

The Draft Electricity (Amendment) Bill, 2025 | Ministry of Power invites comments / objections / suggestions

17 October 2025

The Ministry of Power (MoP), by Notification dated 09.10.2025, has issued the attached draft Electricity (Amendment) Bill, 2025 (Draft Bill), along with an explanatory note, a comparative statement detailing the existing provisions of the Electricity Act, 2003, the corresponding proposed amendments, and the justifications thereof.

The Draft Bill proposes, inter alia, the following key amendments to the Electricity Act, 2003:

Section	Current Provisions	Proposed Amended Provisions
Section 9(1)	Provides the legal basis for captive generation. However, it does not explicitly empower the Central and State Governments to make rules governing captive generation.	An explicit proviso is proposed to be introduced empowering the Appropriate Government to prescribe the eligibility criteria for captive generating plants and their users.
Section 14 (Sixth Proviso)	The proviso currently permits multiple distribution licensees with separate networks in the same distribution / license area.	The phrase " <i>through their own distribution system within the same area</i> " is proposed to be substituted with " <i>through their own <u>or shared</u> distribution system within the same area in accordance with the framework as specified by the Commission</i> ". The proposed amendment signifies a legislative intent to promote competition and enable the operation of multiple distribution licensees within the same area of supply through shared network infrastructure. A corresponding regulation-making power has been proposed under Section 181 to enable State Commissions to specify the framework for such shared distribution systems.
Section 42(1)	The provision currently permits parallel licensees to supply electricity in the same supply area, but with their own network.	The proposed amendment explicitly mandates provisions of <u>non-discriminatory open access to the existing distribution network</u> .
Section 43	The provision imposes a universal supply obligation on distribution licensees to supply power to all consumer categories, including consumers capable of sourcing their own power.	A new sub-section has been proposed to exempt the distribution licensee from its obligation to supply electricity to all consumers, who require a supply of electricity, where the maximum power to be made available at any time exceeds 1 MW, subject to approval of State Commission (in consultation with State Government).
Section 64(1)	The provision does not explicitly authorize the Appropriate	The generating companies and licensees are mandated to file applications for tariff determination within the time and manner specified by the Appropriate Commission. In the event of non-

Section	Current Provisions	Proposed Amended Provisions
	Commissions to determine tariffs on a <i>suo moto</i> basis.	adherence to the timeline, the Commission may determine the tariff <i>suo motu</i> , ensuring that new tariffs take effect from the beginning of the next financial year.
Section 86(1)(e)	The provision empowers State Commissions to specify the minimum percentage of purchase i.e., Renewable Purchase Obligation (RPO). Simultaneously, Section 14(x) of the Energy Conservation Act, 2001 empowers the Central Government to specify minimum percentage of consumption i.e., Renewable Consumption Obligations (RCO) by designated consumers.	Notably (i) the term “renewable energy” is proposed to be substituted with “non-fossil sources”; and (ii) the RPO specified by State Commissions shall not be less than the level prescribed by the Central Government. This proposed amendment aligns the RPO with the nationwide RCO under the Energy Conservation Act, 2001.
Section 92	Currently, there is no time limit for adjudicatory proceedings of the Commissions.	A provision is proposed to be introduced mandating that all proceedings before the Appropriate Commission shall be decided expeditiously, with an endeavour to dispose of matters within 120 days. In the event of delay, the Appropriate Commission is required to record reasons for such delay.
Section 112	The Appellate Tribunal for Electricity (APTEL) currently comprises of a Chairperson and 3 members.	There is a proposal to increase the number of members of the APTEL from 3 to not more than 7 in addition to the Chairperson.
Section 142	The provision does not provide for a specific penalty in cases of non-compliance with RPO targets.	A specific penal provision for non-compliance with RPO targets is proposed to be introduced. The Appropriate Commission may impose a penalty ranging from INR 0.35 to INR 0.45 per kilowatt-hour of default, without prejudice to other penalties under the Electricity Act, 2003.
Section 164	Power vested with Appropriate Government to allow placing of electric lines or electrical plant for the transmission of electricity or other purposes.	Establishes Electrical Line Authority for right-of-way and line construction disputes.
Section 176	Currently, there is no express power to prescribe certain technical or operational criteria.	The Central Government is empowered to make rules, <i>inter alia</i> , (i) the eligibility criteria for captive generating plants; (ii) the manner of implementation of inter-State transmission networks; and (iv) minimum non-fossil energy consumption.
Section 180	Currently, there is no such power given to the State Governments.	The State Governments are empowered with to make rules regarding intra-State transmission networks and frameworks for laying electric lines, including compensation determination.
Section 181	Currently, there is no such powers given to the State Commissions.	The State Commissions are empowered to frame regulations for operation of multiple distribution licensees, development and maintenance of the distribution system, and exemption from universal supply obligations in certain cases.

In this regard, MoP, vide its notification dated 9 October 2025, has invited comments / objections / suggestions from stakeholders on the Draft Bill, on or before **8 November 2025**.

The Bill signals a decisive shift towards a market-oriented, renewable-integrated, and storage-enabled electricity ecosystem.

However, stakeholders may want further clarity on the scope of captive and self-consumption provisions, the process for distribution licensees' supply exemption, non-discriminatory use of distribution network by other distribution licensees, scope of powers vested in Electrical Line Authority, and the harmonisation of central and state renewable obligations.

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