

**K. CHANDRASEKHAR RAO**



**Chief Minister  
Telangana**

Hyderabad

Dated: 02.06.2020

**Dear Shri Narendra Modi ji,**

**Subject: Draft Electricity Amendment Bill 2020 - Concerns of  
Telangana State - Request to withdraw the Amendments.**

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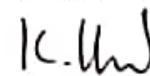
1. Ministry of Power, Government of India has invited comments of the State Governments on the proposed amendments to the Electricity Act, 2003. Government of Telangana wishes to convey its serious concerns on the proposed amendments, which have a direct negative bearing on the functioning of power sector in the State. Following are our comments on some of the main objectionable provisions proposed in the bill.
2. The proposed Electricity Amendment bill takes away certain functions/powers of the State Government. The provision to appoint State Electricity Regulatory Commission by a selection committee constituted by the Government of India and entrusting the responsibilities to a neighbouring State Electricity Regulatory Commissions under certain circumstances is hitting on the core of the Federal Polity, which is enshrined in the Constitution. Merely a particular subject is in the concurrent list of the Constitution does not mean that the Government of India/Parliament will enact laws which have a direct and major influence on the functioning of the State Government. We strongly oppose such a tendency.
3. Any National Renewable Energy Policy should be formulated with explicit consent of the State Governments, but not merely in consultation with the State Governments. Each State in India has its own unique situations like potential for hydro power, wind power, solar power, land availability etc. As such, states should have the flexibility to determine within the broad policy at the national level without any penal provisions.
4. As per the proposed amendment bill, NLDC is made all powerful with regard to scheduling of power throughout the country. Currently merit order despatch of energy is being implemented by Telangana State SLDC very satisfactorily within the State. Though Grid discipline is very important, it is not advisable to entrust NLDC with additional powers which will result in backing down of State Thermal Units. The State Units will not be able to compete with Central Generating Stations. The cost of generation of Central Generation Utilities such as NTPC, NHPC etc will be less and get priority in merit order despatch causing loss to State generating companies. Therefore, intra-state transmission decisions should be left to the SLDCs only.

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5. Further, the proposed amendment seeks to give powers to NLDC to enforce payments security etc. Such commercial aspects should be left to the State Regulatory Commissions and civil courts, as is being done currently. NLDC should deal with only technical issues like scheduling, grid stability etc.
6. It is proposed that Open Access shall be allowed freely. This facility will erode Discoms revenue, since several consumers with more than 1 MW can go for Open Access without even technical feasibility. Further, the Sub-Licensee may avail power from Open Access Generators and sell in the retail market, which will also affect the financial viability of the Discoms.
7. The draft bill also has a provision for the Direct Benefit Transfer (DBT) of subsidy provided to consumers, particularly to the agriculture and domestic sectors. This would work against the interest of farmers and very poor domestic consumers. **It has been the policy of Telangana Government that the farmers should receive 24x7 free power. Mode of payment of the subsidy should be left to the State Government.** Any proposal to modify the current statute on this specific subject matter will be highly objectionable to our Government.
8. It is proposed that the Commission will fix the tariff for all the consumers without any subsidy. Presently tariff fixation by the Commission includes some Cross Subsidy to be borne by certain category of consumers. With the proposed amendment, bills are to be issued for actual cost to all the categories of consumers including agriculture. Therefore, we strongly oppose this provision. Discretion to levy cross subsidy on certain sections of consumers on a well considered criteria shall be better left to the State Governments.
9. The proposed amendment bill seeks to take away the functions of the State Government in constituting the State Electricity Regulatory Commission, which is against the spirit of the Federalism. Further, in the draft bill, it is proposed to set up a parallel authority namely Electricity Contract Enforcement Authority at the central level to handle all contractual issues. This will lead to multiplicity of litigation, as contracts are to be adjudicated by the civil courts.
10. The above are some of our strong reservations on the Draft Electricity Amendment Bill, 2020. These amendments are neither in the public interest nor in the interest of State Power Utilities / State Government. In the circumstances stated above, Telangana State Government is of the opinion that the Ministry of Power should be advised to withdraw the amendments proposed in the public interest.

With regards,

Yours Sincerely



(K.Chandrasekhar Rao)

**Shri Narendra Modi,**  
Hon'ble Prime Minister,  
NEW DELHI – 110011.