

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2012-13 and
Determination of Tariff for FY 2014-15

For

Kandla Port Trust (KPT)

Case No. 1392 of 2014

29th May 2014

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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



**Kandla Port Trust
Truing up for FY 2012-13 and
Determination of Tariff for FY 2014-15**



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1392 of 2014

Date of the Order: 29/05/2014

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

The Kandla Port Trust (hereinafter referred to as 'KPT' or petitioner), a distribution licensee, filed its petition on January 2014 under Section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (MYT) Regulations, 2011 for Truing up for FY 2012-13 and determination of Annual Revenue Requirement (ARR) and retail supply tariff for FY 2014-15.

The Commission conducted a preliminary analysis and admitted the petition on 16th January, 2014 under Case No. 1392/2014.



1.2 Kandla Port Trust

The Kandla Port is a natural harbour situated in the 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 the KPT comprises of one 66 kV substation and fifteen 11 kV substations in the licensed area. KPT is receiving 66 kV power supply from GUVNL through the 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 letter dated 28th November, 2013 requested the Commission to grant time extension up to 31st January, 2014 for submission of Tariff Petition for FY 2014-15 as they are in the final stage of appointing a consultant for filling the tariff petition. Considering the plea of the KPT, the Commission vide its letter dated 12th December, 2013 extended the time limit up to 31st December, 2013 for filling the tariff petition. However, KPT vide its mail dated 27th December, 2013 once again requested the Commission to grant extension of time limit up to 21st January, 2014 as they were awaiting approval from their competent authority for remittance of petition fees. In response to the request of the KPT, the Commission directed KPT to submit its petition within a week's time. Accordingly, KPT has submitted its petition by 7th January, 2014.

The Petitioner submitted the current petition for: (i) Truing up for FY 2012-13 and (ii) Determination of Aggregate Revenue Requirement (ARR) and Retail Supply Tariff for FY 2014-15, on 7th January, 2014. After technical validation, the Commission admitted



the petition on 16th January, 2014 as Case No. 1392/2014.

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	26.01.2014
2	Kutch Mitra (Bhuj)	Gujarati	26.01.2014

The interested parties / stakeholders were asked to file their objections / suggestions on the petition filed by KPT on or before 26th February, 2014.

The Commission and KPT has not received any objections.

1.4 Approach for this Order

The Kandla Port Trust has approached the Commission with the present petition for truing up of Business carried out during FY 2012-13 and approval of ARR and determination of Retail Supply Tariff for FY 2014-15.

The petition for Truing up of Business for FY 2012-13 and determination of Retail Supply Tariff for FY 2014-15 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 **eight** 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 2014-15.
3. The **Third chapter** provides a brief outline of objections raised by the stakeholders.
4. The **Fourth chapter** deals with Truing up for the FY 2012-13.
5. The **Fifth chapter** deals with determination of ARR and Retail Supply Tariff for FY 2014-15.



6. The **Sixth chapter** deals with directives of the Commission.
7. The **Seventh chapter** deals with wheeling charges and cross-subsidy surcharge for FY 2014-15.
8. The **Eighth chapter** deals with Fuel and Power Purchase Price Adjustment (FPPPA)



2. A Summary of Annual Revenue Requirement for FY 2014-15

2.1 Annual Revenue Requirement (ARR) for FY 2014-15

KPT has submitted the Aggregate Revenue Requirement for FY 2014-15 at Rs. 1631.91 Lakh, as detailed in the Table below:

Table 2.1: Aggregate Revenue Requirement for FY 2014-15

Particulars	FY 2014-15 (Projected) (Rs. Lakh)
Power Purchase Cost	1076.00
Employee Cost	311.27
R&M Cost	
A&G Expenditure	
Depreciation	122.84
Interest Cost on Long-Term Capital Loans	1.68
Interest on security deposit	5.05
Interest on working capital loans	9.07
Return on Equity	106.00
Annual Revenue Requirement	1631.91

2.2 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2014-15

The KPT has considered the approved ARR of Rs. 1631.91 Lakh for FY 2014-15 for purpose of determination of tariff for FY 2014-15. The KPT has projected a revenue gap of Rs. 3073.33 Lakh for FY 2014-15, including the gap of Rs. 2579.11 Lakh till FY 2012-13. KPT has proposed to increase the fixed charges and energy charges for all categories of consumers based on the average cost of supply. The additional revenue at proposed tariff works out by KPT as Rs. 495.24 Lakh with a net gap of Rs. 2578.09 Lakh as shown in the Table below:

Table 2.2: ARR and revenue Gap for FY 2014-15

Particulars	FY 2014-15 (Projected) (Rs. Lakh)
Total ARR	1631.91
Gap till FY 2012-13	2579.11
Approved gap for FY 2014-15	494.22
Revenue @ existing tariff	978.55
FPPPA	159.14
Revenue from surplus power	
Revenue Gap/ (Surplus)	3073.33
Additional revenue at proposed tariff	495.24
Net Gap	2578.09



KPT has requested the Commission to approve the revenue gap for FY 2014-15, as presented above.

2.3 KPT's request to the Commission:

- a. To condone delay in filing this petition
- b. To admit this petition seeking true-up of FY 2012-13 and Determination of Tariff for FY 2014-15
- c. To approve the actual capital expenditure for the FY 2012-13
- d. To approve methodology to record revenue gap of FY 2014-15 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 2012-13 to avoid any financial stress.
- f. The Commission is requested to consider approved parameters / ARR of PGVCL and SLDC while finalizing tariff of the petitioner.
- g. The petitioner craves leave of the Commission to allow further submissions, addition and alternation to this Petition as may be necessary from time to time.
- h. 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 2012-13

3.1 Introduction

KPT, in its petition for truing up for the FY 2012-13, has furnished the actuals of energy sales, power purchase costs and other expenses, as detailed in the Table below:

Table 3.1: Aggregate Revenue Requirement for FY 2012-13

Annual Revenue Requirement	(Rs. Lakh)		
	FY 2012-13 (Approved in MYT order)	FY 2012-13 (Actuals)	Difference (Actual – Approved)
Power Purchase Cost	900.00	1464.63	564.63
O&M expenses	278.50	565.29	286.79
Depreciation	105.57	110.12	4.55
Interest cost on Long-term capital loans	7.09	161.67	154.58
Interest on security deposit	5.05	5.12	0.07
Interest on working capital	6.20	27.42	23.58
Return on Equity	92.14	95.69	3.55
Provision for Tax/Tax Paid		31.89	31.89
Annual Revenue Requirement	1394.55	2461.82	1069.64

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 2012-13 along with the petition.

KPT has submitted in the petition that the petitioner is in the process to segregate accounts for the electricity business for which a tender has already been floated. In the absence segregation of the accounts the Commission is requested to consider the actual figures submitted by the petitioner based on budget for FY 2012-13 to avoid any financial stress.

KPT has been submitting some reason or other from last three years without getting accounts of electricity business segregated and audited.



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Since the KPT has not submitted the audited accounts for FY 2012-13, the Commission has not considered truing up for FY 2012-13 in the context of the present petition.



4. Determination of Retail Supply Tariff for FY 2014-15

4.1 Annual Revenue Requirement (ARR) for FY 2014-15

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 approved for FY 2014-15 is given in the Table below:

Table 4.1: ARR approved by the Commission for FY 2014-15 in the MYT Order

(Rs. Lakh)

Sl. No.	Particulars	ARR approved for FY 2014-15
1.	Power purchase cost	1076
2.	O&M cost (i) Employee cost (ii) R&M cost (iii) A&G expenses	311.27
3.	Depreciation	122.84
4.	Interest cost	1.68
5.	Interest on security deposit	5.05
6.	Interest on working capital	9.07
7.	Return on equity	106.00
8.	Total ARR	1631.91

The Commission considers ARR of Rs. 1631.91 Lakh for FY 2014-15, 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 2014-15 are given in Table below:

Table 4.2: Energy Sales Approved for Financial Year in MYT Order 2014-15

(LUs)

Sl. No.	Category	Energy Sales for FY 2014-15
1	RGP	13.25
(i)	Domestic Port	11.20
(ii)	Domestic Private	2.05
2	NRGP	44.19
(i)	Commercial	17.20
(ii)	LT ABG	1.16
(iii)	Self-Consumption (LT)	25.83
3	Temporary	23.70
4	Street Light	9.50
5	HTP-I	88.17



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Sl. No.	Category	Energy Sales for FY 2014-15
(i)	HT ABG	28.50
(ii)	Self-Consumption (HT)	59.67
6	Total	178.81

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 2014-15 Approved in MYT Order

Energy Sales (LU)	178.81
Distribution (%)	8.25
Distribution Loss	16.08
Energy Requirement	194.89

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 2014-15 approved in MYT order

Particulars	FY 2014-15
Power Purchase (LU)	194.89
Power Purchase Cost (Rs. Lakh)	1076
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 2014-15 at the existing tariff at Rs. 1137.69 Lakh (including FPPPA of Rs. 159.14 Lakh), based on the sales approved for the FY 2014-15 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 2014-15 Projected by KPT

Sl. No.	Sales for FY 2014-15 Particulars	Energy Sales in LUs	Average Revenue (Rs. / kWh)	Total Revenue (Rs. Lakh)
1	RGP	13.25	3.69	48.89
(i)	Domestic Port	11.20		
(ii)	Domestic Private	2.05		
2	NRGP	44.19	4.85	214.23
(i)	Commercial	17.20		
(ii)	LT ABG	1.16		
(iii)	Self-Consumption (LT)	25.83		
3	Temporary	23.70	5.34	126.55



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Sl. No.	Sales for FY 2014-15 Particulars	Energy Sales in LUs	Average Revenue (Rs. / kWh)	Total Revenue (Rs. Lakh)
4	Street Light	9.50	4.15	39.43
5	HTP-I	88.17	6.23	549.45
(i)	HT ABG	28.50		
(ii)	Self-Consumption (HT)	59.67		
	Sub Total	178.81		978.55
6	FPPPA@ Rs. 0.89 / kWh			159.14
7	Total	178.81		1137.69

Commission's Analysis:

The Commission examined the expected revenue for FY 2014-15 as submitted by KPT. The Commission had not approved any increase in tariffs for FY 2013-14

The revenue for FY 2014-15, based on the category wise average rates approved by the Commission in the Tariff order dated 20th May, 2013 is given in the Table below:

Table 4.6: Revenue at existing Tariff from sale of power approved by the Commission for FY 2014-15

Sl. No.	Particulars	FY 2014-15	Average Revenue	Total Revenue (Rs. Lakh)
1	RGP	13.25	3.95	52.34
(i)	Domestic Port	11.20		
(ii)	Domestic Private	2.05		
2	NRGP	44.19	5.06	223.60
(i)	Commercial	17.20		
(ii)	LT ABG	1.16		
(iii)	Self-Consumption (LT)	25.83		
3	Temporary	23.70	7.04	166.85
4	Street Light	9.50	4.15	39.43
5	HTP-I	88.17	7.18	633.03
(i)	HT ABG	28.50		
(ii)	Self-Consumption (HT)	59.67		
6	FPPPA@ Rs. 0.89 / kWh			159.14
7	Total	178.81		1274.42

The Commission approves revenue from existing tariff at Rs. 1274.42 Lakh for FY 2014-15 as against Rs. 1137.69 projected by KPT.

4.3 Revenue gap for FY 2014-15

Petitioner's submission:

KPT, in its petition for determination of ARR and Tariff for FY 2014-15, has projected a gap of Rs. 3073.33 Lakh, as given in Table below:



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Table 4.7: ARR and Revenue Gap projected by KPT for FY 2014-15

(Rs. Lakh)

Sl. No.	Particulars	FY 2014-15
1	Aggregate Revenue Requirement	1631.91
2	Total Revenue from sale of power	1137.69
3	Revenue Gap/(Surplus) for FY 2014-15	494.22
4	Revenue Gap/(Surplus) till FY 2012-13	2579.11
5	Total Revenue Gap/(Surplus)	3073.33

Commission's Analysis

The petitioner has claimed Rs. 2579.11 Lakh towards gap out of the Truing up proposed up to the FY 2012-13 which the Commission has not considered since KPT has not furnished the Audited Accounts up to FY 2012-13. This gap would be addressed after truing up of FY 2011-12 and FY 2012-13, based on the audited accounts.

The Commission has considered the ARR at Rs. 1631.91 Lakh for FY 2014-15 as approved in MYT Order dated 18th August, 2011, and assessed revenue at existing tariffs at Rs. 1274.42 Lakh, including FPPPA of Rs. 0.89 / kWh, and approved net revenue gap of Rs. 357.49 Lakh as given in the Table below:

Table 4.8: Revenue Gap approved for FY 2014-15

(Rs. Lakh)

Sl. No.	Particulars	Approved for FY 2014-15
1	Total ARR	1631.91
2	Less: Revenue at existing tariff including FPPPA	1274.42
3	Net Revenue gap	357.49

Thus, the revenue gap for FY 2014-15 would be Rs. 357.49 Lakh.

4.4 Determination of Tariff for FY 2014-15

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.

Table 4.9: Existing & Proposed Tariff Structure for FY 2014-15

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	



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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)
		Above 2 to 4 KW	20.00		40.00	
		Above 4 to 6 KW	30.00		50.00	
		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	
		<=500 KVA		4.90		7.25
		>500 & <=2500 KVA		5.15		7.50
		>2500 KVA		5.30		8.00



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The KPT has estimated the additional revenue of Rs. 495.24 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 2014-15

Sl. No.	Sales for FY 2014-15 Particulars	FY 2014-15	Average Revenue	Total Revenue (Rs. Lakh)
1	RGP	13.25	5.66	74.99
(i)	Domestic Port	11.20		
(ii)	Domestic Private	2.05		
2	NRGP	44.19	7.03	310.70
(i)	Commercial	17.20		
(ii)	LT ABG	1.16		
(iii)	Self-Consumption (LT)	25.83		
3	Temporary	23.70	7.98	189.11
4	Street Light	9.50	6.25	59.38
5	HTP-I	88.17	9.52	839.61
(i)	HT ABG	28.50		
(ii)	Self-Consumption (HT)	59.67		
6	Revenue from Sale of Power			1473.78
7	FPPPA@ Rs. 0.89 / kWh			159.14
8	Total	178.81		1632.93

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

Table 4.11: Consolidated revenue gap after proposed hike for FY 2014-15

Sl. No.	Revenue Gap / (Surplus) at Proposed Tariff Particulars	FY 2014-15
1	Aggregate Revenue Requirement	1631.91
2	Total Revenue from sale of power	1632.93
3	Revenue Gap / (Surplus) for FY 2014-15	(1.02)
4	Revenue (Surplus) till FY 2012-13	2579.11
5	Total Revenue Gap / (Surplus)	2578.09

The KPT has requested the Commission to approve the net revenue gap of Rs. 2578.09 Lakh including the gap of previous years as shown in Table 5.11

Commission's Analysis

As shown in the Table 4.8 above, the revenue gap for FY 2014-15 is only Rs. 357.49 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.



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However, in order to partly fill up the gap of Rs. 357.49 Lakh and thereby avoiding tariff shock in future due to past year's gap, the Commission decided to increase energy charge by 25 paise per unit for all the category of consumers. With this revision in tariff, it is expected that revenue of KPT shall increase by about Rs. 44.70 Lakh per annum.



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.

The KPT has not provided the allocation methodology between the wheeling and retail supply business. The Commission has, however, segregated the expenses between the distribution wires business and retail supply business as per the allocation matrix given in Section 81.1 of 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 2014-15 is allocated to wires business and retail supply business, as shown in the Table below:



Kandla Port Trust
Truing up for FY 2012-13 and
Determination of Tariff for FY 2014-15

Table 5.2: Allocation of ARR between wheeling (wires business) and retail supply business for FY 2014-15

(Rs. Lakh)				
Sl. No.	Cost components	Total	Wheeling (Wires Business)	Retail Supply Business
1.	Power purchase expenses	1076	-	1076
2.	Employee cost	160.85	96.51	64.34
3.	A&G expenses	74.04	37.02	37.02
4.	R&M cost	76.38	68.74	7.64
5.	Depreciation	122.84	110.50	12.28
6.	Interest on long-term loans	1.68	1.51	0.17
7.	Interest security deposit	5.05	0.50	4.55
8.	Interest on working capital	9.07	0.91	8.16
9.	Return on equity	106.00	95.40	10.60
	Total	1631.91	411.15	1220.76

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	411.15
2.	Energy input at 11 kV	LU	195.00
3.	Wheeling charge at 11 kV	Rs/kWh	2.11

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 29th April 2014, 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 2014-15

Sl. No	Particulars	Units	Amount
1	Wheeling charges at 11 kV	Ps./kWh	13
2	Wheeling charges at 400 V (LT)	Ps./kWh	48

However, the wheeling loss applicable to KPT licensed area will be 8.25%, which is the distribution loss approved for FY 2014-15 in the MYT Order dated 18th August, 2011.



5.4 Cross subsidy surcharge

The Commission has decided to continue the cross subsidy surcharge for the KPT area, as determined for PGVCL in the Tariff Order dated 29th April 2014, at Rs. 39 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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Kandla Port Trust
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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 2014-15	195	1076	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-D.

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, and dated 20th May 2013 issued various directives to KPT, which has submitted a compliance report on the same in the current petition for truing up for FY 2012-13 and determination of tariff for FY 2014-15. 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:

The defective meters in all the Sub-Stations will be replaced in phased manner. KPT expedited metering of all the unmetered connections. Below mentioned are the key steps undertaken:

- Already meters which were installed on Transformer centres are being checked, non-working meters are in the process of replacement.
- Installations of KPT utility which were unmetered till today have been identified and action is being taken to procure adequate nos. of distribution boxes and proper capacity meters.
- As replacement and installation of meters is a continuous process and it is not practically possible from the existing staff hence this entire job work is proposed to be completed by engaging an outsourcing agency.

Commission's comments:

All consumers should have been provided meters much earlier. Action taken so far is not satisfactory. The entire process should be expedited and meters provided to all consumers by October 2014 and the compliance report submitted to the Commission.

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 engagement of Independent Engineer, which is under process. KPT would furnish the required deliverables to the Commission in due course of time.

Commission's comments:

Unless all meters are provided to all consumers and feeders at the distribution transformer level, energy audit cannot be conducted to determine the distribution losses.

On providing meters to all consumers and on feeders at the distribution transformer level, KPT needs to conduct energy audit every month. The first energy audit report should be submitted by December, 2014.

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:

KPT has initiated the tendering process for Appointment of Independent Engineer / Advisor for a period of three years for carrying out the Electricity Distribution Business. The above personnel would assist in development of annual accounts for the distribution business and assistance / support for submission of data of expenses from the separate accounts and get the separate accounts duly certified by statutory Auditors. The same once finalized would be furnished to the Commission.



Commission's comments:

The Commission has taken note of the action taken. KPT should expedite the process and maintain separate accounts for distribution business. Such separate accounts for licensed business are essential and a must under the Regulatory regime.

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:

KPT has initiated the tendering process for Appointment of Independent Engineer / Advisor for a period of three years for carrying out the Electricity Distribution Business. Business Plan preparation is under the said scope of work. The said tendering process is in final phase of to be awarded.

Commission's comments:

KPT may fix up an agency for preparation of 'Business Plan' for the control period early and get the Business Plan prepared by September, 2014 and submit to the Commission, along with next Tariff Petition in November, 2014.

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:

KPT has On Line Computerization System for generation of consumer wise Bill as per applicable Tariff. KPT has a fully functional MIS system in place for automatic generation of consumers' bills and some other basic functionality with the updated tariffs notified by the Commission from time to time. It is critical for KPT to increase its current strength of employees to cater to its increasing needs. Henceforth, KPT is taking this matter internally to the senior management and Ministry of Shipping for consideration



Commission's comments:

At present, KPT has only a few metered consumers. Once meters are provided to all consumers, the volume of work connected with meter reading, billing, etc., would increase. It is again reiterated to develop a proper organisation to take meter readings, generate bills and undertake revenue realisation, attend to consumer complaints, etc., and also to develop the required software early.

Directive-6: Capacity Building

The 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:

KPT has initiated the tendering process for Appointment of Independent Engineer / Advisor for a period of three years for carrying out the Electricity Distribution Business. Capacity Building of employees is under the said scope of work. The said tendering process is in final phase of to be awarded

Commission's comments:

The Commission has taken note of the action taken. KPT needs to take action on priority to recruit the required manpower, or on its own, develop the organisation to handle all the distribution activities efficiently.

Directive-7: Revenue from consumers at existing tariff rates, Non-Tariff income etc. and proposed tariff schedule

The KPT has not furnished details about the revenue through sale of energy to consumers, other income from consumers, etc.

The KPT was directed to submit the following in the next tariff petition:

- (i) Revenue through sale of energy at existing tariff.
- (ii) Non-Tariff income (consumer related and others).
- (iii) Proposed retail supply tariff.
- (iv) Proposed tariff schedule.

Compliance:

KPT has compiled the revenue as per the existing tariff. KPT is in process to segregate its income into NTI and other consumer related income which will compiled once the



tendering process for Appointment of Independent Engineer / Advisor for a period of three years for carrying out the Electricity Distribution Business is finished.

Commission's comments:

Non-Tariff income has not been projected. KPT should estimate the Non-Tariff income, based on previous experience, and submit in the next tariff petition.

Directive-8: 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. Considering the above issues on hand KPT has planned to appoint an advisor/ Independent engineer to review the following key aspects to improve the operational and financial efficiency:

- Review of existing PPA and suggest the right mechanism to reduce the financial loss.
- Formulate medium and long term power procurement plan
- KPT is also considering an option of getting into power generation business from renewable energy in future.

Commission's Comments:

The proposed action plan should be expedited and compliance report submitted.



COMMISSION'S ORDER

The Commission approves the Aggregate revenue Requirement (ARR) for the Kandla Port Trust (KPT) for FY 2014-15, as shown in the Table below:

Approved ARR for KPT for FY 2014-15

(Rs. Lakh)		
Sl. No.	Particulars	FY 2014-15
1	Power purchase Cost	1076.00
2	O&M Cost	311.27
3	Depreciation	122.84
4	Interest Cost	1.68
5	Interest on working Capital	9.07
6	Interest on security deposits	5.05
7	Return on equity	106.00
8	Total ARR	1631.91

The approved retail supply tariff will be in accordance with the tariff schedule annexed to this Order. The order shall come into force from 1st May, 2014.

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Chairman

Place: Gandhinagar

Date: 29/05/2014

ANNEXURE: TARIFF SCHEDULE

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

Effective from 1st May, 2014

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	350 paise per Unit
b)	Next 50 units	400 paise per Unit
c)	Next 150 units	475 paise per Unit
d)	Above 250 units	575 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 40kW.

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	475 Paise per Unit
b)	Above 10 and up to 40 kW	510 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 40kW and up to 100kW.

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	515 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:	440 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:	555 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	515 paise per unit
b)	Next 2000 kVA of billing demand	540 paise per unit
c)	Beyond 2500 kVA of billing demand	555 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	35 paise per unit
b)	For billing demand above 500 kVA	75 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 75 paise per unit.