



Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

Tel: 0771-5073555, Fax-5073553

Petition No.21 of 2006(M)

In the matter of application for categorization of tariff for intake-well pump house by M/s Monnet Ispat & Energy Ltd.

Monnet Ispat & Energy Ltd
Raipur.

.... Petitioner

V/s

Chhattisgarh State Electricity Board
Raipur

.... Respondent

ORDER

(Passed on 28/06/2006)

M/s Monnet Ispat & Energy Ltd., has filed a petition for change in classification of electricity tariff made applicable to its water supply pumps used for supply of water to its steel plant. The company, formerly known as Monnet Ispat Ltd and now as Monnet Ispat & Energy Ltd., since March this year, has an integrated steel plant in Mandir Hasaud, Raipur. The steel plant avails power supply from the Chhattisgarh State Electricity Board (CSEB), the respondent, on 33KV line and for the purpose of tariff it has been placed in tariff category HV-5 (Power intensive industry). The water requirement of the steel plant is met from a pump installed at Murethi anicut on Kharoon River, 28 kms. away from the plant. This water pump has also availed a power connection from the CSEB with a contract demand of 500KVA, on 33KV line. Earlier this connection was treated as industrial connection by then prevailing two-part tariff (33KV-7A). The CSEB is now billing this connection by tariff category HV-6 (Other Industries) which attracts a higher tariff. In fact, when the tariff for the year 2005-06 came into force in July 2005, billing was done initially at the rates of HV-8 (General Purpose, Non Industrial). This has subsequently been changed to HV-6 as HV-8 was clearly not applicable. The petition has been filed with reference to HV-8 only. But billing has since been changed to HV-6 and hence we have considered this case in the changed context. The plea of the petitioner is that although the pump house is located 28 kms. away from the steel plant, the purpose of the pump is to supply water primarily to meet the water requirement of the steel plant. Had water been available at the location of the industry, the petitioner would have used the power connection to the industry for pumping of water also. Since the sole purpose of pumping water is to meet the requirement of the steel plant, the tariff applicable to the pump should be the same as applicable to the steel plant i.e. HV-5. This petition has been filed to seek the Commission's intervention to change of tariff category from the present HV-6 to HV-5.

2. In a similar petition filed by M/s Jayaswals Nico Ltd (Petition No.39 of 2005) this Commission vide order passed on 24.12.2005, has already held that a power connection to the pump house which is an ancillary to the steel plant should attract the

True Copy

same tariff as the steel plant i.e. HV-5. The facts of that case are similar to those of the present case. Jayaswals Nico Ltd has a steel plant and their water supply for the plant is from a source 8 kms. away from the plant. Their connection for the pump house had also been placed by the Board in HV-6 (Other Industries) tariff category which this Commission held as inapplicable. In fact, in that case the CSEB had pointed out that there are other industries also which are similarly placed and had cited the present petitioner as an example. In all likelihood the petitioner has taken the one from that case to file this petition. At that time we did not consider it appropriate to make tariff category HV-5 applicable to all such industries since the circumstances of the each case could be different.

3. In this case there is no new argument by the Board except for their contention that there would be wider implications to determination of tariff classification on the basis of co-relationship as established in the earlier case i.e. Petition No.39 of 2005. They feel that categorization of connection would become difficult because every activity will have some co-relation with some other activity and the consumers may take advantage of this position and opt for the connection which attracts lesser tariff. We have carefully considered this matter in the earlier petition and have come to the conclusion that the connection for pumping of water for industrial purpose can not be charged under tariff category HV-6 which is meant for 'Other HT industries'. HV-6 is 'applicable to electro-chemical and electro-thermal units and all other industries not covered under categories HV-1 to HV-5'. Pumping of water for industrial purpose comes under none of these categories. In fact, a separate connection for pumping of water for industrial use can not be termed as an 'industry' as there is no processing of raw material involved, nor any manufacturing activity. Secondly, had a water source been available in the premises in which the industry is located the same power connection of the industry would have served the needs of water pumping. It must also be pointed out that there is no separate tariff category for industrial water supply. HV-8 which is a general-purpose non-industrial tariff applicable to power supply to hospitals, hotels, offices etc. is clearly not applicable to water pumps. We have, therefore, held that power connection for water supply to an industry when it is served by a separate connection should attract the same tariff as the industry. We find no ground now to change our views in the matter.

4. The argument that there are wider implications of a co-relation on the basis of which the Commission had arrived at the above conclusion has also been considered. But as we have already held in the previous case aforementioned, every case will have to be judged on its own merit and there is no general rule laid down by the Commission in that case which is applicable to electrical connections all ancillary facilities in support of industries.

5. We, therefore, hold that in this case also the tariff applicable to the water pumps used for supply of water to the steel plant of the petitioner shall be the same as is applicable to the steel plant i.e. HV-5. This shall be effective from the 1st July, 2005 when the new tariff for 2005-06 came into force. However, we would like to add that this is not a matter which falls within the purview of Sec. 62(3) of the Electricity Act, 2003 (the Act), as pleaded in the petition. It is a simple case of wrong application of tariff by the Board.

6. There is, however, another aspect of this case which needs to be considered. While the water supply was initially meant for the steel plant of the then Monnet Ispat Ltd for which that company had entered into a formal supply agreement with the then Water Resources Department of the Govt. of Madhya Pradesh on 20th Sept. 2000, the petitioner now also has a power plant at the same location for which part of the same water is used. During the hearing of this petition the petitioner admitted this fact and also admitted that they have a separate connection at 132KV to the power plant and the power connection to that plant attracts tariff under tariff category HV-6 (Other HT industries). The Commission had, in fact, taken note of this position earlier and had asked the CSEB for the circumstances under which two connections have been permitted to the same company for two different industrial units in the same premises. This is not permissible as per the provision of the C.G. State Electricity (Supply) Code, 2005 (the Code) issued by the Commission. Clause 5.2 of the Code categorically states that electricity 'supply shall be given at a single point in the premises (refer clause 4.7) at the incoming terminals of the licensee's cut-outs/MCB/ control switch gear'. Clause 4.7 of the Supply Code lays down what should be treated as a single establishment and what as separate establishments. The petitioner has both, the integrated steel plant and also the power plant, at Mandir Hasaud. It would prima facie appear that both the industrial units are located in the same premises. Therefore, it can not have two connections; one at 132KV for the power plant apparently for start up power, and other at 33KV for the steel plant and attracting two different tariffs. The CSEB should have already acted on this especially after we had brought it to their notice. It is unfortunate that this position persists till today. This issue needs to be resolved and the petitioner provided only a single connection. This is necessary with a view not only to bring the connection to the petitioner in line with the provisions of the Supply Code, but also to resolve the issue of applicability of tariff to the connection to the pump house, which now apparently serves both the units. The Board is directed to resolve this issue within a month from the date of this order and decide which single connection should be provided to the petitioner. The tariff applicable to that connection will also be applicable to the pump house.

Sd/-
Member

Sd/-
Chairman

True Copy

(N.K. Rupwani)
Secretary

True Copy