

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5257

ANSWERED ON:29.04.2005

POWER TARIFF POLICY

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Will the Minister of POWER be pleased to state:

- (a) whether there is a need to reduce the power tariffs in the country;
- (b) if so, whether the power tariffs in the country are higher than the average power tariffs internationally;
- (c) if so, the reaction of the Government in this regard;
- (d) whether the Government has taken steps for power reforms to bring competition in this sector; and
- (e) if so, the details thereof along with the names of the States in which power competition has since been brought?

Answer

THE MINISTER OF POWER(SHRI P.M. SAYEED)

(a) to (c) : Under the provision of the Electricity Act, 2003, the tariff for supply of electricity to various categories of consumers is to be determined by the State Electricity Regulatory Commissions (SERCs) and in doing so these Commissions are required to be guided by the National Electricity Policy and Tariff Policy and by the provisions contained in Section 61 which, inter alia, include the factors which would encourage competition, efficiency, economical use of the resources, safeguarding of consumer's interest and at the same time ensure recovery of the cost of electricity in a reasonable manner. Retail prices of electricity in India and other countries is enclosed at Annexure.

One of the objectives of the National Electricity Policy notified by the Central Government is `supply of Reliable and Quality Power of specified standards in an efficient manner and at reasonable rates`.

(d) & (e) : The Electricity Act, 2003 creates a liberal framework for development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, constitution of Regulatory Commissions and establishment of Appellate Tribunal.. The Act reduces entry barriers in different segments of power supply industry and promotes competition and in turn efficiency improvements.

The Act provides for non-discriminatory open access in transmission from the very outset. Open access in distribution is to be introduced by the SERCs in phases.

Generation has been delicensed by the Act.

Section 63 of the Electricity Act, 2003 provides that the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. Central Government has issued the guidelines for competitive bidding for determination of tariff for procurement of power by distribution licensees.

The Act also provides for multiple distribution licenses in same area through their own distribution system.

Trading has been recognized as a licensed activity.

The National Electricity Policy notified under the provisions of the Act lays down policy approach for promoting competition aimed at consumer benefits.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF UNSTARRED QUESTION NO. 5257 TO BE ANSWERED IN THE LOK SABHA ON 29.04.2005.

Retail prices for Industry and domestic consumers in US Dollars/kWh

Sl. No.	Country	Industry	Domestic
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1.	Austria	0.07	0.13
2.	Belgium	0.04	0.13
3.	Canada	0.03	0.05
4.	Chinese Taipei	0.06	0.08
5.	Czech Republic	0.04	0.05
6.	Denmark	0.05	0.19
7.	Finland	0.04	0.07
8.	France	N.A.	0.10
9.	Germany	0.05	0.12
10.	Hungary	0.05	0.06
11.	India	0.07	0.03
12.	Ireland	0.05	0.10
13.	Italy	0.09	0.13
14.	Japan	0.16	0.23
15.	Korea	0.06	0.07
16.	Luxembourg	N.A.	0.10
17.	Mexico	0.05	0.07
18.	Netherlands	0.06	0.13
19.	New Zealand	0.02	0.06
20.	Norway	N.A.	0.06
21.	Poland	0.04	0.07
22.	Portugal	0.06	0.11
23.	Slovak Republic	0.04	0.05
24.	South Africa	0.02	0.03
25.	Spain	0.05	0.12
26.	Sweden	0.03	0.08
27.	Switzerland	0.08	0.11
28.	Turkey	0.09	0.09
29.	United Kingdom	0.05	0.10
30.	United States	0.04	0.08

Prices for fourth quarter of 2000

NA = Not available.

Source : International Energy Agency (IEA), Key World Energy Statistics, 2001 Edition