



N.S. PILLAI, IA & AS  
Chairman & Managing Director

**No CP/Plg.III/Electricity (Amendment) Act 2018/237**

**Dated 26.10.2018**

To

**The Secretary,**  
Ministry of Power,  
Government of India,  
Shram Shakti Bhawan, Rafi Marg,  
New Delhi 110 001

Sir,

Sub: Proposed amendment in Electricity Act 2003 – the Electricity (Amendment) Act 2018 – comments - forwarding - regarding.

Ref: 1 Ltr No KSEB/ TRAC/ EA 2003 Amendment, dated 26.11.2013, from this end  
2 No. 42/ 6/ 2011 – R & R (Vol III), Gol, MoP, dated 07.09.2018

Kind attention is invited to the reference cited second above, wherein the Government has directed to submit comments on the proposed amendments to Electricity Act 2003, viz., the Electricity (Amendment) Act 2018. The Kerala State Electricity Board Limited organized a workshop to obtain feedback regarding the proposals included in the draft. Policy makers, former Regulators, subject experts, representatives of industrial, commercial and domestic consumers, statutory bodies and other organisations in the power sector and trade unions, associations of officers as well as representatives of all functional groups within the utility attended the workshop and offered valuable inputs.

The Kerala State Electricity Board Limited had submitted remarks regarding the Electricity (Amendment) Bill 2014; vide the letter referred first above. The prominent concern raised therein was regarding the proposal for mandatory segregation of distribution and supply functions, conforming to stringent time lines. It is gratefully acknowledged that this concern has been addressed to a large extent in the revised proposal.

A consolidation of opinion evolved from the Workshop as well as from other organisation level deliberations is attached. The report comprises of further modifications suggested in earlier proposals and revisions/ amendments in the newly introduced proposals. An abstract of the Section wise modifications proposed is also attached as an Annexure to this document.

Yours faithfully,

**CHAIRMAN & MANAGING DIRECTOR.**

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## **Remarks on the DRAFT Electricity (Amendment) Act 2018**

A consolidation of opinion pertaining to the draft Electricity (Amendment) Act 2018, evolved through consultations with stakeholders and organisation level deliberations is presented hereunder. An assessment of the considerations that are perceived as the primary objectives of the proposed amendment and their impact on the sector in Kerala is furnished here. Section wise modifications proposed is attached as an Annexure to this document.

1. The proposed amendment aims at a comprehensive remodeling of the power sector in the country in general and a complete recast of the power distribution sector in particular. It also attempts to introduce certain untested models in to a sector that is the life blood of human development and sustenance. The deliberations that lead to this feedback reveal that all the stakeholders harbor serious apprehensions regarding the sweeping reforms that the power distribution and the regulatory regimes are proposed to undergo by the amendment.
2. All developments in power sector, including setting up of power plants, construction of power transmission lines and substations, installation of power distribution infrastructure, development of the power market, institutionalization of the regulatory regime and all other appurtenant functions have a single objective to achieve, which is providing quality power at affordable rates to all categories of consumers. The proposal herein tends to introduce several uncertainties to the sector, many of which seems to have no conceivable benefits in this context.
3. The power distribution sector in the State has evolved in its own unique manner in harmony with the endemic social and economic requirements. Kerala achieved 100% village electrification during late 1970's itself and achieved total electrification status in the year 2017. The situation here is different from many other States. The State has ensured power availability to all it's citizens irrespective of their social status or paying capacity.
4. The early achievements of Kerala in the area of village and rural electrification have resulted in a unique consumer pattern for the State. The domestic consumer group constitutes around 80% of the consumer base of the State and they consume about 50% of the electricity distributed within the State. Unlike in other parts of the country substantial portion of the consumption in the domestic sector is in the low income group consuming around 1 to 3 units a day and this group constitutes around 75% of the domestic consumers. The consumption by this section needing tariff support comes to about 52% of consumption in the domestic category. The basic minimum requirement in

this context is that the new proposals shall not deprive the people of the State of the fruits of universal electrification. Regulatory systems are also required to be positioned in this perspective. Considering these requirements, positive differential retail costing of electricity or cross subsidy is to remain as an inevitable aspect of the system here.

5. One of the major changes envisioned in the draft is separation of distribution and supply functions. Distribution provides the physical connectivity and competing suppliers provide power to consumers through the connected system. The concept as such presents a complicated scenario having several dark areas and a number of serious bottlenecks. In addition to this, it is apprehended that the system is likely to jeopardize the equilibrium of the system and totally electrified status of the State.
6. In Kerala, the support for cross subsidy mainly comes from the commercial and services sector which is presently having a lower base but is growing. However, this small segment is supporting cross subsidy at present and can easily be cherry picked by subsequent supply licensees in the unique context of Kerala. Unhindered cherry picking may lead to significant escalation in tariffs of the underprivileged classes with low upfront paying capacity which may in turn lead to forfeiture of connections. The combined impact of low base of subsidising consumers, higher proportion of costly power and high proportion of low end domestic consumers and the factors above call for a different approach in handling the cross subsidy content in tariff within the State.
7. The uniqueness of Kerala situation by way of low T&D loss of around 13 %, 24X7 hours supply to all sections of consumers, 100% energy metering, small geographical area, lack of natural resources suitable for commercial power generation resulting in higher import dependence etc all call for special treatment. The strengths of Kerala power system can be leveraged for progress towards global standards only with higher levels of coordination among various functions like power procurement, generation, transmission, distribution and supply of electricity.
8. Considering the relevant facts and prevailing circumstances, it is felt that retaining the domain in an integrated manner would be the most ideal course of action in the Kerala context. An assessment based on a detailed analysis of impacts of the proposals is provided hereunder:

### **Separation of Distribution and Supply functions**

9. The separation of power distribution function into distribution and supply is presented as a prominent guiding concept in the formulation of the 'National Electricity Policy and Plan', as per Section 3(1)(c ) of the draft amendment. The concept is a totally untested one in the Indian scenario and optimism regarding it's success in implementation in very

low among stakeholders. The draft amendment proposes segregation of distribution and supply functions, but does not present any viable roadmap for implementation. There are several technical and financial hurdles involved in addition to certain unaddressed dark corners. The power sector at the current state of automation is not ready to cope up with the complexities of the segregated system. It would certainly lead to serious coordination issues as well. None of the obvious technical and financial issues in the model are found addressed in the draft.

10. The concept is touted as measure for providing choice to consumers, introducing competition and providing better service at a better price. Even a cursory analysis of the concept as proposed defeats the claim. Any consumer in the system would be connected to a single network maintained by the proposed 'distribution licensee'. The quality and reliability of the power supplied is entirely dependent of the condition of the network. This condition obviously forecloses the claim regarding competition or choice in service or quality of power supplied. The draft amendment is devoid of concrete proposals for improvement of the power system infrastructure. Consequently, the consumer stands to gain nothing in terms of quality of service, but stands to lose on several fronts. As recovery of system development expenditure through logically regulated tariffs ceases owing to competitive pricing, network development would be the causality. Segregation of carriage and content would ultimately lead to a poorly developed and maintained network and inferior service to consumers.
11. The incoming supply licensees who played no part in the development of power sector in the state and the associated hardships would definitely target only the fruits of the evolved system. They would not normally have any consideration of the realities of the system in which they supply. They would approach the sector with plain economic objectives and would market power only to the high end consumers. This would jeopardize the equilibrium prevailing in the sector. The high demand consumers who are few in number (the consumers with a load of more than 100 kW [0.1 MW] is around 5000 only out of more than 1.2 crore consumers in the State of Kerala) and consumes huge quantum of electricity (about 27% of the entire consumption in the case of State of Kerala by less than 0.04% of consumers) can easily be picked up by the incoming supply licensees by offering lower tariff, since the cost of supplying them is lower than their prevailing tariff. As stated above, the combined impact of low base of subsidising consumers, higher proportion of costly power and high proportion of low end domestic consumers would definitely lead to large scale picking up of the presently subsidising consumers by incoming supply licenses. Such 'cherry picking' of the cream of the consumers by subsequent supply licensees will abnormally increase the present tariff of all other

consumers supplied by incumbent supply licensee, especially the subsidized sector of consumers. Unhindered cherry picking of subsidising consumer segments by competing supply licensees may lead to bankruptcy of the incumbent supply licensee and to unbridled increase in price for power provided to the poor and needy sections of the society. It would most certainly lead to forfeiture of electric connections and deprivation of electricity to the weaker sections.

12. The concept of separation of supply and distribution functions is devoid of any feature that would improve the quality of power supply or benefit network development. Any improvement in the quality of power can be achieved only by improving the operational efficacy and financial viability of the mutilated distribution licensee. As the retail tariff becomes supply licensee determined with the Regulator deciding the ceiling only, its relation to the real cost of power gets eliminated. In the prevailing system, the cost of system development and power quality improvement works gets recovered by being factored in to the tariff. When this relation gets disturbed by irrational retail pricing of power by incoming supply licenses, the investment in power infrastructure is likely to dwindle further, which may lead to further deterioration of power quality.
13. The draft amendment proposes formation of a new entity named the 'Intermediary Company', ordained as the inheritor of all power purchase agreements and power procurement arrangements of the integrated distribution licensee. This means that the 'Incumbent Supply Licensee' who inherits the supply obligations of the integrated distribution licensee stands deprived of rights on assets that were acquired by its parent company. Thus, the Incumbent Supply Licensee is in the predicament to inherit the obligations of the integrated distribution licensee but none of its assets. The proposal forces the Incumbent Licensee to venture into the business of supply of electricity forfeiting all the advantages it garnered by being part of the system development process and shouldering all the disadvantages of catering to all classes of embedded consumers including the economically unviable ones. The proposition denies the Incumbent Licensee a level playing ground to compete, is grossly unfair and is against all accepted principles of natural justice. Such institutionalized discrimination is likely to make operations of the Incumbent Supply Licensee financially infeasible and may lead to bankruptcy. The end result of such policies would be denial of electricity to a large section of consumers.
14. Lessons in this context are to be learnt from the Odisha example. In the State of Odisha which has been a harbinger of several ill fated reforms in the Indian power sector, a situation similar to that envisaged in this draft amendment exists. Most of the power procurement agreements and rights there are held by the GRIDCO, which sells power procured by virtue of these arrangements to individual distribution companies. Default of

payment by distribution companies of power that they have availed has now led to the bankruptcy of the GRIDCO. The same situation has repeated in relations between distribution licenses and franchisees also in many States. This situation can happen in relations between the Supply Licensees and Intermediary Companies as well, which may lead to collapse of the system as such. Recovery of such dues may also become impossible as Supply Licensees as well as Franchisees are required to hold no material assets for conducting their business.

15. Besides all these, it is pertinent to note that the terms 'Intermediary Company' and 'Incumbent Supply Licensee' are conspicuously absent in Section 2 which includes definitions of terms used in the Amendment Act.
16. At present a prospective consumer can avail supply by approaching a single licensee. Same is the case for enhancement of load etc. For issues related with supply quality or billing issues also the same licensee is answerable at present. However, after separation of supply function from distribution function the consumer has to approach different agencies for each of these services. To avail supply, the consumer has to first approach the distribution licensee for getting connectivity. After obtaining connectivity the consumer has to approach the supply licensee for getting supply of power. Security deposit has to be maintained with both the distribution and supply licensees separately. Periodical charges are to be paid both to the distribution and supply licensees separately. For changes in connected load etc also the consumer has to approach both the licensees sequentially resulting in wastage of time and resources. On complaints related to supply voltage, supply interruptions etc the consumer has to approach distribution licensee whereas for complaints related to routine bills both the agencies need to be approached. For resolution of disputes the consumer has to approach both licensees separately. Thus unnecessary overheads are created for the licensees as well as for the consumer through the separation of these related functions.
17. The present under-developed state of distribution network could create issues in supply side like (i) distribution loss which has to be borne by the supply licensee as unnecessary power purchase cost (ii) low quality of supply like low voltage, supply interruptions etc leading to low revenue realisation (iii) overloading of lines which may necessitate shedding of loads of supply licensee (iv) low level of access, especially in rural areas leading to unmet demand. One of the identified chronic problems in Indian power sector is the high level of transmission and distribution loss and one of the major performance parameters prescribed now for distribution licensees is the loss reduction targets. If the distribution business is disintegrated without settling these problems it is likely to create

anarchy in the whole value chain. The burden of additional power procurement due to higher transmission and distribution losses will go unattended in the new arrangements.

18. Thus the introduction of supply licensees shall be only after ascertaining readiness of the industry. The separation of network and supply business was achieved in developed economies when the distribution network was in a fully developed state and the cross-subsidies for bulk consumers were minimum or negative. When the distribution network in the country is under-developed there will be serious coordination issues among distribution licensees, supply licensees and consumers at every stage right from availing connection, enhancing contract volume for supply, supply quality etc. The cross subsidy pattern in the country is also different from that prevailing in developed economies. In India large bulk consumers like industries are bearing the burden of cross subsidy and small consumers who are large in number like domestic consumers are getting the benefit of cross subsidy. However in the developed economies the pattern is different with the bulk industries getting subsidized electricity to ensure their competitiveness and the domestic consumers bearing the burden of cross subsidy. The peculiar pattern of cross subsidy in India results in a small section of consumers consuming huge quantum of energy is paying at rates well above the average cost of supply and the same is mostly higher than the price discovered in the market. This pattern of cross subsidy can lead to large scale cherry picking by subsequent supply licensees and thus their entry has to be done only after testing the efficacy of the envisioned separation scheme by conducting pilot studies.
19. Contrary to the general principles regarding segregation of content and carriage envisioned in the draft, several entities like Special Economic Zones are seen permitted to hold deemed licenses which are inferred to be multifunctional including both supply and distribution functions. This is a discriminatory clause in the context of segregation and requires to be addressed appropriately.
20. Relevant provisions of the Electricity (Amendment) Bill 2014 necessitated mandatory segregation of distribution and supply functions within a period of one year. The provision regarding mandatory segregation within a stipulated timeline has been eliminated in the Electricity (Amendment) Act 2018. The new proposal facilitates segregation of distribution and supply functions in a phased manner, in accordance with a trajectory laid down by the State Government. The revision in the scheme is in line with demands made by various stakeholders, and is a welcome change to that extent. But the revised proposal contain no checks or balances to preempt discriminatory service practices by incoming supply licensees. The proposals impose no condition requiring supply licensees to undertake supply to all classes of consumers in different areas within the area of supply. A

mechanism for ensuring that the obligation of supplying to representative localities and all classes of consumers, both the profitable and the economically unviable, to all supply licensees is to be introduced in the Act. There shall be an obligation to all Supply Licensees to supply to a representative mix of consumers in different localities. There are such established models in energy sector itself. The general principles of equity adopted in the model followed for supply of city natural gas by the Petroleum and Natural Gas Regulatory Board is worth consideration.

21. Taking the peculiarities of the ingrained cross subsidy structure in the State, as well as the area and demographic differences within the State, segregation of distribution business and supply business, throughout the State in one go at this point of time is not advisable. Thus, Kerala requires exemption from the provision from separation of carriage and content for the entire area of supply. Provisions to enable pilot implementation, i.e., implementation of the concept of segregation in selected areas only are essential for ascertaining the impacts and effects.
22. Section 131 A of the draft amendment enables implementation of the proposed separation of distribution and supply functions in a phased manner, as decided by the State Government. This enabling provision was not there in the draft Electricity (Amendment) Bill 2014 and was included considering demands from various stake holders. Inclusion of such an enabling provision considering the sentiments of stakeholders is a step in the right direction and is appreciated wholeheartedly. In spite of such welcome changes, there are certain grey areas that may lead to implementation level issues, if left unaddressed. There is manifest ambiguity regarding whether notification of transfer scheme for an area selected for pilot implementation by the State Government shall lead to opening up of the entire area of the State for new Supply Licensees. This condition would defeat the purpose of pilot implementation and the provision enabling implementation of segregation in a phased manner. To avoid ambiguities in this context, an explicit provision for enabling area wise transfer schemes for conducting pilot studies in separation in representative locations and phased addition of licensing areas may please be included. Also the provision stating 'Provided also that a distribution licensee, after implementation of the Transfer Scheme shall not engage in trading or supply of electricity, 'unless otherwise specifically approved by the Central Government'' in Section 14 of the proposed amendment may kindly be amended as 'unless otherwise specifically approved by the Appropriate Government'.



### **Abrogation of the cross subsidy system**

23. The cross-subsidy system in electricity tariff is followed in all the States which results in tariffs higher than the average cost of supply for consumers like commercial customers, industrial customers etc who consume electricity in large quantum. It also allows tariffs lower than the average cost of supply for low end domestic consumers and small scale industries. Roughly about 75% of the domestic consumers in Kerala are presently paying electricity tariffs at far less rates than the cost of supply due to cross subsidy structure in tariff. Currently the distribution utilities could serve these sections since part of the burden is shared by the wealthy households and profitable business ventures through cross subsidy in their tariff. Once these consumers who are paying at rates much above the cost of supply are selectively picked up by the new supply licensees, no one will be left to share the burden.
24. Section 61 (1) (g) of the proposed amendment limits the maximum extent of cross subsidy to 20 % which is to be eliminated totally in three years. The provision for levying cross subsidy surcharge to open access consumers in Sections 38 to 40 has also been eliminated in the draft. An amendment is proposed in Section 42 of the Act regarding cross subsidy surcharge which is 'Provided that such open access shall be allowed on payment of wheeling charges and a surcharge thereon as may be determined by the State Commission; provided that the surcharge shall not be more than twenty percent of the wheeling charges. Provided also that such surcharge shall be progressively reduced and eliminated in two years in the manner as may be specified by the State Commission'. The proviso is basically flawed. Cross subsidy surcharge is not a function of wheeling charge, but is related to tariff structure.
25. Subsequent transfer of subsidy or 'direct benefit transfer scheme' which is presented as a remedy in lieu of the cross subsidy system, has been a fiasco in several other sectors and is likely to be even more disastrous here, as most of the consumers benefitting the cross subsidy system have limited upfront paying capacity. Considering the huge consumer base, transferring of subsidy to individual bank accounts of consumers may not be practical either. The present level of subsidy commitment of the State government in Kerala is less than 400 Crores per year. If the cross subsidy system is eliminated, the subsidy commitment required to maintain the same level of retail tariff, would be more than 2000 Crores, which would break the financial backbone of the State, and is unenforceable as such. Hence, the Section 61 (1) (g) and 42 of the proposed amendment mentioned above may kindly be dropped. Considering all the factors presented above, the provision for levying cross subsidy surcharge may please be restored.

### **Selection of the State Electricity Regulatory Commission**

26. The State Government is vested with the power to appoint the Chairman and Members of the State Electricity Regulatory Commission. But the selection committee has been reconstituted comprehensively in the draft amendment. The committee in the amended form provided in Section 85 of the Act comprises of six members of which five are nominees of the Central Government. The Chairman as well as the Member Secretary, who moots the agenda of the Committee, is to be nominated by the Central Government. Composition of the committee obviously leaves no room for the State for exercising any meaningful control. For effective regulatory intervention, the Members and Chairman of the Commission are to have sufficient exposure to and experience in the State Power Sector and are to have an awareness of the peculiarities of the Sector in the State and the priorities therein. To enable this, a meaningful role of the State in the selection process is essential. As such, the amendment proposed in Section 85 of the Act may please be withdrawn.

### **Negation of the spirit of federalism and State specific solutions**

27. Electricity is not within the exclusive domain of the Central Government, as per the Constitution of India. The item is placed in the concurrent list in the 7th Schedule of the Constitution. Constitutional propriety requires the Central Government to allow a stake for each State in deciding matters within its jurisdiction, considering the endemic peculiarities, the stage of development, general aspirations as well as the general development road map. Besides being in line with the general spirit of federalism enshrined in the Constitution, it is the most practical approach as well. It is to be understood that the power sector in each state has evolved independent to each other and are presently in varied stages of evolution. The comparison of the vital parameters of power sector in a state like the percentage of electrification, power availability, peculiarities of the load curve, consumer mix as well as extent of metering would reveal that the conditions are entirely disparate. The challenges that confront the power sector in each state are different, likewise are the solutions. The policies adopted for mitigation of problems faced are different for each state as well as the strategies for growth. The draft amendment proposes certain rigid policies intended for uniform implementation throughout the nation, which is a sure recipe for retardation of growth in evolved power sectors as that of Kerala. The concept of 'Pan Indian Panaceas' in power sector is absolutely illogical, unrealistic, impractical and portends of a future of overloaded/ underdeveloped systems as well as dissatisfied or even bankrupt stakeholders including consumers.

28. Section 11 of the draft amendment empowers the Central Government to control all generating stations within any State other than those owned by the State itself. This power, if exercised may create unwarranted hardships to the parties who have contracted the power and may be detrimental to the interests of the State in general, besides being an infringement of the spirit of federalism. In such conditions, it is suggested that the power shall only be exercised after ensuring consent of the respective State Governments and providing adequate compensation.
29. Each state should be enabled by loose leashes to formulate state specific solutions to address endemic challenges and to evolve the power industry, the mother of all industries in harmony with the general development perspective of the State. Such an approach would be rooted in constitutional propriety and would be in consonance with the spirit of federalism that the Constitution upholds.

#### **Self defeating provisions regarding markets and power procurement**

30. The Act proposes to promote development of a market in power in Section 66 and goes to the extent of proposing development of forwards and futures contract in electricity. The newly inserted subsection 2 of section 42 of the draft proposes that the distribution licensee or supply licensee, as the case may be, shall tie up long term/medium term power purchase agreements to meet the annual average demand of power of the area which it has the obligation to serve. The condition curtails the scope of developing a dynamic power market, as compliance of this condition may lead to a situation where trading becomes unnecessary. This condition coupled with the newly inserted section 66 A which proposes mandatory enforcement of all power purchase agreements, once approved by the Appropriate Commission, would undoubtedly stifle the life out of the power market even if it survives in any manner.
31. It is an accepted fact that at least reasonable competition is necessary for any market driven reform to succeed. The scenario envisioned by the proposed amendment tends to promote competition in retail power sector and non competitive tie ups in bulk power purchase. This is a serious logical incongruity and is likely to make the envisaged system unviable. Encouraging competition at one end and restricting or virtually banning it in another end of the same value chain would definitely be self defeating as stated above. The experience of the State of California, United States of America is worth remembering at this juncture, where competition was permitted in bulk power procurement and was restricted in retail power pricing. This condition of stifled competition ended up in failure of the system there. Considering the incongruities in policies and procedures stated above, the proposed reforms are likely to yield the same result here also.

32. Section 42 (2) of the draft amendment mandates every licensee to contract enough power to meet the annual average demand of power of the area which it has obligation to serve. In a situation where more than one supply licensee operate in the same area, each such licensee tying up power enough to meet the annual average demand, shall lead to gross over contracting of power, making operation of licensees financially unviable and to idling of generation assets. This would unnecessarily push up the cost of power also. The situation is likely to be even more serious, considering the provisions for deemed licensees like Special Economic Zones and Renewable Generators that require no license for supply of electricity, with the area of supply of a licensee.
33. The infatuation towards purchase agreements and notions regarding their inviolability are to cause several operational hardships to licenses. It may lead to situations where a supply licensee may be unable to procure available, reasonably priced power from generators or traders without conforming to the common PPA grind. As the licenses are obliged to provide power 24 X 7, at reasonable rates, they shall be allowed the freedom to procure available power without unnecessary statutory hurdles. It is suggested that a system permitting ad hoc PPAs with willing generators or traders at ceiling rates fixed by the Commission regulating the supply licensee.

#### **Infringement of the Regulator's domain, contrary to the spirit of the parent law**

34. The general spirit of the repealed Electricity Regulatory Commissions Act 1998 and the Electricity Act 2003 is distancing the Government machinery from the process of evolving regulations and fixing tariffs. Third paragraph of the 'Statement of Objectives' of the Electricity Act 2003 projects 'distancing the Government from the processes of evolving regulations and determining tariff' as a prominent objective of the Act. The spirit of the parent Act, the Electricity Act 2003 is that all such functions are to be carried through quasi-judicial processes, by the regulator.
35. Several inclusions and alterations suggested in the draft tread in a direction opposite to this spirit of the parent Act. The draft amendment tends to narrow down the Regulator's domain, whereby the scope of all related quasi judicial processes gets curtailed. The Regulator would be forced to function in line with Rules framed by the Government. This is against the general concept of fairness and stakeholder participation envisioned in the parent Act and is absolutely retrograde.

A Section wise consolidation of suggestions for modification of the draft amendment is attached as Annexure. The suggestions may please be considered appropriately.

Section	Present clause	Proposal	Rationale
2 (5) a (ii)	in relation to any inter-State generation, transmission, trading or supply of electricity and with respect to any mines, oil-fields, railways, national highways, airports, telegraphs, broadcasting stations and any works of defence, dockyard, nuclear power installations;	in relation to any inter-State generation, transmission, <b>open access</b> , trading or supply of electricity and with respect to any mines, oil-fields, railways, national highways, airports, telegraphs, broadcasting stations and any works of defence, dockyard, nuclear power installations;	For clarity on the authority on interstate open access
2 (19)	"distribution system" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;	"distribution system" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection of the service line to distributing main	For enabling prudent segregation of distribution and supply functions
2. (46A)	"Obligated Entity" means (i) licensee authorized to supply electricity to the consumer or (ii) the captive user of the captive power plant or (iii) the open access consumer, as the case may be;	..... (iv) a company establishing a coal, lignite, fossil fuel based generating station, or (v) any entity as notified by the appropriate government from time to time, as the case may be;	For bringing RGO entities in to definition of Obligated Entity
(47)	"open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance	"open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation	Slight modification for clarity.

	with <del>the regulations specified by the Appropriate Commission</del> <b>the rules made under the Act;</b>	in accordance with the rules specified by the <b>Appropriate Government.</b>	
(57A)	<p>“renewable energy sources” for the purposes of this Act, means the hydro, wind, solar, bio-mass, bio-fuel, bio-gas, waste including municipal and solid waste, geothermal, tidal, forms of oceanic energy, co-generation from the sources mentioned herein above and such other sources as may be notified by the Central Government from time to time;</p> <p>Explanation. -For the purposes of this clause, the expression “hydro” means hydro generating stations of capacity not exceeding the capacity notified by the Central Government for this purpose;</p>	Explanation may be deleted	All hydro stations are to be treated as renewable energy source
2. (57C)	<p>“Renewable Purchase Obligation” means such minimum percentage of the purchase of electricity from Renewable Energy Sources to be procured by every obligated entity in a manner as may be <b>prescribed</b> by the Central Government from time to time</p>	<p>“Renewable Purchase Obligation” means such minimum percentage of the purchase of electricity from Renewable Energy Sources to be procured by every obligated entity in a manner as may be <b>specified</b> by the Central Government from time to time</p>	
2. (57D)	<p>“Renewable Generation Obligation” means the Renewable Energy Generation capacity required to be established or its equivalent capacity required to be procured from Renewable Energy Sources or any instrument representing renewable energy, as the case may be, and sale of such energy along with the</p>	..... coal, lignite, fossil fuel based generating station	Initiative to reduce carbon foot print

	electricity generated from the coal or lignite based thermal generating station, by a generating company establishing a coal or lignite based thermal generating station		
2 (70 A)	“supply licensee” means a person authorised under section 12 to supply electricity to consumers from the date of implementation of Transfer Scheme;	“supply licensee” means a person authorised under section 12 to supply electricity to consumers <b>in areas prescribed by the State Government</b> from the date of implementation of Transfer Scheme;	To facilitate implementation of area specific pilot studies
3	National Electricity Policy and Plan	National Electricity Policy and Tariff Policy, National Renewable Energy Policy and Plan	For clarity
3. 2 (c)	separation of distribution and supply functions and measures to improve electricity supply to the consumer;	separation of distribution and supply functions <b>in a phased manner</b> and measures to improve electricity supply to the consumer	Segregation of distribution and supply functions in the present electricity scenario in the country may lead to serious technical, commercial and operational challenges.
3. 4	The Central Government may, after such consultation with the State Governments as may be considered necessary, notify policies and adopt measures for promotion of Renewable Energy Generation including grant of fiscal and financial incentives.	... Further for promotion of Renewable Energy Generation the <b>Central Government may issue State Specific trajectory, after considering the carbon foot print created by the State</b> for Renewable Purchase Obligations from time to time.	In line with the accepted principle of ‘polluter shall pay’

	Further for promotion of Renewable Energy Generation the <b>Central Government may issue trajectory</b> for Renewable Purchase Obligations from time to time.		
7.1	... Provided that any generating company before establishing or expanding the capacity of a generating station shall submit a detailed project report, as may be specified, to the Authority. ...	... Provided that any generating company before establishing or expanding the capacity of a generating station, <b>exceeding the limit prescribed by the Central Government</b> , shall submit a detailed project report, as may be specified, to the Authority. ...	To promote renewable generation and to address practical difficulties and procedural delays in setting up small projects
	Provided further that any generating company establishing or expanding the generating station, after a date as notified by the Central Government for the purpose, shall build and maintain reserve including spinning reserve ....	Provided further that any generating company establishing or expanding the generating station, after a date as notified by the Central Government for the purpose, shall build and maintain reserve including spinning reserve ....  Provided further that the stipulations regarding reserve including spinning reserve shall not be applicable to generating stations below a capacity to be specified by the Authority	To promote distributed generation, including RE
7.1	(a) Notwithstanding anything contained in sub-section (1), any generating company, establishing a new or expanding an existing, coal or lignite based	(a) Notwithstanding anything contained in sub-section (1), any generating company, establishing a new or expanding an existing coal,	To bring all fossil fuel based generating station under the purview of RGO



	thermal generating station, after a date as notified by the Central Government for the purpose, shall be obligated to meet Renewable Generation Obligation, as may be notified by the Central Government from time to time.	lignite, <b>fossil fuel based generating station, or any entity as notified by the appropriate government from time to time, as the case may be</b> , after a date as notified by the Central Government for the purpose, shall be obligated to meet Renewable Generation Obligation, as may be notified by the Central Government from time to time.	
	(b) The Renewable Generation Obligation provided in sub-clause (a) shall be fulfilled either by establishing Renewable Energy Sources or by purchase of Renewable Sources Energy or any instrument representing renewable energy, as the case may be, and sale of such energy along with the electricity generated from the coal or lignite based thermal generating station. Such renewable power procured by the obligated entity shall be considered for meeting the RPO.	The Renewable Generation Obligation provided in sub-clause (a) shall be fulfilled either by establishing Renewable Energy Sources or by purchase of Renewable Sources Energy or any instrument representing renewable energy, as the case may be, and sale of such energy along with the electricity generated from the coal or lignite, <b>fossil fuel based generating station, or any entity as notified by the appropriate government from time to time, as the case may be</b> , based thermal generating station. Such renewable power procured by the obligated entity shall be considered for meeting the RPO.	To bring all fossil fuel based generating station under the purview of RGO
11	(2) <b>The Appropriate Commission</b> may offset the adverse financial impact of the directions referred to in sub-section (1) on any generating company in such manner as it considers appropriate.	(2) <b>The Appropriate Government giving such direction shall</b> offset the adverse financial impact of the directions referred to in sub-section (1) on any <b>affected party or parties</b> in	To provide clarity on mechanism of redressal.

		such manner as <b>assessed by the Appropriate Commission regulating the affected party.</b>	
13	The Appropriate <del>Commission</del> Government may, <del>on the recommendations of the Appropriate Government,</del> in accordance with the national policy formulated under section 5 and in the public interest, direct, by notification that subject to such conditions and restrictions, if any, and for such period or periods, as may be specified in the notification, the provisions of section 12 shall not apply to any local authority, Panchayat Institution, <b>users' association, co-operative societies, non-governmental organisations, or franchisees.</b>	The Appropriate Government may, in accordance with the national policy formulated under section 5 and in the public interest, direct, by notification that subject to such conditions and restrictions, if any, and for such period or periods, as may be specified in the notification, the provisions of section 12 shall not apply to any local authority, Panchayat Institution.	To ensure trustworthiness, credibility and reliability of distribution and supply functions.
14	Provided also that the Developer of a Special Economic Zone notified under sub-section (1) of Section 4 of the Special Economic Zones Act, 2005, shall be deemed to be a <b>licensee</b> for the purpose of clause (b) and clause (d) above with effect from the date of notification of such Special Economic Zone;	Provided also that the Developer of a Special Economic Zone notified under sub-section (1) of Section 4 of the Special Economic Zones Act, 2005, shall be deemed to be a <b>Distribution Licensee</b> for the purpose of clause (b) and clause (d) above with effect from the date of notification of such Special Economic Zone;	Contradiction with most prominent aim envisaged in preamble as well as electricity policy and plan regarding segregation of distribution and supply function.
	Provided also that transactions involving charging of batteries for electric vehicles by charging stations shall <b>not be construed as distribution, trading or supply</b> to the extent undertaken for the said purpose and subject to such terms and conditions, as may be	Provided also that transactions involving charging of batteries for electric vehicles by charging stations shall be construed as <b>supply of electricity</b> to the extent undertaken for the said purpose and subject to such terms and	For exercising better control

	<p>notified by the Central Government from time to time;</p>	<p>conditions, as may be notified by the Central Government from time to time;</p>	
	<p>...</p> <p>Provided also that <b>Railways</b> as defined under the Indian Railways Act 1989 and Metro Rail Corporation established under the Metro Railways (Operation and Maintenance) Act, 2002, Mono rail and such other transport or other entities as may be notified by the Central Government, from time to time, shall be deemed to be a licensee under this Act, and shall not be required to obtain a licence under this Act:</p> <p>Provided also that the <b>Damodar Valley Corporation</b>, established under sub-section (1) of section 3 of the Damodar Valley Corporation Act, 1948, shall be deemed to be a licensee under this Act but shall not be required to obtain a licence under this Act and the provisions of the Damodar Valley Corporation Act, 1948, insofar as they are not inconsistent with the provisions of this Act, shall continue to apply to that Corporation:</p>	<p>Should be deleted</p>	<p>Contradiction with most prominent aim envisaged in preamble as well as electricity policy and plan regarding segregation of distribution and supply function.</p>
	<p>Provided also that the Appropriate Commission may grant a license to two or more persons for <del>distribution</del> undertaking supply of electricity <del>through own distribution system</del> within the same area of supply, subject to the conditions ...</p>	<p>Provided also that the Appropriate Commission may grant a license to two or more persons for undertaking supply of electricity within the same area of supply, subject to the conditions ...</p> <p><b>Provided also that a the Appropriate Commission shall grant Licence to Supply</b></p>	<p>To avoid chances of cherry-picking</p>

		<b>Licensee as per this Act to supply in areas to be specified by the Appropriate Government from time to time and to representative mix of consumers as may be specified.</b>	
	Provided that where a person intends to generate and supply electricity from Renewable Energy Sources, such person shall not require any licence for such generation and supply of electricity, but he shall comply with the measures which may be specified by the Authority under section 53 and 73:	Provided that where a person intends to generate and supply electricity from Renewable Energy Sources, such person shall not require any licence for such generation and supply of electricity, but he shall comply with the measures which may be specified by the Authority under section 53 and 73:  <b>Provided further that such renewable generator establishes capacity adequacy to honour all supply obligation 24 x 7 from renewable sources.</b>	For the sake of clarity and to avoid misuse by a composite supplier masquerading as a renewable generator / supplier
	Provided also that a distribution licensee, after implementation of the Transfer Scheme shall not engage in trading or supply of electricity, unless otherwise specifically approved by the <b>Central Government;</b>	Provided also that a distribution licensee, after implementation of the Transfer Scheme shall not engage in trading or supply of electricity, unless otherwise specifically approved by the <b>Appropriate Government;</b>	Segregation involves highly complex State specific issues. Hence the appropriate Government should have interest.
38	(ii) any consumer as and when such open access is provided by the State Commission under sub section 2 of section 42, on payment of the transmission charges <del>and a surcharge thereon,</del> as may be specified by the Central Commission.	Original Section may be retained	There is a requirement for maintaining present level of cross subsidy to ensure continuance of the objectives of Total Electrification status.

	<del>Provided that such surcharge shall be utilised for the purpose of meeting the requirement of current level cross-subsidy:</del>		
39	(ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges <del>and a surcharge thereon,</del> as may be specified by the State Commission:  <del>Provided that such surcharge shall be utilised for the purpose of meeting the requirement of current level cross-subsidy:</del>	Original Section may be retained	There is a requirement for maintaining present level of cross subsidy to ensure continuance of the objectives of Total Electrification status.
40 (c)	(ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges <del>and a surcharge thereon,</del> <del>as may be specified by the State Commission :</del> as may be specified by the Appropriate Commission of the state in which the premises of the consumer is situated:  <del>Provided that such surcharge shall be utilised for the purpose of meeting the requirement of current level cross-subsidy:</del>	(ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges and a surcharge thereon , as may be specified by the <b>Appropriate Commission</b> of the State in which the premises of the consumer is situated. Provided that such surcharge shall be utilised for the purpose of meeting the requirement of current level cross-subsidy:	There is a requirement for maintaining present level of cross subsidy to ensure continuance of the objectives of Total Electrification status
42	(1) The distribution licensee or supply licensee, as the case may be, shall have the obligation to supply 24x7 power to its consumers.	(1) The distribution licensee or supply licensee, as the case may be, shall have the obligation to supply 24x7 power to its consumers <b>subject to</b>	Standards of Performance are State specific and are dependent on State specific realities

		<b>Standards of Performance specified by the Appropriate Commission</b>	
42	(2) The distribution licensee or supply licensee, as the case may be, shall tie up long term/medium term power purchase agreements to meet the annual average demand of power of the area which it has the obligation to serve.	May be deleted	<p>Considering the undulating load profile of various States.</p> <p>Amendment tends to defeat the very purpose of promoting competitive power market in the country.</p> <p>Insistence on Long Term / Medium Term contracts to meet annual average demand will lead to excessive PPAs causing financial vulnerability of supply licensee and the sector.</p> <p>The licensee shall be given freedom to determine the most cost effective power portfolio consisting of Long / Medium / short / spot / intra-day / futures/ forward contracts to meet the demand of his customers; not the demand of the area. Efficiency in power procurement is the only significant area of cost reduction a supply licensee is</p>

			supposed to achieve. This provision kills that possibility too.
42	(4)The Appropriate Commission shall carry out a review every two years and assess whether (a) the Distribution/Supply Company has tied up adequate sources of supply through long/medium term PPAs to meet the annual average demand of the area it is required to serve,	(4) The Appropriate Commission shall review and ensure that every supply licensee is serving all the consumer segments in every part of license area. Any area of license shall be a representative contiguous area reflecting the socio-economic status of the entire state. Failure to serve any part of the area or showing discrimination to any consumer segment shall result in cancellation of license.	The review required is for assessing the operational performance of the licensees and not the status of power tie ups.
	(b) that it is maintaining the distribution system in good order in order to ensure reliable 24 X 7 supply	(b) that it is maintaining the distribution system in good order in order to ensure reliable 24 X 7 supply <b>subject to Standards of Performance specified by the Appropriate Commission</b>	Standards of Performance are State specific and are dependent on State specific realities
	... Provided that, the State Government may transfer, and vest any property, interest in property, rights and liabilities connected with, and personnel involved in supply of electricity of such Distribution Utility, to a company or companies to be incorporated or registered under the Companies Act, 2013 to function as a supply licensee, through a transfer scheme to be effected in the manner	May be deleted	The proviso relates to vesting of property of Distribution Licensee covered under Sec 131 (A)

	specified under Part XIII and such company or companies shall be deemed to be supply licensees under this Act.		
	(5) Upon the vesting of the supply of electricity in another company in terms of the proviso to Sub-section (1), the duty of the Distribution licensee shall be restricted to distribution in the manner provided in Sub-section (1) to enable supply of electricity by the supply licensee(s) and the distribution licensee shall cease to undertake supply of electricity.	May be deleted	The proviso relates to vesting of property of Distribution Licensee covered under Sec 131 (A)
42	<p>(6) The State Commission shall facilitate open access subject to such conditions, as may be specified by it:</p> <p>Provided that such open access shall be allowed on payment of wheeling charges and a surcharge thereon as may be determined by the State Commission; <b>provided that the surcharge shall not be more than twenty percent of the wheeling charges.</b></p> <p>Provided also that such surcharge shall be progressively reduced and eliminated <b>in two years</b> in the manner as may be specified by the State Commission.</p>	<p>(6) The State Commission shall facilitate open access subject to such conditions, as may be specified by it:</p> <p>Provided that such open access shall be allowed on payment of wheeling charges and a surcharge thereon as may be determined by the State Commission; Provided also that such surcharge shall be <b>progressively reduced and eliminated in the manner as may be specified by the State Commission.</b></p> <p><b>Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:</b></p>	There is a requirement for maintaining present level of cross subsidy to ensure continuance of the objectives of Total Electrification status



	<del>Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:</del>		
42	<del>(4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.</del>	4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution / <b>supply</b> licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of <b>such licensee</b> arising out of his obligation to supply.	Additional surcharge is required for compensating the fixed cost liability arising out of power purchase obligation of distribution / supply licensee which becomes stranded due to Open Access operation
	9 ) Any consumer, who is aggrieved by non-redressal of his grievances under <b>sub-section (5)</b> , may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission.	9 ) Any consumer, who is aggrieved by non-redressal of his grievances under <b>sub-section (8)</b> , may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission.	Correction arising out of renumbering
	11) The provisions of sub-sections <del>(9), (10) and (11)</del> (8), (9) and (10) shall be without prejudice to right which the consumer may have apart from the rights conferred upon him by those sub-sections.	May be deleted	The Act provides redressal mechanisms for all conceivable disputes. Simultaneous litigation on the same subject matter in various forums under various laws happen now. This is leading to serious time delays, huge

			revenue losses and miscarriage of justice
43	(1) Save as otherwise provided in this Act, every distribution licensee or supply licensee, as the case may be, shall, on an application by the owner or occupier of any premises, give connection or supply of electricity to such premises, within <del>one month</del> seven days after receipt of the application requiring such connection or supply, as the case may be:	(1) Save as otherwise provided in this Act, every distribution licensee or supply licensee, as the case may be, shall, on an application by the owner or occupier of any premises, give connection or supply of electricity to such premises, <b>within period as stipulated by the appropriate Commission</b> after receipt of the application requiring such connection or supply, as the case may be:	KSEB Ltd welcomes the reduction in timeline for connection; however such hard coding regarding the timeline may inhibit the flexibility of the Commission in adopting better timelines.
43	<del>Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary for electrification of such village or hamlet or area.</del>	Original Section to be retained	For addressing chances of existence of factors beyond the control of Licensee in such areas
45 (2)	... Provided that the State Commission shall determine the ceiling tariff only for the electricity supplied by the supply licensee(s) from the date of implementation of the Transfer Scheme.	... Provided that the State Commission shall <b>specify the tariff band</b> only for the electricity supplied by the supply licensee(s) from the date of implementation of the Transfer Scheme.	To eliminate chances of predatory pricing and to ensure financial viability of sector.
46	The State Commission may, by regulations, authorise a licensee to charge from a person requiring	The State Commission may, by regulations, authorise a licensee to charge from a person	To enable recovery of expenditure based on load

	connection for enabling supply of electricity in pursuance of section 43, any expenses reasonably incurred in providing any electric line or electrical plant used for the purpose of giving <b>that</b> connection for supply	requiring connection for enabling supply of electricity in pursuance of section 43, any expenses reasonably incurred in providing any electric line or electrical plant used for the purpose of giving <b>the</b> connection for supply	requirement of individual consumers and thereby to facilitate ease of doing business.
49 (1A)		In extreme emergency situation, the Licensee may procure power from any available sources on mutually agreed terms and condition subject to approval from Appropriate Commission.	In order to meet the requirement of 24 x 7 power availability
49 (2)	No PPA shall be cancelled except with the approval of the Appropriate Commission.	No PPA shall be cancelled except with <b>prior intimation to</b> the Appropriate Commission.	Contracting parties have the liberty to decide on the continuance of the agreement based on subsequent developments, especially in view of competing supply licensees in same area, operation of RESCOs gaining momentum etc..
49 (4)	With effect from the commencement of the Electricity (Amendment) Act, 2018, all consumers having a connected load of 1 Mega Watt ....	With effect from the commencement of the Electricity (Amendment) Act, 2018, all consumers having a connected load of 1 Mega Watt ....  <b>Provided that such consumer shall avail Open Access for minimum period as stipulated by the Appropriate Government from time to time</b>	In order to avoid frequent switching over by OA consumer affecting Power Purchase Planning and consequential losses. This is also in line with the consultation paper by MoP in this regard.

53	The Authority may, in consultation with the State Central Government, specify suitable measures for	The Authority may, in consultation with the <b>State / Central</b> Government, specify suitable measures for	To address State specific geographical, topographical and demographical variations.
55 (2)	... Provided that smart meters, as specified by the Authority, shall be installed at each stage for proper accounting and measurement for the purpose of metering and consumption from the point of generation up to such consumers who consume more than the quantity of electricity in a month as may be notified by the <b>Central</b> Government.	... Provided that the Supply Licensee shall be responsible for installation and maintenance of energy meters at consumer premises.  Provided further that smart meters, as specified by the Authority, shall be installed at each stage for proper accounting and measurement for the purpose of metering and consumption from the point of generation up to such consumers who consume more than the quantity of electricity in a month as may be notified by the Appropriate Government.	To be in consonance with the proposed amendment in the definition of distribution system.  To address State specific variations.
56 (1)	Provided further that disconnection of connectivity or supply of electricity, as the case may be, to a consumer due to non-payment of charges or otherwise under the provisions of this Act, shall only be made by the licensee or any other person authorised for installation and maintenance of the electricity meter;	Provided further that disconnection of connectivity or supply of electricity, as the case may be, to a consumer due to non-payment of charges or otherwise under the provisions of this Act, shall only be made by the <b>appropriate licensee</b> or any other person authorised in this behalf;	Obligation of disconnection and subsequent re-connection is to be carried out by transmission, distribution or supply licensee appropriately

		Provided further that appropriate licensee is authorised to disconnect any other electric connection provided to defaulting consumer if such disconnection is essential for recovery of such amount. However such disconnection shall be limited to the extent of such realisation.	Enabling proviso for realisation of arrears having a number of connection under the same licensing area (e.g. KWA)
		Provided further that no supply licensee shall supply electricity to a consumer under disconnection owing to default of electricity dues to another supply licensee.	Provision to prevent switching among supply licensees by defaulting consumers
56 (2)	Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer, under this section shall be recoverable after the period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied and the licensee <del>shall</del> <del>not</del> has cut off the supply of the electricity.	Original Sub Section may be retained	Disconnection may not be practical in case of essential services like health, drinking water etc
57 (1)	(i) that the licensee shall have the obligation to supply 24x7 power to its consumers. In case of power cuts <b>other than reasons</b> attributable to distribution or supply licensee as the case may be or technical faults an appropriate penalty, as determined by the SERC under sub-section (3) shall be levied on the	(i) that the licensee shall have the obligation to supply 24x7 power to its consumers, <b>subject to Standards of Performance specified by the Appropriate Commission</b> . In case of power cuts attributable to <b>distribution or supply licensee as the case may be</b> an appropriate penalty, as determined by the SERC under sub-section <b>(2)</b>	Construction of proposed amendment was incorrect and conveyed a wrong meaning.

	Distribution Company and credited to the account of the respective consumers.	<b>and subject to such Standards of Performance,</b> shall be levied on the <b>Distribution / Supply Licensee</b> as the case may be, and credited to the account of the respective consumers.	
57 (1A)	In case of non-compliance of the renewable purchase obligation by the licensee, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order impose a penalty <b>which shall be minimum of Rs 1 per unit with maximum of Rs 5 per unit</b> to the extent of shortfall of energy to be complied under renewable purchase obligation as may be specified by the appropriate commission.	In case of non-compliance of the renewable purchase obligation by the licensee, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order impose a penalty to the extent of shortfall of energy to be complied under renewable purchase obligation as may be specified by such commission.	Renewable energy has achieved grid parity; the proposed penalty is unreasonable.
57 (2)	(2) If a licensee fails to meet the standards specified under sub-section (1), <b>without prejudice to any penalty which may be imposed</b> , he shall be liable to pay ...	(2) If a licensee fails to meet the standards specified under sub-section (1), he shall be liable to pay ...	To avoid double jeopardy
57 (3)	Notwithstanding anything contained in sub-section (1), the minimum penalty and the compensation on each default specified in the standards of performance of a licensee or a class of licensees would be 2% of the bill amount ....  Provided that the maximum amount of compensation shall not exceed 30% of the ...	Subsection may be deleted	A provision for fixing compensation is already available in Section 57 (2).

61 (1)	(g) the cross subsidization of tariff of the consumers within the distribution area <b>shall not exceed 20 percent and</b> shall be progressively reduced <b>and eliminated within three years.</b> The Appropriate Commission shall determine the trajectory for reduction of cross subsidization of tariff, among the class of consumers <b>and shall ensure that the reduction in cross subsidy shall be not less than six percent in one year.</b>	the cross subsidization of tariff of the consumers within the distribution area shall be progressively reduced. The Appropriate Commission, <b>in consultation with Appropriate Government</b> shall determine the trajectory for reduction of cross subsidization of tariff, among the class of consumers.	There is a requirement for maintaining present level of cross subsidy to ensure continuance of the objectives of Total Electrification status
	(k) time of the day tariff principles for generation, transmission and supply of electricity;	(k) time of the day tariff principles for supply of electricity;	Power system has not matured enough to accommodate ToD tariff principles in generation & transmission sector.  It will be better to leave the same to market forces than to regulate through administrative pricing
	<del>(g) that the tariff progressively reflects the cost of supply of electricity and also reduces cross subsidies in the manner specified by the Appropriate Commission;</del>	Sub clause may be retained	To ensure reasonable rates for determination of tariff band.
62 (1) a	... Provided further that there shall be no such determination of tariff by the Appropriate Commission under this clause (a) where the Central	Proviso may be deleted	The power market is not developed to fully cater the objective of 24x7 supply. Power sector should be made available

	Government specifies that the procurement of electricity from the sources identified for the purpose by the supply licensee shall be done only by competitive bidding as per section 63		with the option of business model for conducting business on negotiation basis, subject to regulatory approval and imposing 100% competition on power procurement is not tenable and is against spirit of Constitution of India. In emergency situation. To ensure energy security, it is inevitable that utility is permitted to avail power from all available sources as per the conditions laid down by the regulator.
62 (2)	(a) Notwithstanding anything contained in sub section (1), the tariff determined, after the date of implementation of the transfer scheme, for retail sale of electricity shall be the ceiling tariff for the respective categories of consumers, the supply licensee shall be entitled to charge any consumer category at an amount <b>lesser than the ceiling tariff</b> , subject to ...	(a) Notwithstanding anything contained in sub section (1), the tariff determined, after the date of implementation of the transfer scheme, for retail sale of electricity shall <b>be a band having upper and lower limits</b> for the respective categories of consumers, the supply licensee shall be entitled to charge any consumer category at an amount <b>within the tariff band</b> , subject to ....	Tariff band is proposed to to pre-empt predatory pricing of power
62 (2)	(b) The <b>ceiling tariff</b> shall be determined by the Appropriate Commission on the basis of normative	(b) The <b>tariff band</b> shall be determined by the Appropriate Commission on the basis of	Tariff band is proposed to to pre-empt predatory pricing of power



	costs and standards of performance as laid down by such Commission	normative costs and standards of performance as laid down by such Commission	
62 (4)	The tariff determined by the Appropriate Commission for a licensee shall provide for recovery of all prudent costs of the licensee approved by the Appropriate Commission in the monthly bills during the tariff period through an appropriate fuel and power purchase price adjustment formula wherever applicable including surcharge, if any	The tariff determined by the Appropriate Commission for a licensee shall provide for recovery of all prudent costs of the licensee approved by the Appropriate Commission in the monthly bills during the tariff period <b>and also</b> through an appropriate fuel and power purchase price adjustment formula wherever applicable including surcharge, if any	“and also” added for ensuring clarity
65 (1)	Notwithstanding anything contained in the Act if the State Government or Central Government, as the case may be, desires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62 and as per the final tariff order issued under section 64, such subsidy shall be directly transferred to the beneficiary by direct benefit transfer into the bank account of the beneficiary.	Notwithstanding anything contained in the Act if the State Government or Central Government, as the case may be, desires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62 and as per the final tariff order issued under section 64, such subsidy shall be <b>accounted appropriately.</b>	
66	Provided that the market for forward and futures contract in electricity shall be developed in a manner as may be notified by the Central Government.	May be deleted	Provision lead to speculative trading in power market
66 A (1)	The agreements for power purchase, etc entered between the licensees or by the licensees and	The parties to the Power Purchase Agreement shall strive to comply with the terms and	PPAs will set out mutually agreed remedies in case of breach of

	generating Company, once approved by the Appropriate Commission, shall be mandatorily complied with by both parties failing which the Appropriate Commission may levy penalties as deemed appropriate. Any dispute between licensees which may arise may be adjudicated by the Appropriate Commission which shall pass orders in the matter.	conditions set there in. Any dispute between licensees which may arise out of agreements for power purchase, and such related matters entered between the licensees or by the licensees and generating Company, be adjudicated by the Appropriate Commission which shall pass orders in the matter.	contract and also provides for dispute resolution mechanism.
67 (6)		Nothing contained in this Section shall effect the powers conferred upon any Licensee under Section 164 of the Act.	New sub-clause introduced to enable harmonious reading of provisions made in Section 67 and 164 of the Act
79 (4A)	In discharge of its functions, the Central Commission shall <b>comply with</b> the Tariff policy published under section 3.	In discharge of its functions, the Central Commission shall <b>be guided by the principles laid down in</b> the Tariff policy published under section 3.	Policy document can at best be a guidance; it cannot be made mandatory.
85	<b>Constitution of Selection Committee to select Members of State Commission</b>	Original Section may be retained	For effective regulatory intervention, the Members and Chairman of the Commission are to have sufficient exposure to and experience in the State Power Sector and are to have an awareness of the peculiarities of the Sector in the State and the priorities therein. To enable this,

			a meaningful role of the State in the selection process is essential.
86 (1)	(e) promote cogeneration from renewable sources of energy and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also <del>specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee</del> ensure Renewable Purchase Obligation as per the trajectory specified by Central Government from time to time;	(e) promote cogeneration from renewable sources of energy and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also ensure Renewable Purchase Obligation as per the trajectory specified by Central Government from time to time, <b>after considering the carbon foot print created by the State.</b>	Renewable
86 (1)	(b) regulate electricity purchase and procurement process of <b>distribution</b> licensees authorised to distribute and supply 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 supply within the State;	(b) regulate electricity purchase and procurement process of <b>distribution / supply</b> licensees authorised to distribute and supply 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 supply within the State;	To be in consonance with amendment proposal
86 (1) (fa)		To ensure that the intermediary company discharges its function in an equitable and non-discriminatory manor by exercising appropriate surveillance scrutiny and control.	Non-discriminatory functioning of intermediary company is essential to ensure reasonable retail tariff.

86 (1) (l)		Monitoring the operation and performance of Supply Licensees in the State	Performance of Supply Licensee require regulatory control to eliminate unhealthy practices and to ensure optimum performance.
86 (4A)	In discharge of its functions, the State Commission shall comply with the Tariff policy published under section 3	In discharge of its functions, the State Commission shall <b>be guided by</b> the Tariff policy published under section 3	
92 (6)	Every proceeding before the Appropriate Commission shall be decided expeditiously. Matters pertaining to pass through in tariff on account of change in law/duties/taxes etc shall be decided in a maximum of 30 days. The pass through will be applicable from the date of incidence <b>and delayed payment will attract a Delayed Payment Surcharge at the rate of 18%</b> . All other matters will be disposed off within ninety days and in the event of delay, beyond the said period the Appropriate Commission shall record the reasons for the delay.	Every proceeding before the Appropriate Commission shall be decided expeditiously. Matters pertaining to pass through in tariff on account of change in law/duties/taxes etc shall be decided in a maximum of 30 days. All other matters will be disposed off within ninety days and in the event of delay, beyond the said period the Appropriate Commission shall record the reasons for the delay.	This is predominantly a clause for ensuring timely disposal of petitions filed before the Commission. Matters relating to Delayed Payments etc shall be regulated by the PPAs and respective regulations
111 (1)	... Provided that where an appeal is filed against an order of the Regulatory Commission allowing a pass through or an increase of tariff and if it is upheld in appeal the said increase in tariff or pass through on	... Provided that where an appeal is filed against an order of the Regulatory Commission allowing a pass through or an increase of tariff and if it is upheld in appeal the said increase in tariff or	The rate as per prevailing industrial norms of surcharge is proposed.

	account of change in law/duties/taxes will be effective from the date of incidence/date when the said change in law/duty/taxes took place and there shall be a delayed payment surcharge of <b>18%</b> on delayed payment.	pass through on account of change in law/duties/taxes will be effective from the date of incidence/date when the said change in law/duty/taxes took place and there shall be a delayed payment surcharge at the rate of <b>MCLR plus 2% on delayed payment.</b>	
126 (6) b (vi)		By connecting load in addition to load authorised to be connected by the Licensee	In line with the judgement of Hon'ble Supreme Court in Civil Appeal No 8859 of 2011
Chapter 13		<b>Reorganisation of Board</b>	Chapter Heading may be provided
131 A	incumbent supply licensee & intermediary company	Terms need to be defined under Section 2	
	Validity of existing PPAs, mode of dividing existing PPA Quantum among various supply licensees, adjusting subsequent demand variations of each licensees, future PPAs etc are in grey area	All contracts and agreements related to supply function shall be transferred to Incumbent Supply Licensee from the date of transfer. Appropriate Government may make necessary rules  All the contracts and agreements entered into by the licensees prior to enactment of this Amendment, in accordance with the prevailing laws shall continue to be valid. Notwithstanding anything stated elsewhere in this Act, all the terms and conditions, including tenure of the Power Purchase Agreements entered in to prior	

		to commencement of this Amendment Act, shall remain unchanged	
131 A (c)	(c) The functions of the intermediary company shall be such as may be prescribed by the Central Government.	(c) The functions of the intermediary company shall be such as may be prescribed by the <b>State</b> Government.	Intermediary company is formed out of a State Utility.
142	... Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which the generating company or licensee may be liable under this Act, <del>such person</del> the generating company or licensee shall pay, by way of penalty a sum which shall not exceed <del>one lakh</del> one crore rupees for each contravention and in case of continuing failure with an additional penalty which may extend to <del>six thousand rupees</del> one lakh rupees for every day during which the failure continues after contravention of the first such direction.	Amendments regarding enhanced penalty may be omitted	Proposed penalty is exorbitant
145	No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which an assessing officer referred to in section 126 or an appellate authority referred to in section 127 or the adjudicating officer appointed under this Act is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be	No civil court <b>or quasi-judicial bodies such as Lok Ayuktha, Human Rights Commission, forums constituted under Legal Service Authorities Act 1987, Grama Nyayalayas Act 2008, MSME Act, Consumer Protection Act 1986, and such other laws for the time being in force</b> shall have jurisdiction to entertain any suit or proceeding in respect of any matter which an	The Act provides redressal mechanisms for all conceivable disputes. Simultaneous litigation on the same subject matter in various forums under various laws happen now. This is leading to serious time delays, huge

	<p>taken in pursuance of any power conferred by or under this Act.</p>	<p>assessing officer referred to in section 126 or an appellate authority referred to in section 127 or the adjudicating officer appointed under this Act is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.</p>	<p>revenue losses and miscarriage of justice.</p>
146	<p><b>Punishment for non-compliance of orders <u>of</u> directions</b></p> <p>Whoever, fails to comply with any order or direction given under this Act..., shall be punishable with imprisonment for a term which may extend to three months or with fine which may extend to <del>one lakh</del> one crore rupees, or with both in respect of each offence and in the case of a continuing failure, with an additional fine which may extend to <del>five thousand</del> one lakh rupees for every day during which the failure continues after conviction of the first such offence:</p> <p>Provided further that in case of non-compliance of by a generating company generating Renewable Energy, any person in charge of such generating company shall be liable for imprisonment for a term which may extend to ....</p>	<p><b>Punishment for non-compliance of orders <u>or</u> directions</b></p> <p>Amendments regarding enhanced penalty may be omitted</p>	

149	<b>Offences by companies</b>	Original Section may be retained	
150	<b>Abatement</b>	May be corrected as Abetment	
152	<b>Compounding of offences</b>	Original rates may be continued	
154 (5)	The Special Court shall determine the civil liability against a consumer or a person in terms of money for theft of energy which shall not be less than an amount equivalent to two times of the tariff rate applicable for a period of twelve months preceding the date of detection of theft of energy or the exact period of theft if determined whichever is less and the amount of civil liability so determined shall be recovered as if it were a decree of civil court.	The Special Court shall determine the civil liability against a consumer or a person in terms of money for theft of energy which shall not be less than an amount equivalent to two times of the tariff rate applicable for entire period during which such unauthorized use of electricity has taken place and if, however, the period during which theft of electricity has taken place cannot be ascertained, such period shall be limited to a period of twelve months immediately preceding the date of inspection and the amount of civil liability so determined shall be recovered as if it were a decree of civil court.	To be in consonance with civil liability prescribed elsewhere in this Act.
172		Transition provisions regarding proposed segregation is missing	
173	Nothing contained in this Act or any rule or regulation made thereunder or any instrument having effect by virtue of this Act, rule or regulation shall have effect in so far as it is inconsistent with any other provisions of the <b>Consumer Protection Act</b> ,	Nothing contained in this Act or any rule or regulation made thereunder or any instrument having effect by virtue of this Act, rule or regulation shall have effect in so far as it is inconsistent with any other provisions of the	The Act provides redressal mechanisms for all conceivable disputes. Simultaneous litigation on the same subject matter in various forums under various laws happen now. This is leading



	<b>1986</b> or the Atomic Energy Act, 1962 or the Railways Act, 1989.	<b>Disaster Management Act, 2005</b> or the Atomic Energy Act, 1962 or the Railways Act, 1989.	to serious time delays, huge revenue losses and miscarriage of justice.
176 (2) (u)	the functions of the intermediary company under clause (c) of section 131A;	Sub-Section is to be deleted	State specific issues are involved
176 (2) (xc)		To issue rules governing Inter-state Open Access	Matter is an Inter-State issue
178 (2) (ya)	the manner for obtaining prior consent of licensee or such other person under section 69A;		Section with No 69A does not exist
180 (2) (ac)		the functions of the intermediary company under clause (c) of section 131A	Matter is State specific
180 (2) (ad)		To issue rules governing Intra-state Open Access	Matter is State specific
181 (2)	<del>(j) reduction of surcharge and cross-subsidies under second proviso to sub clause (ii) of clause (d) of sub-section (2) of section 39;</del>	Original sub clause may be retained	
181 (2)	<del>(m) reduction of surcharge and cross-subsidies under second proviso to sub clause (ii) of clause (c) of section 40;</del>	Original sub clause may be retained	

181 (2)	<del>(p) reduction of surcharge and cross-subsidies under the third proviso to sub-section (2) of section 42;</del>	Original sub clause may be retained	
181 (2)	(zia) the manner for obtaining prior consent of licensee or such other person under section 69A		Section with No 69A does not exist
184 A	... Electricity (Amendment) Act, 2017 ...		Unknown Act is quoted