

No.F.2(15)/Power/2005/1182  
Government of Tripura  
Department of Power  
Agartala: Tripura.

Dated; Agartala, the 27<sup>th</sup> August, 2015.

To  
The Joint Secretary  
Ministry of Power  
Government of India,  
Shram Shakti Bhawan, Rafi Marg,  
New Delhi-110001,  
Fax-011-23710199.

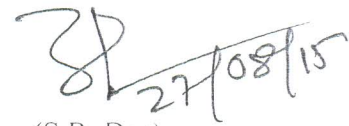
Subject:- Comments/ suggestion of TSECL on the "Draft Electricity (Amendment) Bill, 2014 [Bill No.191 of 2014]" – on relevant provisions.

Sir,

In inviting a reference to above, I am directed to furnish the Comments/ suggestion of the Government of Tripura on the draft Electricity (Amendment) Bill 191 of 2014 mentioned above in the enclosed statement for taking further necessary action from your end.

Enclo: As stated above.

Yours faithfully,



(S.R. Das)

Joint Secretary to the  
Government of Tripura.

*Comments /Suggestion of TSECL on the “Draft the Electricity (Amendment) Bill, 2014 [Bill No. 191 of 2014]” – on relevant provisions.*

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The Electricity (Amendment) Bill, 2014 [Bill No. 191 of 2014] has been introduced in the Lok Sabha for further amending the Electricity Act, 2013. The objective of the bill is to bring last mile reforms in the Electricity Distribution Sector of the country by separating carrier and content.

On passing of the said bill, the area of activities of Distribution Companies in the country will be limited to owning and operation of distribution assets/networks while the Supply Companies (to be newly formed) shall be responsible for procurement, sale and trading of electricity across the country. The amendment of the Electricity Act, 2013 has been initiated to restore the financial health of Distribution Companies in the country. But, certain critical issues/concerns have not been addressed in the proposed bill.

The important issues which causes of poor financial health of distribution companies are:

- i) Continuous increase in power purchase cost through long term PPA
- ii) Higher Transmission Charge sharing by the distribution companies
- iii) Minimum Guaranteed Off-take (MGO) for gas supply without resource optimization.
- iv) Higher penalty to DISCOMs by System Operators
- v) Too much conservative approach in allowing optimum power flow by System Operators in the name of grid security.
- vi) Higher AT&C Losses
- vii) Accumulation of huge outstanding dues

The above issues severely affected the financial health of most of the DISCOMs and gradually made financially weak.

Under the proposed amendment, all the financial responsibility is proposed to be shifted to the newly formed Supply Companies. As a part of dealing with procurement, sale and trading of electricity, all the existing long term PPA is to be taken over by the Supply Companies. The continuous increase of power purchase cost under long term agreement including transmission charges, system operation charges, MGO charges, penalties etc. has to be borne by the supply companies. As a result, the cost of power shall keep on increasing and the supply company will be unable to recover the costs.

**Proposed Amendment at Sl. No: 8 (Substitution of Section 12 of Act):**

**Focus Point:** “No license shall be required by Generating Company, Captive generating Plant and Trading Licensee for supply of electricity to open access consumers in any place”.

**Comments/Suggestions:**

Under proposed amendment, Private Supply Licensee and other licensee other than incumbent supply licensee will try to capture sizable number of potential consumers taking out from incumbent supply licensee (Government Supply Licensee) leading to further deterioration of the health of incumbent supply licensee.



