BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Date 22nd December, 2000

CORAM: Shri B.M. Oza Acting Chairman & Member (Fin.) and Shri R. K. Sharma Member (Tech.)

CASE NO. 29/2000 & 31/2000

IN THE MATTER OF REVIEW APPLICATION FILED BY GUJARAT CHAMBER OF COMMERCE & INDUSTRY AND BHARATIYA KISAN SANGH AND OTHERS

V/S.

GUJARAT ELECTRICITY BOARD

ORDER

This batch of applications have been submitted to the Commission with a request to review the order determining the tariff of the Gujarat Electricity Board on 10th October, 2000. These applications have been made in terms of regulation 105 of Gujarat Electricity Regulatory Commission's (Conduct of Business) Regulations 1999. In all, 16 applications dealt with in this order are listed at **Annexure –A**.

2. Regulation 105(1) of the Gujarat Electricity Regulatory Commission's (Conduct and Business) Regulations 1999 reads as follows:

" Any person aggrieved by a decision or order of the Commission, from which no appeal is preferred or allowed, and who, from the discovery of new and important matter or evidence which, after the exercise of due diligence was not within his knowledge or could not be produced by him at the time when the decision/order was passed by the Commission or on account of some mistake or error apparent from the face of record, or for any other sufficient reason, may apply for review of such order within 60 days of the date of decision/order of the Commission."

3 It will therefore be seen that the application for review can be considered only on the basis of discovery of new and important matter or evidence which after the exercise of due diligence was not within the knowledge of the applicant or could not be produced by him at the time when the order was passed by the Commission or on account of mistake or error apparent from the face of record or for any other sufficient reason. The application for review has to be made within 60 days from the date of the order. All the applications listed in the Annexure "A" were received within the period of 60 days and have therefore been entertained by the Commission. Although the provisions of the regulation 105(1) restrict the review only on the basis of new evidence which could not be produced earlier, the Commission has considered the applications by giving a wider meaning to the term 'sufficient reason'. Thus, the plea made by many applicants that as a result of changes in tariff, the final burden on the consumers is too heavy to bear have merited consideration with the Commission. It has been done in the larger consumer interest so that wherever possible rationalization should be achieved with a view to ensure that the tariff changes do not cause unbearable burden on a particular group of consumers. It is in the light of this principle that all the applications have been examined.

4. Interim Orders

4.1 On their application filed for review of the Order dated 10/10/2000 the Commission heard the President of the Chamber of Commerce and Industry Shri R.R. Gupta and ordered on 27/11/2000 that the tariff order dated 10/10/2000 be withheld for a temporary period till the reply by GEB is filed to the review petitions. GEB was given time till 11-12-2000.

4.2. Subsequently, the Commission fixed the hearing on 12/12/2000. The reply of GEB was received on 7/12/2000. In the hearing on 12/12/2000, the Chamber pressed for a stay on the tariff order which was not accepted by the Commission, since the earlier order was given for a period till the GEB filed its reply. The Commission fixed the next hearing on 19/12/2000, after hearing the Chamber , GEB and other applicants.

5. The applications received by the Commission were heard on 12th, 13th and 19th December, 2000. The submissions made before the Commission as well as findings of the Commission have been detailed in the successive paragraphs.

Submissions before the Commission

6. Gujarat Chamber of Commerce and Industry, Ahmedabad.

6.1 The Gujarat Chamber of Commerce and Industry had submitted a letter on 25/11/2000 drawing the attention of the Commission in general about large number of inconsistencies as well as unbearable burden that they will throw on various consumer groups. They also pointed out that this will have serious repercussions on the industry. This was followed by a review petition on 27/11/2000 where the Chamber made the following points :

(a) Actual burden is likely to be much more than what is envisaged in the award.

(b) In the category of L.T consumers the fixed charge for consumers having 51 HP to 75 HP connected load was previously Rs. 50 has now been increased to Rs. 90 which is very high increase.

(c) In the previous tariff, minimum charge upto 75 HP was Rs.80 per BHP and above 75 HP it was Rs.150 per BHP. In the tariff order this has been fixed at Rs. 190 upto connected load of 50 HP and Rs. 390 per BHP for the load above 50 BHP. This will have very adverse impact particularly on the consumers who are in the category of 51 HP to 75 HP of connected load.

(d) The small scale industrial unit having 55 BHP load and operating at a 8% load factor will face an increase of 200% in the energy bill. The rates for seasonal consumers have been increased very steeply and they will be paying very high electricity bills.

(e) In case of tiny and very small units having 10 BHP connected load, the net increase is 35 paise per unit. Whereas in case of units having more than 10 BHP connected load, the increase has been 42 paise per unit. However, the units having connected load of 9 to 11 BHP have an increase of only 7 paise per unit.

(f) In the category of HT consumers, beyond 5000 KVA, the benefit of slab system is not available and hence there will be 10% increase in demand charges. There are also discrepancies in the increase of energy charges at various demand levels.

(g) In case of residential consumers and commercial consumers, the hike is substantial and because of higher rate of electricity duty and taxes on sale of electricity, the overall impact is very high.

6.2. The Chamber also pleaded that the industries are exposed to the open market competitiveness and high cost of electricity will reduce their competences in the open market. They also mentioned that for the last 2-3 years there is a slow down in the Indian Economy which has resulted into overall recession. The increase in crude oil prices, unsatisfactory rain fall, upward marching of inflation rate, reduction in demand of goods, dumping of items from foreign countries etc have worsened the situation. Gujarat have a special situation because of successive droughts and industrial recession. In view of these, the Chamber demanded that the tariff order passed by on 10/10/2000 should be set aside for time being and more elaborate and detailed exercise should be done afresh on this issue.

6.3. In their submissions made on 12/12/2000, the Chamber made the following points.

(a) **Category wise burden**

The Chamber requested the GEB to calculate the bills in accordance with the old tariff and new award for different categories of consumers to verify the requests made in the Chamber's representation are correct or not. The Chamber requested the Commission to ask the GEB for required data.

(b) **Increase in commercial tariff.**

The Chamber submitted that the increase in commercial tariff was as follows.

Fixed charges	**Old Rate(Rs)**	**Awarded(Rs)**	**% increase**
-Single Phase			
Upto 50 KWH/Mt	30	45	50%
More than 50 Kwh/Mt	35	45	28.57%
-Three Phase			
All Consumers	50	75	50%
Energy charges			
Upto 50 Kwh/Mt	150 P/U	360 P/U	140%
51 to 150 Kwh/Mt	180 P/U	420 P/U	133%
Above 150 Kwh/Mt	220 P/U	470 P/U	114%

(c) They also mentioned that the new concept of minimum charges have been introduced for the first time for single phase and three phase and because of this the actual burden will be far more than the figures envisaged in the award.

(d) **L.F.D –III for Charity institutions**

The Chamber mentioned that the burden on these institutions will be as follows which is unbearable.

	Old (Rs)	**Awarded(Rs)**	**% of increase**
Fixed charges	20	25	25%
Energy charges	125 P/U	360 P/U	188%

(e) L.T.P-I

The Chamber mentioned that in this category the increase in various groups will be as follows:

Fixed charges	**Old (Rs)**	**Awarded(Rs)**	**% increase**
First 10 BHP Next 40 BHP Next 25 BHP	17 28 50	20 35 90	17.65% 25.00% 80.00%
Energy charges Upto 10 BHP Exceeding 10 BHP	 115 138	 350 380	 204.35% 175.36%
Minimum charges Connected upto 75 BHP (A) Upto 50 BHP (B) 50 to 75 BHP Connected load More than 75 BHP	 80 80 80 150	 190(Upto 50BHP) 190 390 390	 137.50% 137.50% 387.50% 160.00%

They maintained that the fixed charge increase is between 12% to 80% which shows disparity among different types of consumers. The category of consumers falling between 50 BHP to 75 BHP is the worst sufferer.

(f) **Seasonal consumers**

They maintained that this increase was very high and this category of units will not be able to bear this burden.

(g) The Chamber submitted that in this category the increase in demand charges range from 2.41 % to 5% in case of 5000 KVA. This increase is much more than the increase shown in the calculations which is only 4.75% for HT industries. The Chamber pointed that even in the energy charges the increase ranged from 11 paise to 27 paise.

(h) The Chamber submitted that the factors like rationalization of electricity tariff, transparent policy of subsidy and Improvement in efficiency of generation and transmission were not considered by the Commission while passing the order on 10/10/2000. They submitted that the order has been passed just to compensate the loss determined by GEB.

(i) The Chamber maintained that the State Government is required to grant any subsidy to any consumer or class of consumers in the tariff determined by the Commission under this section then State Government shall pay the entire amount of subsidy. They maintained that on the basis of electricity supply to agricultural sector, the total subsidy to this sector comes to Rs. 2938 crores per year. As against this huge amount the Govt of Gujarat is granted subsidy amount of only Rs. 1650 crores.

(j) The interest of the commercial consumers have not been safeguarded. They are being charged 448.86 paise per unit whereas for LT consumers the charge is 406.81 paise and for HT consumers it is only 469.43. The transmission and distribution losses allowed by GERC is 34% against the international standard of 6.8%.

(k) The GERC should scrutinize the power purchase agreement entered into by GEB and if need be it should be scrapped since the GEB purchases power at much higher rate of Rs. 7 per unit. GEB failed to submit its balance sheet and all data is based on estimations.

(l) In the end the Chamber prayed that the tariff hike for trade and industry should be set aside and a fresh exercise should be initiated and all concerned may be given personal hearing before the Commission.

6.4. Reply to the points raised by Gujarat Chamber of Commerce and Industry, by GEB.

6.4.1 The GEB mentioned that prima facie, the consumption of energy charges is erroneous. All the basic charges should be loaded by Fuel cost Adjustment Charges as of the date. As far as the percentage increase in each head of account and for each slab of connected load/ contracted demand is concerned, it is submitted that the actual percentage increase can be worked out only corresponding to the aggregate bill amount and not individual account head as mentioned by the Chamber. The implication of minimum charges come into effect only when the consumers do not consume energy corresponding to the connected load. As such implications are prima facie avoidable. GEB also pointed out that the tariff order incorporated specific optional tariff rates also whereby the implications can be avoided.

6.4.2. The GEB also made the following points in addition to the above.

(a) The Commission had undertaken an elaborate exercise and went through it in accordance with the provisions of the relevant Acts. The order also takes into account the improvement in efficiency of generation and transmission.

(b) The cross subsidization amongst categories, goods of production etc is an accepted commercial principle. The Chamber's suggestion is not viable.

(c) GEB had given data for assessment of energy consumption for the purpose of determination of cost towards energy requirement and then the revenue out of sale of electricity. The fact that the industrial consumption is zero has been taken into account.

(d) GEB also clarified in the hearing on 12/12/2000 that no power was being purchased on account of Naphtha generation. They also pointed that GEB had given full detail of minimizing costs and restricting deficit in its submission on 1/4/2000. Apart from this , they did not press for compensation of the losses incurred during the year 1999-2000. GEB requested the Commission to dispose off the applications keeping in view of their above submissions.

7. Bharatiya Kisan Sangh, Gujarat

7.1 In their application for review of Tariff Order dated 10.10.2000 the Bharatiya Kisan Sangh, Gujarat made the following points :

1. Their presentation before the Commission on 22.3.2000 as well as 4.10.2000 has not been seriously considered, that is why the need for reconsideration.

2. The prices of agricultural produce are at very lowest and therefore there is no need to increase the prices for agricultural sector. The prices increase should be held back till the proper support prices are decided by the Central-State Governments.

3. As a result of globalization and free import of many commodities large number of agricultural products are being dumped into this country, as a result of which the farmers have literally come on roads. The prices for agricultural inputs have been increasing by 100% to 400%. Seeds, fertilizers, pesticides, diesel oil, cement, agricultural implants and tools every thing is covered by sale. In this circumstance, if the price of electricity also goes up the farmers will have to starve.

4. In the price increase ordered by the Commission, the agricultural sector is bearing a rise of Rs. 662.70 crores while all other sectors together bear an increase of only Rs. 493.86 crores. The difference is Rs. 169.84 crores. Of the total increase of 17% of other sectors put together has an increase of 7.69% while the agricultural sector bears 9.31% of total increase. The individual increase in the agricultural sector is 276.86%. If we think of the situation arising out of this inconsistency the GEB has projected electricity consumption of 14393 MUs for agricultural sector while the Commission has accepted only 9165 MUs. In reality the consumption is still less. Even on the basis of figures accepted by the Commission the agricultural consumption is only 28.41%. Therefore the total cost should be reallocated according to this proportion. The increase on agricultural sector would not exceed Rs. 328.57 crores.

5. Even from the point of view of tariff there is inconsistency among agricultural consumers. If the unit rate of 50 paise is taken then the HP tariff would be less than Rs. 900/-. However, it has been fixed at Rs.

1680/- per year in the order. This is also violative of the principle of equality.

6. New fixed charge has been introduced in the agricultural tariff which was never there.

7. 5% duty has been imposed on agricultural sector. This should be removed.

8. If the GEB gets additional subsidy of Rs. 447.22 crores then the impact on agricultural consumers will be much less.

9. The HP system was going on since 1987 as a result of agreement between the Government and farmers. Without taking into account the background of this agreement there is no need to introduce the metering system once again. The Commission has only the matters relating to tariff in their jurisdiction. However, the Commission has given direction to the GEB in para 6.6.6 to cover all the connections in metered supply. This should be removed. The Bharatiya Kisan Singh submitted their following objections against introduction of meters.

   (a) GEB has not made any request for introduction of meters nor have they given any comments.

   (b) The Government has also not made any submission to the Commission for introduction of meters.

   (c) Most of the agriculturists have strongly opposed the metered system.

   (d) There is no person, who as a party to the matter, has demanded metered system. Still the Commission has given direction to the

GEB and created a controversy. This should be removed by amending the order.

(e) Just because a small group of farmers from North Gujarat mentioned that they are not opposing to metering it should not be concluded that all the farmers of Gujarat are agreeable to metered system.

(f) In the past installed meter system was in existence. A big agitation was mounted because of harassment and economic exploitation of the farmers by the officials of the Board. As a result of this, the metered system was removed. The Commission has given direction on page 55 of the order that the consumers should be taken into confidence before introducing the meters. The farmers are not agreeable to this system. Therefore, it should not be introduced.

10. The Bharatiya Kisan Sangh also suggested that places like water park, amusement park, farm house, clubs as well as show rooms, jewellery show rooms and commercial places should be charged at higher rate so that the Board can reduce their deficit.

11. In the end the Bharatiya Kisan Sangh requested that the increase in agricultural tariff should be totally withdrawn, the rates fixed for metering should be converted into HP and should be refixed. 16 hours electricity without interruption should be given to farmers at proper voltage and if it is not given the farmers should be compensated. 42% of total electricity production should be diverted to farmers. If the Government decides to give subsidy to agricultural sector the Commission should give its concurrence. The door of the Commission should be open for future representation by the farmers.

7.2 The representatives of Bharatiya Kisan Sangh were heard by the Commission on 12.12.2000 where Shri Ramesh Chaudhary and Shri Kanubhai Patel presented the case for the Bhartiya Kisan Sangh. They also made additional submissions containing the points relating to the presentation made by the Gujarat Chamber of Commerce and Industry, replies given by the GEB as well as certain additional points in support of their earlier submissions.

7.3 The Sangh submitted that the industries were in a far stronger position than the agriculture since the latter had already been neglected. The industry can get finance while the farmers can not. In these circumstances if the position of industry had become bad as a result of this tariff order then one can only imagine how much miserable the farmers will be.

7.4 As regards the replies given by the GEB, it mentioned that the GEB was facing difficulties due to various reasons. The agricultural sector was not responsible for the same. They also felt that the deficit of Rs. 3283 crores was a cumulative deficit and it should not be covered within a period of one year. They also mentioned that the subsidy for agricultural sector has been reduced because GEB had not been able to present proper account. The subsidy per head is only 18,000/- per year and Rs. 1500/- per month, the benefit of which is also given to those farmers who do not have electricity connection. The per head subsidy is, therefore, much smaller. They also argued that the HP system was beneficial since those who were not paying electricity bill at all have also now started paying the bills which has increased the income of GEB. While the measurement for everything which is produced and sold is good in principle, but it is always not good in practice. There is system of having commercial transaction in practice where barter system or average or lumpsum system is even now prevalent.

7.5 The Bharatiya Kisan Singh also suggested that for the purpose of administrative reforms there should be Regional Electricity Boards since large one at State level has become unmanageable. There should be many divisions and sub-divisions in the Board. They also suggested a settlement authority for those cases where the outstanding is more than Rs. 1.00 lakh. The Board should also be freed from political interference. They also pointed out that the Board's accounts are bad and they are incurring huge losses. They must plug the loopholes and leakages. They also pointed out that there is draught situation in the last two years and they are not using electricity because there is no water, still they are paying the bills. In these circumstances, the GEB can not lose because of agriculture.

7.6 In addition, they also made the following additional points in support of their own case; stating that if the Board brings down the T&D losses to 21% then the whole problem will be served. For this effective measures should be taken. For the theft cases reconnection should not be given immediately.

7.7 The municipalities, municipal corporations and other local government bodies should pay their dues regularly. The Commission should publish the list of defaulters who owe more than Rs. 1.00 lakh to the Board. They mentioned that the figures submitted by GEB are not correct and in view of the increase accepted from the non-agricultural sector there is no need to increase the price of electricity for agriculture.

7.8 According to the decision given by the Commission 50 paise/unit has been provided for the consumers using meters. According to this the equivalent rate per HP is Rs. 70/- per month instead of Rs. 140 decided by the Commission. This will only be limited to Rs. 840/- per year.

Reply of GEB

7.9 Dealing with the representations made by the Bharatiya Kisan Sangh, the GEB stated that the last increase in agricultural sector was effected in June, 1993. Thereafter in June, 1997 there was also a partial reduction. New rates have been decided in a transparent manner after extensive discussions. The Board stated that the Board has been trying earnestly to come out of its financial difficulties. It has also given information about the reduction in administrative expenditure. The Board gave figures about deficit from the year 1991-92 and stated that the deficit of Rs. 3283 crores was not a cumulative deficit. They also stated that subsidy was being claimed by the Board according to the formula decided by Chandramauli Committee. The Board stated that the increase declared by GERC is rationalized and not a single category of consumers have been made a target. The metered tariff in agricultural sector has not been changed. Only demand charge has been added. They also pointed out that the meter rates prescribed at present are less than what were prevalent in 1987.

7.10 The Bharatiya Kisan Sangh again gave Memorandum on 19.12.2000 stating that the Board should now give fresh submission to the Commission regarding agricultural tariff and the Commission should wait till such proposals are received. They complained that the Board had not given proper replies to the points raised by them. They reiterated their points regarding the irregularities and inefficiency in the GEB administration and also mentioned that they have made submission before the Government on 16.11.2000 about the metered tariff system, but they have not got any reply. They stressed the need of taking the farmers into confidence before introducing metered system.

8. Surendranagar District Industries Association

8.1 Shri Navinbhai Jobanputra, Honarary Secretary of Surendranagar District Industries Association made the following points in the course of his submission before the Commission.

8.2 He maintained that the application of the Gujarat Electricity Board should not have been considered and allowed in view of the fact that the proposal for revision of tariff rates was not given by the Board. He also stated that as a result of the new tariff the burden on all categories of consumers was much more than what was intended or thought off. He particularly mentioned about minimum charges, which according to him, will have very adverse effect on the industry. He mentioned that this charges had an effect of increase in the unit rates to a considerable extent. He pleaded for atleast 40 to 50% reduction in minimum charges for all levels of LT consumers. He also mentioned that the minimum charges for domestic and commercial consumers were also very high and should be similarly reduced. Same thing should apply to seasonal consumers as well. He also mentioned that among the LT Industrial consumers a slab covering connected load between 50 to 70 HP was worst affected as a result of slab system and this requires to be corrected.

8.3 In the review petition filed before the Commission, the Surendranagar District Industries Association had made the following additional points:-

(a) The real burden of the tariff order was Rs.1819.89 crores and not Rs.1156.56 crores, if the duty is added then the total burden would be much more.

(b) According to the information given by the GEB the amount towards depreciation of ROR and deferment was Rs.1838 crores and the Govt.of Gujarat had also reduced Rs.300 crore Therefore, for the year 2000-01 the deficit of Rs.3283 crore was reduced to Rs.2138 crore. Against this the Commission has taken the reduction only of Rs.1418 crore. If this effect is taken into account the need for additional increase is only Rs.436 crore and not Rs.1156 crore.

(c) When the GEB has shown T&D loss of 21% the Commission should not have allowed T&D losses of 30%. If 21% T&D loss had been allowed then the need for increase would be only Rs.762 crore. Taking both the above factors there is no need to increase the tariff.

(d) In the order declared by the Commission on 10/10/2000 there was no mention about minimum charges. These charges are going to create a burden of Rs.333.3 crore on the consumers.

(e) For the year 2000-01 the GEB has not shown any estimate towards income for minimum charges while in the previous years they have shown an income of Rs.50 crore, it is therefore clear that the Board is not desirous of getting any income from minimum charges. From the rates which have been prescribed for the LT Industries, the monthly minimum charge per H.P. is now very high and therefore it is not consistent with the interest of justice to have any charges over Rs.100 per HP per month. Moreover, the Board had not asked for any minimum charge for domestic and commercial consumers. Even earlier also these charges were not in existence. These consumers have not got an opportunity to give their objections and suggestions on this charge. Therefore, in the interest of justice these charge should be withdrawn. The minimum charges prescribed for LT & HT Industries have been increased very steeply ranging from 7 – 15%. Similarly charge for seasonal consumers is now so high that it threatens their very existence, therefore, these charges must be reconsidered. The Association therefore requested that in view of the modern situation of globalization, dumping of goods and the recession faced by the industry, the present increase in electricity rates is a severe blow to the industry. They therefore requested that the increase should be reconsidered.

8.4 In their supplementary memorandum handed over in the course of hearing on 19th December, 2000 the Association further re-iterated these points with supporting data on earlier submissions they mentioned that total income out of minimum charge is likely to be Rs.115 crores from the defective meters as well as domestic consumers. To this, if the other consumers' minimum charges are added then the total income is likely to be Rs.333 Crore. They also brought out the facts of impact of increase in the domestic as well as consumers of LT & HT consumers. Giving the details of minimum bills of sample subscribers in various categories, the Association exhorted upon the Commission to give serious thought on these details and review the order of 10/10/2000.

8.5 In reply to the submissions made by the Association, the GEB mentioned that the Commission had ordered the revision of tariff after a long time after following transparent procedures. They mentioned that the calculation of deficit is clearly given in the GEB's submission. As for T&D losses the Commission had given detailed reasons for allowing loss of 30%. The Board mentioned that in the detailed tariff order the provisions regarding minimum charges was always mentioned. The basis for minimum charge according to GEB is only for those who are not using the electricity below certain level and the idea is to recover the minimum capital cost.

9. The Federation of Gujarat Industries at Baroda

9.1 Shri Amit Goradia speaking for the Federation of Gujarat Industries submitted the following :

(a) There was 80% increase in the fixed charges of consumers having connected load between 51BHP to 75 BHP. Additional cost escalated on fixed charges is 52% for L.T. consumers having connected load of 75 BHP. He also mentioned that on account of minimum charges, the cost escalation in the group of 51 BHP to 75 BHP was about 388%. In addition to this the reactive charges were also introduced. In case of the seasonal consumers, the raise was very steep like 181% to 271%.

(b) In case of H.T consumers, he mentioned that the subsidization has not been reduced as a result of this tariff.

(c) He mentioned that in the new tariff revision the fuel cost adjustment formula has been merged with the energy charges. This is also unfair because any downward revision in the cost of fuel will now not be passed on to the final consumer as the fuel cost adjustment formula has now been merged with the energy charges.

(d) Replying to the points raised by the Federation of Gujarat Industries at Baroda, GEB stated that the cross subsidization of rate amongst the consumers of the same commodity or amongst different products of the same producers is commercially accepted convention. It also stated that GEB is required to prepare a new formula for fuel cost adjustment which shall b e adopted by the Commission after providing full opportunity to the consumers to express their views and suggestions.

10. Bhavangar District Small Industries Association.

Shri Mahendra Shah made submissions on behalf of the Association, making the following major points.

(a) The globalization has affected small industries in very critical manner to reduce their cost in every manner. Therefore, the increase in the price of electricity will have very detrimental effect.

(b) It was not clear to the Association how the figures of deficit were worked out by GEB. He mentioned that GEB was showing surplus for 2 years and suddenly it has started showing losses. The Commission should have recorded reasons for differentiating agricultural sector and continuing HP based tariff. The cost recovery from agricultural sector should have been at least 50%, but the Commission has not recorded any reason for not doing so. The Commission has not taken in to account the heavy burden of power tariff plus electricity duty borne by commercial and industrial category. The minimum charges have made steep rise in the electricity bills. The Commission has accepted the figures of subsidy without going into details anywhere.

(c) The Commission should have asked the Board and Government of Gujarat to review and revise the Power Purchase Agreements where they are not taking care of interest of consumers. He mentioned that the power purchased by GEB from G.I.P.C.L, Essar and GTEC was extremely costly.

11. Western Railway

Shri Rajiv Kumar, Dy. Chief Electrical Engineer made submissions on behalf of Western Railway. These were as follows :

i) The GERC Tariff Order dtd. 10.10.2000 has enhanced the Railway's average LPF surcharge by more than 1,00,000%. The GERC is, therefore requested to retain the old rates of LPF surcharge for the Railway Traction Tariff. He also submitted that the Railways should be given a minimum time period of two years to process the proposal for obtaining the Railway Board's sanction and commissioning of Capacitors.

ii) The Railway traction tariff is about twice the GEB's cost of supply and is not based on the stipulations in ERC Act, 1998 and GERC Regulations, 1999. It should be fixed at the level of Rs. 4.30 to Rs. 4.35 per unit.

iii) The tariff charged by GEB is the highest among the five SEBs and M/s. Tata supplying power to Western Railway for electric traction.

iv) GERC is requested to maintain the status quo and the late payment surcharge should be applicable only if the payment is not made within 30 days from the date of the bill.

12 M/s. Inox Air Products Ltd. , M/s. Keyur Ispat Ltd. , M/s. Paras Ship Breakers Ltd. and M/s. AM Ispat Ltd.,

12.1 Shri Mahendra Solanki appeared on behalf of M/s. Inox Air Products Ltd. and Madhukar A. Pandya represented the case on behalf of , M/s. Keyur Ispat Ltd. , M/s. Paras Ship Breakers Ltd. and M/s. AM Ispat Ltd. These companies had common submissions as follows :-

a) The concession for night consumption in the tariff HTP-I discriminates the continuous process industry where the load is uniform against other general industry. Therefore, to maintain the spirit of the concession for night consumption, the anomaly should be removed and total night consumption should be considered for concession. However, if any restriction has to be maintained, the clause should read as under :

"Energy consumed during night hours of 10.00 p.m. to 6.00 a.m. as not in excess of one third of the total energy consumed during the month shall be eligible for concession @ 50 paise per unit".

12.2 Shri Madhukar A Pandya on behalf of the three units mentioned that in the new HTP-IV tariff following problems need to be handled.

a) Lighting in factory during day hours is required.

b) Office lighting during day hours is required

c) Certain supply during day time is necessary for maintenance

d) Night hours should be extended to a period of 10 hours to achieve certain temperature, pre-heating etc.

e) Transformer consumption during day hours should be provided.

f) Commercial activities receiving and dispatching of material by EOT cranes can be done only during day time and power is required for this purpose.

12.3 In these circumstances, he submitted that it is difficult to maintain zero consumption during hours other than night hours 10 P.M. to 6 A.M. Therefore such industries opting for new HTP-IV tariff should be permitted to consume 10% of the total used of units per month as consumption during the period other than night hours. He also pleaded that there should be procedure of switch over from one tariff to another tariff and vice-versa. He also clarified that one month's notice period should be enough for this purpose and reasonable intervals should be kept before a person opts for the change.

13. M/s. Gujarat Re-rolling Mills Association, Shree Electromelts Ltd., M/s. Garg Casteels Ltd., M/s. Jaidev Alloys Ltd., M/s. Mani Bhadra Ispat Ltd., and M/s. Navyug Alloys Ltd.

All the above organizations presented their case on 13.12.2000. They requested the Commission to review the provisions regarding newly introduced HTP-IV tariff so that the industries are able to avail the benefit. The points made by them were same as those covered in the above para 12.

14. Federation of Industries Association, Ahmedabad.

Shri Kirit Mehta presented the case on behalf of Federation of Industries Association, Ahmedabad. and made following points :

He mentioned that there was considerable scope to improve the PLF of various plants and thus improve generation of the GEB. This is not done. He also mentioned that the T&D losses were very high and they were much higher than the international standard. Referring to the agricultural subsidy he stated that the subsidy should be given in a transparent manner and no subsidy should be given in the form of cross subsidy.

Issues raised in the submissions:

15. Large number of issues have been raised in the submissions ranging from challenging the initial application made by the GEB to the unreasonability of the tariff structure prescribed by the Commission. Since many of the applicants have raised identical or similar issues, the Commission considered it expedient to group them conveniently as follows :

15.1 **General Issues**

These issues include the matters like validity of the application given by GEB in the month of September, 1999, the details submitted by GEB at that time, issues relating to efficiency in the GEB like plant load factor , T& D losses etc. These issues are practically the same or similar as were raised by these applicants or other objectors in the course of hearings before the Commission on the tariff applications.

15.2 Issues relating to rationale and methodology adopted by the Commission.

These issues are based on the tariff order passed by the Commission on 10/10/2000. These are as follows.

(a) The manner in which the deficit of the GEB was worked out by the Commission.

(b) The propriety of the Commission allowing 30% of losses as against 21% losses claimed by the Board.

(c) Legality of allowing cross-subsidy

15.3 Issues relating to tariff structure

These are the most important issues in the submissions dealing with the problems faced by various consumers in the course of implementation of the new tariff structure prescribed by the Commission in their order dated 10/10/2000. These can be summed up as follows:

1) The high burden imposed by new tariff on various categories of consumers.

2) The burden imposed by monthly minimum charges on each category of consumer is unreasonably high and therefore deserves reconsideration.

3) In the L.T.P-I tariff, the re-arrangement of slabs has brought the consumers having connected load from 51 HP to 75 HP in a most disadvantageous position and they faced steep hike.

4) The energy charges revised for LT industrial consumers were too high and should be brought down.

5) In the new tariff LTP-3 the minimum billing demand may be reduced from 40 KW to 20 KW.

6) In the L.T. tariff the slab of 50 BHP and above 50 BHP for monthly minimum charges should be kept as per the original pattern i.e. 75 BHP and above 75 BHP.

7) The burden on account of reactive energy charges under LTP-1, LTP-III and LTP-IV would be very high, hence requires reconsideration.

8) In case of optional tariff the provision of switching over to either tariff should be available.

9) Agricultural tariff has very steep hike over the previous tariff and in view of the condition of the agriculture sector as well as the drought conditions in Gujarat, the increase needs to be withdrawn.

10) The metering of agricultural was not within the purview and jurisdiction of the Commission and therefore should not be introduced through tariff order.

11) There were inconsistencies in the increase in energy charges among various slabs of HT consumers.

12) The newly introduced HTP IV tariff needs modification by making suitable provisions for day consumption and also giving facility for switching over to H.T P –I tariff by the consumer.

13) The burden imposed by annual minimum charges in case of seasonal consumers under LTP-I tariff is very high and therefore deserves reconsideration.

14) The burden imposed due to increased annual minimum charges for H.T. seasonal consumers is very high, therefore needs consideration

15) The concessional rate of 50 paise per unit for night consumption provided in HT tariff should be extended to entire night consumption.

16) Special night tariff LTP-IV and HTP-IV needs to be extended to all the consumers to avail power during the prescribed night hours.

17) Additional revenue by minimum charges are sizeable and not taken into account.

18) Cross subsidy should be abolished. The HT and LT industries tariff is far above the cost to serve, hence rates for industries should be reduced.

19) The Western Railways has specific problem faced on account of high penalty due to power factor adjustment and settlement of bills.

20) The rates of electricity duty and sales tax on sale of electricity were very heavy in Gujarat and alongwith this the burden on the consumer was much more.

Consideration of the submissions and findings of the Commission

16. As mentioned in para 3, the Commission has approached the review process in a spirit of understanding and appreciation of difficulties faced by the consumers. The problems arising as a result of globalisaiton, industrial recession and persistent draught in the State are real and can not be ignored. The declining consumption by industrial sector has also an adverse impact on GEB's finances and further decline has to be arrested. At the same time the precarious financial position of GEB does not permit any major changes in the tariff awarded after a

great deal of deliberation and consultation. The Commission has, therefore, attempted to strike a balance by further rationalizing tariff wherever possible on the basis of submissions made by the applicants. The resultant effect on GEB's final revenue requirement is going to be marginal, which can be neutralized by elasticity of 'other revenue' resulting from the administrative measures already initiated by them.

16.1 General issues

The General issues mentioned above are really pre-tariff order issues. In other words, once these issues had already been raised in the course of hearings before the Commission and extensive discussions were held on these issues. As would be seen from para 1.19 of the Order dated 10/10/2000(hereinafter referred to as tariff order) , the Commission invited public comments on the proposals of the Board on three occasions. Discussions were also held in the meetings of the State Advisory Committee constituted by the Commission which consists of representatives from trade and industry and various other walks of life. In addition to this, the Commission had conducted Consumers Contact Programme as mentioned in para 1.18 of the tariff order and visited six places in various parts of the Sate to interact with various consumers. In the course of this process most of the points in this section had come up for discussion. This have also been dealt with at appropriate places in the tariff order and we find that no new points have been brought before the Commission. Therefore, these points really do not deserve further consideration. However, since these points have been made by a sizable number of organizations, a brief reference and discussion on them may be in order.

16.2 Commission's decision to entertain the proposal of GEB.

The one such point is about the propriety of the Commission entertaining the proposal of the GEB when the tariff rates were not proposed by them. These matters have been extensively dealt with in para 1.12 and 1.13 of the tariff order. The Commission was conscious that it was not the complete application submitted by the Board. However in the given circumstances and the overall public interest as has been explained in the para, the Commission decided to entertain the application. However, the Commission has issued suitable directions in para 1.13 of the tariff order that in future, it would be incumbent upon GEB or any other licensee to state specifically the proposed rates. The position being very clear in this regard, the points made out by the applicants have no merit.

16.3 Similarly a number of points have been made about the efficiency of GEB, Plant Load Factor, Power Purchase and T&D losses. These have been exhaustively dealt with in para 5 and para 9 of the Tariff Order. The point regarding development charges and delayed payment charges have also been discussed adequately in para 9 of the Tariff Order and suitable directions have been issued to the Board. **Since no fresh evidence has been brought out for any reconsideration, these aspects do not deserve any review.**

Issues relating to rationale and methodology adopted by the Commission.

16.4 The second such point which has been raised is computation of revenue requirement. It has been stated by some applicants and particularly the Surendranagar District Industries Association that the Commission has considered reduction at much lower level and allowed high revenue requirement. The matter has been dealt with very extensively by the Commission in para 8 of tariff order. In order to have complete understanding on computation of revenue requirement, the analysis made by the Commission in para 5 of Tariff Order should be linked with these figures. As it will be clear from this, the Commission had already disallowed many expenditures proposed by GEB. As it so happened at a later date , the GEB came up with the proposal to effect saving in the cost in same areas and to the same extent. It will be appreciated that on the same count we cannot achieve double savings. It would be unrealistic and wrong to assume so. This includes saving on account of employee cost, fuel cost, plant load factor, reduction in agricultural consumption etc. Certain savings estimated by the GEB were not correct according to accounting procedure. They were not allowed. This includes outstanding dues to the extent of Rs. 100 crores. However, except this every single reduction has been either accounted by the analysis of GERC or the proposal of the GEB. It would therefore be very incorrect to say that the Commission has allowed a lower level of reduction. The revenue requirement allowed by the Commission to the extent of Rs. 1156 crores and limiting to Rs. 1145 crores as projected by the GEB was therefore absolutely in order. **All pleas made by the applicants on this count therefore deserve to be rejected.**

16.5 Similarly the point which has been made by some applicants including Surendranagar District Industries Association that while the GEB has asked for 21% losses, it is not proper for the Commission to have allowed 30% of losses. This has imposed additional burden on the consumers. This contention is not correct. It would be seen that a detailed discussion on T& D losses has been made in para 5.5 of the tariff order. The Commission has not been able to agree to the contention advanced by the GEB that their system losses are 21% for the year 2000-2001 which was subsequently brought down to 20% in the hearing on 1/7/2000. The losses are actually far more on the basis of realistic assessment of the agricultural consumption. The Commission arrived at loss figure of 34.32% which actually existed in the system on the basis of the records available. The question was to take practical and realistic review in going towards reduction in system losses. While a good amount of these losses are non-technical which may include losses due to defective meters, theft etc. A good amount of losses are technical losses due to long transmission lines, low voltage distribution and other reasons. The realistic view after all these considerations will suggest that it is not possible to reduce these losses in a single year or just by giving directions in the tariff order. This matter has therefore been dealt with in para 9.7 of the tariff order where the Commission has directed GEB that it should undertake a detailed study to ascertain the losses. GEB informed that such study has already been commenced by Tata Energy Research Institute. In addition, the Commission has also directed the Board to bring down the losses in a phased manner so as to bring the real losses to the level of 21% by the year 2003-2004. It is in this context that the Commission allowed losses of 30% for the year 2000-2001. It was the only practical solution as the first step towards loss reduction. Any other solution would have been impractical and could not have been achieved. This has been explained in para 9.7 of the tariff order. **The issues have already been discussed by the Commission at great length and does not deserve any reconsideration in the absence of any new evidence and therefore stand rejected.**

16.6 The third such issue raised is about legality of allowing cross subsidy and also the related issues like the Commission is not verifying the subsidies, the GEB is claiming less subsidy and not maintaining proper account etc. It has been argued on behalf of applicants, Gujarat Chamber of Commerce and Industry that Electricity Regulatory Commissions Act is to provide for transparent policy regarding subsidy . They have also given reference to Section 29 (5) of the ERC Act stating that if the State Government requires to grant any subsidy to any consumer or class of consumer in the tariff determined by the State Commission, under this Section, the State Government shall pay the amount to compensate the person affected by the amount of subsidy in the manner the State Commission may direct. This has been interpreted as the position that no cross subsidy can be allowed by the Commission. It may be noted that the subsidy referred in Section 29 (5) is a subsidy which is required to be given after the State Commission has determined the rates. It is true that the tariff has to progressively reflect the cost of supply. However, the word ‘progressively’ is very important. This clearly means that till the tariff is not able to reflect the cost of supply an inbuilt element of cross subsidy has to be continued. This is decided by the Commission after following proper procedure and ascertaining the views of the consumers. There is therefore nothing wrong to provide cross subsidy in the tariff structure. In fact there is hardly any state in India today where cross subsidy does not exist. The points made by the applicant therefore does not sustain. Similarly, their plea about the Commission not having checked the amount of subsidy is also not proper. The Commission has seen the amount of subsidy either from the certified accounts by CAG or from the State budget approved by the State Legislature. Hence no further checking is required. Whether to grant subsidy to a particular group of consumer or not depends upon the policies of the State Government. The Commission does not have any jurisdiction on the state policy for extending subsidy to various group of consumers. It is therefore not correct to say that the Commission should have checked the subsidy which has been given to the Board. **As a result of this, none of the above points survive and therefore stand rejected.**

17. Issues relating to tariff structure

17.1 The issues listed in this section are very important, in as much as they deal with the impact of new tariff on consumers. The Commission can not help recording that many of these could have been handled with greater comfort, if the GEB had submitted proposed rates as desired by the Commission. **We hope that in future such situation will not arise and direction given by the Commission on this matter will be scrupulously observed.**

The various issues listed in para 15.3 have been examined and the findings of the Commission are given hereunder :

17.2 **The overall burden.** In accordance with the Commission's Order dated 10.10.2000 the overall increase in various categories of consumers is as under :

Consumer category	%age increase in tariff
Residential	9.78
Commercial	13.37
Public Lighting	10.42
Water Works	9.32
Industrial L.T.	14.20
Industrial H.T.	4.77
Railway Traction	3.77
Surat Electricity Co.	7.58
Ahmedabad Electricity Co.	0.6

It will be observed that through general tariff revision was effected as back as 1992 the overall increase varies from 3.77% to 14.49%, a very modest rise that the consumer can absorb especially the cost of other inputs of the consumers have increased in multifold. In case of agriculture, there is no change in metered tariff of 50 paise/unit as well as Tatkal Scheme metered rate of 70 paise/unit except addition of fixed charges @ Rs. 10/- per BHP/month which can be easily absorbed by the agricultural consumers. In case of HP based tariff the old rate of Rs. 350 per HP/annum for motors upto 7.5 HP and rate of Rs. 500/- per BHP/annum for motor having rating more than 7.5 HP has been increased to Rs. 1680/- per BHP/annum. The increase in case of HP based tariff is substantial as the old rates were fixed as back as in 1986 and subsequently there was no upward revision though prices of fuel and other input cost of GEB was continuously increasing. At this rate also the average cost per unit works out to about 97 paise/unit which is much lower than overall variable cost of Rs. 2.10 per unit incurred by GEB. This means that the GEB is incurring cash losses even on running cost component to serve power to agricultural sector. The agricultural consumer at present billed on HP based tariff can opt for metered based tariff if the same is found economical for them. In view of the above the issue does not need reconsideration by the Commission. The percentage of increase pointed out by the Gujarat Chamber of Commerce & Industry are not correct, since in old tariff, fuel cost adjustment charges have not been added. Moreover, the components of tariff can not be compared in isolation and different sections of consumers may be affected differently, in the process of rationalization of rate structure.

17.3 **<u>Minimum Charges</u>**. The categorywise position as regards payment of monthly minimum charges under GERC's tariff order dtd. 10.10.2000 is as under :

a) **Rate LFD-I (Residential)**

For single phase consumers minimum charges provided are Rs. 30/- per month which can be covered up with monthly consumption of 9.3 units which can be easily consumed by any consumer. **However, in view of the difficulties of the small consumers it has been decided to restore the position prevalent before revision, i.e., the minimum bill will be equal to fixed charges payable.**

For 3 phase consumers minimum charges provided are Rs. 150/- per month which can be covered up with consumption of 50 units/month. This can be easily consumed by any consumer considering the various appliances installed by the consumer. **However, in view of the possible difficulties here also the Commission has decided to restore the pre-revision position, i.e., the minimum bill will be equal to fixed charges.**

b) **Rate LFD-II (For commercial premises)**

For single phase installation minimum charges of Rs. 60/- per month per installation which can be covered up with consumption of 4.2 units/month which is quite low. **However, in view of the representations and the principle followed for the above consumer groups, here also the pre-revision position is restored, i.e. the minimum bill will be equal to fixed charges.**

For 3 phase installation minimum charges of Rs. 200/- per month per installation has been provided which can be covered up with monthly consumption of 34.7 units which is quite modest considering the working hours of the commercial premises. **However, in view of the representations and to overcome the difficulty, if any, here also the pre-revision position has been restored, i.e. the minimum bill will be equal to fixed charges.**

17.4 **Tariff LTP-I.** This tariff applicable to motive power was rationalized in the Tariff Order.

It has been represented to the Commission that due to change in the slabs of rate, the following groups of consumers are the worst sufferers :

(a) There was an increase of about 35% in fixed charges in case of those having connected load between 41 and 65 HP

(b) There was a steep increase in energy charges for those who had contracted load exceeding 10 BHP.

(c) There was about 80% increase in the fixed charges between 51 to 75 BHP.

The Commission has carefully considered these submissions. In order to remove the difficulties faced by LT industry, following modifications are made in tariff structure :

(a) There will be a new slab of 41 – 65 BHP of contracted load with fixed charges at Rs. 60/- per BHP.

(b) For installation having contracted load exceeding 10 BHP, the energy charges are reduced to 375 paise per unit.

(c) **Minimum bill for consumers other than seasonal consumers when contracted load is upto 75 BHP is now fixed at Rs. 100 per BHP per month. When contracted load exceeds 75 BHP, the minimum charges will be Rs. 170/- per BHP per month.**

17.5 **LTP-III Tariff** In the new LTP-III tariff minimum billing demand based on maximum demand is 40 KW which is equivalent to 53 HP of connected load. The fixed charges under LTP-I tariff are as under :

1	For first 10 BHP of contracted load	Rs. 20/- per BHP
2	For next 40 BHP of contracted load	Rs. 35/- per BHP
3	For next 50 BHP of contracted load	Rs. 90/- per BHP
4	Balance BHP of contracted load	Rs. 140/- per BHP

Under LTP-III tariff first slab of the fixed charges are Rs. 60/- per KW/month for first 40 KW of demand. Thus, considering the low fixed charges rates under LTP-I tariff upto 50 HP of connected load are very low and therefore, consumer opting for LTP-III tariff will be paying substantially on higher side. The proposed tariff LTP-III will be beneficial to the consumers having connected load above 50 HP and are able to diversify their operations.

However, it has been represented in various review applications that the applicability of LTP-III tariff should be extended to units with maximum demand upto 20 KW so that smaller units can avail the benefit of this rate. **The Commission has decided to accept this demand and has decided to make LTP-III tariff applicable to such units. Suitable modification in the tariff rates have been made.**

17.6 **Charges for Reactive Energy**. The consumers under tariff LTP-I, LTP-III and LTP-IV can provide adequate capacitors to improve their power factor and can eliminate the payment of reactive energy charges**. Further the Commission has**

decided to reduce reactive energy charges from 20 paise per KVARH to 10 paise per KVARH.

17.7 **<u>Switch over to alternate tariff</u>. In case of optional tariff (both LT industries and HT industries) the Commission has considered to allow the consumer the option to switch over to the alternate tariff and vice-versa for two times in a calendar year by giving one month's notice to GEB**

17.8 **<u>Agriculture Tariff</u>** . The Commission has considered the representations made by Bharatiya Kisan Sangh very carefully. They cover a vast areas of economic and national policies which are beyond the purview of the Commission. The factors influencing the Commission for determination of agriculture tariff are discussed in great detail in para 12 of the Tariff Order. While the submissions about economic constraints faced by Agriculture are true to a great extent, the Commission has to determine the tariff within the scope of Section 29 of ERC Act, 1998. The Commission has tried to show utmost consideration in this matter, and it is in this context that the metered tariff has been continued at the same level. The small amount of fixed charges are an attempt to improve cost recovery for improving the yield from this sector. In the circumstances, as detailed in para 12 of Tariff Order, the Commission had hardly any option but to revise the rates upwards. **In these circumstances, we are unable to grant the prayer of Bharatiya Kisan Sangh to withdraw the increase in tariff.**

17.9 **<u>Metering</u>**. Bharatiya Kisan Sangh has also raised the issue of Commission's power to order about metering without any such demand made by any party. It has also stated that the Commission's task should be limited to determination of tariff. Needless to say that such a view is misplaced. In terms of the provisions of Section 29 (2) (d) of the ERC Act, 1998, the Commission, while determining the tariff is guided by "the factors which would encourage efficiency, economical use of resources, good performance, optimum investment and other matters which the Commission considers appropriate". There is hardly any doubt that metering of electricity supply will encourage efficiency and economical use of resources. It is in this context that the Commission is fully competent to direct the Board to install meters on all unmetered connections in a phased manner and to give new connections only with meters. (para 9.6.6. of Tariff Order).

However, this does not mean that we are oblivious to the difficulties faced by farmers. In fact para 9.6.5 deals with this matter only. The Commission has asked the Board to take proper administrative measures to prevent harassment. The Commission would again reiterate that such measures may be absolutely necessary with participation from local leadership.

In view of the above the Commission is unable to make any changes in their directions about the metering of electricity supply.

17.10 **HTP-I Tariff**. In the HTP-I tariff increase in demand charges varies from 2.41% to 26.32%. As regards energy charges there is a general rise of 21 paise to 27 paise per unit except for contract demand of 501 to 1000 KVA the increase is 11 paise per unit. It has been represented to the Commission that (a) The demand charges rise steeply in case of billing demand in excess of 5000 KVA and (b) the energy charges in the block between 1500 KVA to 2500 KVA faced the maximum rise of 27 paise per unit.

The Commission has considered these submissions and decided that :

(a) the demand charges for all billing demand in excess of 2500 KVA shall be Rs. 205 per KVA per month.

(b) the energy charges for entire consumption for 1001 KVA to 2500 KVA contract demand shall be 400 paise per unit per month.

17.11 **Tariff LTP-IV and HTP-IV (new).** The newly introduced LTP-IV and HTP-IV tariff provides usage of power exclusively from 10.00 P.M. to 6.00 A.M. next day and no consumption is permitted outside the above hours. This concessional tariff is provided to encourage consumption during low load period, i.e. night hours. However, it is represented by the consumers that some consumption during day time especially for factory lighting and official purpose as well as for maintenance and operation of EOT cranes would be necessary. The consumers can take separate connection for factory lighting, office purposes and any other small load at the appropriate tariff. **The minimum consumption needed for EOT cranes, maintenance and other essential operational services is now fixed at 5% of total units consumed and 5% contract demand, which can be availed beyond the prescribed hours.**

17.12 **Seasonal Consumers (L.T. Industry)**. The annual minimum charges for seasonal consumers upto 75 HP has been increased from Rs. 800/- per HP to Rs. 3000/- per HP while for load exceeding 75 HP it is increased from Rs. 1600/- per HP to Rs. 4500/- per HP. Under the old tariff minimum charges include fixed charges and energy charges, but exclude fuel surcharge being at present payable @ Rs. 2/- per unit. If the element of the fuel surcharge is loaded to the minimum charges payable under old tariff, then the increase will not appear too steep as it apparently appears so.

However under the present circumstances of industrial slackness the Commission has considered to reduce minimum charges from Rs. 3000/- per BHP to Rs. 1200/- per BHP and from Rs. 4500/- per BHP to Rs. 2000/- per BHP per annum. It is expected that the consumers will appreciate and will not find difficult to maintain operational performance to the extent of revised lower minimum charges.

17.13 **Seasonal Consumers (H.T. Industry).** The Commission under its order dtd. 10.10.2000 increased annual minimum charges for HT seasonal consumers from

Rs. 3000/- to Rs. 8500/- per KVA of the billing demand. As pointed out above if the element of fuel surcharge payable under old tariff is accounted for the increase may not be steep as it appears. **However, to avoid any possible hardship the Commission has decided to reduce the annual minimum charges to Rs. 4000/- per KVA of the billing demand.**

17.14 **Night Concession**. In the tariff HTP-I concession of 50 paise per unit is provided for night consumption in excess of 1/3rd of the total consumption. The intention of this provision is to encourage the consumer to divert part of their day consumption to night hours. This purpose can not be served if this concession is extended to entire night consumption as requested by the industries**. Hence, the provision does not need any review.**

17.15 **Optional night tariff. Any consumer at present availing supply for 24 hours under respective tariff can opt for concessional night tariff LTP-IV and HTP-IV provided he satisfies the condition specified in the said tariff.**

17.16 **Income from minimum charges.** The minimum charges include fixed charges and energy charges. In case this amount is lower than the minimum charges the consumer is required to pay the difference. In short, revenue on account of minimum charges may occur only if there is a shortfall in energy consumption compared to the level considered in the tariff. The minimum charges can be covered at very low load factor and normally the consumer can not find difficulty unless under exceptional circumstances when he is not operating the unit. It is difficult to estimate additional revenue on this account and may not influence the revenue requirement.

17.17 **Western Railway.** The power factor adjustment clause as incorporated in tariff HTP-I is applicable to Western Railway for their Gandhinagar Traction sub-station. However, for rest of the traction sub-stations under the contract for power factor below 0.85, penalty @ 0.02 paise per unit for every 1% variation is levied.

In view of the Commission's Order dtd. 10.10.2000 the power factor adjustment clause as provided in tariff HTP-I shall apply to these traction sub-stations also. The Railways in principle agreed to install capacitor and improve power factor at these stations to the limit prescribed in tariff HTP-I. However, in view of the time involved and necessary budget to be sanctioned by Railways they have requested two years' time. **After discussions, the Commission has considered to allow time limit upto 30th June, 2001 to improve the power factor of the installation. In view of this, the old penal rate of 0.02 paise per unit for 1% variation shall apply till 30th June, 2001 and thereafter power factor clause as per HTP-I tariff shall become applicable. As regards the pattern of payment the railways have to ultimately abide by the procedure followed by the Board for other consumers. However, for the period of transition, the Board may arrive at a mutually agreed procedure, without any loss of revenue or loss of interest.**

17.18 **Electricity Duty and Tax on sale of Electricity.** The rates of electricity duty and sales tax on sale of electricity are fixed by Government of Gujarat. However in Commission's order dtd. 10.10.2000 in para 9.14.1. the Government of Gujarat has been requested to review and rationalize the electricity duty structure. **Looking at the strong feeling of consumers the Commission once again recommends that an early action should be taken in this matter.**

17.19 **Other Issues.** All other issues raised by the applicants are either those which have been conclusively dealt with in Tariff Order or for which no additional evidence is produced to merit consideration.

17.20 The revised schedule of tariff incorporating the above findings is placed at Annexure-H (revised). Opportunity has also been taken to correct certain apparent errors as well as printing mistakes.

18. **<u>O R D E R</u>**

In the above premises, the applications for review made by applicants listed at Annexure-A are partly allowed. As a result of review, the electricity tariffs are hereby further revised at the rates shown in various findings in para 17 above. The revised schedule of Tariff incorporating all modifications is at revised Annexure-H. This will have effect from 10.10.2000, as the bills at new rates have not yet been issued by the Board.

(B.M. Oza) **Acting Chairman &** **Member (Finance)**	**(R.K. Sharma)** **Member (Technical)**

Place : Ahmedabad

Date : 22.12.2000