

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2985
ANSWERED ON:30.03.2012
REVISION OF POWER TARIFFS
Siricilla Shri Rajaiah

Will the Minister of POWER be pleased to state:

- (a) whether the Government has revised the power tariffs to reflect higher international coal prices, for a large number of power projects, including Ultra mega power projects;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

Answer

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

(a) to (c): As per the Electricity Act, it is not the Appropriate Government but the Appropriate Commission which determines the tariff of electricity. Further, the Central Electricity Regulatory Commission (CERC) in exercise of its powers under Section 79 read with Section 61 and 62, determines the tariff in respect of the generating companies owned or controlled by the Central Government and other generating companies if such companies enter into or otherwise have a composite scheme for generation and sale of electricity in more than one State. In these cases, energy charge is a pass through subject to their meeting norms of operation.

The CERC is also vested with the power to adopt the tariff under Section 63 of the Act, if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. Central Government has issued the guidelines and Standard Bidding Documents for procurement of power which are also applicable to Ultra Mega Power Projects (UMPPs). The Commission has adopted the tariff of four UMPPs.

Revision in power tariff is based upon the quoted escalable component by the bidder. In case UMPP is an imported coal based project, the tariff of the same is worked out based on CERC escalation indices for imported coal notified by them on six monthly basis. The effect of higher international prices of coal would get reflected in the power tariff subject to Quoted escalable components by the bidder.