# The Electricity (Amendment) Bill, 2022

## Why in news?

The government tabled the Electricity (Amendment) Bill 2022, soon after which it was referred to the parliamentary standing committee on energy for wider consultation with stakeholders.

## What is the history of the Bill?

- **2003 Act**- The Electricity Bill was for the first time passed in Parliament in 2003 to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity.
- The Act also offered to protect the interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, transparent policies regarding subsidies etc.
- The Act resulted in privatisation of distributing companies.
- **2007 Amendment**- The provisions for "cross subsidy" — ensuring subsidy to poor households was added to the Bill in 2007.
- **2014 Bill**- While the 2014 Bill was cleared by the Standing Committee on Energy, it could not be passed in the House as the Centre wanted to revise it.

## What does the current amendment Bill propose?

- The Union Cabinet has proposed to amend Sections 42 and 14 of the Electricity Act
    - It thus enables competition in retail distribution of power by offering the customers the option to choose electricity suppliers.
- With the amendment of Section 62 of the Act, it makes provision for "mandatory" fixing of minimum as well as maximum tariff ceilings by the appropriate commission
    - This helps to avoid predatory pricing by power distribution companies and to protect consumers.
- The bill also proposes amendments in Section 166 of the Act.
- This seeks to strengthen payment security mechanisms and give more powers to regulators.
- The amendment Bill has several provisions to ensure graded and timely tariff revisions that will help provide state power utilities enough cash to be able to make timely payments to power producers.
    - This move is aimed at addressing the recurrent problem of default by distribution companies in payment to generation companies.

*Among the states that have defaulted on payments to Discoms, Telangana leads the chart, followed by Maharashtra.*

## Why is there opposition to the Bill?

- **Farmers**- The farmers' groups fear that the Bill will lead to stopping of subsidies and that power distribution will thereafter be under the control of private companies.
- **Workers in the power sector**- The workers in the power sector also oppose the Bill citing that privatisation of distribution companies and generating units will result in job losses.
- **Opposition parties**- Power or electricity is a subject which comes under the Concurrent List of the Constitution, and that the Centre should have consulted the States before bringing the Bill.
- There is also criticism that the Bill paves way for privatisation of profits and the nationalisation of losses.

### References


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