OFFICE OF THE
FINANCIAL CONTROLLER
ELECTRICITY DEPARTMENT
PUDUCHERRY
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No. 38 /ED/EE-EHV/JE/F-17/2024-25
GOVERNMENT OF PUDUCHERRY
ELECTRICITY DEPARTMENT
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Puducherry, dt. 11 -06-2024

To
The Senior Audit Officer,
O/o Principal Accountant General (Audit – II),
Branch Office,
Puducherry – 605001.

Sir,

Sub: Electricity Department, Puducherry – EE-EHV – Reply furnished to the Audit Slip No.24 – Reg .

Ref: Audit Slip No.24, dt 04-06-2024

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Referring to the Audit Slip No.24/2024-25 regarding the RDSS scheme, the reply to the observation of the Audit para is furnished in the Annexure enclosed herewith.

Yours faithfully,

3/10 11/6/24

EXECUTIVE ENGINEER-EHV

Copy to
The Financial Controller,
Electricity Department,
Puducherry.

Copy submitted to:

The Superintending Engineer – cum – HOD
Electricity Department
Puducherry

Reply to Audit Slip No. 24/2024-25

Para Details: Revamped Distribution Sector Scheme – Delay in execution of the Smart Metering works led to foregoing the incentive amount of Rs. 18.17 crs and Delay in submission of DPR for Loss Reduction works led to restricting the sanctioned amount by Rs. 149.3 crs- Reg.

Observation point no. 1

The work of installing Smart Meters was not commenced yet. Tender was opened and the work order is yet to be issued. In case of Distribution infrastructure works, tenders were yet to be finalized.

Reply to observation point no. 1

Pre- paid Smart metering work is first of its kind for the Department. The Project Implementing Agency(PIA) M/s PFCCL, had previously finalized the tender for Rs. 370.57 Cr and requested the approval of PED to award the work to the successful bidder . Since, the cost of work exceeded the financial power of the Electricity Department, approval of the Govt. required for awarding the work. As the discovered price found higher than the estimated cost, the proposal was submitted with justification of rates and got sanctioned by Govt. of Puducherry after referring the proposal to MHA. The bid validity of L-1 bidder got expired by the time, due to which, re-tender necessitated and the PIA has completed the re-tendering process with the lowest bidder for Rs. 356.96 Crs. The work will be awarded after obtaining the approval of Govt.

As regard to Distribution infrastructure works, the Electricity Department is expecting approval of the Govt. shortly for awarding the finalized tender for Packages 1&2 of loss reduction work. The tendering processes for the balance approved loss reduction work for package-3&4 floated into single package, will also be over shortly and it will be awarded after due approval from Govt. of Puducherry.

Observation point no. 2

Ministry of Power, Govt. of India had sent a letter (September 2021) stating that the Ministry had received lot of complaints about the PED for the implementation of scheme of National Smart Grid Mission for installing smart meters, excessive billing etc. After this, prepaid smart meter works in UT of Puducherry was awarded(October 2021) to PFCCL on nomination basis under RDSS scheme. PFCCL called for tender and awarded the contract to M/s.Genus Power Infrastructure with a quoted amount of Rs.370.57crores against the sanctioned amount of Rs.251.1crore. In this regard, the proposal was sent (September 2023) to request expenditure sanction of MHA for implementation of the project which was later clarified by MHA (october2023). However, the department could not enter into the tripartite agreement with PFCCL and contractor till date. In this connection, audit observed that due to the failure of the

department to execute the works of Prepaid Smart Meters before December2023, Govt. of Puducherry lost the incentive of Rs.18.17crore which is an additional burden on the Govt. Exchequer.

Reply to observation point no. 2

The remark from audit that MoP had sent a letter stating that the Ministry had received lot of complaints about the PED for the implementation of scheme of National Smartgrid Mission for smart meters is factually not correct. The letter from Hon'ble Minister of Power during August 2021 (which have been recorded in note no.64 by Hon'ble Home Minister during September 2021) only stated that the copies of the Electricity (Rights of Consumers), Rules 2020 need to be made available in every offices to enable consumers for getting redressed their complaints. It does not specifically mention about the Pondicherry Electricity Department National Smart Grid Mission. The copies of above letter and the relevant note files are attached herewith for reference.

As regards delay in the implementation of Smart prepaid metering project, it is informed that even though the scheme was announced during 2021, the revised SBD for smart prepaid project was released by RDSS Nodal Agency(REC) during 20-06-2022 only. Thereafter, RfP was floated by PFCCL on 12/7/2022 and the price of ₹370.57 crores for prepaid smart metering project has been discovered. Since the discovered price is very high than the estimated rate of ₹250.14 crores and as the project is first of its kind for the Electricity Department considering high value of project, justification of rate is required for the discovered price. Hence, the data of rates discovered in the tenders floated by other organizations and justification from various agencies need to be collected for justifying the discovered price. Thereafter the proposal was got sanctioned by Govt. of Puducherry after referring the proposal to MHA.

As the bid validity of L-1 bidder got expired by the time the sanction was issued, revised RfP was floated by the PIA and revised rate of ₹356.96 crores was discovered. Even though the incentive will be provided for projects completed before December 2023 as per the scheme guidelines, the MoP will be requested to provide incentive for the Puducherry project by considering the fact that the revised SBD was released by the Ministry of Power only during 20-06-2022 even though the scheme was announced during 2021. Nevertheless, with the above recent discovered rates, the project will be arranged to be implemented early after obtaining the approval of the Govt. It is expected that Govt. of India may extend time line to avail additional incentive and therefore the audit para may be dropped.

Observation point no. 3

Further, due to delay in submission of DPR & Action plan, an amount of only Rs. 83.14 crore was sanctioned instead of proposed Rs.232.44 crore for the loss reduction works.

Reply to observation point no. 3

The Monitoring committee for RDSS restricted the quantum of project to be executed under Distribution infrastructure work to Rs.83.14 crore, not due to delay in submission of DPR, as the same committee has approved the Smart metering project without any restrictions. The Monitoring committee in its approval also did not mention that the restriction of quantum of project to be executed on part of loss reduction is on account of delay in submission of DPR.

Due to privatization drive underway in some of the Union Territories at the time of approval, the Monitoring committee for RDSS required to take certain decisions, keeping in view of time constraint that will be encountered by this UTs to transfer the proposed assets to be created under this RDSS scheme to the prospective future owner of the Discom. Since, the responsibility of creation of assets after privatization would lies with the future owner, the Monitoring committee restricted the quantum of project to be executed under Distribution infrastructure work to Rs. 83.14 cr in order to enable quick transfer of assets.

Observation point no. 4

Further, as per the guidelines, DPR for modernization will be approved only if the DISCOM becomes eligible after evaluation for the year 2021-22. The release of funds for Loss Reduction and Modernization will be subject to award of prepaid smart metering works to be covered in the first phase to be completed by December 2023. However, the DPR have not been sanctioned till date due to non-completion of Phase-I smart metering works to the tune of Rs.121.8 crore.

Reply to observation point no. 4

Since, the Electricity Department had qualified in the evaluation of the Pre-qualification criteria for the year 2021-22, which has been communicated by the PFC vide Lr. No. 02:10: RDSS: 2021:Vol I:ED, Puducherry/085990, dt. 01-02-2024, the DPR for the Modernization work for an revised estimated amount of Rs. 472.20 Crs has been submitted to GOI as requested and as per their prescribed format for its consideration. This modernization work also includes the works such as SCADA, ERP and the Billing software, which were previously been included in the DPR for loss reduction distribution infrastructure works, but were excluded in the approved loss reduction work.

Despite severe manpower shortage in the Engineer cadre, the Electricity Department had prepared the DPR for Distribution infrastructure works and submitted the same to Monitoring committee for RDSS for approval. Being a small utility with limited financial power, all the proposals for the RDSS scheme is required to be submitted to Govt. for approval before proceeding further. The GOI is presently releasing the initial grant only after considering all the above factual positions. The Electricity Department will take all out effort to complete the RDSS works within the mandated time line of GOI.

Observation: By the end of year 2025-26, DISCOM is not eligible for release of any grant, the initial advance of 10% of the grant component of the cost of DPR for Loss Reduction would have to be refunded by the DISCOM. Hence, the department may expedite the execution of works to avoid refunding the Grants provided by the Govt. of India so that no additional burden would be on the Exchequer of GOP other than the lost incentive.

Reply: The Monitoring committee and Nodal Agency M/s. PFC are being apprised about the progress status of the scheme. The GOI may extend the time line based on the progress made by various states and therefore the claim of grant will be accomplished.

Considering the above fact, it is requested that the audit remarks may arranged to be dropped.

4/10 11/6/24

EXECUTIVE ENGINEER- EHV