

Delhi Electricity Regulatory Commission
DVB, S/Stn-15, Sector 7, Pushp Vihar, New Delhi –110 017

In the Matter of : *Delhi Vidyut Board Proposal for Rationalisation of Tariff 2000-01*

Before

Delhi Electricity Regulatory Commission

Present:

Sh. V.K. Sood

Chairman

Delhi Vidyut Board

Applicant

ORDER

The Delhi Vidyut Board had filed before the Commission an application for rationalisation of Tariff for the year 2000-01 on 25th August 2000. The Commission had invited comments from the stakeholders from 1st October 2000 to 15th November 2000. The opportunity for appearance before the Commission was given to selected respondents from 4th to 8th December 2000. In follow up to the public hearings the responses of Delhi Vidyut Board and Govt. of NCT of Delhi were also obtained on issues as considered desirable by the Commission. Accordingly, the orders passed by the Commission are enclosed.

Dated 16th January 2001

(Secretary)

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1. Proposal from Delhi Vidyut Board

The Delhi Electricity Regulatory Commission (DERC) had received a proposal from Delhi Vidyut Board (DVB) for rationalisation of Tariff for the year 2000-2001 on 25th August 2000. The DVB have submitted that the tariff for various categories of consumers was last revised in the year 1997. Subsequently, the cost of various inputs including cost of fuel and the cost of power procurement had increased substantially. The DVB stated that through this proposal it had rationalised the policies for giving power to various categories of consumers with the objective of effecting improvement in its services. The Board had approved the proposal from DVB for the year 2000-2001 vide Resolution No. 28.00/421D Dated 8th August 2000. The proposal is not a detailed tariff proposal it covers only the following issues for rationalisation

- (a) Definition of Connected Load
- (b) Other conditions of supply
- (c) Lighting load in Agricultural Tubewells
- (d) kVAH billing for energy charges for bulk connections (MLHT and LIP)
- (e) Applicability of fuel adjustment charge (FAC) to all categories of consumers
- (f) Uniform tariff for non-domestic connections

The details are as below:

1.1 Definition of Connected Load

1.1.1 The existing tariff (1997-98) provides the following definition for connected load:

Part A Clause 15

The connected load shall mean the sum of the rated capacities of all energy consuming apparatus duly wired and connected to the power supply system including portable apparatus in the consumer's premises. This shall not include table apparatus installed authorisedly, through changeover switch, which cannot be operated simultaneously. The equipment, which is under installation and not connected electrically, equipment stored in warehouse/showroom either for spares or sale is not to be considered as "Connected Load".

The load of 15 Amp. power plug sockets shall be taken as 500 watts and that of 5 Amp. light plug sockets as 60 watts. 1/3rd of the number of such spare sockets will be taken into account while computing the total connected load.

1.1.2 Amendment proposed in the Tariff The DVB have now recommended the following amendments in the tariff:

- (i) Henceforth, it is proposed to take into account only 1/10th of the number of spare plug points for computation of connected load.
- (ii) Load of a domestic appliance having fractional horsepower rating shall not be counted in the connected load.

(iii) While computing the connected load during the inspection the seasonal load shall be taken into account keeping in view the seasonal requirement at the time.

1.2 Other conditions of supply : Higher Tariff for extension of supply

1.2.1 The existing tariff (1997-98) provides the following conditions as violative of Tariff

Part B Clause 8.1

The use of supply in the following manner shall be considered as violative of Tariff and Conditions of Supply and shall be billed on higher rate as per the provisions of tariff under relevant category:

.....

(V) Extension of electricity to neighbour i.e. out side the premises by any registered consumer in whose favour the load has been sanctioned.

1.2.2 Amendment proposed in the Tariff Under the current proposal the DVB have suggested that levy of such higher charges may be dispensed with for the extension to other parts of the buildings/plots such as servants quarters, garage etc. in future.

1.3 Lighting load in Agricultural tube wells

1.3.1 The existing tariff (1997-98) provides as follows:

Part D Clause 6

(D) Use of lighting load for tubewell Kothara is restricted to 100 watts only. Load in excess of 100 watts shall be billed as in (E) below:

(E) In case of use of agriculture connection for any other purpose, the energy consumption will be billed at flat rate of Rs.5/- per unit subject to minimum charges of Rs. 250/- kW or part thereof per month. This rate would have retrospective effect for the past six months reckoned back from the date of detection, unless evidence is provided by the consumer to the contrary. However, this would not prejudice such billing from a date falling even prior to past six (6) months on prima facie establishment of such sue with documentary evidence from the earlier date. Further, this is without prejudice to any other action as may be called for under the Act/Supply Act/Rules/Orders.

This Tariff shall continue in the subsequent bills. However, where a consumer furnishes fresh test notice in support of use of connection as per the sanctioned category, to the satisfaction of the Board, the category of tariff shall be suitably changed after submission & verification of the test report from the date of submission of test report.

1.3.2 The DVB have proposed to increase the permissible limit of lighting load for agricultural power connections to 200 watts.

1.4 kVAh billing for energy charges for bulk connections (MLHT and LIP)

The DVB have provided electronic tri-vector meters against all bulk connections. The meters are capable of recording the energy consumptions in terms of kVA apart from kWh. The present billing system comprises of a two part tariff covering the demand charges at the prescribed rate per kVA of the billing demand plus energy charges at the prescribed rate per unit of energy recorded by the meter in terms of kWh. Billing done on kWh basis is stated to have resulted into higher T&D losses and hence financial losses in cases where the power factor of the consumer is low. It has been proposed that henceforth energy charges be billed on basis of kVAh reading recorded by the meter and energy charges be worked out on pro-rata basis taking the power factor as .85 lagging. Under this arrangement the energy charges would work out as under:

Sl.No.	Category	Supply On HT	Supply on LT
1.	MLHT	Rs. 3.50kWh Rs.2.97/kVAh (say Rs.3/-)	Rs.4/kWh Rs.3.40/kVAh (say Rs. 3.80)
2.	LIP	Rs. 3.00kWh Rs.2.55/kVAh	Rs.4/kWh Rs.3.40/kVAh

1.4.1 With the above provisions the stipulations under clause 10.1 of the approved tariff relating to the incentives and penalties due to high /low power factor shall not apply to the bulk consumers.

1.5 Applicability of Fuel Adjustment Charge (FAC) to all categories of consumers

At present, the Fuel Adjustment Charges (FAC) are being levied on all categories of consumers except those who are billed at domestic and agricultural rates. The fuel adjustment charges for DVB were last revised along with tariff in the year 1997 and were included at the rate of Rs. 1.88/Unit. The subsequent increase in average cost of the fuel and power purchase has raised this to Rs. 251.64 per unit.

1.5.1 DVB propose to provide for applicability of FAC to all categories of consumers. The financial implications have been calculated to the extent of Rs. 295 crores in one year.

1.6 Uniform tariff for non-domestic connections

At present, the non-domestic consumers are billed as under: -

- (i) Single phase consumers: Rs. 3/- per unit + FAC
- (ii) Three phase consumers: Rs. 4/- per unit + FAC

The DVB have proposed to levy uniform charges for single phase and three phase consumers at rate of Rs. 4/- per unit plus the FAC. By way of this exercise the DVB expected to mop up Rs. 52.2 crores in one year.

1.7 Total Estimated Returns: Collectively the DVB had estimated generation of additional resources to the extent of Rs. 173.6 crores in the second half of current financial year by way of this exercise.

2. Proceedings by the Commission

2.1 Concept Paper on Tariff

The DERC had circulated a "Concept Paper on Tariff" which, *inter-alia*, included the DVB proposal for rationalisation of tariff for consideration by consumers and stakeholders.

2.2 Public Participation This Concept Paper was placed on the DERC Website www.dercind.org, and notices were issued through advertisements in the leading newspapers apprising the public about the publication of the Concept Paper and inviting suggestions on the issues covered therein. This advertisement appeared in two English and one Hindi daily namely Hindustan Times, The Times of India, and Rashtriya Sahara on 1st October 2000 and later on the advertisements were published in two English dailies namely National Herald and Pioneer, and three Hindi dailies namely Navbharat Times, Punjab Kesari and Hindustan on 2nd October 2000. Copies of the **Concept Paper** were also circulated to the leading Newspapers in the Capital and to various Departments under the Govt. of NCT of Delhi and the Govt. of India. The leading consumers organisations in the city were also forwarded a Copy of **Concept Paper**. The public was given opportunity to obtain copies of **Concept Paper** by post or by collecting the same from the Commission office. The response could be sent through E-Mail, Fax and by post. The time limit given for submission of responses was 30th Oct. 2000. Later on the date for submission of response was extended till 15th Nov. 2000 by publication of notices in two English dailies namely Hindustan Times and The Times of India, two Hindi dailies namely Navabharat Times and Hindustan and one Urdu daily namely Milap.

2.2.1 Response from the Public In response to the publicity, the DERC received comments from forty-seven organisations/departments/individuals as per details contained at Annexure 'A'.

2.3 Notice for Public Hearings

Based on the response the Commission gave opportunity for personal appearance to the Stakeholders whose written submissions were found to contain suggestions concerning the specific issues under consideration. The Commission had while issuing the notices for appearance clearly mentioned that the hearings would be confined to the proposal for rationalisation of tariff as brought out in para 3.3 (sub para 3.1.1, 3.1.2, 3.1.3, 3.3.1, 3.3.2 and 3.3.3) of the Concept Paper since the Commission has to issue an Order specifically on the said proposal. The time schedule for public hearing is shown at **Annexure 'B'**.

2.3.1 On behalf of DVB the **Addl. C.E. (Comml.) along with S.E. (Comml.) and Commercial Officer-I** appeared for the proceedings before the Commission.

2.3.2 While reviewing the responses from the Stakeholders the Commission noted that in a number of cases the respondents/objectors had digressed from the central issue, which was the DVB proposal for rationalisation of tariff. The majority of responses had referred to the common difficulties faced by the consumers located in NCT of Delhi. The grievances related to quality of services provided by the DVB and its predecessor organisation DESU as also to the higher T&D losses in the DVB system. The responses also indicated the necessity for effecting procedural improvement in various aspects of functioning of the DVB.

2.4 Public Hearings

2.4.1 Responses on the specific points contained in the proposal on Rationalisation of Tariff from the Stakeholders which were taken up for further deliberations are briefly given below:

2.4.2 Definition of Connected Load.

2.4.2.1 The **Mayapuri Industrial Welfare Association** and the **Naraina Small Industries Welfare Associations Phase I** have suggested that while computing the connected load for domestic connections, either heating or cooling loads should be taken into account. It has been suggested that the load factor should be taken @ 60% of the higher of the rated capacity of either heating or cooling appliances. Connected load has been stated to be without any relevance to peak demand since majority of the machinery are not connected to the supply all the time. The **Mayapuri Industrial Welfare Association** have also submitted that the maximum demand indicator meters should be installed for

all Industrial connections in order to ensure a fair assessment of energy consumed.

2.4.2.2 Young **India Friends Co-operative G/H Society Ltd.** have stated that the term “*connected load*” in fact needs to be deleted from the tariff since no such provision exists in the tariff structure in western countries.

2.4.2.3 **Chetna**, an NGO, have in their response objected to estimation of connected load on the basis of number of electricity points on the ground that this would lead to only subjective assessment of consumption without actual meter reading which is the responsibility of the utility. It has been argued that such provisions result into harassment of consumers.

2.4.2.4 The **India Energy Forum** have submitted that the system of fixation of minimum charges needs reconsideration since this often leads to under billing due to connivance of staff.

2.4.2.5 The **Federation of Rohini Co-operative G/H Societies** has submitted that the concept of connected load should not be made applicable for domestic purposes since the entire load is not connected at one point of time in residential premises. It was also submitted that the concept of connected load, sanctioned load and minimum charges should be withdrawn and the consumer should be charged for actual consumption of energy to motivate them for economical use of energy. In cases of defective meters the Federation was in agreement with the proposal that while estimating the pattern of consumption and assessment of load only 1/10th of spare plug points may be taken into account.

2.4.2.6 The **Hotel and Restaurant Association of Northern India** have submitted that certain essential categories of load related to life saving and emergency activities which are used only at the time of failure of regular supply or accidents should not be included for calculation of connected load. It has been suggested that the load normally connected and run on the DG sets over and above the sanctioned load should not be counted as the connected load even though the DG set has been permitted as stand by to the sanctioned load.

2.4.2.7 **NDMC** while agreeing to the proposed definition of connected load have suggested that the Commission should consider dispensing with the levy of minimum charges for small consumers having connected load upto 50 kW as

the same is contrary to the concept of energy conservation. The **Northern Railway** have agreed with the DVB proposal.

2.4.3 Levy of Higher Tariff on account of extension of supply.

2.4.3.1 Tri Nagar Main Road Traders Association have in their representations submitted that Higher Tariff should not be imposed and recovered in respect of cases of following nature:

- (i) Connections being sanctioned for domestic use being used by a person other than the person in whose name the connection is sanctioned.
- (ii) Change of trade in respect of commercial / industrial connection.

2.4.3.2 Naraina Small Industries Welfare Associations Phase I have submitted that DVB is selling energy and it should be concerned with recovery of energy charges without looking into issues such as subletting of connections.

2.4.3.3 The Federation of Rohini Co-operative G/H Societies have submitted that servant quarter and garages are part of main house.

2.4.3.4 Chetna represented during the hearing that extension of supply for recreational purposes such as Badminton Courts etc. by the Resident Associations or group of residents to public parks should not be considered as misuse.

2.4.3.5 Hotel & Restaurant Association of Northern India submitted in their representation that this should also exclude extension from one floor to another floor due to compulsion of business activity in the same building occupied by one consumer who may be carrying on business activity with the requisite approvals.

2.4.3.6 During the course of public hearing the **Railways** brought to the notice of the Commission that they had one major grievance linked to this issue. It was submitted that under the present arrangement with the DVB 66 kV supply was being received by Railways at Chanakya Purl and Narela substations. In the eventuality of power failure at one point the overhead Railways network was utilised for extension of supply from the other point. However the DVB levied heavy penalty on account of exceeding the Contract Demand, not only for the particular month but also for ensuing eleven months. The Railways pleaded that DVB being responsible for uninterrupted supply should treat the demand at both the substations as combined demand for the Railways. The Commission instructed the DVB to look into the arguments given by the Railways and further

directs DVB to submit a report on this issue at the time of submission of next regular Tariff.

2.4.4 Lighting load in Agricultural tubewells

2.4.4.1 The **Railways** agreed to the proposal.

2.4.4.2 **Chetna** have in their representation pointed out that most of the agricultural land in Delhi has been converted into farmhouses, therefore, the need for such concessions should not exist. **All other stakeholders** agreed with the proposal.

2.4.5 kVAh billing for energy charges for bulk connections MLHT and LIP

2.4.5.1 The **Railways and NDMC** have agreed to the proposal. However it was also suggested that the incentives for the high power factor should not be withdrawn.

2.4.5.2 On this issue the **Mayapuri Industrial Welfare Association, Federation of Delhi Small Industry Association and Naraina Small Industries Welfare Associations Phase I** have suggested that there should be no additional penalty for low power factor.

2.4.5.3 **Chetna** have in their representations submitted that minimum charges based on contracted load and kVAh should be changed during the peak hour consumption with time of day differentiated tariff.

2.4.5.4 There was a suggestion from **Sh. A.S. Karandikar R/o Paschim Vihar, Delhi** that the kVAh billing should be applied to all connections having load above 10 kilowatts.

2.4.6 Applicability of Fuel Adjustment Charge (FAC) to all categories of consumers.

2.4.6.1 The **NHPC** represented that the fuel adjustment charges can be levied on agricultural and domestic consumers however, these charges should not be levied retrospectively.

2.4.6.2 The **Railways, NDMC** as well as **Federation of Rohini Coop. Group Housing Societies** have observed that the domestic consumers need to be left out of the purview of this charge, since at present this would result into a steep hike for the consumers in the lowest income bracket.

2.4.6.3 **Sh. A.S. Karandikar R/o Paschim Vihar, Delhi** and **Federation of Delhi Small Industry Association** have also suggested that such charges should not be levied with retrospective effect.

2.4.6.4 **Hotel and Restaurant of Northern India** have suggested levy of FAC on slab basis to protect interest of the economically weaker sections of the society.

During the hearing it was contended that these charges should not be levied on domestic consumers and should instead be loaded against consumers of other categories.

2.4.7 Uniform tariff for non-domestic connections.

2.4.7.1 Railways did not agree to this proposal on the grounds that this would place an extra burden of 27% on the single-phase consumers. **Mayapuri Industrial Welfare Association, Naraina Small Industries Welfare Associations Phase I and All India Induction Furnace Association** as well as the **NDMC** have, however, suggested that the Tariff should be the same for all non domestic categories.

2.4.7.2 The **Federation of Rohini Co-operative G/H Societies** has submitted that it has objections to any kind of hike in tariff and **Federation of Delhi Small Industry Association** has objected to the proposal on ground that this would create unnecessary complications.

2.5 Procedural and general objections

Since the present proceedings were restricted to the proposal for rationalisation of tariff by DVB, the Commission has taken a note of the difficulties expressed by the consumers during the course of the proceedings and proposes to take up the matter separately at a later stage when the detailed proposal for tariff for the year 2001-02 is received from the Board.

There were detailed discussions during the proceedings and the DVB representations gave clarifications to various perceptions of the respondents.

As far as the general issues are concerned most of the criticism relates to massive T&D losses of DVB which consumers think are bound to off set the impact of any additional revenue generated by increase in tariff rates.

2.5.1 **All India Induction Furnace Association** has invited attention toward the difficulties faced by industrial consumers due to load shedding power failure etc. It has also sought benefit for bulk consumers by way of concessional rates for off peak hours and break down period.

2.5.2 In addition to these submissions certain representations contain suggestions/objections regarding denial of opportunity to the public at large in the matter of publicity of the proposal contained in the Concept Paper. Some representations have submitted that the placing of the Concept Paper on the

website was not sufficient and wider opportunity should have been given to the public for having an access to the Concept Paper.

2.5.3 The Commission noted during the proceedings that the publicity given to the Concept paper and the access provided to the public was quite satisfactory and it did initiate a process of public participation. The initial response was obviously slow since the public by and large was not aware of the process adopted by the regulators and also did not have much information about the setting up of the Delhi Electricity Regulatory Commission. However at the subsequent stages the public response did pick up satisfactorily.

3. Clarifications sought from the Delhi Vidyut Board (DVB)

In follow up to the hearings, the Commission had sought to be apprised by the DVB on the following points: -

3.1 Levy of higher tariff on account of extension of supply:

3.1.1 It transpired during the proceedings that the consumers were by and large not aware of such a provision being in existence in the tariff structure and in fact quite a number of stakeholders expressed their surprise as to how it could be allowed when servant quarters, garages are the integral part of the main building both at the time of sanction of building plans and sanction of electric connections. Therefore, the Commission desired to have details about the background under which such provisions for levy of higher tariff were initially inducted in the tariff structure and the estimated number of cases along with revenue implications thereof for the past three years. DVB was also directed to communicate whether it would not like to close such of those ongoing cases, which have been subjected to levy of higher tariff on account of such extension of supply. Further, views of DVB for extension of supply for certain activities covering social requirement related to sports, athletics etc. were also obtained.

3.1.2 In their reply the DVB have submitted that the existing tariff which has been in existence since 1997-98 provided in **Clause 8.1 v** that:

Extension of supply to the neighbour i.e. outside the premises by any registered consumer in whose favour the load has been sanctioned shall be considered as violative of tariffs inviting levy of higher rates.

It was further stated that **premises has been defined as land or building or part thereof in respect of which separate meter or metering arrangements have been made by the Board for supply of electricity.**

3.1.3 The **DVB clarified** that the levy of higher tariff had been introduced in the tariff after it was noted that the supply had been extended by several consumers outside the premises (flat or plot) for which it was sanctioned. Extension of supply to other parts of the building e.g. servants quarters, garages and security cabins etc. tantamounts to misuse, which was not intended. It was further averred that later on this was noted as a case of harsh interpretation of the relevant tariff provisions. It was therefore decided to move the present proposal.

3.1.4 DVB informed that it was not possible to indicate the number of cases where misuse charges on this account have been levied in the past but it was agreeable to close all such cases related to domestic consumers where higher tariff was being levied on account of such extension of supply.

3.1.5 Regarding the extension of supply for recreational purposes it has stated that any separate enclosed premises should be taken as extension of supply if it does not take a separate connection.

3.2 Applicability of fuel adjustment charges to all categories of consumers:

3.2.1 Under this proposal, it is proposed to levy FAC on domestic and agricultural categories of consumers to compensate for escalation in the cost of power and fuel purchase for all categories of consumers. Quite a few consumers have submitted to the Commission their strong reservations against this charge since this would have the effect of raising the tariff steeply between 20% to 65% for consumers bracketed under different consumption categories.

3.2.2 The Commission had directed the **DVB to furnish comments** on the following issues

- (a) Has FAC ever been levied on domestic and agricultural consumers in the past?
- (b) If so, when and from which date these categories have been exempted and reasons thereof?
- (c) Change of circumstances under which the levy of FAC is sought to be reintroduced?

3.2.3 The Commission also noted that several consumers had submitted to the Commission that FAC should not be revised frequently and suitable mechanism was required to be evolved for ensuring the levy of the revised FAC only prospectively, since the stakeholders particularly those involved in the industrial productions are unable to recover the additional charges on this account retrospectively from their consumers.

3.2.4 DVB in their response submitted that the policy decision for the withdrawal of FAC in the tariff for domestic and agricultural consumers was taken by the Govt. of NCT of Delhi in the year 1997-98. Earlier the **provision for levy of FAC had been made in the tariffs for the year 1993-94 (effective from 1st October 1993) and 1994-95.**

3.2.5 However, on basis of subsequent representations a circular no. CO.1/5/7237 Dt. 19/12/94 was issued under powers of the erstwhile Delhi Electricity Supply Committee for **withdrawal of the FAC with effect from 1st October 1993.**

3.2.6 Recovery of the **FAC from agricultural consumers has been kept in abeyance** as per approval of the erstwhile Delhi Electricity Supply Committee vide resolution no.4578/GW/Corpn. Dt.17th May 1995.

3.2.7 It has been stated by the DVB that the last tariff revision was made in the year 1997-98 effective from 01.04.1997. Since then there has been continuous increase in the fuel and power purchase cost. With the present day cost (as on 01.02.2000) being 253.81 paise per unit vis-à-vis the base cost of 188 paise per unit, there has been an increase of approximately 66 paise per unit. This has resulted into further accumulation of losses for the DVB. Accordingly, DVB has proposed to apply FAC to the said consumers so that the financial base of the DVB is not eroded further.

4. Response from Govt. of NCT of Delhi regarding applicability of FAC to Domestic and Agricultural categories of consumers

4.1 Being a policy decision taken by the Govt. of NCT of Delhi for the withdrawal of FAC, DERC sought the response of the Govt. in the matter before the Commission could finalise its order on the proposal. On 12.01.01 the Govt. of NCT of Delhi communicated that no separate order on FAC for the remaining part of the current financial year is favoured by the Govt.

5. Orders of the Commission

The Commission has examined the proposal for rationalisation of Tariff submitted by the DVB and has also considered the relevant responses from the various stakeholders including the Govt. of NCT of Delhi. After careful consideration of facts the following orders are given to the Delhi Vidyut Board.

5.1 Definition of Connected Load.

5.1.1 The relevance of “Connected load” arises mainly at the time when the meter is faulty or there is an apprehension of fraudulent abstraction or pilferage of energy and during the course of

enforcement checking or otherwise it becomes essential to work out the estimated energy consumption for a certain period of time.

5.1.2 The proposal from DVB did not indicate as to how the earlier formula of taking 1/3rd of the spare plug points for estimation of load was arrived at, similarly there is also no supporting report, which could indicate the basis for arriving at the figure of 1/10th of the number of points for estimation of connected load which is the proposal for the future. The Commission feels that such policy related matters having financial implications for the utility and the consumers should ideally be supported by some statistical information and should not rely only on common sense interpretation of legislative provisions since such interpretations may vary from person to person or from time to time.

5.1.3 It has been noted that the views of the stakeholders are quite divergent on this issue and there is a considerable apprehension that such provisions despite all safeguards may ultimately result into difficulties for consumers in certain circumstances. There has been a strong representation from the Industrial associations which have pointed out that the requirements of the industries are such that a number of machineries are used for only a part of the industrial process and the estimation of load requirement on basis of such idle capacity would not be fair.

5.1.4 The Commission appreciates the concern of such consumers. It is also appreciated that there has been some change in the living standards and life style of consumers in the National Capital in the recent years as a result to which the average number of electrical gadgets and the related number of plug points have gone up in the households and it is also a fact that only a small no. of points are in use at one occasion.

5.1.5 The Commission is of the view that as of now there is no scientific method which would vindicate acceptance or otherwise of the DVB proposal to take into account 1/10th of the number of spare plug points at the time of computing the connected load. Therefore, the method for estimation of energy consumption under the two conditions namely meter being faulty and cases of pilferage of energy is sought to be addressed differently as brought out hereunder: -

5.1.5.1 When the meter is faulty:

It is to be noted that the meters for calculation of energy consumption are being provided by DVB and therefore logically the responsibility for their satisfactory performance rests with DVB. As and when the meter is detected to be faulty either by DVB or by consumer, it would be but fair that the calculation for estimation of energy (for the period meter is defective) is made based on the pattern of consumption available for a period of past six months when the meter was functional and the pattern of consumption recorded in the six months succeeding the replacement of the defective meter. The final

adjustment for the said period is to be made based on the pattern of consumption recorded during this total period of twelve months.

5.1.5.2 When there is a case of pilferage or fraudulent abstraction of energy:

It is well known that the high T&D losses in DVB are largely due to commercial losses, which also include theft of energy. All out efforts have to be made by all concerned to plug the pilferage of energy. In so far as the Commission's role is concerned, it is to evolve regulatory measures and directions for implementation by the Utility. the Commission is of the view that, all cases of pilferage of energy are to be checked by all possible means and no laxity is to be shown to such unscrupulous persons. The Commission, therefore, orders that in cases of pilferage of energy, assessment of consumption shall be made based on connected load which shall mean the sum of the rated capacity of all energy consuming apparatus duly wired and connected to the power supply system as also all the spare plug sockets. This shall, however, not include the standby-by or spare energy consuming apparatus installed authorisedly, through changeover switch, which cannot be operated simultaneously. The equipment, which is not electrically connected, equipment stored in warehouse/show-room either for spare or for sale, is not to be considered for this purpose.

In the case of hotels and restaurant Industries, the load exclusively related to pump meant for fire-fighting purposes shall not be taken into account.

5.2. Levy of Higher Tariff on account of Extension of Supply

5.2.1 The Commission is of the view that the provisions of the existing tariff cited in preceding paras are not properly worded .The proposed amendment also could be subject to mis-interpretation resulting into harassment of consumers. It is noted that even under the existing tariff, the extension of supply to any other integral part of the premises is definitely not liable for levy of higher tariff as long as there is no change in the beneficiary or category of use. If extensions to servant quarters, garage etc. were to be interpreted as misuse, the utility would find such cases in almost every government bungalow or the houses of even middle class consumers. The Commission is of the view that such levy of higher tariff is without authority of law and would direct that all such cases should be closed forthwith. This, however, does not prevent any consumer from taking a separate connection of required category for such parts.

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5.2.2 In future also, such higher tariff should not be levied for extension of supply to servants quarter, garage etc. as long as there is no change in category of use. Even for extensions for occasional recreational purposes and sports etc. higher tariff shall not be levied since such extensions even by the

definition of premises as indicated by the DVB do not qualify for extension to other premises. Suitable provisions may, therefore, be made in the “Tariff Schedule” accordingly.

5.3 Lighting load in Agricultural tubewells.

5.3.1 The Commission discussed this proposal in detail with the DVB representative. The Commission was made to understand that at the agricultural connections a provision is made for lighting load up to 100 W for tubewell 'Kothra'. In order to prevent misuse of supply only this much lighting load is permitted. Now it is proposed to enhance this load up to 200 Watts. The Commission ascertained from the DVB representative as to what was the reason for fixing an upper limit. It was stated that there were a number of cases where agricultural connections were subjected to misuse and the connected load was being used for commercial purposes.

5.3.2 The Commission noted that despite this provision of a ceiling of 100 Watts being there in the tariff the misuse of Agricultural connections has increased and it is not at all reasonable to presume that a consumer interested in commercial misuse of agricultural connection would be prevented from doing so by such weak legal provisions. Instead what is required is that the enforcement is to be geared up to keep a watch over such cases of misuse.

5.3.3 The Commission is of the view that this provision, therefore, does not serve any purpose for preventing misuse of agricultural connections and should, therefore, be dropped from the tariff. The DVB should closely monitor such connections and take prompt action to levy higher tariff in cases of misuse.

5.4 kVAh billing for energy charges for bulk connections MLHT and LIP.

5.4.1 The Commission has while deliberating on the issue consulted technical experts apart from the stakeholders who have no objection to such method of billing.

5.4.2 The Delhi power system consists of a large consumer base in the LT sector comprising of industrial, commercial and domestic consumers. The loads that are connected in the system have two components: One drawing active energy whose measurement unit is Kilowatt hour (KWH) and is responsible for doing useful work (e.g. lighting lamps, generate torque in motor, heat in heater), and second, drawing reactive energy, which is necessary for maintaining the magnetic field in the load. If the reactive energy is not available at the load end locally, the same is drawn from the Grid system leading to additional current flow in the transmission and distribution lines, cables, transformers and switchgears all leading to higher losses in the network.

5.4.3 The tariff structure especially for the LT consumers charges only for the active energy i.e. for kWh, and therefore, the consumers may not worry to restrict their

reactive energy drawl and may not be respecting SEB guidelines in maintaining the stipulated power factor of their load. Therefore, excess drawl of reactive energy causes increase in losses apart from voltage drop in the network.

5.4.4 Historically, issue of penalizing low power factor consumers has been limited mainly to large HT consumers because of the difficulty in measuring kVA which till recently was done through trivector meters. The conventional type of meters cannot segregate power factor and hence can measure either kWh or kVARh. Computing of kVAh based on kWh and kVARh gives erroneous results under varying power factor load conditions and therefore, cannot be used. Hence, the issue of kVA measurement for a consumer was limited to kVA maximum demand for a particular period, that too for large HT consumers.

5.4.5 The problem of tackling excessive reactive energy drawl by consumers can be addressed if the consumer is encouraged to use shunt capacitors locally and use efficient electrical appliances to minimize reactive energy consumption. This may be achieved by changing the tariff from the existing kWh to kVAh basis. kVAh is an energy parameter whose value does not drop when the load becomes inefficient. It combines both active load component and reactive load component and thus can be used as a basis and reference for obtaining a measure of efficiency for the load. Consumers will be motivated to draw only the minimum desired amount of current used in an efficient manner, which will facilitate improvement in voltage profile, reduce the T&D losses etc.

5.4.6 However, one of the major important infrastructure requirements is to have electronic trivector meters, which can read kVAh apart from their electronic quantities that may be desired. The DVB have installed electronic trivector meters where kVAh billing for energy is proposed to be introduced.

5.4.7 The Commission accepts the proposal and based on the present rate of energy charges, the same is worked out on kVAh billing on pro-rata basis taking the power factor 0.85 lagging, the rate of energy charges per kVAh for various categories of bulk consumers shall be as contained in the DVB proposal.

5.5 Applicability of Fuel Adjustment Charges (FAC) to all categories of consumers.

5.5.1 During the proceedings before the Commission it was pointed out by several stakeholders that it was not fair on part of DVB to burden the consumer tariff with FAC. Instead the DVB should generate revenue by reduction of T&D losses, which are in range of 45%.

5.5.2 On this issue the DVB representatives clarified that the DVB was paying the Fuel Adjustment Charges to the agencies from where it obtained thermal power for meeting the needs of the NCT and this was an essential component of the energy charges. The DVB had no option but to recover the FAC from the consumers .The DVB had however worked out the procedure for estimation of FAC on a formula, which was quite fair to the consumers. This formula takes into account 20% T&D losses (and not 50%) for computation of FAC per unit. It was explained that the total amount spent towards FAC was spread out against only 80% of the energy units, which were available and fed in the system. The remaining 20% of energy is considered as T&D losses, which is considered not all that unreasonable. The currently estimated losses of DVB are much higher admittedly in the range of 45%. By loading the FAC against 80% of the energy units, the FAC component per unit cost comes out much lower. If T&D losses were to be taken as 45%, the FAC would have to be spread out against remaining 55% of the total units (instead of 80%) and FAC per unit would work out at a much higher rate.

5.5.3 The Commission has noted that in the regulatory regime it is expected that the utility collects all its prudently incurred expenses in addition to a regulated return on prudent investments. It is also expected of the Commission that it would work out a pricing mechanism which would ultimately lead to elimination of cross subsidies and would also consider interests of all sections of consumers. Commission has also taken note of the argument given by the DVB that it purchases major share of its demand from other generating units located outside Delhi, which charge the FAC as part of their tariff.

5.5.4 The Commission has appreciated the requirement of charging FAC from all categories of consumers, including domestic and agricultural consumers, projected by the utility. Keeping the final decision on this vital issue in abeyance would not be in the interest of prudent management of financial affairs, since this would continue to widen the gap between the actual cost of supply and the extent of its recovery and return thereon.

5.5.5 The Commission has considered the response of Govt. of NCT of Delhi on this issue. It has also taken note of the fact that the detailed tariff proposal for the year 2001-02 is to be filed by the Delhi Vidyut Board very shortly and the same shall be effective from the next financial year. In view of the scenario that the current proposal of FAC shall be operative only for a period of about two months for the current financial year, the Commission feels that it will be prudent to wait for the

detailed tariff proposal for the year 2001-02 and the issue be examined in totality along-with the other related inputs for determination of tariff. The proposal for levy of FAC on domestic and agricultural consumers is, therefore, not acceded to.

5.5.6 However appreciating the necessity of covering the revenue gap on account of non levy of the FAC on these categories of consumers, the Govt. of NCT of Delhi shall as per the provisions of the Delhi Electricity Reform Ordinance 2000 provide the requisite subsidy, which shall be worked out by the DVB

5.5.7 It is further clarified that the recovery of FAC from retrospective effect is also a questionable practice and the Commission orders that in future proposed Tariff would incorporate the forecasting of the revenue requirements on account of FAC.

5.6 Uniform tariff for non-domestic connections.

5.6.1 The proposal to apply uniform tariff for both the single phase and three phase connections for non-domestic consumers has been considered. It has been noted that the requirement for single phase or three phase connections is consumer specific and is largely of technical nature. There is a merit in the argument of the DVB to have the same tariff for both types of connections in the same category of consumers (i.e. non-domestic). The Commission, therefore, accepts the proposal only to that extent. However, there is no justification furnished in support of having higher unit charge (i.e. Rs. 4/- + FAC) for both the connections. The Commission shall, however, address this point of the quantum of tariff to be charged along with the future tariff proposal for the year 2001-2 likely to be filed with the Commission shortly.

6. Directions

In exercise of the powers conferred on the Commission by Sub-section (1) of Section 28 of the Delhi Electricity Reform Ordinance, 2000 the Commission hereby notifies the DVB that the tariff rationalisation proposals as placed before the Commission by the DVB are not accepted in full for the reasons mentioned in detail in the foregoing sections of this Order. The Commission further notifies DVB that the orders regarding rationalisation of tariff as approved in the various sections of the Order above, be complied with.

7. This Order is signed, dated and issued by the Delhi Electricity Regulatory Commission on this 16th January 2001.

Dated: 16th January 2001

Place : New Delhi

(V.K. Sood)
Chairman

Annexure A**DELHI ELECTRICITY REGULATORY COMMISSION****List of respondents to Concept Paper**

Sl. No.	Title	Organization Name	Address	City
1	President	Mayapuri Industrial Welfare Association	Central Park, B Block, MayaPuri Phase -I	New Delhi-110064
2	President	East Delhi Manufacturers Association (Regd.)	561, GT Road, Shahdara	Delhi-110032
3	Executive director Commercial	National Hydroelectric Power Corporation	NHPC Ltd., Corporate Office, Sector-33.	Faridabad-121003
4	President	Delhi factory Owners Federation	Phelps Building, 9-A, Connaught Place	New Delhi-110001
5	Program Advisor	Consumer Coordination Council	62, Qutab View Apartment, Shaheed Jeet Singh Marg	New Delhi-110016
6	Sh. HR Chaudhary		B-10/7300, Vasant Kunj	New Delhi-110070
7	Former Secy. General Lok Sabha	A-2 Shalimar Apartments	NDSE Part-II	New Delhi-110049
8	Honorary Director	India Energy Forum	BF-43, Tagore Garden	New Delhi-110027
9	Sh. AS Karandikar	66, Anand Van,	A-6, Paschim Vihar,	New Delhi
10	President	Tri Nagar Main Road Traders Association (Regd.)	1848, Shanti Nagar, Tri Nagar	Delhi-110035.
11	Office Secretary	Manufacturers Co-operative Industrial Estate Ltd.	Udyog Nagar, Opp. Indian Oil Petrol Pump, Rohtak Road,	Delhi-110041
12	Office Secretary	DSIDC & U.N. C.E.T.P. Society (Regd.)	J-23, Udyog Nagar Indl. Complex, Rohtak Road,	Delhi-41.
13	Hony. Genl. Secretary	Udyog Nagar Factory Owner's Association	Z-101, (Opp. H-18) Udyog Nagar, Rohtak Road,	Delhi-110041.
14	Chief Electrical Distribution Engineer	Northern Railway	Head Office, Barada House	New Delhi
15	Secretary	PHD Chamber of Commerce and Industry	PHD House, Opp. Asian Games Village	New Delhi
16	Genl. Secretary	Udyog Nagar Charitable Trust	Z-101, (Opp. H-18), Udyog Nagar, Rohtak Road	Delhi-110041.

17	Addl. Chief Executive Officer	Delhi Jal Board	Govt. of NCT of Delhi, Varunalaya, Phase-II Karol Bagh	New Delhi-110005
18	Vice President	Consumers Coordination Council	B-24, Maharani Bagh	New Delhi-110065
Sl. No.	Title	Organization Name	Address	City
19	Fore Chair Professor of Economics	Fore School of Management	B-18, Qutab Institutional Area	New Delhi-110016.
20	Gen. Secy.	Orissa Consumers' Association	Debajyoti Upobhokta Kalyan Bhawan, Biswanath Lane	Cuttack-753002.
21	Secretary	Maharashtra Co-Op. Group Housing Society Ltd.	A-6, Paschim Vihar	New Delhi-110063.
22	Sh. Krishan Lal Sang		BE-134, Opp. Mira Model School, B-2 Janak Puri	New Delhi-58.
23	Ex-E-In-C GOI		C-5A-183, Janakpuri	New Delhi-58.
24	President	Young Friends Co-Op G/H Society Ltd.	Plot No. 47, Sector-9, Rohini	New Delhi-110085.
25	Sh. SK Jain		13, Vindychal Apt., Inder Enclave, Rohtak Road	New Delhi
26	Executive Director	All India Induction Furnaces Association	209, M.G. House Community Centre, Wazirpur, Indl. Area	Delhi-110052.
27	Chairman	Naraina Small Industries Welfare Association Ph-I	Office no.3, Plot no. 15-16, Office-Cum-Shopping Complex, Naraina Indl. Area, Ph-I	New Delhi-110028.
28	Ms. Anjana Balwani		22, DVB Colony, Janakpuri	New Delhi-110058.
29	Sh. BK Mittal		WZ-77, Street No.8, Virender Nagar	New Delhi-110058.
30	Sh. Ramesh Chander		EC-24, Maya enclave,	New Delhi-110064.
31	Convenor Secretary	Delhi Power Consumer's Guild	S-371, Greater Kailash, Part-II,	New Delhi-110048.
32	Hony. General Secretary	Federation of Rohini Co-Op Group Housing Societies	Ahinasa Vihar, Plot no. 27/1, Sector-9, Rohini	Delhi-110085.
33	Hony. Secretary	Chetna	132, Thapar Chamber-II, Opp. Kalindi Colony, Kilokari, Main Ring Road	New Delhi
34	Secretary General	Hotel & Restaurant Association of Northern India	406-75-76, Manisha Building, Nehru Place	New Delhi-110019.
35	President	Federation of Delhi Small Industries Associations	A-72, Naraina Industrial Area	New Delhi-110028

36	Chairman	Rohini Zone, MCD	Sector-5, Rohini	New Delhi-110085
37	Chief Engineer (E&C)	NDMC Palika Kendra	Connaught Place	New Delhi-110001
38	Hony. General Secretary	All India Ayurved Congress Manufacturer Association	Dhanwantari Bhawan Road No.66, Punjabi Bagh	New Delhi-110026
Sl. No.	Title	Organization Name	Address	City
39	Hony. Secy.	Delhi State Village Development & Welfare Sangh	B-8/4, Ph. I, Badli Indl. Area, Bawana Road	Delhi-110042
40	Social Worker	Nehru Bal Samiti (Regd.)	375, Pocket I, Paschim Puri	Delhi-110063
41	Ms. Kalyani Banerjee		banerji@indiatimes.com	
42	Sh. S. Kapoor			
43	Sh. Manoj			
44	President	Najafgarh Road Factories Association (Regd.)	6-A Indl. Area, Najafgarh Road	New Delhi-110015
45	Vice President	All India Food Processors' Association	206, Aurobindo Place Mkt. Aurobindo Marg, Hauz Khas	New Delhi-110016
46	Ms. R.T. Rajni		C-2A/15/54, Janakpuri	New Delhi-110058
47	Gen. Secy.	Naujawan Bharat Sabha	A-150/4, Mahaveer Enclave, Part-II	New Delhi-110059

DELHI ELECTRICITY REGULATORY COMMISSION**Notices issued for hearing related to response from stakeholders
on DVB proposal for Rationalization of Tariff**

Sr. No.	Name of the party	Date of hearing	Time
1.	National Hydroelectric Power Corporation Ltd.	4-12-2000	10.30 AM – 11.15AM
2.	Delhi Jal Board*	-Do-	11.30 AM – 12.15PM
3.	Chief Electrical Distribution Engineer, Railways	-Do-	12.30 PM – 1.15PM
4.	Mayapuri Industrial Welfare Association	-Do-	3.00 PM – 3.45PM
5.	Trinagar Main Road Traders Association*	-Do-	4.00 PM – 4.45PM
6.	PHD Chamber of Commerce	5-12-2000	10.30 AM – 11.15AM
7.	India Energy Forum	-Do-	11.30 AM – 12.15PM
8.	Federation of Rohini Co-op. Housing Societies	-Do-	12.30 PM – 1.15PM
9.	All India Induction Furnaces Association	-Do-	3.00 PM – 3.45PM
10.	Hotel & Restaurant Association of Northern India	-Do-	4.00 PM – 4.45PM
11.	Delhi Power Consumers Guild	6-12-2000	10.30 AM – 11.15AM
12.	Chetna	-Do-	11.30 AM – 12.15PM
13.	Bejon Misra, Consumer Coordination Council*	-Do-	12.30 PM – 1.00PM
14.	Sh. A.S. Karandikar, Paschim Vihar	-Do-	1.00PM – 1.30 PM
15.	Naraina Small Industries Welfare Association	-Do-	3.00 PM – 3.45PM
16.	Young Friends Co-op. G/H Society*	-Do-	4.00 PM – 4.45PM
17.	Federation of Delhi Small Industries Associations	7-12-2000	11.30 AM
18.	Chief Engineer (E&C), NDMC Palika Kendra	8-12-2000	11.30 AM

*Note: Sl. Nos. 2,5,13,16 did not appear for the proceedings despite notice.

Delhi Electricity Regulatory Commission
DVB, S/Stn-15, Sector 7, Pushp Vihar, New Delhi –110 017

In the Matter of : Delhi Vidyut Board Proposal for Rationalisation of Tariff 2000-01

Before

Delhi Electricity Regulatory Commission

Present:

Sh. V.K. Sood

Chairman

Delhi Vidyut Board

Applicant

ORDER No. 2/2001

The Delhi Electricity Regulatory Commission has ordered for the following amendment in the “Order on Rationalisation of Tariff (2000-01) for Delhi Vidyut Board” issued on 16th January 2001.

*In para 6 of the aforesaid order the words “... **Sub-section 1 of Section 28 of the Delhi Electricity Reforms Ordinance, 2000**” are to be substituted with the words “**sub-section 1 of section 22 of the Electricity Regulatory Commissions Act, 1998**”. The order stands amended accordingly.*

Dated: 16th January 2001

(Secretary)