

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2013-14 and
Determination of Tariff for FY 2015-16

For

Kandla Port Trust (KPT)

Case No. 1474 of 2015

23rd April, 2015

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**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General
ARR	Annual Revenue Requirement
CERC	Central Electricity Regulatory Commission
EA, 2003	Electricity Act, 2003
FPPPA	Fuel Price and Power Purchase Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
KPT	Kandla Port Trust
KV	Kilovolt
KVA	Kilo volt Amps
KW	Kilo Watt
kWh	kilo Watt hour
LT	Low Tension
LU	Lakh Units
MMTPA	Million Metric Tonne Per Annum
MVA	Mega Volt Amps
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
p.a.	Per Annum
PF	Power Factor
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RoE	Return On Equity
SEZ	Special Economic Zone
UI	Unscheduled Interchange
w.e.f.	With effect from
YoY	Year on Year



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1474 of 2015

Date of the Order: 23/04/2015

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

Shri K.M. Shringarpure, Member

ORDER

1. Background and Brief History

1.1 Background

Kandla Port Trust (hereinafter referred to as 'KPT' or petitioner), a distribution licensee, filed its petition on 12th January, 2015 under Section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (MYT) Regulations, 2011 for Truing up for FY 2013-14 and determination of Annual Revenue Requirement (ARR) and retail supply tariff for FY 2015-16.

The Commission conducted a preliminary analysis and admitted the petition on 13th January, 2015 under Case No. 1474/2015.



1.2 Kandla Port Trust

Kandla Port is a natural harbour situated in Kandla creek and is about 90 km from the Gulf of Kutch - with 11 dry cargo berths and a state-of-the-art container terminal with a capacity of 3.6 MMTPA. It is one of the major ports on the west coast of India under the Government of India, Ministry of Shipping and its main activity is to facilitate maritime trade for commercial cargo handling vessels.

The license for supply of electrical energy was granted to Kandla Port Trust by the Chief Commissioner of Kutch under the Indian Electricity Act, 1910. Consequent to the enactment of the Electricity Act, 2003, KPT has become a deemed licensee under the Act and is required to file a petition under Section 62 of the Act for determination of tariff by the appropriate Commission.

The distribution of electricity by KPT is limited to the port area and it mainly supplies power to about 1600 domestic and commercial consumers and for port operations. KPT itself carries out all major operations in the port, along with another HT consumer carrying out part of the operations.

The present distribution system within KPT comprises of one 66 kV substation and fifteen 11 kV substations in the licensee area. KPT is receiving 66 kV power supply from GUVNL through GETCO network as per a mutual agreement with the GUVNL.

1.3 Admission of the current petition and the public hearing process

KPT vide its letters dated 24th November, 2014 and 15th December, 2014 requested the Commission to grant time extension up to 31st December, 2014 for submission of Tariff Petition for FY 2015-16 as they are in the final stage of appointing a consultant for filling the tariff petition. Considering the plea of KPT, the Commission vide its letter dated 29th November, 2014 extended the time limit up to 31st December, 2014 for filling the tariff petition. However, KPT vide its mail dated 26th December, 2014 once again requested the Commission to grant extension of time limit up to 31st January, 2015 as they were awaiting approval from their competent authority. In response to the request of KPT, the Commission directed KPT to submit its petition latest by 15th January, 2015. Accordingly, KPT has submitted its petition on 12th January, 2015.

The Petitioner submitted the current petition for: (i) Truing up for FY 2013-14 and (ii) Determination of Aggregate Revenue Requirement (ARR) and Retail Supply Tariff for FY 2015-16, on 12th January, 2015. After technical validation, the Commission admitted



the petition on 13th January, 2015 as Case No. 1474/2015.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed KPT to publish its application in an abridged form to ensure public participation. The public notice was issued in the following newspapers inviting objections / suggestions from its stakeholders on the ARR petition filed by KPT:

Sl. No.	Name of the newspaper	Language	Date of publication
1	Indian Express (Ahmedabad)	English	25.01.2015
2	Kutch Mitra (Bhuj)	Gujarati	29.01.2015

The interested parties / stakeholders were asked to file their objections / suggestions on the petition filed by KPT on or before 25th February, 2015.

The Commission and KPT have not received any objections.

1.4 Approach for this Order

Kandla Port Trust has approached the Commission with the present petition for truing up of Business carried out during FY 2013-14 and approval of ARR and determination of Retail Supply Tariff for FY 2015-16.

The petition for Truing up of Business for FY 2013-14 and determination of Retail Supply Tariff for FY 2015-16 has been considered by the Commission as per Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011.

1.5 Contents of the Order

This order is divided into **seven** chapters as under:

1. The **First chapter** provides the background regarding the petitioner, the petition and details of the public hearing process.
2. The **Second chapter** deals with the summary of ARR for FY 2015-16.
3. The **Third chapter** deals with Truing up for the FY 2013-14.
4. The **Fourth chapter** deals with determination of ARR and Retail Supply Tariff for FY 2015-16.
5. The **Fifth chapter** deals with wheeling charges and cross-subsidy surcharge for FY 2015-16.
6. The **Sixth chapter** deals with Fuel and Power Purchase Price Adjustment (FPPPA) charges.
7. The **Seventh chapter** deals with directives of the Commission.



2. A Summary of KPT's Petition

Kandla Port Trust (KPT) submitted the current petition, seeking approval of True-up for ARR of FY 2013-14 and determination of tariff for the FY 2015-16. The petitioner has also submitted a tariff proposal for FY 2015-16, based on the estimated revenue gap for the FY 2013-14 and ARR of FY 2015-16, approved in the MYT Order dated 18th August, 2011.

2.1 Actuals for FY 2013-14 Submitted by KPT

The details of expenses under various heads of ARR are given in Table 2.1 below:

Table 2.1 Actual ARR Claimed by KPT for FY 2013-14

Particulars	Approved in MYT Order	Actual as per KPT
Power Purchase Cost	983.00	1541.72
O&M Expenses	294.43	653.75
Depreciation	114.99	110.12
Interest & Finance charges	5.10	150.11
Interest on Working Capital	7.59	5.37
Interest on Security Deposit	5.05	5.20
Sub-Total	1410.16	2466.27
Return on Equity	99.70	95.69
Provision for Tax/ Tax paid	0.00	31.89
Annual Revenue Requirement	1509.86	2593.85

2.2 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap

The Table below summarises the proposed ARR claimed by KPT for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2013-14.

Table 2.2: Revenue Gap/(Surplus)for KPT for FY 2013-14

Sl. No.	Particulars	Actual as per KPT
1	Aggregate Revenue Requirement	2593.85
2	Total Revenue from sale of power	781.74
3	Revenue Gap/(surplus) for FY 2013-14	1812.11
4	Revenue Gap/(surplus) till FY 2012-13	2579.11
5	Total Revenue Gap/(surplus)	4319.22

KPT has requested the Commission to approve the gap of Rs. 4319.22 Lakh arrived at as part of truing up process and to allow recovery of the same.



2.3 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2015-16

TPL has considered the ARR of Rs. 1771.60 Lakh for FY 2015-16, for the purpose of determination of tariff for FY 2015-16. The gap arrived at for FY 2015-16, considering the revenue from sale of power, including revenue from the base level of FPPPA. KPT has claimed the cumulative revenue gap at Rs. 4862.21 Lakh as detailed in the Table below:

Table 2.3: Consolidated Gap till FY 2015-16 at existing Tariff

SI. No.	Particulars	(Rs. Lakh) FY 2015-16
1	Aggregate Revenue Requirement	1771.60
2	Total Revenue from sale of power	1228.61
3	Revenue Gap/Surplus for FY 2015-16	542.99
4	Revenue Gap/Surplus till FY 2013-14	4319.22
5	Total Revenue Gap/(Surplus)	4862.21

KPT has proposed to cover the revenue gap of Rs. 542.99 Lakh through tariff revision. The additional revenue due to proposed tariff amounts to an average tariff increase of 30% over the existing tariff.

2.4 KPT's Request to the Commission

KPT has requested the Commission to:

- a) To condone delay in filing of this Petition.
- b) To admit this Petition seeking True-Up of FY 2013-14 and Determination of Tariff for FY 2015-16;
- c) To approve the actual capital expenditure for the FY 2013-14.
- d) To approve methodology for recovery of Revenue Gap of FY 2015-16 as given in the petition through proposed tariff hike;
- e) The Petitioner is in a process to segregate the accounts for the electricity business, for which a tender has already been floated. In the absence of the accounts the Commission is requested to consider the actual figures submitted by the petitioner based on the budget book for FY 2013-14 to avoid any financial stress.
- f) To consider approved parameters/ARR of PGVCL and SLDC while finalising tariff of the Petitioner.
- g) To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.



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- h) To Grant any other relief/pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.



3. Truing up for FY 2013-14

3.1 Introduction

KPT, in its petition for truing up for the FY 2013-14, has furnished the actual energy sales, power purchase cost and other expenses, as detailed in the Table below:

Table 3.1: Aggregate Revenue Requirement for FY 2013-14

Particulars	Approved in MYT Order	Actual as per KPT
Power Purchase Cost	983.00	1541.72
O&M Expenses	294.43	653.75
Depreciation	114.99	110.12
Interest & Finance charges	5.10	150.11
Interest on Working Capital	7.59	5.37
Interest on Security Deposit	5.05	5.20
Sub-Total	1410.16	2466.27
Return on Equity	99.70	95.69
Provision for Tax/ Tax paid	0.00	31.89
Annual Revenue Requirement	1509.86	2593.85

Commission's Analysis

Regulation 16.2 (iii) of GERC (Multi-Year Tariff) Regulations, 2011 specifies that: Truing up of previous year's expenses and revenue, based on Audited Accounts vis-à-vis the approved forecast and categorisation of variations in performance as those caused by factors within the control of the licensee (controllable factors) and those caused by factors beyond the control of the licensee (uncontrollable factors) shall be undertaken by the Commission.

KPT has not filed the Audited Accounts for FY 2013-14 along with the petition.

KPT has submitted in the petition that it is in the process of segregating the accounts for the electricity business for which a tender has already been floated. In the absence of such segregated accounts the Commission is requested to consider the actual figures submitted by the petitioner based on budget book for FY 2013-14 to avoid any financial stress.

This is not acceptable. They had extended same reasons even during the tariff petition of the previous year which the Commission rejected. KPT has to submit the segregated audited accounts without which the true-up exercise cannot be undertaken.



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Since, KPT has not submitted the audited accounts for FY 2013-14, the Commission has not considered truing up for FY 2013-14 in the context of the present petition.



4. Determination of Retail Supply Tariff for FY 2015-16

4.1 Annual Revenue Requirement (ARR) for FY 2015-16

The Commission, in its MYT Order dated 18th August 2011, had determined the ARR for each year of the control period from FY 2011-12 to FY 2015-16. The ARR as submitted by KPT and as approved for FY 2015-16 in the MYT Order dated 18th August, 2011 is given in the Table below:

Table 4.1: ARR approved by the Commission for FY 2015-16 in the MYT Order

(Rs. Lakh)			
Sl. No.	Particulars	ARR approved in MYT Order	ARR Submitted by KPT
1.	Power purchase cost	1181.00	1179.00
2.	O&M cost: (i) Employee cost (ii) R&M cost (iii) A&G expenses	329.07	328.11
3.	Depreciation	139.07	130.69
4.	Interest cost	9.24	5.90
5.	Interest on security deposit	5.05	5.05
6.	Interest on working capital	10.67	10.55
7.	Return on equity	119.00	112.30
8.	Total ARR	1793.10	1771.60

The Commission considers ARR of Rs. 1793.10 Lakh for FY 2015-16, as approved in the MYT Order dated 18th August, 2011.

4.2. Energy sales and Energy Requirement and Power Purchase Cost Petitioner's Submission

The category-wise energy sales as approved in MYT order for FY 2015-16 are given in Table below:

Table 4.2: Energy Sales Approved for Financial Year in MYT Order 2015-16

(LU)			
Sl. No.	Category	Submitted by KPT	Energy Sales for FY 2015-16 approved in MYT Order
1	RGP	14.31	13.55
(i)	Domestic Port		
(ii)	Domestic Private		
2	NRGP	47.72	52.01
(i)	Commercial		
(ii)	LT ABG		
(iii)	Self-Consumption (LT)		



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Sl. No.	Category	Submitted by KPT	Energy Sales for FY 2015-16 approved in MYT Order
3	Temporary	25.60	28.60
4	Street Light	10.26	10.00
5	HTP-I		
(i)	HT ABG		
(ii)	Self-Consumption (HT)	95.22	92.70
6	Total	193.11	196.86

4.2.1 Energy Requirement

The Energy requirement with the distribution losses as approved in the MYT order are given in the Table below:

Table 4.3: Energy Requirement for FY 2015-16 Approved in MYT Order

Particulars	MYT order for FY 2015-16
Energy Sales (LU)	196.86
Distribution (%)	8%
Distribution Loss	17.12
Energy Requirement	213.98

4.2.2 Power Purchase Cost

The power purchase cost approved in the MYT order is given in the Table below:

Table 4.4 power purchase cost for FY 2015-16 approved in MYT order

Particulars	FY 2015-16
Power Purchase (LU)	213.98
Power Purchase Cost (Rs. Lakh)	1181.00
Avg. Power Purchase Cost (Rs./kWh)	5.52

4.2.3 Revenue from sale of power at Existing Tariff

Petitioner's Submission

KPT has projected the revenue for FY 2015-16 at the existing tariff at Rs. 1228.61 Lakh (including FPPPA of Rs. 171.87 Lakh), based on the sales approved for the FY 2015-16 in the MYT Order, as per the average tariff rates of FY 2013-14, as given in the Table below:

Table 4.5: Revenue from sale of Power with existing Tariff for FY 2015-16 Projected by KPT

Sl. No.	Particulars	Energy Sales in LUs	Average Revenue (Rs. / kWh)	Total Revenue (Rs. Lakh)
1	RGP	14.31	3.69	52.80
(i)	Domestic Port			
(ii)	Domestic Private			
2	NRGP	47.72	4.85	231.44



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Sl. No.	Particulars	Energy Sales in LUs	Average Revenue (Rs. / kWh)	Total Revenue (Rs. Lakh)
(i)	Commercial			
(ii)	LT ABG			
(iii)	Self-Consumption (LT)			
3	Temporary	25.60	5.34	136.70
4	Street Light	10.26	4.15	42.58
5	HTP-I	95.22	6.23	593.22
	Sub Total	193.11		1056.74
6	FPPPA@ Rs. 0.89 / kWh			171.87
7	Total			1228.61

Commission's Analysis

The Commission examined the expected revenue for FY 2015-16 as submitted by KPT. The Commission had approved uniform increase of Rs. 0.25 per kWh in tariffs for FY 2014-15. It is observed that KPT has under estimated the expected revenue for FY 2015-16.

The revenue for FY 2015-16, based on the category wise average rates approved by the Commission in the Tariff order dated 29th April, 2014 is given in the Table below:

Table 4.6: Revenue at existing Tariff from sale of power approved by the Commission for FY 2015-16

(Rs. Lakh)				
Sl. No.	Particulars	Energy Sales LUs	Average Revenue (Rs./kWh)	Total Revenue (Rs. Lakh)
1	RGP	13.55	4.20	56.91
(i)	Domestic Port			
(ii)	Domestic Private			
2	NRGP	52.01	5.31	276.17
(i)	Commercial			
(ii)	LT ABG			
(iii)	Self-Consumption (LT)			
3	Temporary	28.60	7.29	208.49
4	Street Light	10.00	4.40	44.00
5	HTP-I	92.70	7.43	688.76
(i)	HT ABG			
(ii)	Self-Consumption (HT)			
6	FPPPA@ Rs. 0.89 / kWh			175.21
7	Total	196.86		1449.54

The Commission approves revenue from existing tariff at Rs. 1449.54 Lakh for FY 2015-16 as against Rs. 1228.61 projected by KPT.



4.3 Revenue gap for FY 2015-16

Petitioner's Submission

KPT, in its petition for determination of ARR and Tariff for FY 2015-16, has projected a cumulative gap of Rs. 4862.21 Lakh, as given in Table below:

Table 4.7: ARR and Revenue Gap projected by KPT for FY 2015-16

		(Rs. Lakh)
Sl. No.	Particulars	FY 2015-16
1	Aggregate Revenue Requirement	1771.60
2	Total Revenue from sale of power	1228.61
3	Revenue Gap/(Surplus) for FY 2015-16	542.99
4	Revenue Gap/(Surplus) till FY 2013-14	4319.22
5	Total Revenue Gap/(Surplus)	4862.21

Commission's Analysis

The petitioner has claimed Rs. 4319.22 Lakh towards gap out of the Truing up proposed up to the FY 2013-14 which the Commission has not considered since KPT has not furnished the segregated Audited Accounts up to FY 2013-14.

The Commission has considered the ARR at Rs. 1793.10 Lakh for FY 2015-16 as approved in MYT Order dated 18th August, 2011, and assessed revenue at existing tariffs at Rs. 1449.54 Lakh, including FPPPA of Rs. 0.89 / kWh, and approved net revenue gap of Rs. 343.56 Lakh as given in the Table below:

Table 4.8: Revenue Gap approved for FY 2015-16

		(Rs. Lakh)
Sl. No.	Particulars	Approved for FY 2015-16
1	Total ARR	1793.10
2	Less: Revenue at existing tariff including FPPPA	1449.54
3	Net Revenue gap	343.56

Thus, the revenue gap for FY 2015-16 would be Rs. 343.56 Lakh.

4.4 Determination of Tariff for FY 2015-16

Petitioner's Submission

KPT has proposed to increase the fixed charges and energy charges for all categories of consumers based on the average cost of supply. Table below summarizes the existing and proposed tariff structure for various consumer categories.



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Table 4.9: Existing & Proposed Tariff Structure for FY 2015-16

Sl. No.	Categories	Slab	Existing		Proposed	
			Fixed/Demand Charge (Rs./kW/day /kVA/Month)	Energy Charge (Rs./kWh)	Fixed/Demand Charge (Rs./kW/day /kVA/Month)	Energy Charge (Rs./kWh)
1	RGP					
		Up to & Including 2 KW	10.00		30.00	
		Above 2 to 4 KW	20.00		40.00	
		Above 4 to 6 KW	30.00		55.00	
		Above 6 KW	45.00		65.00	
		1-50 kWh		3.25		5.00
		51-100 kWh		3.75		5.50
		101-250 kWh		4.50		6.25
		Above 250 kWh		5.50		7.00
2	NRGP					
		Up to & Including 10 KW	50.00	4.50	100.00	6.50
		Above 10 up to 40 KW	75.00	4.85	125.00	6.85
3	LTMD					
		For Billing demand up to contract demand				
		For first 40 KW of billing demand	85.00	4.90	135.00	6.50
		Next 20 kW of billing demand	130.00	4.90	180.00	6.50
		Above 60 KW of billing demand	200.00	4.90	250.00	6.50
		For billing demand in excess of the contract demand	250.00	4.90	300.00	6.50
4	SL	All		4.15		6.25
5	TMP					
		All	15.00	5.30	30.00	7.90
6	HTP I					
		For billing demand up to contract demand				
		For first 500 kVA of billing demand	125.00		240.00	
		Next 500 kVA of billing demand	250.00		480.00	
		Beyond 1000 kVA of billing demand	335.00		590.00	
		For billing demand in excess of the contract demand	425.00		700.00	



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Sl. No.	Categories	Slab	Existing		Proposed	
			Fixed/Demand Charge (Rs./kW/day /kVA/Month)	Energy Charge (Rs./kWh)	Fixed/Demand Charge (Rs./kW/day /kVA/Month)	Energy Charge (Rs./kWh)
		<=500 KVA		4.90		7.25
		>500 & <=2500 KVA		5.15		7.50
		>2500 KVA		5.30		8.00

KPT has estimated the additional revenue of Rs. 534.91 Lakh at proposed tariff as detailed in Table below:

Table 4.10: Revenue at proposed Tariff from sale of power projected by KPT for FY 2015-16

Sl. No.	Particulars	Sales (LUs)	Average Revenue (Rs. Kwh)	Total Revenue (Rs. Lakh)
1	RGP	14.31	5.66	80.99
(i)	Domestic Port			
(ii)	Domestic Private			
2	NRGP	47.72	7.03	335.52
(i)	Commercial			
(ii)	LT ABG			
(iii)	Self-Consumption (LT)			
3	Temporary	25.60	7.98	204.27
4	Street Light	10.26	6.25	64.13
5	HTP-I	95.22	9.52	906.74
6	Revenue from Sale of Power			1591.65
7	FPPPA @ Rs. 0.89 / kWh			171.87
8	Total	193.11		1763.52

The balance consolidated revenue gap after proposed hike is given in Table below:

Table 4.11: Consolidated revenue gap after proposed hike for FY 2015-16

(Rs. Lakh)

Sl. No.	Revenue Gap / (Surplus) at Proposed Tariff Particulars	FY 2015-16
1	Aggregate Revenue Requirement	1771.60
2	Total Revenue from sale of power	1763.52
3	Revenue Gap / (Surplus) for FY 2015-16	8.08
4	Revenue Gap/(Surplus) till FY 2013-14	4319.22
5	Total Revenue Gap / (Surplus)	4327.30

KPT has requested the Commission to approve the net revenue gap of Rs. 4327.30 Lakh including the gap of previous years as shown in Table 4.11

Commission's Analysis

As shown in the Table 4.8 above, the revenue gap for FY 2015-16 is only Rs. 343.56



Lakh.

The Commission observes that there is considerable scope to reduce the costs by: (i) procuring power from alternative source (s) at economic rates and (ii) bringing down distribution losses. KPT needs to make efforts to procure power from alternative sources at a lower cost, and also to reduce T&D losses.

However, in order to partly fill up the gap of Rs. 343.56 Lakh and thereby avoiding tariff shock in future due to past year's gap and although the petitioner has asked for increase in the fixed and energy charges, the Commission decides to increase energy charge by 15 paise per unit for all the category of consumers in absence of slab-wise details in the D-4 statements. With this revision in tariff, it is expected that revenue of KPT shall increase by about Rs. 295.29 Lakh per annum. KPT is required to make up the balance gap of Rs. 48.27 Lakh by taking measures for improving efficiency in its operation and reducing costs.

5. Wheeling Charges and Cross Subsidy Surcharge

5.1 Allocation Matrix

Regulation 88.1 of GERC (MYT) Regulations, 2011 stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in the ARR and Tariff Order.

KPT has provided the allocation methodology between the wheeling and retail supply business as per GERC (MYT) Regulations, 2011.

The Regulations provide the allocation matrix, as given in Table 5.1 below:

Table 5.1: Allocation of matrix for segregation of expenses between distribution wires business and retail supply business

Sl. No.	Particulars	Wires Business (%)	Retail supply Business (%)
1.	Power purchase expenses	0	100
2.	Employee expenses	60	40
3.	A&G expenses	50	50
4.	R&M expenses	90	10
5.	Depreciation	90	10
6.	Interest on long-term capital investment	90	10
7.	Interest on working capital and	10	90
8.	Bad debts written off	0	100
9.	Income tax	90	10
10.	Transmission charges	0	100
11.	Contribution to contingency reserve, if any.	100	0
12.	Return on equity	90	10
13.	Non-Tariff income	10	90

5.2 Allocation of Approved ARR

The approved ARR for FY 2015-16 is allocated to wires business and retail supply business, as shown in the Table below:



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Table 5.2: Allocation of ARR between wheeling (wires business) and retail supply business for FY 2015-16

(Rs. Lakh)				
Sl. No.	Cost components	Total	Wheeling (Wires Business)	Retail Supply Business
1.	Power purchase expenses	1181.00	-	1181.00
2.	Employee cost	170.05	102.03	68.02
3.	A&G expenses	78.27	39.14	39.13
4.	R&M cost	80.75	72.68	8.07
5.	Depreciation	139.07	125.16	13.91
6.	Interest on long-term loans	9.24	8.32	0.92
7.	Interest security deposit	5.05	0.50	4.55
8.	Interest on working capital	10.67	1.07	9.60
9.	Return on equity	119.00	107.10	11.90
	Total	1793.10	456.00	1337.10

5.3 Wheeling charges

The wheeling charges at 11 kV voltage are given in Table below:

Table 5.3: Wheeling charges computed at 11 kV voltage

Sl. No.	Particulars	Units	Amount
1.	Total distribution cost (wheeling)	Rs. Lakh	456.00
2.	Energy input at 11 kV	LU	196.86
3.	Wheeling charge at 11 kV	Rs/kWh	2.32

It is observed from the above Table that the wheeling charges for KPT distribution network are very high, when compared with the wheeling charges of other distribution licensees in the State. Further, the first truing up exercise for KPT on the basis of segregated accounts for regulated business of distribution of electricity may be undertaken during the next tariff exercise. In view of these, in order to promote competition, the Commission decided to adopt the wheeling charges applicable to PGVCL area, as per the Tariff Order of PGVCL dated 31st March, 2015, for distribution license area of KPT. The wheeling charges are given in the Table below:

Table 5.4: Wheeling Charges approved by the Commission for KPT for FY 2015-16

Sl. No	Particulars	Units	Amount
1	Wheeling charges at 11 kV	Ps./kWh	14
2	Wheeling charges at 400 V (LT)	Ps./kWh	51

However, the wheeling loss applicable to KPT licensed area will be 8 %, which is the distribution loss approved for FY 2015-16 in the MYT Order dated 18th August, 2011.



5.4 Cross subsidy surcharge

The Commission has decided to continue the cross subsidy surcharge for KPT area, as determined for PGVCL in the Tariff Order dated 31st March, 2015, at Rs. 59 paise/kWh.



6. Fuel and Power Purchase Price Adjustment Charges

6.1 Petitioner's Submission

KPT is sourcing power from GUVNL for meeting its power requirement for KPT licensed area. KPT purchases power from GUVNL as per mutually agreed tariff from time to time.

The existing arrangement between KPT and GUVNL is governed by the supplemental agreement dated 7th March, 2011 and in this agreement, it is provided that "FPPPA charges, determined in accordance with the approved formula of GERC, will also be applicable with 2006-07 as the Base year."

It is also submitted by the KPT that, at present, it is charging the same rate of FPPPA to its consumers as GUVNL is charging to KPT in its power purchase bill.

Commission's Analysis

Fuel Price and Power Purchase Price Adjustment

The Commission had approved the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) vide order in Case No. 2 of 2003 dated 25th June, 2004.

The Commission, vide its order dated 29.10.2013, has revised the formula as mentioned below:

6.2 Formula

$$\text{FPPPA} = \frac{(\text{PPCA} - \text{PPCB})}{[100 - \text{Loss in \%}]}$$

Where,

PPCA	is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs/kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.
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PPCB	is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs/kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.
Loss in %	is the weighted average of the approved level of Transmission and Distribution losses(%) for the four KPT applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for four KPT of the previous year for which true-up have been done by the Commission, whichever is lower.

6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for KPT including fixed cost, variable cost etc. from the various sources in the MYT Order dated 18th August, 2011 as given in the Table below:

Year	Total Energy Requirement (LU)	Approved Power Purchase cost (Rs Lakh)	Power Purchase Cost per unit (Rs/kWh)
FY 2015-16	214	1181	5.52

As mentioned above the base Power Purchase cost for the KPT is Rs. 5.52 per kWh and the base FPPPA charge is Rs. 0.89 per kWh.

KPT may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 6.2 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of the KPT.

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers.

FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.



7. Compliance of Directives

7.1 Compliance of earlier directives

The Commission, in its Tariff Order dated 21st August 2012, 20th May 2013 and 29th May, 2014 issued various directives to KPT, which has submitted a compliance report on the same in the current petition for truing up for FY 2013-14 and determination of tariff for FY 2015-16. The Commission's comments on the status of compliance by KPT are given below. The Commission has also given fresh directive.

Directive 1: Metering of consumers

Meters to be provided to all consumers by October 2012.

Compliance

100% metering of all interface points and all consumers as advised by independent engineer has been taken up by KPT, as advised is now going for advanced metering, data collection, organized billing through an advance software.

Commission's Comments

The compliance is noted.

KPT is directed to submit information on the total number of services and the services available with meters and indicate the plan to provide meters for the balance services. Meters shall be provided to all consumers by 30th September, 2015.

Directive 2: Assessment of Distribution Losses

Apart from providing meters to all the consumers, the licensee was directed to provide meters on 11 kV feeders, distribution transformers and conduct energy accounting to arrive at the actual distribution losses in the system and take appropriate action to reduce the distribution losses to the level prescribed by the Commission in this order and report compliance to the Commission.

Compliance

This will be complied after installation of all the above planned meters.



Commission's Comments

This is going from the last few years without any result. The licensee is directed to submit a road map for completion all the Meter related works by December, 2015.

Directive 3: Separation of accounts of distribution business

The licensee has stated that the data on all expenses for ARR is to be segregated from the combined expenses of port and distribution business.

Since the distribution business is now under a regulated regime, the licensee was directed to maintain an assets register and separate accounts, duly certified by statutory auditors, for distribution business from FY 2011-12 onwards and develop balance sheet and profit and loss account, etc., for the distribution business and submit data relating to expenses from the separate accounts maintained in the ARR and Tariff Petition for FY 2012-13.

Compliance

Separation of accounts for distribution business and port activities will be implemented tentatively from 1st July, 2015 when separate accounting codes will be given.

Commission's Comments

KPT should expedite the process of segregation of accounts and maintain separate accounts for the regulated business of distribution. In the absence of separate audited accounts for the regulated business truing up of approved ARR cannot be considered.

Directive 4: Business Plan

The petitioner did not submit the business plan, along with MYT petition for FY 2011-12 to FY 2015-16. The licensee is directed to prepare and submit the business plan for the control period, in accordance with GERC (MYT) Regulations, 2011, by September, 2013.

Compliance

As per the advice given by independent engineer, KPT has a surplus of 2.2 MW. Hence, KPT has concluded that not to give any NOC to incoming consumers in KPT's jurisdiction for obtaining power supply from PGVCL. KPT has already registered and HT application of 1500 KVA from one consumer.



Commission's Comments

The directive is for submission of Business Plan for Control Period. Four years of Control Period are over, this is the last year of the Control Period. KPT is directed to prepare a Business Plan for next 5 years – FY 2016-17 to FY 2021-22 and submit to the Commission by August, 2015.

Directive 5: Meter reading and Billing

The licensee shall organise meter readings, preferably using hand-held machines, and develop an appropriate organisation for meter reading, billing and revenue realisation. The required software for this purpose may also be got developed.

Compliance

As stated above in point no. 1, Meter reading and billing of all consumers has been planned to be done in organized way through an advance software.

Commission's Comments

KPT is directed to submit the schedule on firm date for implementation of the programme.

Directive 6: Capacity Building

KPT was directed to train the staff in meter reading, billing, revenue realisation and other distribution activities. KPT shall also develop a proper organisation to manage the distribution system and also control any pilferage of energy, etc.

Compliance

As per the advice of independent engineer, dedicated, technical and accounting staff are being proposed for sanction. Alternatively, KPT may think about outsourcing the entire or part of business activities related to distribution license.

Commission's Comments

The compliance is noted. KPT may either appoint staff for meter reading etc., or outsource the job. Action to be taken on time bound programme. KPT is directed to give a road map for implementation of this by December, 2015.



Directive 7: Power Purchase Cost

At present, KPT is purchasing power from GUVNL. The cost per unit is high - resulting in high tariffs to consumers. KPT may negotiate with GUVNL for lower rate and also explore alternative sources within Gujarat, or outside the state, for obtaining power at a lower cost.

Compliance

KPT's current power purchase cost is very high and it is also incurring losses due to lower realization from UI which has put lot of financial stress on the petitioner. After assessing net requirement of power supply, KPT will explore the sources for obtaining cheaper power supply.

Commission's Comments

The Commission has been impressing on KPT to source power from alternate sources at competitive rate. This should be done on top priority. KPT shall source power from alternate source before filing next Tariff Petition. KPT shall either negotiate price with GUVNL or source power from alternate source and report shall be submitted by September, 2015.

New Directive:

Directive 1: D-4 Statement – details thereof

KPT shall submit category-wise slab-wise D-4 statement along with the tariff petition from the next year onwards.



COMMISSION'S ORDER

The Commission approves the Aggregate revenue Requirement (ARR) for the Kandla Port Trust (KPT) for FY 2015-16, as shown in the Table below:

Approved ARR for KPT for FY 2015-16

Sl. No.	Particulars	(Rs. Lakh) FY 2015-16
1	Power purchase Cost	1181.00
2	O&M Cost	329.07
3	Depreciation	139.07
4	Interest Cost	9.24
5	Interest on security deposits	5.05
6	Interest on working Capital	10.67
7	Return on equity	119.00
8	Total ARR	1793.10

The approved retail supply tariff will be in accordance with the tariff schedule annexed to this Order.

This order shall come into force with effect from the 1st April, 2015. The revised rate shall be applicable for the electricity consumption from the 1st April, 2015 onwards.

Sd/-

SHRI K.M. SHRINGARPURE
Member

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Chairman

Place: Gandhinagar

Date: 23/04/2015



**Kandla Port Trust
Truing up for FY 2013-14 and
Determination of Tariff for FY 2015-16**



ANNEXURE: TARIFF SCHEDULE

KANDLA PORT TRUST
TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION,
AND EXTRA HIGH TENSION

Effective from 1st April, 2015

General Conditions

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of KPT.
2. These tariff rates are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time, which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariff rates for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. The Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for the purpose for which the Distribution Licensee has permitted lower tariff, the power supplied to any consumer shall be utilised only for the purpose for which supply is taken and as provided for in the Tariff Order.
6. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 will continue to apply.
7. Meter charges shall be applicable as prescribed under GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005, as amended from time to time.
8. Conversion of ratings of electrical appliances and equipments from kilowatt to B.H.P., or vice versa, will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
9. The billing of fixed charges, based on contracted load or maximum demand, shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded off to the next 0.5. The billing of energy charges will be done for one complete one kilo-watt-hour (kWh).
10. The connected Load for the purpose of billing will be taken as the maximum load



connected during the billing period.

11. The fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges shall not be subject to any adjustment on account of existence of any broken period within the billing period arising from consumer supply being connected or disconnected any time for any period within the duration of the billing period.
12. Contract Demand shall mean the maximum kW / kVA of the supply which the licensee undertakes to provide to the consumer from time to time.
13. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.
14. Payment of penal charges for usage in excess of contract demand / connected load for any billing period would not entitle the consumer to draw in excess of the contract demand / connected load as a matter of right.
15. The payment of power factor penalty would not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003, and the licensee shall be entitled to take any action as deemed necessary and authorised under the Act.
16. Delayed payment charges apply for all consumers:

No delayed payment charges shall be levied if the bill is paid within ten days from the date of billing (excluding the date of billing).

Delayed payment charges will be levied at the rate of 15% per annum for the period commencing from the due date to the date of payment of the bill.

For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.



PART - I
SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY AT LOW AND
MEDIUM VOLTAGES

1.0 RATE: RGP

This tariff is applicable for supply of electricity to residential premises and pumping stations run by local authorities.

Single-phase supply: Aggregate load up to 6 kW

Three-phase supply: Aggregate load above 6 kW

1.1 Fixed Charges/Month:

Range of Connected Load: (Other than BPL Consumers)

a)	Up to and including 2 kW	Rs. 10/- per month
b)	Above 2 and up to 4 kW	Rs. 20/- per month
c)	Above 4 and up to 6 kW	Rs. 30/- per month
d)	Above 6 kW	Rs. 45/- per month

1.2 Energy Charges: For the total monthly consumption:

a)	First 50 units	365 paise per Unit
b)	Next 50 units	415 paise per Unit
c)	Next 150 units	490 paise per Unit
d)	Above 250 units	590 paise per Unit

1.3 Minimum bill (excluding meter charges)

Payment of fixed charges would be as specified in Para 1.1 above.

2.0 RATE: NON-RGP

This tariff is applicable to the services for the premises which are not covered in any other tariff categories and having an aggregate load up to and including 40 kW.

2.1 Fixed Charges:

Range of Connected Load:

a)	Up to and including 10 kW	Rs. 50/ kW / month
b)	Above 10 and up to 40 kW	Rs. 75/ kW / month

2.2 Energy Charges:

a)	Up to and including 10 kW	490 Paise per Unit
b)	Above 10 and up to 40 kW	525 Paise per Unit

2.3 Minimum Bill (excluding meter charges):

Payment of fixed charges would be as specified in 2.1 above

3.0 RATE: LTMD

This tariff is applicable to the services for the premises which are not covered in any other tariff categories and having aggregate load above 40 kW and up to 100 kW.

This tariff shall also be applicable to consumers belonging to the category- Rate: Non-RGP", i.e., those who opt for being charged in place of "Rate: Non- RGP" tariff.

3.1 Fixed charges:

a)	For Billing demand up to contract demand	
	i. For first 40 kW of billing demand	Rs. 85/ kW / month
	ii. next 20 kW of billing demand	Rs. 130/kW / month
	iii. Above 60 kW of billing demand	Rs. 200/kW / month
b)	For billing demand in excess of the contract demand	Rs. 250/kW / month

PLUS

3.2 Energy charges:

For the entire consumption during the month	530 paise per unit
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3.3 Billing Demand

The billing demand shall be the highest of the following and to be rounded to the next full kW:

- (a) Eighty-five percent of the contract demand
- (b) Actual maximum demand registered during the month
- (c) 15 kW

3.4 Minimum Bill

Fixed / demand charges every month based on the billing demand.

4.0 RATE: SL (Street Lights)

4.1 Tariff for Street Light for Local Authorities and Industrial Estates:

This tariff includes the provision for maintenance, operation and control of the street lighting system.

4.1.1 Energy Charges:

For all units consumed during the month:	455 paise per unit
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4.1.2 Minimum Charges:

The minimum energy charges for a consumer with more than 50 street lights within a village or an industrial estate, as the case may be, shall be equivalent to 2200 units per annum per kilo watt hour of the connected load during the year.

4.1.3 Renewal and Replacement of Lamps:

The consumer shall arrange for renewal and replacement of lamps at his cost by the person authorised in this regard under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

5.0 RATE: TMP (Temporary):

This tariff is applicable to services for temporary supply at low voltages.

5.1 Fixed Charges

For all units consumed during the month:	15 / kW/ Day
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5.2 Energy Charges:

For all units consumed during the month:	570 paise per unit
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5.3 Minimum charges:

Fixed charges would be as given in Para 5.1 above.



PART - II

**TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION
(3.3 KV AND ABOVE, 3-PHASE 50 C/S), AND EXTRA HIGH TENSION**

6.0 RATE: HTP-I

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above.

6.1 Demand Charges:

6.1.1 For billing demand up to contract demand

a)	For First 500 kVA of billing demand	Rs. 125/- per kVA per month
b)	For next 500 kVA of billing demand	Rs. 250/- per kVA per month
c)	Beyond 1000 kVA of billing demand	Rs. 335/-per kVA per month

6.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 425/- per kVA per month
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PLUS

6.2 Energy Charges

For entire Consumption during the month		
a)	Up to 500 kVA of billing demand	530 paise per unit
b)	Next 2000 kVA of billing demand	555 paise per unit
c)	Beyond 2500 kVA of billing demand	570 paise per unit

PLUS

6.3 Time of Use Charges:

For energy consumption during the two peak periods, viz, 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs		
a)	For billing demand up to 500 kVA	50 paise per unit
b)	For billing demand above 500 kVA	90 paise per unit



6.4 Billing Demand

The billing demand shall be the highest of the following:

- (a) Actual maximum demand established during the month
- (b) Eighty-five percent of the contract demand
- (c) One hundred kVA

6.5 Minimum Bill:

Payment of “demand charges” would be based on kVA of the billing demand.

6.6 Power Factor:

6.6.1 Power Factor Adjustment Charges:

- a) The power factor adjustment charges shall be levied at the rate of 1% of the total amount of electricity bill for the month under the head “Energy Charges” for every 1% drop or part thereof in the average power factor during the month below 90% and up to 85%.
- b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85%, at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges” shall be charged.

6.6.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor of the total amount of electricity bill for that month under the head “energy Charges” for every 1% rise or part thereof in the average power factor.

6.7 Maximum Demand and its Measurement:

The maximum demand in kW or kVA, as the case may be, shall mean an average KW/KVA supplied during consecutive 30/15 minutes period of maximum use.

6.8 Contract Demand:

The contract demand shall mean the maximum KW/KVA for the supply, of which the supplier undertakes to provide facilities from time to time.

6.9 Rebate for Supply at EHV:

For Energy charges: Rebate @		
a)	If supply is availed at 33/66 kV	0.5%
b)	If supply is availed at 132 kV and above	1.0%

6.10 Concession for Use of Electricity during Night Hours:

For a consumer eligible for using supply at any time during 24 hours, the entire consumption shall be billed at the energy charges specified above. However, for the energy consumed during night hours from 10.00 PM to 06.00

AM next morning (recorded by a polyphase meter operated through time- switch) as is in excess of one third of the total energy consumed during the month, the consumer shall be eligible for a concession at the rate of 90 paise per unit.

