

## **ALL INDIA POWER ENGINEERS FEDERATION (AIPEF)**

### **Appeal to Electricity Consumers**

The Federal Council of AIPEF at its meeting held in Lucknow on the 20<sup>th</sup> July 2025, resolved as under:

Eminent economists – Arun Singh, S.P. Shulka and Hiten Bhaya;

Eminent power engineers – A.N. Singh, M K Sambamurthy, J K Bhasin (former, Chairmen Central Electricity Authority) N.S.Vasant, B. N. Ojha (former, Chairmen of State Electricity Boards) issued a statement, in 2020. Extracts of the statement are given below:

*“In effect, the Electricity Bill 2000, places the energy security of the country--a crucial element of national security— outside the purview of State direction or intervention, and at the mercy of international finance capital accountable to no one except to their own limited interests. Indirectly, it also threatens the food security of the country by putting commercial power beyond the reach of the rural peasant. These are strong words indeed, but they have been not without reason or responsibility.*

*The sole strategy of reform appears to be the dismemberment of the State Electricity Boards, which are bleeding to death, winding them up and making distress sales of them, to private operators. The power sector is to be made free for all, answerable to none and the role of the State reduced to that of a helpless spectator.”*

**Two and half decades later**, the validity of the statement has been established by the following examples across the country:

#### **1. Chandigarh – Distress sale of a Government Power Department.**

The Government Power Department in Chandigarh was, year after year, posting an annual average profit of Rs. 200 Cr despite low tariffs. It is worth noting that for the last six years, prior to privatization, there was no increase in tariffs.

The assets of the undertaking were estimated around Rs 22,000 Crores. In order to make the bid attractive to bidders, the reserve base price was fixed at Rs. 174 Crores. On 1<sup>st</sup> Feb 2025, the undertaking was finally sold at a distress sale price of Rs. 871 crores.

Within five months of privatization, the private firm has applied, to the regulator, for an increase in the domestic tariff from Rs.2.75 per unit for first 150 units to Rs.2.96. Similar increase is sought for all other categories of consumers.

#### **2. Odisha – Third attempt at privatization heading towards failure**

The Odisha Government had, during the COVID epidemic in 2020, privatized the distribution system of the entire state. Earlier, in 1999, the Odisha Government had sold the license to an USA company AES. After the cyclone in 1999 AES abandoned the distribution system and fled the state. Odisha Government then sold the license to Reliance Power. Due to poor quality of service the regulatory commission cancelled the license in Feb 2015.

On 15<sup>th</sup> July 2025, Odisha Electricity Regulatory Commission (OERC) has issued suo motto proceedings. The Regulatory Commission has listed the following shortcomings in the service provided by the private licensee M/s Tata Power.

- i) That consumers are alleging that licensees, without keeping in mind future load growth in an area, are checking for remunerativeness of the scheme for the consumer who is coming first in a particular area where distribution system has not reached.
- ii) That single phase new connection applicants are forced to install/upgrade distribution transformers wherever needed because of overloading which is against the mandate of law and regulation
- iii) That temporary power supply and new connections are now at the mercy of section officials of the DISCOMs of Odisha.
- iv) That the lines and sub-stations are not maintained properly and in many places creepers and tree branches are touching the HT lines leading to low and fluctuating voltage.
- v) That a consumer had deposited a sum of Rs. 20,860 for 1 kw temp connection but has not got connection on the plea that the power supply is not possible without getting clearance from the residents of that area.

- vi) That the capex approved by the commission is not being properly spent to improve the reliability of supply.
- vii) That many consumers have approached the commission with allegation that the consumer grievances are not addressed properly in spite of lodging complaints through call centers.
- viii) That a former member of Odisha Electricity Regulatory Commissions Shri B. C. Jena has made several allegations against the DISCOMS before the Dy. Chief Minister which includes low service quality.

### **3. Mumbai – Increase in tariffs is inevitable**

For comparison the power per unit rate for domestic consumer:

- Private distribution companies – Mumbai - Rs 15.71 per unit
- Entire Uttar Pradesh - Rs. 6.50 maximum per unit rate

This clearly establishes that privatization is a failed experiment and it inevitably results in higher tariffs and poor service.

### **4. Regulatory Commissions of various states cancels franchise**

Due to irregularities and poor service the regulatory commissions of the various states cancelled the franchise in the following cities

- **Bihar** Gaya, Samastipur and Bhagalpur
- **Uttar Pradesh** Kanpur
- **Madhya Pradesh** Gwalior, Sagar and Ujjain
- **Maharashtra** Aurangabad, Nagpur, and Jalgaon
- **Jharkhand** Ranchi and Jamshedpur

AIPEF appeals to the consumers to understand the false propaganda. Further, AIPEF appeals to the electricity consumers to protect their own interest by supporting and joining the struggle against privatization.