

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2679

ANSWERED ON:05.12.2002

NEW POWER TARIFF POLICY

SURESH RAMRAO JADHAV (PATIL);VILAS BABURAO MUTTEMWAR

Will the Minister of POWER be pleased to state:

(a) whether the power tariff policy has been finalised;

(b) if so, the details thereof;

(c) whether the Government proposed to fix the rates of the State Electricity Boards(SEBs) for the purpose of future investment and selection of locations for putting up plants by the power utilities;

(d) if so, the details of the scheme in this regard; and

(e) the steps taken by the Government to integrate the interests of developers and consumers in the new power tariff policy?

Answer

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

(a) to (e) : Consumer tariff are required to be fixed by the State Electricity Regulatory Commissions (SERCs) in the States where such Commission have been set up under the Electricity Regulatory Commission (ERC) Act, 1998 or under the State Reform Acts. Where the SERC have not been set up or are yet to become fully functional, tariffs are to be determined by the State Electricity Boards/State Electricity Departments/licensees. The Regulatory Commissions are expected to fix the tariff so as to progressively reflect the cost of supply, encourage efficiency, economy and competition. The Regulatory Commissions are also required to ensure that interest of consumers are safeguarded and at the same time consumers pay for the use of electricity in a reasonable manner based on the average cost of supply.

Section 13(e) of the Electricity Regulatory Commission Act, 1998 envisages the formulation of a tariff policy by the Central Government on the aid and advice of the Central Electricity Regulatory Commission (CERC). A Group was constituted under the Chairmanship of Special Secretary (Power) to prepare a concept paper on tariff policy. The Group submitted its report in May, 2002. Since tariff policy is of vital importance for the smooth development of the power sector, it has been considered necessary to have consultations with stakeholders and experts on the report of the working group and to finalise the draft tariff policy thereafter. In order to finalise the tariff policy after taking into account the comments and views of the various stakeholders and experts, a High Level Committee which includes Chairman, CEA and Managing Director of Credit Rating Information Services of India Ltd. (CRISIL) under the Chairmanship of Secretary (Power) was constituted on 7th June, 2002.