

**Press Information Bureau
Government of India
Cabinet**

20-January-2016 15:39 IST

Cabinet approves amendments in Power Tariff Policy to ensure 24X7 affordable Power for all

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has approved the proposal of the Ministry of Power for amendments in the Tariff Policy. For the first time a holistic view of the power sector has been taken and comprehensive amendments have been made in the Tariff policy 2006. The amendments are also aimed at achieving the objectives of Ujwal DISCOM Assurance Yojana (UDAY) with the focus on 4 Es: Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future, Ease of doing business to attract investments and ensure financial viability.

Highlights of Amendments are:

Electricity:

- 24X7 supply will be ensured to all consumers and State Governments and regulators will devise a power supply trajectory to achieve this.
- Power to be provided to remote unconnected villages through micro grids with provision for purchase of power into the grid as and when the grid reaches there.
- Affordable power for people near coal mines by enabling procurement of power from coal washery reject based plants.

Efficiency:

- Reduce power cost to consumers through expansion of existing power plants.
- Benefit from sale of un-requisitioned power to be shared allowing for reduction in overall power cost.
- Transmission projects to be developed through competitive bidding process to ensure faster completion at lower cost.
- Faster installation of Smart meters to enable “Time of Day” metering, reduce theft and allow net-metering.
- Lower power cost by creating transmission capacity for accessing power from across India.

Environment:

- Renewable Power Obligation (RPO): In order to promote renewable energy and energy security, 8% of electricity consumption excluding hydro power, shall be from solar energy by March 2022.
- Renewable Generation Obligation (RGO): New coal/lignite based thermal plants after specified date to also establish/procure/purchase renewable capacity
- Affordable renewable power through bundling of renewable power with power from plants whose PPAs have expired or completed their useful life.
- No inter-State transmission charges and losses to be levied for solar and wind power.
- Swachh Bharat Mission to get a big boost with procurement of 100% power produced from Waste-to-Energy plants.

- To release clean drinking water for cities and reduce pollution of rivers like Ganga, thermal plants within 50 km of sewage treatment facilities to use treated sewage water.
- Promotion of Hydro projects through long term PPAs and exemption from competitive bidding till August 2022.
- Ancillary services to support grid operation for expansion of renewable energy.

Ease of Doing Business:

- Generate employment in coal rich Eastern states like Odisha, West Bengal, Jharkhand, Chhattisgarh etc. by encouraging investments. States allowed to setup plants, with up to 35% of power procured by DSICOMs on regulated tariff.
- Remove market uncertainty by allowing pass through for impact of any change in domestic duties, levies, cess and taxes in competitive bid projects.
- Clarity on tariff setting authority for multi-State sales. Central Regulator to determine tariff for composite schemes where more than 10% power sold outside State.

These amendments will benefit power consumers in multiple ways. While reducing the cost of power through efficiency, they will spur renewable power for a cleaner environment and protect India's energy security. They would also aid the objectives of Swachh Bharat Mission as well as Namami Gange Mission through conversion of waste to energy, usage of sewage water for generation and in turn ensure that clean water is available for drinking and irrigation.

These amendments will ensure availability of electricity to consumers at reasonable and competitive rates, improve ease of doing business to ensure financial viability of the sector and attract investments, promote transparency, consistency and predictability in regulatory approaches across jurisdictions. It will further facilitate competition, efficiency in operations and improvement in quality of supply of electricity. These holistic amendments to Power Tariff Policy which complement schemes like UDAY will ensure the realization of Hon'ble Prime Minister Shri Narendra Modi's vision of 24X7 affordable power for all.

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