

The Electricity (Amendment) Bill 2022

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In news– The Union government has recently tabled the Electricity (Amendment) Bill 2022 in the Lok Sabha.

Key features of the bill-

- The bill **aims to empower regulators and encourage competition in the sector**, among others.
- For consumers, the **Bill has proposed to amend Sections 42 and 14 of the Electricity Act**, thus, **enabling competition in retail distribution of power** by offering the customers the option to choose electricity suppliers, just like they can choose telephone or internet service providers.
- The amended Section 14, the Bill says, will **“facilitate the use of distribution networks by all licensees under provisions of non-discriminatory open access”**, while Section 42 will be amended to **“facilitate non-discriminatory open access to the distribution network of a distribution licensee”**.
- The Bill, with the amendment of Section 62 of the Act, makes provision for **“mandatory” fixing of minimum as well as maximum tariff ceilings by the “appropriate commission”** to avoid predatory pricing by power distribution companies and to protect consumers.

AMENDMENTS AND GOVT'S RATIONALE

SECT 8: Facilitate development of hydro sector

SEC 14: Use of distribution networks by all licensees

SEC 26: Strengthening National Load Despatch Centre

SEC 60A (NEW): Power purchase and cross-subsidy management

SEC 62: Fixing of maximum ceiling and minimum tariff

SEC 142: Penalty for noncompliance with the Act

- Also, the amendment Bill has several provisions to ensure **graded and timely tariff revisions** that will help provide state power utilities enough cash to be able to make timely payments to power producers.
- The bill through amendments in Section 166 of the Act also seeks to **strengthen payment security mechanisms** and give more powers to regulators.
- The opposition claimed that the bill would take away certain rights of state governments.
- **Note:** The amendment Bill to the Electricity Act of 2003 has been introduced multiple times from 2014 onwards, almost on a yearly basis.

Significance of proposed amendments –

- The Bill comes at a time when there is a debate around freebies being offered by political parties that has also, among other things, led to various state power distribution companies (Discoms) not being able to raise enough resources to make timely payments to power generating companies.
- According to latest government data, **Discoms of three states – Tamil Nadu, Maharashtra and Telangana – are have to pay about 57 per cent of the total dues** owed to power generating companies, followed by states of Uttar Pradesh, Jammu & Kashmir and Madhya Pradesh, who account for another about 26 per cent of the total dues of Rs 114,222 crore owed to power generation companies.
- Government data updated till March 31, 2022, reveals that **states owe Discoms Rs 62,931 crore for services and another Rs 76,337 as cost of freebies announced by them.**
- **Among the states that have defaulted on payments to Discoms, Telangana leads the chart followed by Maharashtra.**
- Uttar Pradesh leads the pack among states that have not made payments to Discoms for subsidies at Rs 18,946 crore, followed by Madhya Pradesh.

- While the top three together owe Rs 65,041 crores, the next three BJP-ruled states owe Rs 29,280 crore of the total, **according to a PRAPTI (Payment Ratification and Analysis in Power procurement for bringing Transparency in Invoicing of generators)** data till July 31, 2022.
- Experts recommend that empowering the regulator to be able to take calls on tariff revision and ensuring that the government freebies, even on electricity, should be through direct benefit transfer.