

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4654

ANSWERED ON:23.04.2010

SALE OF POWER BY NTPC

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Will the Minister of POWER be pleased to state:

- (a) whether the Government has taken the decision of not permitting the Public Sector Undertakings (PSUs) of the Power Sector particularly the National Thermal Power Corporation Limited (NTPC) to sell power at the market determined rates;
- (b) if so, the details thereof;
- (c) the details of power sold in the open market out of the total power generated by various public and private sector power generation companies in the country including Jharkhand during the last three years and the current year, State-wise;
- (d) the details of the profits and loss of each of these power companies from the sale of power in the country;
- (e) whether according to the Electricity Act, 2006 these power companies and the NTPC can sell their power in the open market at specified rates in 2011; and
- (f) if so, the details thereof?

Answer

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

(a) & (b): The tariff of power generated from the central generating stations is determined by the Central Electricity Regulatory Commission (CERC). The whole quantum of power from the central generating stations is allocated to the beneficiary States as per the extant guidelines, details of which are given at Annex-I. No power from a central generating station is, therefore, available for sale at market determined rates such as through bilateral transactions (direct or through traders) and Power Exchanges.

(c): As per the requirement under the trading regulations notified by CERC, the trading licensees submit information to the Commission about the volume of electricity transacted and its purchase and sale price. The sale price includes the trading margin fixed by the Commission. The details of power sold in the short term market out of the total power generated in the country is given at Annex-II.

(d): Information relating to profit and loss from sale of power by the power generating stations is neither maintained in the Ministry of Power nor in CERC.

(e) & (f): As has been stated above, whole power generated from the stations of NTPC is allocated to the beneficiary States at the tariff determined by CERC.

As per section 10 (2) of the Electricity Act, 2003, a generating company may supply electricity to any licensee in accordance with the Act and the rules and regulations made there under and may, subject to the regulations made under sub-section (2) of section 42, supply electricity to any consumer.

In cases where such a generating company supplies electricity to a distribution licensee through long term Power Purchase Agreements (PPAs), the tariff is either determined by the Appropriate Commission under section 62 of the Act, or adopted by the Appropriate Commission if tariff is determined through competitive bidding under section 63 of the Act.

In cases where such generating company supplies power to an open access consumer, or to a licensee through agreement not exceeding one year, the tariff is not determined by the Appropriate Commission.

Further, a generating company can tie up part capacity of its generating station in long term PPA and can opt to sell part capacity through short term agreement not exceeding one year. In such an event, the tariff for the part capacity of the generating station for which long term PPA is signed with the distribution licensee is determined by the Appropriate Commission. As regards the capacity not tied up in long term PPA, the tariff of supply of electricity from such generation capacity is either mutually settled between the generating company and the buyer or is governed by the price discovery mechanism in the power exchanges.

Clause 5.1 of tariff policy, notified on 6.1.2006, stipulates that all future requirement of power should be procured competitively by distribution licensees except in case of expansion of existing projects or where there is a State controlled / owned company as an

identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 50% of the exiting capacity.

Even for the Public Sector projects, tariff of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.

Provided that a developer, of a hydroelectric project, not being a State controlled/ owned company, would have the option of getting the tariff determined by the appropriate Commission on the basis of performance based cost of service regulations subject to fulfilment of certain conditions.