BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Date : / /2002

CORAM : Shri B.M. Oza, Member
Shri R.K. Sharma, Member

PETITION NO. 45/2001

ORDER

This is a petition filed by Surendranagar District Industries Association. Shri Navin Jobanputra, Honorary Secretary of the Association appeared on behalf of the petitioner. GEB was represented by Shri A.J Buch, Officer on Special Duty and the Govt. of Gujarat was represented by Shri R.K. Shah, Under Secretary. The petitioner also filed two additional submissions amplifying the pleas advanced in the original petition. The petitioner has prayed for the following reliefs:-

(a) The consumers covered under Tariff LTP-III should be given permission to choose to switch over to Tariff rate LTP-IV.

(b) In the event of granting permission to so switch over from LTP-III to LTP-IV, the applicable demand charges should be pro-rated to 30% of LTP-III rate charges in line with the provisions for HTP-I consumers.

(c) The annual minimum charges for seasonal consumers under tariff rate LTP-IV should be determined in proportion of 30% of the annual minimum charges applicable for seasonal consumers under LTP-I.

(d) The seasonal consumers covered under LTP-III and opting to switch over to LTP-IV, the annual minimum charges should also be pro-rated to 30% of the annual minimum charges applicable for LTP-I seasonal consumers.

(e) Recovery of fix charges from the consumers governed by tariff rate LTP-IV is to be made @ 30% of the rates applicable under tariff rate LTP-I. On the same line, the annual minimum charges of normal and seasonal consumers opting for LTP-IV tariff should also be fixed at 30% of the rates in the original tariff.

(f) The demand charges for seasonal consumers covered under tariff rate HTP-I switching over to HTP-IV should continue to opt to be seasonal consumers and also be fixed at 30% of the charges recovered under tariff rate HTP-I.

(g) The Commission may determine the annual minimum charges for seasonal consumers switching over to LTP-III from LTP-I.

2) The petitioner argues that on the issue of the Commission orders on 10.10.2000 and 22.12.2000 it had noticed some bonafide mistake and had immediately taken up the matter on 22.1.2001. The matter was also taken up with GEB by the Federation of Gujarat Industries, Baroda on 17.2.2001. However, no action has yet been taken by the Board and hence this petition has become necessary. The petitioner has given the following reasons in support of the prayers:-

(a) At present LTP-IV is the only tariff meant for the consumers who use power only during night time. The State is undergoing an acute shortages of power at present and in these circumstances it is desirable that the electricity is used during night time also. In these circumstances, it is anomalous that while consumers governed by LTP-I tariff can opt for night tariff, i.e. LTP-IV, but those consumers governed by LTP-III tariff i.e. maximum demand tariff have not been given opportunity to opt for exclusive night tariff LTP—IV. This arrangement has become

discriminatory between two sets of industrial consumers and since sufficient night power is available the Board is a loser and the consumer is also required to pay more.

(b) The consumers using power only at night under LTP-IV tariff are enjoying about 70% concession in demand charges as well as fixed charges and their energy charges/unit are also lower. In these circumstances, there does not appear to be any logic in not giving concession in the minimum charges; it appears that in the tariff order the fixation of minimum charge for seasonal consumers seem to have been left out inadvertently.

(c) Those consumers covered by LTP-I and HTP-I tariff can opt for seasonal rates and annual minimum charges in their case have also been prescribed. However, the LTP-I consumers can opt for LTP-III tariff. LTP-I consumers availing seasonal tariff can also opt for LTP-III tariff, but no minimum charges for seasonal consumers of LTP-III have been prescribed.

3) Shri A.J. Buch, who appeared on behalf of GEB, reiterated the arguments given by the Board in their reply to the petition. The Board has neither specifically supported nor opposed the prayers made by the petitioners, but has put forward various contentions for consideration of the Commission.

4) GEB in their written submission has made the following points :-

(a) LTP-I is the basic tariff for the industrial consumers using electricity at low voltage. The other tariff rates like LTP-II, LTP-III and LTP-IV are optional tariff rates. Under the present tariff structure, while one can opt from the basic rate to any of the optional rates and *vice-versa* there does not seem to be any provision to opt from one optional rate to another optional rate. The present proposal in the petition is to enable a consumer

to opt from one optional rate to another. Another difficulty which is envisaged is for the LTP-III consumer opting for night tariff. This will amount to this consumer returning to LTP-I and then opting for night tariff. Now, LTP-III tariff is based on maximum demand of 20 to 80 KW while the limit for LTP-IV tariff is 125 HP. Therefore, in the implementation of option between load based tariff and demand based tariff, difficulties are likely to arise to those consumers who exercise option in the first two years after the first option should be able to keep intact their contracted demand with the Board.

(b) As far as the fixed charges are concerned, the formula of 30% of the demand charges can not be directly applied to LTP-III consumers opting for LTP-IV tariff. This is because the provision of contracted load between LTP-I and LTP-IV is similar, but it is different in case of LTP-III tariff.

(c) The petitioner has suggested that within the LTP-IV tariff there should be a separate arrangement of demand based fixed charge and that should be only 30% of the demand charge of LTP-III tariff. As such proposed arrangement will amount to introduction of a new tariff at this juncture.

(d) Both LTP-III and LTP-IV are some kind of concessional tariff. Therefore, permission to opt from LTP-III to LTP-IV will amount to permission to opt from one concessional rate to another concessional rate. It is required to be seen whether the principle of rational tariff can be maintained in such an arrangement. Similarly special arrangement exists for calculation of minimum charges for seasonal consumers. Here also as prayed by the petitioner, if the seasonal consumers are allowed to opt for LTP-III tariff and their seasonal minimum charges are given @ 30% as demanded by the petitioner it should be seen whether the principle of rational tariff is maintained in such cases. The petitioner has also requested for annual minimum charges in LTP-III and LTP-IV tariff. Acceptance of this

suggestion will also mean an addition of new tariff rate in the present structure. Here, it may be noted that in LTP-IV tariff there is no provision for monthly minimum charges.

(e) Beside this, seasonal consumers who are opting for annual minimum bill, if they are allowed to change between different tariff rates twice in a year then it will not be possible to maintain the annual minimum bill and therefore, this proposal can not be accepted. It may be mentioned here that different tariff rates have been structured after taking the specific requirement of various consumers and if for one tariff rate the provisions of another tariff rates are imposed then it will lose the specific characteristic of its own.

(f) The Board has also stated that the Commission has started with its first tariff order the process of rationalization, which will continue even in future. Therefore, radical changes in tariff structure like those proposed in the present petition can be taken up only at a future date after considering the review of the entire tariff structure and not on piece meal basis.

5) The Government had nothing to add to these submissions made by the Board.

6) We have considered the arguments advanced by both sides. Briefly stated, the petitioner wants the following changes in the tariff structure.

(a) Option for the LTP-III consumers to go over to night tariff. If LTP-III consumers are allowed to opt for LTP-IV tariff directly, demand charges should be charged at 30% (like HTP-I).

(b) Special Tariff rates for seasonal consumers corresponding to LTP-III tariff and LTP-IV tariff.

(c) Annual minimum charges for such seasonal consumers to be fixed at 30% of the present fixed charges in LTP-III and LTP-IV tariff in the similar manner as it is done at present for LTP-I consumers.

(d) For HT consumers opting for night tariff on seasonal basis may be charged annual minimum demand charge at 30% of normal minimum demand charges.

7) Let us take the first demand. This relates to option to be made available to the industry using LTP-III tariff to the exclusive night tariff. It may be mentioned that both these tariffs were introduced by us in our order dated 10.10.2000. The LTP-III tariff was carved out, out of the original tariff LTP-I specially for those consumers who had large connected load, but lower maximum demand at a given time. This was done as a result of submission made by various industries association in the course of hearing. The new tariff, i.e. LTP-IV tariff was introduced mainly to enable the industry to use power during night time and also to enable the Board to improve their load factor by increased use of power during night time. The existing tariff structure permits the consumers of LTP-I tariff to switch over to LTP-IV tariff, i.e. night tariff. There is no direct option for the consumers of LTP-III tariff to switch over to LTP-IV tariff. They are required to first switch over to LTP-I and then switch over to LTP-IV . Since there are restrictions on the number of options which they can exercise, such switch over becomes long drawn and difficult. We feel that the purpose of night tariff was to enable all industries to make use of power at night at a lower cost and cut down the cost of production if it is convenient to them. This purpose is not served by making it more difficult for a section of consumers to switch over to night tariff. This difficulty, therefore, needs to be removed.

8) As regards determining the fix charges for LTP-III consumers opting for LTP-IV or night tariff we feel that this should be done on the same line

as the consumers opting from HTP-I to HTP-IV since this is also a demand based tariff. In order to specify these rates a new tariff need to be added in Part-I of the Annexure-H to our Order dated 10.10.2000 as amended by our Order dated 22.12.2000 containing the Schedule of Tariff for supply of electricity at low and minimum voltage.

9) We, therefore, order that para 4.5 may be added in this Schedule as follows :-

"4.5 <u>RATE LTP-IV(A)</u> :

This tariff is applicable to consumers using electricity for motive power services for minimum contract demand of 20 KW and upto 80 KW at low voltage and using electricity exclusively during night hours from 10.00 P.M. to 6.00 A.M. The supply hours shall be regulated through time switch to be provided by the consumer at his cost.

4.5.1 <u>Fixed charges per month</u> :

Thirty percent of the fixed charges specified in RATE LTP-III above

<u>PLUS</u>

4.5.2 <u>Energy Charges</u> :

For entire consumption during Month	300 paise per unit

4.5.3 <u>Reactive Energy Charges</u> :

For all reactive units (KVARH) drawn during the month	10 Paise per KVARH

<u>NOTE :</u>

(i) *5% of total units consumed and 5% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance*

(ii) *For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.*

(iii) *This tariff shall be applicable if the consumer so opts to be charged in place of LTP-III tariff by using electricity exclusively during night hours as above.*

(iv) *The option can be exercised to switch over from LTP-III tariff to LTP-IV(A) tariff and vice-versa twice in a calendar year by giving not less than one month's notice in writing."*

10) The other demand of the petitioner involves creating tariff for seasonal consumers within the ambit of LTP-III and LTP-IV and HTP-IV. We feel that seasonal tariffs were exclusively meant for specific consumers and they were an all-inclusive tariff package. There was no intention in the tariff structure to create separate seasonal tariff within each of the different tariffs which we have prescribed. LTP-III, LTP-IV and HTP-IV tariffs have been created for specific needs for specific consumers. There is no question of creating further seasonal tariffs with reference to each of these tariffs. The consumer may either opt for seasonal tariff as is existing today or he may opt for LTP-III, LTP-IV, LTP-IV(A) and HTP-IV whatever is advantageous to him. Creating seasonal tariff within each tariff will complicate the tariff structure without corresponding gain. We do agree with the contention advanced by the Board that such changes can be considered only at the time of comprehensive review of the tariff structure on the next available occasion.

We order accordingly. With these orders, the petition stands disposed of.

Sd/-

(B.M. OZA)
MEMBER

Sd/-

(R.K. SHARMA)
MEMBER