

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

No. L-7/1/0S44(59)-CERC

Date: 7th January, 2025

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V, Member

Shri Harish Dudani, Member

In the matter of

Central Electricity Regulatory Commission (Appointment of Consultants) (Fifth Amendment) Regulations, 2025

Statement of Reasons

1. Introduction

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(Appointment of Consultants) Regulations were first notified in 1999 (the “1999 Regulations”) and subsequently repealed by the Central Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2008 (the “Principal Regulations”), as amended from time to time. The Commission issued the Draft Central Electricity Regulatory Commission (Appointment of Consultants) (Fifth Amendment) Regulations, 2024 on August 27, 2024, inviting comments/suggestions/objections from the stakeholders.

1.2 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 incentivize the staff consultants by introducing the principle of reward for efficient performance. The Commission received written comments from five stakeholders (uploaded on the website), and a public hearing was held on November 4, 2024, at 3:00 pm via videoconferencing. After due consideration of the comments, suggestions, and objections of the stakeholders, the Commission has finalized the fifth amendment to the Principal Regulations.

2. Amendment in Regulation 5 and New Regulation 6C regarding appointment of Academic and Research Institutions/Organizations

2.1 The Commission proposed amendments to Regulation 5 and insertion of Regulation 6C of the Principal Regulations to include “Academic and Research Institutions/Organizations” for availing consultancy services to leverage the research and analysis capabilities of the academic institutions and research organisations, in addition to the existing framework which enables the appointment of corporate consultants. In this regard, a suggestion was received to add “Think Tanks and Societies under the Government of India” as an eligible entity within this clause. We have considered the suggestions to include a think tank and accordingly, added the words “organisations

of repute engaged in research in the power sector or regulatory matters” in addition to academic and research organizations.

3. Addition of New Regulation 6B regarding Single Source Selection or Consultancy by Nomination Method

3.1 The Commission proposed the insertion of Regulation 6B for “Single Source Selection or Consultancy by Nomination.” In this regard, we received comments that it could limit the flexibility by being locked into a single proprietary technology and suggested instead that a variety of alternate technologies should be considered from time to time. Another stakeholder submitted that the approach to engage consultants on a ‘nomination’ basis is contrary to the transparency. The suggestions regarding limiting flexibility are related to the individual assignment and can be taken care of at the time of conceptualization of the terms of reference. Further, the proposal is in line with provisions of GFR.

4. Addition of New Regulation 8B regarding Performance-related variable pay for Staff Consultants

4.1 The Commission proposed the insertion of Regulation 8B for Performance-related variable pay for Staff Consultants at the Commission. In this regard, a suggestion has been received that the variable pay of staff consultants should primarily be linked to their individual performance, with partial consideration of organizational performance, as their influence on overall outcomes is limited. Further, another stakeholder emphasized the need for specific, measurable criteria for performance evaluation, independent oversight, detailed rating procedures, transparent appeal mechanisms, and ongoing feedback mechanisms to help consultants adjust their performance throughout the year and stay aligned with expectations. We have considered the comments and suggestions. The suggestions are mainly concerned with the implementation of the above proposal. The Commission has already proposed to prepare a separate procedure including weightage, measurable criteria of performance, etc.

5. Accordingly, the Commission has notified the Central Electricity Regulatory Commission (Appointment of Consultants) (Fifth Amendment) Regulations, 2024 with changes as discussed above.
