**Avadhesh Kumar Verma**
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Member – World Energy Council (WEC) London
Member – International Council On Large Electric System (Cigre) France
Member – State Advisory Committee (UPERC)
Member – Quality Control Standing Committee (UPERC)
Member –Energy Conservation Committee (UPPCL)
Member –Electricity Supply Code Review Panel (UPERC)
Chairman –National Electricity Consumer Coordination Committee
Member- Central Advisory Committee (CAC)-(CERC)

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**Ref. No.: 1113– cerc-2026** **Date: 13.10.2026**

**To,**
**The Secretary,**
**Central Electricity Regulatory Commission (CERC)**
**New Delhi**

**Subject: Objections and Suggestions for the Protection of Electricity Consumers' Interests on the Draft Indian Electricity Grid Code (Second Amendment) Regulations, 2026.**

**Respected Sir,**

**On behalf of the Uttar Pradesh Rajya Vidyut Upbhokta Parishad, the following objections and suggestions are hereby submitted after examining the draft Indian Electricity Grid Code (Second Amendment) Regulations, 2026, from the perspective of protecting electricity consumers' interests.**

**The principles governing tariff determination under Section 61 of the Electricity Act, 2003, emphasize the protection of consumer interests, economic efficiency, transparency, and the proper functioning of the electricity sector. Accordingly, while finalizing the proposed amendments, it is essential to ensure that electricity consumers are not subjected to an unjustified financial burden arising from grid operations, defaults by generating companies, or payment-related disputes.**

## 1. Objection to Passing on Charges Arising from Grid Congestion to Electricity Consumers

**Draft Regulation 30A provides for the imposition of charges on entities causing congestion in the grid.**

**The Parishad is of the view that the objective of this provision should be to establish discipline in grid operations and ensure accountability on the part of entities responsible for causing congestion. Where additional charges arise due to incorrect scheduling, violation of grid instructions, or other attributable conduct of an entity, the resulting financial burden should not automatically be passed on to electricity consumers.**

The Parishad requests that:

A transparent mechanism be prescribed for identifying the causes of grid congestion and determining the entity responsible.
Details of the charges imposed on the concerned entity, along with the methodology used for their calculation, be made publicly available.
Before allowing such charges to be adjusted against electricity procurement costs or included in tariffs, their justification and regulatory admissibility be independently examined.
Costs arising from the fault or default of a particular entity be recovered from the responsible entity rather than being passed on to ordinary electricity consumers.

2. Protection of Consumers in Cases of Outstanding Statutory Payments and Inadequate Payment Security

Draft Regulation 45(16) provides for restrictions on access to electricity or scheduling in cases involving outstanding statutory payments or deficiencies in the required payment security.

The Parishad recognizes that payment discipline is essential. However, a payment default by a distribution company or any other entity should not result in interruptions to electricity supply or an additional financial burden on ordinary consumers.

Keeping in view the principles of consumer protection underlying Section 61 of the Electricity Act, 2003, accountability must be fixed on the entity responsible for the payment default.

The Parishad requests that:

Time-bound action be taken against entities defaulting on their payment obligations.
Any additional costs arising from such defaults should not be included in consumer tariffs without an independent regulatory examination.
Wherever feasible and legally permissible, corrective arrangements be made to safeguard the continuity of electricity supply to consumers.
Information regarding deficiencies in payment security, outstanding amounts, and action taken against defaulting entities be disclosed transparently.

3. Objection to the Recovery of Capacity Charges During the Period of Unit Shutdown

Draft Regulation 47(2)(b) provides for the continued payment of capacity charges corresponding to the total declared capacity even when a generating unit is maintained in a shut-down condition. This may also include declared capacity that is disconnected from the busbar.

The Parishad is of the view that the provision must clearly establish the extent to which the relevant capacity remained available, the reasons for keeping the unit shut down, and the contractual and regulatory basis for determining payment liability.

Where a generating unit is unavailable or its capacity cannot be utilized, the justification for recovering capacity charges must be clearly established. It would not be appropriate to impose an additional burden on consumers solely on the basis of a general provision without examining the relevant circumstances.

The Parishad requests that:

Clear conditions be prescribed for the recovery of capacity charges during periods of unit shutdown.
The reasons for the shutdown, declared capacity, actual availability, and requirements of the grid be examined.
Financial consequences arising from a generating company's default, for which it is contractually or regulatorily responsible, should not automatically be passed on to consumers.
The calculation and recovery of capacity charges be made transparent and consistent with the applicable contracts and regulatory provisions.

4. Objection Regarding Declared Generation Capacity During Peak Hours

Draft Regulation 45(8) prescribes arrangements concerning the declared capacity of thermal generating stations during peak hours. Subject to specified exceptions, the provision requires the declared capacity during peak hours not to be lower than the capacity declared during other periods. It also provides for the determination of fixed charges in certain circumstances based on a lower declared capacity.

The Parishad is of the view that adequate generation capacity during peak hours is essential for reliable electricity supply. If a generating company reduces its declared capacity without sufficient technical justification, distribution companies may be compelled to procure expensive alternative power. The resulting additional financial burden may ultimately be passed on to consumers.

The Parishad requests that:

The reasons for any reduction in declared capacity be subjected to technical verification.
Relevant data and reasons concerning reductions in declared generation capacity be made available.

Accountability be fixed on entities that reduce declared capacity without adequate justification.
Appropriate exceptions be retained for genuine technical constraints, unavoidable circumstances, and mandatory shutdowns.
The additional burden on consumers arising from the procurement of expensive alternative power be subjected to regulatory scrutiny.

5. Sale of the State's Free Power Allocation from Central Hydroelectric Generating Stations

Draft Regulation 45(17) and Annexure 8 provide for arrangements enabling a State Government to sell its allocated share of free power from central hydroelectric generating stations directly from the busbar.

The Parishad is of the view that the allocation of free power is governed by the relevant allocation arrangements, agreements, and applicable legal provisions. Therefore, while establishing arrangements for its sale, scheduling, and accounting, it is necessary to examine the rights of the State and the potential impact on electricity consumers.

The Parishad requests that:

The sale of the free power allocation be carried out in accordance with applicable laws, allocation arrangements, and contractual conditions.
Transparency be maintained regarding the sale price, scheduling, accounting, and details of revenue received.
The impact of the proposed arrangement on the availability of power to the State's distribution companies and their electricity procurement costs be clearly assessed.
Appropriate safeguards be incorporated wherever there is a possibility of an adverse impact on the rights of the State or the interests of electricity consumers.

6. Scheduling and Tariff Determination of Uncontracted Generation

Draft Regulation 25A provides for the scheduling of uncontracted generation and, under certain circumstances, the determination of rates through mutual agreement between the concerned parties.

The Parishad is of the view that the determination of rates for such electricity must comply with the principles of transparency, reasonable cost, and applicable regulatory provisions. Rates should not be accepted solely on the basis of mutual agreement where the applicable law or regulations require regulatory scrutiny by the Commission.

The Parishad requests that:

Clear and transparent criteria be prescribed for determining the rates of uncontracted generation.
The actual cost and relevant contractual conditions be examined while determining such rates.
Rates determined through mutual agreement remain subject to applicable laws and the regulatory jurisdiction of the Commission.
Any unreasonable or disproportionate costs arising from the procurement of such electricity be subjected to regulatory scrutiny before being passed on to consumers.

7. Disclosure of Information Relating to Costs, Payments, and Scheduling

The Parishad is of the view that information relating to grid congestion charges, unit availability, capacity charges, reductions in declared capacity, payment defaults, and rates for uncontracted generation must be made available in an appropriate and transparent manner.

Such transparency would not only ensure accountability on the part of the concerned entities but also assist the Commission in determining whether the costs in question have been assessed on a reasonable and justified basis.

The Parishad requests that:

The concerned entities be required to furnish relevant data in a prescribed format.
The basis for calculating costs and charges be made publicly available.
Disputed costs and their impact on consumers be subjected to regulatory examination.
Adequate disclosure of information affecting consumer interests be ensured, while preserving legitimate exceptions relating to commercial confidentiality

and grid security.

8. Regulatory Scrutiny Before Passing Additional Financial Burdens on to Consumers

The Parishad particularly emphasizes that any additional charges, capacity costs, payment-related expenses, or costs arising from grid operations under the proposed amendments must be examined for their justification before being passed on to electricity consumers.

In accordance with the principles governing tariff determination under Section 61 of the Electricity Act, 2003, the determination of such costs must be reasonable, transparent, and consistent with the applicable regulatory framework.

The Parishad requests that before any such cost is included in tariffs, the

Commission examine its underlying reasons, the entity responsible, the contractual basis, the actual cost incurred, and the resulting impact on consumers. The burden arising from an entity's fault or payment default should not be passed on to ordinary consumers without proper examination.

Final Prayer

In view of the foregoing, the Central Electricity Regulatory Commission is respectfully requested to consider the above objections and suggestions while finalizing the draft Indian Electricity Grid Code (Second Amendment) Regulations, 2026, and incorporate appropriate provisions to safeguard the interests of electricity consumers.

The Parishad's principal requests are as follows:

Unjustified costs arising from defaults or failures of generating and distribution companies should not be passed on to electricity consumers.

Transparency should be ensured in the determination of grid congestion charges, capacity charges, and other related costs.

Institutional accountability should be established regarding declared generation capacity and actual availability.

Action should be taken against entities defaulting on payment obligations, while also safeguarding consumers' interests in the continuity of electricity supply.

Every additional cost proposed to be included in consumer tariffs should undergo appropriate regulatory scrutiny.

The final regulations should incorporate safeguards that maintain a proper balance between grid reliability, economic efficiency, and the protection of consumer interests.

The Parishad sincerely hopes that the Commission will give due consideration to these objections and suggestions in the broader interest of electricity consumers.

Yours faithfully,

18/10/2026

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