



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

PRESENT

Thiru S.Kabilan - **Chairman**
Thiru B. Jeyaraman - **Member**
And
Thiru R. Rajupandi - **Member**

M.P.No.43 of 2008

The Chairman,
Tamil Nadu Electricity Board,
800 Anna Salai,
Chennai 600 002

... **Petitioner**

In the matter of petition for considering suspending of cross subsidy surcharge for third party sale as per Section 42(2) of Electricity Act.

The above M.P.No.43 of 2008 praying for temporary relinquishment of the right to levy cross-subsidy surcharge for a period of six months or till the situation improves and R&C measures are withdrawn came up for hearing on the 5th December 2008. The Commission upon perusing the above petition and connected records and upon hearing

the learned counsel for the Tamil Nadu Electricity Board passes the following order, namely:-

ORDER DATED 5TH DECEMBER 2008

Cross subsidy surcharge legitimately accrues to the distribution licensee in terms of the Electricity Act 2003 and the Intra-state Open Access Regulations, 2005 of the TNERC. Voluntary relinquishment of this surcharge does not require approval of the Commission. But, the relinquishment is subject to the condition that as and when the distribution licensee files a petition for tariff revision, the loss attributable to the relinquishment of cross subsidy surcharge shall not be reckoned by the Commission as a revenue loss to the licensee.

2. Relinquishment of cross subsidy surcharge by the distribution licensee has not brought down the price of electricity in the open market, if that was the objective behind the relinquishment of TNEB. Currently power is sold by captive generators to industrial consumers in the range of Rs.7.50 per unit which cannot be considered cheap. The revenue, which would have otherwise accrued to TNEB by way of cross subsidy surcharge in the range of Rs.1/- per unit for industrial consumers and Rs.3/- for commercial consumers, has been forfeited by TNEB voluntarily.

Pronounced in the open court by this Commission on the fifth day of December
2008.

Sd/-
(R. RAJUPANDI)
Member

Sd/-
(B. JEYARAMAN)
Member

Sd/-
(S. KABILAN)
Chairman

/True Copy/

SECRETARY
Tamil Nadu Electricity
Regulatory Commission