Power Tariff Revisions and the State of DISCOMs

Why in news?

The Tangedco filed a general retail power tariff revision petition proposing to hike power tariffs by 10% to 35%.

What is the proposal about?

- **The proposal**- The Tamil Nadu Generation and Distribution Corporation (Tangedco) has submitted a proposed revision of electricity tariff to the Tamil Nadu Electricity Regulatory Commission (TNERC).
- If the proposal comes into effect, the hike will be after a gap of eight years.
- In the proposed tariff revision, 42% of domestic consumers, would not have any increase in their charges, and the 100 units of free electricity scheme would be continued.
- However, a provision to voluntarily surrender the free units would be introduced.
- Electricity charges would be increased for those domestic consumers using more than 100 units.
- The Electricity Department has proposed to increase the electricity charges for commercial and other categories of consumers with low tension commercial connections.
- It has also proposed to charge a separate amount for those consumers having more than one electricity connection, and a separate tariff to be fixed for common lights, lift and water distribution in multistorey apartments.

According to Niti Aayog's report 2021, the total loss of power DISCOMs was estimated to be Rs. 90,000 crore in the financial year 2021.

Why has the tariff revision petition been filed by the Tangedco?

- Constant, burgeoning losses
- Failure of the previous State government to write off the huge liabilities under the Ujwal DISCOM Assurance Yojana (UDAY) scheme
- Failure to bring down the gap between the Average Cost of Supply and the Average Revenue Realised to nil by 2018-19, as stipulated in the UDAY scheme
- The commitment provided by the Tamil Nadu government to fully absorb Tangedco's losses
- Outstanding loans and the consequent increase in interest burden
- Centre withholding through the Power Finance Corporation and the Rural Electrification Corporation, the release of Rs. 3,435 crore under the Special Liquidity (Aatmanirbhar Bharat Abhiyan) loan scheme

- Centre not releasing the grant of Rs. 10,793 crore under the Revamped Distribution Sector Scheme (RDSS)
- Need to improve the transmission network

To help the DISCOMs, the Centre in 2020, announced a Liquidity Infusion Scheme (Aatmanirbhar Bharat Abhiyan), under which loans have been sanctioned.

Where do other States stand on power tariffs?

- **Andhra Pradesh**- The power tariff hike for domestic consumers approved in March, took place after a gap of two decades.
- **Kerala**- The increase came into effect in late June after three years.
- **Bihar**- In 2022, the Bihar Electricity Regulatory Commission issued an order, rejecting the proposal for a 9.9% hike.
- **Punjab**- No changes in the tariff were made and on the contrary, domestic consumers in the State have been given free electricity up to 300 units each month.
- **Gujarat**- The Aam Aadmi Party (AAP) has promised free electricity if it is voted to power in the Assembly election to be held later this year.

Do States provide subsidies to sectors like agriculture?

- **Tamil Nadu-** Tamil Nadu, which has been implementing free power supply for the sector since the mid-1980s, had long resisted the installation of meters even for fresh connections.
- But it has been allowing the installation of meters for agricultural pump sets.
- **Gujarat**- Gujarat is cited as a success story as far as segregation of feeders to arrive at the accurate consumption of the farm sector is concerned.
- **Manipur**- In Manipur, prepaid metering was supplemented with improved power supply, resulting in improved billing and collection efficiency as well as lower commercial losses.
- **Madhya Pradesh**- The Madhya Pradesh Electricity Regulatory Commission stipulated that an incentive equal to 5% of energy charges should be given on installation
- It has also pushed for the use of energy saving devices such as ISI energy efficient motors for pump sets and programmable on-off/ dimmer switch with automation for street lights.

References

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