

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4255

ANSWERED ON:07.08.2014

POWER GENERATION COST

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Will the Minister of POWER be pleased to state:

- (a) whether there is a huge difference in the power generation cost and its maximum selling price to the consumers in the country;
- (b) if so, the estimated average power generation cost during the year 2013-14;
- (c) the minimum and the maximum price of power sold to the consumers during the above said period;
- (d) whether the Government has decided that power producers who do not sell electricity at regulated tariffs will not get gas supply and if so, the details thereof; and
- (e) the other steps taken/proposed to be taken by the Government in this regard?

Answer

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

(a) : All India average rate of sale of power (including nuclear) from power generating stations to power utilities and average cost of supply to consumer (As per PFC Report ` Report on the Performance of the State Power Utilities`) for the last three years i.e. from 2010 to 2013 is given below:

Electricity Cost of Generation & Average Cost of Supply to Consumer in India

Year	All India Average rate of sale of power (Including Nuclear) from power station (Rs./kWh)	Average cost of Supply to Consumers (Rs./kwh)	GAP
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(A)	(B)	(C)	(D) = (C) - (B)
2010-11	2.88	3.97	1.09
2011-12	2.97	4.39	1.42
2012-13	3.17	5.01	1.84

However, the average rate indicated in Column (B) does not include other costs which the distribution utility has to incur on account of AT&C losses, cost of distribution etc.

(b) : The Cost of generation and rate of sale of power from generating station to power utilities or distribution to consumers data for the year 2013-14 are not available for the year 2013-14 as this data is based on the audited figure and Annual Report of the companies, which mostly takes six-seven months after completing the financial year.

(c) : The minimum and the maximum price of power sold to various categories of consumers by power utilities during the year 2013-14 is enclosed as Annex.

(d) & (e) : Steps taken/proposed to be taken by the Government in this regard 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) Encouraging captive coal mining for thermal power projects with the object of inter alia lowering cost of fuel for coal-fired stations.

(iii) Renovation and Modernization of ageing / not well performing thermal and hydro power stations for improving operational efficiency.

(iv) 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.

(v) Promotion of higher unit size / plant capacity to reduce capital cost on account of economy of scale.

(vi) Initiative to set up Ultra Mega Power Projects (UMPPs) of 4000 MW capacity each through tariff-based International Competitive Bidding to reap benefits of economy of scale.

(vii) 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.

(viii) Competitive tariffs have been discovered through tariff based competitive bidding for procurement of power. Improvement in operational norms specified by CERC have resulted in reduction of tariff. Introduction of super-critical technology in new thermal projects would result in saving of fuel, reduction in CO₂, NO_x, SO₂ and particulate emissions, etc.

(ix) Other steps being taken by the Government to arrest the losses of state power distribution companies inter-alia includes Restructured Accelerated Power Development & Reforms Programme launched by Union Government in July'08 to reduce Aggregate Technical & Commercial losses to below 15% in towns with population greater than 30,000 as per 2001 Census [10,000 for special category states]. The focus of the programme is on the actual, demonstrable performance in terms of sustained loss reduction and establishment of reliable and automated systems for sustained collection of accurate base line data.