

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.3865
TO BE ANSWERED ON 03.01.2019**

POWER GENERATION COST

**†3865. SHRIMATI RITI PATHAK:
SHRI JUGAL KISHORE:**

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

- (a) whether there is huge difference between power generation cost and the distribution cost at which power is provided to the customers in the country;**
- (b) if so, the details thereof, State- wise along with the reasons therefor; and**
- (c) the steps taken by the Government to reduce gap between per unit power generation cost and the cost at which power is provided to the customers?**

A N S W E R

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

(SHRI R. K. SINGH)

(a) & (b) : The difference between cost of power generation and the cost of supply of power to the end consumer is due to the fact that the cost of supply to the end consumers includes the transmission charges, transmission losses, distribution network charges, distribution losses and commercial losses etc. in addition to the power generation cost. As reported by the generating companies and the distribution companies to Central Electricity Authority, the average power generation cost & average cost of supply of Distribution Companies during the last three years is at Annex.

(c) : Through appropriate policy framework and programmes, the Central Government is promoting efficiency in generation, transmission and distribution and also supporting strengthening of the distribution and transmission infrastructure for reducing technical losses. The Tariff Policy notified by Central Government which provides that the future procurement of power by Discom needs to be through competitive bidding route only, will contribute towards lowering of tariff rates. It also lays emphasis on reduction in Aggregate Technical & Commercial (AT&C) losses and theft to reduce the operating costs of Discoms. These measures are expected to reduce the gap between per unit power generation cost and the cost at which power is provided to the customers.

ANNEX

ANNEX REFERRED TO IN REPLY TO PARTS (a) & (b) OF UNSTARRED QUESTION NO. 3865 TO BE ANSWERED IN THE LOK SABHA ON 03.01.2019.

The average power generation cost & average cost of supply of Distribution Companies during the last three years is as follows:

Description	2013-14	2014-15	2015-16
Average generation cost (Rs/kWh)	3.45	3.67	4.43
Average cost of supply of Distribution companies (Rs/kWh)	5.19	5.21	5.43
