

No. 42/6/2011-R&R (Vol-VIII) [238335]

Government of India

Ministry of Power

**

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 19th March, 2021

To

1. Additional Chief Secretaries/Principal Secretaries/Secretaries, Energy/Power Dept., All State Government/UTs
2. CMDs, All DISCOMs

Subject: Minutes of the meeting taken by Hon'ble MOSP (IC) for Power and New & Renewable Energy regarding proposed amendments in the Electricity Act 2003.

Sir/Madam,

I am directed to forward herewith the minutes of the meeting held under the chairmanship of Hon'ble MOSP (IC) for Power and New & Renewable Energy on 17.02.2021 regarding proposed amendments in the Electricity Act 2003, for information.

2. This issues with the approval of Hon'ble MOSP (IC) for Power and New & Renewable Energy.

Encl: As above

Yours faithfully,



(Rajesh Kaushik)
Section Officer

Tele: 011-2373 0265

Copy for information to:

PS to MOSP (IC), Sr. PPS to Secretary (Power), Sr. PPS to JS (R&R), PS to DS (R&R), Ministry of Power

Minutes of the meeting held under the Chairmanship of Hon'ble MOSP (IC) for Power and NRE with all the States/UTs on proposed amendments in the Electricity Act, 2003 on 17-02-2021 through Video Conferencing

Meetings under the Chairmanship of the Hon'ble Minister was held on 17-02-2021 on the proposed amendments in the Electricity Act 2003 with all the States/UTs through Video Conferencing. To have detailed discussions, the meeting was held through four different time slots for States/UTs of five regions i.e (i) Northern, (ii) Western, (iii) Southern and (iv) East & North Eastern Regions. The list of participants is as per Annexure.

2. Secretary (Power) welcomed the participants and briefed about the agenda of the meeting. He further requested the States to provide their suggestions/comments on the proposed amendments after the presentation. He added that the amendments have been proposed keeping in mind the best interest of the consumers at large and requested the States to give their comments/suggestions freely.
3. Hon'ble Minister of State (IC) for Power and NRE in his introductory remarks highlighted that a quantum change had been brought in the power sector. We had transformed the country from a power deficit to a power surplus country, ensured 100% village electrification and near 100% electricity access to households and strengthened Transmission System. He further stated that DISCOMs' inefficiency (as a result of being monopoly) remains the biggest challenge and hence reforms are essential to enhance the viability and sustainability of the power sector. The monopoly of DISCOMs whether Private or Government, has to be replaced by competition. He further highlighted that the proposed reforms will create more employment opportunities.
4. Subsequently, Shri Ghanshyam Prasad, Joint Secretary (OM & RR), MOP gave a brief presentation on the proposed Amendments, which included the following.
 - a. Giving choice to the electricity consumers as per the announcement in the Union Budget 2021-22.
 - b. Mandatory appointment of a Member from Law background in the Electricity Regulatory Commissions in compliance to the Hon'ble Supreme Court Judgment dated 12th April, 2018.
 - c. Strengthening of APTEL by increasing number of Members in view of long pendency of cases and consequent delay in deciding the appeals.
 - d. In order to meet the India's International commitment, new provisions related to Renewable Purchase Obligations (RPO) is being proposed to promote use of renewable energy.
5. Joint Secretary (OM & RR) in his presentation highlighted the progress of electricity reforms i.e. from the introduction of Regulatory regime in 1998, De-Licensing of Generation in 2003, Competition in power procurement and construction of Inter-state transmission systems. He further emphasised the driving factors for the proposed Reforms in Distribution sector i.e. need to boost up investment in Distribution, facilitate consumer for choice of supplier, need to bring competition and innovations, improvement of service levels to consumers, efficient retail tariff, facilitate entry to new entrepreneur etc. He apprised that the proposals contained in the draft Electricity Act, 2003(Amendment) Bill 2021, focus on enhancing sustainability, promoting green energy, and strengthening the regulatory framework.
6. After the presentation, States gave their comments/inputs on the proposed Amendments. Almost all the states welcomed the above mentioned proposals and agreed in principle. Some of the States mentioned some operational challenges/constraints on implementation of the proposed

reforms. It was agreed that these can be resolved through Rules and Regulations to be framed under the Act. The comments/suggestions of the States/UTs have been given below.

Northern Region

7. Punjab

- i. The proposed reform and giving choice to the consumers is a welcome step.
- ii. The AT&C loss level in the State is already at the level of around 15%. The State has three Private Power Plants developed through Case-2 competitive bidding process. In view of above facts the proposal of delicensing of Distribution sector in Punjab may not be required. Further it may be difficult to roll out.
- iii. Proposals regarding Member (Law) in Regulatory Commissions and Strengthening of APTEL are welcome steps.
- iv. Regarding proposal of Renewable Purchase Obligations (RPO), it may also be kept into consideration that State DISCOMs have to bear fixed cost of already concluded conventional power plants if they have to procure additional renewable power to meet RPO obligations.

8. Uttar Pradesh

- i. On the proposal of de-licensing of Distribution business following issues were shared:
 - Quality of distribution infrastructure of existing Distribution licensees shall be an area of concern.
 - Energy accounting & problem of theft will be an important issue to address upon.
 - In case of distribution in more than one state, proposal is to have registration with the CERC. In such cases the role of SERCs need clarification.
- ii. On the proposal of RPO, there are issues in implementation. Fungibility of Solar/Non-Solar should be there

9. Uttarakhand

- i. Proposals regarding Member (Law) in Commissions, Strengthening of APTEL and RPO are okay.
- ii. On providing choice to consumer, the role of State Government is not clear.
- iii. While specifying qualifying criteria for registration of new Distribution Company State Government needs to be consulted since each State has different geographical conditions and consumer mix across the State.
- iv. Regarding RPO obligation, distribution licensee word to be suitably substituted with Distribution Companies at some places to avoid ambiguity.
- v. On reallocation of existing PPA issue, coordination with transmission company shall be required.

10. Rajasthan

- i. The registration as DISCOM from State Commission should be made mandatory.
- ii. Clarity is required in respect of accounting of losses.
- iii. Same Standards of Performance (SOP) should be applicable in case of existing as well as new Distribution companies.
- iv. Regarding the proposal wrt RPO, the existing PPA of State DISCOMs with already concluded conventional power plants, has to be kept into consideration.

11. Delhi

- i. The private DISCOMs are already there. Proposals regarding Member (Law) in regulatory commissions and APTEL are okay. For fulfilment of RPO targets, Delhi is on track.
- ii. DISCOMs should have option to come out of the PPA from the projects for which PPAs have been signed long back but plants have not yet been commissioned.

12. Jammu & Kashmir

- i. The proposals by Ministry of Power are a welcome step.
- ii. There may be issues of cherry picking of consumers in a State/UT like J&K because of geographical situations.
- iii. Old infra of existing Distribution licensee needs to be strengthened.
- iv. In the proposed Central Guideline for identification of qualification criteria for a company to be registered as DISCOM, role of SERCs to be clarified.
- v. Capacity building of SERCs may be required for handling smooth implementation of delicensing of distribution.

13. Haryana

- i. On the proposal of de-licensing of Distribution business, there are no issues in implementation.
- ii. On proposal regarding Member (Law) in State Commission in addition to appointment of Judge as Member (Law), there should also be a provision regarding "or a person qualified to be a judge" may also be added.

14. Ladakh

- i. The proposals by Ministry of Power are agreed in principle.
- ii. There may be issues of cherry picking of consumers because of geographical situations.

15. Himachal Pradesh

- i. The proposals regarding RPO are Okay.
- ii. On proposal of de-licensing of Distribution business, there are apprehensions regarding cherry picking of consumers and the issue of cross subsidy.

16. Chandigarh

- i. The proposals by Ministry of Power are a welcome step.
- ii. Implementation of de-licensing of Distribution shall be a challenging task as augmentation of old infrastructure shall be required.

Western Region

17. Maharashtra

- i. The proposals by Ministry of Power are agreed in principle.
- ii. On the proposal of de-licensing of Distribution business, there are apprehensions regarding cherry picking of consumers and cross subsidy wrt Rural/ Urban consumers, sharing of PPA.

18. Gujarat

- i. The proposals by Ministry of Power are a welcome step.

- ii. The proposals regarding RPO, mandatory appointment of a Member from Law background in the ERCs, Additional benches of APTEL are Okay.
- iii. There are apprehensions regarding cherry picking of consumers and cross subsidy Rural/ Urban consumers, Energy Accounting/Auditing, Transmission planning, Sharing of PPA on proposal of de-licensing of Distribution business.

19. Madhya Pradesh

- i. Clear-cut guidelines regarding allocation of existing PPA shall be required in case of de-licensing of Distribution business.
- ii. Telecom sector has faced non utilization of USO fund, the concerns should be suitably addressed.
- iii. Energy auditing shall be an issue.
- iv. Regarding RPO, fungibility of Solar/Non-Solar should be there.

20. Chhattisgarh

- i. Multiple DISCOMs may not work in less lucrative areas like Surguja/ Bastar.
- ii. Average cost of supply for the State will increase.
- iii. Issue of load forecasting and DSM penalty, Energy Accounting/Auditing to be looked into.
- iv. Regarding RPO, already tied up sufficient capacity. Hence, RPO trajectory should be devised by State commission. RPO Penalty to be rationalised. Fungibility of Solar/Non-Solar should be there.

21. Goa

- i. Issue of load forecasting and DSM penalty to be looked into. There may be issues of cherry picking of consumers.

22. Andaman & Nicobar

- i. They support the proposals of Ministry of Power.

Southern Region

23. Tamil Nadu

- i. The proposals by Ministry of Power are a welcome step.
- ii. On the proposal of de-licensing of Distribution business, there may be issues of cherry picking of consumers. Issue with reference to large number of Captive plants/users have been raised.
- iii. Regarding RPO, suggested that compartmentalisation of RPO is to be done away with.

24. Kerala

- i. Apprehensions regarding cherry picking of consumers and cross subsidy issues on proposal of de-licensing of Distribution business.
- ii. Issue on sharing of existing PPA was raised.

25. Karnataka

- iii. No serious issues hence support the proposals.
- iv. Legacy PPA and information sharing issues were raised.
- v. Regarding RPO, apprehensions on high penalty was raised.

26. Andhra Pradesh

- i. The proposals by Ministry of Power are a welcome step.
- ii. Suggested effective management should be there on USO Fund utilization and SLDC Role to be clearly defined.
- iii. Suggested that theft cases and defaulter of non-payment of dues also to be suitable addressed.
- iv. Regarding RPO, suggestion on pooling at national level and distributed centrally.

27. Telangana

- i. The proposals by Ministry of Power are a welcome step.
- ii. Issues on employee welfare i.e. surplus staff, retirement issues etc. were raised.
- iii. Regarding RPO, penalty should be on total RPO and not individual RPO component.

28. Puducherry

- i. There are no issues with the proposals of Ministry of Power.
- ii. Regarding RPO, suggested that compartmentalisation of RPO is to be done away with.

29. Lakshadweep

- i. They support the proposals of Ministry of Power.

Eastern & North Eastern Region

30. Bihar

- i. The implementation issues on delicensing of DISCOMs i.e. management of existing PPA were raised. Suggestion given on effective management of USO fund since in Telecom sector there are non-utilization of AUSO fund.
- i. Suggestion on upgradation of SLDC, manpower management and efficiency were given.

31. West Bengal

- i. The issues on management of existing PPA, strengthening of distribution network were raised.
- ii. Regarding RPO, apprehensions on high penalty and flexible RPO was suggested. Suggestion for consideration of cogeneration power as RE POWER.
- iii. Revision of tariff policy was also suggested.

32. Jharkhand

- i. The state is already in power surplus position.
- ii. The issues regarding existing PPA & USO fund management were raised.

33. Odisha

- i. The proposals by Ministry of Power are agreed in principle.
- ii. Regarding RPO, uniform RPO targets may be reviewed in view of the differing RE potential in the States. Apprehensions on high penalty on RPO.
- iii. Suggestion for direction of hierarchy should be NLDC-RLDC-SLDC.

34. Tripura

- i. The proposals of Ministry of Power are agreed in principle.
- ii. Regarding RPO, flexibility in RPO was suggested. Suggested for considering Gas Power also for RPO obligation.

- iii. Regarding Transmission Charges, the POC charges are very high (almost doubled) due to recent amendments in POC regulations and has to be addressed.

35. Assam

- i. The issues on long term PPA & USO fund management were raised.
- ii. Apprehensions on management of AT & C losses and flexibility in RPO was suggested.

36. Manipur

- i. Requested for separate SERC for Manipur.

37. Mizoram

- i. Regarding RPO obligation, suggested that RPO target should be state specific.

38. Hon'ble Minister and Secretary, MoP clarified certain concerns pointed out by the States. Particularly, on the concerns of cherry picking, it was explained that mechanisms of defining minimum area so as to contain rich/poor and urban/rural consumer mix, element of cross subsidy in ceiling tariff, sharing of fixed cost of legacy PPAs and, also universal service obligation to all distribution companies have been built in. From the discussion, it emerged that the reforms as proposed is timely in view of the current status of the DISCOMs and should be undertaken. While framing Rules and regulations, the detailed concerns as raised above will be addressed in consultation with all the stakeholders. Some of the suggestion which donot require framing of any Rules and regulations, such as upgradation of SLDC, fungibility of RPO, capacity building of Regulators etc. will be quickly taken up separately for balanced development of the power sector.

39. During concluding remarks, the Hon'ble Minister thanked the participants for their valuable suggestions and assured that Government of India will take into account the comments and suggestions made.

40. The meeting ended with a vote of thanks to the chair.

Annexure- Participants List

Sl. No.	Name of State/UT	Participant
1.	Ministry of Power	Sh. R.K. Singh, Hon'ble MOS(IC) Power and NRE.....In Chair Sh. Alok Kumar, Secretary, Ministry of Power Sh. Ghanshyam Prasad, Joint Secretary(R&R, OM), MOP
2.	Haryana	Sh. P.K. Das, ACS, Dept. of Energy
3.	Himachal Pradesh	Sh. R. K. Sharma, MD, DISCOM
4.	Punjab	Sh. Anurag Agarwal, ACS, Dept. of Energy Sh. Venu Prasad, CMD, PSPCL
5.	Rajasthan	Sh. Dinesh Kumar, Pr. Secretary Dept. of Energy
6.	Uttar Pradesh	Sh. Alok Sinha, ACS, Dept. of Energy/Power Sh. M. Devraj, CMD, DISCOM
7.	Uttarakhand	Ms.RadhikaJha, Pr. Secretary, Dept. of Power
8.	Delhi	Ms.RinkuDhugga, Secretary, Dept. of Power
9.	J&K	Sh.RohitKansal, Pr. Secretary, Dept. of Power
10.	Ladakh	Sh. Ravindra Kumar, Secretary (P), Dept. of Power
11.	Chandigarh	Sh.C.B.Ojha, CE, Dept. of Power
12.	Maharashtra	Mr. Vijay Singhal, CMD, DISCOM, Dept. of Energy/Power
13.	Gujarat	Ms.Sunanai Thomas, ACS, Dept. of Energy/Power
14.	Madhya Pradesh	Sh. Sanjay Dubey, Pr. Secy, Dept. of Energy/Power Sh. AkashTripathi, MD, DISCOM
15.	Chhattisgarh	Sh. AnkitAnand, Spl. Secy, Dept. of Energy Sh. AlokKatiyar, CEO, CPEDA
16.	Goa	Sh. RaghuvirKeni, CEE
17.	Andaman & Nicobar	B. Ajit Kumar, EE
18.	Tamil Nadu	Sh. S.K. Prabhakar Pr. Secretary, Dept. of Energy
19.	Karnataka	Shri Kapil Mohan, ACS, Dept. of Energy
20.	Kerala	Sh. Saurabh Jain, Pr. Secretary, Dept. of Power Sh. M. Pillai, CMD, KSEB
21.	Andhra Pradesh	Sh. N. Srikant, Pr. Secretary, Dept. of Energy
22.	Telangana	Sh. Prabhakar Rao, CMD, TSTRANSCO
23.	Puducherry	Sh. Udaya Kumar Secy(link officer), Dept. of Power Sh. R. Murli, Supdtg.Eng
24.	Lakshadweep	Shri Sushil Singh, Splsecy, Power Dept.
25.	Bihar	Sh. Sanjeev Hans, Secy, Dept. of Energy
26.	Jharkhand	Sh. K.K. Verma, MD, JUSNL
27.	Odisha	Sh. Nikunja B. Dhal, Pr. Secretary, Dept. of Energy
28.	West Bengal	Sh. S. Suresh Kumar, ACS(Power), Dept. of Energy
29.	Manipur	Ms.Robita, JS(Power), Dept. of Power Mr.Subhash Chandra, MD DISCOM
30.	Meghalaya	Sh. PravinBakshi, Pr. Secretary, Dept. of Power Sh. Arun Kumar, MD MECL
31.	Mizoram	Sh. Ron, JS, Dept. of Energy/Power Sh. Silo, Engineer in Chief
32.	Tripura	Sh. ShashiRanjan Kumar, Principal Secy, Dept. of Energy
33.	Assam	Sh. Rakesh Agarwala, MD APDCL