

Meeting of Consultative Committee for the Ministry of Power Held

Committee discusses consumer-centric framework for parallel distribution licensing

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The Consultative Committee of the Ministry of Power met yesterday under the chairmanship of Union Minister for Power and Housing & Urban Affairs, Shri Manohar Lal, to deliberate on the proposed framework for parallel distribution licensing aimed at promoting consumer choice, improving service quality and ensuring efficient utilisation of electricity distribution infrastructure. The meeting was attended by Shri Shripad Yesso Naik, Minister of State for Power, Members of Parliament who are members of the Consultative Committee, Secretary, Ministry of Power and senior officials of Ministry of Power.

Addressing the Committee, the Union Minister stated that the Electricity Act, 2003 had successfully introduced competition in electricity generation, transmission and trading, while distribution remains the only major segment where competition continues to be limited. He emphasised that as India moves towards becoming a developed nation under the vision of *Viksit Bharat @2047*, consumers will increasingly expect reliable, affordable and high-quality electricity supply comparable to global standards.

It was discussed that while the existing legal framework permits more than one distribution licensee in the same area, it requires each licensee to establish its own distribution network. This results in duplication of poles, lines and substations, increases capital expenditure and discourages fresh investment, ultimately leading to inefficient utilisation of resources.

The proposed framework seeking to enable competition in electricity supply without requiring duplication of the physical distribution network was discussed in detail. Under the proposal, existing distribution licensees will continue to own, operate and maintain their networks. New distribution licensees will be able to use the existing network by paying regulated wheeling charges, while retaining the option to develop their own network wherever permitted by the concerned State Electricity Regulatory Commission.

The Minister highlighted that the detailed implementation framework would be developed by the State Electricity Regulatory Commissions to ensure fairness, transparency and non-discriminatory access to the network. The proposal also fully protects the interests of incumbent distribution licensees and their employees. Further, all distribution licensees will continue to be bound by the universal service obligation under the Electricity Act, and the regulatory framework will prevent selective supply only to profitable consumers.

Emphasising the consumer-centric nature of the reform, Shri Manohar Lal stated that consumers would have the freedom to choose their electricity supplier, similar to the choices available today in sectors such as telecommunications and aviation. Increased competition is expected to encourage better consumer service, improved reliability, greater innovation and operational efficiency, while ensuring optimal utilisation of existing infrastructure and avoiding unnecessary expenditure.

The Minister noted that the concept is not new to India and has been successfully implemented in Mumbai for several years, where consumers have exercised supplier choice while the distribution network continues to be developed in a coordinated manner under the supervision of the State Electricity Regulatory Commission.

The members of Parliament participated actively in the discussions and offered valuable suggestions on various aspects of the proposed framework. Shri Shripad Yesso Naik, Minister of State for Power thanked the Members for their constructive inputs and reaffirmed the Government's commitment to carrying forward reforms that place consumers at the centre of India's power sector while ensuring efficiency, transparency and sustainable growth.

NR/MD

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