

**GOVERNMENT OF INDIA**

**MINISTRY OF POWER**

**RAJYA SABHA**

**QUESTION NO 06.12.2010**

**ANSWERED ON**

**SWITCHING TO TARIFF BASED REGIME IN POWER SECTOR .**

2905

SHRIMATI SHOBHANA BHARTIA

Will the Minister of COALPOWER be pleased to state :-

(a) whether the Central Electricity Regulatory Commission has urged the Central Government not to extend the January, 2011 deadline for completely switching to a tariff-based competitive regime in the power sector;

(b) if so, whether a detailed comparison in fourteen power projects had shown that power tariffs discovered through competitive bidding are lower than the cost plus tariffs; and

(c) if so, the steps Government has taken to review the state of preparedness of the States in switching to the competitive route?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF POWER

( SHRI BHARATSINH SOLANKI )

(a) :Yes, Sir. Central Electricity Regulatory Commission has advised the Government that the deadline of January, 2011 for completing the transition to procurement of power through tariff based competitive bidding even from State/Central Government owned entities should not be extended further except in cases of large size multi-purpose storage hydro projects and peaking stations.

(b) & (c) :Yes, Sir. The Commission had undertaken a detailed exercise covering 14 projects to verify the findings that the tariffs being discovered through competitive bidding are lower than the cost plus tariffs. The study has concluded that the computed prices under cost plus methodology are higher than the levelized tariffs discovered under competitive bidding in respect of 12 out of 14 projects. The comparison table is enclosed at Annex.

All the States have been advised to take necessary steps to switch over to competitive Bidding regime through letter & interactions in the meetings.