

## Tariff

(1) The rate at which electrical energy is supplied to consumer is known as Tariff. The supply Companies invest huge amount for generation, transmission and distribution of electrical energy. To ensure recovery of Total Cost, a tariff is fixed. Tariff should include total cost of production & supplying electrical energy, plus marginal profit. It can't be same for all type of consumer since cost of generation depend upon magnitude of energy consumption by consumer and his load condition.

## Objective of Tariff

- (1) Recovery of cost of producing electrical energy at power station
- (2) A marginal profit on Capital Investment
- (3) Recovery of cost of operation & maintenance of electrical supply system.

## Types of Tariff

(1) Simple Tariff  
The tariff in which rate per unit of energy is fixed is called simple tariff. The rate per unit of energy consumed by consumer is fixed. It does not vary with



## (2) Flat rate tariff

The tariff in which different type of consumer are charged at different uniform per unit rate is called flat rate tariff.

It differs from simple tariff in way that consumer are grouped into different classes and each class of consumer is charged at different uniform per unit rate. The rate for each type of consumer is arrived at by taking into consideration its diversity & load factor.

### Advantage

- (1) It is more favourable to different type of consumer.
- (2) It is quite simple in calculation.

### 3 Block Rate Tariff

The tariff in which first block of energy is charged at a specified rate and the succeeding block of energy are charged at progressively reduced rate. It is called a Block rate tariff.

The rate per unit in first block is highest & is progressively reduced with succeeding blocks.

#### Advantage

- (1) The consumer gets an incentive to consume more electrical energy. This increases the load factor of power system.
- (2) No need of second energy meter. Only one meter is sufficient to measure energy consumption.

### (4) Two Part Tariff

The tariff in which rate of electrical energy is charged on basis of maximum demand of consumer and the unit consumed. It is called a two part tariff.

It is made up of two parts:



This tariff is mostly applicable to industrial consumers. who have appreciable maximum demand.

### Maximum Demand Tariff

The tariff in which electrical charge is charged on the basis of maximum demand of consumer and unit consumed by him.

It is similar to two part tariff with only difference that maximum demand is measured by installing a maximum demand indicator instead of assessing on the basis of connected load. This type of tariff is applied to big consumer.

### Power factor tariff.

The tariff in which power factor of the consumer load is taken into consideration. is known as Power factor tariff.

A low power factor increases rating of power station. and also line loss. Therefore power station must be operated at most economical P.F. The consumers are therefore advised to run their load at higher P.F.

### Three Part tariff.

When the total charge from the consumer are to be made up of 3 parts fixed charge semi-fixed & running charge. It is known as 3 part tariff.