

The Electricity Act 2003

Section 61 - The Appropriate Commission shall, subject to the provisions of this Act, Regulations

specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:- (a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees; (b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles; (c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments; (d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner; (e) the principles rewarding efficiency in performance; (f) multi year tariff principles; (g) that the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission; (h) the promotion of co-generation and generation of electricity from renewable sources of energy; (i) the National Electricity Policy and tariff policy: Provided that the terms and conditions for determination of tariff under the Electricity (Supply) Act, 1948, the Electricity Regulatory Commission Act, 1998 and the enactments specified in the Schedule as they stood immediately before the appointed date, shall continue to apply for a period of one year or until the terms and conditions for tariff are specified under this section, whichever is earlier. 31