

# Electricity Amendment bill, 2021

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**In news-** The Union government is facing stiff resistance over the Electricity (Amendment) Bill, 2021 even before it is introduced in Parliament.

## Key features of the bill-

- The Amendment **aims to de-license power distribution and facilitate private companies' entry allowing them to compete with state-owned power distribution companies (DISCOMS).**
- Once enacted, it will **allow consumers to select a distributor of their choice.**
- The bill strengthens the regulators- Central Electricity Regulatory Commission (CERC), State Electricity Regulatory Commission (SERC).
- It also includes the **appointment of a member from a law background in every Commission**, strengthening of APTEL (Appellate Tribunal For Electricity).
- The bill has a provision for Renewable Purchase Obligation (RPO), which obligates DISCOMS to buy a certain percentage of electricity from renewable energy sources, as a percentage of the total consumption of electricity.
- It also lays a penalty for the non-compliance of RPO.
- Penalty for contravention of the provisions of the Act has been increased up to Rs 1 crore.
- There is the provision of a **universal service obligation fund**, which shall be managed by a government company.
- This fund shall be utilised to meet any deficits in cross-subsidy.
- In case of supply through pre-paid meters, security deposit will not be required.

## **Current status of Power distribution**

Power distribution in most of the country is currently controlled by state-owned distribution companies with some cities including Delhi, Mumbai and Ahmedabad being exceptions where private players operate power distribution. Discoms are however struggling with high levels of losses and debt.

## **Concerns raised by the states-**

- Several states have expressed concern that private players' entry could lead to 'cherry-picking'.
- This means the private distributors may choose to supply electricity only to commercial and industrial consumers and may shun residential and agricultural consumers.
- This will be detrimental to state-owned discoms who will be left only to serve residential and agricultural needs.
- The states are also concerned with higher penalties for failure to RPO rule and the load dispatch provision.