

TAMIL NADU ELECTRICITY REGULATORY COMMISSION
(Constituted under Section 82(1) of the Electricity Act 2003)
(Central Act 36 of 2003)

Petition Nos. M.P. No.21 of 2009 and
I.A.No.19 of 2009 in M.P. No.21 of 2009
Order No. 1 of 2010

Date of Order: 5th January 2010

PRESENT

Thiru. S. Kabilan	-	Chairman
Thiru. R. Rajupandi	-	Member
	and	
Thiru K. Venugopal	-	Member

In the matter of determination of the reliability charge to be collected from HT consumers who opt for the relaxation of 20% power cut and evening peak hour restriction from 6.00 p.m. to 10.00 p.m.by availing power to the tune of 200 MW during the period from January 2010 to May 2010.

In exercise of the powers conferred by Sections 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Tamil Nadu Electricity Regulatory Commission (Commission) after consulting the State Advisory Committee as per Section 88 of the said Act on the 23rd December 2009 (Annexure I) and after considering suggestions and objections received during the public hearing held on the 30th December 2009 (Annexure II), passes this order. This order shall come into force with immediate effect and shall be in force upto 31st May 2010. This order shall apply to all HT consumers, who opt to come within the purview of this order.

Provided that the Commission may extend the validity period of this Order, if it considers it appropriate to do so.

Appeal:

An appeal against this order lies to the Appellate Tribunal for Electricity as per Section 111 of the Electricity Act, 2003 within a period of forty-five days.

Sd.....
(K. Venugopal)
Member

Sd.....
(R. Rajupandi)
Member

Sd.....
(S. Kabilan)
Chairman

(By order of the Commission)

R.Balasubramanian
Secretary

ORDER

The Tamil Nadu Electricity Board (TNEB) has filed a petition M.P. No.21/2009 on 14th December 2009 and I.A. No.19/2009 on 16th December 2009 proposing a reliability charge not exceeding Rs.7/- per unit for such of those HT consumers who opt for relaxation of power restrictions between 6.00 p.m and 10.00 p.m and for relaxation of 20% power cut during the rest of the day during the period from January 2010 to May 2010. TNEB was directed to publish the abridged version of the above proposal at least in two Tamil and two English dailies on 18th December 2009. The advertisement specified that objection and suggestions would be received by Tamil Nadu Electricity Regulatory Commission upto 24th December 2009. However, the Commission considered the objections received even beyond that date.

2. The proposal was considered by the State Advisory Committee on 23rd December 2009 in accordance with Section 88 of the Electricity Act 2003. A view was expressed in the Advisory Committee that public hearing could be dispensed with in view of the fact that the tariff hike applies only to selected consumers on voluntary basis. We do not subscribe to this view as any tariff related proposal has to be considered by the State Advisory Committee and subjected to public hearing in accordance with Sections 88 and 64 of the Electricity Act 2003 respectively. The broad consensus in the Advisory Committee was that all HT consumers should be given the option of availing the additional power and that the additional power should be equitably shared among all willing consumers. The proceedings of the State Advisory Committee is placed at Annexure I.

3. The proposal of the TNEB was subjected to public hearing on 30th December 2009. A total of 41 persons participated in the public hearing. The proceedings of the public hearing is placed at Annexure II. The points that emerged in the public hearing particularly centered around the equitable distribution of additional power amongst all willing HT consumers. Further a plea was made for distribution of the additional power amongst all categories of consumers at the current level of tariff. A large number of speakers dwelt on the need for clarity in the billing procedure for this additional power.

4. After taking into account the suggestions and objections that emerged from various representations, from the State Advisory Committee and from the public hearing, the Commission in exercise of the powers conferred by Sections 62 and 64 of the Electricity Act 2003, directs as follows:-

(a) the enhanced tariff applies only to such of those HT consumers who opt for it; there is no legal impediment in prescribing differential charges.

(b) currently HT industrial consumers are subjected to demand and energy cut of 95% between 6.00 p.m. and 10.00 p.m. and demand and energy cut of 20% during the rest of the day,

(c) the TNEB shall address all HT industrial consumers, who are currently subjected to R&C measures to ascertain their willingness for supply of additional power at a total energy cost not exceeding Rs.7/- per unit; the consumers may indicate their requirement of additional power between 6.p.m. and 10.00 p.m. as well as the remaining hours.

(d) If the additional power procured by the TNEB is less than the total requirement as consented by the HT industrial consumers, the additional power shall be distributed amongst all the consenting consumers proportionate to the requisitioned additional power.

(e) the additional power supplied between 6.00 p.m. and 10.00 p.m. by the TNEB over and above the present 5% quota shall be reckoned as the additional power during this period.

(f) during the remaining hours any relief from 20% power cut will be treated as additional supply of power.

(g) the supply of additional power shall be limited to the base demand and base energy.

(h) the additional demand and additional energy supplied by TNEB during this arrangement shall not be treated as excess demand or excess energy for the purpose of penal charges; demand and energy consumption over and above the power supplied by the TNEB pursuant to this arrangement shall be reckoned for penal charges.

(i) for the additional quantum of demand supplied in this process, the TNEB is entitled to recover demand charges at the rates

prescribed by the Commission in Tariff Order of 2003. An illustrative case is displayed at Annexure III.

(j) the Board shall ensure a monthly schedule for all the HT consumers both for the 6.00 p.m. to 10.00 p.m. slot as well as the remaining hours; any variation in the monthly schedule should be communicated to the consumers at least one week before the change.

(k) the TNEB should ascertain from each consumer the additional demand and energy requirement for every month limited to the base demand and base energy; the TNEB should confirm to the indenting consumer one week prior to the commencement of the month the additional available demand and energy; both for the 6.00 p.m. to 10.00 p.m. slot as well as the remaining hours; having confirmed the additional demand and energy the TNEB is bound by the promise; the consumer is entitled to consume the additional demand at the normal rate and additional energy at the higher rate; penal charges should not be levied for that committed quantity; similarly, if the consumer does not off take the committed demand and energy, he is liable to pay the higher charge for the committed quantum of energy.

(l) the energy supplied to a consumer shall be separated into two parts; the first part would be the additional energy supplied on the basis of the requisition of the consumer; and the second part would be the balance; the first part will be billed at the higher rate and the second part will be billed at the normal rate.

(By order of the Commission)

R.Balasubramanian
Secretary

Minutes of the State Advisory Committee Meeting held on 23-12-2009

Members Present:

1. Thiru. S. Kabilan, Chairman, TNERC.
2. Thiru. R. Rajupandi, Member, TNERC.
3. Thiru. K. Venugopal, Member, TNERC.
4. Thiru. K. Venkatesan, IAS (Retd)
- 5 Thiru V. Sethuraman
6. Thiru. Vipin Jha
- 7.Thiru. K.V. Shetty
- 8.. Thiru. S.V. Balasubramaniam
9. Thiru. A. Vellayan
10. Thiru. T. Kannan
- 11 Thiru. D. Kumaravelu
12. Dr. M. Abdullah Khan
- 13 Thiru. DE. Ramakrishnan
- 14 Dr. U. Sankar
15. Thiru S. Rathinasabapathy.
- 16 Thiru S. Pancharatnam
- 17 Thiru K. Kasthurirangian.
- 18 Thiru. S. Rethinavelu

Special Invitee

Thiru. P.W.C. Davidar, IAS, Energy Secretary, Government of Tamil Nadu.

Secretary

Thiru. R. Balasubramanian, Secretary, TNERC

In-attendance

Thiru. N.P. Nesamani, Member (Distribution), TNEB

Chairman, TNERC, introduced Thiru K. Venugopal, new Member of TNERC and Thiru K. Kasthurirangian, a new member of the SAC and extended a warm welcome to the participants. In his opening remarks, the Chairman stated that the Chairman of TNEB has requested for leave of absence. He observed that the absence of Chairman / TNEB was unfortunate since vital issues needed to be handled during the meeting. The meeting was called exclusively for the TNEB subject.

At the outset , TNEB was advised to clarify the locus standi of TNEB in filing the petition in the light of the formation of three new entities viz., TNEB Ltd, a holding company, TANGEDCO and TANTRANSCO

Thiru. N.P. Nesamani, Member (Distribution), TNEB, clarified that, on 14-12-2009, the Hon'ble Chief Minister of Tamil Nadu inaugurated the formation of these companies but the transition process is yet to be completed. He also stated that TNEB Ltd should be the legal entity to present the subject matter. In the meantime, TNEB has sought extension of time for five months to continue with the present set up.

Thiru. S. Pancharatnam, General Secretary, CITU, stated that TANTRANSCO alone is competent to present the subject matter. TANTRANSCO being a Government undertaking, the Govt. alone can present the subject matter and in the absence of the Govt. representative, (Secretary/ Energy. GoTN was not present at that time) the discussion of the subject is untenable.

Member (Distribution), TNEB clarified that only TANGEDCO can present the case as they are the distribution Licensee in the state. Thiru. K. Venugopal, Member, TNERC informed that although Government is the owner of the company, the TANGEDCO should only file the petition since TANTRANSCO which is a transmission company, is not permitted to trade in power as per the Electricity Act 2003.

Thiru. Rathinasabapathy, endorsed the view of the Member / TNERC. He also added that the representation of the Government is not necessary. **Thiru. Abdullah Khan** stated that Transmission Corporation is meant to provide the grid facilities and they don't have any business in trading. **Chairman, TNERC** noted that tariff is fixed by the Commission based on petitions filed by the distribution companies. In this case, TANGEDCO is the legal entity to present the case. **Thiru K.Venkatesan** clarified that business operations of the new entities have not commenced. Till the assets and liabilities of the company are transferred, they cannot commence the business and until then, the original entity company shall continue. **Member (Distribution), TNEB** replied that the commencement of business certificate is yet to be obtained from the Registrar of Companies. **Thiru. S. Pancharatnam** stated that when CII approached the TNEB on 12th December 2009 with this proposal, TNEB was aware that they are going to be reorganized as companies and hence should have taken steps to file the petition by TANGEDCO and not by TNEB. **Thiru. Rathinasabapathy** stated that TNEB is in transition stage and decisions pertaining to employees liabilities, transfer of assets and liabilities have to be taken before commencement of business. He stated that TNEB has been unbundled only a few days back based on the requirements of the Electricity Act 2003.

TNEB made a presentation on the proposal mooted out by them in the petition, explaining the power scenario in the State with particular reference to

- a. Peak hour restriction imposed on the HT consumers.
- b. The request of CII to help the industry to come out of this peak hour restriction
- c. TNEB floating tenders on 3-12-2009 for the procurement of 200 MW for supplying it to 255 willing HT consumers in the State. Hence, TNEB had filed this petition before the TNERC under Section 62 and 86 (1)(b) of the Electricity Act 2003 for fixing a tariff not exceeding Rs.7/- per unit for supplying this 200 MW of additional power to the willing 255 HT consumers during evening peak hour restriction and relaxation of 20% power cut for these 255 willing HT consumers.

Dr. Abdullah Khan questioned the basis for the landed cost arrived by TNEB, and sought to know whether it includes line losses at the delivery point of the trader. Member (Distribution) clarified that the landed cost has been calculated at delivery point at TNEB periphery. **Thiru K. Venugopal, Member, TNERC** stated that open access is being arranged by the trader with a condition to deliver the power at the TNEB periphery. **Chairman, TNERC** wanted to know, if other States impose restrictions on sale of power outside, how the trader would supply power upto the TNEB periphery. Member (Distribution) clarified that, it is the responsibility of the trader to supply power upto the Tamil Nadu periphery.

Thiru. Vipin Jha, wondered why the TNEB should go in for tariff revision to HT consumers only instead of going for regular tariff revision. He also added that it is the duty of TNEB to supply power to all consumers. **Member (Distribution)**, TNEB, stated that, at present there is a shortage of 2000 MW. During day time, because of 2 hours load shedding 800 MW load is saved. On account of evening peak hour restriction, an additional of 1200 MW is saved. The proposal is purely to meet the demand of HT consumers, who opt to share the additional cost.

Thiru. T. Kannan stated that when this proposal is implemented, more HT consumers would opt for this arrangement, whereby the demand will increase three to four times. Will the TNEB be able to purchase and supply that quantity? **Thiru. Kumaravelu** stated that there is a demand of around 360 MW in Coimbatore region alone. TNEB has not sought the willingness from all HT consumers. Had it happened, more HT consumers would have opted for this arrangement. Equal opportunity has not been given by TNEB. TNEB has considered only 255 HT consumers who have committed themselves for this arrangement and recommended by the CII / SIMA. **Thiru R.Rajupandi, Member, TNERC** enquired, whether if additional power is made available only to 255 HT consumers, it would not

amount to discrimination vis-à-vis the other HT consumers ?. By quoting the petition filed by TNEB before the Commission, **Dr. Abdulla Khan** observed that it is clearly stated that only 255 HT consumers have responded, and if more consumers opt for this arrangement, it can be extended subject to availability. **Thiru. S.Rethinavelu and Thiru T. Kannan** informed that the process of inviting list of consumer who are opting under this scheme should have been transparent . Opportunity was not given to the HT consumers other than CII. **Member (Distribution)**, TNEB replied that TNEB has addressed all HT industrial consumers about this proposal and this arrangement is only in the first phase. If more number of consumers opt to come under this scheme and additional power is available, the same will be extended to other HT consumers.

Thiru. Kumaravelu stated that NTPC and TATA have quoted their rate only for 200 MW. They are not in a position to supply 1000 MW.. **Chairman, TNERC** wanted to know from TNEB how the power cut would be solved with the 200 MW power purchase since the evening shortage is around 1200 MW and day time shortage is 800 MW. **Member (Distribution)**, TNEB stated that the industries have supplemented their power with diesel generation .

Thiru. Pancharatnam stated that the Commission should be careful in deciding the petition filed by TNEB. The sustained peak requirement in Tamil Nadu is around 9,910 MW. Other non-CII members are also ready to take part in the proposed scheme. He further stated that CII approached TNEB only on 12th December 2009 and TNEB filed the petition before TNERC immediately in a hurried manner. It is not possible to address all 6500 MW consumers to seek their willingness. It was also noted by him that the traders will supply power only upto the delivery point and the landed cost will go upto Rs.11-12/unit. The Commission should not decide on this petition before obtaining the views of the Government and the power should be distributed to all HT consumers in a equitable manner. **Chairman, TNERC** stated that TNEB will supply power only to those HT consumers who opted to purchase at the rate of Rs.7/unit. **Member (Distribution)**, TNEB stated that the process had been started much earlier. TNEB had invited tender on 3-12-2009. The additional power will be sold to the HT consumers after making tripartite agreement which is based on availability of power. **Thiru. Rathinasabapathy** stated that this is an industrial issue and if the scheme is implemented it will be good for our country. TNEB or Government has not approached the HT consumers. In fact it is the HT consumers through CII have requested TNEB to implement this scheme and hence the views of the Government is not necessary. This is a problem between TNEB and HT consumers and hence even public hearing is not

necessary. **Chairman, TNERC**, clarified the necessity of holding the public hearing by quoting the provisions in Sec.62 and Sec 64 of the Electricity Act 2003

Thiru. Venkatesan wanted to know how the additional 200 MW is to be apportioned among the HT consumers. **Member (Distribution)**, TNEB replied that it will be apportioned on pro-rata basis. **Thiru. A. Vellaiyan** requested that all the HT consumers should be treated equally and available power should be allocated to all HT consumers equally. **Thiru. K.V. Shetty** stated that only 255 HT consumers have come forward to seek additional power and they are willing to share this additional cost equally. **Thiru. Sethuraman**, observed that all costs should have been included to arrive at the landed cost.

Chairman, TNERC queried on the available quantum of power over the period of five months. Is it possible to procure more than 200 MW of power? **Member (Distribution)**, TNEB replied that upto March 2010, 300 MW can be procured. **Thiru. S.V. Balasubramanian**, stated that 1000 MW of power may be procured even at more than Rs.7/- per unit and the available power to be given to all HT consumers. **Chairman, TNERC** suggested equitable sharing basis. **Thiru. T.Kannan** stated that the cost of additional power should be determined every month and the same can be given to willing consumers.

Thiru. DE. Ramakrishnan, stated that additional power distribution to only 255 HT consumers will be considered discriminatory and the Commission should analyse this matter thoroughly. **Thiru. S.V. Balasubramanian**, observed that if this proposal is accepted and if all the other HT consumers are willing to opt for this scheme then the cost of purchase at that time would certainly be higher than the present rate of Rs.7/-. **Member (Distribution)**, TNEB stated that this is the first phase and in future if more HT consumers opt for this, they would also be considered depending on the availability of power. **Thiru. A.Vellaiyan** stated that the additional power should be equitably shared. He observed that if the financial concessions are withdrawn by the Central Government after March 2010, the economy would dampen and the demand for power would decline.

Chairman, TNERC wanted to know from the TNEB, whether information was given to all HT Industrial consumers. **Member (Distribution)**, TNEB stated that out of 6000 HT consumers 3200 consumers have responded for a total of 1000 MW. **Thiru. Rathinavelu**, said that the letter addressed to HT consumers does not specify the relaxation of 20% power cut during day time. If they had mentioned this, then all the 6000 HT consumers would have opted to avail this arrangements.

Thiru. P.W.C. Davidar, Energy Secretary , stated that this arrangement had been made on the request of the CII to come out of the peak hour restriction and it is not the measure of the Government. TNEB is confident of supplying this 200 MW of power to the 255 HT consumers. The proposal of TNEB is only based on the firm commitment given by the 255 HT consumers for additional power. TNEB in this arrangement is only a channeliser for procuring power from the trader through bidding process. He stated the cost may vary with the maximum ceiling of Rs.7/- per unit. He endorsed the suggestion for equitable sharing of power.

Chairman, TNERC stated that if this 200 MW is distributed among the 255 HT consumers whether it will create disparity among HT consumers. Other consumers may also seek additional power. **Energy Secretary** stated that equitable distribution can be considered and there is a possibility to get more power in future.

TNEB stated that they have not started the tender process for procurement of additional 800 MW to meet the requirement of all those who have opted. **Thiru Venugopal, Member** stated that long term commitment for procurement is good for both seller and buyer and that TNEB should procure power of 200 MW for round the clock supply and another 800 MW for supply between 6 to 10 pm.. **Chairman, TNERC** suggested to the TNEB to float tender for additional power both for evening peak and day time requirement and evaluate the response. **Member (Distribution)**, TNEB replied that TNEB would float tender for procurement of 1000 MW of power immediately.

Thiru. Venkatesan observed that the task before the Commission is (i) to fix the tariff for reliability charge and (ii) equitable distribution..**Thiru. Kannan** stated that the pricing for additional power can be done in every quarter since the rate will vary. **Chairman, TNERC** said pricing of additional power in every quarter could be cumbersome.

As a general remark, **Thiru. Pancharatnam**, said this system of collecting reliability charge should also be extended to small scale industries. **Thiru. Kasturirangaiyan** stated that the TNEB's intimation does not contain the relaxation of 20% power cut and if this had been stated more HT consumers would have opted to come under this scheme.

Chairman thanked all the members for their participation.

Proceedings of the public hearing held on 30-12-2009

A Public Hearing was organized by TNERC on 30th December 2009 at Rani Seethai Hall, 603 Anna Salai, Chennai 600 006 to elicit the views of stakeholders on the two petitions filed by TNEB in M.P. No.21 of 2009 and I.A. No.19 of 2009 in M.P. No.21 of 2009, for determination of reliability charge to be levied on such of the HT industrial consumers who seek exemption from evening peak hour restrictions and relaxation of 20% power cut during normal hours.

All the members of the Commission attended the public hearing. Secretary, TNERC extended a welcome to the participants in the public hearing and requested them to present their views / comments on the subject matter. The views as stated by the stakeholders are as follows:

1. Thiru. D. S. Hanumantha Rao, former Member, TNERC

- The present proposal is good but not good enough because of the risks and uncertainties involved. The charges between the delivery point and the landed point have to be borne by the TNEB. However, such charges upto the delivery point shall be borne by the trader. But the consumption point is dispersed over 255 HT consumers. Whether the transmission and wheeling inside the Tamil Nadu Grid will be passed on to these consumers?
- The feasibility of the proposal is doubtful. Will power be available from the western region, where the shortage is high. The peak hour shortage and energy shortage in Maharashtra is around 20.9% and 30.9% respectively, whereas in Tamil Nadu the peak hour and energy shortage is 11.9% and 9.1%. The Maharashtra State Power Distribution Company Limited has started announcing “Zero Load Shedding Circles” one by one. Last fortnight Pune, Thane and Vashi have been brought under the scheme. The proposed strategy by TNEB is also the same by making purchase of power from external sources and passing it to the willing consumers. The trader may not comply with the trading requirements. Some monetary compensation has to be made. The compensation has to be paid if the trader fails to deliver the power or if TNEB is not able to supply power to the consumer. Power must be given instead of compensation. This is an opportunity for the Commission and TNEB to enforce some sort of energy conservation measures like the OFGEM in the UK. It enforces the consumers to use the energy efficiently.

- Some of the generators in Tamil Nadu like NLC-TPS I and ETPS are aged. TNEB can get power from MALCO at a cost of Rs.8/- per unit so that local T&D losses will be reduced. IPC Karamadai has a generating station with an installed capacity of 16 MW. If this is connected to the grid 10 MW can be exported to the grid. Similarly an aggregate of 800 MW and 1250 MW DG sets are not connected to the grid in Coimbatore and Chennai respectively. If a separate 11 kV / 22 kV / 33 kV ring main connection is established by forming a Special Purpose Vehicle, power from these DG sets can be efficiently used. The additional power proposed to be purchased should be extended to all the HT consumers who are willing to avail it.

The Chairman, TNERC intervened to add that the cost of generation from the DG sets is around Rs.11 to 12 per unit and whether it will be feasible to buy power at this rate by TNEB?

Thiru. Hanumantha Rao replied that if subsidy for the fuel is given, the cost of generation will come down to Rs.7/- per unit. The power from the DG set can be utilized during evening peak hours since power cannot be imported during evening peak hours from Maharashtra.

2. Thiru. J. Tulasidaran, Chairman, Southern India Mills Association

- SIMA is the single largest employer and the single largest HT consumer of TNEB. It requires continuous power supply. 90% of machinery utilization is required to achieve break even. Due to imposition of R&C measures, they could achieve only 55% of machinery utilization.
- In Maharashtra uninterrupted power supply to the industries was achieved by utilizing captive power plants in Pune. The KSERC in its interim order dated 24-7-2008 has approved dual pricing system wherein the additional power purchase cost has to be borne by the willing HT consumers.
- The neighboring States of Andhra Pradesh and Karnataka have not imposed any power cut and their industries are in an advantageous position. Tamil Nadu, with the present peak hour restriction and power cut, is not able to compete with the production achieved in Andhra Pradesh and Karnataka. Hence, the present proposal of TNEB to give additional power at additional cost will improve the productivity of textile industries in Tamil Nadu.
- This proposal should not be a precedent for future tariff revision with respect to HT industries. The present proposal for fixing the reliability charge for supplying additional power may be approved early.

3. Thiru. K. Vijayan, President, CITU, TNEB

- In Tamil Nadu there are 6400 HT consumers. TNEB has submitted the proposal based on CII recommendation to avail additional power 255 of its members. This defeats the basic concept of electricity for all. How can a group of selected consumers alone be given this facility at Rs.7/- per unit ?. When market rate of power during April 2009 was more than Rs.10/- per unit, how can TNEB supply at Rs.7/- per unit.?
- The additional burden due to the increase in the cost of supply will have to be borne by TNEB, which is already suffering from huge financial losses. When the LT consumers are subjected to two hours load shedding, how this select group can be supplied with continuous power supply ? Every one should be equal before law. When there is 20 to 30% of power shortage prevailing in India, the additional power cannot be supplied.
- If this 200 MW is purchased, there should be equitable distribution among all HT consumers and there should not be any disparity.
- With the formation of TANTRANSCO and TANGEDCO, which are limited companies of the Government of Tamil Nadu, whether this is a proposal of the Government or the TNEB.

4. Thiru. Easwaramoorthy, General Manager, TN Power Producers Association

- For the first time in the history of TNEB, TNEB has acted as a power broker.
- When TNEB is supplying power during peak hour at a cost of Rs.4.20/- per unit fixed by TNERC why TNEB now desires to purchase power from selected generators at a cost of Rs.7/-. This is unreasonable. Why TNEB should procure power when peak hour power is available in the open market from private generators even now?
- When Open Access facility is available both intra state and inter state, if this proposal of TNEB is approved by TNERC, then it will send wrong signals to HT consumers. Hence such discrimination should be avoided and HT consumers should be permitted to purchase power directly from the generator without the intervention of TNEB.
- A plain reading of the proposal would convey that TNEB is trying to revise indirectly the tariff for the HT consumers without the revision of tariff by the TNERC. It will circumvent the statutory law and the Commission should not permit such indirect tariff revision by TNEB.

5. Thiru. R. Kittusamy, MD, Swami Palani Andavar Spinning Mills (I) Limited, Vellakovil

- Consumers are suffering from 2 hours load shedding and four hours peak hour restrictions resulting in six hours of power cut
- The power looms are already running at a loss. If the present proposal is approved then the textile mills will be greatly affected.
- In order to avoid R&C measures, consumers are availing more number of LT CT services in a single premise instead of availing one HT service. This should be curbed by TNEB.

6. Thiru. K. Natanasabapathy, Periyar Maniyammai University, Thanjavur

- Since TNEB has imposed 2 hours load shedding in the 11 kv feeders they are using DG sets during this time. Hence, TNERC may initiate measures for 50% discount for purchase of generators.

7. Thiru. N. Veerasigamani, GM, India Lantech Park, Ambattur

- This reliability charge rate is quite reasonable.
- How TNEB proposes to measure the peak hour consumption?
- Whether this proposal will have impact on demand charges?
- Is there any subsidy for diesel for those who opt to generate power by using DG set during peak hour?

8. Thiru. Vettavalam Manikandan, State President, Tamil Nadu Farmers Association

- Electricity is common to all.
- Industrial and agricultural sectors are important for the growth of the country's economy.
- TNEB should supply 3 phase uninterrupted power for agricultural consumers.
- If the AT&C losses in Tamil Nadu are reduced, the power saved can be given at free of cost to the agriculturist.
- We are not objecting to the importance given to the industries. But due consideration should also be given to agriculture.

9. Thiru. C. Easwaramoorthy, Vellakovil Openend Spinning Mills Association, Tirupur District

- It is a continuous process industry. Power interruption will affect production.
- HT consumers already incur heavy amount in getting HT services, whereas the LT CT consumers have invested less and enjoying the benefits without R&C. Hence, LT CT consumers should also be included in the R&C measures.

- The Commission may consider giving power at concessional rate to HT industries at par with LT industries..

10. Thiru. G. Ayyarappan, AGM (Quality and MR), TI Automotive, SIPCOT, Irungattukottai

- During evening peak hours the present 5% quota is not sufficient enough to switch on even the street lights in their campus
- The present proposal is useful to them and is a welcome feature

11. Thiru. J. Selvam, Tamil Nadu Chamber of Commerce & Industry, Madurai.

- Get opinion from all HT consumers throughout Tamil Nadu.
- Extend this additional power to all HT consumers uniformly.

12. Thiru. S.K. Palaniappan, VP (Engineering), India Cements Ltd.

- The proposal will improve the economy of the State.
- The additional power should be given on “no loss no gain” basis.
- If power supply position improves, the current base demand and energy has to be enhanced.
- The procedure for allocating this additional power has to be formulated.
- In addition to this proposal, power should be purchased from the willing CPPs also.

13. Thiru. M. Kannan, Asst Manager, Rane Brake Lining, Ambattur

- Whether any additional (demand) charges will be imposed for the additional power?

14. Thiru. S.C. Bose, FABTECH, Ancillary Unit for BHEL, Ranipet

- Morning power cut is imposed at 8.00 A.M. The resumption of power is not known, since our industry is located amidst agriculture belt.
- Our company is connected with rural feeder where both agriculture and industries are connected and hence requested separate transformer for industries.

15. Thiru. K. Venkatachalam, Chief Advisor, Tamil Nadu Spinning Mills Association, Dindigul

- Good move but highly impracticable.

- The present shortage is around 1800 MW. If the proposal of the Government of Tamil Nadu to distribute 40 lakhs colour television materializes before 2011, the shortage on account of this would increase to 2040 MW.
- How the 255 HT consumers alone were selected by TNEB?
- Our association has 2000 members and they are also ready to avail this scheme. Whether the additional 200 MW is sufficient ?
- Principles of equity should be adopted and there should not be any preferential treatment.
- How this 200 MW is going to be distributed ? Is it first come first served basis?
- Is there any indirect charges exceeding Rs.7/- per unit?
- Clear working instructions should be submitted to the Commission and got approved.
- Opinion should be sought from all stake holders on the working instructions.

16. Thiru. V.R. Kothandaraman, Chief Engineer (Retd), TNEB

- Reliable grid should be available. Without that there will not be reliable power.
- The Grid indiscipline should be avoided. Recently TNEB was fined by CERC for grid indiscipline
- How TNEB is going to meet the extra commitment beyond 200 MW?

17. Thiru. B. Udayachandran, AGM, Lucas TVS, Chennai

- They are not able to forecast their power cost since it is volatile.
- Wanted clear cut working instructions from TNEB for forecasting their future power cost?
- Peak hour restriction of 5% should be enhanced to 10 or 15%
- Immediate decision should be taken on this proposal.

18. Thiru. K. Swaminathan, Secretary, South Indian Kraft Papers Association

- The proposal will benefit their members though the cost of this additional power is high
- Restriction on demand should be released if paper mill is going to use continuous power.
- Basis of reliability charge to be worked out.
- If reliability charge is levied, uninterrupted power should be given.

19. Thiru. S.S. Balachandran, Prabha Auto Products, Chennai 77

- The proposal is most welcome

20. Thiru. Radhakrishnan, Addisons Limited, Irungattukottai

- Whether additional MD charges will be imposed?
- Is there any assurance for 24 hours power supply?
- Whether any penalty is proposed on TNEB, if 24 hours power supply is violated?

21. Thiru. M. Dharmaraj, Sri Venkatesa Group, Udumalpet

- How TNEB selected this 255 HT consumers alone since there are around 8000 HT consumers.
- This facility should be extended to all the willing consumers.

22. Thiru. P.K. Raman, Ramachandra Crushing Company Pvt Ltd

- Will there be any demand charges in addition to Rs.7/- per unit?
- 5% power during peak hour restriction is not sufficient.

23. Thiru. G. Balasubramanian, Jumbo Bag Limited, Ponneri

- With the reliability charge provision, will TNEB give assurance to supply power without load shedding?

24. Thiru. A. Ramasamy, Santhanam Packaging Pvt Ltd., Tuticorin

- Whether the present proposal is applicable to continuous process industry?
- Whether the power holidays of seven days will be reduced on implementation of this scheme?

25. Thiru. V. Lingesh, Prabha Auto Products Pvt Ltd., Chennai 77

- Will there be any demand charges in addition to Rs.7/- per unit?

26. Thiru. S. Iyempandi, IYKOT Hi-tech Tools Limited

- Electricity should be supplied to all the industrial consumers at the same rate
- The proposed rate of Rs.7/- is high and hence should be reduced.

27. Thiru. T.R. Rangamannar, Sholingar Textiles Limited, Sholingar

- Detailed working instructions should be issued along with the order

28. Thiru. P. Palanichamy, Indo Shell Mould Limited, SIDCO, Coimbatore

- Whether Rs.7/- is inclusive of all cost?

29. Thiru. G. Selvam, Senior Manager, Fine Point Industries P Ltd., Chennai

- Whether the proposed Rs.7/- per unit is inclusive of Rs.3.50 per unit presently charged for HT consumption or exclusive of Rs.3.50?
- Whether there will be any additional demand charges?

30. Thiru. P. Kumar, Manager, Jamna Auto Industries Limited, S.P. Koil

- Peak hour restriction should be removed.
- The proposed rate of Rs.7/- per unit is acceptable.
- The applicable period of the proposal should be clarified.
- Continuous supply of 18 hours should be maintained.

31. Thiru. K.S. Nagesh, AGM, M/s. Rambal Limited, Tiruporur

- CII initiative is commendable
- During evening peak hour restriction, whether the 5% quota will be charged at normal rate and excess of 5% will be charged at Rs.7/- per unit.
- Whether the two months deposit for reliability charge is for the total consumption or for the additional power?
- When the implementation of this proposal will commence?

32. Thiru. G. Muthusamy, Sidhi Smelters Private Limited.

- Demand quota fixed by TNEB is not sufficient to run the industry. TNERC should look into the matter and do the needful.

33. Thiru. P.R. Sudhakar, Brakes India Limited, Chennai.

- How the demand is going to be met?
- The proposal should address both demand and energy charges.
- Whether this reliability charge of Rs.7/- is over and above the base energy charges?

34. Thiru. V.T. Devarajan, The Willingdon Charitable Trust

- Relaxation from peak hour restriction for sangitha sabhas, since their programmes are mainly conducted during evening peak hours.

Chairman, TNERC intervened to say that commercial services are exempted from peak hour restrictions.

35. Thiru. P. G. Sundarrajan. PSA Industries Pvt Ltd, Chennai 1

- There should not be any indirect charges apart from Rs.7/- per unit.
- We have not received any offer letter from TNEB on this proposal.
- There is no level playing and how TNEB selected only 255 HT consumers?
- Commission has to assess the requirement of power for the next five years and advise the Government accordingly.
- HT industries should have continuous power supply for the development of the country.

36. Tmt. Ponmalar Duraisamy, Vel Hi Tech Industries, Thirumalizhai

- Selection of only 255 HT consumers is violation of Article 14 of our Constitution.
- Reliability charge is not found either in the Electricity Act 2003 of Indian Electricity Rules 1956.
- The ATE in its judgement dated 4.12.2009 has scrapped the proposal of charging reliability charge by Maharashtra.
- Imposing reliability charge is like black marketing of electricity.
- TNEB should pay compensation to the consumers as per Section 57 of the Electricity Act 2003, for load shedding.
- Commission to prepare the list of beneficiaries under this scheme.

37. M/s Manali Petro Chemical

- TNEB had sent the letter only for relaxation for peak hour restriction for which they have applied. But for 20% power cut they had not sent the letter and therefore they did not apply for the power cut portion. Whether they can now apply for availing the 20% power cut portion also, at this stage?

38. AGE Group of Companies

- All HT consumers should be given equal opportunity
- Selection of only 255 HT consumers is not justified. Commission has to prepare the list.

39. Thiru. Devarajan, Tuticorin

- Monthly minimum to the HT industries should be charged only for actual recorded demand.
- Why power cut is imposed only to HT industries? Whereas LT industries are enjoying without power cut.

40. Thiru. Jayaraman

- Fix only MD quota instead of energy quota since shortage is only on Maximum Demand.

41. Thiru. Thangavelu, Sivaganga

- Why TNEB cannot consider reliability charges for less than Rs.7/- per unit?
 - This proposal should also be extended to LT consumers.
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Response of the Chairman / TNEB

This was a proposal mooted by CII and SISMA. Right at the initial stage of discussion, TNEB intimated CII that Open Access is permitted both for the generator and consumers and there is no need of TNEB to intervene between the generator and the consumer. Consumers can directly source power from outside for their use. However, CII expressed practical difficulties and wanted TNEB to help them out. It is at this stage, TNEB has filed the petition seeking approval to supply power to those who are interested to utilize power between 6 pm to 10 pm at a rate not exceeding Rs.7/- per unit. This scheme is open to all HT consumers and it is not a compulsion. The present shortage of power is likely to continue for another one year. The demand and supply gap is around 2000 MW and may go up by 18 to 20%. The net deficit to the industries is around 1200 MW per day as of now. They have no immediate solution to meet this shortage. In such a context, this, suggestion mooted by CII and SIMA agreeing to pay higher rate than the tariff is welcome.

The selection of 255 HT consumers is only a proposal to the Commission as of now. Once the process is finalized other HT consumers will be taken care of. The 255 HT consumers are only intending consumers and this number may go up or down. Basically the worry of TNEB was that if we agree to the proposal of CII and buy power from the open market and then some of the HT consumers back out, then this would pose an additional burden on the TNEB. Hence, TNEB obtained firm commitment from 255 HT consumers, to make a start Rs.7/- per unit is only an indicated price and TNEB does not want to make any profit out of that. It is basically a revenue neutral proposal. This additional power will be supplied on acceptance by both the Commission and the public. The indicated rate per unit is inclusive of all charges and there is no hidden cost.

If demand is more than 80%, additional demand charges will have to be collected. As per the policy of the Government, round the clock supply is maintained for Chennai City, 2 hours load shedding in other areas and 10 hours power supply is given to the agricultural sector. TNEB wants to encourage all industrial consumers.

Extension of R&C measures for LT CT services has to be decided by the Government. Commission may address the legality in extending power only to the selected consumers and equality before law. Whatever the charges levied are direct and approved by the Commission. TNEB will place the working instructions for the approval of the Commission. This proposal has been envisaged upto May 2010 since the availability of wind power etc., beyond that period is not certain.

As per Section 62(3) of the Electricity Act 2003, the Commission has to decide the tariff matter. Regarding the issues other than the reliability charge associated, such as MD quota etc., the consumers can approach TNEB directly.

Chairman, TNERC concluded the public hearing by thanking all the participants who had offered their views / comments on the petition of TNEB.

Annexure III**Illustration**

1.	Base demand of HT industrial consumer	1000 KVA
2.	Base energy of HT industrial consumer	5,00,000 units
3.	Quantum of power cut between 6.00 p.m and 10.00 p.m.	95%
4.	Quantum of power cut during the remaining time	20%
5.	Demand quota	800 KVA (80% of 1000 KVA)
6.	Energy quota	4,00,000 units (80% of 5,00,000 units)
7.	Demand quota between 6.00 p.m. and 10.00 p.m.	40 KVA (equal to 5% of 800 KVA)
8.	Demand quota during the remaining hours	800 KVA
9.	Energy quota between 6.00 p.m. and 10.00 p.m.	20,000 units (5% of 4,00,000 units)
10.	Energy quota during the remaining hours	3,80,000 units (4,00,000 units minus 20,000)
11.	Additional demand supplied by the TNEB pursuant to the present arrangement between 6.00 p.m. and 10.00 p.m. (for example)	860 KVA
12.	Total demand supplied by the TNEB pursuant to the present arrangement between 6.00 p.m. and 10.00 p.m.	40 KVA + 860 KVA = 900 KVA
13.	Additional demand supplied during the remaining hours by TNEB pursuant to the present arrangement (for example)	150 KVA
14.	Total demand supplied by the TNEB during the remaining hours pursuant to the present arrangement	950 KVA (800 KVA + 150 KVA)
15.	Billable demand prior to supply of additional power @ Rs.300 per KVA	90% of 800 KVA = 720 KVA or actual recorded demand whichever is higher
16.	Demand reckoned for billing consequent to supply of additional power	Higher of Sl. No.12 or Sl. No.14 i.e. 950 KVA
17.	Billable demand consequent to supply of additional power @ Rs.300 per KVA	90% of 950 KVA or actual recorded demand whichever is higher
18.	Billable energy consequent to supply of additional power	Out of total consumption, a) additional energy requisitioned by the consumer shall be charged at the higher rate b) the balance shall be charged at the normal rate