

THE ELECTRICITY LAWS (AMENDMENT) ACT, 1991

No. 50 OF 1991

[27th September, 1991.]

An Act further to amend the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948.

BE it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

Short title and commencement.

1. (1) This Act may be called the Electricity Laws (Amendment) Act, 1991.

(2) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

Amendment of section 6 of Act 9 of 1910.

2. In section 6 of the Indian Electricity Act, 1910, in clause (b) of subsection (1), for the words "twenty" and "ten", the words "thirty" and "twenty" shall, respectively, be substituted.

Amendment of section 2.

3. In section 2 of the Electricity (Supply) Act, 1948 (hereinafter referred to as the principal Act),—

54 of 1948.

(i) after clause (3), the following clause shall be inserted, namely:—

'(3A) "competent government" means the Central Government in respect of a Generating Company wholly or partly owned by it and in all other cases the Government of the State in which the generating station of a Generating Company is located or proposed to be located;'

(ii) for clause (4A), the following clause shall be substituted, namely:—

'(4A) "Generating Company" means a company registered under the Companies Act, 1956 and which has among its objects the establishment, operation and maintenance of generating stations;'

1 of 1956.

(iii) after clause (9), the following clauses shall be inserted, namely:—

'(9A) "Regional Electricity Board" means any of the Boards as constituted immediately before the commencement of the

¹15.10.1991: vide Notification No. S.O. 702(E), dated 15-10-1991.

Electricity Laws (Amendment) Act, 1991, by resolution of the Central Government for ensuring integrated operation of constituent system in the region;

(9B) "Regional Load Despatch Centre" means the Centre so designated where the operation of each of the Regional Electricity Grids constituting the country's power system is co-ordinated;

4. In section 15A of the principal Act,—

(i) the word "Formation," occurring in the marginal heading and sub-section (1) shall be omitted;

(ii) for sub-sections (2) and (3), the following sub-sections shall be substituted, namely:—

"(2) The objects of a Generating Company shall include—

(a) establishment, operation and maintenance of generating stations and tie-lines, sub-stations and main transmission lines connected therewith;

(b) operation and maintenance of such generating stations, tie-lines, sub-stations and main transmission lines as are assigned to it by the competent government or governments.

(3) The Generating Company shall carry on its activities within such areas as the competent government or governments, as the case may be, may, from time to time, specify in this behalf.;"

(iii) sub-sections (4), (6) and (7) shall be omitted.

5. In section 18A of the principal Act, in sub-section (1), for the words "promoting government or promoting governments", at both the places where they occur, the words "competent government or governments" shall be substituted.

6. In section 29 of the principal Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Every scheme estimated to involve a capital expenditure exceeding such sum, as may be fixed by the Central Government, from time to time, by notification in the Official Gazette, shall, as soon as may be after it is prepared, be submitted to the Authority for its concurrence.;"

(ii) in sub-section (4), in the proviso, for the words "promoting government or one of the promoting governments", the words "competent government or one of the competent governments" shall be substituted.

7. In section 30 of the principal Act, in clause (g), the words "and such other directions as may be given by the Central Government" shall be added at the end.

Amendment of section 15A.

Amendment of section 18A.

Amendment of section 29.

Amendment of section 30.

Amend-
ment of
section
31.

8. In section 31 of the principal Act, in sub-section (1), in the proviso, for the words "the promoting government or one of the promoting governments", the words "competent government or one of the competent governments" shall be substituted.

Amend-
ment of
section
39.

9. In section 39 of the principal Act,—

(i) in sub-section (2), in the proviso, for the words "promoting government or one of the promoting governments", the words "competent government or one of the competent governments" shall be substituted;

(ii) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) For the purposes of this section, no direction shall be issued to a Generating Company wholly or partly owned by the Central Government unless and until the prior concurrence of that Government is obtained."

Amend-
ment of
section 43.

10. In section 43 of the principal Act, sub-section (3) shall be omitted.

Insertion
of new
section
43A.

11. After section 43 of the principal Act, the following section shall be inserted, namely:—

Terms,
conditions
and tariff
for sale of
electricity
by Genera-
ting
Company.

"43A. (1) A Generating Company may enter into a contract for the sale of electricity generated by it—

(a) with the Board constituted for the State or any of the States in which a generating station owned or operated by the company is located;

(b) with the Board constituted for any other State in which it is carrying on its activities in pursuance of sub-section (3) of section 15A; and

(c) with any other person with consent of the competent government or governments.

(2) The tariff for the sale of electricity by a Generating Company to the Board shall be determined in accordance with the norms regarding operation and the Plant Load Factor as may be laid down by the Authority and in accordance with the rates of depreciation and reasonable return and such other factors as may be determined, from time to time, by the Central Government, by notification in the Official Gazette:

Provided that the terms, conditions and tariff for such sale shall, in respect of a Generating Company wholly or partly owned by the Central Government, be such as may be determined by the Central Government and in respect of a Generating Company wholly or partly owned by one or more State Governments be such as may be determined, from time to time, by the government or governments concerned."

12. For section 55 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 55.

“55. (1) Every licensee shall comply with such reasonable directions as the Board may, from time to time, give him for the purpose of achieving the maximum economy and efficiency in the operation of his undertaking or any part thereof.

Compliance of direction of the Regional Electricity Board, etc., by licensees or Generating Companies.

(2) Every licensee or Generating Company shall follow all the directions of the Regional Electricity Boards and shall conduct their operations in accordance with the instructions of the Regional Load Despatch Centre so as to ensure integrated grid operations.

(3) If any dispute arises with reference to the integrated grid operations as to whether any direction given under sub-section (1) or sub-section (2), is reasonable or not, it shall be referred to the Authority, whose decision thereon shall be final; so, however, pending the decision of the Authority, directions of the Regional Electricity Boards or the Regional Load Despatch Centres shall prevail in the interest of smooth operation of the integrated grid.”

13. In section 75A of the principal Act,—

Amendment of section 75A.

(i) sub-section (1) shall be omitted;

(ii) in sub-section (2), for the word “promoting” wherever it occurs, the word “competent” shall be substituted;

(iii) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) For the purpose of preparing the statement of accounts referred to in sub-section (2), the depreciation to be provided every year shall be calculated at such rate as may be specified by the Central Government, by notification in the Official Gazette, in accordance with the provisions of section 43A.”;

(iv) sub-section (3A) shall be omitted;

(v) in sub-section (4), for the words, brackets and figure “sub-sections (1) and”, the word “sub-section” shall be substituted.

14. In the Sixth Schedule to the principal Act, in paragraph XVII,—

Amendment of Sixth Schedule

(i) in sub-paragraph (2), in clause (c), after sub-clause (va), the following sub-clause shall be inserted, namely:—

“(vb) debt redemption obligation of the private licensees which may be done on a year to year basis, taking into account the requirements of debt redemption and resource generation through depreciation, retained surplus;”;

(ii) in sub-paragraph (6), for clause (b), the following clause shall be substituted, namely:—

“(b) interest charges on capital expenditure incurred during the period between the date of grant of the licence and the date when the undertaking commences supply, from borrowed money and properly attributable to the assets as actually accrued up to the date of such supply, as well as interest incurred on outlays for subsequent expansions;”;

(iii) in sub-paragraph (10), in clause (b), for the words “part of capital base for that year, the Reserve Bank rate ruling at the beginning of that year, plus two per centum:”, the following words, brackets and figures shall be substituted, namely:—

“capital base for that year, the Reserve Bank rate ruling at the beginning of that year plus—

(i) two per centum for investments made up to the date of the commencement of the Electricity Laws (Amendment) Act, 1991; and

(ii) five per centum for investments made thereafter:”.