

## 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**

1. <https://www.thehindu.com/news/national/tamil-nadu/explained-power-tariff-revisions-and-the-state-of-discoms/article6568518ece?homepage=true>
2. <https://www.thehindu.com/news/national/tamil-nadu/electricity-minister-proposes-power-tariff-revision-in-tamil-nadu/article65655350.ece>



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