

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.41
ANSWERED ON 20.07.2023**

POWER TARIFF SYSTEM

**41. DR. DNV SENTHILKUMAR S.:
DR. SUBHASH RAMRAO BHAMRE:
SHRI KULDEEP RAI SHARMA:
SHRIMATI SUPRIYA SULE:
DR. AMOL RAMSING KOLHE:**

**Will the Minister of POWER
be pleased to state:**

- (a) whether per unit rate of electricity is same during all time of the day for the consumers;**
- (b) if so, whether the Government proposes to bring changes in the prevailing power tariff system by which prices paid by consumers for electricity would vary according to the time of day;**
- (c) the main features of ToD Tariff system being introduced by the Government;**
- (d) the advantages that would accrue to consumers as a result of ToD Tariff system;**
- (e) whether the Government has launched any awareness campaign for consumers regarding ToD tariff so that they could reduce their electricity bills and if so, the the details thereof; and**
- (f) the time by which the ToD Tariff system would be made applicable?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (c) : The tariff including the Time of Day (ToD) tariff by the distribution licensees to its consumers is as approved by the Appropriate Commission for that particular category of consumer. In most of the States the ToD tariff is applicable for Commercial and Industrial consumers. In some of the States ToD Tariff is applicable for other e.g. domestic and agricultural consumers also.

Ministry of Power vide notification dated 14.06.2023 has issued the Electricity (Rights of Consumers) Amendment Rules, 2023 wherein the rule for Time of Day (ToD) Tariff has also been specified. The main features of these Rules are as under:

- i. ToD tariff for Commercial and Industrial consumers having maximum demand more than 10kW shall be made effective from a date not later than 1st April, 2024 and for other consumers except agricultural consumers, the ToD tariff shall be made effective not later than 1st April, 2025.**
- ii. ToD tariff shall be made effective immediately after installation of smart meters for the consumers.**
- iii. ToD tariff, during the peak period of the day, for Commercial and Industrial consumers shall not be less than 1.20 times the normal tariff and for other consumers it shall not be less than 1.10 times the normal tariff.**
- iv. Tariff for solar hours, of the day, to be specified by the State Commission shall be at least twenty percent (20%) less than the normal tariff for that category of consumers.**
- v. ToD tariff shall be applicable on energy charge component of the normal tariff.**

(d) : The advantages for use of ToD tariff system to consumers are as follows:

- i. The ToD tariff comprising separate tariffs for peak hours, solar hours and normal hours, sends price signals to consumers to manage their load in accordance with the Tariff. Since, the tariff during the solar hours will be at least 20% less than the normal tariff, the consumer can shift consumption during solar hours when power cost is less and can be benefitted.**
- ii. With awareness and effective utilisation of ToD tariff mechanism, consumers can reduce their expenditure on electricity consumption.**
- iii. It optimizes generation capacity, helps utilities in maintaining load-generation balance and in reducing financial burden for arranging costly power to meet peak load, which ultimately would be beneficial to the end consumers.**

- iv. **It also improves the management of renewable generation fluctuations and incentivises more consumption during the periods of Renewable Energy generation, thereby providing benefits to consumers with availability of reliable and cleaner power at reasonable rates.**

(e) & (f) : Ministry of Power has taken proactive measures to ensure widespread awareness of the Time of Day tariff rules. By circulating these Rules to all the stakeholders including all States/UTs vide letter dtd. 16.06.2023 and through press release dtd 23.06.2023, the Ministry aims to reach common people and educate them about the benefits and implications of this new tariff structure. Under the new tariff structure, effective from a date not later than 1st April 2024, Commercial and Industrial consumers with a maximum demand exceeding 10kW will be eligible for the Time of Day tariff. Similarly, for all other consumers, excluding agricultural consumers, the ToD tariff will be implemented not later than 1st April, 2025.
