

GOVERNMENT OF INDIA
MINISTRY OF POWER
RAJYA SABHA
UNSTARRED QUESTION NO.1593
ANSWERED ON 20.12.2022

IMPACT OF ELECTRICITY (AMENDMENT) BILL, 2022 ON THE POOR

1593 DR. AMEE YAJNIK:

Will the Minister of **POWER**
be pleased to state:

- (a) whether it is a fact that the Union Government is planning to privatize the entire power sector by amending the Electricity (Amendment) Bill, 2022;
- (b) whether it is also a fact that by this Bill, private companies will be given the right to supply electricity using the network of Government DISCOMS and they will make profit by giving electricity to profit making sector i.e., industrial and commercial consumers; and
- (c) if so, whether it is possible that electricity prices will be increased and poor people may not be able to afford private electricity?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (c) : There is no proposal for privatization of any existing State owned distribution licensee. They shall continue to function as earlier. The provision of multiple licensees already exists in the present Electricity Act 2003. No new concept has been introduced. The amendments propose removal of some bottlenecks so that the existing provisions can be implemented.

There is no proposal to change ownership of any asset or network. The licensee owning the network will get revenue in the form of wheeling charges, as determined by the State Commission, for its investment in network. Accordingly, the distribution licensee which uses the network shall pay the charges, as determined by the State Commission.

There is no possibility of cherry picking, as the law provides for universal service obligation and minimum area of supply, as well as minimum tariff to be decided by the State Commission, and a cross-subsidy balancing fund and sharing of cost of existing PPAs. Thus the distribution licensee, who has industrial and commercial consumers, will have to deposit the cross subsidy in the cross subsidy balancing fund which shall be used by other licensees who have deficit of cross subsidy.

The provision for multiple licensees in the same area of supply already exists in the Electricity Act, 2003. The proposed amendment will ensure better services to the consumers and electricity at competitive rates. State Regulatory Commission will also lay down a ceiling tariff and State Governments will continue to have right to give subsidy as per their discretion.
