

**NATIONAL COORDINATION COMMITTEE OF
ELECTRICITY EMPLOYEES & ENGINEERS**

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1st July, 2015

**Sri Narendra Modi,
Hon'ble Prime Minister,
Government of India
152, South Block, Raisina Hill
New Delhi – 110 011.
Fax : 011-23016857**

Sub : Cancellation of enactment process of Electricity (Amendment) Bill, 2014.

Dear Sir,

We on behalf of the National Co-ordination Committee of Electricity Employees and Engineers (NCCOEEE), a broad based platform of all major Federations of Power sector Employees and Engineers of the country put this fervent appeal for your consideration and needful action to ensure affordable and uninterrupted access to Electricity for the people of India.

You are aware that, 30 crore people of India still do not have access to Electricity. In the course of enactment of Electricity Act, 2003 Government of India assured cheaper Electricity for all by 2007 through improved efficiency and competition. In practice within a decade, Electricity tariff has been escalated multiple times. NCCOEEE opposed Electricity Bill 2001 apprehending recurrence of disaster like California crisis through blanket privatisation. Accumulation of loss worth Rs. 26,000 crores through five decades was the main reason behind unbundling of SEBs. Present study of accumulated loss of DISCOMs exceeded Rs. 2.5 lakh crores within one decade & debt is about Rs 3lakh crores since implementation of Electricity Act, 2003. Private DISCOMS / Franchisees enjoy tariff hike but avert to pay dues of state/central PSUs. Worst consequence is volatility in short term market. Price varied between Re 1.00 to Rs. 20.00 through trading and speculation. Benefit of Electricity Act, 2003 has resulted into all round negativity so far interest of people is concerned. World Bank report published in June 2014 admitted that unbundling of SEBs did not yield any positive result. As per their study, still vertically integrated corporate entity KSEB Ltd. & HPSEB Ltd are the two best performer Electricity Utility in the country.

India is having surplus generating capacity of 1 lakh MW excess over the demand adversely affecting PLF achieved so far. But 8–10% peak shortage is faced everyday in some parts of our country. Similar tune of Energy shortage are also being faced. While 50,000 MW privately owned capacities are on the verge of becoming NPA. Natural Energy resources are being transferred to private hands giving up the National interest. Much trumpeted UMPP has turned into scandal, when, Government itself leans to vitiate weighted average tariff fixed for 25 years through ICB.

Amidst this situation your Government has initiated Electricity (Amendment) Bill, 2014 to pave the way of private participation in the Power supply sector without any investment of capital for improvement of the industry. Ruinous attempt of segregation of Electricity distribution into carriage and content has been planned to throw further burden upon state owned distribution utilities vesting Universal Supply Obligation. While the private supply companies will enjoy the benefit of cherry picking.

NCCOEEE note with serious concern that, the Government, while doing their best to satisfy the business houses, at the cost of people, also understands that the most important service of Electricity for public life, cannot be left at the whims of the profit mongers. How far your Government depends upon the profit preying private entrepreneurs for public service transpired through Section 14 of the Bill partly quoted here under:

“Provided also that at least one of the supply licensee shall be a Government company or Government controlled company:”

Contd....P2

Policy of Government of India is found to defame public sector and pamper private entrepreneurs through morale, financial and all round out of the way support to extend their business with escalating profit. Upon this policy the Electricity (Amendment) Bill, 2014 has been drafted. The Government Company, as proposed above will have to shoulder the burden, while profit will be siphoned to private companies.

We enclose hereto (Annexure-I), the views of the State Governments placed before the Parliamentary Standing Committee of Energy to whom Bill was referred to. It transpires that most of the states opposed the proposition of Government of India, while the committee observes “that there has been encouraging response from most of the States on the idea of Segregation of Carriage and Content.” In total jeopardy of federal structure of the country your Cabinet has approved the Bill for placing before the Parliament for adoption.

We quote from Parliamentary Standing Committee. “The Committee also had detailed interaction with the industry Associations / Power Producers on the Bill. The participants were ASSOCHAM, CII, APP, IPPAI and FICCI. All the participants were unanimously in favour of the proposed amendment to introduce Segregation of Carriage and Content in the sector.”

We are aggrieved to note that the Parliamentary Standing Committee has mentioned in their report they have consulted all the stake holders. But neither of the organizations of Power sector Employees and Engineers, placed their memorandum to the committee have been invited for discussion nor their views taken up for consideration. Neither the state Governments, nor the employees and engineers were found as stake holder in the Power industry. Only views of the business community, has been prioritized for consideration. We express vehement objection.

This impugned Bill has intended to ensure grid security but has not taken into consideration the fate of more than 1 million Contract workers in Power sector serving with worst form of exploitation without minimum level of safety, sacrifice their life to ensure uninterrupted supply of electricity to keep life in India vibrant.

In fine, NCCOEEE along with all its constituents covering membership of Two Million Electricity Workers and Engineers across the country note with grave concern that this Bill, if enacted with its present form and content, will curb the right to electricity for wider cross section of people, having limited capacity to pay, being ousted from the common ambit through the process of cherry picking by the new entrants as Supply Licensee.

In fine, we like to conclude, the Electricity (Amendment) Bill 2014 shall fail to address the real requirement of the people of the country and rather further aggravate the situation as in the case of Electricity Act 2003. Upon the above circumstances, we request you to drop the idea of enactment of such one sided Bill to cope only with the scope of profit greed of business houses.

We modestly like to submit before you, if your Government moves further towards enactment of the Bill by placing it in the Parliament for discussion, **all the major organizations of Electricity Employees and Engineers will resort to one day token strike / work boycott as a mark of protest, on the day of placing the Bill in either house of the Parliament.**

Thank you,
Most Sincerely Yours,

Sailendra Dubey
AIPEF

A B Bardhan
AIFEE

Prasanta N Chowdhury
EEFI

Kuldip Kumar
INEWF

V Ashok Kumar
AIFOPDE

Samar Sinha
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S Rathina Sabapatty
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Copy forwarded to : Mr. Bandaru Dattatreya, Hon’ble Labour Minister, Govt. of India, Shram Shakti Bhawan, Rafi Marg, New Delhi – 110 011.

Excerpts of the Submission of different State Governments before the Standing Parliamentary Committee on Energy : Reg. Electricity (Amendment) Bill, 2014.

Sl no.	State	Views on Segregation of Carriage and Contents
1.	Bihar	In our view, it is not workable ... But so far as the wire licensee is concerned, it says that there will be single licensee and particularly the Government licensee in almost all the States except a few. ... If there is single wire licensee then the first inherent danger will be of monopoly and then there will be chances of discrimination. The fair play will not be there...
2.	Karnataka	...In this situation where we have shortages in supply and when the infrastructure development is not full, and we are still not in a position to supply 24X7 power in all the areas, it may not be prudent to have this not... The choice to the consumer should be available. But there should not be a choice to the supply company. He shall take whosoever applies for it. If this is so, then it could take care of the problems.
3.	Gujarat	...Unless a level playing field is provided to all the suppliers, the challenge of actual implementation on the ground is very difficult. Then, it is going to be a collapse of system. In the process it is the common consumer who will suffer. It is only the industrial, commercial and high end consumers who will benefit but everybody else will suffer... Another thing, which will be very critical in terms of segregation of carriage and content, is the Universal supply Obligation. Supply itself should be allowed to pick and choose. That means that cherry picking will happen.
4.	Himachal Pradesh	We have some reservations so far as our State is concerned... Further unbundling of distribution sector into supply and distribution segments will, first of all, have an impact on the cost. Ultimately, the cost is to be borne by the consumer because of the multiplicity of units... On that account, we are saying that it should not be straightaway made mandatory for us... Finally, this being a Concurrent subject, it should not be must that it has to be unbundled.
5.	Kerala	The opinion of the State Government of Kerala with regard to segregation of content and carriage is that it should not be made mandatory... There are 4,000 SC/ST consumers who are giving us 30 percentage of the revenue. This is one area where cherry-picking can be done immediately... Regarding the concept of “supplying licensee”, what is the role of a “supplying licensee”? It is not very clear from this... If there is a problem with regard to the quality of supply, who is to be blamed? Is it the ‘supplying licensee’ or the ‘distribution licensee’?... It will create a problem between the ‘supplying licensee’ and the ‘distribution licensee’... When the incumbent licensee’s cost of operation itself is on the higher side, the new supplier who is coming in will be able to get power which is already contracted by the ‘distribution licensee’ at

		lower rates and supply it to the high end consumers. It means that the incumbent licensee will bleed.
6.	Goa	In regard to carriage and content, whatever Karnataka and Kerala have mentioned, those are also our concern.
7.	Jharkhand	We are of the view that the segregation should not be done although in our State the segregation of carriage has taken place... Cherry picking is taking place. As result they are only picking up the HT consumers. And the JSEB (now the Jharkhand Urja Vikas Nigam Limited) has to take care of entire rural consumers throughout the State. So, this is a proposition which is completely adverse.
8.	Delhi	...The distribution entities are also the supply entities as of now. So, if there is a segregation of carriage and content, one would see that the distribution companies would be reduced to only earning the wheeling charges. What would be the liabilities that they would carry if they are already in Power Purchase Agreements for 25 years? Are we going to revisit those Power Purchase Agreements? Are the supply companies going to entire into new Power Purchase Agreements? In that case what will happen to the liabilities of the old distribution company who are also the supply company? So, those things need to be factored in.
9.	Maharashtra	The essential part in the Act is basically segregation of carriage and content... One is responsibility of the supply agency to pick up universal service obligation. It should not be cherry picking some customers and not taking the rest of them... There could be one zone which is very good and therefore, we need to ensure that USO is supported. Essentially the cross subsidy which is currently operating and that needs to be sorted out and some kind of a surcharge needs to be put on the supply company which is going to be present.
10.	Tamil Nadu	Basically we are saying that with the separation of carriage and content this Bill in one stroke will make all the State utilities unviable. The view of the State is that we are against this amendment of separation of carriage and content. The reason is, we are giving unbridled access to private players to cherry-picked consumers who are high-paying and who can be supplied power directly. He is not going to make any investment into distribution network. Without making investment into distribution network, he is getting best paying consumers for supplying electricity and that too without loss. Further, he will cherry-pick the consumers; he pick up consumers in urban areas or high value consumes in rural areas... we are against it in toto.
11.	Madhya Pradesh	Our suggestion is that the point of last resort should be the State Government and let the State Government instruct or direct that company to fulfill that obligation so that the DISCOM or the incumbent licensee gets compensated for serving that area and that class.
12.	Odisha	In the Bill it is proposed that it should be in the consumer's premises. So, the consumer meter is the point of separation between the distribution licensee and the supply licensee. We feel this will be extremely difficult. This would lead to a lot of litigations and a lot of disputes will come which will be

		overwhelming.
13.	Rajasthan	There is this question, of course, of how we avoid the discoms, the State entities which will be having the obligation of the last resort to not be overburdened because of the cherry-picking.
14.	Telangana	In the first phase, we want the present distribution company to be segregated into the distribution and retail and let this model work for four or five years and depending on the experience that we gain out of this separation, maybe after four years, in second phase, we can allow private players to come into the retail.
15.	Uttarakhand	...there are vital points which should be clearly specified regarding cross subsidy and cherry picking, as it has already been discussed, PPA segregation and then appointment and apportionment of distribution losses. There will be problems to the consumers also.
16.	Puducherry	The Government of Puducherry has taken a decision not to unbundled it at the initial stage itself. So, segregation of carriage and content also may not be a possible solution for the Government of Puducherry... If private players come into that, the segregation and competition would not be good for the consumers because there will cherry picking and these kinds of things can be expected.
17.	Andhra Pradesh	The major concern, the carriage and content separation is going to be a difficult task, so a very cautious approach is required as has been told by our technical people.
18.	Chandigarh	What is perhaps correct in Europe or America today, it may not be so applicable today to us. Maybe, one or two States have sufficiently settled the things. They can embark on the next step. But for the rest, I think, the common sentiment is there. We will also adhere to the same.