

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

In the matter of:

Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024

CORAM:

Anil Mukim, Chairman
Mehul M. Gandhi, Member
S.R. Pandey, Member

STATEMENT OF REASONS

1. BACKGROUND:

- 1.1. The Gujarat Electricity Regulatory Commission in exercise of the powers conferred under Section 181 (2) (u) read with Sections 45 and 46 of the Electricity Act, 2003 (Act 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 31.05.2005.
- 1.2. Various consumers organisations have requested the Commission to enhance the threshold limit for Low Tension (LT) connection from 100 kVA/kW to 150 kVA/kW. The said proposals / requests were sent to ESCRP.
- 1.3. Subsequently, there were communications from Ministry of Power (MoP), Government of India (GoI) regarding facilitating Discoms to undertake reforms linked with release of new connection under Ease of Doing Business and Ease of Living initiative.
 - In its letter, MoP has stated that the Electricity (Rights of Consumer) Rules, 2020 promulgated by the Government of India extensively covers provisions to facilitate release of new electricity connection. Rule 13 of the extant Rules states that for electrified areas up to 150 kW or such higher load as the Commission may specify the connection charges for new connection shall be fixed on the basis of the load,

category of connection sought and average cost of connection of the distribution licensee so as to avoid site inspection and estimation of demand charges for each and every case individually. The demand charges, in such cases, may be paid at the time of application for new connection.

- It is stated that to facilitate ease of doing business, DISCOMs have been advised to provide connection through LT supply for up to 150 kW of load.

- 1.4. Considering all these, ESCRP in Minutes of Meeting (MoM) of its 26th Meeting recommended the Commission to amend the Clause 3.2 of the Supply Code, 2015 by giving option to LT consumers to increase the threshold limit of their LT connection from 100 kVA/kW to 150 kVA/kW
- 1.5. In view of above, the Commission decided to make amendments in the GERC (Electricity Supply Code and Related Matters) Regulations, 2015 and hence, Draft GERC (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024 was published inviting comments / suggestions from Stakeholders.
- 1.6. Necessary amendment is also required in GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005 to give the effect of amendment in Supply Code, 2015.
- 1.7. Accordingly, the Commission decided to make amendments in the GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005 (the Principal Regulations) and hence, GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024 was published inviting comments / suggestions from Stakeholders.
- 1.8. Public Notice in this regard was given on 01.09.2024 in two Gujarati Newspapers i.e. Sandesh and Gujarat Samachar in Gujarati language and one English Newspaper i.e. The Times of India in English Language.
 - 1.8.1. Last date of submission of comments / suggestions was 17.09.2024.
 - 1.8.2. In response to the above, the Commission received objections / suggestions from 3 stakeholders. The list of the stakeholders, who submitted their objections/suggestions on this draft Amendment Regulations is as per Table below:

List of the Stakeholders who submitted their objections / suggestions on draft Amendment Regulations

Sr. No.	Name of Stakeholder
1	Rajkot Chamber of Commerce & Industry
2	Gujarat Chamber of Commerce & Industry
3	Rajkot Engineering Association

1.8.3. Hearing in the matter was conducted on 19.09.2024 at 11:30 AM at the Commission's Office. The list of the stakeholders who were present and participated in the hearing is as per Table below:

List of the Stakeholders who were present and participated in the hearing

Sr. No.	Name of Stakeholder
1	Rajkot Chamber of Commerce & Industry
2	Gujarat Chamber of Commerce & Industry
3	Gujarat Urja Vikas Nigam Limited
4	Madhya Gujarat Vij Company Limited
5	Paschim Gujarat Vij Company Limited
6	Uttar Gujarat Vij Company Limited

2. VIEWS OF THE STAKEHOLDERS, ANALYSIS AND FINDINGS OF THE COMMISSION THEREON:

The Commission has considered the comments / suggestions received from the stakeholders and the submissions made by the stakeholders who had participated in the public hearing conducted on 19.09.2024. The Amendment Regulations have been finalised after detailed analysis and with due consideration of various issues raised by the stakeholders on the Draft Amendment Regulations

3. OBJECTIONS / SUGGESTIONS ON THE DRAFT AMENDMENT REGULATIONS AND FINDINGS OF THE COMMISSION THERETO:

3.1. Objections / Suggestions from Rajkot Chamber of Commerce & Industry (RCCI):

Rajkot Chamber of Commerce & Industry (RCCI) submitted that the notification proposes recovery of HT voltage level charges even from the consumers falling under LT (Industrial) tariff. RCCI objects to such recovery as such high voltage charges cannot be recovered as per orders of appellate tribunal.

In most of the areas, consumers falling under LT Industrial and other than industrials categories obtain power from common HT line. Imposition of HT Voltage level charge from LT Industrial only will create causes and concerns for power distribution companies. It will create problems and disparities as well.

The Distribution companies are currently recovering fix charge. It is unclear and unspecified as to how fix charge is decided and as to how the Commission approves this charge. It is requested to submit clarification first and then approve the newly proposed fix charge. After imposition of HT voltage level charge, consumers falling under LT (Industrial) category will have to pay more charges than HY consumers.

Moreover, RCCI submitted that in the proposed Amendment, LT Industrial consumer should also be included along with LT Commercial consumers.

Commission's decision:

In the present amendment, no change in recovery method is being made and no new charges are being approved by the Commission.

The proposed change of '*d. LT Commercial consumers*' in place of existing '*d. Commercial consumers up to 100 KVA/125 HP of contract demand*' is done to give effect of GERC (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024, wherein the threshold limit for LT connection is enhanced from 100 kVA/kW to 150 kVA/kW.

In view of the above, no change is made in the draft Amendment Regulations.

3.2. Objections / Suggestions from Gujarat Chamber of Commerce & Industry (GCCCI):

Gujarat Chamber of Commerce & Industry (GCCCI) has submitted that for all category of LT consumers applying for new connection or additional load, fixed charges per kW are levied as approved by the Commission. Same system is working very smoothly. As a measure to control pollution, restrictions are imposed on coal / oil bases furnaces etc. and such units need to use electric furnaces etc. Looking to the current situation, LT consumers, being small / MSME consumers, are passing through severe financial crunch. On account of measures to be taken as per GPCB directives etc., they are already

financially burdened and draft notification, if approved, would result in further huge financial burden to small / MSME LT consumers.

If there is any shortfall between actual cost of infrastructure development and recovery from LT consumers, it is compensated in ARR. As such distribution licensee has no financial loss.

In view of above GCCI objects to the draft notification and request the Commission to withdraw it.

Moreover, GCCI submitted that in the draft Amendment, '*d. All LT consumers*' should be inserted in place of '*d. LT Commercial consumers*'.

Commission's decision:

In the present amendment, no change in recovery method is being made and no new charges are being approved by the Commission.

The proposed change of '*d. LT Commercial consumers*' in place of existing '*d. Commercial consumers up to 100 KVA/125 HP of contract demand*' is done to give effect of GERC (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024, wherein the threshold limit for LT connection is enhanced from 100 kVA/kW to 150 kVA/kW.

In view of the above, no change is made in the draft Amendment Regulations.

4. The Commission directs that the Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024 be published in the Official Gazette.

Sd/-
(S. R. PANDEY)
MEMBER

Sd/-
(MEHUL M. GANDHI)
MEMBER

Sd/-
(ANIL MUKIM)
CHAIRMAN

Place: Gandhinagar

Date: 23/09/2024