Panel on Power Reforms

The Centre has formed a **high-level group** to make recommendations for changing the **structure and system of power sale and purchase in the country.**

- Led by the Special Power Secretary - **Sanjiv Nandan Sahai,** the group will recommend reforms needed in **Power Purchase Agreements (PPAs)** and for **increasing competitiveness in the power markets.**
- The Panel has been given **six months** for submitting its recommendations.

Problems within the Power Sector

- Power sector has witnessed a huge growth in terms of capacity addition during the last few years but it is reeling under stress as the **mismatch in demand and supply, has led to stressed power assets or non-performing assets (NPAs).**
    - About 34 power plants in the country amount to about ₹1.40 lakh crore NPAs.
- **Reasons behind huge NPAs:** Capacity addition without tied-up PPAs with Distribution Companies (DISCOMs), coal supply issues, the inability of DISCOMs to pay to generators, regulatory issues, the inability of promoters to infuse equity, tardy implementation etc.
    - Power distribution companies have historically entered into long term PPAs with the generating firms for the supply of power and appropriate regulatory commissions determine tariffs.
- **Volatility of Prices in Power Trading:** The power procured from power exchanges consists of around 3-4% of total power procured in the country. The comparatively **smaller proportions of power procured through power exchanges** result in lower depth and higher volatility of power prices in the power exchanges.

Source: HT