



Chhattisgarh State Electricity Regulatory Commission

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Petition No. 02/2008(M)

Chhattisgarh State Electricity Board

- **Petitioner**

ORDER (Passed on 4.8.2008)

Chhattisgarh State Electricity Board ('CSEB' or the 'Board', for short) has submitted an application for review of the orders of this Commission, passed on 22.10.2007, in petition No.19 of 2007, under Sec. 94(1)(f) of the Electricity Act, 2003 ('the Act', for short), read with Regulation 33(b) of the CSERC (Details to be furnished by the Licensee or the Generating Company for determination of tariff and manner of making application) Regulation, 2004. The impugned order is the tariff order for the year 2007-08. The review petition has been preferred on the following grounds:-

- (I) That the time blocks specified for ToD tariff by the Commission in para 6.6 of the impugned order are not commensurate with the availability of power and the consumption pattern. ToD tariff time blocks would adversely affecting the Board's revenue.
- (II) The Commission has made ToD tariff applicable also to consumers availing power supply from their captive power plants (CPP) which may lead to misuse of ToD provisions by certain captive consumers.
- (III) The penalty provision for unauthorized enhancement of load/demand under para 6.1.8(8i) and 6.7(10) respectively of the impugned order is not in keeping with the provision of Clause 11.7 of the Chhattisgarh State Electricity Supply Code, 2007 (Supply Code, for short).
- (IV) The Board has also contended that the observation of the Commission about increase in transmission loss from 3.93% in 2005-06 to 4.06% during the year 2006-07 is not factually correct.

2. The Commission has heard the petitioner in detail. In view of the nature of the issues raised, particularly relating to ToD tariff, which affects ToD consumers at large, the Commission also organized a public hearing on 27.2.2008, although there was no response to the hearing.

3. The main issue in the petition and the main ground on which review of the impugned tariff order of this Commission has been sought is the time schedule prescribed in para 6.6 of the order for ToD tariff. Before this tariff order ToD tariff was optional. The Commission for the first time in this order

made ToD tariff compulsory for all HT industrial consumers. The ToD tariffs in the order are as follows:-

| Period of use | | Normal rate of Demand Charges Plus |
|---------------|--|---------------------------------------|
| (i) | Normal period (5.00 a.m. to 6.00 p.m.) | Normal rate of Energy Charges |
| (ii) | Evening peak load period (6.00 p.m. to 11.00 p.m.) | 130% of normal rate of Energy Charges |
| (iii) | Off-peak load period (11.00 p.m. to 5.00 a.m. of next day) | 85% of normal rate of Energy Charges |

The Board has contended that the Commission has erred in arriving at these time blocks and that the demand for power is generally less during day hours and not in the night. The Board proposed time blocks of ToD as under:-

| Time block of ToD tariff as per order | Proposed time block of ToD tariff by Board |
|--|--|
| Peak demand hours (6.00 p.m. to 11.00 p.m.) | 5.00 p.m. to 11.00 p.m. |
| Off-peak demand hours (11.00 p.m. to 5.00 a.m. next day) | 11.00 a.m. to 5.00 p.m. |
| Normal demand hours (5.00 a.m. to 6.00 p.m.) | 11.00 p.m. to 11.00 a.m. of next day |

The Board has pleaded that its proposal for revision of time block of off-peak demand hours is based on actual demand pattern of load in its supply system as observed during the previous years.

4. The Commission has carefully considered this issue. It may be mentioned at the outset that CSEB had not proposed compulsory ToD tariff in its tariff application. The Commission, however, notified its intention to introduce compulsory ToD tariff for all HT industries and invited their comments/ objections/ suggestions from all stakeholders before taking a decision regarding ToD tariff in the impugned order. In response to the Commission's proposal the Board had proposed that the timing of the off-peak and normal period should be from 11.00 a.m. to 5.00 p.m. and 11.00 p.m. to 11.00 a.m. next day respectively. The Commission had then examined the monthly load curves of the preceding one-year and had observed that the time proposed by the Board did not match with the load curve. It was also observed that generally full load is drawn during the daytime. However, with a view to ascertaining the factual position the Commission asked the Board to make a comparative study of the position of the load of the HT industrial consumers for six months prior to the introduction of ToD and six months thereafter. It was agreed during hearing that the consumption pattern of industries in the two major industrial areas in Raipur, where large number of HT industries are located, would give a fair indication of the impact of the ToD tariff and validity of time blocks. It was hence decided to limit the study to these industrial areas only. The Board conducted the study and has submitted

its report to the Commission. This study covers the industrial areas of Birgaon, Urla, Siltara and 220 KV BSP feeders for the months May '07 to Oct.'07 (pre-ToD period) and Nov. '07 to April '08 (post-ToD period). The Board has made analysis of the data and has prepared load graphs and furnished these to us. CSEB has only observed that no appreciable change could be seen in the load pattern after introduction of compulsory ToD tariff. It is quite clear from the data and the graphs that in all months a rise in consumption generally from around 9.00 a.m. which continued till about 5.00 p.m. during the daytime which continued till about 5.00 p.m. This was the position prior to introduction of compulsory ToD tariff and also after the introduction of such tariff. There is a dip in demand in the evening hours generally after 6.00 p.m. Thus, whether introduction of ToD tariff has had any impact on the demand pattern of HT industries or not, the main contention of the Board that the off-peak period should be the day time is not borne out by the data furnished by them. We also do not agree that introduction of ToD tariff had had no impact because there is noticeable dip in power demand during the evening hours, which was the main objective of the ToD. The Board during argument agreed that in view of the position, which had emerged from the study, there was no need at present for any change in the time blocks of the TOD tariff as stipulated by the Commission in the tariff order. The Board has agreed to examine this in greater detail and make necessary submission in the next tariff application.

5. As regards the second issue of ToD tariff being applicable to captive consumers, it is difficult to agree that there has been any error apparent in the order. A consumer is free to avail supply of power at any time it likes and there can be no restriction on the timing except in case of load shedding. Only because a possible misuse of the ToD tariff has come to the notice of the Board – and this also has not in fact happened – there is no ground for making ToD tariff not applicable to captive consumers.

6. The other grounds of review are of very minor nature. As regards the inconsistency between the order and the provisions in Supply Code, it has been submitted that Clause 11.7 of the Supply Code provides that for unauthorized use of electricity assessment shall be made at a rate equal to two times the tariff applicable for the relevant category. In para 6.1.8(8i) and 6.7(10) of the impugned tariff order the penalty for billing unauthorized enhancement of contracted load/demand, which has been categorized unauthorized use in the Supply Code, has been stipulated at 1.5 times the normal tariff. Generally the Supply Code, which is regulations notified by the Commission, shall prevail over the impugned order of the Commission. But this matter requires explanation in some detail. In clause 11.4 of the Supply Code increase in connected load by LT consumers in excess of the load as per the agreement has been categorized as 'unauthorized use' of electricity. Unauthorized enhancement of demand, on the same analogy, shall be as 'unauthorized use' of electricity. This provision in the Supply Code is not in conformity with the provisions of Sec. 126 of the Act which deals with unauthorized use of electricity. Clause 6(b) of Sec. 126 lays down what constitutes 'unauthorized use of electricity'. Enhancement of connected load or enhancement of contract demand by LT and by HT consumers is not

included in this. There has apparently been an error in the Supply Code. The Commission is in the process of rectifying this error. This has already been conveyed to the Board. Therefore, there is no apparent error in the impugned order of the Commission which should be followed by the Board.

7. As to the last issue of increase in transmission losses and the observations of the Commission in the impugned order in this regard, it is true that there has been an increase in the total energy input in transmission during 2006-07 as compared to 2005-06. Therefore the observation of the Commission in the tariff order that the higher transmission losses cannot be attributed only to higher energy input as the input was not higher is not factually correct. However, the fact remains that the transmission losses had increased and it was for the Board to have taken necessary measures to strengthen the transmission network in order to ensure that the losses did not go up. This observation should be adequate, as even otherwise, this issue could not constitute a sufficient ground for review of the impugned tariff order.

8. The review application is, therefore, rejected with observations as above.

**Sd/-
Member**

**Sd/-
Chairman**

True Copy

**(D.K. Dewan)
I/C Secretary**