

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
STARRED QUESTION NO.98
TO BE ANSWERED ON 27.06.2019**

NORMS FOR POWER TARIFF

***98. SHRI D.K. SURESH:**

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

- (a) the norms/criteria laid down by the Government to fix power tariff in the country;**
- (b) whether the power tariff being charged by the private power distribution companies in the country is much higher as compared to the tariff in other developing/developed countries;**
- (c) if so, the details thereof along with the reasons therefor; and**
- (d) the steps taken/being taken by the Government to rationalise the power tariff?**

A N S W E R

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

(SHRI R.K. SINGH)

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

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.98 TO BE ANSWERED IN THE LOK SABHA ON 27.06.2019 REGARDING NORMS FOR POWER TARIFF.

(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 a generating company to a distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. Section 61 of the Electricity Act, 2003 and the tariff policy provide 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) : Power Distribution tariff is 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 other developing /developed 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 constituted by the Government gave its recommendation for simplification of consumer categories. Based on the recommendations of the Committee and further consultations with stakeholders, suitable changes including reduction in tariff slabs and consumer categories have been proposed in the draft Tariff Policy.

**ANNEXURE REFERRED TO IN PART (a) OF THE STATEMENT LAID IN
REPLY TO STARRED QUESTION NO. 98 TO BE ANSWERED IN THE LOK
SABHA ON 27.06.2019 REGARDING NORMS FOR POWER TARIFF.**

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
