No. 42/6/2011-R&R (Vol. - IX)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 9th October, 2025

To,

1. Secretary, Ministry of New and Renewable Energy, New Delhi
2. Secretary, Ministry of Housing and Urban Affairs, New Delhi
3. Secretary, Ministry of Micro, Small & Medium Enterprises, New Delhi
4. Chairman, Railway Board, New Delhi
5. Chairperson, Central Electricity Authority, Sewa Bhavan, R.K. Puram, New Delhi
6. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
7. Secretary, Central Electricity Regulatory Commission (CERC), New Delhi
8. Secretaries of All State Electricity Regulatory Commissions/JERCs
9. Chairman/CMDs of all PSUs under administrative control of Ministry of Power
10. MD, SECI, New Delhi
11. CMDs/MDs of Discoms/Gencos of all State Governments
12. CMD, IEX LTD New Delhi & MD/CEO, PXIL, Mumbai/ HPX New Delhi
13. DG, Association of Power Producers, New Delhi
14. President, FICCI, House No. 1, Tansen Marg, New Delhi
15. President, CII, New Delhi
16. President, PHDCCI, New Delhi
17. ASSOCHAM, Chanakya Puri, New Delhi
18. Member, PRAYAS Energy Group, Pune
19. DG, Electric Power Transmission Association (EPTA), New Delhi
20. Chairman, Indian Wind Power Association, New Delhi
21. Chairman, Indian Wind Turbine Manufacturers Association (IWTMA), New Delhi
22. Director General, National Solar Energy Federation of India (NSEFI), New Delhi
23. DG, Solar Power Developers Association (SPDA), New Delhi
24. DG, All India Discoms Association (AIDA), New Delhi
25. Chairman, Federation of Indian SME Associations, Mumbai
26. DG, Indian Electrical and Electronics Manufactures' Association (IEEMA)
27. Prof. Anoop Singh, CER-IIT-Kanpur

Subject: Seeking comments on Draft Electricity (Amendment) Bill, 2025.

Sir/Madam,

Ministry of Power has prepared the Draft Electricity (Amendment) Bill, 2025 to strengthen and reform the electricity sector in alignment with evolving industry requirements.

2. In this regard, the draft Electricity (Amendment) Bill, 2025, along with an explanatory note, and a comparative statement detailing the existing provisions of the Electricity Act, 2003, the corresponding proposed amendments and justifications thereof, are enclosed for reference.

3. It is requested that comments/suggestions on the draft Electricity (Amendment) Bill, 2025 may be furnished to this Ministry within 30 days from the date of issuance of this letter. The comments/suggestions may be sent by email to rr1-mop@gov.in.

Encl: As above

Yours faithfully,

Manish Mishra

(Manish Mishra)
Director (R&R-I)

Copy for information to: PS to Hon'ble Minister for Power, APS to MoSP, PPS to Secy (P), PPS to AS (P), PSO to CE (R&R), Ministry of Power.

Copy to: Technical Director, NIC Cell for uploading on MoP's website under "Current Notices" with the heading of "Seeking comments on Draft Electricity (Amendment) Bill, 2025"

	DRAFT ELECTRICITY (AMENDMENT) BILL, 2025	
	A BILL	
	further to amend the Electricity Act, 2003	
	BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India as follows:	
	1. (1) This Act may be called the Electricity (Amendment) Act, 2025.	Short title and commencement.
	(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.	
	Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.	
36 of 2003.	2. Throughout the Electricity Act, 2003 (hereinafter referred to as the principal Act),–	Substitution of reference of certain expressions by certain other expressions.
1 of 1956 18 of 2013	for the words and figures "the Companies Act, 1956", wherever they occur, the words and figures "the Companies Act, 2013" shall be substituted;	
	3. In section 2 the principal Act, –	Amendment of section 2.
	(i) After clause (20), following clause (20a) shall be inserted, namely:- "(20a) "Electric Line Authority" means the person authorized by the Appropriate Government, and includes any officer empowered by him to perform all or any of the functions of the Electrical Line Authority under this Act;"	

	(ii) After clause (26), following clause (26a) shall be inserted, namely:- "(26a) "Energy Storage System (ESS)" means a system to store electrical energy in any form for a period of time and delivering it as electrical energy when required."	
	(iii) in clause (31), for the word and figures "section 617", the words, brackets and figures "clause (45) of section 2" shall be substituted;".	
	(iv) After clause (42), following clause (42a) shall be inserted, namely:- "(42a) "Manufacturing Enterprise" means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951."	
	(v)In clause (50) following sub-clause shall be inserted after point (j), namely:- "(k) Energy Storage System "	
	4. In section 9 of the principal Act, in sub-section (1), the following proviso shall be inserted, namely:-	Amendment of section 9.
	Provided also that the eligibility criteria for captive generating plant and its users shall be as may be prescribed by the Appropriate Government.	
	5. In section 14 of the principal Act,–	Amendment of section 14.
	In the sixth proviso, for the words "through their own distribution system within the same area", the words "through their own or shared distribution system within the same area in accordance with the framework as specified by the Commission" shall be substituted;	
	6. In section 15 of the principal Act, in sub-section (2), clause (ii) shall be omitted;	Amendment of section 15.
	7. In section 18 of the principal Act, in sub-section (2), clause (b) shall be omitted;	Amendment of section 18.

	8. In section 25 of the principal Act, the following proviso shall be inserted, namely:-	Amendment of section 25.
	Provided that Appropriate Government may prescribe the manner of approval and implementation of Inter-State Transmission System or Intra-State Transmission System, as the case may be.	
	9. In section 42 of the principal Act,-	Amendment of section 42.
	(i) for sub-section (1), the following sub-section shall be substituted, namely:-	
	"(1) It shall be the duty of a distribution licensee to:	
	(a) ensure an efficient, co-ordinated and economic distribution network in his area of supply;	
	(b) provide non-discriminatory open access to his network to other distribution licensees in their areas of supply on payment of wheeling charges;	
	(c) supply electricity in accordance with the provisions of this Act, and	
	(d) develop and maintain distribution system, as required, avoiding duplication, as may be specified by the Appropriate Commission."	
	10. In section 43 of the principal Act, after sub section (3), the following sub-section shall be inserted, namely:-	Amendment of Section 43.
	"(4) Notwithstanding anything contained in this section the State Commission, in consultation with the State Government, may exempt a distribution licensee from the obligation to supply electricity to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one megawatt. Provided that in each area of supply the State Commission shall designate a distribution licensee to supply electricity to consumers if their existing arrangement fails."	

	11. In section 58 of the principal Act, the following proviso shall be inserted, namely:-	Amendment of Section 58.
	"Provided that such standards shall not be inferior to the minimum standards as may be prescribed by the Central Government."	
	12. In section 61 of the principal Act, for clause (*g*), the following clause shall be substituted, namely:—	Amendment of section 61.
	"(g) that the tariff reflects the cost of supply of electricity and also, progressively reduces cross-subsidies in the manner specified by the Appropriate Commission;	
	Provided that cross-subsidy with respect to Railways, Metro Railways and Manufacturing Enterprises shall be fully eliminated within five years from the date of commencement of the Electricity (Amendment) Act, 2025."	
	13. In section 64 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:-	Amendment of section 64.
	"(1) An application for determination of tariff under section 62 shall be made by a generating company or licensee at such time and in such manner and accompanied by such fee, as may be specified by the Appropriate Commission:	
	Provided that if the application as per sub-section (1) is not filed within the specified timeframe, the Appropriate Commission shall determine the tariff suo moto, so that new tariff comes into effect from the beginning of the next financial year."	
	14. Section 66 of the principal Act shall be substituted, namely:-	Amendment of section 66.
	"The Appropriate Commission shall promote the development of a market (including trading) in power and may introduce and regulate market platforms, intermediaries, market products including non-transferable specific delivery contracts for difference, in such manner as may be specified and shall be guided by the National Electricity Policy referred to in section 3 in this regard."	

	15. In section 73 of the principal Act, after clause (c), the following clause shall be inserted, namely:—	Amendment of section 73.
	"(ca) specify cyber security requirement for the power system excluding systems that are not part of the integrated operation of the power system.;"	
	16. In section 78 of the principal Act, in sub-section (1), in clause (a), for the words "Planning Commission", the words "NITI Aayog" shall be substituted;	Amendment of section 78.
	17. In section 86 of the principal Act, in sub-section (1),-	Amendment of section 86.
	(i) for the clause (e), following shall be substituted, namely: -	
	"(e) promote co-generation and generation of electricity from non-fossil sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee, which shall not be less than such percentage as may be prescribed by the Central Government.**"**	
	18. In section 90 of the principal Act, in sub-section (2),-	Amendment of section 90.
	(i) after clause (f), the following clauses shall be inserted, namely:-	
	"(g) has wilfully violated or overlooked the provisions of this Act or the rules or regulations made thereunder; or	
	(h) has been grossly negligent in performing one or more functions assigned to him or the Commission under this Act or the rules or regulations made thereunder.";	
	(ii) in the proviso, for the words, brackets and letters "clauses (d), (e) and (f)", the words, brackets and letters "clauses (d), (e), (f), (g) and (h)" shall be substituted.	

	(iii)in the proviso, the words ", as the case may be," shall be deleted.	
	19. In section 92 of the principal Act, after sub-section (5), the following sub-section shall be inserted, namely:-	Amendment of section 92.
	"(6) Every proceedings before the Appropriate Commission shall be decided expeditiously and with the endeavour to dispose the proceedings within one hundred and twenty days and in the event of delay, the Appropriate Commission shall record the reasons for delay."	
	20. In section 112 of the principal Act, in sub-section (1), for the words "three", the words "not more than seven" shall be substituted.	Amendment of section 112.
	21. In section 126 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:-	Amendment of section 126.
	"(5) If the assessing officer reaches to the conclusion that unauthorised use of electricity has taken place, the assessment shall be made for the entire period during which such unauthorized use of electricity has taken place, and such period shall be limited to a period of twelve months immediately preceding the date of inspection."	
	22. In section 127 of the principal Act,-	Amendment of section 127.
	(i) in sub-section (2), for the words "half" the words "one-third or as may be prescribed by the Appropriate Government" shall be substituted.	
	(ii) After sub-section (2), the following proviso shall be inserted, namely:-	
	"Provided that where in any particular case, the Appellate Authority is of the opinion that the deposit of such amount would cause undue hardship to such person, it may reduce or dispense with such deposit subject to such conditions as it may deem fit to impose so as to safeguard the realisation of the amount."	

	23. In section 142 of the principal Act,-	Amendment of section 142.
	(i) the text under the section may be renumbered as sub-section (1)	
	(ii) the following sub-section (2) shall be inserted after sub-section (1), namely:-	
	"(2) Notwithstanding anything contained in sub-section (1), where the Appropriate Commission is satisfied on a complaint filed before it or otherwise, that a person has not consumed power from non-fossil sources of energy as specified under clause (e) of sub-section (1) of section 86, the Commission shall after giving such person an opportunity of being heard, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall be liable to pay a penalty of a sum calculated at a rate of not less than thirty-five paisa per kilowatt-hour and not more than forty-five paisa per kilowatt-hour for default;"	
	24. Section 164 of the principal Act shall be substituted, namely:—	Amendment of section 164.
	"164. The Power of placing and maintaining electric lines.—	
	"(1) The Appropriate Government may, by order through notification in the Official Gazette , for the placing of electric lines or electrical plant for the transmission of electricity necessary for the proper co-ordination of works, confer upon any public officer, licensee or any other person engaged in the business of supplying electricity under this Act, subject to such conditions and restrictions, if any, as the Appropriate Government may think fit to impose and to the provisions of the Act, any of the powers which the Electric Line Authority possesses under the Act with respect to the placing of electric line for the purposes of conveyance of electricity."	
	"(2) The Electric Line Authority may, from time to time, place and maintain an electric line for the conveyance of electricity under, over, along or across, in or upon, any immovable property: Provided that— (a) the Electric Line Authority shall not exercise the powers conferred by this section except for the	

	purposes of an electric line maintained, or to be so established or maintained; (b) the Appropriate Government shall not acquire any right other than that of user only in the property under, over, along, across, in or upon which the Electric Line Authority places any electric line; (c) except as hereinafter provided, the Electric Line Authority shall not exercise those powers in respect of any property vested in or under the control or management of any local authority, without the permission of that authority; and (d) in the exercise of the powers conferred by this sub-section, the Electric Line Authority shall do as little damage as possible, and, when it has exercised those powers in respect of any property other than that referred to in clause (c), shall pay full compensation to all persons interested for any damage sustained by them by reason of the exercise of those powers. (e) The State Government may prescribe a framework to facilitate placing of electric lines including determination of compensation to be paid."	
	"(3) Power to enter on property in order to repair or remove electric lines.— The Electric Line Authority may, at any time, for the purpose of examining, repairing, altering or removing any electric line, enter on the property under, over, along, across, in or upon which the line has been placed."	
	"(4) Power for local authority to give permission under sub-section (2), clause (c), subject to conditions.— Any permission given by a local authority under sub-section (2), clause (c), may be given subject to such reasonable conditions as that authority thinks fit to impose, as to the payment of any expenses to which the authority will necessarily be put in consequence of the exercise of the powers conferred by that sub-section, or as to the time or mode of execution of any work, or as to any other thing connected with or relative to any work undertaken by the Electric Line Authority under those powers."	
	"(5) Power for local authority to require removal or alteration of electric line.—When, under the foregoing	

	provisions of this Act, an electric line has been placed by the Electric Line Authority under, over, along, across, in or upon any property vested in or under the control or management of a local authority, and the local authority, having regard to circumstances which have arisen since the electric line was so placed, considers it expedient that it should be removed or that its position should be altered, the local authority may require the Electric Line Authority to remove it or alter its position, as the case may be.”	
	“(6) Power to alter position of gas or water pipes or drains.—The Electric Line Authority may, for the purpose of exercising the powers conferred upon it by this Act in respect of any property vested in or under the control or management of a local authority, alter the position thereunder of any pipe (not being a main) for the supply of gas or water, or of any drain (not being a main drain): Provided that— (a) when the Electric Line Authority desires to alter the position of any such pipe or drain it shall give reasonable notice of its intention to do so, specifying the time at which it will begin to do so, to the local authority, and, when the pipe or drain is not under the control of the local authority, to the person under whose control the pipe or drain is; (b) a local authority or person receiving notice under clause (a) may send a person to superintend the work, and the Electric Line Authority shall execute the work to the reasonable satisfaction of the person so sent.”	
	“(7) Disputes between Electric Line Authority and local authority.— (a) If any dispute arises between the Electric Line Authority and a local authority in consequence of the local authority refusing the permission referred to in sub-section (2), clause (c), or prescribing any condition under sub-section (4), or in consequence of the Electric Line Authority omitting to comply with a requisition made under sub-section (5), or otherwise in respect of the exercise of the powers conferred by this Act, it shall be determined by such officer as the Appropriate	

	Government may appoint either generally or specially in this behalf. (b) An appeal from the determination of the officer so appointed shall lie to the Appropriate Government; and the order of the Appropriate Government shall be final.”	
	“(8) Exercise of powers conferred by sub-section (2), and disputes as to compensation, in case of property other than that of a local authority.— (a) If the exercise of the powers mentioned in sub-section (2) in respect of property referred to in clause (d) of that sub-section is resisted or obstructed, the District Magistrate may, in his discretion, order that the Electric Line Authority shall be permitted to exercise them. (b) If, after the making of an order under clause (a), any person resists the exercise of those powers, or, having control over the property, does not give all facilities for their being exercised, he shall be deemed to have committed an offence under section 223 of the Bharatiya Nyaya Sanhita (45 of 2023). (c) If any dispute arises concerning the sufficiency of the compensation to be paid under sub-section (2), clause (d), it shall, on application for that purpose by either of the disputing parties to the District Judge within whose jurisdiction the property is situated, be determined by him. (d) If any dispute arises as to the persons entitled to receive compensation, or as to the proportions in which the persons interested are entitled to share in it, the Electric Line Authority may pay into the Court of the District Judge such amount as he deems sufficient or, where all the disputing parties have in writing admitted the amount tendered to be sufficient or the amount has been determined under clause (c), that amount; and the District Judge, after giving notice to the parties and hearing such of them as desire to be heard, shall determine the persons entitled to receive the compensation or, as the case may be, the proportions in which the persons interested are entitled to share in it. (e) Every determination of a dispute by a District Judge under clause (c) or clause (d) shall be final: Provided that nothing in this clause shall affect the right of any person to recover by suit the whole or any part of any	

	compensation paid by the Electric Line Authority, from the person who has received the same.”	
	“(9) Removal or alteration of electric line on property other than that of a local authority.— (a) When, under the foregoing provisions of this Act, an electric line has been placed by the Electric Line Authority under, over, along, across, in or upon any property, not being property vested in or under the control or management of a local authority, and any person entitled to do so desires to deal with that property in such a manner as to render it necessary or convenient that the electric line should be removed to another part thereof or to a higher or lower level or altered in form, he may require the owner to remove or alter the line or post accordingly: Provided that, if compensation has been paid under sub-section (2), clause (d), he shall, when making the requisition, tender to the Electric Line Authority the amount requisite to defray the expense of the removal or alteration, (b) If the Electric Line Authority omits to comply with the requisition, the person making it may apply to the District Magistrate within whose jurisdiction the property is situated to order the removal or alteration. (c) A District Magistrate receiving an application under clause (b) may, in his discretion, reject the same or make an order, absolutely or subject to conditions, for the removal of the electric line to any other part of the property or to a higher or lower level or for the alteration of its form; and the order so made shall be final.”	
	“(10) Removal of trees interrupting conveyance of electricity.— (a) If any trees standing or lying near an electric line interrupts, or is likely to interrupt, conveyance of electricity, an Executive Magistrate may, on the application of the Electric Line Authority, cause the tree to be removed or dealt with in such other way as he deems fit. (b) When disposing of an application under clause (a) the Executive Magistrate shall, in the case of any tree in existence before the electric line was placed, award	

	to the persons interested in the tree such compensation as he thinks reasonable, and the award shall be final.”	
	25. In section 166 of the principal Act, after sub-section (1), the following sub-section shall be inserted, namely:-	Amendment of section 166.
	“(1A) (a) The Central Government shall, by notification, establish an Electricity Council. (b) The Minister-in-charge of the Ministry dealing with Power (Electricity) in the Central Government shall be the Chairperson of the Electricity Council. The Ministers-in-charge of the departments dealing with Electricity in the State Governments shall be its members. Secretary-in-charge of the Ministry of the Central Government dealing with Power (Electricity) shall be the Convenor of the Electricity Council. (c) The Electricity Council shall advise the Central and State Governments on policy measures, facilitate consensus on reforms, and coordinate the implementation of such reforms to ensure achievement of the objects of this Act.”	
	26. In section 176 of the principal Act,	Amendment of section 176.
	(i) in sub-section (1), for the words “provisions”, the words “purposes” shall be substituted;	
	(ii) in sub-section (2), , the following clauses shall be inserted, namely:-	
	“(aa) the eligibility criteria for captive generating plant and its users under sub-section (1) of Section 9.”	
	“(ca) the manner of implementation of Inter-State Transmission Network under Section 25.”	
	“(da) minimum standards of performance under Section 58.”	
	“(ia) percentage of consumption from non-fossil sources of energy under clause (e) of sub-section (1) of Section 86.”	
	27. In section 177 of the principal Act, in sub-section (2), after clause (e), the following clause shall be inserted, namely:-	Amendment of section 177.

	"(ea) the cybersecurity requirements for electricity system under clause (ca) of section 73;"	
	28. In section 180 of the principal Act, in sub-section (2),, the following clauses shall be inserted, namely:- "(aa) the eligibility criteria for captive generating plant and its users under sub-section (1) of Section 9."	Amendment of section 180.
	"(ab) the manner of implementation of Intra-State Transmission Network under Section 25."	
	"(ma) framework to facilitate placing of electric lines including determination of compensation to be paid under clause (e) of proviso to sub-section (2) of Section 164."	
	29. In section 181 of the principal Act, in sub-section (2), after clause (zp), the following clauses shall be inserted, namely:-	Amendment of section 181.
	"(aa) framework for operation of multiple distribution licensees in the same area under the sixth proviso to Section 14."	
	(oa) framework for development and maintenance of distribution system under the sub-section (1) of Section 42.	
	(ta) exempt Distribution Licensees from the obligation to supply to any category of consumers under the sub-section (4) of Section 43.	
	(tb) designate distribution licensee to supply electricity to consumers if their existing arrangement fails under the proviso to sub-section (4) of Section 43.	
	30. In section 183 of the principal Act, following sub-section shall be inserted, namely:-	Amendment of section 183.
	"(1A) Notwithstanding anything contained in sub-section (1), if any difficulty arises in giving effect to the provisions of this Act as amended by the Electricity	

	(Amendment) Act, 2025, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be necessary for removing the difficulty: Provided that no such order shall be made under this section after the expiry of a period of two years from the date of commencement of the Electricity (Amendment) Act, 2025.”	

Explanatory Note on Proposed Amendments to the Electricity Act, 2003

India's journey toward *Viksit Bharat @ 2047* calls for a power sector that is financially resilient, environmentally sustainable, and capable of supporting globally competitive industries. The proposed amendments to the *Electricity Act, 2003* seek to strengthen this foundation by ensuring affordable, reliable, and clean electricity for all while enabling a seamless and equitable energy transition.

Despite major structural reforms under the Act, such as unbundling of utilities, competition, and open access, the distribution segment continues to face severe financial stress, with cumulative losses exceeding ₹6.9 lakh crore. Regulatory delays have further weakened the sector's financial viability, while cross-subsidy induced high industrial tariffs have impacted industrial competitiveness and constrained economic growth.

To address these challenges and meet India's clean energy commitments, a robust and forward-looking legal framework is essential. Accordingly, the proposed amendments seek to ensure the financial sustainability of the power sector and promote ease of doing business and ease of living. They also aim to enhance industrial competitiveness, increase the share of non-fossil electricity generation, and strengthen regulatory accountability.

The major amendments proposed are outlined below.

1. Financial Viability: Reliable and affordable electricity for all consumers depends on the financial health of distribution companies. However, most Distribution Licensees continue to face chronic losses because the tariffs they charge do not fully recover the actual cost of supplying electricity. This gap has forced them to rely heavily on borrowings, affecting the quality and long-term sustainability of power supply.

Recognizing this concern, the Hon’ble Supreme Court, in its 2025 judgment (BSES Rajdhani Power Ltd. & Anr. vs. Union of India & Ors., 2025 INSC 937), clearly held that electricity tariffs must be cost-reflective to ensure the financial viability of the power sector.

In line with this judgment, it is proposed to amend the Electricity Act to make it mandatory for Electricity Regulatory Commissions to determine cost-reflective tariffs. State Governments will continue to have the flexibility to support specific consumer categories by providing advance subsidies on their behalf, ensuring that no consumer group is unduly burdened.

Further, to prevent delays in tariff revisions, which often arise due to late filing of tariff petitions by utilities, it is proposed to empower State Electricity Regulatory Commissions to determine tariffs suo motu (on their own). This will ensure that revised tariffs are implemented from 1st April of each financial year, improving the overall financial discipline in the power sector.

2. Economic Competitiveness

A growing and competitive economy requires affordable and reliable electricity for industries, transport, and enterprises. However, high industrial tariffs, cross-subsidies, and rising power procurement costs have weakened the competitiveness of Indian industry, particularly MSMEs. The proposed amendments aim to rationalize electricity tariffs, unlock demand, and reduce logistics costs, thereby strengthening India’s economic productivity and global competitiveness.

2.1. Unlocking Electricity Demand: India’s journey towards Viksit Bharat by 2047 will require a significant expansion of energy access and consumption. Per capita electricity consumption must grow at least fourfold to meet the energy needs of a developed economy.

At present, Distribution Licensees are bound by a Universal Service Obligation (USO) to supply electricity to all consumers, including those eligible for open access (i.e., above 1 MW). As electricity demand rises, loss-making distribution companies are compelled to procure additional, often costlier power, which increases fixed costs and pushes up tariffs for other consumers. High cross-subsidies and surcharges further inflate industrial tariffs, reducing the competitiveness of Indian manufacturing and constraining MSME growth.

To address these challenges, it is proposed that State Commissions in consultation with State Governments may exempt Distribution Licensees from the USO for consumers eligible for Open Access. To ensure uninterrupted supply, State Electricity Regulatory Commissions may designate one of the distribution licensees to supply power at a premium over the cost of supply, if other supply arrangements fail.

This reform will unlock substantial electricity demand from industries that can access affordable power directly. By reducing tariff distortions and supporting industrial expansion, it will drive job creation and accelerate India's progress toward energy-led economic growth.

2.2. Reducing Logistics and Mass Transit Cost: Electricity tariffs for Indian Railways and Metro/Mono Rail systems are currently burdened by cross-subsidies and surcharges, which increase costs of transporting goods and people. These higher costs ultimately raise the price of goods and services across the economy. To alleviate this burden, it is proposed to exempt Manufacturing Enterprises, Railways, and Metro Railways from cross-subsidy within five years. This measure will help lower transport and logistics costs, improve efficiency, and enhance India’s competitiveness in global markets.

2.3. Promoting Captive Power Generation: Electricity Act, 2003 already allows individuals and groups to generate electricity for self-consumption (captive generation) without paying open access surcharges to Distribution Licensees. Captive generation strengthens energy self-sufficiency, reliability of supply, and industrial growth. To provide clarity and regulatory consistency, it is proposed to expressly empower the Central and State Governments to frame rules governing captive generation. This will provide a transparent and stable framework for industries to invest in self-generation and adopt cleaner, more efficient energy options.

3. Energy Transition

3.1. Enabling capacity addition through market mechanisms: India aims to achieve 500 GW of non-fossil electricity capacity by 2030 and around 2000 GW by 2047 to realize the vision of a Viksit Bharat. Meeting such ambitious targets cannot rely solely on long-term power purchase agreements signed by distribution companies. Several countries, including the UK and members of the European Union, have successfully expanded renewable capacity through innovative market-based mechanisms. To accelerate India’s clean energy transition, it is proposed to specifically empower the Central Electricity Regulatory Commission (CERC) to introduce market-driven instruments that attract investment, encourage competition, and ensure faster and more efficient renewable capacity addition.

3.2. Ensuring minimum non-fossil capacity targets adherence: At present, the Central Government can set enforceable non-fossil energy consumption obligations under the Energy Conservation Act, 2001, but the Electricity Act, 2003 does not contain matching provisions. To ensure consistency between the two laws and to advance India's goal of reliable, affordable, and clean energy, it is proposed to introduce similar provisions in the Electricity Act as well.

4. Ease of Living and Doing Business

4.1. Setting minimum standards of service: A uniform minimum standard of service is essential to ensure reliable power supply for all consumers. In its absence, supply quality in several regions remains below global and peer standards. Establishing such benchmarks will enhance accountability of distribution licensees, improve service quality, and support economic growth. It is therefore proposed to introduce provisions enabling the prescription of uniform benchmark service standards nationwide.

4.2. Facilitating Consumer-Friendly Appeal Mechanisms: Currently, there is no statutory limit on the assessment period for unauthorized electricity use, leading to discretionary assessments and possibility of higher penalties. It is proposed to cap the assessment period at one year to limit discretion and prevent disproportionate penalties. Further, the mandatory deposit for appeals against such assessments is proposed to be reduced from half to one-third of the assessed amount or as prescribed by the Appropriate Government. The appellate authority is also being empowered to waive or reduce the deposit requirement in cases of undue hardship.

4.3. Simplifying Compliance Framework: The current requirement of obtaining "no objection" from the Central Government for license areas covering defense establishments, even when no supply or infrastructure work is involved, leads to avoidable delays. It is proposed to remove this requirement to promote ease of doing business.

5. Regulatory Strengthening

5.1. Strengthening Regulatory Accountability: Supreme Court has held that disciplinary action may be taken against public officials performing quasi-judicial functions in cases of misconduct or breach of integrity. It has also emphasized that Regulatory Commissions must strictly adhere to the Electricity Act, National Electricity Policy, National Tariff Policy, applicable regulations, and APTEL directions. To strengthen accountability and ensure timely adjudication, it is proposed to empower the Central and State Governments to refer complaints against members of CERC and SERCs for failure to perform their duties, and to expand the grounds for removal to include willful violation or gross negligence. Further, a timeline of 120 days is proposed for disposal of adjudicatory matters by the Commissions to ensure efficiency.

5.2. Increasing number of APTEL members: It is proposed to increase the number of members in the Appellate Tribunal for Electricity (APTEL) from three to seven to address the rising case backlog and ensure timely adjudication, thereby enhancing sectoral stability and investor confidence.

6. Other Reforms

6.1. Right of Way (RoW) for Electric Lines: Currently, powers under the repealed Indian Telegraph Act, 1885, as saved in the Telecommunication Act, 2023, are used for placing electric lines and related works. It is proposed to incorporate those provisions under the Electricity Act, 2003, ensuring continued legal authority for licensees to install and maintain electric lines. State Governments may prescribe frameworks for fair land compensation, with unresolved disputes appealable to the District Judge.

6.2. Cybersecurity: With increasing digitalization in the power sector, exposure to cyber threats has grown. It is proposed to empower the Central Electricity Authority (CEA) to frame regulations ensuring cybersecurity of integrated power system operations.

6.3. Distribution Network Sharing: At present, multiple licensees in the same area are required to maintain separate networks, leading to duplication and excess costs. To address this, it is proposed to amend the Act to explicitly allow distribution licensees to supply electricity through either their own or a shared network, subject to applicable charges and regulatory oversight by the State Electricity Regulatory Commissions.

6.4. Electricity Council: To drive consensus-based reforms aligned with the vision of "Viksit Bharat @ 2047," it is proposed to establish an Electricity Council as a high-level institutional mechanism. Chaired by the Union Minister of Power, with State Electricity Ministers as members and the Union Power Secretary as Member-Convenor, the Council will advise Centre and States on policy matters, foster consensus on reforms, and coordinate their effective implementation.

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Comparative statement showing the existing provisions of Electricity Act, 2003 vis a vis proposed amendments.

SN.	Section	Current Provisions	Proposed Amendments	Justification
1	2(20a)	New Definition:- "Electric Line Authority"	(20a) "Electric Line Authority" means the person authorized by the Appropriate Government, and includes any officer empowered by him to perform all or any of the functions of the Electrical Line Authority under this Act;	The introduction of this definition facilitates smooth transition of powers previously held by the Telegraph Authority under the repealed Telegraph Act, 1885 to an authority under the Electricity Act. This ensures continuity of the existing legal framework for the placement and management of electric lines.
2	2(26a)	New Definition:- "Energy Storage System"	(26a) "Energy Storage System" means a system to store electrical energy in any form for a period of time and delivering it as electrical energy when required.	Energy Storage Systems facilitate complete utilization of variable renewable energy from solar and wind sources by storing surplus energy for use during periods of low generation. They significantly enhance grid stability by balancing supply and demand, reduce peak deficits through peak shifting, and support essential ancillary services. Additionally, they allow utilities to optimize operations by capitalizing on price fluctuations in the electricity market. This leads to lower electricity costs, reduced carbon emissions, and plays a crucial role in meeting energy transition goals.
3	2 (50) (k) (Retained from EA Bill, 2022)	Definition of "power system" doesn't include "energy storage system"	(50) "power system" means all aspects of generation, transmission, distribution and supply of electricity and includes one or more of the following, namely:- (a) to (j)…. **[**(k) energy storage system;**]**	
4	2 (42) (a)	New Definition:- "Manufacturing Enterprise"	(42a) "Manufacturing Enterprise" means an industrial undertaking or a	Manufacturing Enterprises are defined in line with the Micro, Small and Medium

SN.	Section	Current Provisions	Proposed Amendments	Justification
			business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951.	Enterprises Development Act, 2006 to enable that no cross-subsidy and surcharge is imposed on manufacturing units, especially MSMEs, protecting their global competitiveness.
5	Section 9 (1)	New Proviso	Provided also that the eligibility criteria for captive generating plant and its users shall be as may be prescribed by the Appropriate Government.	Electricity Act, 2003 provides a legal basis for captive generation, allowing individuals and entities to generate electricity primarily for their own use. This improves cost-effectiveness of power, facilitates industrial competitiveness, and enhances reliability of supply, particularly in regions with disruptions in grid supply. To enhance clarity and regulatory certainty, it is proposed to explicitly empower the Central and State Governments to make rules governing captive generation. While the Central Government had already notified rules on captive generation in 2005 (and, amended in 2023), the proposed amendment incorporates an express enabling provision within the Act itself.
6	Section 14 {Sixth Proviso} (Retained from the EA	Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same	Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own [or **shared**] distribution system within the same	To achieve the core objective of promoting competition, the Electricity Act 2003 already permits multiple distribution licensees in the same area. However, practical experience has shown that

SN.	Section	Current Provisions	Proposed Amendments	Justification
	Bill, 2022, with changes)	area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, creditworthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:	area [in accordance with the framework as specified by the Commission], subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, creditworthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:	allowing multiple licensees with separate networks in the same area can lead to unnecessary duplication of distribution networks. This results in wastage of scarce capital and land resources. To address this concern, the amendment clarifies that distribution licensees may supply electricity using their own network or any other distribution system which includes that of another licensee. This is consistent with the non-discriminatory open access provisions under Sections 42 and 49 of the Act, which ensure that distribution systems shall be used without discrimination by multiple users. The amendment further empowers the Appropriate Commission to develop a regulatory framework for managing multiple licensees in the same area. This framework will ensure that network expansion and augmentation are carried out efficiently and without duplication of infrastructure.
7	Section 15 (2) (ii)	(ii) until, in the case of an application for a licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the	**[**To be deleted**]**	The existing clause requires a no-objection from the Central Government whenever the licence area includes defence establishments, even if no power supply or infrastructure is involved. This creates avoidable delays and compliance burden. The proposed amendment simplifies procedures, reducing

SN.	Section	Current Provisions	Proposed Amendments	Justification
		Appropriate Commission has ascertained that there is no objection to the grant of the licence on the part of the Central Government.		unnecessary clearances, and promoting ease of doing business in the power sector.
8	Section 18 (2) (b)	(b) in the case of an application proposing alterations or modifications in the area of supply comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for defence purposes, the Appropriate Commission shall not make any alterations or modifications except with the consent of the Central Government;	**[**To be deleted**]**	
9	Section 25	New Proviso	**[**Provided that Appropriate Government may prescribe the manner of approval and implementation of Inter-State Transmission System or Intra-State Transmission System, as the case may be**]**	Inter-State Transmission System (ISTS) lines are crucial for power transfer across regions, maintaining grid stability, and ensuring optimal utilisation of electricity resources nationwide. These lines are planned and developed by the Central Government through agencies such as the Central Transmission Utility (CTU), Central Electricity Authority (CEA), and Grid-India. At present, the Central Government approves high-cost ISTS projects (typically those above ₹500 crore), while the authority to approve lower-value projects has been delegated to the

SN.	Section	Current Provisions	Proposed Amendments	Justification
				National Committee on Transmission or to CTUIL. However, the Electricity Act does not explicitly empower the Central Government to delegate its approval powers for ISTS projects. To provide a clear legal basis for such delegation and to allow flexibility in project development, it is proposed to amend the Act to empower the Central and State Governments to prescribe the manner in which ISTS and InSTS projects are to be approved, and implemented.
10	Section 42 (1) Retained from EA Bill, 2022, but with changes.	(1) It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.	**[**(1) It shall be the duty of a distribution licensee to,- (a) ensure an efficient, co-ordinated and economic distribution network in his area of supply (b) provide **non-discriminatory open access to his network** to other distribution licensees in his area of supply on payment of wheeling charges; (c) supply electricity in accordance with the provisions of this Act; and (d) develop and maintain distribution system, as required, avoiding duplication, as may be specified by the Appropriate Commission. **]**	The Act currently permits parallel licensees to supply electricity in the same supply area, but with their own network, which can potentially lead to duplication of distribution networks. To address this issue, the proposed amendment explicitly mandates non-discriminatory open access to the existing distribution network. This ensures that multiple suppliers can efficiently utilize the existing infrastructure, eliminating redundancy and reducing overall infrastructure costs. Furthermore, this framework, which has already been successfully implemented in ISTS and InSTS networks, will optimize resource utilization, improve service quality, and contribute to delivering more affordable and reliable electricity to end-users.

SN.	Section	Current Provisions	Proposed Amendments	Justification
11	Section 43	New Subsection (4)	**[**(4) Notwithstanding anything contained in this section the State Commission, in consultation with the State Government, may exempt a distribution licensee from the obligation to supply electricity to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds **one megawatt**. Provided that in each area of supply the State Commission shall designate a distribution licensee to supply electricity to consumers if their existing arrangement fails.**]**	Distribution Licensees have a Universal Service Obligation (USO) to supply power to all consumer categories, including consumers capable of sourcing their own power. As India industrialises, agriculture demand would stabilise and major part of electricity demand is expected to be from industrial sector. Contracting new capacities typically comes with higher fixed costs compared to power sourced from older assets. However, Universal Service Obligation compels distribution licensees to contract power for these consumers, even when such consumers have an option and are capable of procuring power from alternative sources under open access. Consequently, the fixed costs associated with such contracted power are passed on to all consumers, thereby increasing overall electricity tariffs and placing an unnecessary financial burden on residential and smaller commercial consumers. On the other hand, to reduce these increased financial burdens, State Commissions often impose substantial cross-subsidies and surcharges on large consumers. This practice significantly undermines the

SN.	Section	Current Provisions	Proposed Amendments	Justification
				global competitiveness of Indian manufacturing industries by inflating electricity costs. Elevated electricity costs not only hinder industrial growth but also deter foreign investments, limit employment generation, and weaken India's position in global supply chains. Addressing this cost handicap is crucial to enhancing industrial competitiveness, attracting investments, and driving sustainable economic growth. The proposed amendment seeks to address these challenges. This measure will relieve licensees from the financial strain of contracting new excess capacities for consumers capable of sourcing their own power, thereby lowering overall costs for other consumers. It is also proposed to introduce a provision to ensure uninterrupted electricity supply to consumers exempted from the USO, and, procuring power through open access or other alternate arrangements. In the event such arrangements fail, designating a distribution licensee as the supplier of last resort will provide a

SN.	Section	Current Provisions	Proposed Amendments	Justification
				safety net, thereby protecting consumer interests and maintaining reliability of supply. This reform aligns with the vision of "Viksit Bharat @ 2047".
12	Section 58	New Proviso	**[**Provided that such standards shall not be inferior to the minimum standards as may be prescribed by the Central Government.**]**	Establishing a uniform minimum standard of service across the country ensures that all electricity consumers, regardless of where they live, receive a basic level of reliable power supply. The amendment also allows State Commissions to set higher service standards based on local needs. This approach will enhance accountability of distribution companies, improve quality of life, and support economic growth across the country.
13	Section 61 (g) (Retained from EA Bill, 2022, with changes)	(g) that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission;	**[**(g)that the tariff **reflects the cost of supply** of electricity and also, progressively reduces cross-subsidies in the manner specified by the Appropriate Commission; Provided that cross-subsidy with respect to **Manufacturing Enterprises, Railways, and Metro Railways** shall be fully eliminated within five years from the date of commencement of the Electricity (Amendment) Act, 2025.**]**	**Cost reflective tariffs** are essential for financial sustainability of the power sector. Allowing Electricity Regulators the discretion to fix tariffs which are not cost-reflective has led distribution companies to incur significant financial losses, as they were only able to pass on part of these costs to consumers while financing the remainder through loans. Distribution sector losses stood at more than Rs 6.9 lakh Cr as of March 2025. This practice has undermined transparency and long-term sustainability of power sector, leading to inefficiencies that

SN.	Section	Current Provisions	Proposed Amendments	Justification
				affect all stakeholders including consumers at large. The Supreme Court, in its 2025 judgment (2025 INSC 937) in the matter of BSES Rajdhani Power Ltd. & Anr. vs. Union of India & Ors., held that electricity tariff must be cost-reflective. The proposed amendment ensures that tariffs are cost-reflective, enhancing financial viability while protecting consumer interests. Subsidies for specified consumer categories can continue to be transparently funded by the State Government under Section 65, without compromising the financial sustainability of power sector. **Cross Subsidy and Surcharges on manufacturing and clean/public transport:** State Commissions impose substantial cross-subsidies and surcharges on industrial consumers. Industrial electricity tariffs in India remain considerably higher than those in developed countries such as the United States and emerging economies like China, Vietnam, and Indonesia. This practice significantly undermines the global competitiveness of Indian manufacturers by inflating electricity costs. Elevated electricity costs not only hinder industrial growth but

SN.	Section	Current Provisions	Proposed Amendments	Justification
				also stunt employment generation, and deter foreign investments. Simultaneously, there is a need to create significant number of job opportunities in the manufacturing sector. Micro, Small, and Medium Enterprises (MSMEs) have a high job creation potential in the manufacturing sector. Reducing industrial electricity tariffs can significantly accelerate the growth of the manufacturing sector MSMEs and enable absorption of the large agricultural workforce. Access to affordable power would lower production costs, enhance competitiveness of Indian manufactured goods, and facilitate their scale-up from micro to small or medium enterprises. This, in turn, would strengthen their contribution to employment generation and gross value added (GVA), supporting the national goal of achieving "Viksit Bharat @ 2047". Addressing the high industrial tariff handicap is crucial to enhancing India's global industrial competitiveness, and driving economic growth. The logistics cost in India constitutes nearly 14 percent of GDP as opposed to about 8 percent in most major

SN.	Section	Current Provisions	Proposed Amendments	Justification
				economies. There is a need to reduce this cost in line with the National Logistics Policy and make Indian industry cost competitive. Despite being energy efficient and running on electricity, Indian Railways and Metro/Mono rail systems across the country are subjected to elevated electricity tariffs owing to the imposition of cross-subsidies and surcharges. This does not align with the goal of electrifying the transport sector as part of India's energy transition and increasing the rate of energy efficiency improvement. The higher tariffs result in higher transportation and logistics costs besides discouraging goods and passenger modal shifts. Public transport costs, particularly in urban and semi-urban areas, impact the wage rates and standards of living of working classes. The proposed amendment seeks to address these challenges by exempting Indian Railways, Metro rail and manufacturing industries, from payment of cross-subsidy and surcharges, not later than five years.

SN.	Section	Current Provisions	Proposed Amendments	Justification
				This reform aligns with the vision of "Viksit Bharat @ 2047". It will help in fostering industrial expansion, attracting investments, and generating employment opportunities. It reduces the transport costs for urban commuters and promotes sustainable economic growth.
14	Section 64 (1) (Retained from EA Bill, 2022, with changes)	(1) An application for determination of tariff under section 62 shall be made by a generating company or licensee in such manner and accompanied by such fee, as may be determined by regulations.	**[**(1) An application for determination of tariff under section 62 shall be made by a generating company or licensee at such time and in such manner and accompanied by such fee, as may be specified by the Appropriate Commission. Provided that if the application as per sub-section (1) is not filed within the specified timeframe, the Appropriate Commission shall determine the **tariff suo moto**, so that new tariff comes into effect from the beginning of the next financial year.**]**	Non-determination of tariffs before the beginning of the financial year has been resulting in mounting distribution sector losses. Currently, the Act does not explicitly authorize the Appropriate Commissions to determine **tariffs on a suo moto basis** before the financial year begins. The proposed amendment empowers the Appropriate Commissions to act suo moto, ensuring timely tariff determination, enhancing accountability.
15	Section 66	The Appropriate Commission shall endeavour to promote the development of a market (including trading) in power in such manner as may be specified and shall be guided by the National Electricity Policy referred to in section 3 in this regard.	The Appropriate Commission shall promote the development of a market (including trading) in power **[**and may introduce and regulate **market platforms, intermediaries, market products** including non-transferable specific delivery contracts for difference,**]** in such manner as may be specified and shall be	Presently, majority of electricity generation capacity is developed through long-term agreements between DISCOMs and generating companies. To realise "Viksit Bharat @ 2047" aspirations and power the massive needs of the industry, the installed capacity in the country has to

SN.	Section	Current Provisions	Proposed Amendments	Justification
			guided by the National Electricity Policy referred to in section 3 in this regard.	increase by more than five times. However, given the financial constraints of mostly State Government run DISCOMs and their limited ability to facilitate the massive expansion of the generation capacities, particularly non-fossil fuel capacities, it is essential to introduce alternate market-based mechanisms to support new capacities without the need for agreements from DISCOMs. These mechanisms will help in accelerating capacity addition and ensuring adequate support for a rapidly growing economy.
16	Section 73	New sub-section (ca)	**[**(ca) specify **cyber security** requirement for the power system excluding systems that are not part of the integrated operation of the power system.**]**	The digital transformation of the power sector, driven by the deployment of extensive ICT infrastructure has resulted in significant economic benefits and ease of power system operations. However, this has also led to cyber security threats, highlighting the urgent need to enhance the power sector's cyber security resilience on a priority basis. The amendment proposes to enable CEA to frame regulations to ensure cyber security in the power sector, including standards, protocols, and procedures for securing critical infrastructure and operations, aligned with national cybersecurity policies.

SN.	Section	Current Provisions	Proposed Amendments	Justification
17	Section 78 (1) (a)	(*a*) Member of the Planning Commission incharge of the energy sector .... Chairperson;	(*a*) Member of the **[**NITI Aayog**]** incharge of the energy sector .... Chairperson;	This amendment ensures alignment with the replacement of Planning Commission by NITI Aayog.
18	Section 86 (1) (e) (Retained from the EA Bill, 2022, with changes)	(*e*) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;	(*e*) promote co-generation and generation of electricity from **[non-fossil]** sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a **percentage of the total consumption** of electricity in the area of a distribution licensee, **[**which shall not be less than such percentage as may be prescribed by the **Central Government**.**]**	Presently, RE Consumption Obligations are mandated under the Energy Conservation Act, 2001. Parallelly, the Electricity Act 2003 also empowers SERCs to specify RE purchase obligations. To avoid legal inconsistency, it has been clarified that SERCs may specify non-fossil obligations under the Electricity Act which shall not be less than those notified by the Central Government. A national uniform mandate is necessary for driving all the entities towards the national goal of reliable, affordable and clean energy for all. This alignment will accelerate non-fossil energy adoption and significantly advance national energy transition goals.
19	Section 90 (2) (Retained from EA Bill, 2022)	The Central Government, in the case of a Member of the Central Commission, and the State Government, in the case of a Member of the State Commission, may by order remove from office any Member, if he-	The Central Government, in the case of a Member of the Central Commission, and the State Government, in the case of a Member of the State Commission, may by order remove from office any Member, if he- **[**(g) has **wilfully violated** or overlooked the provisions of this Act or the rules or regulations made thereunder; or	In the case of Govinda Menon vs. Union of India & Others, dated 02-02-1967, the Supreme Court ruled that disciplinary proceedings could be initiated against a public official, even if not under direct government control while performing quasi-judicial functions, if there is evidence of misconduct, recklessness, dishonesty, negligence, lack of good faith, disregard for statutory conditions, or integrity issues, regardless of

SN.	Section	Current Provisions	Proposed Amendments	Justification
			(h) has been grossly negligent in performing one or more functions assigned to him or the Commission under this Act or the rules or regulations made thereunder;]	whether the orders issued are challengeable. The Supreme Court, in its 2025 judgment (2025 INSC 937) in the matter of BSES Rajdhani Power Ltd. & Anr. vs. Union of India & Ors. on the issue of accountability of Regulatory Commissions, held that a Regulatory Commission is mandated to perform its functions strictly in accordance with the provisions of the Electricity Act, the National Electricity Policy, the National Tariff Policy, the relevant rules and regulations framed under the Act, and the directions issued by the Appellate Tribunal for Electricity (APTEL). In the past there had been instances, which underline the requirement of enhancing accountability and improvement in functioning of the regulatory commissions, as per statutory mandates, for the overall benefit of power sector and electricity consumers. Therefore, the amendment is proposed to ensure greater accountability of members of the Regulatory Commission.
20	Section 90 (2) (Retained from EA Bill, 2022)	Provided that no Member shall be removed from his office on any ground specified in clauses (*d*), (*e*) and (*f*) unless the Chairperson of the Appellate Tribunal on a reference being made to him in this behalf by the Central Government or	Provided that no Member shall be removed from his office on any ground specified in clauses (*d*), (*e*) ~~and~~, (*f*), (g) and (h) unless the Chairperson of the Appellate Tribunal on a reference being made to him in this behalf by the Central Government or the State	The power sector value chain comprises all the utilities as well as policy and regulatory eco system in the country. Improper functioning of power utilities and the regulatory commission in a state may affect the power sector beyond the boundary of the State. Similarly,

SN.	Section	Current Provisions	Proposed Amendments	Justification
		the State Government, as the case may be, has, on an inquiry, held by him in accordance with such procedure as may be prescribed by the Central Government, reported that the Member ought on such ground or grounds to be removed.	Government [~~, as the case may be,~~] has, on an inquiry, held by him in accordance with such procedure as may be prescribed by the Central Government, reported that the Member ought on such ground or grounds to be removed.	functioning of the Central Commission may also affect any power utility in the country. Therefore, in cases where functioning of a member of any State Commission adversely affects the power sector, the Central Government should be able to refer such cases for appropriate action. Similarly, State Governments may also be empowered to make references against CERC members for similar reasons.
21	Section 92	New sub-section (6)	**[**(6) Every proceedings before the **Appropriate Commission** shall be decided expeditiously and with the endeavour to dispose the proceedings **within one hundred and twenty days** and in the event of delay, the Appropriate Commission shall record the reasons for delay.**]**	Currently, there is no time limit for adjudicatory proceedings of the Commission. With rising renewable energy penetration and more developers, case loads have surged. Setting clear timelines will ensure faster issue resolution, boost investor confidence, and uphold transparency in decision-making.
22	Section 112 (1) (Retained from EA Bill, 2022, with changes)	The Appellate Tribunal shall consist of a Chairperson and three other Members.	The **Appellate Tribunal** shall consist of a Chairperson and **[not more than seven]** other members**.**	Presently, Appellate Tribunal for Electricity (APTEL) has a Chairperson and three members. With increasing RE penetration, APTEL has been facing delays in case resolution, with pending cases reaching 2,628 as of September 2024. Annual case registrations have steadily increased from 461 in FY 2021-22 to 706 in FY 2023-24.

SN.	Section	Current Provisions	Proposed Amendments	Justification
				To reduce backlog and ensure timely disposal, it is proposed to increase the number of members to up to seven. This will ease case congestion, deliver timely justice, strengthen sector stability, and benefit consumers and investors alike.
23	Section 126 (5)	(5) If the assessing officer reaches to the conclusion that unauthorised use of electricity has taken place, the assessment shall be made for the entire period during which such unauthorised use of electricity has taken place and if, however, the period during which such unauthorised use of electricity has taken place cannot be ascertained, such period shall be limited to a period of twelve months immediately preceding the date of inspection.	(5) If the assessing officer reaches to the conclusion that unauthorised use of electricity has taken place, the assessment shall be made for the entire period during which such unauthorized use of electricity has taken place, and **[**such period shall be limited to a period of twelve months**]** immediately preceding the date of inspection.	The proposed amendment limits the assessment or **look-back period** for unauthorized electricity use to a maximum of 12 months after detection. Presently there is no such limit. This ensures continuous monitoring of unauthorized use by enforcement staff, removes their discretion to assess beyond 12 months, and protects consumers from excessive penalties by preventing indefinite assessments. By capping the period, the amendment promotes fairness, reduces the financial burden on consumers, and enhances ease of living.
24	Section 127 (2)	(2) No appeal against an order of assessment under sub-section (1) shall be entertained unless an amount equal to half of the assessed amount is deposited in cash or by way of bank draft with the licensee and documentary evidence of such deposit has been enclosed along with the appeal.	(2) No appeal against an order of assessment under sub-section (1) shall be entertained unless an amount equal to **[**~~half~~ one-third or as may be prescribed by the Appropriate Government**]** of the assessed amount is deposited in cash or by way of bank draft with the licensee and documentary evidence of such deposit	In cases of **unauthorized electricity use**, the assessed amount is already calculated at twice the applicable tariff rate for the relevant category. Reducing the deposit requirement from one-half to one-third of the assessed amount eases the financial burden on consumers when appealing to an appellate authority.

SN.	Section	Current Provisions	Proposed Amendments	Justification
			has been enclosed along with the appeal.	The proposed amendment seeks to empower State Governments to notify the deposit requirement for appeals against the assessed amount in cases of unauthorized use of electricity. Additionally, granting the Appellate Authority discretion to waive the deposit requirement based on the financial circumstances of the individuals ensures greater accessibility to the appeals process while maintaining compliance and promoting ease of living.
25	Section 127 (2)	New Proviso	**[**Provided that where in any particular case, the Appellate Authority is of the opinion that the deposit of such amount would cause undue hardship to such person, it may reduce or dispense with such deposit subject to such conditions as it may deem fit to impose so as to safeguard the realisation of the amount.**]**	
26	Section 142 (2) (Retained from EA Bill, 2022, with changes)	New Provision	**[**(2) Notwithstanding anything contained in sub-section (1), where the Appropriate Commission is satisfied on a complaint filed before it or otherwise, that a person has not consumed power from non-fossil sources of energy as specified under clause (e) of sub-section (1) of section 86, the Commission shall after giving such person an opportunity of being heard, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall be liable to pay a penalty of a sum calculated at a rate of not less than **thirty-five paisa per kilowatt-hour and not more than forty-five paise per kilo-watt hour for default.]**	At present, the Electricity Act does not provide for a specific penalty in cases of non-compliance with the Renewable Purchase Obligation (RPO). This has made enforcement difficult and has limited the effectiveness of the RPO framework. To address this gap, it is proposed to introduce a monetary penalty for shortfall in RPO compliance. In practice, when there is a shortfall in renewable energy availability, the market price of Renewable Energy Certificates (RECs) tends to range between 30 to 40 paise per kilowatt-hour. To ensure that obligated entities are encouraged to meet their RPO by actually purchasing RECs - rather than opting to pay a lower penalty - the proposed penalty has been set above the prevailing REC price.

SN.	Section	Current Provisions	Proposed Amendments	Justification
				This is aimed at ensuring stricter compliance, promoting genuine procurement of renewable energy, and reinforcing the integrity of the RPO mechanism.
27	Section 164	**164. Exercise of powers of Telegraph Authority in certain cases.–**The Appropriate Government may, by order in writing, for the placing of electric lines or electrical plant for the transmission of electricity or for the purpose of telephonic or telegraphic communications necessary for the proper co- ordination of works, confer upon any public officer, licensee or any other person engaged in the business of supplying electricity under this Act, subject to such conditions and restrictions, if any, as the Appropriate Government may think fit to impose and to the provisions of the Indian Telegraph Act, 1885 (13 of 1885), any of the powers which the telegraph authority possesses under that Act with respect to the placing of telegraph lines and posts for the purposes of a telegraph established or maintained, by the Government or to be so	**[164. The Power of placing and maintaining electric lines.—** (1) The Appropriate Government may, by order through notification in the Official Gazette, for the placing of electric lines or electrical plant for the transmission of electricity necessary for the proper co-ordination of works, confer upon any public officer, licensee or any other person engaged in the business of supplying electricity under this Act, subject to such conditions and restrictions, if any, as the Appropriate Government may think fit to impose and to the provisions of the Act, any of the powers which the Electric Line Authority possesses under the Act with respect to the placing of electric line for the purposes of conveyance of electricity. (2) The **Electric Line Authority** may, from time to time, place and maintain an electric line for the conveyance of electricity under, over, along or	The Telecommunications Act, 2023 has been enacted on 24.12.2023, which has repealed the Indian Telegraph Act, 1885. However, the relevant provision under the new Act is as under "60(3) The provisions of Part-III of the Indian Telegraph Act, 1885 shall continue to apply to all cases pertaining to laying down of transmission lines under section 164 of the Electricity Act, 2003 as if the Indian Telegraph Act, 1885 has not been repealed, and the provisions of Part-III of the Indian Telegraph Act, 1885 shall continue in force with reference to section 164 of the Electricity Act, 2003 till such time as section 164 of the Electricity Act, 2003 is amended. Therefore, Section 164 is proposed to be amended to include suitable provisions in the Electricity Act itself, which were earlier part of the Telegraph Act, 1885. This facilitates smooth transition of provisions under the repealed Telegraph Act, 1885 to the Electricity Act and ensures continuity of the existing legal framework for the placement and management of electric lines.

SN.	Section	Current Provisions	Proposed Amendments	Justification
		established or maintained.	across, in or upon, any immovable property: Provided that— (a) the Electric Line Authority shall not exercise the powers conferred by this section except for the purposes of an electric line maintained, or to be so established or maintained; (b) the Appropriate Government shall not acquire any **right other than that of user only** in the property under, over, along, across, in or upon which the Electric Line Authority places any electric line; (c) except as hereinafter provided, the Electric Line Authority shall not exercise those powers in respect of any property vested in or under the control or management of any local authority, without the permission of that authority; and (d) in the exercise of the powers conferred by this sub-section, the Electric Line Authority shall do **as little damage as possible**, and, when it has exercised those powers in respect of any property other than that referred to in clause (c), shall **pay full compensation** to all persons interested for	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			any damage sustained by them by reason of the exercise of those powers. (e) The State Government may **prescribe a framework** to facilitate placing of electric lines including determination of compensation to be paid. (3) **Power to enter** on property in order to repair or remove electric lines.—The Electric Line Authority may, at any time, for the purpose of examining, repairing, altering or removing any electric line, enter on the property under, over, along, across, in or upon which the line has been placed. (4) **Power for local authority to give permission** under sub-section (2), clause (c), subject to conditions.—Any permission given by a local authority under sub-section (2), clause (c), may be given subject to such reasonable conditions as that authority thinks fit to impose, as to the payment of any expenses to which the authority will necessarily be put in consequence of the exercise of the powers conferred by that sub-section, or as to the time or	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			mode of execution of any work, or as to any other thing connected with or relative to any work undertaken by the Electric Line Authority under those powers. (5) **Power for local authority to require removal** or alteration of electric line.—When, under the foregoing provisions of this Act, an electric line has been placed by the Electric Line Authority under, over, along, across, in or upon any property vested in or under the control or management of a local authority, and the local authority, having regard to circumstances which have arisen since the electric line was so placed, considers it expedient that it should be removed or that its position should be altered, the local authority may require the Electric Line Authority to remove it or alter its position, as the case may be. (6) **Power to alter position of gas or water pipes or drains.**—The Electric Line Authority may, for the purpose of exercising the powers conferred upon it by this Act in respect of any property vested in or under	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			the control or management of a local authority, alter the position thereunder of any pipe (not being a main) for the supply of gas or water, or of any drain (not being a main drain): Provided that— (a) when the Electric Line Authority desires to alter the position of any such pipe or drain it shall give reasonable notice of its intention to do so, specifying the time at which it will begin to do so, to the local authority, and, when the pipe or drain is not under the control of the local authority, to the person under whose control the pipe or drain is; (b) a local authority or person receiving notice under clause (a) may send a person to superintend the work, and the Electric Line Authority shall execute the work to the reasonable satisfaction of the person so sent.	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			(7) **Disputes between Electric Line Authority and local authority.**— (a) If any dispute arises between the Electric Line Authority and a local authority in consequence of the local authority refusing the permission referred to in sub-section (2), clause (c), or prescribing any condition under sub-section (4), or in consequence of the Electric Line Authority omitting to comply with a requisition made under sub-section (5), or otherwise in respect of the exercise of the powers conferred by this Act, it shall be determined by such officer as the Appropriate Government may appoint either generally or specially in this behalf. (b) An appeal from the determination of the officer so appointed shall lie to the Appropriate Government; and the order of the Appropriate	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			Government shall be final. (8) Exercise of powers conferred by sub-section (2), and **disputes as to compensation**, in case of property other than that of a local authority.— (a) If the exercise of the powers mentioned in sub-section (2) in respect of property referred to in clause (d) of that sub-section is resisted or obstructed, the **District Magistrate** may, in his discretion, order that the Electric Line Authority shall be permitted to exercise them. (b) If, after the making of an order under clause (a), any person resists the exercise of those powers, or, having control over the property, does not give all facilities for their being exercised, he shall be deemed to have **committed an offence under section 223** of the Bharatiya Nyaya Sanhita (45 of 2023).	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			(c) If any dispute arises concerning the **sufficiency of the compensation** to be paid under sub-section (2), clause (d), it shall, on application for that purpose by either of the disputing parties to the **District Judge** within whose jurisdiction the property is situated, be determined by him. (d) If any **dispute arises as to the persons entitled to receive** compensation, or as to the proportions in which the persons interested are entitled to share in it, the Electric Line Authority may pay into the Court of the **District Judge** such amount as he deems sufficient or, where all the disputing parties have in writing admitted the amount tendered to be sufficient or the amount has been determined under clause (c), that amount; and the District Judge, after	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			giving notice to the parties and hearing such of them as desire to be heard, shall determine the persons entitled to receive the compensation or, as the case may be, the proportions in which the persons interested are entitled to share in it. (e) Every determination of a dispute by a District Judge under clause (c) or clause (d) **shall be final**: Provided that nothing in this clause shall affect the right of any person to recover by suit the whole or any part of any compensation paid by the Electric Line Authority, from the person who has received the same. (9) **Removal or alteration of electric line** on property other than that of a local authority.— (a) When, under the foregoing provisions of this Act, an electric line has been placed by the Electric Line Authority under,	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			over, along, across, in or upon any property, not being property vested in or under the control or management of a local authority, and any person entitled to do so desires to deal with that property in such a manner as to render it necessary or convenient that the electric line should be removed to another part thereof or to a higher or lower level or altered in form, he may require the owner to remove or alter the line or post accordingly: Provided that, if compensation has been paid under sub-section (2), clause (d), he shall, when making the requisition, tender to the Electric Line Authority **the amount requisite to defray the expense of the removal** or alteration. (b) If the Electric Line Authority omits to comply with the requisition, the person making it may apply to the	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			District Magistrate within whose jurisdiction the property is situated to order the removal or alteration. (c) A **District Magistrate** receiving an application under clause (b) may, in his discretion, reject the same or make an order, absolutely or subject to conditions, for the removal of the electric line to any other part of the property or to a higher or lower level or for the alteration of its form; and the order so made shall be final. (10) **Removal of trees** interrupting conveyance of electricity.— (a) If any trees standing or lying near an electric line interrupts, or is likely to interrupt, conveyance of electricity, an **Executive Magistrate** may, on the application of the Electric Line Authority, cause the tree to be removed or dealt with in such	

SN.	Section	Current Provisions	Proposed Amendments	Justification
			other way as he deems fit. (b) When disposing of an application under clause (a) the **Executive Magistrate** shall, in the case of any tree in existence before the electric line was placed, award to the persons interested in the tree such **compensation** as he thinks reasonable, and the award shall be final.]	
28	166(1A)	**New Sub-clause**	[(1A) (a) The Central Government shall, by notification, establish an **Electricity Council**. (b) The Minister-in-charge of the Ministry dealing with Power (Electricity) in the Central Government shall be the Chairperson of the Electricity Council. The Ministers-in-charge of the departments dealing with Electricity in the State Governments shall be its members. Secretary-in-charge of the Ministry of the Central Government dealing with Power (Electricity) shall be the Convenor of the Electricity Council. (c) The Electricity Council shall advise the Central and State Governments on policy measures, facilitate consensus on reforms, and coordinate the implementation of such reforms to ensure	The proposed new clause provides for the establishment of an Electricity Council by the Central Government through a notification. The Council will be chaired by the Union Minister for Power, with State Power Ministers as its members, and the Secretary of the Ministry of Power, Government of India, serving as its Convenor. The Electricity Council is envisaged as a high-level institutional mechanism to advise the Central and State Governments on policy matters, facilitate consensus on power sector reforms, and coordinate their implementation. This initiative aims to strengthen cooperative federalism, ensure policy alignment across jurisdictions, and support the effective realization of the objectives of the Electricity Act.

SN.	Section	Current Provisions	Proposed Amendments	Justification
			achievement of the objects of this Act.**]**	
29	176(1)	**Power of Central Government to make rules.–**(*1*) The Central Government may, by notification, make rules for carrying out the provisions of this Act.	**Power of Central Government to make rules.–**(*1*) The Central Government may, by notification, make rules for carrying out the **[**purposes**]** of this Act.	The Electricity Act, 2003 was introduced to overcome chronic power shortages and meet India's growing electricity demand. It aimed to address financial losses, attract investments, promote competition, and establish an independent regulatory structure. While successful in attracting investments and meeting demand, challenges persist in ensuring financial viability and fostering competition across the value chain. The need for clean energy transition adds further complexity as India advances toward the Viksit Bharat 2047 goal. To tackle these challenges, the Central Government has introduced rules aligned with the Act's objectives. It is essential that the Electricity Act also recognizes this evolving need and grants the Appropriate Government rule-making powers to achieve the Act's purposes. It is common for legislations to empower the Governments with rule-making authority to achieve the Act's purposes. It is proposed that the Electricity Act also aligns with this.

SN.	Section	Current Provisions	Proposed Amendments	Justification
30	Section 176 (2)	**New Clause**	**[**(aa) the eligibility criteria for captive generating plant and its users under sub-section (1) of Section 9. (ca) the manner of implementation of Inter-State Transmission Network under Section 25. (da) minimum standards of performance under Section 58. (ia) percentage of consumption from non-fossil sources of energy under clause (e) of sub-section (1) of Section 86.**]**	Consequential change due to proposed amendment in section 9, 25, 58 and 86.
31	Section 177 (2)	**New clause**	**[**(ea) the cyber security requirements for electricity system under clause (ca) of section 73;**]**	Consequential change due to proposed amendment in section 73.
32	Section 180 (2)	**New clause**	**[**(aa) the eligibility criteria for captive generating plant and its users under sub-section (1) of Section 9. (ab) the manner of implementation of Intra-State Transmission Network under Section 25 (ma) framework to facilitate placing of electric lines including determination of compensation to be paid under clause (e) of proviso to sub-section (2) of Section 164.**]**	Consequential change due to proposed amendment in section 9, 25 and 164.

SN.	Section	Current Provisions	Proposed Amendments	Justification
33	Section 181 (2)	**New Clause**	**[**(aa) framework for operation of multiple distribution licensees in the same area under the sixth proviso to Section 14. (oa) framework for development and maintenance of distribution system under the sub-section (1) of Section 42. (ta) exempt Distribution Licensees from the obligation to supply to any category of consumers under the sub-section (4) of Section 43. (tb) designate distribution licensee to supply electricity to consumers if their existing arrangement fails under the proviso to sub-section (4) of Section 43.**]**	Consequential change due to proposed amendment in section 14, 42 and 43.
34	Section 183	**New Clause**	**[**(1A) Notwithstanding anything contained in sub-section (1), if any difficulty arises in giving effect to the provisions of this Act as amended by the Electricity (Amendment) Act, 2025, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be	Removal of difficulties provisions.

SN.	Section	Current Provisions	Proposed Amendments	Justification
			necessary for removing the difficulty: Provided that no such order shall be made under this section after the expiry of a period of two years from the date of commencement of the Electricity (Amendment) Act, 2025.]	