
RETAIL COMPETITION – FRAMEWORK AND REGULATIONS

Presented by

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- MOP has initiated numbers of reform for improvement in the financial health, consumer service, quality of power, delicensing of distribution etc.
- **The licensee will be benefited in the following areas**
- Improved Quality and Reliability of power supply at competitive rate to consumers resulting increase in business volume and retention of high value consumers through consumer delight.
- Financially and operationally efficient distribution sector through adoption of professional management
- Collection of billing dues through prepaid smart meters thus ensuring liquidity for availing all financial benefits and ease of doing business.
- Mechanism in place for prompt payments by Govt. departments and timely payment of government subsidies & grants

- Reduction of AT&C losses to 12-15% by 2024-25
- Reduction of ACS-ARR gaps to zero by 2024-25
- Developing Institutional Capabilities through competency building in all the areas.
- Training and Capacity Building of existing manpower,
- Creation of IT wing within DISCOM for extensive use and management of IT/OT services or engaging knowledge partners / consultants for the same.
- Be future ready for addressing the challenges of climate change

- Freedom from the bondage of the monopoly distribution licensee resulting better quality & services at competitive rate through market forces
- Reduction of retail tariff by 2-4% due to switching over to prepaid mechanism
- Distribution Licensee shall ensure 24x7 uninterrupted power supply to all the consumers, so that there is no requirement of running the Diesel Generating sets.
- The distribution licensee will provide temporary connection on an urgent basis and not later than 48 hours. This will avoid any use of DG sets for temporary activities in the area of the distribution licensee.
- Once DISCOMs are financially sound, they are likely to encourage integration of Roof Top Solar (RTS), along with generation of power from agricultural residue, etc

Compliance of Prime Minister Modi made on 1st November 2021 at COPE 26

Switching over to voltage wise consumer tariff same for all categories of consumers.

Distribution licensee will become immune from change in consumer category
In the process industrial tariff will reduce substantially.

Indian manufacturers will become competitive in the international market.

The need for captive generation by the industrial and large commercial consumers will become irrelevant.

All the units operating above 2,750 Kcal/Kwh net heat rates can be closed for reduction of carbon foot print with proper carbon credit mechanism.

The same power may be provided from latest efficient units through distribution licensees.

This will result in substantial reduction in carbon emission for meeting PM's commitment at COPE 26.

Distribution licensee will come out from the threat of loosing high value consumer.

Responsibilities of State Regulators as per Electricity Act 2003

Introduction of competition gradual reduction in cross subsidy (+/- 20% of average cost of supply), Progressive reduction in Cross-subsidy surcharge for open access.

To specify and enforce the standards with respect to quality, continuity, and reliability of service. Issue licenses for intra state transmission, distribution, and trading

Promote competition, efficiency and economy in power markets, protects the interests of consumers, and promotes investments in power sector.

In pursuit of these objectives the Commission also to reorganization and restructuring of electricity industry in the State.

Get actively involved in the implementation of delicensing of Distribution and reform-based result-linked power distribution program over the next five years, in exchange for financial support from central government to ensure that licensee takes the best advantage of the programme and fulfil all the milestones set by MOP within the specified timeline.

Ensure smooth transfer of all 33Kv assets from Distribution licensee to STU within specified timeline.

Similarly identify and separate all assets created by deposit work of consumers from the remaining assets of the Distribution licensee so that these assets are separately accounted and maintained.

Ensure implementation of Standard Of Performance (SOP) regulation as envisaged in the Electricity (Rights of Consumers) Rules, 2020 published on 31st December 2020 and subsequent amendments the latest on 30th September 2021.

As and when the Electricity (Amendment) Bill, 2021 gets enactment to Electricity (Amendment) Act, 2021 for delicensing distribution get associated with state government and MOP in developing the detailed action plan for ensuring smooth transaction to multiple operators as envisaged in the act.

Implement ERP for online submission of tariff petitions and evaluating them through transparent mechanism to ensure towards cost reflective tariffs, including timely filing of tariff petitions, MYT and timely issuance of tariff orders

Thank You

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