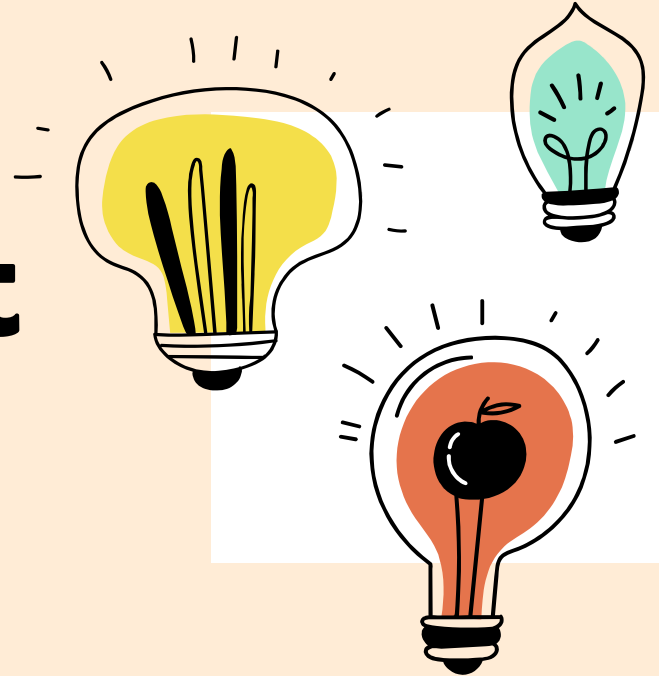


# Electricity Ammendment Bill 2022



Rahul Ranjan

# What is the EA Bill 2022?

## Electricity Amendment Bill 2022 (EA Bill) :

1. The Bill is aimed at allowing the privatisation of electricity on the line of communication. If the bill is passed in both the houses, customers will have the option to choose electricity supplier just like one can choose for telephone, mobile and internet services.
2. The bill seeks to amend section 42 of the Electricity Act to facilitate non-discriminatory open access to the distribution network of a distribution licensee.
3. It also seeks to amend section 14 of the Act to facilitate usage of distribution networks by all licensees under provisions of non-discriminatory open access with the objective of enabling competition, enhancing efficiency of distribution licensees for improving services and ensuring sustainability of the power sector.
4. As a result, discoms will be able to use power distribution network of other licensees. The bill also provides for insertion of section 60A aimed at enabling management of power purchase and cross-subsidy in case of multiple distribution licensees in the same area of supply.
5. It also seeks to amend section 62 of the Act to make provisions vis-à-vis graded revision in tariff over a year besides mandatory fixing of maximum ceiling and minimum tariff by the appropriate commission. It provides for amending section 166 to strengthen the functions that will be discharged by the regulators.
6. The bill will also amend section 146 to convert rate of punishment from imprisonment or with fine to fine. The bill, as tabled, will also amend section 152 to facilitate decriminalisation of offence as it would be mandatory to accept compounding.

# **Here about the provisions of the bill, How it impacts you as a consumer & reasons of its criticism.**

- 4. Choice to electricity buyers**
- 5. New Responsibilities on Regulators**
- 6. Check on regulators**
- 7. Extra powers to load despatch centres**

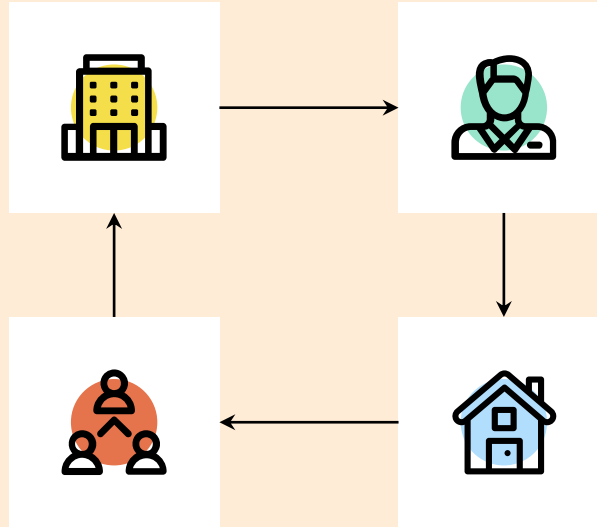
# Choice to electricity buyers

## Provisions

1. Bill provides a new supplier can use existing infrastructure to supply power.
2. Power regulators must decide in 90 days or application deemed to be approved.

## Govt. Assurances

1. Consumer-centric and better Services.
2. Min area would be defined.
3. Max and min tariffs would be set.
4. Universal service obligation on all licensees.
5. Network sharing allowed for optimum utilization.



## Impact

1. Choice of power suppliers to consumers.
2. Part of present Electricity Act but regulators squat over applications for licenses.

## Concerns/Criticism

1. Urban areas would have many licensees, while loss-making areas would be underserved.
2. Indirect Privatization.
3. Universal Service obligation only on current discom.
4. Predatory Pricing.

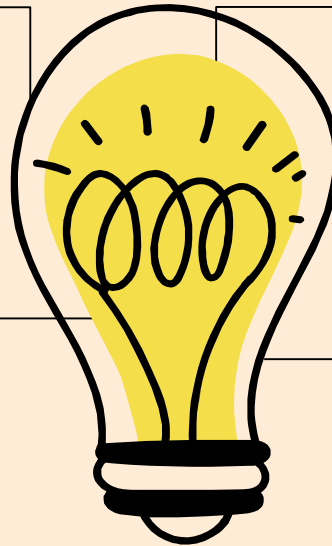
# New Responsibilities on Regulators

## Provisions

1. Initiate tariff petitions suo-moto if discoms do not file in time.
2. Ensure discoms buy Centre - mandated portion (Renewable Purchase Obligations or RPOs) of power from RE sources.

## Govt Assurances

1. Discoms finances across are in bad shape.
2. Timely tariff revisions needed to rescue power sector.
3. Meeting India's green energy commitments.
4. Centre only sets minimum RPO. State regulators free to set above the minimum threshold.



## Opposition

1. States losing control over regulatory bodies
2. Too much intervention by Centre.
3. Stepping on state prerogative.

## Why should I care?

1. Power regulators decide how much electricity tariffs you pay every year.
2. If tariffs are not adjusted as per costs in time, threatens discom viability, affects service quality.
3. May lead to one-time tariff shocks.

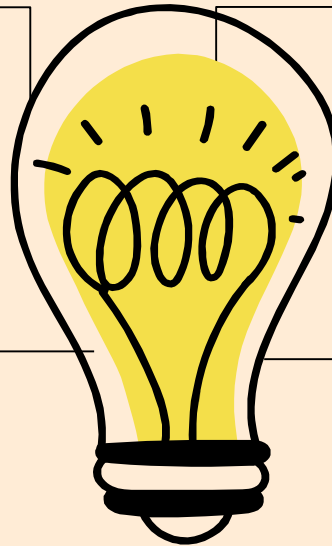
# Check on regulators

## Provisions

1. Qualifying criteria of members of regulatory bodies tightened.
2. Centre's representative in appointment of state regulatory members.
3. Removal of members of regulatory bodies on wilful violation or gross negligence of rules.

## Govt Assurances

1. State governments do not lose control and continue to appoint the regulators.
2. Ensures compliance of the Electricity Act
3. Required to improve viability of power distribution sector



## Opposition

1. Pressure on regulators impacts their proper and independent functioning.

## Why should I care?

1. Regulators cannot skip duties including tariff revisions, timely order deliveries.
2. Regular tariff revisions.
3. Discom's financial health independence is the core of uninterrupted power supply

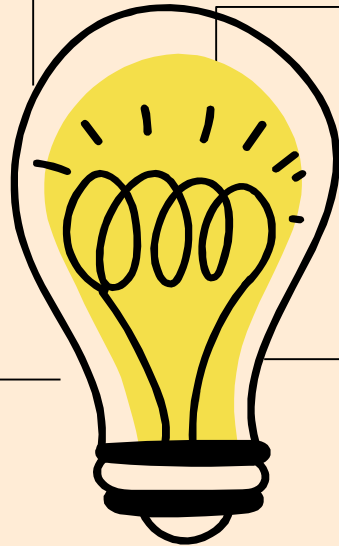
# Extra powers to load despatch centres

## Provisions

1. National and state despatch centres will cut power supplies from plants against which discoms do not maintain adequate bank guarantees.
2. An order by the Power Ministry mandating maintaining Letter of Credit is in force since Aug 1, 2019
3. Bill proposes inclusion in the Act.

## Govt Assurances

1. No threat to power grid.
2. Impacts only defaulting discoms.



## Opposition

1. Technically not possible.
2. Could cause supply disruptions/ grid instability.
3. Centre intervening in state's rights.
4. Burden on already ailing discoms.

## Why should I care?

1. Power cuts if your discom doesn't pay to power plants in time.
2. Force discipline among discoms.
3. Bad financial health of discoms threatens your power supply.

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# Thanks