

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:427
ANSWERED ON:18.12.2009
DEVELOPMENT OF POWER SYSTEMS
Scindia Smt. Yashodhara Rajee

Will the Minister of POWER be pleased to state:

- (a) whether the Electricity Act, 2003 mandates the formulation of National Electricity Policy and plan for the development of power systems based on optimal utilization of resources including renewable sources of energy;
- (b) if so, the details thereof;
- (c) whether a duty has been cast under the Act on the State Electricity Regulatory Authority to fix a minimum percentage for purchase of electricity from renewable sources; and
- (d) if so, the follow up action taken thereon?

Answer

THE MINISTER OF POWER(SHRI SUSHILKUMAR SHINDE)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.427 TO BE ANSWERED IN THE LOK SABHA ON 18-12-2009 REGARDING DEVELOPMENT OF POWER SYSTEMS.

(a) & (b): Yes, Madam. The section 3 & 4 of the Electricity Act, 2003 mandates the formulation of National Electricity Policy (NEP) and National Electricity Plan (PLAN) for the development of power system based on optimal utilization of resources including renewable sources of energy. The Sections are as produced below:

‘Section 3: National Electricity Policy and Plan’

(1) The Central Government shall, from time to time, prepare the National Electricity Policy and tariff policy, in consultation with the State Governments and the Authority for development of the power system based on optimal utilization of resources such as coal, natural gas, nuclear substances or materials, hydro and renewable sources of energy.

(2) The Central Government shall publish the National Electricity Policy and tariff policy from time to time.

(3) The Central Government may, from time to time in consultation with the State Governments, and the Authority review or revise the National Electricity Policy and tariff policy referred to in sub-section (1).

(4) The Authority shall prepare a National Electricity Plan in accordance with the National Electricity Policy and notify such plan once in five years.

Provided that the Authority while preparing the National Electricity Plan shall publish the draft National Electricity Plan and invite suggestions and objections thereon from licensees, generating companies and the public within such time as may be prescribed:

Provided further that the Authority shall –

(a) notify the plan after obtaining the approval of the Central Government;

(b) revise the plan incorporating therein the directions, if any, given by the Central Government while granting approval under clause (a).

(5) The Authority may review or revise the National Electricity Plan in accordance with the National Electricity Policy. (The Authority has been defined as the Central Electricity Authority vide section 2(6) of Electricity Act, 2003).

The Government has notified National Electricity Policy on 12-02-2005 & National Electricity Plan on 03-08-2007.

Section 4: National Policy on stand alone systems for rural areas and non-conventional energy systems –

The Central Government shall, after consultation with the State Governments, prepare and notify a national policy, permitting stand alone systems (including those based on renewable sources of energy and other non-conventional sources of energy) for rural areas.`

(c) & (d): As per Section 86 (1) (e) of the Electricity Act, 2003, one of the functions of the State Commission is to `promote co-generation and generation of electricity from renewable 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`.

In terms of the requirement under Section 86 (1) (e), State Commissions have specified/determined purchase obligation from renewable energy sources. Information in this regard as available with the Secretariat of Forum of Regulators (FOR) is enclosed at Annex.