

As AT&C losses widen, Centre suggests separate calculations

Our Bureau
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As the aggregate technical and commercial (AT&C) losses of discoms widened to 17.6 per cent in FY24 from 15.4 per cent in FY23, the Centre on Tuesday suggested that the States separately calculate technical and commercial losses.

Addressing a conference of State Power Ministers, Union Power Minister Manohar Lal suggested that the States calculate technical and commercial losses separately to let dedicated solutions and methodologies reduce losses. Considered a key barometer for discom performance, the all-India AT&C losses fell from 22 per cent in FY21 to roughly 17 per cent in FY22, aided by the Revamped Distribution Sector Scheme (RDSS) and Late Payment Surcharge (LPS) rules.

LOSS-HIT STATES

ICRA Ratings in an August report said that despite this progress, losses remain over

The AT&C losses of Discoms widened to 17.6 per cent in FY24 from 15.4 per cent in FY23

20 per cent for Discoms in Bihar, Jharkhand, Madhya Pradesh, Odisha and Uttar Pradesh.

“Tariff-determination process for State Discoms has improved following the general elections, with 22 of 28 States issuing the orders for FY25 as of July 2024, against only 11 States in May 2024. However, the tariff hikes remain modest with a median rise of 1.7 per cent for FY25, lower than the 2.5 per cent approved for FY24.

“Despite an uptrend in tariff hikes in a few States in recent years, discoms continue to incur losses due to increase in power purchase costs, operating inefficiencies in a few large States and a high debt burden,” said Vikram V, VP & Co-Group

Head - Corporate Ratings at ICRA. The Centre has also suggested States to list their power generation, transmission and distribution companies on exchanges to raise finances.

LIST POWER UTILITIES

Lal said that some States like Gujarat and Haryana have proposed to list power utilities to raise funds, as a cumulative ₹42 lakh crore investment would be required to meet the country's rising power demand by 2030.

The transmission and generation firms can be listed but discoms would need to improve their rankings before taking such steps, he pointed out. The total outstanding debt of Discoms is currently around ₹6.84 lakh crore. Accumulated losses stand at ₹6.46 lakh crore.

The Centre has also impressed upon the States to promote nuclear power projects and scout for sites. About 18 such sites have been identified. It has also suggested concessional tariff to promote smart-metre installations.