

**CENTRAL ELECTRICITY REGULATORY COMMISSION
(NEWDELHI)**

**Explanatory Memorandum to Central Electricity Regulatory Commission
(Appointment of Consultants) (Fifth Amendment) Regulations, 2024**

1. Background

1.1. The Central Electricity Regulatory Commission (Appointment of Consultants) Regulations were first notified in 1999 (the “1999 Regulations”) and subsequently repealed by the Central Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2008 (the “Principal Regulations”) and amended time to time. The proposed amendment aims to enhance the research and analysis capabilities of the Central Electricity Regulatory Commission (“the Commission” or “CERC”) and to encourage and incentivise the staff consultants by introducing the principle of reward for efficient performance.

2. Appointment of Academic and Research Institutions/Organisations

2.1. The scientific study and analysis are crucial for evidence-based regulations made by the Commission under the Electricity Act, 2003 (“the Act”). At present, the Commission is supported by the study and analysis carried out by the internal staff and engaging external consultants as per requirement. The existing provisions of the Principal Regulation provide a framework for the engagement of corporate consultants. It is felt that the research and analysis capabilities of the academic institutions and research organisations would be useful to fortify the knowledge base, domain expertise, and research requirements of the Commission. Accordingly, it is proposed to make separate provisions in the Principal Regulations for the engagement of academic and research institutions/organisations for providing consultancy services to the Commission as may be required for the efficient discharge of its functions under the Act.

3. Performance-related variable pay for Staff Consultants

3.1. The Commission, in view of the increasing workload in terms of a number of petitions and regulatory work, recognises the need to enhance the capacity and performance of the staff consultants to assist the Commission in the discharge of its statutory responsibilities. It was noted that the monthly fee range of the staff consultants and individual consultants has not been revised commensurate with the consumer price index (industrial worker) since 2014. In this regard, a performance-related variable fee of up to 40% has been proposed. The performance-related variable fee will be admissible on finalization of the annual target by the Commission for the organisation, divisions, and individuals.

4. Single Source Selection or Consultancy by Nomination Method

4.1 The procurement of consultancy service through single-source selection or consultancy by nomination method is required under exceptional circumstances/urgent situations. As regards the exceptional circumstance, we have been guided by the provisions made by the Government under Rule 194 of the General Financial Rules, 2017. Accordingly, an enabling framework has been proposed.