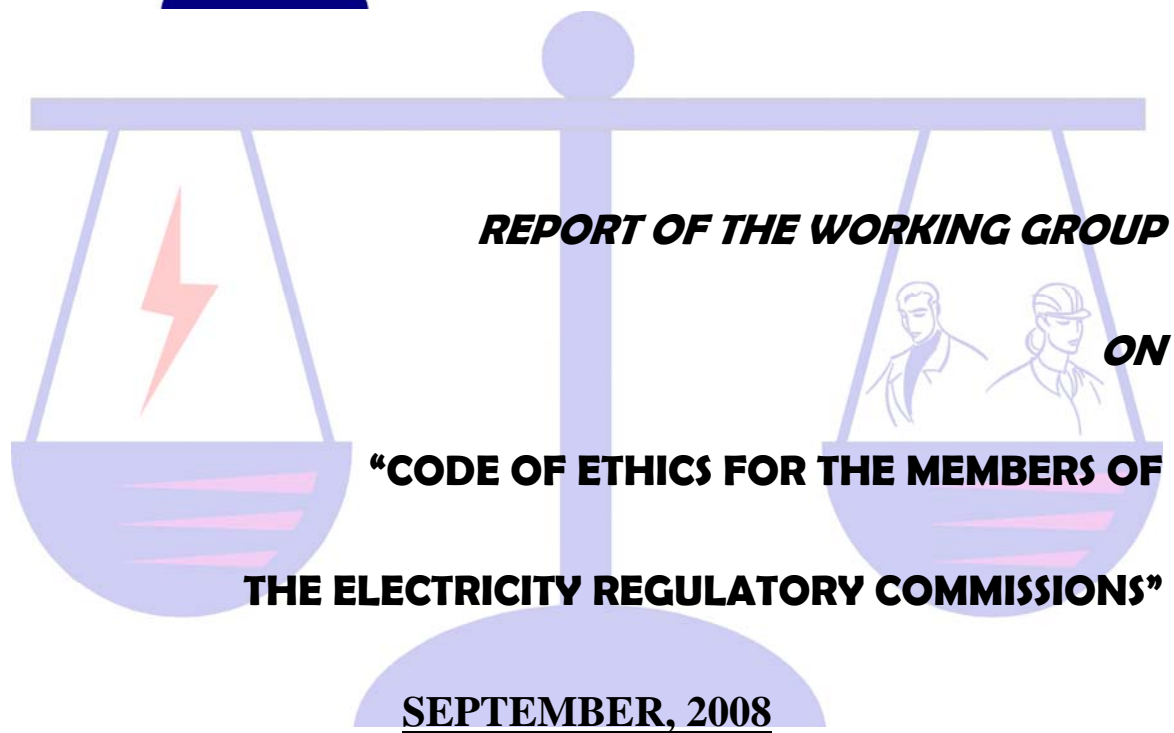


FORUM OF REGULATORS (FOR)



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Sectt: C/o Central Electricity Regulatory Commission (CERC)

3rd & 4th floors, Chenderlok Building, 36, Janpath,

New Delhi-110001

Tel No.: 011-23353503 Fax: 011-23753923

www.forumofregulators.org

CODE OF ETHICS

1. INTRODUCTION

1.1 Formation of Working Group:

In the fourth meeting of Forum of Regulators (FOR) dated 23rd to 26th July, 2006 held at Leh, J&K, it was generally felt that it would be advisable to evolve a Code of Ethics for the Regulators but that it should ideally be developed in-house by the 'FOR'.

In the 'FOR' meeting held on 13th June, 2008, it was decided to constitute a Working Group on 'Code of Ethics'. Working Group was constituted consisting of the following members:

Chairman of the Working Group

Chairperson, Central Electricity Regulatory Commission (CERC)

Members

Chairperson, Chhattisgarh Electricity Regulatory Commission (CSERC)

Chairperson, J&K Electricity Regulatory Commission (J&KSERC)

Chairperson, Tamil Nadu Electricity Regulatory Commission (TNERC)

1.2 Approach adopted by the Working Group:

1.2.1 The Group studied the literature survey by TERI on 'Code of Ethics'. Minutes of the meeting held on 5th August, 2008 at New Delhi to discuss the issues arising out the literature survey, are enclosed as **APPENDIX-I**.

1.2.2 The Group after detailed deliberations recommended a Code of Ethics. The Code of Ethics for the Members of the Electricity Regulatory Commissions as evolved by the Working Group is enclosed at **APPENDIX-II**.

MINUTES OF THE MEETING OF THE FOR WORKING GROUP

ON

“CODE OF ETHICS”

Venue : New Delhi

Date : 5th August, 2008

Members Present :

- (1) Dr. Pramod Deo, Chairperson, CERC/FOR
- (2) Shri A.K. Basu – As a special invitee
- (3) Shri S.K. Mishra, Chairperson, CSERC
- (4) Shri S. Kabilan, Chairperson, TNERC

Secretary, Forum of Regulators and Deputy Chief (RA), CERC were also present in the meeting for assisting the Working Group.

2. Initiating the discussion, Secretary, FOR briefed the Working Group about the study report submitted by TERI on ‘Code of Ethics for Regulators in India’s Electricity Sector’. This study was assigned to TERI by the Forum.

It was recalled by the Working Group that TERI was asked by the Forum to survey and compile the current practices within the country and globally relating to the code of ethics for members of the regulatory bodies and other similar organizations. Drafting the code of ethics was not within the mandate given to TERI.

3. A view was expressed in the meeting that the recommendations of the TERI study may not be fully relevant for the Indian context and that the code of ethics might have potential of being used as a tool for victimization, particularly of the members of the SERCs. It was suggested that the action by the regulators in the matter should be in line with the practice being followed by the judiciary in our country.

4. After detailed discussions, it emerged that the Chairpersons and Members of the Electricity Regulatory Commissions were public servants. Further, there was a need to have a code of ethics in view of the fact that some of the SERCs are now regulating private sector utilities. There was a broad consensus that a self

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regulated code of ethics would be desirable to enhance the credibility of the regulatory system in public.

5. The Working Group thereafter proceeded to draft a suggested code of ethics. The inputs provided by the study report of TERI were also duly considered. The draft Code of Ethics as developed by the Working Group is enclosed at Annexure.

6. The Working Group recommended that this report of the Working Group along with the annexure may be placed before the Forum for consideration and approval.

7. The meeting ended with vote of thanks to the Chair.

**Code of Ethics for the Members of the
Electricity Regulatory Commissions**

1.0 Preamble

The Code of Ethics for the Electricity Regulatory Commissions, although not exhaustive, is intended to state basic standards that should govern the conduct of all commission members (members include Chairperson) and to provide guidance to assist them in establishing and maintaining high standards of regulatory and personal conduct. Intrinsic in the provisions of the following Code of Ethics are the assumptions that Commission Members, individually and collectively, must respect and honour the Commission office as public trust, and enhance and maintain confidence in the regulatory system.

2.0 The role of the Commission Chairperson

2.1 The chairperson has particular responsibility, other than the statutory responsibilities, for providing effective strategic leadership on matters such as:

- Formulating the Commission's strategy for discharging its statutory duties
- Representing the views of the Commission to the general public
- Running the Commission efficiently

2.2 The chairperson will ensure that the Commission meets at regular intervals throughout the year in accordance with the Conduct of Business Regulations and that the decisions of the meetings are properly recorded.

2.3 Communications between the Commission and the Ministry or Department will normally be through the chairman except where the Commission has agreed that an individual member should act on its behalf.

The main point of contact between the Commission and the Ministry on day-to-day matters will be the Secretary of the Commission.

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- 2.4 The chairperson will ensure that all members (including the chairman) of the Commission, when taking up office, are fully briefed on their duties, rights and responsibilities.

3.0 Responsibilities of Commission Members

Individual Commission member should be aware of his (her) wider responsibilities as members of the Commission. He/she should follow the principles of public life such as integrity, objectivity, accountability, transparency and leadership. The Commission members must:

- Comply with this Code of Ethics,
- Act in good faith and in the best interest of the public body,
- Not seek to use the opportunity of public service to promote their private interests.
- Not misuse information gained in the course of their public service for personal gain or for political purpose
- Declare publicly any private interests which may be perceived to conflict with their public duties; and;
- Should follow requisite principles of transparency and consultations.

4.0 Guidelines on acceptance of gifts

- 4.1 The receipt of gifts by members of the Commission from those with whom they have official dealings must be governed by the highest standards.

The term “gift” includes any benefit, which is given to a member of the Commission free of charge or at less than its commercial price. Gifts of nominal value (as prescribed in the Conduct Rules for Group A officers of the Central Government) may be accepted and retained.

- 4.2 Members of the Commission may not solicit gifts, directly or indirectly.
- 4.3 Members of the Commission may not approach any business with which they have contact through their official duties seeking sponsorship or support for any club, association, trade union or other organisation.

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5.0 Handling conflicts of interests

- 5.1 The chairperson and other Commission members should declare, any personal or business interests which may conflict with their responsibilities as commission members.
- 5.2 The Chairperson and the members, at the beginning of every year, should submit a return in sealed covers of their immovable properties to the Commission.
- 5.3 The members of the Commission should not participate in the discussion or determination of matters in which they have a direct pecuniary interest.

6.0 Personal liability of Commission members

Any legal proceedings initiated by a third party are likely to be brought against the Commission. In case any such proceedings are initiated against the chairperson or other individual Commission member and such individual Commission members have acted honestly and on good faith should not be required to meet out of their own personal resources, any personal civil liability which is incurred in execution or purported execution of their Commission functions. This is in keeping with the general dispensation that no suit, prosecution or other proceedings shall lie against any public servant for anything done or in good faith purported to be done in course of his duties.

7.0 Transparency and responsiveness

The Commission members shall conduct all their dealings with the public in a transparent manner. This should include:

- Ensuring that all important documents of the Commissions are in public domain.
- Where practical and appropriate, holding open hearings and consultations.
- Issuing orders in time and ensuring that the orders are reasoned.

8.0 Interaction with the media

- 8.1 It is the chairperson of the Commission who should interact with media. In any case, members should consult the chairperson before interacting

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with media and in all cases, should not express views at variance from agreed Commission policy.

- 8.2 Members should avoid publicly stating personal opinions on matters where the Commissions policy has not been determined, but is pending. Otherwise, personal views may be expressed so long as it is made clear that the member is speaking or writing in a purely personal capacity and stating his or her own private opinion.

9.0 *Political activity*

The members of the Commission shall abstain from taking part or engaging in political activities. The members shall not occupy any paid or unpaid posts in political party.
