

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3904  
ANSWERED ON:19.03.2015  
REFORMS IN POWER SECTOR  
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**Will the Minister of POWER be pleased to state:**

- (a) whether there is an urgent need for reforms in various important fields of power sector, if so, the details thereof;
- (b) whether the provision of open access for consumers has remained ineffective due to unwillingness of State regulators/utilities;
- (c) if so, the reaction of the Union Government thereto; and
- (d) the details of steps taken by the Government for implementing reforms in power sector?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY ( SHRI PMYUSH GOYAL )

(a) :Government of India enacted Electricity Act, 2003 to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, and for protecting interest of consumers.

Based on the experience gained over the last about 12 years in the implementation of the Electricity Act, 2003, it was felt that while there have been impressive achievements in the areas of augmentation of generation capacity, establishment of National Grid, a multi-layered regulatory framework, private sector participation, development of electricity markets and exchanges and restructuring of State Electricity Boards, at the same time, the distribution sector which is managed by States continues to be the weakest link in the power sector value chain. There have also been other issues like grid indiscipline, regulatory accountability, policy framework for enhanced renewable penetration, bringing further competition and efficiency in the distribution sector and giving choice to the consumers etc. for which it was felt that there is a need to review and amend some of the provisions in line with the overall objectives of the Act.

(b) :Open Access is one of the cornerstones of the Electricity Act, 2003 to facilitate supply of electricity from the surplus region to deficit region and to tap the source of electricity such as captive generation and renewable generation. The Central Electricity Regulatory Commission is responsible for facilitating inter-state transmission of electricity. The details of open access availed on Inter State Transmission System during last five years are given at Annex.

Open access at intra-state level remains the responsibility of State Electricity Regulatory Commissions (SERCs). At distribution level, as per information available with Forum of Regulators secretariat, most of the SERCs have notified terms and conditions of Open Access Regulations.

(c) & (d) :Electricity is a concurrent subject. Ministry of Power has all along facilitated reforms through policy directions and creating suitable environment for enabling regulations in consultations and dialogue with various stakeholders/State Governments. To bring further reforms, the Union Cabinet has approved the proposals for amendment in Electricity Act, 2003 on 10th December, 2014 as contained in the Electricity (Amendment) Bill, 2014. The Electricity (Amendment) Bill, 2014 has been introduced in the Lok Sabha on 19.12.2014. These amendments envisage competition in retail (i.e. choice to consumers to select retail suppliers), strict enforcement of Renewable Purchase Obligations (RPO) and stricter requirements for Grid Safety and Security etc. The Bill has been referred to Parliamentary Standing Committee on Energy.