

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2021

Program: MBA Power Management

Semester – IV

Subject (Course): Energy & Business Law

Max. Marks: 100

Course Code : PIPM8006

Duration: 3 hrs

No. of page/s: 4

SECTION A

1. Each Question will carry 5 Marks

2. Attempt all Questions

		Marks	CO
Q 1	Complete the Abbreviations 1. POSOCO 2. CTUI 3. RPC 4. BEE 5. JERC	5	CO1
Q2	Name Chairman of CERC and APTEL.	5	CO1
Q3	Define Power Trading. Name two Power Exchange in India.	5	CO1
Q4	What do you mean by Open Access? Explain	5	CO1
Q5	What is Regulatory Assets? Explain.	5	CO2
Q6	Differentiate Cross Subsidy from Subsidy.	5	CO2

SECTION B

1. Each question will carry 10 marks

2. Instruction: Write short / brief notes

Q7	Explain salient features of the Electricity Act 2003.	10	CO2
Q8	Explain the major points of the Draft Energy Policy from NITI Aayog.	10	CO2
Q9	Explain and analyze the new drafted Electricity Policy 2021 with respect to the old policy of 2005	10	CO3
Q10	Critically analyze implementation of the Energy Conservation Act 2001.	10	CO3

Earlier, a Task force also headed by Planning Commission member BK Chaturvedi on operationalizing open access has invited opposition from various corners. In its report, the task force has suggested amendment to Electricity Act 2003 to make it explicit that power supply by a generating company to a distribution licensee includes supply through an electricity trader. It has also suggested pricing cap and trading margins for inter-state trading of electricity.

The task force has also suggested maximum trading margin to be allowed to a single trader. In yet another contentious recommendation, the task force has suggested that the government should allow release of Accelerated Power Development and Reforms Programme (APDRP) assistance to states that enable consumers to exercise their right to open access. The power ministry has opposed this as the revised APDRP has already been approved by the Cabinet.

The Shunglu Committee was headed by Mr. V.K.Shunglu who is the former chairman of CAG (Comptroller Auditor General). The committee prepared reports on other issues including the CWG scam. The Prime Minister has asked the ministers to take action on the finding of the reports. In its draft report on the financial position of Distribution utilities on the following key areas are taken into account:

- Review of accounts of State Electricity Boards(SEBs) and distribution companies
- Review the financial position of State Electricity Boards(SEBs) and distribution companies
- Losses incurred and projected distribution losses
- Review of electricity tariff
- Assess system improvement measures
- Examine geographical and spatial compulsions and determine their operations
- Review organisational and managerial structure

- Recommend plan of action to achieve financial viability

The Distribution sector is the worst performing sector in the Indian Power Sector and is the bane for numerous problems ranging from investments to retail power supply directly or indirectly.

Key Recommendations by Shunglu committee -

Regarding the distribution sector the main observations of the committee are:

- Committee has said that the distribution utilities should be heavily penalised if they fail to submit annual revenue requirement and the tariff revision proposal to the regulator.
- The report has suggested stern measures because several state power regulators have not been carrying out annual tariff revisions, mandated by the Electricity Act. Non performing regulators may be sacked.
- The committee has suggested that if the accounts of utilities have been audited then the regulators should allow the utilities to make up for the tariff gap though raising electricity tariffs adequately e.g. Andhra Pradesh and Maharashtra.
- Penal action recommended against utilities where accounts of discoms are not audited eg. Bihar and Uttar Pradesh.

The committee is worried about the working capital of Rs one lakh crore that distribution utilities have raised to bridge the widening gap between realisation and expenses. The committee has suggested that if this has been audited by statutory auditors, the regulators should allow the utilities to make up for these gaps. Once the Comptroller and Auditor General (CAG) submits its report, the regulators should clear the expenses incurred, it says.

Question 1. Critically examined reports of Chaturvedi & Shunglu committees.