

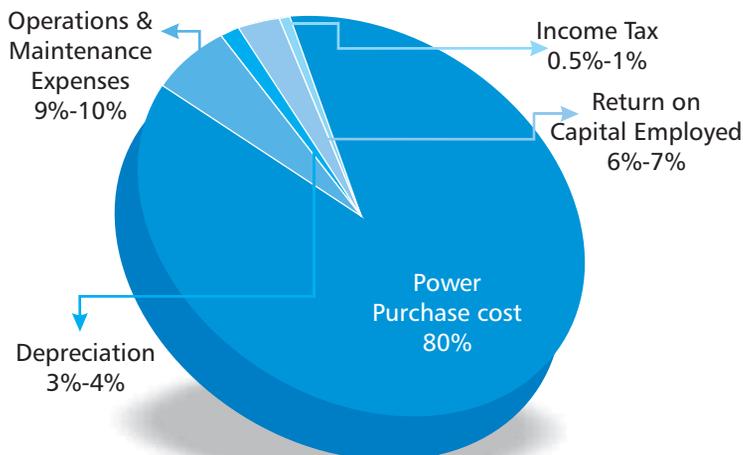
# SYNERGY

**BSES**  
BSES Rajdhani Power Limited

...a joint venture with GONCTD

May - June 2012

## Components of power cost



Source: DERC ad in Hindustan Times, April 10, 2011

## Tariff hike in other states

Since July 2011, 16 states/cities have revised their tariff across all segments. Some of them are given below:

State	Effective Date of Revised Tariff	Average Tariff hike since 2011 (%)
Tamil Nadu	Apr-12	37
Rajasthan	Sep-11	23
Jharkhand	Jul-11	18.5
Tripura	Apr-12	17
Haryana	Apr-11	10 to 15
Andhra Pradesh	Apr-12	10 to 15
West Bengal (CESC)	Mar-12	13.29
Bihar	Apr-12	12.1

## The rising cost of electricity

A chain is as strong as its weakest link. In the power sector, it is the distribution sector, which at present, is its weakest link. Because of the mounting losses, the distribution sector is in an abyss today. There are apprehensions that future capacity addition programs might also be jeopardized, if corrective actions are not taken to improve the financial health of the distribution companies.

The situation has arisen entirely because of substantial increases in power purchase costs these last few years coupled with the complete absence of a cost reflective tariff regime at the distribution level.

According to the estimates, the losses in the electricity distribution space today have reached Rs 75,000 crore and are likely to touch Rs 1, 40,000 crore by 2014-15, if the present trend continues.

Since privatization in 2002, even though the power purchase costs of Delhi discoms increased by over 200%, the retail tariffs (till August 2011) have increased by around 36%. On every unit of power sold, discoms continue to lose over Rs 2 per unit.



## News reports

**mint** TUESDAY, MARCH 13, 2012, DELHI  
**Revised tariffs not enough to help power distribution firms**  
At least 16 states have increased electricity tariffs this fiscal year by 3-24%. But given the magnitude of distribution companies' accumulated losses, estimated upwards of ₹73,000 crore, these hikes just about manage to stop fresh bleeding. If these companies have to break even, they require further tariff hikes to the tune of 45-80%, estimates Citigroup Global Markets.

MONDAY, 2 APRIL 2012 **Business Standard**  
**RBI warns states of power utility losses**  
BS REPORTER Mumbai, 1 April  
rowings from banks and other financial institutions. These borrowings have increased by 2 percentage

**As Costs Rise, Power Cos to Up Tariffs 33%**  
SARITA C SINGH NEW DELHI  
Come April and households across India should prepare for an average one-third rise in electricity bills as distribution firms seek to raise tariffs to

**₹80k-crore losses projected for power discoms this fiscal**  
New Delhi, Mar 27: Power distribution companies are the subsidy into account, the total book losses for discoms. ments to power creditors, especially state-owned ones.

**Higher generation cost to push up power tariffs**  
COAL SHOCK  
THE TIMES OF INDIA, NEW DELHI WEDNESDAY, JANUARY 25, 2012  
THE ECONOMIC TIMES, NEW DELHI MONDAY 5 MARCH 2012