GOVERNMENT OF INDIA
MINISTRY OF POWER

LOK SABHA
UNSTARRED QUESTION NO.2283
ANSWERED ON 12.02.2026

DRAFT NATIONAL ELECTRICITY POLICY, 2026

2283. SHRI ANAND BHADAURIA:

Will the Minister of POWER be pleased to state:

(a) whether Draft National Electricity Policy (NEP) 2026, released by Ministry in January 2026, aims at replacing the 2005 framework with a focus on deregulation, financial viability of Distribution Companies (DISCOMs) and renewable energy;

(b) if so, the details thereof along with other salient features of NEP 2026;

(c) whether provisions in NEP 2020 would adversely affect the poor consumers of electricity in urban and rural areas;

(d) if so, the details thereof; and

(e) the corrective steps proposed by the Government in this regard?

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) & (b) : A Draft National Electricity Policy, 2026 (NEP 2026) has been prepared by the Ministry of Power and circulated for stakeholder consultation on 20.01.2026. The draft Policy is intended to replace the existing National Electricity Policy, 2005. Draft NEP 2026 lays out strategies for achieving the vision of providing reliable 24x7 quality power through a financially viable and environmentally sustainable power sector furthering energy security at an affordable price.

Draft NEP 2026 sets out clear goals and objectives inter alia for achieving financial turnaround and commercial viability of the electricity sector, increasing the share of non-fossil fuel–based capacity in line with India's Nationally Determined Contribution (NDC) targets, promoting competition in electricity supply, and market development facilitating deregulation of the power sector. The salient features of the draft NEP 2026 is included in Annexure.

(c) to (e): There is no NEP 2020 notified by Ministry of Power. However, draft NEP 2026 does not contain any provision which would adversely affect poor consumers of electricity in urban or rural areas. Draft NEP 2026 outlines provisions for ensuring adequate availability of power with reliable and quality supply to meet both peak demand and overall energy requirements; and enabling supply of electricity at competitive prices to support the vision of Viksit Bharat @ 2047, which will benefit all the consumers including low-income consumers in rural and urban areas. The interests of low-income consumers would be addressed through appropriate regulatory frameworks determined by State Electricity Regulatory Commissions and the subsidy payment by the respective State Governments in accordance with the provisions of the Electricity Act, 2003.

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ANNEXURE

ANNEXURE REFERRED IN REPLY TO PARTS (a) & (b) OF UNSTARRED QUESTION NO. 2283 ANSWERED IN THE LOK SABHA ON 12.02.2026

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Salient features of the draft National Electricity Policy, 2026

1. **Resource Adequacy (RA): To ensure required capacity expansion through decentralized advance planning, DISCOMs and SLDCs shall prepare RA plans at utility and state levels, in accordance with the regulations of State Commissions. CEA will prepare a corresponding national plan to ensure adequacy at the national level.**

2. **Financial Viability & Economic Competitiveness:**

- **Tariffs must be linked to a suitable index for automatic annual revision which operates if no tariff order is passed by the State Commission.**

- **Tariffs should progressively recover fixed costs through demand charges to avoid cross-subsidisation between the tariff components as well as among various categories of consumers.**

- **Exemption of cross-subsidies and surcharges on manufacturing industry, railways and metro railways to increase the economic competitiveness of Indian goods and reduce logistics cost.**

- **Regulatory Commissions, in consultation with Appropriate Governments, may exempt the distribution licensees from the Universal Service Obligation in respect of consumers having a contracted load of 1 MW and above.**

- **Strengthening of dispute resolution mechanism to reduce burden on Regulatory Commissions, enable faster dispute resolution and reduce financial burden on consumers.**

3. **Renewable Energy Generation & Storage:**

- **RE capacity addition through market-based mechanisms and captive power plants.**

- **Installation of storage by distribution licensee on behalf of small consumers to get benefit of economies of scale and by bulk consumers themselves to facilitate adoption of Distributed Renewable Energy (DRE) sources.**

- **Trading of surplus energy from DRE as well as storage by consumers themselves (P2P) or through aggregators.**

- **Parity between RE and conventional sources in scheduling and deviation by 2030.**

- **Market-based deployment of storage, use of emerging Battery Energy Storage System (BESS) technologies, domestic manufacturing of cells and other components of BESS and demand side incentives like VGF for BESS and pumped storage projects.**

4. **Thermal Generation:**

- **Integration of storage, and repurposing of older units for grid support to enable greater renewable energy integration.**

- **Exploring possibility of direct utilization of the steam generated from thermal plants for applications such as district cooling or industrial processes for optimum utilization.**

5. **Nuclear Generation:**

- **In line with the provisions of SHANTI Act, 2025, adoption of advanced nuclear technologies, developing Modular Reactors, setting up Small Reactors, and use of nuclear energy by commercial and industrial consumers to achieve 100 GW by 2047.**

6. **Hydro Generation:**

- **Accelerated development of storage-based hydroelectric projects for flood moderation, irrigation, and water as well as energy security.**

7. **Power Markets:**

- **A strong regulatory framework for market monitoring and surveillance to prevent collusion, gaming, or market dominance.**

8. **Transmission:**

- **Adoption of latest technologies and suitable compensation for land use to address Right of Way (RoW) challenges.**

- **Parity of transmission tariff with conventional power by 2030 for all types of new RE capacity.**

- **Utilization-based framework for allocation of transmission connectivity, along with appropriate regulatory mechanisms to ensure optimal use and prevent speculative holding of connectivity.**

9. **Distribution:**

- **Measures to achieve single-digit AT&C losses.**

- **Shared distribution networks to enhance competition and efficiency, while eliminating the requirement of duplication of network.**

- **Establishment of a Distribution System Operator (DSO) to facilitate sharing of network and integration of distributed renewables, storage, Vehicle-to-Grid (V2G) systems.**

- **N-1 redundancy at distribution transformer level in all cities with population more than 10 lakh by 2032. Such cities to be considered for undergrounding of distribution network in congested areas.**

10. Grid Operations:

- **Functional unbundling of State Transmission Utilities (STUs) and creation of independent state-level entities to manage SLDC operations and transmission planning functions.**
- **Alignment of State Grid Codes with Indian Electricity Grid Code specified by CERC.**

11. Cybersecurity:

- **Establishment of Robust cybersecurity framework.**
- **Mandatory storage of power sector data within India to ensure data sovereignty and system resilience.**

12. Data Sharing:

- **Sharing of operational and market data under a framework prescribed by the Central Government.**

- **Ensuring real-time visibility of Distributed Energy Resources to DISCOMs and SLDCs.**

13. Technology & Skill Development:

- **Transition to indigenously developed SCADA system by 2030.**

- **Development of domestic software solution for all critical applications in the power system.**

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