



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

**Order No T.O 1 - 120 dated 17 - 03 - 2010**

**Present :**      **Thiru S. Kabilan,**                      **Chairman**  
                  **Thiru R.Rajupandi,**                      **Member**  
                  **Thiru K.Venugopal,**                      **Member**

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**In the matter of :      Provision of Tariff subsidy for the year 2010-11  
   by the Government of Tamil Nadu.**

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The Government of Tamil Nadu ( GoTN ) had issued policy directions under sub-section (1) of section 108 of the Electricity Act, 2003, for extension of free supply / concessional tariff to different categories of consumers as detailed below:

- I.      Free supply to Hut consumers from 1-4-2004.
- II.     Free supply of electricity to Agricultural consumers under normal category from 01-04-2004.
- III.    Reduction in tariff to Domestic consumers from 16-06-2004.
- IV.    Reduction in tariff rate to Actual Places of public worship from 01-01-2006
- V.     Reduction in tariff rate to powerloom consumers from 01-02-2006.
- VI.    Free supply of electricity to Agricultural consumers under SFS category from 1-4-2006.
- VII.   Free supply to powerloom consumers from 01-08-2006.
- VIII. Free supply to handloom consumers upto 100 units bi-monthly from 1-8-2006.
- IX.    Reduction in tariff rates to street lights and public water supply under LT Tariff II A from 12-4-2007.

(2) In the policy direction, Government have committed to provide subsidy to meet the shortfall in revenue to TNEB u/s 65 of the Electricity Act, 2003. In the letter dated 10-12-2009, TNEB have requested the Commission to approve the subsidy and schedule of payment of subsidy for 2010-11.

(3) Subsequently, TNEB filed a tariff petition and it is admitted by the Commission vide TP 1 of 2010 on 09-02-2010.

(4) Section 65 of the Electricity Act , 2003 mandates the State Government to pay the subsidy in advance , failing which the tariff fixed by the State Commission would be applicable . As the subsidy for the year 2010-11 becomes operative from April 2010, the government would have to release the advance subsidy to TNEB by March 2010.

(5) Hence, the subsidy calculations are based on existing tariffs. After the issue of tariff Order, requirement of subsidy may change. If subsidy is not provided by the Government, the tariff as approved by the Commission will have to be charged from the consumers.

(6) The TNEB have sought for the following subsidy for 2010-11

**Rs. in Crores**

<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Subsidy for which approval sought for 2010-11 by TNEB</b>
I	Domestic	1334.75
II	Agricultural consumers under normal category	218.78
III	Agricultural consumers under SFS category	57.91
IV	Hut consumers	17.92
V	Actual place of public worship	6.31
VI	Powerloom consumers (reduction	34.58

	in tariff)	
VII	Powerloom consumers ( free supply )	30.90
VIII	Handloom weavers (free supply)	6.83
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	35.79
<b>Total</b>		<b>1743.77</b>

(7) The Commission has considered the claims made by the TNEB for different categories of consumers as below :

**I. Domestic Consumers**

(A) The subsidy for domestic consumers claimed by TNEB and the subsidy approved by the Commission for 2007-08 ( reconciled), 2008-09 and 2009-10 are as below:

<b>Rs. in Crores</b>		
<b>Year</b>	<b>Subsidy claimed by TNEB</b>	<b>Subsidy approved by Commission</b>
2007-08 (reconciled)	1081.50	1081.50
2008-09	1220.13	1181.35
2009-10	1300.00	1269.56
2010-11	1334.75	

(B) In this context, the Commission has considered the following facts :

(i) The TNEB has requested to allow subsidy of Rs.1334.75 Crores. for 2010-11 adopting 8% growth rate based on the subsidy of Rs.1081.50 Crores. allowed for 2007-08.

(ii) A provisional subsidy of Rs 1073.95 Crores was sanctioned for TNEB for 2007-08 vide the Commission's Order of 02-05-2007.

Subsequently, TNEB has furnished slabwise consumption and reconciliation statements for 2007-08 and claimed a revised subsidy of Rs. 1081.50 Crores. The Commission has since approved the same and the balance subsidy of Rs 7.55 Crores is to be released . Hence, this amount of Rs 1081.50 Crores is taken as the basis for calculating the subsidy for 2010-11 as it is a reconciled figure

(iii) As regards the growth rate of 8% for 2010-11 sought for by the TNEB, it is to be stated that the TNEB has not given any justification for the same.

(iv) The growth rate as per the accounts of TNEB is as below.

Year	Consumption ( MU)	Growth Rate ( %)
2005-06 (Actuals)	11052	
2006-07 (Actuals)	12034	8.9
2007-08 ( Actuals )	12575	4.5
2008-09 (ASA)	13387	6.4
2009-10 ( ARR )	13709	2.4
2010-11 (ARR)	14524	5.9

(C) Thus, the growth rate for 2010-11 is considered as 6% .

(D) Therefore subsidy for 2010-11 for reduction in tariff to Domestic consumers is approved by the Commission on the above growth rate for **Rs.1249.01 Crores.** as below:

Subsidy for 2007-08 (reconciled) :	Rs.1081.50 Crores.
Subsidy for 2008-09 (est) (6.4% Growth) $1081.50*1.064$	Rs.1150.71 Crores.
Subsidy for 2009-10 (est) (2.4% Growth) $1150.71*1.024$	Rs.1178.32 Crores.
Subsidy for 2010-11 ( est) (6% Growth) $1178.32*1.06$	<b>Rs.1249.01 Crores.</b>

## II. Agricultural consumers under normal category

(a) The Commission had approved a subsidy of Rs.209.63 Crores. for 2008-09 and Rs. 210 Crores. for 2009-10 considering a growth of 1.01%. The TNEB has

subsequently furnished the actual connected load of agricultural service connections as on 31-3-2009 and based on such load details, the subsidy is projected as below:

Year ending	Connected Load ( HP)	Charges @ Rs.250/HP (Rs.in Crores).
31-3-2008	8238881	205.97
31-3-2009 (Actuals)	8406203 ( 2.03% increase )	210.16
2009-10 ( Estimates)	8576849	214.42
2010-11 ( Estimates)	8750959	218.77

- (b) The percentage of increase proposed is accepted and the subsidy of **Rs.218.77 Crores.** sought for 2010-11 for agricultural consumers under normal category is approved .

### III Agricultural consumers under SFS category

The Commission had approved a provisional subsidy of Rs.45.17 Crores for 2008-09 considering the connected load of such service (under SFS) as on 31-03-2008 as 1807080 HP. Subsequently the TNEB has furnished the actual connected load of agricultural consumers under SFS as 1923447 HP with an increase of 9.74% over the previous year 2007-08.

By considering 9.74% increase for 2009-10 and 2010-11, the subsidy is approved as given below:

Year	Connected load (HP)	Charges @ Rs.250/HP (Rs.in Crores).
2007-08 ( Reconciled)	1752645	43.82
2008-09 (Actuals)	1923447 ( 9.74% increase )	48.09
2009-10 (Estimates)	2110791	52.77
2010-11 ( Estimates)	2316382	57.91

A subsidy of **Rs.57.91 Crores** is approved for 2010-11 for the Agricultural consumers under SFS , considering the percentage of increase as above.

#### IV. Hut consumers

The Commission had approved a subsidy of Rs. 13.48 Crores for 2008-09 and Rs 15.00 Crores for 2009-10. Subsequently , the TNEB has furnished the actual number of Hut consumers as 1228561 for 2008-09 with an increase of 10.24% over the previous year of 2007-08 ( 1114379 Hut consumers) .

Hence, considering an increase of 10.24% for 2009-10 and 2010-11, the subsidy approved is given below :

Year	Number of Hut Consumers	Charges @ Rs.120/ Hut Consumer (Rs.in Crores).
2007-08 ( Reconciled)	1114379	13.37
2008-09 (Actuals )	1228561 ( 10.24% increase)	14.74
2009-10 (Estimates)	1354366	16.25
2010-11( Estimates)	1493053	17.92

Hence, a subsidy of **Rs.17.92 Crores** is approved for 2010-11 for the Hut consumers considering the percentage of increase as above.

#### V. Reduction in Tariff rate to Actual Places of Public Worship

The subsidy approved by the Commission for reduction in tariff to the consumers under LT Tariff II C - Actual places of public worship for the years 2007-08 to 2009-10 and the approval sought for by the TNEB are as below:

Year	Rs. in Crores.	
	Subsidy sought by TNEB	Subsidy approved by Commission
2007-08 ( Reconciled)	5.45	5.45
2008-09(Estimates)	6.80	5.62
2009-10(Estimates)	6.00	5.95
2010-11(Estimates)	6.31	

The TNEB has furnished actual consumption and reconciliation statements and claimed a revised subsidy of Rs.5.57 Crores for 2008-09, against the provisional

subsidy of Rs 5.62 Crores. This works out to a growth rate of 2.2% over 2007-08. Therefore, a growth rate of 2% is considered for approving the subsidy for 2010-11 as under.

Subsidy for 2008-09 ( actuals ) : Rs 5.57 Crores  
 Subsidy for 2009-10 ( estimates) ( 2% growth )  $5.57 * 1.02$  : Rs 5.68 Crores  
 Subsidy for 2010-11 ( estimates) ( 2% growth )  $5.68 * 1.02$  : Rs 5.79 Crores

Therefore, subsidy of **Rs.5.79 Crores** is approved by the Commission for 2010-11 for reduction in tariff rate to actual places of public worship.

#### **VI. Reduction in tariff to powerloom consumers.**

The Commission approved a subsidy of Rs 32.62 Crores for 2009-10 with a 6% growth rate over the previous year. The TNEB has now sought for a subsidy of Rs.34.58 Crores. for 2010-11 based on the same growth rate of 6% on the subsidy approved for 2009-10 . A summarization of the details of TNEB 's request and the Commission approved subsidy for the FY 2007-08 to 2009-10 is given below :

<b>Rs Crores</b>		
<b>Year</b>	<b>Subsidy sought by TNEB</b>	<b>Subsidy approved by the Commission</b>
2007-08 (Reconciled)	26.43	26.43
2008-09 ( Estimates)	30.78	30.78
2009-10 ( Estimates)	33.00	32.62
2010-11 ( Estimates)	34.58	

For the FY 2007-08, TNEB had claimed a provisional subsidy of Rs 32.56 Crores and the Commission had allowed the same considering 6% growth. Subsequently, on reconciliation, the amount of subsidy was reduced to Rs 26.43 Crores

Hence, the growth rate of 6% is considered on the base of Rs 26.43 Crores for 2007-08 ( reconciled figure ) to project the subsidy for 2010-11 as given below :

Subsidy for 2007-08 ( reconciled )	: Rs 26.43 Crores
Subsidy for 2008-09 ( estimates ) ( 6% growth ) $26.43 * 1.06$	: Rs 28.01 Crores
Subsidy for 2009-10 ( est) 6% growth ) $28.01 * 1.06$	: Rs 29.69 Crores
Subsidy for 2010-11 ( est) ( 6% growth ) $29.69 * 1.06$	: Rs 31.47 Crores

Therefore, subsidy of **Rs.31.47 Crores** is approved for 2010-11 towards reduction in tariff to powerloom consumers.

### VII. Free supply to Powerloom consumers

The subsidy claimed by the TNEB and the subsidy approved by the Commission for free supply to powerloom consumers for the years 2007-08 to 2009-10 are as given below:

**Rs. in Crores.**

<b>Year</b>	<b>Subsidy sought by TNEB</b>	<b>Subsidy approved by the Commission</b>
2007-08 ( Reconciled)	25.25	25.25
2008-09 ( Estimates)	31.08	27.50
2009-10 ( Estimates)	30.00	29.15
2010-11 ( Estimates)	30.90	

A provisional subsidy of Rs 24.86 Crores was sanctioned to TNEB for 2007-08. Against this, TNEB has furnished the actual consumption and reconciliation statement for Rs 25.25 Crores for 2007-08 which has since been approved by the Commission. The projections are reworked @ 6% growth with the base as Rs 25.25 Crores as it is the reconciled figure as given below :

Subsidy for 2007-08 ( reconciled ) : Rs 25.25 Crores

Subsidy for 2008-09 ( estimates ) ( 6% growth )  $25.25 * 1.06$  : Rs 26.76 Crores

Subsidy for 2009-10 ( est ) ( 6% growth )  $26.76 * 1.06$  : Rs 28.36 Crores

Subsidy for 2010-11 ( est ) ( 6% growth )  $28.36 * 1.06$  : Rs 30.06 Crores

Hence, subsidy of **Rs.30.06 Crores** is approved for free supply to powerloom consumers for 2010-11.

#### **VIII. Free supply to Handloom consumers upto 100 units bimonthly.**

The subsidy approved by the Commission for 2009-10 was Rs.5.40 Crores. with a growth rate of 8% as applicable to Domestic consumers.

The TNEB has sought for a subsidy of Rs.6.83 Crores. based on the subsidy for the previous year with the same growth rate of 8%.. However, a growth rate of 6% has been approved for Domestic category for FY 2010-11. Therefore, the subsidy for free supply to Handloom consumers at this percentage is as below:

Subsidy approved for 2009-10	Rs.5.40 Crores.
Subsidy payable for 2010-11 (6% growth) $5.40*1.06$	Rs.5.72 Crores.

Hence, subsidy of **Rs.5.72 Crores** is approved for free supply to handloom consumers upto 100 units bi-monthly for 2010-11

#### **IX. Reduction in tariff to street light and public water supply works.**

The subsidy approved for 2008-09 was Rs.48.58 Crores while that for FY 2009-10 was Rs 51.49 Crores with 6% growth rate over the previous year. The TNEB has now sought for a subsidy of Rs.35.79 Crores. for 2010-11 based on the growth rate of 6% .

A summarization of the details of TNEB 's request and the subsidy approved by the Commission for the FY 2007-08 to 2009-10 is given below :

**Rs Crores**

<b>Year</b>	<b>Subsidy sought by TNEB</b>	<b>Subsidy approved by the Commission</b>
2007-08 ( Reconciled )	30.05	30.05
2008-09 ( Estimates)	48.58	48.58
2009-10 ( Estimates)	51.50	51.49
2010-11 ( Estimates)	35.79	

The Commission had initially allowed Rs 44.44 Crores for 2007-08. Subsequently, on reconciliation, the amount of subsidy was reduced to Rs 30.05 Crores.

For 2008-09 and 2009-10, the Commission had considered a growth rate of 6%. Hence, the same growth rate of 6% is allowed on the base of Rs 30.05 Crores for 2007-08 since it is a reconciled figure . The subsidy for 2010-11 is as given below :

Subsidy for 2007-08 ( reconciled )	: Rs 30.05 Crores
Subsidy for 2008-09 ( estimates ) ( 6% growth ) $30.05 * 1.06$	: Rs 31.85 Crores
Subsidy for 2009-10( est) ( 6% growth ) $31.85 * 1.06$	: Rs 33.76 Crores
Subsidy for 2010-11 ( est ) ( 6% growth ) $33.76 * 1.06$	: Rs 35.78 Crores

Hence, subsidy of **Rs.35.78 Crores**. Is approved for Reduction in tariff to street light and public water supply works for 2010-11 .

**X . Payment of additional subsidy / adjustment of excess subsidy :**

The Commission has approved payment of additional subsidy / adjustment of excess subsidy after due reconciliation based on actual slabwise consumption/consumption covered under MM ( Monthly Minimum) / connected load details and other details obtained from TNEB as below :

**Rs in Crores**

Year	Tariff category	Provisional subsidy		Revised subsidy	Additional subsidy payable / Excess subsidy recoverable
		Claimed	Approved	Approved	
<b>Additional subsidy</b>					
2007-08	Temples	3.84	3.82	5.45	1.63
2007-08	Domestic	1137.38	1073.95	1081.50	7.55
2007-08	Agri-SFS	42.24	42.24	43.82	1.58
2007-08	Hut	16.00	12.25	13.37	1.12
2007-08	Powerloom-free supply	24.86	24.86	25.254	0.394
2008-09	Agri-Normal	209.63	209.63	210.16	0.53
2008-09	Agri-SFS	45.18	45.17	48.09	2.92
2008-09	Hut	14.13	13.48	14.74	1.26
<b>Total (A)</b>					<b>16.984</b>
<b>Excess subsidy</b>					
2007-08	Agri-Normal	206.10	206.10	205.97	(-) 0.13
2007-08	Handloom	16.80	16.80	5.42	(-) 11.38
2007-08	Powerloom-Reduction in tariff	32.56	32.56	26.432	(-) 6.128
2007-08	Local bodies	45.83	44.44	30.05	(-) 14.39
2008-09	Public workshop	6.80	5.62	5.57	(-) 0.05
<b>Total (B)</b>					<b>(-) 32.078</b>

**Net subsidy recoverable ( A-B) : Rs 16.984 Crores – Rs 32.078 Crores : Rs 15.094 Crores**

(8) The subsidy payable for 2010-11 by the Government will be as below:

<b>Rs. in Crores</b>		
<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Approved by the Commission</b>
I	Domestic	1249.01
II	Agricultural consumers under normal category	218.77
III	Agricultural consumers under SFS category	57.91
IV	Hut consumers	17.92
V	Actual place of public worship	5.79
VI	Powerloom consumers (reduction in tariff)	31.47
VII	Powerloom consumers (free supply )	30.06
VIII	Handloom weavers (free supply)	5.72
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	35.78
		<b>1652.43</b>

(9) **Directives**

i) The Government of Tamil Nadu shall provide the above subsidy in advance in the manner specified in the annexure to this order for the year 2010-11 to compensate the short fall in revenue to TNEB consequent to the extension of free supply / reduction of tariff as per the policy direction.

ii) The TNEB shall extend free supply / collect reduced tariff as per the policy directives of the Government of Tamil Nadu.

iii) The Government of Tamil Nadu as well the TNEB will have to abide by the provision under section 65 of the Electricity Act 2003 which reads as below

*Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provision contained in this section and*

*the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.”*

iv) The TNEB shall reconcile the subsidy allowed with the actual consumption and revenue assessed for 2010-11 and to furnish the report before 30.09.2011.

v) Wherever monthly minimum is collected, the quantum of consumption for which monthly minimum is admissible as per the tariff order of the Commission shall be taken into account while computing subsidy based on actual.

vi) While furnishing the actual consumption details it should be ensured that slab wise consumption are furnished correctly.

vii) It should be ensured that the details are furnished by the CEs uniformly in the same format.

viii) The TNEB shall furnish the actual connected load of Agricultural consumers as on 01-04-2010 before 30-06-2010 and the connected load as on 01-10-2010 before 31-12-2010.

ix) TNEB shall furnish the circle wise No. of Hut consumers as on 01-04-2010 before 30-06-2010 and number of consumers as on 01-10-2010 before 31-12-2010.

(By Order of the Commission)

Encl.: Annexure

Secretary  
Tamil Nadu Electricity Regulatory Commission

To

The Chairman, Tamil Nadu Electricity Board, Chennai 600 002.

The Secretary to Government, Energy Department, Chennai 600 009.

Copy to: The Principal Secretary to Government, Finance Department, Chennai-9.

## Annexure

## Subsidy Payable by Government for 2010-11

Sl. No.	Category	Subsidy period	Subsidy Rs. in Crores.	Payable on or before
1	Domestic	April 2010	104.084	31-03-2010
2	Agriculture	01-04-2010 to 30-09-2010	138.34	31-03-2010
3	Hut	01-04-2010 to 30-09-2010	8.96	31-03-2010
4	Actual place of public worship	01-04-2010 to 30.06.2010	1.4475	31-03-2010
5	Power loom	01-04-2010 to 30-09-2010	30.765	31-03-2010
6	Handloom	01-04-2010 to 30-09-2010	2.86	31-03-2010
7	Street Light & Public Water Supply	01-04-2010 to 30-09-2010	17.89	31-03-2010
8	Excess subsidy recoverable relating to earlier years as in clause 7(X) above		(-)15.094	31-03-2010
9	Domestic	May 2010	104.084	30-04-2010
10	Domestic	June 2010	104.084	31-05-2010
11	Domestic	July 2010	104.084	30-06-2010
12	Actual place of public worship	01-07-2010 to 30-09-2010	1.4475	30-06-2010
13	Domestic	August 2010	104.084	31-07-2010
14	Domestic	September 2010	104.084	31-08-2010
15	Domestic	October 2010	104.084	30-09-2010
16	Agriculture	01-10-2010 to 31-03-2011	138.34	30-09-2010
17	Hut	01-10-2010 to 31-03-2011	8.96	30-09-2010
18	Actual place of public worship	01-10-2010 to 31-12-2010	1.4475	30-09-2010
19	Powerloom	01-10-2010 to 31-03-2011	30.765	30-09-2010
20	Handloom	1.10.2010 to 31-03-2011	2.86	30-09-2010
21	Street Light & Public Water Supply	01-10-2010 to 31-03-2011	17.89	30-09-2010
22	Domestic	November 2010	104.084	31-10-2010
23	Domestic	December 2010	104.084	30-11-2010
24	Domestic	January 2011	104.084	31-12-2010
25	Actual Places of public worship	01-01-2011 to 31-03-2011	1.4475	31-12-2010
26	Domestic	February 2011	104.084	31-01-2011
27	Domestic	March 2011	104.084	28-02-2011
			<b>1637.334</b>	

