



## AN APPRAISAL OF POWER SECTOR REFORMS IN HARYANA

GEETANJALI  
SINGHDEPARTMENT OF ECONOMICS (UC) KURUKSHETRA UNIVERSITY,  
KURUKSHETRA – 136119**ABSTRACT**

*This Paper will focus on the Reforms Process of Power Sector in Haryana. Although the reforms at national level has affected the power sectors at states' level, but the States has also started restructuring the electricity sectors. Haryana has taken lead after Orissa in restructuring the Electricity Board by dividing the works of generation, transmission and distribution. The different utilities are HPGCL, HVPNL, HERC, UHBVNL and DHBVNL. It can also be seen that there has been lot of growth in the physical infrastructure of these generation, transmission and distribution utilities.*

**KEYWORDS : Reforms, Economic Growth, Generation, Transmission, Distribution.**

The power sector reforms in Haryana is the part of reforms of power sector at national level. Therefore, to understand the power sector reforms in Haryana, it is important to have an idea of national level reforms in this sector. The first major reform of the electricity sector was adopted by Orissa Government through reforms Orissa Act, 1995. Under this law, Orissa Generating Company, Grid Company and Orissa Electricity Regulatory Commission were formed. Similarly, the Haryana government also initiated reform program by the breakdown of the electricity board in different companies and Haryana Electricity Regulatory Commission was formed.

**The Reform Process of Power Sector in India**

While Orissa was the first state to enact its own reform Act, which was followed by other states like Haryana (1997) followed, Andhra Pradesh (1998), Uttar Pradesh (1999), Karnataka (1999), Rajasthan (1999), New Delhi (2000), Madhya Pradesh (2000) and Gujarat (2003). Each of these states after passing its reforms Act, unbundled their SEBs into separate units of Generation, Transmission and Distribution. The adoption of the Electricity Regulatory Commissions Act 1998 was only a partial step toward reforms. The Indian government had been meditating on a comprehensive reform Act, which would repeal all existing power laws. Although there were some other steps that are taken during this period by the government to improve the operation of the distribution sector. Three important steps were taken by the Government to improve the efficiency of the power sector. The first was the introduction of the Accelerated Power Development Program (APDP) in 2000-01, which sought a loan / grant made to improve the infrastructure of electricity distribution companies.

The second important step was constitution of the Commission for the recommendations for the settlement of a long outstanding dues of all SEBs towards the public sector undertakings and the adoption of a strategy for capital restructuring of SEBs.

The third initiative was taken by the Government, the Memorandum of Understanding (MOU) was sign with state governments with the intention to accelerate the reform process.

**Electricity Regulation Act 2003**

The Electricity Act (EA) 2003, was formed in June 2003. This Act repealed all existing current laws, such as the Indian Electricity Act 1910, the Electricity Supply Act 1948 etc., but saved several Reform Act that were already in operation in some of the states. The main purpose of the EA 2003 has been to allow competition for the consumer for having the best possible price and quality of power supply. To be competitive, you need a large number of sellers and buyers, and that's exactly what EA 2003 is trying through its various provisions. Before discussing the various provisions to promote competition, one of the most important (and debatable) statute needs to be named: the timely restructuring of existing SEBs. EA 2003 mentioned that all SEBs have to be separated in Generation, Transmission and Distribution.

With these efforts, the power sector performance improved due to the rationalization of tariff structures of SEBs and appropriate changes in the transmission and distribution sector.

**The Reform Process of Power Sector in Haryana****The Haryana Electricity Reform Act, 1998**

The Act was passed by the Haryana State Legislative Assembly on 22nd of July 1997. After receiving assent of the President of India on 20th February 1998, this Act came into force on 14th August 1998. It contemplated measures for accomplishment of development regarding electricity industry to all areas for example, ranges validation of electricity incharge, guarantee clear policies on subsidies, promotion of efficient and environmentally approval policy, the establishment of the Central Electricity Authority, the Regulatory Committees and establishment of Appellate Tribunal and issues relating to the same. The Act provided an opportunity for the participation of private actors in the power sector in the state.

**The Institutional Developments**

The Haryana State Electricity Board was unbundled into two corporate bodies namely Haryana Power Generation Corporation Limited (HPGCL) for the Generation of Power and Haryana Vidyut Prasaran Nigam Limited (HVPNL) for the Transmission & Distribution of power within the state of Haryana. Subsequently, the activity of distribution and retail supply of power was entrusted w.e.f. 1<sup>st</sup> July 1999, to Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) for North circles and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) for South circles of Haryana. The Commission accepted the surrender of Distribution and Retail Supply license granted to HVPNL and granted separate licenses to UHBVNL & DHBVNL for Distribution and Retail Supply business in Haryana.

**Haryana Power Generation Corporation Limited (HPGCL)**

On March 17, 1997 Haryana Power Generation Corporation came into existence. It has the responsibility to work on the projects run by the state and maintaining and establishment of new electricity generation projects. Thus, the activities of generating were shifted from Haryana State Electricity Board (HSEB) to Haryana Power Generation Corporation Limited (HPGCL) with the objective of excellence in power Generation, the state's own generation plants.

Over time, Haryana Power Generation Corporation Limited (HPGCL) has established itself as a dynamic, growth oriented, world-class corporation. Even now, the company does not have enough Generating capacity that can bridge the gap between supply and demand. There is a new standard in operation of existing projects and even the creation of new projects and tried to become more globally competitive. For its power plants it has also put pollution control appliances on all its power plants. It has also tried to minimize the influence of fly ash on the environment and has also developed the "Green Belt" in the power plants and the surrounding areas to create eco-friendly power.

**Objectives of HPGCL**

- To Provide inexpensive, uninterrupted quality power with maximum efficiency.
- To establish Haryana, a power surplus state by maximum Generation from existing plants and by planning and execution of new generation projects.

- To explore all possible alternative sources of Electricity Generation
- To assess and minimise the impact of fly ash on the environment and develop green belt.
- To monitor stack emissions, air quality, noise level effluent etc.
- To minimize damage to people, materials and machines.

#### Power Plant Units of HPGCL

The following thermal and Hydel units are active in power generation in the state:

- Thermal Power Panipat, Panipat
- Deen Bandhu Chhotu Ram thermal power project, Yamuna Nagar
- Rajiv Gandhi Thermal Power Project, Khedar, Hisar
- Indra Gandhi Super Thermal Power Project, Jhajjar
- WYC Hydroelectric Station, Yamuna Nagar
- Kakroi Micro Hydel Project, Kakroi, Sonapat.

#### Haryana Vidyut Prasaran Nigam Limited (HVPNL)

On August 19, 1997, Haryana Vidyut Prasaran Nigam Limited (HVPNL) was incorporated as a company under the Companies Act. It started its operation on September 18, 1997 and the operation of HSEB was shifted to HVPNL on August 14, 1998 for distribution and transmission of power in the state .HVPNL was given responsibility of accountability of Transmission and Distribution of electricity by Relocating Government schemes and Haryana Electricity Regulatory Commission and was granted a license for the transmission and bulk delivery of electricity. The company was also related to property entrusted in two projects: BBMB and Power Station Indraprasth (Delhi Vidyut Board). Haryana Vidyut Prasaran Nigam Limited (HVPNL) was organized to maintain a network of integrated and efficient power transmission system related to planning, design, construction, manufacture and maintenance of lines, substations voltage levels of 66 kV and higher connection. It attempts to provide a quality service and to reduce transmission losses. The State Government has implemented a Second Transfer Scheme on July 1, 1999 for transferring assets and liabilities of HVPNL to two distribution companies, Uttar Haryana Bijli Vitaran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitaran Nigam Limited (DHBVNL).

#### Objectives of HVPNL

- Planning, design, construction, installation and maintenance of lines, substations of 66 kV voltage levels and above and communications facilities and related works.
- Maintaining a network of integrated and efficient power transmission system.
- Wheeling of power according to the State Government and Haryana Electricity Regulatory Commission (HERC) policies and guidelines.
- Monitoring and maintenance of Grid and resolve issues.
- Resourcing Fund for plan's implementation.
- Increase and strengthen power transmission capacity according to the requirements.
- Work as a State Transmission Utility.
- Ensuring adequate, safe and economical transmission of electricity with regard to quality, availability and reliability of services

#### Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL)

Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) distributes retail electricity supply in northern Haryana. Haryana Power Purchase Centre (HPPC), has been assigned the power of the retail offer, which is a joint forum of UHBVN and DHBVN. It is registered under the Companies Act 1956 and a government of Haryana company. On 1 July 1999 it started its operations and is regulated by the Haryana Electricity Regulatory Commission. Then Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) holds the license to supply electricity issued by Haryana Electricity Regulatory Commission (HERC) on November 4, 2004 and maintaining the adequacy of power supply in an efficient and economical way.

#### Objectives OF UHBVNL

- To provide electricity as soon as possible to a licensee / other person requiring such supply.
- To achieve this control over the production, distribution and use of electricity in the district of UHBVN.

- To collect data on the demand for and use of electricity, generate plans in the co-ordination with the Generating Company.
- To prepare and implement rules for the transmission, distribution, and generally to promote the use of electricity in the state.
- To ensure uninterrupted supply for consumers within the limits of declared voltage

#### Districts of Haryana State under the jurisdiction of UH-BVNL:

- |                 |                |
|-----------------|----------------|
| 1. Panchkula    | 7. Ambala      |
| 2. Yamuna Nagar | 8. Kurukshetra |
| 3. Kaithal      | 9. Karnal      |
| 4. Panipat      | 10. Sonapat    |
| 5. Rohtak       | 11. Jhajjar    |
| 6. Jind         |                |

#### Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)

Dakshin Haryana Bijli Vitaran Nigam Limited (DHBVNL) is a public company that look at the supply of electricity in the southern region of Haryana. It also started its operation in July 1999. Safe and Sound Power supply was the main objective of this Nigam. So it sought to promote the development of the region by reducing transmission losses. An attempt was made to become modern through e-bill, e-tendering, network mapping, data logging, remote meter reading and electric power distribution automation, etc.

#### Objectives OF DHBVNL

For the masses, extending reliable, high quality, continuous power, safe and clean for consumers at affordable prices for the agricultural, industrial and economic development in Haryana .

- To improve the collection efficiency of consistently improve the growth and financial viability, and reduce line losses.
- To Impart honesty, integrity and transparency in the actions for greater customer satisfaction.
- To promote energy conservation activities and demand side management to optimize the use of electricity.
- To inculcate modernization of management to bring about cost effectiveness and efficiency in functioning.
- To take initiatives with regard to new technology for improve efficiency, accounting and information level and consumer satisfaction.

#### Districts of Haryana State under the jurisdiction of DH-BVNL:

- |                 |              |
|-----------------|--------------|
| 1. Hisar        | 6. Fatehabad |
| 2. Bhiwani      | 7. Sirsa     |
| 3. Faridabad    | 8. Gurgaon   |
| 4. Mewat        | 9. Rewari    |
| 5. Mahendergarh | 10. Palwal   |

#### Haryana Regulatory Electricity Commission (HERC)

Haryana Regulatory Electricity Commission has been established on August 17, 1998 as a public body consequent to Haryana Reform Act of Energy, 1997. Haryana Regulatory Electricity Commission has the power to determine the tariff for Generation, Transmission and supply of electricity in bulk and retail.

#### Objectives of HERC

- To regulate the power purchase and procurement process of supply licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.
- To facilitate Intra -state transmission and wheeling of electricity.
- To issue licenses to people seeking broadcasting licenses, distribution licenses and electricity traders with respect to their operations in the state.
- To Promote the Generation and co-production of electricity from renewable energy sources through appropriate measures for grid connection and sale of electricity to any person and also to specify, for the purchase of electricity from such sources, a percentage of the total energy consumption in the area of a distribution license.
- To decide on disputes between licensees and generation companies and refer any dispute for settlement.

- To levy fee for the purposes of this Act.
- To set, State Grid code in accordance with the Grid code in accordance with clause (h) of sub-section (1) of section 79
- To set or enforce standards in terms of quality, continuity and reliability of service by licensees.
- To fix the trading margin in the intra-state trading of electricity, if necessary.
- To perform any other tasks that are assigned to it under this Act.

### Conclusion

The power sector reforms were stated at national level and States' level in 1990s under the supervision of World Bank. Although the reforms at national level had also affected the power sectors at states' level, but the States had also started restructuring the electricity sectors. Haryana has taken lead in restructuring the Electricity Board by dividing the works of generation, transmission and distribution. The different utilities were further divided like the distribution function. The State of Haryana was under lot of pressure of losses and indebtedness, which has not improved even after reforms. But, the task of tariff determination was given to HERC. The HERC was supposed to involve the stakeholders of electricity sector particularly the consumers. It has been observed that there has been a lot of change in the physical infrastructure of the power sector in Haryana and India. It can also be seen that there was a lot of growth in generation, transmission and distribution. But, it could not grow with the pace of economic growth and with the increasing numbers.

### REFERENCES

- Ahluwat, Vanita. 2012. "Can Renewable Energy be the Answer of Haryana's Power Shortage?" *Academia*, Vol.2, (5). Alagh, Y.K. (2010). "Transmission and Distribution of Electricity in India Regulation, Investment and Efficiency." Antoinette D., K.V. Narasimha Murthy, and Amulya K. N. Reddy. 1999. "India's power sector liberalization : An Overview." *Economic and Political Weekly*, Vol. 34(23), June, 5, p. 11. Bajaj, Pradip. 1996. "Restricting Power Sector in India: A Base Paper." *Economic and Political Weekly*, Vol.34 (39), September 25, p. 2795. Bajaj, J.L. 2004. "Power Sector Reforms in India: Regulatory Issues." *IIMB Management Review*, March. Dubash, N.K., and S.C. Ranjan. 2001. "Power Politics, Process of Power Sector Reforms in India." *Economics and Political Weekly*, Vol.36(35), pp.3357-3390. Godbole, Madhav. 2003. "Electricity Act 2003: Questionable wisdom." *Economic and Political Weekly*, Vol.38(39), September 27- October 3. GOH, (Government of Haryana). 1998. Haryana Electricity Reform Act 1997, Act no. 10 of 1998, Government of Haryana, Chandigarh. GOH, (Government of Haryana). 2015 Statistical Abstract of Haryana, Planning Department, Govt. of Haryana, Chandigarh. GOI, (Government of India). 1910. The Indian Electricity Act 1910, Act No 9 of 1910, Universal Law Publishing Co. Pvt. Ltd., Delhi. GOI .1948. The Electricity (Supply) Act 1948, Act No 54 of 1948, Universal Law Publishing Co. Pvt. Ltd., Delhi. GOI. 1956. The Companies Act 1956, Act No 1 of 1956, Universal Law Publishing Co. Pvt. Ltd., Delhi. GOI .2003. The Electricity Act, 2003, Act No 36 of 2003, Universal Law Publishing Co. Pvt. Ltd., Delhi. GOI, Annual Report on the Working of State Electricity Boards & Electricity Departments, Various issues from 1990 to 2014, Planning Commission, Government of India, New Delhi. Haryana Vidyut Prasaran Nigam Ltd. 2015. Annual report. Manju. 2015. "Power Sector Development in Haryana: Progress and Challenges." *International Journal of Arts ,Humanities and Management*. Vol .01(4). World Bank. 2014. More Power to India: The Challenge of Electricity Distribution.