

## **FICCI opposes move by states to curb open access in power sector**

**NEW DELHI, April 7, 2014:** FICCI strongly opposes the recent move by States to curb competition in the power sector by invoking Section 11 of the Electricity Act, 2003 and restricting open access. These, of course, are not rare incidents and to a certain extent expected in view of the approaching elections. Once again, instead of provisioning for sufficient electricity to meet consumer power demands, States have decided not to pursue the spirit and provisions of the Act. What is unfortunate is that even after 11 years, the implementation of the Act continues to remain a challenge.

*Says Dr. A. Didar Singh, Secretary General, FICCI, "Open Access to the transmission and distribution network is the cornerstone of the Act, which was meant to unshackle the power sector by fostering competition, transparency, efficiency for the ultimate good of the consumer as well as the sector."*

Today, over 2400 consumers and more than 200 captive generators across the various industry and commercial segments including steel, aluminium, textile, glass, automobile, pharmaceuticals, chemicals, commercial complexes, malls, educational institutions, group housing societies are leveraging open access to optimise their costs.

Competition in power supply is critical for commercial as well as social growth of the nation. FICCI would like to reiterate certain imperatives for bringing in competition in the real sense:

- The States must realize that the open access is an opportunity and not a threat.
- Segregation of content and carriage, both structurally as proposed in the most recent amendments to the Act initiated by the Ministry of Power, and operationally, will go a long way in implementing open access and ushering in the much-needed transparency.
- Strengthening of Section 11, as also proposed in the most recent amendments to the Act, is vital in order to prevent its misuse by the States. The term 'extraordinary circumstances' mentioned in the Statute must be defined and *usual shortage of power* should not qualify under this provision.
- Implementation of a road map pertaining to the reduction of cross-subsidy surcharge as proposed under the Act must be pursued with alacrity.
- On the operational front, there is need to streamline and expedite the process of securing clearances for open access. Instituting a centralized electronic open access registry is one of the possible solutions for reducing time taken.

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