

2.2.1 Simple Tariff

In this type of tariff a fixed rate is applied for each unit of the energy consumed . The term Fixed rate is refers to the pledge that the price cost of energy will not go up for a period of time . Energy cost is constant for a particular time. It is not depend s upon the quantity of energy used by consumers has to share equal load of the capital investment .

Annual fixed charges and annual running charges are known

$$\text{COST Per Unit} = \frac{\text{Annual fixed charges} + \text{annual running charges}}{\text{Total number of unit}}$$

Advantages of using simple tariff

- Simple method
- Easily understandable and to apply
- Each consumer has a pay accordingly to his/her utilization

Disadvantages of simple tariff

- The cost per unit is high
- There are not incentive
- There is no discrimination according to the different type of consumers

2.2.2 FLAT RATE TARIFF

In this type of tariff ,one consumers is charged at different rate of cost compare to another consumer . Consumers are grouped under different categories .Then each group is charged at fixed rate differently to other groups. This different rate are decided accordingly to the consumers , their load, and load forces . On this type of tariff the cost of power consumption depends only on maximum demand of load It used on street light ,irrigation Sign light because the time period is unknown , The load factor and the diversity factor are considered

$$\text{Diversity factor} = \frac{\text{Maximum demand of power house}}{\text{sum of the maximum demand of the consumer}}$$