



केन्द्रीय विद्युत विनियामक आयोग
CENTRAL ELECTRICITY REGULATORY COMMISSION



Dr. Pramod Deo
Chairperson

D.O. No. Chmn/2/7/2009 Policy-CERC
Dated : 27th April, 2009

Dear Shri Bangar,

Please refer to our letter dated 5th February, 2009 highlighting the disturbing development which has disrupted implementation of open access in the country.

Our apprehension - that approach of one State Government issuing orders under section 11 of the Electricity Act, 2003 may prompt other State Governments to raise similar barriers to export of electricity - has become a grim reality. As on date we have a spate of similar orders issued by other State Governments (namely Tamil Nadu, Maharashtra, Andhra Pradesh and Rajasthan) under section 11 or section 108 of the Act, which have the potential of destroying the nascent electricity market in India. A copy each of the orders issued by the State Governments is enclosed.

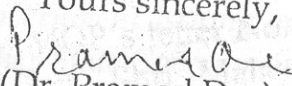
You would appreciate that such actions by the State Governments in restricting the sale of surplus power from a generating unit to the state grid or state entity alone, would block free flow of power from one region/state to another region/state and would affect integrated operation of the grid and also endanger grid security. This is patently against the letter and spirit of the Act and the national policy.

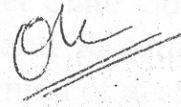
At the same time this will also have adverse impact on investment in capacity addition. Provision of open access or third party sale is one of the important drivers of reforms as it is seen not only as an instrument of market development but also as a mechanism that gives comfort to investors in terms of payment security. Restrictions on sale of surplus electricity would therefore frustrate all efforts at fostering competition in the sector.

The issues have been considered in the Commission and the Commission has decided to move the Supreme Court praying for stay/vacation of the orders of the above nature issued by various State Governments. The Commission hereby advises the Central Government under section 79(2) of the Electricity Act, 2003 that with due regard to the seriousness of the issue at stake, the Central Government should also intervene and move the Supreme Court praying for vacation of the orders issued by State Governments under section 11 and section 108, in order to uphold the spirit of the Act and policy.

Best regards

Encl: as above.

Yours sincerely,

(Dr. Pramod Deo)



Shri U.N. Panjiar
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