

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2908

ANSWERED ON:06.08.2015

Procurement Cost of Power

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Will the Minister of POWER be pleased to state:

- (a) the various parameters/factors which are taken into account for fixing the rate of power produced by National Thermal Power Corporation (NTPC) plants;
- (b) whether the procurement cost of power from Barh State-I of NTPC in Bihar is very high in comparison to Eastern Region of NTPC station if so, the details thereof and the reasons therefor;
- (c) whether certain States including Odisha have requested to de-allocate power allocated from NTPC stations located outside the States and if so, the details thereof and the action taken thereon; and
- (d) the steps taken by the Government to bring down the power procurement with ensuing reduction in retail prices to the end users?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) : The tariff of NTPC stations is determined by Central Electricity Regulatory Commission (CERC) based on the prevailing Tariff Regulations. The current Tariff Regulations as issued by CERC are valid for the period from 01.04.2014 to 31.03.2019.

(b) : The project at Barh Stage-1 is under construction and not yet commissioned. The final costs can be known only after completion of the project and determination of tariff will be done by CERC.

(c) : Governments of Odisha, Delhi, Himachal Pradesh, Rajasthan, Meghalaya, Sikkim and Damodar Valley Corporation have requested for surrender of some power from Central Generating Stations.

As per the CERC (Terms and Conditions of Tariff) Regulations, 2014, the Central Government can reallocate such surrendered share depending upon the technical feasibility of power transfer to the willing utility/buyer and specific agreements reached by the generating company with such utility/buyer. The copies of letters of surrendered share of this States/Utility have been forwarded to other State. As and when the other states indicate their willingness, this may be re-allocated.

(d) : The steps taken by the Government to bring down the cost of power procurement with ensuing reduction in retail prices to the end users are:

1. Government of India has issued direction to CERC under Section 107 of Electricity Act, 2003 and advised State Government to issue similar direction to SERC/JERC under Section 108 of Electricity Act, 2003 to adopt procedure for downward revision of tariff in already concluded PPAs under section 62 and section 63 of Electricity Act, 2003 when coal is being procured from coal mines auctioned or allocated under Coal Mines (Special Provision) Ordinance, 2014.

2. Ministry of Power has issued Resolution on 16th April, 2015 for amendment to the guidelines for future procurement of power by distribution licensees in the DBFOO (earlier Case-I bidding) from thermal power stations sourcing coal from the mines auctioned as allocated under Coal Mines (Special Provision) Ordinance, 2014 in order to ensure that the benefits of coal block auction are passed on to the consumers. In the Resolution, the following, inter-alia, have been stipulated:

(i) As far as the fixed/capacity charges are concerned, the power procurer shall determine, in advance, in consultation with the Appropriate Commission, an upper ceiling in terms of Rs./Kwh towards the fixed/capacity charges. This shall also be indicated in advance to all the prospective bidders while inviting DBFOO (earlier Case-I) bids as part of bid document.

(ii) The power procurers may carry out necessary modifications, if any required, in the DBFOO/Case-1 bidding document for giving effect to the above Guidelines with the concurrence of Appropriate Commission.

3. Government of India has sanctioned a scheme for importing spot RLNG in 2015-16 and 2016-17 for the stranded gas based power plants as well as for plants receiving domestic gas upto the target PLF select through a reverse e-bidding process. The scheme provides for financial support from PSDF (Power System Development Fund). The outlay for the support from PSDF has been fixed at Rs 7500 crores (Rs. 3500 and Rs. 4000 crores for the year 2015-16 and 2016-17 respectively).
