

Salient Features of Indian Electricity Act 2003:

Sr No.	Category	Key Features of Indian Electricity Act 2003
1	Objectives	<ul style="list-style-type: none"> ▶ Encouraging autonomous regulation with the separation of policy regulation and operational aspects ▶ Rationalizing tariff and lowering the cross-subsidization levels ▶ Creating competition in the industry ▶ Ensuring supply of electricity to all areas ▶ Protecting consumer interests
2	Policy	<ul style="list-style-type: none"> ▶ A National electricity plan shall be prepared in accordance with National Electricity Policy every 5 years National policy on stands alone systems for rural areas and Non-conventional energy systems National policy on electrification and local distribution in rural areas
3	Restructuring	<ul style="list-style-type: none"> ▶ Vertical integration instead of horizontal unbundling of State Electricity Boards (SEBs) to make them financially strong ▶ State governments will have the freedom to decide the sequence and phases of restructuring, and also retain the integrated structure of the SEB for a limited period ▶ Introduction of the concept of power trading as a distinct activity, and the introduction of a spot market for bulk electricity
4	Generation	<ul style="list-style-type: none"> ▶ Removal of captive power plants from the ambit of licensing and other permissions ▶ Generators can contract directly with DISCOMs ▶ DISCOMs can have embedded generation ▶ Captive generation allowed freely—can supply to associates ▶ Elimination of Licensing requirement and techno-economic clearances for generation projects except hydel projects
5	T & D	<ul style="list-style-type: none"> ▶ Provision for Private participation in distribution ▶ Surcharge for open access to meet current cross-subsidy burden (except for CPP's) ▶ Dedicated transmission lines allowed (not regulated) ▶ Central and State transmission Utilities (CTU and STUs) not permitted to trade ▶ Transmission licensees allowed ▶ Multi Year Tariff (MYT) recommended ▶ Bidding allowed