, 1910 and the Electricity Supply Act of 1948 to empower the Central Government or the Central Electricity Regulatory Commission to have effective transmission of power, either inter-State; or the State Governments or the State Electricity Regulatory Commission to have intra-State transmission.

Sir, for the first time, the Government wants to consider transmission of power as a distinct activity. In fact, generation, transmission and supply or distribution are three different and distinctive activities. As soon as we put on a switch and the light starts glowing or a motor starts running at a distant place, the power which is generated at another corner will have to travel thousands and thousands of kilometres.

We know the situation of power, that is energy, in this country. Very often, it is being quoted as 'miserable'. It is estimated that there is a shortage of 11 per cent of power on the whole in the country and the shortage during peak hours is about 18 per cent. It is alarming to note that the average loss in transmission and distribution at the national level is estimated at 16 to 22 per cent. Had proper attention been given to improve the transmission system and also the distribution system, probably there would not have been a shortage in power supply. The system will have to be improved.

Recently, we have passed the Central Electricity Regulatory Authority Act. We must empower that Authority to effectively participate in improving the power supply position. As I have already submitted, generation of power is one thing and before it is put to actual use, it will have to be transmitted either in bulk or in small quantities from one place to another place. It also involves transmission of high tension power from one place to the other place.

It is said very often, the loss in transmission is caused because of conversion from high tension to low tension. After all, we will have to convert the power from high tension to low tension before it is actually put to use. The only solution for this is to improve the transmission system.

We have a very old system of transmission. The hon. Minister was mentioning a while ago that we have constructed thousands of kilometres of 16.00 hrs.

circuit. we have transmission towers. we have transmission lines.

We have also the transformers to store energy. Then, we have to improve the supply from a particular point to another point. Unless the whole system is improved, the power which is generated at an enormous cost, cannot be put to proper use. Very often, the inefficiency of the transmission system has been the subject of discussion in this House also. Whenever a question is raised, the Minister would stand up and give a reply saying that though power is available yet we are not effectively able to transmit it. Just a while ago, the Minister was making a mention about that. We have about 2000 MW of more power in the Eastern sector while there is shortage in the South, but we are not effectively able to transmit that power to the Southern sector.

We have the concept of grid. We have the national grid system. We have the regional grids. But still, we are finding it very difficult to properly transmit the power from one point to the other effectively and that will add to the cost of the power at the point of the consumer. When it is being utilised by the consumer, he will be burdened with more cost. In this Bill, the Government intends to entrust the rights of transmission to a Central Transmission Utility. In the States, for intra-State transmission, the State Transmission Utilities are to be set up. They are also empowered to fix the tariff for transmission.

As rightly pointed out by my friend, Shri Prithviraj D. Chavan, there is a doubt regarding the authority being conferred on these transmission utilities in the matter of fixation of fee for transmission. Fixation of licensing fee is one thing but the charges that are being levied, or, are being collected for actual transmission of the power, is another thing. Care will have to be taken while fixing the tariff. As rightly pointed out, it should be transparent. There should be a proper discussion or deliberation before fixing the tariff. Otherwise, again, I am afraid that will add to the cost, and that will impose a heavy burden on the consumer.

So far as the improvement of the transmission system is concerned, the materials which are already used for construction of the towers and for the transmission lines have become very old. Maintenance is not properly done. As rightly pointed out, for the proper maintenance of the system, we require a lot of money. On the one side, we require investment for generation of power and on the other side, we require a lot of funds for the improvement of the transmission system. Over a period of time, there has been a step-motherly treatment, rather, the transmission sector has been neglected. In fact, suggestions were made that equal investments would have to be made for generation, transmission as well as distribution. Since the transmission and distribution sectors have been neglected, today, we are running up with a shortage of power.

The Minister will have to clarify how by authorising this central transmitting utility or the State transmission utilities, how they propose to augment the resources which can be re-invested in improving the transmission system; except that there is a mention about granting the licence by collecting a prescribed fee there is no other provision which entails augmentation of resources for re-investment in this sector. Then it will also have to be ensured that the resources mobilised by granting licences for transmission and by leaving the operation for transmission the entire resources will have to be re-invested for the improvement and upkeep of the transmission system.

And today as we see, like the example we have in my State, Karnataka, we have two different bodies, one for generating the power, that is, the Karnataka Power Corporation, then the State Electricity Board for transmission and distribution. It is seen that the generating company is always making profits, but not to the tune to which it ought to have made, because the other entity, that is, the Electricity Board which involves transmission and distribution has to give a lot of money to the generating company. Why does this problem come? Why can the transmission and distribution not be properly compensated. why can resources not be

mobilised by ensuring a proper transmission distribution of the system? We will have to improve the transmission system, no doubt, because everybody would like to have quality power supply at the point of payment.

So, proper attention will have to be paid to the transmission system as well as the distribution points. We hope that with the authority being conferred with various Government agencies and with the proposed participation, of course in a limited way, the situation may improve. My friends from the Left may have reservations for the participation of the private sector in the transmission and distribution of power, but we know it very well -- Shri Basudeb Acharia also knows -- that in Mumbai we do not have a shortage of power because the generation as well as transmission is entirely in the hands of a private company. Even in Calcutta for that matter it is so. So, we cannot entirely put the blame on private parties and private participation will help in augmenting the generation as well as maintaining a proper supply of quality power.

Care will have to be taken to see that the consumer is not exploited and they live up to the expectation. Wherever we have seen it, after all the private parties are also citizens of this country and they will have to participate along with the Government in the building up of the infrastructure of the nation. It is after all a nation building activity. From generating sources we can get money for investment in the infrastructure sector. We will have to invite and tap that source and we will have to allow them to come and participate in building up the infrastructure, the basic infrastructure of the nation.

So, I hope, with the passing of this Bill, the Government will be fully empowered to set up proper transmission system in the entire country and power can be transmitted from one corner to the other corner of the country effectively and the losses which are found in the transmission as well as in the distribution system are minimised to the lowest and quality power is supplied to the consumers.

With these few words, I, once again, support the Bill. I thank you for the opportunity given.

">SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, I oppose the Bill. I oppose it on the simple reason that this is an attempt to privatise the entire electricity supply of the nation.

The first attempt was made when the Electricity Regulation Act was passed. At that time, we had pointed out that that was an attempt to privatise this sector. The hon. Minister was pleased to deny our allegation. He said that it will not be an encroachment on the powers of the State. Subsequently, he brought in one or two amendments to the Bill which he had moved first and those amendments made it optional. The States may follow the Electricity Regulation Act or may not follow the same. So, it was made purely an optional matter as far as States were concerned and that too was done after much criticism from this side. The hon. Minister's attempt was to make it compulsory on all States. But I am sorry to point out that only after intervention by this side that he brought in two amendments to make it optional.

Now, this is in continuation of the Electricity Regulation Act. The Bill which he had brought and passed as Electricity Regulation Act of 1998. But what prompted the hon. Minister to bring in such a legislation? After all, we have the Indian Electricity Act of 1910, which was subsequently modified and we have another Electricity (Supply) Act of 1948. These two Acts were there and they were functioning in the nation without much difficulty. Moreover, it is admitted that our production of power has increased every time, as per the provisions of the Five Year Plans. I do not want to go into the details of those matters.

We are in the Ninth Plan but even now we are deficit in the matter of power supply. In my State also everyday there is power cut for half-an-hour irrespective of the fact whether there is rain or not. That is the

situation. So, everywhere there is power shortage. In spite of the fact that we made serious attempts to increase the generation of power, we have not been able to succeed in this matter. That may be due to many

reasons. One reason is that power infrastructure was far below the standard. The hon. Minister would also admit that power sector infrastructure is very much below the standard and hence it results in huge transmission loss. Every year we have been losing crores of rupees by way of transmission loss which we could not prevent. This could have been prevented provided our infrastructure was strongly built up. But that we could not do. Moreover, most of the State Electricity Boards were mismanaged. That we all know. They were mismanaged due to various reasons, such as, occasional interference by State Governments, occasional interference by political parties, if I may put it, and so on. There were interferences which did not give a free hand to the State Electricity Boards to function in a proper way. That we all do admit. But that will not be a reason for privatisation. This is a clear case of privatisation, that is very much admitted. Like our national agenda where there is a hidden programme, here also we have a hidden programme of privatising the entire electricity system. That is very definite. Why it is definite is because the Central Transmission Utility is an authority which will come into effect after this Bill is passed. There is no doubt about it. It also provides for State Commissions and State Transmission Utilities as well. There is a provision that the licensee can be a private individual. There is no bar on that. The State Electricity Board need not be the State Utility Commission. It need not be the Commission for State Utility. It can be a private individual. That is self-evident from the provisions of this Bill which my learned friend has introduced before this House.

In the definition clause, it is mentioned that 'State Transmission Utility' means the Utility notified by the State Government under sub-section (1) of section 27B. Similarly, 'transmission license' means a licence granted under Part IIA to transmit energy. There is a clear provision that the licensee shall be a person who can be a private individual. It need not be the State Electricity Board. So, the real attempt would be to hand over the entire KSEB or the Karnataka State Electricity Board - my learned friend is not here - to a private individual. Moreover, I have a report which I got from my learned friend. The title is 'Framework to Facilitate Private Investment in Transmission Projects'. There also what they are educating is that there should not be a joint venture because it will not lead to anywhere else. The joint venture will not be proper. Either the private agency should take up the transmission or the State agency should take up the transmission. There cannot be any scope for joint venture. That is what the report says. If that be the case, it is definite that the State agency will be eliminated from the picture and private agency will be instituted in its place.

This is an attempt to do that. The hon. Minister may deny my allegations, but the fact remains undisputed that once this Act comes into force and those States which incorporate the provisions of this statute will definitely have to obey the directions given by the Central Transmission Utility. That authority will be issuing directions in every way. So, the entire position is that it is a clear attempt on the part of the Minister to bring in privatisation in electricity or power sector which I cannot agree to because by doing this, thousands of workers, employees, engineers and all technical hands are left at the mercy of some private firms. People who have earned credence from universities abroad are working under the Electricity Boards. All these engineers and technical men who are working in the State Electricity Boards will be forced to work under a private individual who can terminate their services at his whims and fancies, without any difficulty. That is the position. That will create a situation in which exploitation by private individuals will be the order of the day.

We have our own experience that the private distribution system or the private transmission system will not do any good. Electricity, as you

know, is a service sector. Of course, I do agree that it is an industry, but there must be a community service so far as electricity is concerned. We will have to bear some losses for providing electricity to the farmers. We are giving them power connection at a very high rate. The agriculturists are getting connections at a very high rate and they will be forced to be exploited by the agency or by the licensee who is to be appointed under the provisions of this Electricity Laws (Amendment) Bill.(Interruptions)

He is not listening because he is sure that he can get it passed without listening to what we say. We are all proposing certain things. He must, at least, show the courtesy of listening to what we say.

SHRI P.R. KUMARAMANGALAM: Mr. Speaker, Sir, his voice, without the headphone, overrides everything and with the headphone it will definitely override.

SHRI VARKALA RADHAKRISHNAN : Sir, he is not interested in any Parliamentary discussion. If this is his attitude, what can we do?

SHRI P.R. KUMARAMANGALAM: Mr. Speaker, Sir, I want to assure him that without the headphone his voice will override everything. He has got a clarion call and with the headphone I cannot think anything else. So, I can assure that I am listening to him.

SHRI VARKALA RADHAKRISHNAN : Sir, he knows why I am submitting these things because his father had a tradition, though he may not claim to be a traditional fellow. His father and his father's father had a tradition. But his tradition may be otherwise; maybe opportunism or otherwise, I do not know. But I know his father and his father's father in Madras. (Interruptions) I am sorry, it is Chennai now. There is a passion for the word that we should use only Mumbai for Bombay. If we say Bombay in Mumbai we will be put to difficulties and if we say Madras in Chennai, we will be put to difficulties. Shri Bai Thackeray will not meet a person if he is saying Mumbai as Bombay. That is my own experience. He will not talk to that person who uses the word Bombay. He is very particular that the word Mumbai must be used.

DR. T. SUBBARAMI REDDY (VISAKHAPATNAM): What about Kerala?

SHRI VARKALA RADHAKRISHNAN : In Kerala there is no such thing. But I will point out one instance about Kerala. Our Capital is Trivandrum. That was the word used by the Englishmen. But Thiruvananthapuram is the official word now.

MR. SPEAKER: Shri Radhakrishnan, what about the Electricity Bill?

SHRI VARKALA RADHAKRISHNAN : Sir, I am coming back to the Bill.

I would like to invite the attention of the Minister to the salient features of the Committee of Experts constituted to suggest guidelines regarding private investment in transmission projects. What are the recommendations of that Committee? One of the recommendations of that Committee says:

"The above main transmission agencies should continue under Government ownership."

This Expert Committee was headed by Shri D. Sankaraguruswamy. He was asked to prepare a report and submit showing the facts leading to privatisation. But what he actually recommended was that in the matter of power transmission, if at all any agency should be allowed, the above main transmission agencies should continue under Government ownership. Does the Minister agree with that recommendation? The present legislation will not lead to such a situation. He is surrendering or submitting the entire process to a private agency. That is self-evident.

The next recommendation of the Expert Committee says:

"The above main transmission agencies have to decide as to which part

of the new transmission augmentation within their responsibility they would like to entrust to private sector."

They have said that the decision-making authority should remain with the State Electricity Boards. Another recommendation says:

"Even in the case of transmission system to be entrusted to private company, the SEB/POWERGRID should continue to be responsible for preparation of Feasibility Report/Detailed Project Report and obtaining necessary clearances, the procedure for which should continue to be generally as followed at present."

So, he has recommended that the present system should continue without any hindrance. But I would say that the Minister's Bill, when it is passed and implemented, will definitely change the entire system. I am very sure about it, because the Bill is framed in such a way as to give the entire transmission to private agencies.

The Expert Committee further says:

"The main transmission agency should then issue a specification and obtain offers from private companies for taking up the construction of new transmission facilities on ownership basis."

The Expert Committee was very particular that the entire ownership should be with the State Government or with the Central Government, as the case may be. That is the recommendation of the Expert Committee. I am sorry to submit that the hon. Minister is bringing out a legislation which will not lead us to the recommendations of the Expert Committee and after all, - I am not convinced - he is not in a position to explain as to why this legislation is necessary. We have sufficient legal safeguards. Our position is safe. The 1910 Act is sufficient. The Electricity Supply Act is sufficient. But he has brought forward another legislation. Now, to complement that legislation he is bringing this Bill and this will lead to complete privatisation. That is why, I oppose this move.

The next that I would like to make is about the tariff. Who will determine the power tariffs? Is it the Government or this agency? He must tell us as to who is the determining authority. As per the provisions of this Bill, it is the agency or the licensee who is responsible for fixing up the tariff. Suppose the matter is taken to a court of law, then the court will decide. If this Bill is passed in terms of the provisions now contained, I am sure that they will succeed in establishing that the tariff can be determined and decided by the agency or by the licensee who is appointed under the provisions of this statute. Can he deny that? Otherwise, there must be sufficient safeguards in the Bill.

Sir, he may say that he would refer to the provisions in the Electricity Supply Act and also to the 1910 Act. But he has amended all those sections. In the matter of transmission he is making very drastic changes.

If you enunciate drastic changes, there must be sufficient safeguards in determining the tariff. There is a very burning issue in Tamil Nadu about concessions to agriculturists and farmers. The State Government is giving them power at a very concessional rate. This will not continue if this Bill comes into operation. Shri Muthiah, I may tell you that after the enactment of Electricity Laws (Amendment) Bill, it will not be possible for Tamil Nadu to supply power at concessional rates.

MR. SPEAKER: Shri Radhakrishnan, please conclude because you have already taken 20 minutes. Your Party is allotted 30 minutes and there is another speaker also from your Party.

SHRI VARKALA RADHAKRISHNAN : Sir, Section 27B says:

"(1) The State Government shall, by notification in the Official Gazette, specify the State Electricity Board or any Government company as the

State Transmission Utility.

(2) The functions of the State Transmission Utility shall be to- (a) undertake transmission of energy through intra-State transmission system;

(b) discharge all functions of planning and coordination relating to intra-State transmission system with -

(i) Central Transmission Utility;

(ii) State Governments;

(iii) generating companies;

(iv) Regional Electricity Boards;

(v) Authority;

(vi) licensees;

(vii) transmission licensees;..."

Now, the transmission licensees are there in the picture. The transmission licensees will not be the State Electricity Board. It will be or can be a private agency because the option is there. The State Transmission Utility shall exercise supervision and control over the intra-State transmission system.

Now, what about the exemption that is granted? The Central Commission has the power to grant exemption to a licensee. Why should it be there? What purpose will be served if you allow to continue this provision in the Bill? Now, Section 27C (1) says:

"Until the Central Commission is established, the Central Government and thereafter the Central Commission may, subject to the provisions of sub-section (4), grant a transmission license to any person."

Therefore, that provision is there. That is why, I hold the view that it is a clear-cut case of privatisation.

Sir, before I conclude, I may point out that in our State as well as throughout the nation the burning issue is power production and power supply. I do concede this. Especially in these matters, we should not strictly follow a policy of commercialisation. Of course, commercialisation is there, but the policy must have 'service' as its motto. The farmers should be given all possible concessions in the matter of their profession. As you know, more than 60 per cent population belong to agricultural sector. So far, we were not giving them proper consideration, proper power supply and proper weightage also.

So, whenever any new legislation is brought in, the primary question to

be discussed is as to how far we can help the farmers. Now-a-days, commercialisation is the order of the day and, that is why, we are speaking about multinationals and liberalisation. When we speak about these aspects, I would submit that we always forget one aspect and that is the 'service motto' behind all these actions. We should help the farmers and there should not be any attempt to destabilise the machinery that is giving concessions to the farmers, and that must be continued.

Moreover, another factor which I would like to emphasise is about the household connections. A majority of the population is far below the poverty line. A power connection is not a pleasure or a rich man's convenience, but it is being used by almost all sections. Just we take our food, we should have power connections in our houses. That is why, we must give maximum concessions to the household consumers. They must be given the maximum concessions when we give effect to this legislation. If we can do some justice to these people, then, definitely, we can be proud that we are doing a service by producing the electricity.

With these words, I oppose this Bill.

">