

# ● PRAYAS

Initiatives in Health, Energy,  
Learning and Parenthood



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Amrita Clinic, Athawale Corner, Karve Road, Deccan Gymkhana, Pune - 411 004, INDIA.  
Tel.: (020) 25420720/56205726 Fax: (020) 2542 0337. E-mail: prayas@vsnl.com Web-site: www.prayaspune.org

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Ref. PEG/554/2003

Date: 25<sup>th</sup> December 2003

To,  
Mr. N K Singh,  
Member (Energy)  
Planning Commission

Subject: Some important issues for consideration by the Task Force

Sir,

We wish to thank you personally and the Task Force for giving us an opportunity to express our views. You must be in the final stages of writing the report. In this context, we felt that we should once again convey our opinion on some of the critical issues being considered by the Task Force. I sincerely urge you to consider these issues while submitting the report to the Government.

1. New power purchase / generation expansion  
All the new power purchase / generation expansion / PPAs by the utilities (or distribution licensees) should essentially be on the "Competitive Bidding – based on tariff". Otherwise all benefits of competition started by the E Act would only be limited to the large industrial consumers!
2. Load limiters & other such appliances for rural extension/ single point houses  
Some states have been installing meters even for single point consumers (that have very small consumption). This is highly inefficient, especially considering metering, billing inefficiencies. A load limiter (current limiter) coupled with efficient lamps would be a far better option than a meter. As we have demonstrated in a paper, possible error in energy measurement is small. The load limiter induces people to continue using efficient appliances.
3. Database for all generation, distribution costs  
As being learned in USA and other countries the information asymmetry is one of the biggest threats to competition<sup>1</sup>. We urge you to ensure that CEA (or other government agency) creates a comprehensive database of key items. For example, all generators above say 5 MW, including captive plants and merchant plants, should be mandated to fill-up a form of capital cost, running costs and other performance parameters, at appropriate time intervals and the information is put-up on web site. There should be no issue of confidentiality, as these companies are required to disclose this information under several government Acts. It is only question of compiling the information at one point.

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<sup>1</sup> This refers to the FERC ruling (April 2002) regarding Quarterly Reports by all licensees.

4. Rationalize the projection for investment requirement  
We strongly feel that the quantum of generation capacity needed (usually put at 100,000 MW) should be re-assessed. The impact of new Act, the likely capacity addition through captive and merchant (non-utility) plants, and possible fuel shift would further reduce the capacity addition for utilities. Present estimates are either based on 16<sup>th</sup> EPS or supported loosely through the plan for “full electrification” have serious lacuna. Excess projections create an unnecessary shortage psychosis and result in several policy inefficiencies.
5. Need to speed-up the efficiency drive  
The BIS efficiency standards and several other measures to improve efficiency are far cheaper than additional generation. We need to give a systematic push for such measures.
6. Capacity Development and Funding  
There is an urgent need for
  - Doing capability improvement as well as financial support to consumer groups,
  - Capability building of regulatory commissions and their staff
  - Several studies and benchmarking exercisesWe need to put in place some institutional arrangement for this. This should be a multidisciplinary institution, preferably closely linked with academic institution(s) and NGOs.

I am writing to you, because I believe that these issues are extremely important. I once again urge you to take up these.

Thanking you,

with warm regards

Girish Sant  
(Member advisory committee CERC)

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Date: 25<sup>th</sup> December 2003

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Secretary  
Ministry of Power

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