

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1325  
ANSWERED ON:12.12.2013  
COST OF POWER GENERATION  
Saha Shri Anup Kumar;Sardinha Shri Francisco

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

- (a) the details of the average cost of generation per unit of power in various States as on date and the per unit realisation therefrom;
- (b) whether the difference between the average cost of power generation and per unit average tariff collection has increased;
- (c) if so, the details thereof; and
- (d) the steps taken/being taken by the Government to minimise this difference?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER ( SHRI JYOTIRADITYA M. SCINDIA )

(a) to (c): As per Power Finance Corporation report on `Performance of State Power Utilities for the years 2009-10 to 2011-12` based on the account details provided by the Utilities, the Average Cost of Supply (ACS) per unit of power in various States, the per unit Average Revenue Realised (ARR) and the difference is given at Annex. As regards, the change in difference between the two, the same has increased. The details for the year 2009-10 to 2011-12 is given below :

	Rs. / kWh		
	2009-10	2010-11	2011-12
ACS	3.55	3.97	4.39
ARR (subsidy booked basis)	3.16	3.33	3.68
ARR (subsidy received basis)	2.95	3.30	3.63
Gap (subsidy booked basis)	0.40	0.64	0.70
Gap (subsidy received basis)	0.61	0.67	0.76

(d) : The steps taken by the Government to minimize this difference, inter-alia, are:

- (i) Promoting use of more efficient super-critical technology in thermal power generation with a view to reduce the cost of fuel required per unit of generation.
- (ii) Tariff Policy notified on 06.01.2006 mandates procurement of power by distribution licensees competitively except in cases of expansion of existing projects of where there is a State controlled/owned company as an identified developer. For Public Sector projects also, the tariff of all new generation projects is to be decided on the basis of competitive bidding after 5th January, 2011.
- (iii) Improved operational norms in the tariff regulations issued by the Central Electricity Regulatory Commission (CERC) for the period 2009-14.
- (iv) Promotion of higher unit size / plant capacity to reduce capital cost on account of economy of scale.
- (v) Revised mega power project policy issued by Ministry of Power in December, 2009 under which payment of custom duty is exempted for power generating equipments of certain specified capacity of projects and excise duty is also exempted for certain categories of projects.
- (vi) Competitive tariffs have been discovered through tariff based competitive bidding for procurement of power for which the bidding documents have been provided by the Ministry.