

GOVERNMENT OF INDIA

MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA

STARRED QUESTION NO. 304

TO BE ANSWERED ON 23.03.2017

TARIFF STRUCTURE FOR POWER FROM RENEWABLE SOURCES

*304. SHRI SUMAN BALKA:

Will the Minister of New and Renewable Energy be pleased to state:

- (a) whether any preferential tariff treatment is accorded to power sourced from non-conventional energy resources and if so, the details thereof ;
- (b) whether the Government is exploring the possibility of a change in the tariff structure for electricity generated from clean energy sources to promote a green economy and if so, the details thereof;
- (c) whether the Government proposes to introduce a fixed component in the renewable energy tariff to prevent States from backing down from buying electricity from renewable energy sources; and
- (d) if so, the details thereof and if not, the reasons thereof?

ANSWER

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

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 304 for answer on 23.03.2017 regarding Tariff Structure for Power From Renewable Sources.

- (a) The Central and State Electricity Regulatory Commissions have framed regulations for determination of tariff for power sourced from Renewable Energy Sources, if the same is not procured based on competitive bidding. The regulated tariff for renewable energy is based on cost-plus norms, assuring a specified rate of return on investment to encourage investment in these technologies.
- (b) No, Madam
- (c) & (d) For solar, wind and small hydro projects the tariff is structured as a single part tariff consisting of the following fixed cost components: a) Return on equity; b) Interest on loan capital; c) Depreciation; d) Interest on working capital; and e) Operation and maintenance expenses. For the renewable energy technologies having fuel cost component, like biomass power projects and non-fossil fuel based cogeneration there is a provision for single part tariff with two components, fixed cost component and fuel cost component.

Further, as per the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012, all renewable energy power plants, except for biomass power plants with installed capacity of 10 MW and above and non-fossil fuel based cogeneration plants, shall be treated as '**Must Run**' power plants and shall not be subjected to 'merit order despatch' principles. Further, as per the Indian Electricity Grid Code, System operator (State Load Dispatch Centre / Regional Load Dispatch Centre) is mandated to make all efforts to evacuate the available solar and wind power and treat as a must-run station. However, System operator may instruct the solar /wind generator to back down generation on consideration of grid security or safety of any equipment or personnel is endangered and Solar/ wind generator is required to comply with the same.