

No. 23/02/2018-R&R
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 10th September, 2018

To

1. Chairperson, Central Electricity Authority, New Delhi.
2. Principal Secretary/Secretary(Energy), All State Governments/UTs.
3. Secretary, Central Electricity Regulatory Commission, New Delhi.
4. Secretaries, All SERCs.
5. Chairman/CMDs for all PSUs under administrative control of Ministry of Power.
6. CMDs/MDs of DISCOMs/GENCOs of all State Governments.
7. DG, Association of Power Producers, New Delhi.
8. President, FICCI, Federation House, Tansen Marg, New Delhi.
9. Head, Prayas (Energy Group), Pune.

Subject: Proposed amendments in Tariff Policy – regarding.

Sir,

I am directed to refer to this Ministry's letter of even number dated 30.5.2018 seeking comments on the proposed amendment in Tariff Policy.

2. Provisions related to '**Simplification of tariff categories and rationalization of retail tariff**' were incorporated in the draft proposed amendment in Tariff Policy at **Para 8.3 A** with five major consumer categories (Domestic, Commercial, Agricultural, Industrial and Institutional) and circulated for comments on 30.5.2018.
3. The proposed draft formulations at **Para 8.3 A** have been further modified and now it is proposed to incorporate tariff categories on sanctioned load and consumption basis. A revised provision in this regard is enclosed with the request that the comments may please be furnished to this Ministry by 20th September, 2018.
4. The comments may kindly be sent through email at sandeep.naik68@gov.in and debranjanchattopadhyay@nic.in.

Yours faithfully,



Encl: As above

(D. Chattopadhyay)
Under Secretary to the Government of India
Tel: 2373 0265

Copy to:

- (i) All Joint Secretaries/Economic Adviser, Ministry of Power.
- (ii) PS to Hon'ble Minister, PPS to Secretary (Power), PPS to AS(R&R), PS to Chief Engineer(R&R), PS to Director (R&R)
- (iii) Incharge, NIC, MoP with the request to upload this document on the website of Ministry of Power under heading "current notices".

Para 8.3A: Simplification of tariff categories and rationalization of retail tariff

Over the years, the tariff structure across the States has become very complex and there is a need to not only simplify and rationalize the tariff structure, but also make it harmonious across all States. Towards this end, the following principles shall be adopted:

(1) In Order to have a simplified Tariff structure across all DISCOMs the tariff structure should do away with the concept of having different tariff for usage by different categories of customers. The principle adopted is paying a price for use of electricity as a commodity which should not be different for different category of usage like in Domestic/ Commercial/ Industrial etc but it should be based on Load used and energy consumed.

(2) The Principle to be adopted in the new tariff structure shall be on the basis of different slabs in Sanctioned Load and units consumed. Maximum 5 Load categories to be created such as 0-2 KW, >2-5 kW, >5-10 KW, >10-25KW, and >25KW. For each Load bracket the consumption slab shall be considered such as 0-200 units, 201-400 units, 401-800 units 801-1200 and >1200 units with progressive rates. Thus, there would be fixed charges based on the sanctioned load and energy charge based on the actual energy consumption. As the consumption pattern in different states is different, the slab range for Load and energy consumption may be appropriately decided by the State commission.

(3) Considering the socio economic condition the issue of subsidy and cross subsidy may be handled through different slabs in Load and also in units consumed. The consumers having sanctioned load and unit consumption in lower brackets will

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be subsidized by consumers in higher load bracket and consumption bracket. For example, consumers in Load bracket 0-2 and >2-5 KW may be subsidized by consumers having higher Load brackets (>5-10, >10-25 and >25 KW).

(4) To prevent consumers from declaring less load a systematic method can be adopted to revise the load automatically if average load of last year exceeds the load sanctioned. Moreover a penalty should be imposed for exceeding the Sanctioned Load in the particular month of violation.

(5) Appropriate rebate may be provided to incentivise bulk Customers to take supply at higher voltage category like in 33/66/132/220 KV etc.

(6) The states may have the option of adopting kW and kWh or kVA and kVAh based tariff. However, it may be preferable to have Load and Units consumption in KVA and kVAh respectively for above 10 kW Load level to take care of the impact of power factor.

(7) In addition, the State Commission may create a separate category for EV charging stations, if required.
