



**BEFORE THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION,
CHENNAI**

Order No. TNERC/M.O.1/E/DSM dated 08.07.2009

Present : Thiru S. Kabilan, Chairman

Thiru R. Rajupandi, Member

In the matter of: Recommendations of FOR working group – Implementation of Demand Side Management - Orders issued.

1. Section 61 (c) of the Electricity Act, 2003 mandates that the State Commission shall be guided by the factors which would encourage competition, **efficiency, economical use of the resources**, good performance and optimum investments for specifying terms and conditions for the determination of tariff.

2. Section 86(4) of the Electricity Act, 2003 specifies that the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy to discharge its functions.

3. Section 5.9 of the National Electricity Policy (NEP) emphasizes on energy conservation and demand side management. The relevant portion of the NEP is reproduced below:

*“5.9.1 There is a significant potential of energy savings through energy efficiency and demand side management measures. In order to minimize the overall requirement, energy conservation and **demand side management (DSM) is being accorded high priority**. The Energy Conservation Act has been enacted and the Bureau of Energy Efficiency has been setup.”*

4. One of the objectives of the National Tariff Policy is to promote competition, **efficiency in operations** and improvement in quality of supply.

5. In line with the above, the Forum of Regulators (FOR) created under Section 166(2) of the Electricity Act, 2003 has made certain recommendations on “DSM and energy efficiency” to be implemented by all the Distribution Licensees.

6. After careful consideration, the Commission decided to accept the recommendations of the FOR and issue the following directions to the Distribution Licensee in Tamil Nadu for implementation of DSM measures in Tamil Nadu.

1. A separate DSM cell with dedicated staff shall be constituted if not already constituted for handling the DSM aspects.
2. The DSM plans including the measures for increasing the consumer awareness about the importance of DSM shall be submitted along with the Annual Revenue Requirements (ARR) to be filed by the Distribution Licensee. The Distribution Licensee may indicate the percentage of ARR to be utilized for DSM programmes on the basis of the indicated savings from the power purchase costs and peak clippings.
3. TNEB may provide appropriate incentives for the management and staff for achieving energy efficiency.
4. **Government of Tamil Nadu and Distribution Licensee may consider issuing necessary instruction to the farmers to install only energy efficient pumpsets.**
5. Distribution Licensee shall furnish a report on effective implementation of DSM measures by 30-08-2009.

(By order of the Commission)

**Secretary,
Tamil Nadu Electricity Regulatory Commission**

To

The Chairman, Tamil Nadu Electricity Board, Chennai 2.

Copy to the Principal Secretary, Energy Department, GoTN, Chennai – 9.