

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:4673  
ANSWERED ON:25.04.2008  
UNIFORM POWER TARIFF POLICY  
Barad Shri Jashubhai Dhanabhai

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

- (a) whether per unit cost of power generated by private sector is much higher than the power generated by the public sector power plants in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether there is any proposal to form a uniform tariff policy for both sectors;and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE,MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER( SHRI JAIRAM RAMESH )

(a) to (d) : The per unit cost of power generation varies from plant to plant, and depends mainly on the type of plant and fuel used, its location, size, age and efficiency. Depending on these factors, there is variation in the cost of generation both in private and public sector power plants.

Under the provisions of the Electricity Act, 2003, determination of power tariffs of distribution licensees is the statutory function of the State Electricity Regulatory Commissions (SERCs). The tariff of electricity depends on the overall power purchase cost as well as the operational and financial performance of the Distribution Companies (DISCOMs) i.e. Aggregate Technical and Commercial (AT&C) losses, operational expenses, capital investment for system upgradation/augmentation etc.

The SERCs are required to determine tariff in a transparent way after hearing various stakeholders. Furthermore, in determining tariffs, SERCs are guided by the provisions contained in section 61 of the Electricity Act, 2003 which, inter alia, include the factors that would encourage competition, efficiency, economical use of resources, safeguarding of consumers interests and at the same time ensure recovery of cost of electricity in a reasonable manner, and the National Electricity Policy and the Tariff Policy. The Tariff Policy lays down the approach for determination of tariffs for the generation, transmission and distribution of electricity. However, a uniform power tariff throughout the country is not envisaged.