

THE ELECTRICITY LAWS (AMENDMENT) ACT, 1998

No. 22 OF 1998

[10th August, 1998.]

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

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

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) This Act may be called the Electricity Laws (Amendment) Act, 1998.
- (2) It shall come into force on such date ^{*} as the Central Government may, by notification in the Official Gazette, appoint.

CHAPTER II

AMENDMENTS TO THE INDIAN ELECTRICITY ACT, 1910

Amendment of section 2.

2. In the Indian Electricity Act, 1910 (hereafter in this Chapter referred to as the Electricity Act), in section 2,—

(a) after clause (b), the following clauses shall be inserted, namely:—

“(ba) “area of transmission” means the area within which a transmission licensee or any other person is for the time being authorised to transmit energy;

14 of 1998. (bb) "Central Commission" means the Central Electricity Regulatory Commission established under sub-section (1) of section 3 of the Electricity Regulatory Commissions Act, 1998;

(bc) "Central Transmission Utility" means the utility notified by the Central Government under sub-section (1) of section 27A; ;

(b) after clause (g), the following clauses shall be inserted, namely:—

1 of 1956. (ga) "Government company" shall have the meaning assigned to it in section 617 of the Companies Act, 1956;

(gb) "inter-State transmission system" means, any system for the conveyance of energy by means of a main transmission line from the territory of one State to another State and includes,—

(i) the conveyance of energy across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of energy;

(ii) the transmission of energy within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility or by any person under the supervision and control of a Central Transmission Utility;

(gc) "intra-State transmission system" means any system for transmission of energy other than an inter-State transmission system; ;

(c) for clause (11), the following clauses shall be substituted, namely:—

14 of 1998. (1a) "State Commission" means the State Electricity Regulatory Commission established under sub-section (1) of section 17 of the Electricity Regulatory Commissions Act, 1998;

54 of 1948. (1b) "State Electricity Board" in relation to any State means the State Electricity Board, if any, constituted for that State under section 5 of the Electricity (Supply) Act, 1948 and includes any Board which functions in that State under sections 6 and 7 of the said Act;

(1c) "State Transmission Utility" means the utility notified by the State Government under sub-section (1) of section 27B; ;

(d) after clause (m), the following clauses shall be inserted, namely:—

(ma) "transmission license" means a license granted under Part IIA to transmit energy;

(mb) "transmission licensee" means a person who holds a transmission license;

(mc) "transmit" means conveyance of energy by means of transmission lines and the expression "transmission" shall be construed accordingly; ;

Insertion
of new
Part IIA.

3. After Part II of the Electricity Act, the following Part shall be inserted, namely:—

'PART IIA

TRANSMISSION OF ENERGY

Central
Transmission
Utility.

27A. (1) The Central Government shall, by notification in the Official Gazette, specify any Government company as the Central Transmission Utility.

(2) The functions of the Central Transmission Utility shall be to—

(a) undertake transmission of energy through inter-State transmission system;

(b) discharge all functions of planning and coordination relating to inter-State transmission system with—

(i) State Transmission Utilities;

(ii) Central Government;

(iii) State Governments;

(iv) generating companies;

(v) Regional Electricity Boards;

(vi) Authority;

(vii) licensees;

(viii) transmission licensees;

(ix) any other person notified by the Central Government in this behalf.

(3) The Central Transmission Utility shall exercise supervision and control over the inter-State transmission system.

State
Transmission
Utility.

27B. (1) The State Government shall, by notification in the Official Gazette, specify the State Electricity Board or any Government company as the State Transmission Utility.

(2) The functions of the State Transmission Utility shall be to—

(a) undertake transmission of energy through intra-State transmission system;

(b) discharge all functions of planning and coordination relating to intra-State transmission system with—

(i) Central Transmission Utility;

(ii) State Governments;

(iii) generating companies;

(iv) Regional Electricity Boards;

(v) Authority;

(vi) licensees;

(vii) transmission licensees;

(viii) any other person notified by the State Government in this behalf.

(3) The State Transmission Utility shall exercise supervision and control over the intra-State transmission system.

(4) The State Transmission Utility shall comply with and ensure compliance by others in that State of the directions which the Central Transmission Utility may give from time to time in connection with the integrated grid operations and operation

of the power system or otherwise in regard to matters which affect the operation of the inter-State transmission system.

27C. (1) Until the Central Commission is established, the Central Government and thereafter the Central Commission may, subject to the provisions of sub-section (4), grant a transmission license to any person.

Grant of
transmission
license by the
Central
Government.

(2) A transmission license granted under sub-section (1) may authorise the transmission licensee to construct, maintain and operate any inter-State transmission system under the direction, control and supervision of the Central Transmission Utility.

(3) Every application under sub-section (1) shall be—

- (a) subject to such terms and conditions;
- (b) in such form; and
- (c) accompanied by such fees,

as may be notified by the Central Government or by the Central Commission, as the case may be, in this behalf.

(4) No application shall be entertained under sub-section (1) unless the applicant has obtained the approval of the Central Transmission Utility in such manner as may be notified by the Central Government or by the Central Commission, as the case may be, in this behalf.

(5) Until the Central Commission is established, the Central Government and thereafter the Central Commission in the case of inter-State transmission system may, if it considers necessary in public interest, by order subject to such conditions, if any, as may be specified in that order, grant exemption to any person from obtaining a transmission license under this section.

27D. (1) Until the State Commission is established, the State Government and thereafter the State Commission may, subject to the provisions of sub-section (4), grant a transmission license to any person.

Grant of
transmission
license
by the State
Government.

(2) A transmission license granted under sub-section (1) may authorise the transmission licensee to construct, maintain and operate any intra-State transmission system under the direction, control and supervision of the State Transmission Utility.

(3) Every application under sub-section (1) shall be—

- (a) subject to such terms and conditions;
- (b) in such form; and
- (c) accompanied by such fees,

as may be notified by the State Government or by the State Commission, as the case may be, in this behalf.

(4) No application shall be entertained under sub-section (1) unless the applicant has obtained the approval of the State Transmission Utility in such manner as may be notified by the State Government or by the State Commission, as the case may be, in this behalf.

(5) Until the State Commission is established, the State Government and thereafter the State Commission in the case of intra-State transmission system may, if it considers necessary in public interest, by order subject to such conditions, if any, as may be specified in that order, grant exemption to any person from obtaining a transmission license under this section.

27E. The provisions of sections 12 to 19 (both inclusive), section 25 and clauses XIV to XVII (both inclusive) of the Schedule shall, as far as may be, apply to a transmission licensee subject to the modification that references to "license" and "licensee" shall be construed as references to "transmission license" and "transmission licensee", respectively.

Modified
application of
certain sections
to transmission
license and
transmission
licensee.

Laying of certain notification and order, etc.

27F. (1) Every notification issued and every order made by the Central Government under this Part shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification or order or both Houses agree that the notification or order should not be made, the notification or order shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification or order.

(2) Every notification issued by the State Government and every order made by the State Government under section 27D shall be laid, as soon as it is made or issued, before the State Legislature.

Amendment of section 29A.

4. In section 29A of the Electricity Act, for the words and figures "in section 3 of the Indian Railways Act, 1890", the words and figures "in clause (32) of section 2 of the Railways Act, 1989" shall be substituted.

9 of 1890.
24 of 1989.

Amendment of section 30.

5. In section 30 of the Electricity Act, in sub-section (1),—

(a) for the portion beginning with the words "No person other than a licensee" and ending with the words "one hundred volts—", the following shall be substituted, namely:—

"Save as otherwise exempted under this Act, no person other than Central Transmission Utility, State Transmission Utility, a transmission licensee, a licensee or a person to whom sanction is granted under section 28, duly authorised under the terms of his license or sanction, as the case may be, shall transmit or use energy at a rate exceeding two hundred and fifty watts and one hundred volts—";

(b) in the first proviso, for the words and figures "the Indian Railways Act, 1890", the words and figures "the Railways Act, 1989" shall be substituted.

9 of 1890.
24 of 1989.

Insertion of new section 41A.

6. After section 41 of the Electricity Act, the following section shall be inserted, namely:—

Penalty for unauthorised transmission of energy.

"41A. Whoever, in contravention of the provisions of this Act or regulations or license conditions, engages in the business of transmission of energy shall be punishable with fine which may extend to three thousand rupees and in case of a continuing contravention, with a daily fine which may extend to three hundred rupees."

Substitution of new section for section 51.

7. For section 51 of the Electricity Act, the following section shall be substituted, namely:—

Exercise in certain cases of powers of telegraph-authority.

"51. Notwithstanding anything contained in sections 12 to 16 (both inclusive) and sections 18 and 19, the Central Government in the case of inter-State transmission system and the State Government in the case of intra-State transmission system, as the case may be, may, by order in writing, for placing of electric supply-lines, appliances and apparatus for the transmission of energy or for the purpose of telephonic or telegraphic communication necessary for the proper co-ordination of works, confer upon any public officer, Central Transmission Utility, State Transmission Utility, licensee, transmission licensee or any other person engaged in the business of transmission or supplying energy to the public under this Act, subject to such conditions and restrictions (if any) as the Central Government or the State Government, as the case may be, may think fit to impose, and to the provisions of the Indian Telegraph Act, 1885, any of the powers which the telegraph-authority

13 of 1885.

possesses under the Act, with respect to the placing of telegraph-lines and posts for the purposes of a telegraph established or maintained by the Government or to be so established or maintained."

10 of 1940.
26 of 1996.

8. In section 52 of the Electricity Act, for the words and figures "Arbitration Act, 1940", the words and figures "Arbitration and Conciliation Act, 1996" shall be substituted.

Amendment of section 52.

CHAPTER III

AMENDMENTS TO THE ELECTRICITY (SUPPLY) ACT, 1948

54 of 1948.

9. In the Electricity (Supply) Act, 1948 (hereafter in this Chapter referred to as the Supply Act), in section 2,—

Amendment of section 2.

(i) for clause (8A), the following clause shall be substituted, namely:—

'(8A) "power system" means all aspects of generation, transmission, distribution and supply of energy; and includes the following or any combination thereof—

- (a) generating stations;
- (b) transmission or main transmission lines;
- (c) sub-stations;
- (d) tie-lines;
- (e) load despatch activities;
- (f) mains or distribution mains;
- (g) electric supply-lines;
- (h) overhead lines;
- (i) service lines;
- (j) -works;';

(ii) for clauses (9A) and (9B), the following clauses shall be substituted, namely:—

(9A) "Regional Electricity Board" means a Board constituted by resolution of the Central Government for a specified region for facilitating the integrated operation of the power system in that region;

(9B) "Regional Load Despatch Centre" means the Centre so designated for a specified region where the operation of the power system in that region and the integration of the power system with other regions and areas (within the territory of India or outside) are co-ordinated;

(9C) "State Load Despatch Centre", in relation to a State, means the Centre so designated where the operation of the power system in that State and integration of such State power system with other power system are co-ordinated;';

(iii) for clause (12), the following clause shall be substituted, namely:—

'(12) "transmission lines" means all works mentioned in sub-section (7) used wholly or partially for the purposes of distribution or transmission of energy;';

10. For section 41 of the Supply Act, the following section shall be substituted, namely:—

Substitution of new section for section 41.

"41. (1) Until the Central Commission is established, the Central Government and thereafter the Central Commission in the case of inter-State transmission system and until the State Commission is established, the State Government and thereafter

Use of transmission lines.

the State Commission in the case of intra-State transmission system may determine the charges payable to the Central Transmission Utility or State Transmission Utility, as the case may be, for the use of transmission system by a Board, its successor entity, generating company, licensee or any other person.

(2) The Central Transmission Utility or State Transmission Utility, as the case may be, may enter into an agreement with any transmission licensee for the exclusive use of the transmission system constructed, maintained and operated by the transmission licensee.

(3) Where the Central Transmission Utility or the State Transmission Utility, as the case may be, considers it necessary to use for any purpose any transmission system or transmission line or main transmission line of a generating company or a licensee, it shall have the power to use such lines to the extent to which the capacity thereof is surplus to the requirements of the generating company or the licensee on payment of charges calculated in accordance with the provisions of the Fifth Schedule.”.

11. For section 55 of the Supply Act, the following section shall be substituted, namely:—

“55. (1) Until otherwise specified by the Central Government, the Central Transmission Utility shall operate the Regional Load Despatch Centres and the State Transmission Utility shall operate the State Load Despatch Centres.

(2) The Regional Load Despatch Centre shall be the apex body to ensure integrated operation of the power system in the concerned region.

(3) The Regional Load Despatch Centre may give such directions and exercise such supervision and control as may be required for ensuring integrated grid operations and for achieving the maximum economy and efficiency in the operation of the power system in the region under its control.

(4) Subject to the provisions of sub-section (3), the State Load Despatch Centre in a State may give such directions and exercise such supervision and control as may be required for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of the power system in that State.

(5) Every licensee, transmission licensee, Board, generating company, generating stations, sub-stations and any other person connected with the operation of the power system shall comply with the directions issued by the Load Despatch Centres under sub-sections (3) and (4).

(6) All directions issued by the Regional Load Despatch Centres to any transmission licensee of State transmission lines or any other licensee of the State or generating company (other than those connected to inter-State transmission system) or sub-station in the State shall be issued through the State Load Despatch Centre and the State Load Despatch Centre shall ensure that such directions are duly complied by the transmission licensee or licensee or generating company or sub-station.

(7) Subject to the above provisions of this section, the Regional Electricity Board in the region from time to time may mutually agree on matters concerning the smooth operation of the integrated grid and economy and efficiency in the operation of the power system in that region and every licensee, transmission licensee and others involved in the operation of the power system shall comply with the decision of the Regional Electricity Board.

Substitution
of new
section for
section 55.

Compliance
of directions
of the
Regional
Electricity
Board, etc.,
by licensees
or generating
companies.

(8) The Regional Load Despatch Centre or the State Load Despatch Centre, as the case may be, shall enforce the decision of the Regional Electricity Boards.

14 of 1998.

(9) Subject to regulations made under the Electricity Regulatory Commissions Act, 1998 by the Central Commission, in the case of Regional Load Despatch Centres or the State Commission in the case of State Load Despatch Centres, any dispute with reference to the operation of the power system including grid operation and as to whether any directions issued under sub-section (3) or sub-section (4) is reasonable or not, shall be referred to the Authority for decision:

Provided that pending the decision of the Authority, the directions of the Regional Load Despatch Centres or the State Load Despatch Centres, as the case may be, shall be complied with.

(10) Until the Central Commission is established, the Central Government and thereafter the Central Commission in the case of Regional Load Despatch Centre and until the State Commission is established, the State Government and thereafter the State Commission in the case of the State Load Despatch Centre of that State, may, by notification, specify the fees and charges to be paid to the Regional Load Despatch Centres and the State Load Despatch Centres, as the case may be, for undertaking the load despatch functions entrusted by the Central Government or by the State Government, as the case may be.

(11) The provision of sub-section (3) of section 4B shall apply in relation to any notification issued by the Central Government or the Central Commission as the case may be under sub-section (10), as they apply in relation to the rules made by that Government under Chapter II.

12. In section 76 of the Supply Act,—

Amendment of section 76.

10 of 1940.
26 of 1996.

(a) in sub-section (3), for the words and figures "Arbitration Act, 1940", the words and figures "Arbitration and Conciliation Act, 1996" shall be substituted;

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

"(3A) Where any question or matter is referred to the Authority for arbitration under this section, the Authority may, having regard to the circumstances of each case, charge such arbitration fee as it may deem reasonable."

13. For section 79A of the Supply Act, the following section shall be substituted, namely:—

Substitution of new section for section 79A.

"79A. Every notification issued under section 55 by the State Government, or the State Commission, as the case may be, every rule made by that Government under section 78 and every regulation made by the Board under section 79, shall be laid, as soon as may be, before the State Legislature."

Laying of notification before the State Legislature.