

**BEFORE THE GUJARAT ELECTRICITY REGULATORY  
COMMISSION  
AT AHMEDABAD**

***Suo Motu* Petition No. 1242/2012**

**In the matter of:**

***Suo Motu* Petition No. 1242/2012 regarding Applicability of Demand Based  
Tariff for Residential Consumers of Ahmedabad – Gandhinagar Distribution  
Area**

**CORAM**

Dr. P.K. Mishra, Chairman  
Shri Pravinbhai Patel, Member (T)  
Dr. M.K. Iyer, Member (F)

**ORDER**

1. A concept of demand based tariff for the residential consumers of Torrent Power Ltd. (TPL) – Ahmedabad and Gandhinagar was introduced through the tariff order dated 06/09/2011. Prior to this, there were separate tariff rates for lighting load and motive power. With a view to simplifying the tariff structure and to avoid two meters in the same premises, it was thought fit to combine these two tariffs into a single tariff. Demand based tariff was previously applicable to motive power loads above 15 HP (11.19 kW). In order to allow the same for the lighting load, the new Demand based tariff for residential consumers was made applicable to the combined connected load of 15 kW and above.
2. The Commission received representations from consumer associations regarding applicability of Demand Based Tariff to Residential category stating that the said tariff was decided by the Commission without giving an opportunity of being heard to the consumers. In view of this the Commission decided to initiate *Suo Motu* proceedings in the matter and accordingly provided an opportunity to affected / interested persons to represent their views before the Commission in this matter.

3. The Commission uploaded the Suo Motu Petition No. 1242/2012 regarding this matter on its website and published a public notice in English and Gujarati newspapers, both dated 15/09/2012, inviting suggestions/ comments from public at large.
4. The Commission received comments from 21 stakeholders, the list of which is as shown below.

**List of Stakeholders who submitted their comments on Suo Motu  
Petition No. 1242/2012**

Sr. No.	Name of Objectors
1	Mr. Parag K Taktawala
2	Akhil Gujarat Grahak Sewa Kendra
3	Mr. Nootan C Parekh
4	Ms. Nita Parekh
5	Mr. Shailesh Parekh
6	Mr. Girish P Mehta
7	Mr. Harivadan H Mehta
8	Mr. RB Patel
9	Mr. Suvaran S Nadkar
10	Ms. Urvashi D Shah
11	Mr. Jagdish M Shah
12	Mr. Somabhai V Rabari
13	Mr. Rashid T Rangwala
14	Mrs. Ami Nikesh Gandhi
15	Mr. Harshad P Mehta
16	Residential Consumers & Members of Jogger's Park
17	World Renewal Spiritual Trust
18	Mr. Bharat Kanaiyalal Bhatt
19	Mr. Mukesh Parikh - Grahak Suraksha ane Pagla Samiti
20	Consumer Education and Research Society
21	Torrent Power Limited

Public hearing was conducted on 23/11/2012 at the Commission's Office. Six organizations / individuals were present and expressed their views

before the Commission. The list of parties who were present during public hearing is as shown below.

**List of Stakeholders who were present during Public Hearing  
conducted on 23/11/2012**

Sr. No.	Name of Objectors
1	Mr. Parag K Taktawala
2	Mr. Nootan C Parekh
3	World Renewal Spiritual Trust
4	Mr. Bharat Kanaiyalal Bhatt
5	Consumer Education and Research Society
6	Torrent Power Limited

Brief details of the submission made by various stakeholders are narrated in the following paragraphs.

**4.1 Mr. Parag K Taktawala:**

He submitted that the methodology adopted by Torrent Power Ltd. (TPL) for identifying the consumers who are having connected load above 15 kW based on their average consumption of more than 2000 units is not appropriate. TPL should place meter capable of recording maximum demand during 30 minutes to establish whether the consumer is in breach of contracted load.

Mr. Taktawala contended that it was unreasonable to charge a residential consumer 85% of the contracted demand by shifting him to LTMD-I category. LTMD-I category is appropriate for industries and it is affordable for industries because electricity consumption is directly proportional to quantity of production. Industrial use cannot be equated with residential use of electricity.

He further submitted that power factor penalty cannot be imposed on residential consumers, as, installation and maintenance of power factor correction panel by a residential consumer is not feasible. TPL should install power factor correction panel on the LT side of its distribution sub-station.

Further, in order to prevent overdrawl of the electricity more than the contracted load by consumers, a device should be installed capable of disconnecting supply for a short period, say 10 minutes.

During the hearing, Mr. Taktawala contended that the demand based meter requires more space than the meter installed at present. Due to this, the consumers are required to arrange for more space for installation of meter just because they are now shifted to another category of the tariff schedule. Arrangement of more space in an existing apartment is not at all possible and purchase of additional space just for installation of meter is not practical.

On inquiring by the Commission regarding impact of demand based tariff, Mr. Taktawala opined that in case of actual usage of electricity demand based tariff is cheaper; but if electricity is not consumed for any reason, then due to higher fixed charge, the electricity bill shoots up.

It was also contended by the objector that 15 kW limit of connected load for shifting to LTMD category is arbitrary and has no ground to support.

Mr. Taktawala also raised some questions about methodology of calculation of connected load and recovery of additional deposit from the consumers revising connected load. These matters are not relevant to the present petition and hence are not deliberated here.

#### **4.2 Akhil Gujarat Grahak Sewa Kendra:**

It was submitted that demand based tariff should be made applicable only to the consumers having connected load of 15 kW and above and not to all consumers.

#### **4.3 Mr. Nootan C Parekh and 10 other persons:**

It was submitted that it seems illogical and unfair to charge monthly charges on the basis of connected load, in spite of using much less load than connected load.

It was further submitted that the LTMD Category should be abolished for residential consumers, as there is no such precedence internationally and also due to ageing and nuclear family issues, many parts or whole of the residential properties are vacant.

It was opined that while fixed charges, irrespective of usage, have been introduced, no rebate is given on the per unit rates. The fixed charges are just an additional burden on the consumer. Fixed charges should not be more than Rs. 30/month regardless of the load consideration for residences as these charges have been doubled only last year.

It was suggested that, Power Company can install limit switch which will trip as and when the consumer uses more power than the contract demand.

Mr. Nootan Parekh, during the hearing raised the issue of approach adopted by TPL's representative at the time of site visit for calculating connected load. It is stated that TPL's person calculates the load of equipment lying idle as connected load and thereby consumers are forced to switch over to LTMD-I category. He also questioned rationality of considering load of equipments like mixer, grinder, iron, blender etc., which are being used for 10-15 minutes a day in a house.

He opined that there should be some guideline to the employees of TPL and consumers should also be educated about which type of load are considered as connected load so that there would not be any ambiguity and subjectivity.

#### **4.4 Mrs. Ami Nikesh Gandhi:**

It was submitted that the guest rooms and children rooms are scarcely used, but because of connected load in those rooms, consumer is pushed into the LTMD-I category though there is hardly any usage in those rooms. Same things happens when residents go on holidays, for some months consumption is substantially lower than normal months but still a large sum needs to be paid as fixed charges.

#### **4.5 Mr. Harshad P. Mehta and World Renewal Spiritual Trust:**

It was submitted that the connected load should mean the total number of electrical appliances used by consumers simultaneously at one point of time for which Electricity Company has to plan and upgrade the system. Generally all the equipments are never used simultaneously and as such connected load should not be calculated on the basis at total kW of electrical appliances.

It was submitted that for those consumers who cross the limit of 15 kW of actual connected load, the charge of Rs. 100/kW on 85% of contract demand is very high and unfair.

#### **4.6 Residential Consumers & Members of Jogger's Park:**

It was submitted that the connected load should not be calculated by adding the kW capacity of all the electrical appliances, which are sometime lying idle and such appliances are never used simultaneously in a residential electric connection.

#### **4.7 Mr. Bharat Kanaiyalal Bhatt:**

It was submitted that load based tariff should be abolished because consumers may have connected load above 15 kW but they do not use all equipments/gadgets simultaneously.

Mr. Bhatt, during the hearing, raised some questions about recovery of additional deposit on the consumers at the time of enhancing the connected load. But, matter of recovery of security deposit is not matter of the present petition, hence not discussed here.

#### **4.8 Mr. Mukesh Parikh, Grahak Suraksha ane Pagla Samiti:**

It was submitted that in Demand Based Tariff, consumer having connected load of 15 kW and above, contracts with Discom for certain load based on his consumption. However, due to different usage pattern of electrical appliances there is possibility of actual consumption being different from that contracted. In view of this, 50% variation on contracted demand should be allowed. The fixed charges of Rs. 325/kW/month for load in excess of contracted demand should be removed. It is also stated that, premium consumer having more consumption should not be benefitted on account of common consumers.

#### **4.9 Consumer Education and Research Society (CERS):**

It was submitted that as per definition of the Connected Load, equipments plugged in with wiring should only be considered and equipments lying idle should not be counted as connected load.

During the hearing, Mr. K.K. Bajaj, representative of CERS, admitted that the concept of demand based tariff is more scientific and should be propagated. However, he opined that the demand based tariff should be made applicable for load above 30 kW and fixed charge should be Rs. 10/kW/month only and Rs. 30/kw/month for demand exceeding contract demand.. He also opined to have three slab tariffs for energy charges for such consumers.

It was further submitted that consumers may have connected load above 15 kW but they do not use all equipments/gadgets simultaneously.

#### **4.10 Torrent Power Ltd.:**

It was submitted that the public notice was issued inviting suggestions from the consumers on the petitions filed for determination of tariff for FY 2011-12 and FY 2012-13. It is not correct that demand based tariff applicable to the residential category was decided without giving an opportunity for the consumers.

It was further submitted that due to merging of lighting and motive power loads into one tariff category, earlier limit of 15 HP  $\approx$  11.9 kW was revised to 15 kW for demand based tariff. Thus, 15 kW limit for LTMD-I category is not arbitrarily decided.

TPL submitted that consumers have been properly and timely informed about introduction of LTMD category. They have been provided with e-mail facility for declaring their contract demand. A special cell was also created to guide the consumers at Zonal Offices to facilitate the LTMD residential consumers to review their contract demand by providing information regarding actual demand vis-a-vis contract demand during past few months. It is further submitted that they have given advertisement in newspapers and distributed leaflets regarding the new tariff announced by the Commission.

It was further submitted that in case connected load is above 15 kW and even if simultaneous usage is less than 15 kW, the consumer can declare the contract demand as low as 6 KW as per his own requirement and usage pattern. It was stated that the licensee is required to design its network to cater to the contract demand of the consumer at any point of time and accordingly, the cost of network should be recovered from the

same consumer else it amounts to cross-subsidization. Accordingly, the existing demand based tariff structure not only brings in discipline amongst the consumers but also addresses the issue of under-recovery of cost due to underutilization of the network created for the same consumers.

On a query by the Commission during the hearing, TPL replied that there are only 1670 consumers converted from RGP category to LTMD category after 06/09/2011 i.e. after introduction of LTMD category for residential consumers. There were 1815 consumers already under the LTMD-I category prior to 06/09/2011. Thus, out of 20 lacs consumers of Ahmedabad and Gandhinagar area, less than 1% consumers are affected by the introduction of LTMD category for residential use of electricity.

During the hearing, TPL clarified that the issue of consideration of miniscule loads of mixer, grinder, blender, iron etc. is out of place because practically such loads are not counted if they are not plugged in with the wiring. But, if somebody argues that air conditioner is fixed in room but not plugged in with the wiring and hence it should not be considered as connected load, then it is wrong and cannot be accepted. TPL further confirmed that demand based meter does not require more space than ordinary 3-phase meter and hence concern of the objector regarding that is out of place. TPL also assured that even if there is any issue regarding space required for installation of demand based meter, it will be looked into and appropriate solution will be found so that consumers need not to arrange for more space to accommodate such meter.

TPL stated that if some modification in the tariff structure be made by the Commission, then it should be revenue neutral to them.

5. In view of the above discussion, it appears that there is a perception of higher fixed charge and penalty charge in respect to LTMD-I tariff category applicable to residential usage of electricity w.e.f. 01-09-2011. However, it may be appropriate to take up the issue along with the next tariff exercise already due since November 2012.
6. The Commission directs TPL to consider the views expressed by the consumers during the hearing and make suitable provision in the tariff proposed for FY 2013-14 so that there should not be a large difference in



the electricity bill of the border-line consumers i.e. difference between electricity bill of consumer falling under LTMD-I category and those under normal RGP category in its next tariff petition. It was pointed out by the consumers during hearing that the fixed/ demand charge for the demand based category is very high compared to fixed charges of the normal RGP category. This aspect may also be kept in mind.

- 6.1** It was also observed that there seems to be a communication gap and consumers are not aware of the method of fixation of contract demand as per their usage- irrespective of their connected load. TPL should take necessary steps to educate the consumers in this regard.
- 6.2** TPL may also consider, doing away with the concept of contract demand for residential consumers and propose levy of demand / fixed charge on the basis of maximum demand actually recorded with provision of some reasonable minimum charge for such consumer.
- 6.3** TPL is directed not to compel the consumers even with higher connected load, to shift from RGP to LTMD-I category of the tariff schedule till the Commission issues the Tariff Order for FY 2013-14.

We order accordingly.

With this order, the present petition is disposed of.

Sd/-  
**[Dr. M.K. IYER]**  
**MEMBER (F)**

Sd/-  
**[PRAVINBHAI PATEL]**  
**MEMBER (T)**

Sd/-  
**[Dr. P.K. MISHRA]**  
**CHAIRMAN**

Place: Ahmedabad  
Date: 28/12/2012