BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Date 23rd April 2001

CORAM: Shri B.M. Oza Acting Chairman & Member (Fin.)
Shri R. K. Sharma Member (Tech.)

IN THE MATTER OF WAVIER OF MINIMUM CHARGES OF ELECTRICITY TO THE RECENT EARTHQUAKE AFFECTED INDUSTRIES.

ORDER

23/4/2001

This is a reference from the State Government requesting the Commission to permit the Government to waive minimum charges of electricity to the recent earthquake affected industries which are covered under Zone- IV & V of earthquake prone area for a period of one year with effect from 26th January, 2001. The Commission has also been requested to issue necessary orders regarding the manner and mode to meet the financial losses to Gujarat Electricity Board, Ahmedabad Electricity Co. and Surat Electricity Co.

The Commission noted that Surendranagar District Industries Association has requested the Commission in its letter received on 21/4/2001 to join it as a party in this proceeding. We find that request from the said Association is a plain letter and not a petition in terms of Gujarat Electricity Regulatory Commission (Conduct of Business) Regulations 1999. However, consideration of the matter on hand reveals that reference of the State Government is restricted to only the determination of losses to the utilities as a result of decision of the Government. It does not involve any decision, namely declaration of the area as earthquake affected area or the quantum of waiver to the industrial unit etc. Therefore, there being no issue before the Commission which directly affects the consumers or consumer organizations of which the said Association is also one, we are of the view that looking at the nature of proceeding before us in this matter, there is no need to join the said Association as a party.

On behalf of State Government, Shri A.B. Panchal, Additional Industries Commissioner stated that relief was available only to small, medium and large scale registered industrial units, which were affected by the recent earthquake. Both the conditions were therefore necessary to be fulfilled for extending the relief of waiver of minimum charges of electricity.

Shri V.C. Shah presented the case on behalf of GEB. In the written submission, the Board had estimated financial impact of the waiver for various consumers in the affected area also which included hotels & other commercial establishments like cinema houses and railways which are not intended to be covered by the Government notification. The Board stated that overall loss on account of waiver of minimum charges is likely to be equal to Rs. 1.75 crores per month or Rs. 21 crores per year.

On behalf of the Ahmedabad Electricity Company, Shri Sharma stated that city of Ahmedabad was not included in Zone - IV & V and therefore no industrial units would be eligible for relief. Shri Panchal confirmed this position on behalf of Department of Industries, Government of Gujarat.

It was also stated by the Industries Department that the city of Surat was also not covered under Zone-IV & V of earthquake prone area.

It is seen from the estimate prepared by the Board that they had not taken in to account both the conditions which are necessary to be fulfilled for waiver of minimum energy charges. It is therefore necessary that the Board should co-ordinate with the Department of Industries and obtain the list of affected industrial units. It has been stated by the Department of Industries that the certificates have been issued to the affected industrial units. On the basis of these certificates the Board should lay down appropriate procedure to grant relief of waiver of minimum charges.

Considering all the facts presented before the Commission, we are of the view that on the basis of this data it is not possible to assess the exact financial loss which the Board may suffer as a result of the decision of the State Government for waiver of minimum charges. The loss in this case will arise only when the affected industrial units are not able to operate at a consumption lower than that laid down level for minimum charges. This will depend upon the rate at which the industrial recovery takes place in the affected areas. We therefore feel that at this stage it is not possible to assess the amount of loss which the GEB is likely to suffer.

Under these circumstances, we direct that GEB should follow the procedure mentioned above in consultation with the Department of Industries and then work out the exact amount of loss suffered by them and approach the Commission for necessary orders regarding the manner and mode to meet the financial loss suffered by them. A proposal containing these figures and computation may be submitted to the Commission latest within a period of six weeks from the date of this order. However, pending the determination of the quantum of loss and necessary orders in this regard, the orders on waiver of minimum charges of electricity to the recent earthquake affected industries which are covered under Zone-IV & V of earthquake prone area for a period of one year with effect from 26th January, 2001 as decided in the Government Resolution dated 5th March, 2001 is hereby permitted to and the

GEB is allowed to apply the decision of waiver of minimum charges in their bills issued to the concerned industrial consumers accordingly.

Sd/-

B.M.OZA
ACTING CHAIRMAN
MEMBER(F)

Sd/-

R.KSHARMA
MEMBER(T)

Place: Ahmedabad
Date: 23rd April, 2001