

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1778

ANSWERED ON:02.08.2001

DIRECT SALE FACILITY TO POWER DEVELOPER

GANGASANDRA SIDDAPPA BASAVARAJ;M.V.CHANDRASHEKHARA MURTHY;SHYAMA SINGH;VIJAY GOEL;Y.S.
VIVEKANANDA REDDY

Will the Minister of POWER be pleased to state:

(a) whether the Union Government has urged the State Governments to encourage private firms to set up captive power plants and buy the excess power generated by them at a good price;

(b) whether any of the State Governments has taken any action on the advice of the Union Government;

(c) if so, the details thereof;

(d) whether in view of the growing scarcity of power throughout the country, any new policy has been formulated to meet this challenge; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : Yes, Sir. The Government of India, through a circular letter dated October 9, 1995 has advised the State Governments/State Electricity Boards (SEBs) to encourage setting up of captive generation plants and to create an institutional mechanism which may allow captive power units an easy entry into the power sector by quickly clearing captive power applications, giving the developers a rational tariff for purchase of surplus power by the grid and third party access for direct sale of power to other industrial units. Pursuant to issue of these guidelines, a number of States/SEBs have formulated policy guidelines for captive generation to meet the needs of the industry.

(d) & (e) : On July 11, 2001 the Ministry of Power has circulated a Captive Power Policy prepared by the Ministry of Power in consultation with the CEA to all the State Governments and Union Territories. In this policy, the following has been reiterated:

? If captive plant is of Hydro or cogeneration, such plant, irrespective of its size, may be permitted liberally.

? If captive power plant is based on coal or liquid fuel or gas such plant may be allowed and capacity of the plant permitted up to 200% of the requirement of industry (If the State is deficit in power).

? Captive power plant may be allowed if State/SEB or successor entity are unable to supply the required power supply. Such a captive power plant can be considered for the uninterrupted power supply to the industry even if the State is surplus in power.

? If the industry requires quality power supply which is not available, the proposal for installation of the captive power plant can be considered.

? If the cost of generation from captive power plant is found to be lower, the proposal may be considered after examining the cost and tariff.

? Units in Special Economic Zones (SEZs) and industrial estates may be allowed to set up captive power plants liberally.

? Banking facilities are proposed to be provided to CPPs. The rates for banking may be determined on mutually agreed terms.

? Prior approval of SEB has to be obtained for wheeling of power. Wheeling will be done to any service (HT or LT). Wheeling charges may be worked out based on pooled rates worked out by Central/State Transmission Utility of that region.

? The tariff for sale of power from thermal CPPs, may be fixed after mutual discussion and could be based on pooled variable charge of thermal power stations operating in the SEB plus some percentage of the pooled variable charges as incentive. Tariff could also be based on the highest variable cost in the system or actual variable cost of CPP, whichever is lower and some percentage of the variable cost as an incentive.

? Third party sale is also permissible with the approval of SEB.

