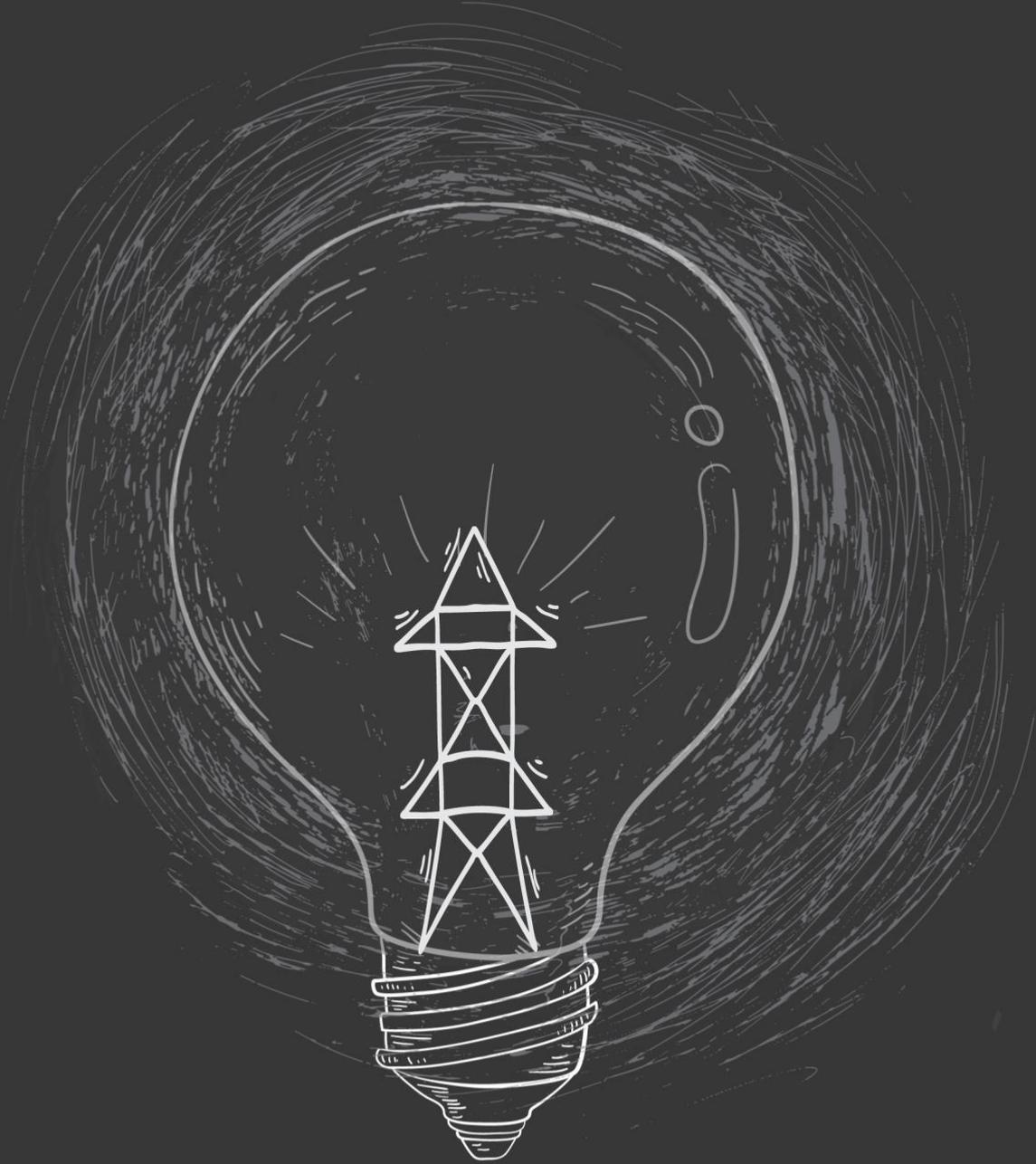


Grid Se Ghar Tak

- an initiative for strengthening civil society participation in power sector



Workshop 2

Tariff Determination Process, Principles and Rationalisation



CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

About the series 'Grid se Ghar tak'

The series is a consumer-centric initiative supported by Rajasthan Electricity Regulatory Commission (RERC) and facilitated by Centre for Energy, Environment & People (CEEP). It aims to empower individuals and social organisations in Rajasthan to actively participate in shaping the legal, policy, and regulatory landscape for the power sector.

Workshop II: Tariff Determination – Process, Principles and Rationalisation

The second workshop of the series revolved around the processes and principles involved in determining India's electricity tariffs, focusing on Rajasthan. It covered policy and framework for determining and designing retail electricity tariffs. Further, tools and priority areas for reviewing tariff petitions were discussed.

Participants gained insights into tariff rationalisation principles and its associated complexities. The workshop was conducted in a hybrid mode, with 27 persons present at RERC headquarters in Jaipur and 60 joining virtually. The list of participants is provided in Annexure of the report. The agenda for the workshop is provided in the Table below.

DATE & TIME: 10:30 AM – 01:00 PM, June 2, 2023			
VENUE: Conference Hall, 4th Floor, Rajasthan Electricity Regulatory Commission, Jaipur			
10:30-10:40	Welcome remarks and Program inauguration	Rajasthan Electricity Regulatory Commission or Centre for Energy, Environment & People	
WORKSHOP 2 Tariff Determination – Principles and Process			
Time	Topic	Key topics to be covered	Speaker
10:40-12:00	Electricity Tariff	What is Tariff Determination? Methods of cost & tariff determination Tariff Determination in India Tariff process for distribution Consumer participation and key areas to be focussed in a tariff petition	Sh. Anshuman Gothwal, Centre for Energy, Environment & People
12:00-12:15	Questions and Answers		
12:15-12:45	Tariff Rationalisation	What is tariff rationalisation and its principles? Design of tariff schedule Challenges in tariff rationalisation	Sh. Manideep Gudela, Centre for Energy, Environment & People
12:45-12:55	Questions and Answers		
12:55-13:00	Way Forward and Closing Remarks	Rajasthan Electricity Regulatory Commission or Centre for Energy, Environment & People	

Session I: Tariff Determination – Principles and Process

Anshuman Gothwal introduced the session with the various costs involved in consumer tariff determination and the hybrid nature of the tariff determination method in India. He explained the tariff determination process in India with stipulated timelines and relevant petitions on ARR determination and performance review, true-up and investment planning. He delved into the sections of the Electricity Act 2003 that laid down the fundamental principles of regulatory governance. These principles ensured the public's role in determining tariffs to ensure transparency and accountability. Additionally, he emphasised the need for increased participation and awareness from the public to maintain the prudence of electricity tariffs.

He also presented an overview of the different stages of tariff determination for a distribution utility, including demand estimation, power procurement planning, estimating distribution costs such as O&M costs, R&M costs etc., annual revenue requirement and fixing consumer tariff schedules. He further explained the various components of a tariff petition, i.e., past sales and forecasting, energy balance, power purchase cost, transmission charges, RPO compliance, revenue projection, financial components, and capital expenditure. He also addressed other aspects such as consumer security deposit, bad & doubtful debts, annual revenue requirement, replies to directives given by the commission last year, carrying cost treatment, indicative tariff schedule and changes proposed in the tariff schedule. He elucidated the concept of controllable and uncontrollable costs in an ARR petition, normative benchmarks for various ARR components and highlighted important considerations for consumers when assessing a tariff petition.

Session II: Tariff Rationalisation – Principles and Challenges

In the second session, Manideep Gudela discussed the issues with the electricity tariff regime in India, such as the absence of a scientific approach and limited data availability in tariff determination. He emphasised the need to re-evaluate tariff determination frameworks, prepare for a clean energy transition, and ensure equitable access to energy for all. Manideep also highlighted the importance of Tariff Rationalisation, which involves redesigning tariff structures and determining rates to maximise collective utility.

During his presentation, Manideep explained that the principles for tariff rationalisation are often implicitly articulated in the Electricity Act 2003, Tariff Policy, and Tariff Regulations. He shared the commonly adopted regulatory principles for tariff rationalisation: Sustainability, Efficiency, Cost Reflectiveness, Transparency, Non-discrimination, Equity, Simplicity, Stability, and Consistency. However, he acknowledged the challenges of balancing these principles in a tariff design due to varying degrees of synergy and trade-offs.

Glimpses of the training workshop



About CEEP

Centre for Energy, Environment & People (CEEP) is a Jaipur-based human-centric research and policy advocacy initiative driving critical research and fostering democratic coalitions for low carbon transition and climate justice.

We work at the intersection of energy, environment and people to enable institutional response, investments and political shift towards clean energy and sustainable practices. As an institution, we prioritise addressing socio-economic disparities and vulnerabilities faced by disadvantaged individuals and groups through inclusive and representative policy action.

Annexure: List of Participants of the Workshop

Name	Designation and Organisation	Place
Abhay Singh	State President, RVPMC INTUC	Jaipur
Abhishek Kumar	Indicc Associate	Jaipur
Akshat Mishra	Indicc Associate	Jaipur
Ashok Pareek	Member, CGRF	Jhunjhunu
Adesh Bhai Parshan	Adarsh Manav Vikas Yuva Gramin Sansthan	Karauli
Atul Kasali	Press	Jaipur
Balmukund Sanadhya	Samta Power	Jaipur
DD Agarwal	Samta Power	Jaipur
Deepak Sharma	Records Sansthan	Sanganer, Jaipur
Dileep K. Yadav	Aravali	Jaipur
Ganesh Lal Tanwar	Geetanjali Vidhya Ashram Shiksha Samiti	Phulera, Jaipur
Giraj Kumar	Jagrati Seva Sansthan	Jhunjhunu
Jitendra Dabria	Founder, Jan Chetna Rural Research & Development Sector	Kishangarh Renwal
Kamlesh	SR Abhiyan	Jaipur
Kalu Ram	RTI Activist	Harmada
Kamlesh Gupta	Gram Vikas Navyuvak Mandal Laporiya	Dudu
KK Solanki	Member, CGRF	Bharatpur
KL Yogi	Member, CGRF	Bharatpur
Om Prakash	Jan Chetna Rural Research & Development Sector	Kishangarh Renwal
Praduman Singh	Student	Jaipur
Praveen Kumar	Ranthambhore Art and Wildlife Protection Society	Sawai Madhopur
Rahul Gupta	Jagrati Seva Sansthan	Jhunjhunu
Rakesh Sharma	RTI Activist	Harmada

Ramdas Tarun	Yuva Chetna Samiti	Dholpur
Rakesh K. Parmar	Samajik Vikas Samiti	Dholpur
Rohit Kumar	Manav Mangal Seva Sansthan	Bharatpur
Surendra K.	SKRPs	Jaipur

Note: The workshop was streamed live on Zoom. A total of 60 participants joined from different parts of Rajasthan.