

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1848
ANSWERED ON:26.03.2012
SETTING UP POWER PLANT IN SEZs
Pakkirappa Shri S.;Shantha J.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the developers of the Special Economic Zones (SEZs) is empowered to sell the excess/surplus power from its captive power plants to domestic tariff areas;
- (b) if so, the details thereof;
- (c) whether the developer is allowed to sell the surplus power to the nearby industry directly or through the State Electricity Boards or the power distribution companies as the case may be;
- (d) whether the developer is liable to pay normal duties and taxes for the consumables and raw materials used for the surplus power generation;
- (e) if so, the details thereof and if not, the reasons therefor;
- (f) whether any guidelines on power generation, transmission and distribution of SEZs have been issued by the Government; and
- (g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a)&(b): Yes, Madam. The developer of a SEZ can transfer the surplus of the power generated in their power generating stand alone or captive plants, in excess of the requirement of the SEZ, to Domestic Tariff Areas (DTA). However, such a developer shall have to make an application for sale of surplus power to DTA to the Development Commissioner and will have to pay duty as applicable on import of such power. The Development Commissioner concerned may examine the request for sale of surplus power to DTA in consultation with the appropriate agencies as may be required under the Electricity Act, 2003 and rules made there under wherever considered necessary.

(c): In terms of S.O. 528(E) dated 3rd March 2010, the Developer of a Special Economic Zone notified under Sec 4(1) of the SEZ Act, 2005 shall be deemed to be a licensee for the purpose of clause (b) of Sec 14 of the Electricity Act, 2003 i.e. to distribute electricity as a distribution licensee.

(d)&(e): In respect of power supplied from processing area to constituents in non-processing area or from processing area / non processing area to DTA, it should be at such a price as agreed to between the relevant regulator and the developer. For such clearance, duty shall be leviable at such rate as may be notified as customs tariff by the Department of Revenue in consultation with the Ministry of Power /prescribed power sector regulatory agencies and the Ministry of Commerce, as prescribed in Section 30 of SEZ Act, 2005.

(f)&(g): Yes. These guidelines, inter-alia, include the following provisions:- Constituents to whom power can be supplied, Licensing for distribution of power, Determination of tariff, Levy of duty on power supplied to DTA and applicability of other Acts, Rules and Resolutions issued by the Ministry of Power from time to time.