



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

**Order No T.O : 3 - 5 dated 16 - 05 - 2011**

**Present :**      **Thiru S. Kabilan,**                      **Chairman**  
                  **Thiru K. Venugopal ,**                    **Member**                      **and**  
                  **Thiru S . Nagalsamy ,**                    **Member**

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**In the matter of :      Provision of Tariff subsidy for the year 2011-12  
   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.

X. Free supply to Lift Irrigation Co-operative Societies for Agriculture w.e.f 01-12-2010

(2) In the policy direction, Government have committed to provide subsidy to meet the shortfall in revenue to Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO) u/s 65 of the Electricity Act, 2003. In their letter dt 12-01-2011 , TANGEDCO have requested the Commission to approve the subsidy and schedule of payment of subsidy for 2011-12.

(3) The TANGEDCO have sought for the following subsidy for 2011-12

<b>Rs. in Crores</b>		
<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Subsidy for which approval sought for 2011-12 by TANGEDCO</b>
I	Domestic	1656.00
II	Agricultural consumers under normal category	236.00
III	Agricultural consumers under SFS category	56.00
IV	Hut consumers	21.00
V	Actual place of public worship	7.00
VI	Powerloom consumers (reduction in tariff)	29.00
VII	Powerloom consumers ( free supply )	34.00
VIII	Handloom weavers (free supply)	6.20
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	57.00
X	Lift Irrigation Co-operative Societies under HT IV	0.45
<b>Total</b>		<b>2102.65</b>

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

**I. Domestic Consumers**

a) The subsidy for domestic consumers claimed by TANGEDCO for 2010-11 and the subsidy approved by the Commission for 2008-09 and 2009-10 are as below respectively :

<b>Rs. in Crores</b>		
<b>Year</b>	<b>Subsidy claimed by TANGEDCO</b>	<b>Subsidy approved by Commission</b>
2008-09	1185.81	1185.81 ( reconciled)
2009-10	1369.53	1369.53 ( reconciled)
2010-11	1334.75	1249.01 ( provisional)
2011-12	1656.00	

b) In this context, the Commission considered the following facts :

(i) The TANGEDCO has requested to allow subsidy of Rs.1656 Crores. for 2011-12 adopting 10% growth rate based on the subsidy claimed for 2009-10 on year on basis .

(ii) A provisional subsidy of Rs 1269.56 Crores was sanctioned for TNEB for 2009-10 vide the Commission's Order of 04-03-2009. Subsequently, TANGEDCO in their revised submissions have furnished slabwise consumption and reconciliation statements for 2009-10 and claimed a revised subsidy of Rs. 1369.53 Crores. The Commission has since approved the same and the balance subsidy of Rs 99.97 Crores is to be released . Hence, this amount of Rs 1369.53 Crores is taken as the basis for calculating the subsidy for 2011-12 as it is a reconciled figure.

(iii) The growth rate in the domestic category based on actual consumption of TANGEDCO is as follows :

Year	Consumption ( MU)	Growth Rate ( %)
2006-07 (Actuals)	12034	8.9
2007-08 ( Actuals )	12575	4.5
2008-09 ( Reconciled )	13603	8.2
2009-10 ( Reconciled)	15360	12.9

(iv) TANGEDCO has assumed a growth rate of 10% for 2011-12 based on the growth rate of 8.2% for 2008-09 and 12.9% for 2009-10.

(v) As the growth rate is varying over the years, the growth rate for 2011-12 is considered as 9%

(c) Therefore subsidy for 2011-12 for reduction in tariff to Domestic consumers is approved by the Commission on the above growth rate of 9% for **Rs.1627.13 Crores.** as below:

Year	Amount (Rs.in Crores).
2009-10 (Reconciled )	1369.53
2010-11 ( Estimates)	1492.78 ( 1369.53 x 1.09)
2011-12 ( Estimates)	1627.13 ( 1492.78 x 1.09 )

## II. Agricultural consumers under normal category

a) The Commission had approved a provisional subsidy of Rs 210 Crores for 2009 - 10 and Rs 218.77 Crores for 2010-11. TANGEDCO has subsequently submitted the actual load details as 8535444 HP for 2009-10 for reconciling the subsidy for 2009-10. Therefore, the Commission has approved a subsidy of Rs 213.39 Crores. for 2009-10 at the rate of Rs 250/= per HP/annum.

b) TANGEDCO has informed that as per announcement of GoTN, 96300 pumpsets are expected to be effected before 31-03-2011 and another 96300 pumpsets before 30-09-2011. Subsequently , TANGEDCO in their letter dated 09-05-2011 have stated that as against the targeted connections of 96300 pumpsets to be released till 31-03-2011, only 64873 connections were

released. TANGEDCO endeavours to release the balance pumpset connections by 30-09-2011

- c) Considering an average capacity of 5.47/HP/connection ( as approved in Tariff Order of 31-07-2010 ) , an additional subsidy of Rs 17.60 Crores will be incurred . Therefore, a total subsidy of Rs 216.59 Crores + Rs 17.60 Crores = Rs 234.19 Crores is projected as below:

<b>Year ending</b>	<b>Charges @ Rs.250/HP (Rs.in Crores).</b>
2009-10 ( Reconciled )	213.39
2010-11 ( Estimates)	216.59 (213.39 x 1.015)
2011-12 ( Estimates) + Extra new connections in 2011-12 = Total for 2011-12 ( Estimates )	216.59  17.60  234.19

- d) The percentage of increase proposed is accepted and the subsidy of **Rs.234.19 Crores.** for 2011-12 for agricultural consumers under normal category is approved .

### **III Agricultural consumers under SFS category**

a) The Commission had approved a provisional subsidy of Rs.53 Crores for 2009-10 considering the connected load of such service (under SFS) as on 31-03-2010 as 2120700 HP. Subsequently TANGEDCO has furnished the actual connected load of agricultural consumers under SFS as 2061173 HP for 2009-10 with an increase of 7.15% over the previous year 2008-09.

b) TANGEDCO has informed that as per announcement of GoTN, 3700 pumpsets are expected to be effected before 31-03-2011 and another 3700 pumpsets before 30-09-2011. Subsequently , TANGEDCO in their letter dated 09-05-2011 , have stated that as against the targeted connections of 3700 pumpsets to be released till 31-03-2011, only 1735 connections were released. TANGEDCO endeavours to release the balance pumpset connections by 30-09-2011

c) Considering an average capacity of 5.47/HP/connection ( as approved in Tariff Order of 31-07-2010 ) , an additional subsidy of Rs 0.62 Crores will be incurred . Hence, a total subsidy of Rs 55.14 Crores + Rs 0.62 Crores = Rs 62.46 Crores is projected as below:

Year	Charges @ Rs.250/HP (Rs.in Crores).
2008-09 ( Reconciled )	48.09
2009-10 (Reconciled )	51.53 ( 7.15% increase)
2010-11 ( Estimates)	55.14 ( 7% increase )
2011-12 ( Estimates)	55.14
+ Extra new connections in 2011-12	0.62
= Total for 2011-12 ( Estimates )	55.76

c) Therefore, a subsidy of **Rs.55.76 Crores** is approved for 2011-12 for the Agricultural consumers under SFS .

#### IV. Hut consumers

a) The Commission had approved a subsidy of Rs. 15 Crores for 2009-10 and Rs 17.92 Crores for 2010-11. Subsequently , the TANGEDCO furnished the actual number of Hut consumers as 1388024 for 2009-10 with an increase of 13% over the previous year of 2008-09 ( 1228561 Hut consumers) . They have projected an increase of 13% in the number of consumers for claiming the subsidy

b) The growth rate in the number of hut consumers for the previous years is given below :

Year	Number of Hut Consumers	% of growth in hut consumers
2007-08 ( Reconciled)	1114379	
2008-09 (Reconciled )	1228561	10.24
2009-10 (Reconciled)	1388024	12.97

c) The percentage of growth considered for domestic category is 9%. Generally the same percentage is considered for Hut also. However, as there is an extra growth under the Hut category, a growth rate of 12% is considered and the subsidy is projected as below :

Year	Number of Hut Consumers	Charges @ Rs.120/ Hut Consumer (Rs.in Crores).
2009-10 (Reconciled)	1388024	16.66
2010-11( Estimates)	1554587	18.65
2011-12(Estimates )	1741137	20.89

d) Hence, a subsidy of **Rs. 20.89 Crores** is approved for 2011-12 for the Hut consumers .

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

a) The TANGEDCO has furnished actual consumption and reconciliation statements and claimed a revised subsidy of Rs.5.99 Crores for 2009-10, against the provisional subsidy of Rs 5.95 Crores. This works out to a growth rate of 7.5% over 2008-09. Therefore, TANGEDCO has proposed a growth rate of 7.5% to be considered for approving the subsidy for 2011-12 as under.

Year	Rs. in Crores. Subsidy approved by Commission
2008-09(Reconciled)	5.57
2009-10(Reconciled)	5.99
2010-11(Estimates)	6.44
2011-12 ( Estimates)	6.92

b) Therefore, subsidy of **Rs.6.92 Crores** is approved for 2011-12 for reduction in tariff rate to actual places of public worship.

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

a) For the FY 2008-09, the Commission had allowed a subsidy of Rs 30.78 Crores considering a growth rate of 6% which was subsequently reduced to Rs 26.91 Crores based on actual data.

b) For FY 2009-10, the Commission had considered 6% growth to project a subsidy of Rs 32.62 Crores. However, on reconciliation, the amount of subsidy was reduced to Rs 27.45 Crores. There was a 2% growth rate in the reconciled figures of FY 2009-10 vis-a-vis that of 2008-09. Hence, the growth rate of 2% is considered on the reconciled base of Rs 27.45 Crores for 2009-10 to project the subsidy for 2011-12 as given below :

Year	Subsidy approved by the Commission ( Rs Crores )
2008-09 ( Reconciled )	26.91
2009-10 ( Reconciled )	27.45
2010-11 ( Estimates )	28.00
2011-12 ( Estimates )	28.56

c) Therefore, subsidy of **Rs.28.56 Crores** is approved for 2011-12 towards reduction in tariff to powerloom consumers.

## VII. Free supply to Powerloom consumers

a) A subsidy of Rs 25.41 Crores was approved for TNEB for 2008-09 after reconciliation based on the actual consumption . Subsequently, a provisional subsidy of Rs 29.15 Crores was allowed for them for 2009-10. Against this, TANGEDCO have furnished the actual consumption and the subsidy amount has been reduced to Rs 28.05 Crores for 2009-10 which has since been approved by the Commission. The growth rate of the subsidy between FY 2008-09 and FY 2009-10 works out to 10.39%. Hence, the projections are worked @ 10% as requested by TANGEDCO on the base of Rs 28.05 Crores ( being a reconciled figure ) as given below :

Year	Rs. in Crores. Subsidy approved by the Commission
2008-09 ( Reconciled )	25.41
2009-10 ( Reconciled )	28.05
2010-11 ( Estimates )	30.85
2011-12 ( Estimates )	33.93

b) Hence, subsidy of **Rs.33.93 Crores** is approved for free supply to powerloom consumers for 2011-12.

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

a) The subsidy approved by the Commission for 2008-09 was Rs.5.80 Crores based on the actual consumption of this category of consumers with a growth rate of 8% as applicable to Domestic consumers.

b) For 2009-10, the Commission had provisionally approved a subsidy of Rs 5.40 Crores based on the growth rate of 8%. Subsequently, based on the actual consumption of handloom consumers, the subsidy for FY 2009-10 has been reconciled at Rs 5.92 Crores. This amounts to a growth rate of 2.06% over the reconciled subsidy of 2008-09. Now, TANGEDCO has sought for a subsidy of Rs.6.20 Crores for 2011-12 based on the growth rate of 2%. Therefore, the subsidy for free supply to Handloom consumers at this percentage is projected as below:

<b>Year</b>	<b>Subsidy approved by the Commission ( Rs. in Crores)</b>
2009-10 ( Reconciled )	5.92
2010-11 ( Estimates)	6.04
2011-12 ( Estimates)	6.16

c) Hence, subsidy of **Rs.6.16 Crores** is approved for free supply to handloom consumers upto 100 units bi-monthly for 2011-12

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

a) The Commission had initially allowed a subsidy of Rs 48.58 Crores for 2008-09. Subsequently, on reconciliation, the amount of subsidy was reduced to Rs 40.33 Crores.

b) For 2009-10, the Commission considered a growth rate of 6% and provisionally approved a subsidy of Rs.51.49 Crores for 2009-10. Based on the actual consumption data submitted by TANGEDCO, the Commission has reconciled the subsidy of Rs 47.46 Crores. Therefore, a growth rate of 17.68% is achieved between the

subsidy of 2008-09 and 2009-10. As the growth rates are not uniform over the years, the TANGEDCO has now sought for a subsidy of Rs.57 Crores. for 2011-12 based on a growth rate of 10% on the reconciled figure of 2009-10 , as below .

Year	Subsidy approved by the Commission ( Rs Crores)
2008-09 ( Reconciled)	40.33
2009-10 ( Reconciled)	47.46
2010-11 ( Estimates)	52.20
2011-12 ( Estimates)	57.42

c) Hence, subsidy of **Rs.57.42 Crores** is approved for Reduction in tariff to street light and public water supply works for 2011-12 .

#### **X. Free supply for Lift Irrigation Co-operative Societies**

a) Free supply of electricity to Lift Irrigation Co-operative Societies was first introduced w.e.f. 01-12-2010. The Commission provided for a subsidy of Rs 0.15 Crores for a period of 4 months from December 2010 to March 2011 ( FY 2010-11 ). TANGEDCO has requested for providing a subsidy of 0.45 Crores for 2011-12 .

b) The Commission approved the subsidy for 2010-11 based on its projections in the Tariff Order No 3 of 2010 Dt 31-07-2010 . The projections of TANGEDCO are also in line with the projections of the Commission in the Tariff Order of 31-07-2010 of 9 MU for each year as below :

Year	Subsidy approved by the Commission ( Rs Crores)
2010-11 (Four month estimates)	0.15
2011-12 ( Estimates)	0.45

c) Hence, subsidy of **Rs.0.45 Crores** is approved for Lift Irrigation Co-operative Societies for 2011-12 .

## XI . Payment of additional subsidy / adjustment of excess subsidy :

a) 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 TANGEDCO as below :

<b>Rs in Crores</b>					
Year	Tariff category	Provisional subsidy		Revised subsidy	Additional subsidy payable / Excess subsidy recoverable
		Claimed	Approved	Approved	
<b>Additional subsidy payable</b>					
2008-09	Handloom ( Free)	16.80	5.00	5.80	0.80
2008-09	Domestic ( Reduction)	1220.13	1181.35	1185.81	4.46
2009-10	Places of worship	6.00	5.95	5.99	0.04
2009-10	Hut	15.00	15.00	16.66	1.66
2009-10	Handloom	5.50	5.40	5.92	0.52
2009-10	Agri-Normal	210.00	210.00	213.39	3.39
2009-10	Domestic ( Reduction)	1300.00	1269.56	1369.53	99.97
<b>(A)</b>					<b>110.84</b>
<b>Excess subsidy recoverable</b>					
2008-09	Local bodies	48.58	48.58	40.33	(-) 8.25
2008-09	Powerloom ( Reduction)	30.78	30.78	26.91	(-) 3.87
2008-09	Powerloom ( Free)	31.08	27.50	25.41	(-) 2.09
2009-10	Powerloom ( Reduction)	33.00	32.62	27.45	(-) 5.17
2009-10	Powerloom ( Free)	30.00	29.15	28.05	(-) 1.10
2009-10	Agri SFS	53.00	53.00	51.53	(-) 1.47
2009-10	Local bodies	51.50	51.49	47.46	(-) 4.03
<b>Total (B)</b>					<b>(-) 25.98</b>

**Net subsidy payable ( A-B) : Rs 110.84 Crores – Rs 25.98 Crores : Rs 84.86 Crores**

(5) The subsidy payable for 2011-12 by the Government will be as below:

<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Approved by the Commission ( Rs. in Crores)</b>
I	Domestic (Reduction in tariff)	1627.13
II	Agricultural consumers under normal category (Free supply )	234.19
III	Agricultural consumers under SFS category (Free supply )	55.76
IV	Hut consumers (Free supply )	20.89
V	Actual place of public worship (Reduction in tariff)	6.92
VI	Powerloom consumers (Reduction in tariff)	28.56
VII	Powerloom consumers (Free supply )	33.93
VIII	Handloom weavers (free supply)	6.16
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	57.42
X	Lift Irrigation Co-operative Societies ( Free supply )	0.45
		<b>2071.41</b>

(6) **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 2011-12 to compensate the short fall in revenue to TANGEDCO consequent to the extension of free supply / reduction of tariff as per the policy direction.

ii) The TANGEDCO 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 TANGEDCO 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 TANGEDCO shall reconcile the subsidy allowed with the actual consumption and revenue assessed for 2011-12 and to furnish the report before 30.09.2012.

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 TANGEDCO shall furnish the actual connected load of Agricultural consumers as on 01-04-2011 before 30-06-2011 and the connected load as on 01-10-2011 before 31-12-2011.

ix) TANGEDCO shall furnish the circle wise No. of Hut consumers as on 01-04-2011 before 30-06-2011 and number of consumers as on 01-10-2011 before 31-12-2011.

(By Order of the Commission)

Encl.: Annexure

**Secretary**  
**Tamil Nadu Electricity Regulatory Commission**

To

The Chairman, Tamil Nadu Generation & Distribution Corporation Ltd, Chennai 600 002.

The Principal 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 2011-12**

<b>Sl. No.</b>	<b>Category</b>	<b>Subsidy period</b>	<b>Subsidy Rs. in Crores.</b>	<b>Payable on or before</b>
1	Domestic	April 2011	135.59	Immediate
2	Agriculture	01-04-2011 to 30-09-2011	145.00	Immediate
3	Lift Irrigation Co-operative societies	01-04-2011 to 30-09-2011	0.22	Immediate
4	Hut	01-04-2011 to 30-09-2011	10.44	Immediate
5	Actual place of public worship	01-04-2011 to 30.06.2011	1.73	Immediate
6	Power loom	01-04-2011 to 30-09-2011	31.24	Immediate
7	Handloom	01-04-2011 to 30-09-2011	3.08	Immediate
8	Street Light & Public Water Supply	01-04-2011 to 30-09-2011	28.71	Immediate
9	Excess subsidy payable relating to earlier years as in clause 4(XI) above		84.86	Immediate
10	Domestic	May 2011	135.59	Immediate
11	Domestic	June 2011	135.59	31-05-2011
12	Domestic	July 2011	135.59	30-06-2011
13	Actual place of public worship	01-07-2011 to 30-09-2011	1.73	30-06-2011
14	Domestic	August 2011	135.59	31-07-2011
15	Domestic	September 2011	135.59	31-08-2011
16	Domestic	October 2011	135.59	30-09-2011
17	Agriculture	01-10-2011 to 31-03-2012	144.95	30-09-2011
18	Lift Irrigation Co-operative societies	01-10-2011 to 31-03-2012	0.23	30-09-2011
19	Hut	01-10-2011 to 31-03-2012	10.45	30-09-2011
20	Actual place of public worship	01-10-2011 to 31-12-2011	1.73	30-09-2011
21	Powerloom	01-10-2011 to 31-03-2012	31.25	30-09-2011
22	Handloom	1.10.2011 to 31-03-2012	3.08	30-09-2011
23	Street Light & Public Water Supply	01-10-2011 to 31-03-2012	28.71	30-09-2011
24	Domestic	November 2011	135.59	31-10-2011
25	Domestic	December 2011	135.59	30-11-2011
26	Domestic	January 2012	135.59	31-12-2011
27	Actual Places of public worship	01-01-2012 to 31-03-2012	1.73	31-12-2011
28	Domestic	February 2012	135.59	31-01-2012
29	Domestic	March 2012	135.64	28-02-2012
	<b>TOTAL</b>		<b>2156.27</b>	