

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2648

ANSWERED ON:04.12.2009

INCREASE IN ELECTRICITY RATES

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Will the Minister of POWER be pleased to state:

- (a) whether shortage of power in peak hour is leading to increase in short-term market rates of electricity in the country;
- (b) if so, whether the electricity rates have increased from Rs.14 to Rs.19 per unit in the last July and August, 2009 in some of the States;
- (c) if so, the details thereof;
- (d) whether the Central Electricity Regulatory Commission has fixed the maximum limit of electricity rate at Rs.8 per unit;and
- (e) if so, the details thereof and the basis on which these charges has been fixed?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a): Yes, Madam. The shortage of power is one of the important factors responsible for increase in short-term market rates of electricity.

(b) & (c): A statement indicating the minimum, maximum and weighted average price of electricity transacted through traders and power exchanges is at Annex.

(d) & (e): In exercise of the power under proviso to section 62 (1)(a) read with section 66 of the Electricity Act, 2003, CERC had issued an Order on 11th September, 2009 on a Suo Motto petition fixing minimum and maximum tariff for sale and purchase of electricity in day ahead transactions through bilateral agreement and on Power Exchanges. The minimum tariff for such transaction was fixed at Re.0.10/Kwh and the maximum tariff was fixed at Rs.8/Kwh, for a period of 45 days from the date of the Order which is over now. While specifying the price cap, the Commission has weighed the demands of the situation and ensured that the consumer's interest is protected and at the same time investment signals do not get distorted. The price cap has been worked out based on the representative prices of power based on NAPTHA and High Speed Diesel (HSD) fuel. This is to ensure that high cost liquid fuel generation capacity still remains fully operational and the price cap does not deprive the consumer of any generation capacity.