

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2212
TO BE ANSWERED ON 08.03.2018**

POWER TARIFF

**2212. SHRI SANJAY DHOTRE:
SHRI BHARTRUHARI MAHTAB:
SHRI RAHUL SHEWALE:**

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

- (a) the norms or guiding principles laid down in the Electricity Act, 2003 for regulation of power tariff in the country;**
- (b) whether the cases of violation of the said norms/guiding principles by the private sector power distribution companies have come to the notice of the Government during each of the last three years and the current year, if so, the details thereof, State/UT-wise including Delhi and the reasons therefor along with the action taken/being taken by the Government against such companies;**
- (c) whether the power tariff of the said companies is higher than the tariff charged by the companies in neighbouring countries, if so, the details thereof, country-wise along with the measures taken by the Government to bring power tariff lower or at par with the tariff in such countries; and**
- (d) the other steps taken by the Government in this direction?**

A N S W E R

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

(SHRI R. K. SINGH)

(a) : As per the provisions given in Section 61 to Section 64 of the Electricity Act, 2003, the Appropriate Electricity Regulatory Commission determines the electricity tariff for supply of electricity by generating company to distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. Section 61 of the Electricity Act, 2003 provides for the guiding principles and the terms and conditions for determination of tariff by the Appropriate Commission. A copy of relevant extract is provided as Annexure.

(b) to (d) : No cases of violation of the Tariff determination norms/guiding principles by the Appropriate Commission have come to the notice of the Government. Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner is one of the guiding principles under Section 61 of the Electricity Act 2003. Power Distribution tariff is being determined by the respective State Electricity Regulatory Commissions. The distribution tariff varies from State to State depending upon the actual cost of supply of electricity, tariff norms and the subsidy, if any, provided for any class of consumers. Similarly the electricity tariff in neighbouring countries depends upon the energy mix, electricity market structure, rules & regulations thereof prevailing in that country. Government of India had taken note of the fact that there are different numbers of tariff slabs and categories of consumers exist in different States for retail supply of electricity. A committee was constituted by Ministry of Power, Govt. of India to give recommendations for simplification of consumer categories. The Committee has submitted its recommendations which include reduction in tariff slabs and consumer categories. The Committee report is under consideration. Government of India has requested States to ensure 24x7 power for all consumers from April, 2019. The states have also been advised that Aggregate Technical and Commercial (AT&C) losses be brought down to less than 15% and it is proposed to amend the tariff policy to provide that after the 1st of January 2019 the maximum losses which can be passed on in tariff will not be more than 15%.

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF UNSTARRED QUESTION NO. 2212 TO BE ANSWERED IN THE LOK SABHA ON 08.03.2018

Section 61 (Tariff Regulations)

The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-

- (a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;**
- (b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;**
- (c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;**
- (d) Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;**
- (e) the principles rewarding efficiency in performance;**
- (f) multi year tariff principles;**
- (g) that the tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission;**
- (h) the promotion of co-generation and generation of electricity from renewable sources of energy;**
- (i) the National Electricity Policy and tariff policy:**

Provided that the terms and conditions for determination of tariff under the Electricity (Supply) Act, 1948, the Electricity Regulatory Commission Act, 1998 and the enactments specified in the Schedule as they stood immediately before the appointed date, shall continue to apply for a period of one year or until the terms and conditions for tariff are specified under this section, whichever is earlier
