GOVERNMENT OF INDIA
MINISTRY OF POWER
RAJYA SABHA
UNSTARRED QUESTION NO.3829
ANSWERED ON 05.04.2022

HEAVY CROSS-SUBSIDY IN THE POWER SECTOR

3829 PROF. MANOJ KUMAR JHA:

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

(a) the current per unit price charged to industrial, commercial, domestic and agricultural customers, and comparable international prices of the same;

(b) the quantum of cross-subsidy that is given out in the process;

(c) whether Government is cognizant of the fact that due to high rate charged to industrial users, they have opted to run separate lines on their own, if so, the details thereof, including the number of industrial units that have stopped receiving power from State-run DISCOMS in the country; and

(d) the steps that Government is taking to rationalise these rates and prevent the migration of such customers?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) : The tariff for retail supply of electricity to all consumers, including industrial, commercial, domestic and agriculture customers, is determined by the respective State Electricity Regulatory Commission.

As per the available data, the tariffs (including Govt. subsidy, if any) for domestic consumers range from 1.40 Rs./kWh to 12.65 Rs./kWh. The tariffs for Non-Domestic category range from 3.89 Rs./kWh to 14.51 Rs./kWh. The agricultural tariffs range from 0 Re./kWh to 6.28 Rs./kWh. The industrial tariffs range from 3.35 Rs./kWh to 10.0 Rs./kWh. In most of other countries, generally the tariffs for industrial consumers are lower than the tariffs for households.

(b) : The cross subsidy among States varies across different categories of consumers. Cross subsidy for LT Commercial category ranges between 28% to 172%, for LT industrial category it ranges between 28% to 163%, for HT Commercial Category it ranges between 100% to 178% and for HT Industrial Category it ranges between 34% to 160% .

(c) : The Electricity Act 2003 has enabling provisions for captive generation. Section 9(1) of the Act provides for setting up of a captive generating plant and dedicated transmission lines while Section 9 (2) provides the right to open access for the purposes of carrying electricity from such captive generating plant to the destination of use. Accordingly, Cross subsidy surcharge is not levied in case open access is provided to a person or entity who has established captive generating plant for carrying electricity to the destination for own use. Generally, industries having high demand establish their own captive power plants.

The captive power plant installed capacity in industries having demand of 1 MW and above has increased from 409.52 MW in 1948 to 76,239.36 MW in 2020 whilst the generation from captive power plants has grown from 1299.56 GWh in 1949 to 239,566.75 GWh by 2019-20.

(d) : The Electricity Act 2003 provides that the tariff should be cost reflective. As per National Tariff Policy, 2016, Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. Accordingly, the Central Government has been requesting the State Commissions to define a roadmap for cross-subsidy reduction and take steps to reduce such subsidy to ±20% of the Average Cost of Supply (ACoS) in compliance with the provisions of the Tariff Policy, 2016.

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