

HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134113, HARYANA

DATE OF HEARING : 30.11.2010
DATE OF ORDER : 03.12.2010

IN THE MATTER OF:

Petitions filed by M/S JSL Limited, OP Jindal Marg, Hisar seeking clarification regarding tariff applicable to steel rolling mills and arc furnaces under HT category and PHD Chamber of Commerce and Industry, New Delhi and Bhiwani Chamber of Commerce and Industry, Bhiwani seeking clarification regarding Peak Load Exemption Charges.

Parties:

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| 1. Executive Director, M/S JSL Limited, OP Jindal Marg, Hisar | Petitioner |
| 2. Deputy Secretary General, PHD Chamber of Commerce and Industry, New Delhi | Petitioner |
| 3. President Bhiwani Chamber of Commerce and Industry, Bhiwani | Petitioner |
| 4. Dakshin Haryana Bijli Vitran Nigam Limited, C - Block, Vidyut Sadan, Vidyut Nagar, Hisar – 125005 | Respondent |
| 5. Uttar Haryana Bijli Vitran Nigam Limited, Shakti Bhawan, Sector – 6, Panchkula | Respondent |

Present:

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|-------------------------|----------|
| Shri Bhaskar Chatterjee | Chairman |
| Shri Rohtash Dahiya | Member |
| Shri Ram Pal | Member |

On behalf of the Petitioner

Shri R. K. Jain, JSL
Shri O. P. Aggarwal, Manager Legal JSL
Shri Abhishek Vasishta, PHD Chamber of Commerce and Industry
Shri Pawan Gupta, Bhiwani Chamber of Commerce and Industry

On behalf of Respondents:

Shri C. K. Sharma, CGM / Commercial DHBVNL
Shri Manoj Kumar, XEN / SO UHBVNL
Shri B. Krishna Mohan, Consultant, UHBVNL

ORDER

Brief background of the case:

The Commission passed ARR and Distribution and Retail Supply Tariff order in respect of DHBVNL and UHBVNL for the FY 2010-11 on 13th September, 2010. In this tariff order the Commission introduced for the first time, since its inception, fixed charges in respect of various consumer categories. Fixed charges were already in vogue in respect of railway traction and un-metered agriculture consumers. Schedule of tariff was also revised for the first time after ARR and DRS tariff order dated 22nd December, 2000. Another change which the Commission brought about in the above referred tariff order was to restrict LT Industry connections from 70 KW of connected load to 50 KW of connected load. All these changes were new to the distribution licensees as well as all categories of consumers. Therefore, the distribution licensees and consumers raised various issues and sought clarifications and review.

Since the distribution licensees had to implement the tariff order immediately, necessary clarifications on the issues raised by them vide their letter No. Ch- 2 / TR – 72 (90) GM / Coml / CE dated 20th September, 2010 (UHBVNL) and Ch – 03 / SE / RA – 399 dated 24th September, 2010 (DHBVNL) were given by the Commission vide letter No. HERC / D (Tariff) / ARR – 10-11 / 1974 – 78 dated 4th October, 2010. Regarding issues raised by the consumers it was observed that most of them are relating to hike in tariff, rationality in determining fixed charges, comparison of tariff hike in intra-consumer categories etc. Some consumers have gone in an appeal with the APTEL against the above referred tariff order of the Commission and the distribution licensees have also filed review petitions. Hence the Commission considered it appropriate to take up only those issues raised by the consumers which could be settled by giving clarifications. Commission also felt it appropriate to hear the concerned parties as well as distribution licensees before giving necessary clarifications. The issues were raised by M/S JSL vide letter No. HIA / 2010 dated 18th September, 2010, PHD chamber of Commerce and Industry vide letter No. IP – 2 – C – 1769 dated 28th September, 2010 and Bhiwani Chamber of Commerce and industry vide letter received in Commission on 4th October, 2010.

The Commission scheduled a hearing on 18th November, 2008 in its Conference Hall. Notice of hearing was issued to the petitioners and the distribution licensees vide letter No. HERC / Tariff (E) /S order 10-11 / Hearing / 2366-70 dated 10.11.2010.

The hearing was held on scheduled date and all petitioners as well as respondents were present. Before allowing the petitioners to present their cases, the Commission clarified that the petitioners should restrict their presentations only to those issues on which Commission may issue clarification. The Commission intimated that other issues relating to hike in tariff etc. shall not be dealt with this order.

Shri R. K. Jain appearing on behalf of JSL and Shri Pawan Gupta appearing on behalf of Bhiwani Chamber of Commerce and Industry submitted as under.

1. Note (b) below clause 5 in schedule of tariff for supply of energy. The petitioner pointed out that the words “.....and the applicable tariff would be 415 Paisa per kWh” appearing in the last sentence of the note (b) below clause 5 of the schedule of tariff for supply of energy to the Commission’s order dated 13th September, 2010 on Distribution & retail Supply ARR & tariff of UHBVNL and DHBVNL for FY 2010-11 have resulted in applicability of a tariff of 415 Paisa per kWh to steel rolling mills and arc furnaces for supply at 33 kV and above voltage. Therefore, benefit of drawing energy at higher voltages has not been extended to these consumers. He submitted that similar provision appeared in the schedule of tariff for supply of energy to the 22nd December, 2000 tariff order of the Commission. This provision was subsequently deleted by the Commission vide its order dated 23rd May, 2001. He also submitted that surcharge of 15 Paisa has been levied on steel rolling mills and arc furnaces having connection at 11 KV due to the fact that energy drawl by these consumers result in jerks to the system. To avoid any damage to the system the distribution licensees have to make additional investment which is compensated by this surcharge of 15 Paisa. However, if the energy is drawn at 33 KV and above no such jerks are encountered by the system. He submitted that benefit of lower tariff at higher voltages should also be extended to steel rolling mills and arc furnaces by removing the above mentioned words from the last sentence in the note (b).

2. The petitioners pointed out that in respect of LT industrial consumers, the MMC is leviable @ Rs. 225 per kW on those consumers who are having connected load upto 20 kW and fixed charges @ Rs. 100 per kW are leviable on those having connected load above 20 kW. No MMC is leviable to the consumer having connected load above 20 kW. The petitioner submitted that in case a consumer having connected load up to 20 kW does not consume any energy during a month then he ends up paying MMC of Rs. 4500/- (Rs. 225 * 20 kW). On the other hand if another consumer having connected load of 21 kW does not consume any energy during a month shall have to pay fixed charges of only Rs. 2100/- (Rs. 100 * 21). Therefore, the consumers having connected load upto 20 kW have been financially hit while those having connected load

above 20 kW have been unduly benefited. The petitioner requested for rationalization of the MMC and fixed charges.

3. The petitioners submitted that distribution licensees levy peak load exemption charges @ Rs. 4.00 per unit on the entire consumption in case a consumer consumes energy during peak load hours beyond the prescribed limit of 10%. They also submitted that the consumer has to pay not only the penalty of Rs. 4.00 per unit over and above normal tariff but their supply is also disconnected. They further submitted that despite levying penalty the power supply is not regular and given at the will of the distribution licensees. The industries are not able to compete in the market with such exorbitant electricity charges on the one hand and irregular power supply on the other. The petitioners submitted that the tariff order of the Commission does not provide for levy of PLEC @ Rs. 4.00 per unit on the entire consumption if the consumption during peak load hours crosses the prescribed limit and disconnection of power supply.

After hearing the petitioners the Commission afforded opportunity to the respondents (distribution licensees) to reply to the issues raised by the petitioners during the hearing. Shri B. Krishna Mohan, Consultant for the respondents made oral submissions on behalf of both the distribution licensees i.e. UHBVNL & DHBVNL. He submitted that the issue relating to tariff of steel rolling mills and arc furnaces with reference to the last sentence of note (b) below clause 5 of the schedule of tariff for supply of energy to the tariff order for FY 2010-11 may be appropriately clarified by the Commission. Regarding disparity in tariff of LT industry category, he submitted that there is no such disparity. The consumers having connected load below 20 kW shall be levied MMC proportionately based on their connected load and all the LT consumers below 20 kW shall not be billed maximum MMC i.e. Rs. 4500/- per month. Also the LT consumers having load above 20 KW are expected to consume some minimum energy for which they will have to pay for energy consumption @ ₹ 4.30 per kWh plus applicable FSA. Thus total charges in respect of such consumers are not likely to be less than the MMC of LT consumers having connected load upto 20 KW.

Commission's Order:

After taking into account the oral and written submissions of the petitioners and the reply of the distribution licensees the Commission orders as under:

4. In the light of the fact that drawl of energy at a voltage higher than 11 KV imposes comparatively lesser cost to the distribution system in terms of technical losses and harmonics passed on to the distribution system due to sudden spikes in energy drawl of the electric arc furnaces, the Commission ,in line with the tariff of other HT consumers, orders that the words ".....and the applicable tariff would be 415 Paisa per kWh"

appearing in the last sentence of the note (b) below clause 5 of the schedule of tariff for supply of energy to the Commission's tariff order dated 13th September, 2010 stands deleted, thereby making higher voltage concessional tariff applicable in the case of steel rolling mills / electric arc furnaces.

5. The current position regarding PLEC as per the order of the Commission dated 13th September, 2010 is reproduced below:-

"The H.T. industrial consumers where metering is through Electronic Tri-vector Meters, using electricity by availing permitted special dispensation or exemption during peak load hours notified by the Licensee from time to time shall be billed at extra charge of Rs. 2/- per kWh over and above the normal tariff on the consumption recorded by the Electronic Tri-vector Meter during this period. If the consumption of a consumer during peak load hours in a month exceeds the prescribed limit, the consumption during peak load hours shall be charged @ ₹ 4/- per kWh extra over and above the normal tariff.

All HT industrial consumers with Electronic Tri-vector Meters who have not sought / granted special dispensation, can avail 10% of average daily consumption of the billing period immediately preceding the month in which special dispensation is being sought / granted during peak load hours and the consumption recorded during such peak load hours shall be subject to additional charge and regulated as mentioned above.

Note: Peak Load Hours shall be determined by the licensee with the prior concurrence of the Commission".

The Commission has taken note of issues raised by the petitioner and clarifies that, for the time being, the 'prescribed limit' as mentioned above shall be determined by the distribution licensee(s) and billed at extra charge of Rs. 2/- per kWh over and above the normal tariff. However, If the consumption of a consumer during peak load hours in a month exceeds the prescribed limit, only the consumption during peak load hours to the extent it exceeds the prescribed limit (and not on entire volume) shall be charged @ Rs. 4/- per kWh extra over and above the normal tariff.

The Commission, in the light of peak and off peak power availability scenario, shall revisit the issue of PLEC in the ARR and Distribution & Retail Supply order of FY 2011-12 or earlier if need be.

6. The Commission has examined all the relevant records regarding the issue of wrong clarification of the tariff order dated 13/09/2010 raised by Shri R.K. Jain and is of the view that the clarifications issued vide Memo

No. HERC/D(Tariff)/ARR-10-11/1974-78 dated 4/10/2010 is in order and no further change / clarification is required.

7. All other issues relating to tariff order dated 13th September, 2010 raised by the consumers and distribution licensee(s) shall be dealt with separately.
8. As directed by the Commission during the hearing the distribution licensees shall submit the proposed schedule of tariff for supply of energy and the schedule of General and Miscellaneous Charges alongwith the ARR filings for the FY 2011-12.
9. In view of the clarification given in the above order of the Commission, the last line "*Further change / modification, if need be, can be considered by the Commission while deciding ARR / Tariff for FY 2010-11*" in the penultimate para of Commission's order dated 4th October, 2010 stands deleted.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 3rd December, 2010.

Date: -03/12/2010

Place: - Panchkula

(Ram Pal)
Member

(Rohtash Dahiya)
Member

(Bhaskar Chatterjee)
Chairman