Directing regulation!

The recent issue of a direction by the Ministry of Power to the Central Electricity Regulatory Commission does not augur well for either regulatory autonomy or for the longer-term development of the sector.

It is a letter dated May 8, the Ministry of Power gave an unusual statutory direction to the Central Electricity Regulatory Commission (CERC). The letter says that “the CERC is hereby directed to hold a separate hearing before framing regulation under the Electricity Act, 2003, in respect of the proposal to include a penalty of Rs 25 lakh for non-payment of叔PAYCOMERABLE TBE" under section 59 of the Act. The penalty is to be imposed on the generators in the event of non-payment of electricity dues.

This is extraordinary given that the CERC is the statutory body empowered by Parliament to regulate the electricity sector. The letter says this is a directive from the Ministry of Power to the CERC. It is not clear why this was done. The letter suggests that the Ministry of Power is seeking to influence the regulatory process. This is not in line with the principle of regulatory autonomy, which means that regulators should be independent and not subject to undue influence from government departments.

The letter also states that the CERC should consider the issue of compensation for non-payment of electricity dues. This is a matter that falls within the jurisdiction of the CERC, which is an independent body. The Ministry of Power’s directive suggests that it is seeking to influence the regulatory process.

In conclusion, the letter is a call for regulatory autonomy and for the CERC to be independent. The Ministry of Power should respect the principle of regulatory autonomy and allow the CERC to regulate the electricity sector independently.