

Tariff

Determination of tariff by the Commission.-

(1) Notwithstanding anything contained in any other law for the time being in force the tariff for intra-State transmission of electricity and the tariff for distribution and supply of electricity, grid, wholesale, bulk or retail, as the case may be (herein after referred to as the tariff), shall be subject to the provisions of this Act and the tariff shall be determined by the Commission in accordance with the provisions of this Act..

(2) The Commission shall determine by regulations the terms and conditions for the fixation of tariff, and in doing so, shall be guided by the following, namely: -

The principles and their applications provided in sections 46, 57 and 57-A of the Electricity (Supply) Act, 1948 (Central Act No. 54 of 1948) and the Sixth Schedule thereto;

In the case of the Board or its successor entities, the principles under section 59 of the Electricity (Supply) Act, 1948 (Central Act No. 54 of 1948);

That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency.

The factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the Commission considers appropriate for the purpose of this Act;

The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on the average cost of supply of energy; The electricity generation, transmission, distribution and supply are conducted on commercial principles; and

National power plans formulated by the Central Government.

(3) Where the Commission departs from any factors specified in clauses (a) to (f) of sub-section (2), it shall record the reason for such departure in writing.

(4) The Commission, while determining the tariff under this Act, shall not show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, total consumption of energy during any specific period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

(5) The holder of each license and other persons including the Board or its successor body authorised to transmit, sell, distribute or supply electricity wholesale, bulk or retail, in the State shall observe the methodologies and procedures specified by the Commission from time to time in calculating the expected revenue from charges which he is permitted to recover.

(6) Where the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission under this section, the State Government shall pay the amount of subsidy to compensate the person affected by the grant of subsidy, in the manner the Commission may direct, as a condition for the license or any other person concerned to implement the direction with regard to subsidy provided for by the State Government.

(7) The Commission shall also endeavor to fix tariff in such a manner that, as far as possible, similarly placed consumers in different areas pay similar tariff.

(8) No tariff or part of any tariff, may be amended more frequently than once in any financial year, ordinarily except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be prescribed by regulations.

(9) Notwithstanding anything contained in sections 57-A and 57-B of the Electricity (supply) Act, 1948 (Central Act No. 54 of 1948), no rating Committee shall be constituted after the date of commencement of this Act and the Commission shall ensure that licensees comply with the

provisions of their licenses regarding their charges for the sale of electricity, both wholesale and retail) and for the connection to and use of their assets or systems in accordance with the provisions of this Act.

Finances of licensees.-

(1) The State Government may from time to time make subventions to any licensee for such amounts as may be recommended by the Commission and on such terms and conditions as the State Government may determine.

(2) The State Government may from time to time advance loans to any licensee or generating Company which for the time being is wholly or partly owned by the State Government on such terms and conditions, not inconsistent with the provisions of this Act or the Electricity(supply) Act, 1948 (Central Act No. 54 of 1948)as the State Government may determine.

(3) The State Government may guarantee, in such manner as it thinks fit, the repayment of the principal or the payment of interest (or both) of any loan proposed to be raised by any licensee or generating company which is for the time being wholly or partly owned by the State Government ,or for the discharge of any other financial obligation of any such licensee or generating company.

(4) The State Government shall have power to inspect and verify the accounts of every licensee or Generating Company obtaining the benefits under sub-sections (1) (2) or (3)