

Text of the D.O. letter dated 9.5.2020 of Thiru. Edappadi K. Palaniswami, Hon'ble Chief Minister of Tamil Nadu, addressed to Shri. Narendra Modi, Hon'ble Prime Minister of India

"I would like to bring to your kind notice that the proposed amendments to Electricity Act, for which the Ministry of Power has invited the comments of the State Governments, require detailed consultations with the State Governments and other stakeholders. I wish to raise a few matters of utmost concern to the Government of Tamil Nadu which have a direct bearing on the independent functioning of the power sector in the State.

In my letter dated 12.11.2018, it was highlighted that the proposed Electricity Amendment Bill takes away certain powers of the State Government and at the same time seeks to bring significant changes in the existing Electricity Act, such as separating carriage and content in the distribution sector, which would make the power utilities in the public sector totally unviable. The proposed new draft bill seeks to privatise not just the supply of power to the end consumer through franchisees but to also privatise the entire distribution network, which would be highly detrimental to the state utilities and against public interest.

Further, despite our strong reservations, the new draft Bill continues to have provisions for the Direct Benefit Transfer (DBT) of subsidy provided to consumers, particularly in the agricultural and domestic sector. It has been already pointed out by me in my letter dated 12.11.2018, that there would be serious difficulties in implementing Direct Benefit Transfer in the Electricity sector and this would work against the interest of our farmers and domestic consumers. **It has been the consistent policy of my Government that our farmers should receive free power and it should be left with the State Government to decide the mode of payment of such subsidy.**

I have also pointed out earlier that the proposed amendment bill seeks to take away the power of the State Government in deciding the constitution of the State Electricity Regulatory Commission, which is against the federal principles of the Constitution. In the draft Bill it has been noticed that not just the same provisions are being retained, but it is also proposed to set up a parallel authority, namely Electricity Contract Enforcement Authority at the Central level to handle all contractual issues, which was hitherto dealt with by the Central and State Electricity Regulatory Commissions. This would unnecessarily dilute the authority of the Electricity Regulatory Commissions and needs to be deleted.

You are aware that all states are currently pre-occupied with fighting the Corona virus pandemic and will, therefore, require some time to give their detailed response to the proposed amendments. At the same time any hasty amendments to the Electricity Act may create hardship to

the State power utilities, which are going through a severe financial crisis because of the present pandemic. As some of the provisions of the draft amendment bill are also likely to put the general public to hardship, particularly during this crisis period, I am of the view that this may not be an appropriate time to bring in such sweeping amendments to the Electricity Act.

In the circumstances, I urge you to prevail upon the Ministry of Power to put the proposed amendments to the Electricity Act in abeyance till these are thoroughly discussed with the state governments after the pandemic subsides."

Issued by: Director of Information and Public Relations, Chennai-9.