

Open Access Policy and its implication on DISCOM

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The Electricity Act, 2003 defines the duty of a distribution licensee to develop and maintain an efficient, coordinated and economical distribution system in his area to supply. It also provides that where any person, whose premises are situated within the area of supply of a distribution licensee, requires a supply of electricity from a generating company or any licensee other than such distribution licensee, such person may by notice require the distribution licensee for wheeling such electricity in accordance with the regulations made by the State commission and the duties of such distribution licensee in respect of such supply shall be those of a common carrier providing non-discriminatory open access to its distribution system. However, open access shall be introduced in phases by the State Commission, having due regard to factors like cross-subsidies, etc. Open access may also be allowed on payment of a surcharge in addition to wheeling charges, as may be specified by the State Commission.

The Provision relating to open access in distribution is contained in Sec 42 of the Electricity Act 2003. Open access implies that consumer's within the supply area of a distribution licensee can source power even from sources other than the incumbent licensee. The Regulatory Commission have to introduce open access in distribution in a phased manner. Consumer availing open access will have to bear charges of crossed subsidy surcharge, wheeling and an additional surcharge as may be decided by the Commission.

The electricity policy underlines the Government's commitment to power sector reforms. The Act advocates that open access is a goal and it lays down a plan to achieve open access. The industry and the consumers have welcomed the new policy, and are upbeat on the policy of 'Open Access' and public - private partnerships.

Under the recently notified regulation by Delhi Electricity Regulatory Commission, consumers the city consuming a load of above 1 MW can switch to another DISCOM in or outside Delhi. At the same time DISCOMs are also free to attract consumers outside their distribution networks by offering better services and competitive rates. The residents of several housing societies of Gurgaon, fed up with ten-hour long outages in Gurgaon have approached TATA-backed DISCOM NDPL to supply them power under the recently notified open access regulations. Frustrated residents of Gurgaon claimed that power supply in Gurgaon has been worsening over the years while their bills were getting inflated.

NDPL CEO Sunil Wadhwa said "We are looking at expanding operations through open access in nearby surrounding areas like Sonapat, Meerut, Panipat, Faridabad and other NCR areas. At the movement, a big group of RWA representatives from Gurgaon have approached us to supply power to them and we are working out the model for the same." Haryana Regulatory Commission had notified open access regulations for domestic consumers for more than 1 MW load over a year ago while Delhi Electricity Regulatory Commission (DERC) notified it for the Capital just a few weeks back. Each big apartment block in Gurgaon has a combined load of 5-6 MW, so they can avail of open access. With frequent power cuts and inflated bills Gurgaon residents are well within their rights to switch DISCOM.

According to the plans chalked out by the DISCOM, the power for Gurgaon residents will go from the generating station via the network laid out by Power Grid Corporation Ltd. (PGCL) and then use the network of Haryana vidyut Prasaran Nigam. (Source - Times of India)

Experts say this will be the first successful open access project in the country where consumers have actually used their right to choose their service provider. There can be direct commercial relation ship between a consumer/ bulk consumers and a generating Company without any discom and only the transmission and wheeling charges with surcharge would be regulated. The message that inefficient Discom will not survive long, is written in bold letters on the wall.
