

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:2264  
ANSWERED ON:12.08.2011  
CHANGES IN POWER POLICY  
Mishra Shri Mahabal

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

- (a) whether the Government had made important changes in the power policy in the recent past;
- (b) if so, the details thereof;
- (c) whether permission has been given to the States to purchase electricity from major power plants;
- (d) if so, whether the States have been directed by the Union Government to implement the reforms in distribution system;
- (e) if so, the details thereof; and
- (f) the extent to which the shortage of electricity in the States is likely to be met through the above said changes?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) & (b) : The Tariff Policy was notified by the Central Government on 6.1.2006 under the provisions of the Electricity Act, 2003 and was amended on 20.1.2011 in consultation with the States for fixing a minimum percentage of the total consumption of electricity in the area of a distribution licensee from solar energy in accordance with the National Solar Mission strategy. The minimum percentage for purchase of solar energy will go up to 0.25% by the end of 2012-2013 and further up to 3% by 2022. The Tariff Policy has been amended recently on 8.7.2011 granting further exemption to hydro projects and certain transmission projects from tariff based competitive bidding.

(c): There is no provision of grant of permission by the Central Government to the States for purchase of electricity from the major power plants under the Electricity Act, 2003. However, procurement of power by the DISCOMs is to be made as per the provisions of Electricity Act, 2003 and Tariff Policy notified thereunder.

(d) & (e) : In pursuance of the Cabinet decision on the modification to the Mega Power Policy, Ministry of Power had conveyed to States in December, 2009 that the following distribution reform measures were required to be undertaken by the States purchasing power from the mega power projects:

- Timely release of subsidy as per Section 65 of Electricity Act, 2003.
- Ensure that DISCOMs approach SERC for approval of annual revenue requirement/tariff determination in time according to the SERC regulations.
- Setting up special courts as provided in the Electricity Act, 2003 to tackle theft related cases.
- Ring fencing of SLDCs.

(f) : From time to time the Central Government has laid emphasis on implementing the power sector reforms by the States. The reforms and other measures taken by the Government aim at providing a conducive environment for development of electricity industry and promoting competition, achieving efficiency of operation and optimum utilization of resources. These efforts shall facilitate in bridging the gap between demand and supply.