

Electricity Act (Amendment) Bill, 2025

Appendix 1: Specific, clause-by-clause comments on the
proposed amendment

Prayas (Energy Group)
7th November, 2025

This document is also accompanied with:

1. Summary note with comments:
https://energy.prayaspune.org/images/pdf/NoteEAAB25_PEG.pdf
2. Video detailing proposed approach: <https://www.youtube.com/watch?v=ioZS67lZs-c>
3. Slide deck: https://energy.prayaspune.org/images/pdf/HTDeregulation25_Deck.pdf

Comments and Suggestions on the Electricity Act (Amendment) Bill, 2025

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| Suggested inline edits and comments along with justifications are detailed as in the above format | | | |
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| Section of the Electricity Act, 2003 | Provisions of Electricity (Amendment) Bill, 2025 <i>Proposed additions highlighted inline to existing provisions in red (red) and omissions in strikethrough (strikethrough)</i> | Comments/ Suggestions <i>Proposed additions highlighted inline to existing provisions in bold (bold) and omissions in strikethrough (strikethrough).</i> | Justification |

Issue 1. Parallel Licencing

| Issue 1 : Parallel Licencing | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 14 (sixth proviso) | <p>Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area through their own or shared distribution system within the same area in accordance with the framework as specified by the Commission, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements ¹[relating to the capital adequacy, credit-worthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:</p> | <p>Provided also that the that where Appropriate Commission may grant has granted a licence to two or more persons for distribution of electricity the arrangement shall continue in accordance with the framework as specified by the Appropriate Commission. through their own distribution system within the same area through their own or shared distribution system within the same area in accordance with the framework as specified by the Commission, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements ¹[relating to the capital adequacy, credit-worthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same</p> | <p>Parallel licencing as a framework has been operational in small pockets in India, most notably in Mumbai. While the legal framework should recognise the existing arrangement, it is not desirable that Act enables scaling of this model. This is because even in a Mumbai where no state level distribution licensee, like MSEDCL is part of the arrangement, there are several operational challenges especially related to changeover procedures, network planning and development, power purchase planning and tariff related issues.</p> <p>With the proposed arrangement of allowing parallel licensees to using the shared distribution system, many of these challenges will persist.</p> <p>It is yet unclear how network duplication will be prevented given the entities are cost-plus and there is no institution for centralised distribution network planning and dispute resolution envisaged in this arrangement. Ideally, there should be one entity planning and operating network in the area of supply to enable better system operation with decentralised embedded generation,</p> |

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| | | <p>purpose:</p> | <p>development of new load centres. This is critical as the energy transition and sector development also necessitates institution of distribution system operators for each area of supply.</p> <p>Private participation and investment in networks, if found essential, can be undertaken through competitive bidding for sub-transmission assets and the introduction of network franchisees (Issue 4).</p> <p>To unleash competition in supply, the existing arrangement of open access can be deepened and strengthened. Thus, it is suggested that all amendments related to scaling multiple distribution licensees in the same area be deleted. <i>Instead, carriage and content separation for HT network and introduction of national and state level bulk supply licensees is desirable.</i> This is because metering, scheduling and network quality of the HT network is more robust and amenable to these changes. The amendments to operationalise these are detailed in this submission under Issue 2 and Issue 3.</p> |
| Section 42 | <p>(1)It shall be the duty of a distribution licensee to develop and maintain (a) ensure an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act. (b) provide non-discriminatory open access to his network to other distribution licensees in their areas of supply on payment of wheeling charges; (c) supply electricity in accordance with the provisions of this Act.</p> | Delete proposed amendment | |

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| | (d) And develop and maintain distribution system, as required, avoiding duplication, as may be specified by the Appropriate Commission. | | |
| Section 181 (2) | In particular and without prejudice to the generality of the power contained in sub-section (1), such regulations may provide for all or any of the following matters, namely: - (aa) framework for operation of multiple distribution licensees in the same area under the sixth proviso to Section 14. (oa) framework for development and maintenance of distribution system under the sub-section (1) of Section 42. | Delete proposed amendment | |

Issue 2: Carriage and Content Separation for HT consumers

| Issue 2 : Carriage and Content Separation for HT consumers | | | |
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| Aspect 1: Extending open access to all consumers connected to the HT network | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 42 (Fifth Proviso) (Prevailing Act) | Provided also that the State Commission shall, not later than five years from the date of commencement of the Electricity (Amendment) Act, 2003, by regulations, provide such open access to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one megawatt. | Provided also that the State Commission, shall, not later than five years from the date of commencement of the Electricity (Amendment) Act, 2003 , by regulations, provide such open access to all consumers who require a supply of electricity and are connected to high voltage network of transmission or distribution licensees where the maximum power to be made available at any time exceeds one megawatt. | With green open access rules, renewable energy consumers with connected load > 100 kW legally have access to the distribution wires network. This has been successfully adopted by 29 of 30 SERCs in India indicative that operational and procedural aspects towards this change are manageable and that HT/ HV and EHT/EHV networks are robust enough to operationalise open access. To further competitive procurement, it is suggested that all HT/EHT consumers, irrespective of contract demand and source of power have open access to the T&D network as long as they have SEMs and comply with scheduling requirements. |
| Aspect 2: Removing USO for all consumers connected to the HT/EHT network | | | |
| Section 43 (4) | Notwithstanding anything contained in this section the State Commission, in consultation with the State Government, may exempt a distribution licensee from the obligation to supply electricity to all consumers who require a supply of electricity where the maximum power | Notwithstanding anything contained in this section the State Commission in consultation with the State Government, may exempt a all distribution licensees within the state from the obligation to supply electricity to all consumers who require a supply of electricity and are connected to the transmission or distribution network at a voltage level as | We welcome the proposal to remove Universal Supply Obligation for 1 MW and above consumers. However, to unleash the power of competition and provide a clear, certain pathway for sector reform, it is suggested that: <ol style="list-style-type: none"> 1. USO exemption should be applicable to all HT consumers rather than just 1 MW and above. Providing exemptions based on maximum demand, a dynamic parameter |

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| | to be made available at any time exceeds one megawatt. | <p>specified by the state commission from time to time where the maximum power to be made available at any time exceeds one megawatt.</p> <p>Provided that any such exemption shall come into effect only after the expiry of five years from the date of commencement of the Electricity (Amendment) Act, 2025</p> | <p>would be challenging to track. Rather, exemptions can be based on voltage level (>11 kV, >33 kV) based on DISCOM network readiness to undertake grid operations with multiple buyers and sellers.</p> |
| Section 2 (16)(a) | New definition of deemed open access consumers. No such provision in prevailing Act or proposed amendment. | <p>“Deemed open access consumer” means an electricity consumer connected to the transmission or distribution network to whom the distribution licensee has no obligation to supply electricity pursuant to the exemption granted under sub-section (4) of Section 43</p> | <p>2. A five-year transition period before removal of USO is provided as it is critical for the DISCOMs to ensure transition planning and smooth operations and it is necessary for HT consumers to find alternate, market-based supply arrangements for all supply and reliability requirements. Five years would also be required for investors to take cognisance of enabling legal framework and invest in generation and procurement of power to cater substantial increase in open access demand.</p> <p>3. SERC and State Government exempt all distribution licensees in the state such that there is level playing field and similar opportunities for industries across the state. State-level implementation would also ensure significant demand in the market which will lead to innovation and investment to cater to this segment.</p> <p>4. SERC and State Government have the freedom to specify the voltage level above which consumers would be deemed open access consumers. The states have the freedom and flexibility to phase the reform based on their context.</p> |

| <i>Aspect 3: DISCOMs role as last resort for HT consumers</i> | | | |
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| Section 43 (4) 1 st Proviso | Provided that in each area of supply the State Commission shall designate a distribution licensee to supply electricity to consumers if their existing arrangement fails. | Provided that in each area of supply the distribution licensee shall provide supply of last resort to deemed open access consumers under sub-section (4) of Section 43 the State Commission shall designate a distribution licensee to supply electricity to consumers if their existing arrangement fails. Provided further that the charge for such supply of last resort shall be at least twice the average cost of supply of the distribution licensee and shall be determined by the Appropriate Commission from time to time | Ideally, the DISCOM in the area should not be expected by default to provide planned and unplanned standby power services to open access consumers, especially, deemed open access consumers. Such services should be contracted by the deemed open access consumers from the DISCOM or market. Planning procurement for such services would be challenging for the DISCOM especially given the uncertainty of the requirement. The DISCOM in the area of supply of the consumers would be the supplier of last resort, providing power supply with existing supply arrangements and standby arrangements fail. |
| Section (2) (70)(a) | Definition of supplier of last resort. No such provision in prevailing Act or proposed amendment. | “Supply of last resort” means the supply of power to deemed open access consumers under sub-section 4 of Section 43 when their existing arrangements for supply and standby power fails. | The supply of last resort should be provided at a tariff not less than twice the average cost of supply of the DISCOM and therefore at a premium tariff. |
| <i>Aspect 4: SERCs do not set tariffs for supply for deemed open access consumers</i> | | | |
| Section 62 | No such provision in prevailing Act or proposed amendment. | Add new clause (g) The Appropriate Commission shall not determine tariffs for supply of electricity to deemed open access consumers, after five years from the date of exemption specified under sub-section (4) of Section 43. Provided that such consumers shall continue to be subject to the applicable charges for use of transmission and distribution networks as may be | While exempting DISCOMs from supply obligation is an important step towards unleashing competition, it should be accompanied with clarity that deemed open access consumers would not be subject to tariffs determined by SERCs. Thus, deemed open access consumers have the freedom to procure supply and standby power from traders, power exchanges, generators and any DISCOM at market rates and mutually agreed terms. DISCOMs will not plan to meet supply requirements of deemed open access |

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| | | <p>determined by the Appropriate Commission from time to time.</p> <p>Provided that the charge for supply of last resort to deemed open access consumers under sub-section (4) of Section 43 will be determined by the Appropriate Commission from time to time.</p> | <p>consumers and therefore, demand of deemed open access consumers will not be factored in their resource adequacy plans.</p> <p>Additionally, the cost of supply to deemed open access consumers shall not be part of the ARR of DISCOMs and would not be recovered from other DISCOM consumers.</p> <p>Further, after five years of the date of exemption from USO for deemed open access consumers, such consumers would not be subject to any additional charge to recover regulatory assets of DISCOMs.</p> <p>SERCs shall determine transmission and wheeling charges as well as tariff under which the designated DISCOM provides electricity as supplier of last resort.</p> |
| <i>Aspect 5: Replacement of CSS and AS with universal supply obligation charge for a period of 5 years</i> | | | |
| <p>Provisos of Section 42 (2) in the prevailing Act</p> | <p>Provided that such open access shall be allowed on payment of a surcharge in addition to the charges for wheeling as may be determined by the State Commission:</p> <p>Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee :</p> <p>Provided also that such surcharge and cross subsidies shall be progressively reduced in the manner as may be specified by the</p> | <p>Replace provisos with:</p> <p>Provided that such open access shall be allowed on payment of a surcharge in order to meet the distribution licensees universal supply obligation requirements and address outstanding unrecovered revenue in addition to the charges for wheeling as may be determined by the State Commission:</p> <p>Provided that the surcharge shall not be more than Rs. 2.5 per unit of energy supplied and shall be determined by the</p> | <p>Surcharges based on cross-subsidy or the extent of unutilised capacity contracted by DISCOMs may not be relevant in the future with the envisaged rapid cross subsidy reduction and changing nature of utilisation and flexibility required from coal power plants.</p> <p>To support the DISCOMs for future revenue loss and provide financial assistance to transition to a new business model, a 'supply obligation charge' which does not exceed Rs. 2.5 per unit should be levied all HT consumers using open access, be it through third party contracts on captive consumption. However, the surcharge can be differentiated for open access and</p> |

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| | <p>State Commission: Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use:</p> | <p>State Commission</p> <p>Provided that where State Commissions have exempted DISCOMs from the obligation to supply electricity under sub-section (4) of Section 43, the surcharge of Rs. 2.5/unit would be discontinued within five years of the provision of the exemption.</p> | <p>captive users. This surcharge would replace CSS and AS levied.</p> <p>The exemption of CSS and AS for captive to further captive investment was relevant in 2003, given India's significant capacity shortages at the time and coal-based capacity required substantial up-front investments of upwards. These projects also faced fuel availability risks and had lengthy gestation periods. Two decades later, renewable energy along with storage, offer cost-competitive pricing with much shorter gestation periods of around two years. Their modular nature enables flexible sizing and investment requirements, suggesting that the historical exemptions for captive consumers may no longer be necessary or justified. To implement this, electricity duties on captive which are higher in some states as compared to open access consumers would also require to be rationalised by State Governments.</p> |
| <p>Section 42 (4) of the prevailing Act</p> | <p>Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.</p> | <p>Delete proviso</p> | |

Issue 3: Institution of National and State level Bulk Supply Licensees with standardised supply agreements

| Issue 3: Institution of National, Multi-State and State level Bulk Supply Licensees with standard supply agreements | | | |
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| Aspect 1 : Separate Licence category for bulk supply at the national and state level | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 2 (3) | “area of supply” means the area within which a distribution licensee is authorized by his licence to supply electricity; | “area of supply” means the area within which a distribution licensee or a bulk supply licensee is authorized by his licence to supply electricity; | Bulk Supply licensees are national or state level licensees which supply power to deemed open access consumers using the transmission and distribution network under Open Access. Grant of licence for the state would be by SERC and for more than one state, by CERC. |
| Section 2 (7) (a) | Introduction of definition bulk supply licensee in the prevailing Act. | "Bulk Supply Licensee" means a licensee authorised to undertake supply of electricity to open access consumers and deemed open access consumers under sub-section (4) of Section 43 using standard supply agreements within the area of supply specified in the licence and to undertake trading of electricity. | Deemed open access consumers as well as open access consumers in states where exemptions under sub-section (4) of Section 43 have not been specified can avail supply from bulk supply licensees as well as any DISCOM, trader, power exchange or generator. |
| Section 2 (63) (a) | Introduction of definition standard supply agreement in the prevailing Act. | "Standard Supply Agreement" means the form of supply agreement specified by the Central Electricity Regulatory Commission in consultation with the Forum of Regulators from time to time, applicable to all bulk supply licensees operating in India for supply to open access and deemed open access consumers under sub-section (4) of Section 43. | These licensees supply power only based on standard supply contracts to open access and deemed open access consumers. The standard contracts can be for standard durations (monthly, annual, 5 year, 10 years) for round the clock supply or predefined morning/evening peak, off-peak, night supply hours. It can be different contracts for supply and standby services and can also have standard provisions for tariff design (fixed, variable, escalable). Each contract will have standard clauses for energy accounting, billing, discontinuation of supply due to non-payment of bills, responsibilities of the network providers, load dispatch centres, dispute |
| Section 14 | The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person - (a) to transmit electricity as a transmission licensee; or (b) to distribute electricity as a distribution licensee; or (c) to undertake trading in electricity as an electricity | Add the following: (d) to undertake bulk supply of electricity as a bulk supply licensee, in the area as may be specified in the licence: Provided that the minimum area of supply for which a bulk supply licensee is authorised to supply power shall be a State as specified in the First Schedule to the Constitution and shall include a Union Territory. | |

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| | <p>trader, in any area as may be specified in the licence:</p> | <p>Provided further that in case of grant of license for more than one State, the Appropriate Commission shall be the Central Electricity Regulatory Commission.</p> <p>Provided that the Central Commission, in consultation with the Forum of Regulators shall specify the technical requirements, capital adequacy requirements, and credit worthiness criteria for being a bulk supply licensee:</p> <p>Provided further that the capital adequacy requirement shall not be less than Rs. 500 crores for a state-level bulk supply licensee; and Rs. 2,000 crores for a bulk supply licensee operating in more than one state:</p> <p>Provided also that the Central Government may, through notification, revise the minimum capital adequacy requirement to a higher amount from time to time.</p> <p>Provided that bulk supply licensees shall supply power only through standard supply agreements to open access and deemed open access consumers under sub-section (4) of Section 43.</p> <p>Standard supply agreements shall be specified by the Central Electricity Regulatory Commission in consultation with the Forum of Regulators. Such agreements, as amended from time to time, shall constitute part of the licence conditions applicable to all bulk supply licensees.</p> | <p>resolution process, scheduling, force majeure, change in law, termination, risk margin etc. The maximum duration of a contract should not be more than 10 years or the remaining term of the licence.</p> <p>To ensure a level playing field, reduction of information asymmetry and encourage price comparability, the format of the standard supply contracts for national, multi-state and state-level bulk licensees would be as specified by the CERC in consultation with the FoR. These contracts should be part of the licence conditions approved by the appropriate commission under Section 16.</p> <p>However, the tariff itself would be determined at a rate mutually agreed between the consumer and the bulk supply licensee.</p> <p>State governments could also institute a state-owned bulk supply licensee especially to cater to public services and government entities which are deemed open access such as lift irrigation schemes, public hospitals, public water works etc.</p> <p>Unlike DISCOMs, Bulk Supply Licensees are not required to provide supply of last resort and do not have universal supply obligation to any class of consumer. However, like other licensees, they are subject to regulatory accountability for standards of performance and would be required to furnish data and statistics to CEA and the Appropriate Commissions in compliance with applicable regulations. Ideally these licensees should publish an annual report with details of aggregate trade volumes, prices, contract durations and types, instances of payment</p> |
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| | | Provided that the tariff for supply shall not form part of such standard supply agreements and shall be determined by the licensee on commercial principles and shall not be regulated under Section 61 and Section 62. | <p>default, failure of supply etc and submit it to the Appropriate Commission.</p> <p>Like trading licensees today, bulk supply licensees would be responsible for scheduling, communication with the appropriate LDC and adjustment of applicable DSM charges with multiple generators and consumers.</p> <p>The net worth requirement for these licensees are higher than trading licensees to ensure established and serious players apply for these licensees and consumers have confidence in the licensee's ability to provide reliable services.</p> |
| 9 th Proviso of Section 14 | Provided also that a distribution licensee shall not require a licence to undertake trading in electricity. | Provided also that a distribution licensee or a bulk supply licensee shall not require a licence to undertake trading in electricity. | Bulk Supply licensees should also be able to trade with other DISCOMs without standard agreements as a trading activity. However, for open access and deemed open access consumers supply should be only under the standard supply agreements. |
| <i>Aspect 2: Consumer Grievance Redressal for Bulk Supply Licensees</i> | | | |
| PART VI | Distribution of Electricity | Distribution and Supply of Electricity | For the power supply by bulk supply licensees, open access and deemed open access consumers may not have flexibility in contracting as with trading licensees and power exchanges but they would have recourse to CGRFs set up of the bulk supply licensee and will also access to the state-level Ombudsman (common to DISCOMs and bulk supply licensees) in the state in which the consumer is located. |
| Section 42 (5) | Every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission. | Every distribution licensee and bulk supply licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers or deemed open access consumers under sub-section (4) of Section 43, as the case may be in accordance with the guidelines as may be specified by the State Appropriate Commission. | |
| Section 42 (6) | Any consumer, who is aggrieved by non-redressal of his grievances under sub-section (5), may make a representation for the redressal | Any consumer, who is aggrieved by non-redressal of his grievances under sub-section (5), may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be | |

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| | of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission. | appointed or designated by the State Appropriate Commission. | |
| Section 42 (7) | The Ombudsman shall settle the grievance of the consumer within such time and in such manner as may be specified by the State Commission. | The Ombudsman shall settle the grievance of the consumer within such time and in such manner as may be specified by the State Appropriate Commission | |
| <i>Aspect 3: Other provisions related to bulk supply licensees</i> | | | |
| Section 79 (1) (e) | to issue licenses to persons to function as transmission licensee and electricity trader with respect to their inter-State operations; | to issue licenses to persons to function as transmission licensee, bulk supply licensee and electricity trader with respect to their inter-State operations; | Relevant for multi-state and national bulk supply licensee |
| Section 86 (1) (d) | issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State; | issue licences to persons seeking to act as transmission licensees, distribution licensees, bulk supply licensee and electricity traders with respect to their operations within the State; | Relevant for state level bulk supply licensee |
| Section 56 (1) | Where any person neglects to pay any charge for electricity or any sum other than a charge for electricity due from him to a licensee or the generating company in respect of supply, transmission or distribution or wheeling of electricity to him, the licensee or the generating company may, after giving not less than fifteen clear days' notice in writing, to such person and without prejudice to his rights to recover such charge or other sum | Where any person neglects to pay any charge for electricity or any sum other than a charge for electricity due from him to a licensee or the generating company in respect of supply, transmission or distribution or wheeling of electricity to him, the licensee or the generating company may, after giving not less than fifteen clear days' notice in writing, to such person and without prejudice to his rights to recover such charge or other sum by suit, cut off the supply of electricity and for that purpose cut or disconnect any electric supply line or other works being the property of such licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may | The word "such" has been deleted before "licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may discontinue the supply until such charge or other sum..." This is to enable action in case of trading licensee or generating company or bulk supply licensee seeks to cut off supply in case of non-payment of dues. |

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| | <p>by suit, cut off the supply of electricity and for that purpose cut or disconnect any electric supply line or other works being the property of such licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid, but no longer:</p> | <p>discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid, but no longer:</p> | |
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Issue 4: Enabling business models for network investment and reliability

| Issue 4: Enabling business models for network investment and reliability | | | |
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| <i>Aspect: Legal framework for network franchisee</i> | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Seventh Proviso of Section 14 of | Provided also that in a case where a distribution licensee proposes to undertake distribution of electricity for | Provided also that in a case where a distribution licensee proposes to undertake distribution of electricity or | To improve network reliability, distribution companies can also appoint franchisees to build and maintain distribution system within the |

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| <p>the prevailing Act</p> | <p>a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:</p> | <p>develop and maintain distribution system for a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:</p> | <p>area of supply of DISCOM. This can be based on a revenue sharing or fixed annuity model linked to pre-defined performance incentives. Thus, while the distribution licensee plans and own the network, it can attract private investment in networks while avoiding network duplication- a challenge with parallel licensing. This can also help cater to areas with significant new load growth especially related to data centres, semi-conductor industry hubs etc.</p> |
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Issue 5: Reduction of cross subsidy and elimination of cross subsidy for certain categories

| Issue 5: Reduction of cross subsidy and elimination of cross subsidy for certain categories | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 2 (42) (a) | (42a) "Manufacturing Enterprise" means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951. | No changes to proposed amendments | We support the amendments to reduce cross-subsidy contribution in tariff design as it is reflective of a change in tariff design in the sector where the relevance of cross subsidy especially the cross-subsidy contribution of industrial consumers has declined and is negligible. It also provides certainty and clarity to investors, consumers and DISCOMs alike on tariff and revenue sources. |
| Section 61(1) (g) | progressively that the tariff reflects the cost of supply of electricity and also, progressively reduces cross-subsidies in the manner specified by the Appropriate Commission; Provided that cross-subsidy with respect to Railways, Metro Railways and Manufacturing Enterprises shall be fully eliminated within five years from the date of commencement of the Electricity (Amendment) Act, 2025. | | |

Issue 6: Captive Eligibility and Verification

| Issue 6: Captive Eligibility and Verification | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 9 (1) | Provided also that the eligibility criteria for captive generating plant and its users shall be as may be prescribed by the Appropriate Government. | Provided also that the eligibility criteria and procedures for verification of status for captive generating plant and its users shall be as may be prescribed by the Appropriate Central Government. | <p>It is critical that there are standard processes and procedures across states towards integrated market development and clarity for industries and investors. The eligibility criteria as well as procedures for verification of captive status should be prescribed by the Central Government.</p> <p>Verification itself should ideally be done by CERC for multi-state captive and SERC for within state captive. For inter-state captive this also leaves the option to appeal before APTEL as against the current framework where CEA is the verifying authority.</p> |
| Section 176 | (aa) the eligibility criteria for captive generating plant and its users under sub-section (1) of Section 9 | (aa) the eligibility criteria and procedures for verification of status for captive generating plant and its users under sub-section (1) of Section 9 | |
| Section 180 | (aa)the eligibility criteria for captive generating plant and its users under sub section (1) of Section 9 | Delete proposed amendment | |
| Section 79 (ja) | Suggest amendment to clarify responsibility for captive status | To verify status of inter-state captive in line with Central Government Rules. | |
| Section 86 (ja) | verification. | To verify status of intra-state captive in line with Central Government Rules. | |

Issue 7: Provision for Inflation-linked tariffs

| Issue 7: Suo-motu tariff process for all licensees and provision for inflation-linked tariffs for Distribution Licensees | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 64 (1) | <p>An application for determination of tariff under section 62 shall be made by a generating company or licensee at such a time and in such manner and accompanied by such fee, as may be determined by regulations. as may be specified by the Appropriate Commission</p> <p>Provided that if the application as per sub-section (1) is not filed within the specified timeframe, the Appropriate Commission shall determine the tariff suo moto, so that new tariff comes into effect from the beginning of the next financial year.</p> | <p>Add Proviso: Provided further that for distribution licensees having an approved gap between cost and revenue at existing tariffs or unrecovered revenue gaps from the previous years approved by the Appropriate Commission, the minimum tariff increase shall be the rate of inflation as specified by the Central Electricity Regulatory Commission on an annual basis or the increase required to bridge the gap, whichever is lower.</p> | <p>We support the amendment to formalise suo-motu tariff determination for all licensees. This should also extend to true-ups for all licensees as there are significant delays in many states.</p> <p>However, in addition to this, it is critical that in cases where there are annual revenue gaps with existing tariffs or cumulative revenue gaps from past years, the annual tariff increase should at least compensate for increase in cost due to inflation. Such a stipulation in the Act, along with levy of fuel surcharges would mitigate build-up of losses, carrying cost and arrest build-up of liabilities.</p> |

Issue 8: Renewable Purchase Obligation

| Issue 8: Renewable Purchase Obligation | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| 86 (1) (e) | (e) promote co-generation and generation of electricity from non-fossil sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee, which shall not be less than such percentage as may be prescribed by the Central Government. | (e) promote co-generation and generation of electricity from non-fossil renewable energy sources and energy storage systems by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such renewable energy sources and energy storage systems , a minimum percentage of the total consumption of electricity in the area of a distribution licensee, which shall not be less than such percentage as may be prescribed by the Central Government. | The addition of 'Energy storage systems' is to give much needed focus and emphasis on energy storage which has been appropriately defined in section 2 of the Act. It is recommended that all RE and ESS related targets (RPO, RCO or ESO), compliance framework and levy of penalty should be stipulated only under one Act, i.e. the Electricity Act to avoid confusion and legal complications. |
| 142(2) | Notwithstanding anything contained in subsection (1), where the Appropriate Commission is satisfied on a complaint filed before it or otherwise, that a person has not consumed power from non-fossil sources of energy as specified under clause (e) of subsection (1) of section 86, the Commission shall after giving such person an opportunity of being heard, by order in writing, direct that, without prejudice to any other penalty to which he may be | Notwithstanding anything contained in subsection (1), where the Appropriate Commission is satisfied on a complaint filed before it or otherwise, that a person has not consumed power from non-fossil renewable sources of energy and energy storage systems as specified under clause (e) of subsection (1) of section 86, the Commission shall after giving such person an opportunity of being heard, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall be liable to | The specific penalty specified in paisa/kWh for RPO non-compliance is a welcome and much needed step for stricter compliance and enforcement of targets. It is suggested that a similar penalty for non-compliance of energy storage targets is also codified. Further, given the RCO targets and penalty structure specified under the EC Act and the proposal for buy-out price to be specified by CERC, there is every possibility of forum shopping seeking lower penalties, in case, both the Acts remain in force. We suggest that the penalty band be same in both Acts to avoid legal |

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| | liable under this Act, such person shall be liable to pay a penalty of a sum calculated at a rate of not less than thirty-five paisa per kilowatt-hour and not more than forty-five paisa per kilowatt-hour for default; | pay a penalty of a sum calculated at a rate of not less than thirty-five paisa per kilowatt-hour and not more than twice the price of every metric ton of oil equivalent prescribed under Energy Conservation Act, 2001 for default; Provided that such penalty for any default of above renewable energy and energy storage targets shall be applicable for the first full financial year after this sub-section comes into effect. | complications. Hence, we have suggested an upper cap of the penalty in line with the EC Act. It is critical that minimum buy-out price to be notified by CERC should also be 35 p/kWh or else this penal framework under 142 (2) will not be effective in practice. Illustration: A) If sub-section (2) of Section 142 comes into effect on 17th December, 2025, then the provision will become applicable from 1st April 2026. B) If sub-section (2) of Section 142 comes into effect on 12th June, 2026, then the provision will become applicable from 1st April 2027. |
| 176 (2) (ia) | percentage of consumption from non-fossil sources of energy under clause (e) of subsection (1) of Section 86. | percentage of consumption from non-fossil renewable energy sources and energy storage systems of energy under clause (e) of subsection (1) of Section 86. | Rules should enable Central Govt to specify minimum RE and ESS targets. Presently, as per the MoP clarification on RPO for CPP dated 1 st Oct, 2019, RPO targets are frozen for CPPs commissioned before 2016. However, under the EC Act, there is no such distinction, but Aluminium Smelters, Waste heat and fossil-cogeneration have been given some exemptions. Ideally, these Rules should specify a level of uniform RE and ESS targets for all obligated entities at least from FY 30 onwards. |
| 176 (2)(ya) | No such provision in prevailing Act or proposed amendment. | (ya) To specify procedures, timelines, data formats to assess compliance or default with targets specified in section 86 (1) (e) and levy and usage of penalty under section 142 (2). | New sub-section to operationalise RPO compliance monitoring and penalty enforcement. The Rules should also specify that RPO compliance under Electricity Act will be construed as compliance with RCO requirements under EC Act. |

Issue 9: Concurrent Decision Making

| Issue 9: Concurrent decision making | | | |
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| <i>Aspect 1: Central Government Rule Making Powers</i> | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| 176 (1) | The Central Government may, by notification, make rules for carrying out the provisions purposes of this Act. | Delete proposed amendment | The proposed amendment disregards the concurrent nature of decision making in the sector and is a major shift in the balance of central and state jurisdictions that was evolved in the Electricity Act 2003. |
| <i>Aspect 2: Establishment of the Electricity Council</i> | | | |
| Section 166 | (1A) (a) The Central Government shall, by notification, establish an Electricity Council. (b) The Minister-in-charge of the Ministry dealing with Power (Electricity) in the Central Government shall be the Chairperson of the Electricity Council. The Ministers-in-charge of the departments dealing with Electricity in the State Governments shall be its members. Secretary-in-charge of the Ministry of the Central Government dealing with Power (Electricity) shall be the Convenor of the Electricity Council. (c) The Electricity Council shall advise the Central and State Governments on policy measures, facilitate consensus on reforms, and coordinate the implementation of such reforms to ensure achievement of the objects of this Act. | No changes proposed to the Amendment. | We support the formation of such an institution towards deliberative and co-ordinated decision making on crucial issues. It is expected that the proceedings before the Council are also available in the public domain to better understanding directional thinking for the sector. |

Issue 10: Development of Market

| Issue 10: Development of Market | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 66 | The Appropriate Commission shall endeavour to promote the development of a market (including trading) in power and may introduce and regulate market platforms, intermediaries, market products including non transferable specific delivery contracts for difference, in such manner as may be specified and shall be guided by the National Electricity Policy referred to in section 3 in this regard. | The Appropriate Central Commission shall endeavour to promote the development of a market (including trading) in power and may introduce and regulate market platforms, intermediaries, market products including non transferable specific delivery contracts for difference, in such manner as may be specified and shall be guided by the National Electricity Policy referred to in section 3 in this regard. | <ol style="list-style-type: none"> 1. We support the proposal to bring OTC platforms, power exchanges, services by intermediaries within the regulatory ambit. 2. It is crucial that market development be shaped by uniform framework applicable across the country to unleash the power of competition and increase liquidity. Else there will be significant market fragmentation with capacities being tied to illiquid markets, possibilities of forum shopping etc. Thus, the promotion of market should rest with the CERC. SERC can regulate licensees which are participants in the market and this is already enabled in other Sections the Act. 3. It is not clear why or for that matter how a regulator should introduce contracts, platforms or intermediaries and contracts for difference. These are commercial functions for which the Commission is not the appropriate body. Therefore it is best if the Commission regulate platforms rather than introduce them with the endeavour of safeguarding consumer interest and increasing liquidity in market. 4. Contracts for differences which are non-transferable and specific delivery are in the nascent stage and need to evolve through third party contractual innovation and market development. It would be premature to regulate such contracts at this stage. |

Issue 11: Strengthening Regulatory Institutions and Accountability Mechanisms

| Strengthening Regulatory Institutions | | | |
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| Aspect 1: Revision of penalties under 142 | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| 142 | No change in existing provision proposed | In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made thereunder, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh one crore rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand six lakh rupees for every day during which the failure continues after contravention of the first such direction. | It is suggested that the upper limit for penalties under Section 142 is revised from one lakh for each contravention to one crore and six lakh from six thousand each day for continued contravention. This is accounting for inflation as the penalties have not been revised since 2003. Strong penalties are necessary to ensure compliance to rules, regulations and regulatory directions. |
| Aspect 2: Increase in APTEL Strength | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 112 (1) | The Appellate Tribunal shall consist of a Chairperson and three other Members. such number of other Members, not less than seven, as may be prescribed by the Central Government | No additional suggestions on proposed amendment | We whole heartedly welcome the proposal to increase the strength of APTEL and hope this translates to permanent regional benches in at least 5-6 places in the near future. |

| <i>Aspect 3: Conditions for removal of member</i> | | | |
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| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 90 | <p>(g) has wilfully violated or overlooked the provisions of the Act or the rules made there under, or</p> <p>(h) has been grossly negligent in performing one or more functions assigned to him or the Commission under the Act or rules or regulations made thereunder:</p> <p>Provided that no Member shall be removed from his office on any ground specified in clauses (d), (e) and (f) (g) and (h) unless the Chairperson of the Appellate Tribunal on a reference being made to him in this behalf by the Central Government, or the State Government, as the case may be, has, on an inquiry, held by him in accordance with such procedure as may be prescribed by the Central Government, reported that the Member ought on such ground or grounds to be removed.</p> | Delete proposed amendments | <p>It would be difficult to objectively establish that an individual member has violated or overlooked the provisions of the Act or has been negligent in performing functions under the Act when the decision-making rests with the entire Commission. Therefore, such provisions can be used subjectively which reduces the independence of regulatory commission.</p> <p>The process of appeals before against ERC orders is specifically to ensure that aggrieved parties have recourse.</p> |
| <i>Aspect 4: Minimum Standard of Performance by Central Government and Mandate for Standards of Performance for all licensees</i> | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| Section 58 | <p>The Appropriate Commission may specify different standards under sub- section (1) of section 57 for a class or classes of licensee.</p> <p>Provided that such standards shall not be inferior to the minimum standards as may be prescribed by the Central Government.</p> | <p>The Appropriate Commission may shall specify different standards under sub- section (1) of section 57 for a class or classes of licensee.</p> <p>Provided that such standards shall not be inferior to the minimum standards as may be prescribed by the Central Government.</p> | <p>Standards of performance (SoPs) should necessarily be specified for all licensees including transmission, trading licensees and the proposed bulk supply licensees.</p> <p>Presently while all SERCs have specified SoPs for DISCOMs, very few have specified for transmission/trading licensees. Central government can evolve minimum standards for all licensees over time.</p> |

Issue 12: Approval of Transmission Plans

| Issue 12: Approval of Transmission Plans | | | |
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| Section | Proposed amendment | Our suggestion | Justification |
| Section 25 | <p>For the purposes of this Part, the Central Government may, make region- wise demarcation of the country, and, from time to time, make such modifications therein as it may consider necessary for the efficient, economical and integrated transmission and supply of electricity, and in particular to facilitate voluntary inter-connections and co-ordination of facilities for the inter- State, regional and inter-regional generation and transmission of electricity.</p> <p>Provided that Appropriate Government may prescribe the manner of approval and implementation of Inter-State Transmission System or Intra-State Transmission System, as the case may be.</p> | <p>For the purposes of this Part, the Central Government may, make region- wise demarcation of the country, and, from time to time, make such modifications therein as it may consider necessary for the efficient, economical and integrated transmission and supply of electricity, and in particular to facilitate voluntary inter-connections and co-ordination of facilities for the inter- State, regional and inter-regional generation and transmission of electricity.</p> <p>Provided that Appropriate Government may prescribe the manner of approval and implementation of Inter-State Transmission System Projects or Intra-State Transmission System Projects, as the case may be.</p> <p>Provided further that such Projects shall be part of the CTU and STU Rolling Plans prepared under section 38 (e) and 39 (e) and approved by the Appropriate Commission, as the case may be.</p> | <p>The Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021 already allow the approval of projects by the Central Govt as per Rule 3(5).</p> <p>The amendment in June 2025 to these Rules further allow the Central Govt to delegate powers of approval to the CTU and NCT subject to the cost limits.</p> <p>The proposed amendment will allow States to institutionalise a Committee process for approving projects equivalent to the NCT at the ISTS level. Some States have already operationalised such a process.</p> <p>Our suggested additional proviso further strengthens the transmission planning and approval process and brings project approval in line with the Rolling Plans to be prepared by CTU and STU and approved by the appropriate Commission as noted below.</p> |
| Section 38 (2) (e) | <p>No such provision in existing Act or proposed amendment.</p> | <p>(e) to prepare, in consultation with the Authority and National Load Despatch Centre, the Inter-State Transmission System Plan for Approval of Transmission Plans the next five years on rolling basis every year, and to submit such plans to the Central Commission for review and approval under Section 79(1)(ca); Provided that the Central Transmission Utility, while preparing the Rolling Plan shall publish the draft Rolling Plan and invite suggestions and objections thereon from licensees,</p> | <p>This new section makes the CTU accountable to the CERC for transmission planning.</p> <p>The Rolling plan preparation is already part of the Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021.</p> <p>Proviso is similar to the section 3(4) - National Electricity Plan preparation by CEA.</p> |

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| | | generating companies and the public within such time as may be prescribed. | |
| Section 39 (2) (e) | None | (e) to prepare, in consultation with the State Load Despatch Centre, the State Transmission Plan consistent with the National Electricity Plan for the next five years on rolling basis every year and perspective plan every alternate year on rolling basis for next ten years and submit the same to the State Commission for approval under Section 86(1)(ca); Provided that the State Transmission Utility while preparing the Rolling Plans shall publish the draft Rolling Plans and invite suggestions and objections thereon from licensees, generating companies and the public within such time as may be prescribed. | This new section makes the STU accountable to the SERC for medium- and long-term transmission planning. Further, this ensures alignment between state-level and national transmission planning processes. |
| Section 79 (1) (ca) | None | to review, approve, and monitor the Inter-State Transmission System Plan prepared by the Central Transmission Utility under Section 38(2)(e), and to ensure consistency with National electricity and tariff policy. | This new section establishes a formal process for regulatory review of transmission planning. |
| 86 (1) (ca) | None | to review, approve, and monitor the State Transmission Plans prepared by the State Transmission Utility under Section 39(2)(e), and to ensure consistency with National electricity and tariff policy. | |

Issue 13: Protection of Consumers

| Issue 13: Protection of Consumers | | | |
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| Aspect 1: Appointment of Consumer Representatives | | | |
| Section | Provisions of Electricity (Amendment) Bill, 2025 | Comments/ Suggestions | Justification |
| 94 (3) | The Appropriate Commission may authorise any person, as it deems fit, to represent the interest of the consumers in the proceedings before it. | The Appropriate Commission may shall authorise any person, as it deems fit, to represent the interest of the consumers in all or specific proceedings before it. | Mandating rather than allowing appointment of consumer representatives under Section 94 (3) would facilitate informed participation by consumers in regulatory proceedings and build legitimacy and improve quality of decision making. It would also ensure regulatory accountability. The term, functions and procedure for selection of consumer representatives as well as support provided to them should be specified by the Commission in its regulations. |
| 181 (2)(zq) | No provision in the prevailing Act and proposed amendment on regulations for selection and functioning of consumer representatives. | selection and functioning of consumer representatives under Section 94 (3) and provision of financial, technical and legal support to consumer representatives | |
| Aspect 2: Enabling representation by a group of consumers on Standards of Performance issues | | | |
| Section 42 (9) | No existing provision in the prevailing Act | A group of more than fifty consumers, or consumer representatives appointed under section 94(3), can approach the Appropriate Commission or the forum for redressal of grievances with a grievance affecting all of them or a class of consumers or persistent violations by the distribution licensee or bulk supply licensee on Standards of Performance formulated under Section 57. | There are many instances of repeated non-compliance by distribution licensees of Standards of Performance and other regulations specified by the State Commission. As per Section 42 (6) of the prevailing Act and as per SERC regulations, individual consumers can approach the Consumer Grievance Redressal Forum (CGRF) seeking compensation for non-compliance. This is limited in its scope. To increase accountability of distribution licensees, the Act should mandate that a group of more than 50 consumers can approach the Commission directly to ensure compliance with SoP regulations and seek compensation on behalf of group of consumers for repeated non-compliance. Further, a group of consumers being served by the same licensee, with similar complaints should also be allowed to approach the CGRF to represent their views together. |