

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5871

ANSWERED ON:30.04.2010

DIRECTIONS REGARDING INCREASE IN POWER TARIFF

Choudhary Shri Harish;Singh Rajkumari Ratna

Will the Minister of POWER be pleased to state:

- (a) whether the Supreme Court has issued directions to the Central Electricity Regulatory Commission regarding increase in the power tariff in the country;
- (b) if so, the details thereof;
- (c) whether the Supreme Court has also issued directions to the State Electricity Regulatory Commissions that its permission should be obtained before increasing the power tariff in the States;
- (d) if so, the details thereof;
- (e) whether several State Governments have increased the power tariff in their States, violating the directions of the Supreme Court; and
- (f) if so, the details thereof and the corrective measures taken by the Government in this regard?

Answer

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

(a) to (f) : No, Madam.Electricity is a concurrent subject. The Electricity Act, 2003 delineates the powers of the Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions (SERCs) clearly.Section 79 of the Act provides,

The Central Commission shall discharge the following functions, namely:-

- (a) to regulate the tariff of generating companies owned or controlled by the Central Government;
- (b) to regulate the tariff of generating companies other than those owned or controlled by the Central Government specified in clause (a), if such generating companies enter into or otherwise have a composite scheme for generation and sale of electricity in more than one State;
- (c) to regulate the inter-State transmission of electricity ;
- (d) to determine tariff for inter-State transmission of electricity;
- (e) to issue licenses to persons to function as Transmission Licensee and electricity trader with respect to their inter-State operations.
- (f) to adjudicate upon disputes involving generating companies or transmission licensee in regard to matters connected with clauses (a) to (d) above and to refer any dispute for arbitration;
- (g) to levy fees for the purposes of this Act;
- (h) to specify Grid Code having regard to Grid Standards;
- (i) to specify and enforce the standards with respect to quality, continuity and reliability of service by licensees.
- (j) to fix the trading margin in the inter-State trading of electricity, if considered, necessary;
- (k) to discharge such other functions as may be assigned under this Act.

In the Act,it has also provided under Section 86 that, The State Commission shall discharge the following functions,namely: -

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

(c) facilitate intra-state transmission and wheeling of electricity;

(d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

(f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;

(g) levy fee for the purposes of this Act;

(h) specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of section 79;

(i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

(j) fix the trading margin in the intra-State trading of electricity, if considered, necessary; and

(k) discharge such other functions as may be assigned to it under this Act.

Under the provision of the Act, the determination of power tariff is the statutory function of the CERC in respect of Central Generating Companies and also regulate the tariff of the generating companies having a composite scheme for generation and sale of electricity in more than one State. Determination of power tariffs of distribution licensees is the function of respective SERC.