

**GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Explanatory Note for Draft Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Second Amendment) Regulations, 2019

The Gujarat Electricity Regulatory Commission in exercise of the powers conferred under Section 181 (2) (u) read with Section 45 and 46 of the Electricity Act, 2003 (36 of 2003) and all powers enabling it in that behalf, has notified the GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005 (Notification No. 9 of 2005) vide notification dated 31.03.2005 and GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (First Amendment) Regulations, 2010 (Notification No. 2 of 2010) vide notification dated 05.03.2010.

Gujarat Urja Vikas Nigam Limited (GUVNL) has filed Petition No. 1829 of 2019 before the Commission for approval of levy of per kVA based charges from applicant toward expenditure to be incurred by Distribution Licensee for providing power supply at 11 kV / 22 kV voltage level for new HT connection / additional demand.

- In respect of Low Tension (LT) new electricity connection / load extension, the Regulations (Notification No. 9 of 2005) provides that Distribution Licensee may dispense with recovery of expenditure on per kW basis. Accordingly, State owned Distribution Licensees have already adopted per kW based estimate for new LT connection/load extension with effect from 01.01.2011 as per the terms and per kW charges approved by the Commission from time to time.
- Further, in respect of applications for new High Tension (HT) and Extra High Tension (EHT) connection / load extension, the State owned distribution licensee are recovering charges on actual expenditure incurred at prevailing cost data as per Regulation 5 of the GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005.
- As per the present provisions of the regulations, the amount of estimate for new HT Connection/Load Extension is governed by two major factors namely (a) Location of Power Supply to be catered with respect to existing feeder or sub-station and (b) Balance load catering capacity available in such existing nearby feeder/sub-station against the new/additional demand sought for. This is resulting into major variations in the estimate amount to be recovered from HT/applicant for new connection/additional load and also leads to wide variability and non-uniformity in the estimate charges.

- Moreover, various consumer groups / applicants have been representing to rationalise and bring uniformity in the charges to be recovered by Distribution Licensees from an applicant for new HT connections/load extension.
- The major variation in estimate amount specifically when new feeder is to be erected at the cost of single / few applicants, is creating sense of injustice in the mind of such applicants and also leading to conflict amongst consumers and DISCOMs officials.
- In order to provide power supply in time bound manner as a part of “Ease of doing business” and at the same time to ensure simplicity, uniformity and acceptability in the estimate charges, it is suggested for per kVA based estimate charges for new HT connection/load extension instead of present norms of recovery of charges on the basis of actual expenditure incurred by the Distribution Licensee.
- As per existing provisions for recovery of charges from HT/EHT applicant, it lead to the following issues:
 - The applicant has applied for comparatively smaller power demand and at the same time, it is not feasible to cater such power demand from existing HT feeder either due to applicant’s point of supply is too far from existing feeder/substation or due to non-availability of balance capacity in the existing nearby feeder. This necessitates to erect new feeder having more length to cater even such small demand resulting into disproportionate estimate amount to be paid by HT /applicant.
 - In contrast, there could be another extreme situation wherein it is feasible to cater comparatively larger power demand from nearby existing feeder/electrical network by virtue of point of supply in near vicinity to the existing network having adequate spare capacity to cater the larger demand sought for. Under such scenario, larger demand can be catered by erecting only a small length of Tertiary line from nearby network. This would lead to comparatively a small amount estimate to cater a large demand.
 - In another situation, a consumer has obtained a new connection or additional power demand by paying huge cost of new feeder as first applicant. Since, new feeders/network is erected at the cost borne by first applicant, the subsequent applicants can be catered on this feeder with nominal charges till full load capacity of feeder is achieved. After that, if the same consumer (first applicant) demands for additional load and there is no feasibility to cater from existing feeder, in that case the consumer (first applicant) will once again end up with payment of significantly higher charges towards network erection expenditure.

- Based on above, the it is submitted that the expenditure for HT connection shall be reconsidered based on above regulations. The calculation of the expenditure to be recovered from the HT consumer shall be based on normative feeder cost and low catering capacity of 400 kVA with fulfilment of necessary technically requirements.
- GUVNL has proposed the methodology to work out charges to be recovered on Rs. per kVA basis from the prospective applicants seeking new demand / load extension at HT level.
- Moreover, Torrent Power Limited (TPL) has submitted that it has taken up this matter during the State Advisory Committee meeting during the previous year. TPL has submitted a report on Study on per kW charges for HT connection and stated that it would also like to implement the same as per their present costing.

Further, TPL submitted that the per kW charges in its case is different than that of GUVNL due to different nature of network and distribution system which is mostly the underground cable network.

For implementing the proposed methodology of the per kVA/kW charges towards new HT connection / load extension in place of existing methodology of recovering actual expenditure, an amendment in the GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005 is required.

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Section 45 of the Electricity Act, 2003 provides for tariff as may be determined by the Commission from time to time, as under:

“Section 45. (Power to recover charges):

- (1) Subject to the provisions of this section, the prices to be charged by a distribution licensee for the supply of electricity by him in pursuance of section 43 shall be in accordance with such tariffs fixed from time to time and conditions of his licence.*
- (2) The charges for electricity supplied by a distribution licensee shall be -*
 - (a) fixed in accordance with the methods and the principles as may be specified by the concerned State Commission ;*
 - (b) published in such manner so as to give adequate publicity for such charges and prices.*
- (3) The charges for electricity supplied by a distribution licensee may include*
 - (a) a fixed charge in addition to the charge for the actual electricity supplied;*
 - (b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.*

- (4) *Subject to the provisions of section 62, in fixing charges under this section a distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons.*
- (5) *The charges fixed by the distribution licensee shall be in accordance with the provisions of this Act and the regulations made in this behalf by the concerned State Commission.*”

Section 46 of the Electricity Act, 2003 provides as under:

“Section 46. (Power to recover expenditure):

The State Commission may, by regulations, authorise a distribution licensee to charge from a person requiring a supply of electricity in pursuance of section 43 any expenses reasonably incurred in providing any electric line or electrical plant used for the purpose of giving that supply.”

Moreover, Section 181 (2) (u) of the Electricity Act, 2003 provides as under:

“Section 181. (Powers of State Commissions to make regulations):

(1)

(2)

(a)

.....

.....

(u) *methods and principles by which charges for electricity shall be fixed under sub-section (2) of section 45;*

.....

.....”

Further, Regulation 22 of the GERC (Distribution Licence) Regulations, 2005 has provision as mentioned below:

“22. Power to recover expenditure

The Distribution Licensee may charge from a person requiring a supply of electricity in pursuance of Regulation 21 above, any expenses reasonably incurred and approved by the Commission, in providing any electric line or electrical plant used for the purpose of giving that supply.”

Regulation 5 of the GERC (Licensee’s Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 provide to recover actual expenditure for providing high tension supply to a consumer by a Distribution Licensee:

“CHAPTER – V

5. PROVISION FOR HIGH TENSION / EXTRA HIGH TENSION SUPPLY

- (i) In case of applications where there is a need to erect a new HT line or EHT line from the sub station or extend the existing HT or EHT line or strengthening of existing HT or EHT line in order to extend supply to the applicants, the Distribution Licensee, on its own in case of HT, and in coordination with Transmission Licensee in case of EHT, shall prepare an estimate of the cost of aforementioned work including the cost of terminal and metering arrangements at the premises of the consumer, but not including the cost of meter. Such estimate shall be based on the latest cost data as published by the Distribution Licensee and/or Transmission Licensee.*

- (ii) In case of applications where there is a need to erect a new sub-station for extending supply to the applicant, the Distribution Licensee, on its own or in co-ordination with Transmission Licensee, shall prepare an estimate of the cost of the necessary works in the same way as indicated in subclause 4.2 (i) above. In cases of applications when the capacity of existing substation is required to be augmented, the differential cost of existing and new such electrical plant will form the basis of calculation of pro-rata charges. The estimate of the cost of such substation shall be based on the latest cost data as published by the Distribution Licensee and/or the Transmission Licensee.”*

Thus, an amendment in the said Regulations is required for enabling the necessary changes in the methodology of recovering expenditure for new HT connection / load extension applications by a Distribution Licensee.

Hence, the Commission has published a Draft GERC (Licensee’s Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) (Second Amendment) Regulations, 2019.
