

No. 23/2/2022-R&R Part(2)
Government of India
Ministry of Power
**

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 20th April, 2023

To

1. Secretary, MNRE, New Delhi
2. Chairperson, Central Electricity Authority, Sewa Bhavan, R.K. Puram, New Delhi
3. Secretary, Central Electricity Regulatory Commission (CERC), New Delhi
4. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
5. Secretaries of All State Electricity Regulatory Commissions/JERCs.
6. Chairman/CMDs of all PSUs under administrative control of Ministry of Power
7. CMD, SECI, New Delhi
8. CMDs/MDs of Discoms/Gencos of all State Governments
9. DG, Association of Power Producers, New Delhi.
10. President, FICCI, House No. 1, Tansen Marg New Delhi
11. President, CII, New Delhi
12. President, PHDCCI, New Delhi
13. ASSOCHAM, Chanakyapuri, New Delhi
14. DG, Electric Power Transmission Association (EPTA), New Delhi
15. Chairman Indian Wind Power Association, New Delhi
16. Chairman, Indian Wind Turbine Manufacturers Association, New Delhi
17. Director General, National Solar Energy Federation of India (NSEFI), New Delhi.

Subject: Draft Electricity (Amendment) Rules, 2023- Reg.

Sir/Madam,

I am directed to forward herewith the draft Electricity (Amendment) Rules, 2023 incorporating provisions of 'Subsidy accounting & payment' and 'Framework for financial sustainability', with request to provide your comments, if any, to this Ministry within 21 days from the date of this letter, i.e. by 11.05.2023. The comments may also be emailed at debranjan.chattopadhyay@nic.in.

2. This issues with the approval of Competent Authority.

Yours faithfully,

Encl: as above



(D. Chattopadhyay)
Deputy Secretary to the Govt. of India
Ph: 011-2371 5250

Copy for information to: PS to Hon'ble Minister for Power and NRE, APS to MoSP, Sr. PPS to Secy (P), PSO to CE (R&R), Ministry of Power.

Copy to: Technical Director, NIC Cell for uploading on MOP's website under "Current Notices" with the heading of "Seeking comments on Draft Electricity (Amendment) Rules, 2023 - Reg."

[DRAFT]

[To be published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i)]

GOVERNMENT OF INDIA

MINISTRY OF POWER

NOTIFICATION

New Delhi, dated the April, 2023

G.S.R. (E).- In exercise of the powers conferred by Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government hereby makes the following rules, further to amend the Electricity Rules, 2005, namely:-

1. (1) These rules may be called the Electricity (Amendment) Rules, 2023.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In Rules 15 of the Electricity Rules, 2005 (hereinafter referred to as the said rules), shall be substituted as under:-

“15. Subsidy Accounting and Payment.- (1) The accounting of the subsidy payable under section 65 of the Act, shall be done by the distribution licensee, in accordance with the Standard Operating Procedures issued by the Central Government, in this regard.

(2) A quarterly report shall be issued by the State Commission for each Distribution licensee, in its jurisdiction, giving findings whether demands for subsidy were raised by the Distribution licensee in the relevant quarter based on accurate accounts of the energy consumed by the subsidized category and consumer category wise per unit subsidy declared by the State Government, the actual payment of subsidy in accordance with section 65 of the Act and the gap in subsidy due and paid as well as other relevant details.

(3) The Quarterly Report by the State Commission shall be prepared within 45 days from end date of the respective Quarter.

(4) In case subsidy accounting and the raising bills for subsidy as well as payment thereof is not found in accordance with the Act or Rules or Regulations issued there under, the State Commission shall take appropriate action against the concerned officers for non-compliance as per provisions of the Act.

3. In the said Rules, after Rule 19, the following Rule shall be inserted, namely:-

“20. (I) Framework for Financial Sustainability: (a) The loss reduction trajectory to be adopted by the State Commissions for tariff determination shall be in accordance with the trajectory agreed by the respective State Governments and approved by Central Government under any national scheme or programme.

(b) The trajectory for both collection and billing efficiency, for distribution licensee shall be determined by the State Commission.

(c) All the prudent Costs of power procurement, incurred by Distribution licensee for ensuring 24x7 supply of electricity to consumers under the Electricity (Rights of Consumers) Rules, 2020 and for meeting requirements as per Resource Adequacy plan prepared under the Electricity (Amendment) Rules 2022 shall be taken into account, provided that the procurement of power has been done in a transparent manner or tariff has been determined by the Appropriate Commission.

(d) All the prudent costs incurred by the Distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass-through;

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions:

- i) Asset has been created in accordance with the capex roll out plan for the licensee approved by the respective State Commission.
- ii) Asset has been procured in competitive and transparent manner.

iii) Asset are geo-tagged and properly recorded in Fixed Asset Register (FAR) and the details are made available on the website of the Distribution licensee.

(e) Gains/losses accrued to distribution licensee due to deviation from approved AT&C loss reduction trajectory shall be quantified on the basis of Average Power Purchase Cost and shared between the distribution licensee and consumers. Two third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the distribution licensee. Half of losses shall be borne by distribution licensee and half shall be passed on to the consumers in tariff.

(f) Operation and Maintenance norms for distribution licensee shall be as per the Guidelines issued by the Authority.

(g) Reasonable Return on Equity (RoE) shall be permitted by the State Commission, with the assessment of overall risk and the prevalent cost of capital. The RoE shall be aligned with the RoE specified by the Central Commission for Generation and Transmission in its Tariff Regulations for the relevant period, with appropriate modification taking into account the risks involved in distribution business.

4. In the said Rules, the existing Rule 20 shall be renumbered as 21.

[F. No. 23/2/2022-R&R]

(.....)

Joint Secretary

Note: The Principal Rules were published 2005 in the Gazette of India, Part-II, Section 3, Sub-section (i) vide number G.S.R 379 (E), dated the 8th June, 2005 and was last amended vide number G.S.R. 817 (E), dated 31st December, 2020 and vide number G.S.R. 911 (E), dated 29th December, 2022.