

ALL INDIA POWER ENGINEERS FEDERATION



(REGISTERED UNDER SOCIETIES ACT XXI of 1860), Regd. No. 24085/93
REGD HEAD OFFICE B-1A/45A, Janakpuri, New-Delhi-10058
Corres. Address of CHAIRMAN-Hydel Field Hostel, 17 Rana Pratap Marg Lucknow-226001
M: 09415006225 Phone : 0522-4107706(Off), FAX:0522-2205417/0522-4079628
Email : ersdubey@yahoo.com/: ersdubeylko@gmail.com & chairmanaipef@gmail.com

N0. 77 - 2020 / SBD for distribution privatization 02 - 10- 2020

Sub: Proposal of Power Ministry GOI on competitive bidding for privatization of distribution in states.

Respected Chief Minister Sir,

The Ministry of Power GOI has issued a public notice on its website on 22/9/2020 giving draft standard bidding documents, SBD, (for privatization of distribution) and inviting comments by 05/10/2020. AIPEF is of the opinion that the subject matter is vital for the state economy and needs to be deliberated in detail while MOP, GOI, is trying to rush through the process.

Following is a summary of our objections on account of which GOI should be asked to extend the last date for submission of comments from 05/10/2020 to 31/3/2021.

1. The entire proposal starting with privatizing of distribution is against the federal structure of the constitution. Electricity is a concurrent subject. Every state has the option to reject the proposal for privatizing distribution and to retain power under State Govt. control. When the states do not agree to privatize distribution then it would be incorrect on part of union govt., MOP to call for comments on standard bid documents for privatization.
2. The procedural and in principle mistake made by the Govt. of India in drafting the Electricity Act Amendment bill 2020 i.e. going against the federal structure and concurrent stature of the subject is now being repeated in the case of SBD comments proposal.
3. The SBD proposal of GOI does not have any explanatory memorandum or statement of objects / reasons as to why the proposal for SBD is moved in the first instance. From the draft proposal it is clear

that GOI wants to give benefits to private sector corporates through privatization which would surely result in increased tariff and hardship to the consumers as well as all categories of employees.

4. The concept of standard bid document applies only to generation tariff or transmission tariff under section 63 of the E. Act 2003. The principle of section 63 of E. Act 2003 includes the methodology that when standard bid documents for generation or transmission are adopted for competitive bidding in that case the tariff has to be adopted by the regulator. This principle cannot be extended to selection of competitive bidding parties and there is no provision under section 63 or in E Act 2003 for extending this methodology to distribution systems.

5. Different states of the country have vast differences in their distribution network and consumer mix. The principle of “one size fits all” methodology cannot and should not be made applicable to all distribution systems of the country. This again underlines the fundamental principle that every state must have the freedom to adopt the model and structure of the distribution system and the adoption of SBD is not at all justified or necessary on a uniform basis. The entire exercise of proposing SBD is therefore unconstitutional and misplaced while states have the freedom to continue with electricity being under state govt. control and not necessary to be privatized.

6. It is concluded that GOI must not take for granted that states are agreeable for privatization of their distributions system. States have the constitutional option to retain public sector working. State must be given the opportunity to study the SBD proposal from all angles including the option of retaining public sector working. We therefore request that GOI / MOP may extend the last date for filing comments / objections on SBD option from 05/10/2020 to extended deadline of 31/3/2021.

Thank you with regards.

Sincerely Yours

Shailendra Dubey

Chairman

