Ministry of Power

Draft Electricity (Amendment) Bill, 2025 Intends to Remove Wasteful Duplication in Building Distribution Network

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The Electricity Act, 2003 (Act) already allows multiple distribution licensee in the same area. It also mandates non-discriminatory open access to the distribution network. But presently, every new licensee had to build its own separate network, which means duplication of poles, wires, and substations - making power costlier for everyone. The proposed amendment under draft Electricity (Amendment) Bill, 2025 intends to remove this wasteful duplication by allowing use of other distribution licensee's network upon payment of charges decided by the State Electricity Regulatory Commission (SERC) by a distribution licensee for supplying power to its consumers.

Under the provisions of the Act, the area of supply for each distribution licensee is defined and it has to be approved by the SERC, while granting license. The subordinate legislations already prescribe a minimum geographical area for granting a distribution licence - covering either an entire Municipal Corporation or at least three adjoining revenue districts, or a smaller area only if specifically notified by the Appropriate Government. Every distribution licensee, whether public or private, will continue to have a Universal Service Obligation for all the consumers including the rural and domestic consumers, except the large consumers for which the distribution licensee is specifically exempted by the SERC, as per the provisions under the proposed draft Electricity (Amendment) Bill, 2025. They have a duty to supply electricity to all consumers in its area of supply, without discrimination. The amendment further proposed to mandate the SERCs to establish a clear framework for introducing multiple licensees within the same supply area, ensuring transparency and fairness.

It is envisaged that there would not be any adverse impact on agricultural and domestic consumers, rather, the competition will improve quality of service. Further, the subsidies for specified consumer categories including agricultural and domestic consumers may continue to be provided by the State Government under Section 65 of the Act.

This Information was given by The Minister of State in the Ministry of Power, Shri Shripad Naik, in a written reply in the Rajya Sabha today.

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