



Chhattisgarh State Electricity Regulatory Commission

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

Tel: 0771-4073555, Fax-4073553

Petition No. 28/2006 (M)

Jindal Steel and Power Ltd.

.... **Applicant**

ORDER **(Passed on 17-07-2006)**

Shri L.George, Consultant and Shri S.K.Agrawal, Vice-President (Finance) present for the applicant. Heard them.

2. JSPL, the applicant, has been granted a distribution licence under Sec. 14 of the Electricity Act, 2003 (the Act, for short) on 29.11.2005. As per the terms of the licence the licensee is required to submit tariff application for determination of retail tariff by this Commission under Sec. 62 of the Act for sale of electricity to its consumers. JSPL submitted a perfunctory application not in accordance with the Tariff Regulations issued by this Commission and on their request they were granted further time upto end June, 2006 for filing the application on the prescribed proforma. The licensee has now come up with the present application with the request that they may be permitted to file the tariff application only for 2007-08, on the ground that it has not been possible for them to segregate the accounts for the distribution business as required in the Act as also the Regulations of the Commission. They have further prayed that the Commission may allow them the benefit of the proviso to sub-section (1) of Section 62 under which when there are two or more distribution licensees in the same area, 'the Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity'.

3. On the first point, it is pleaded that JSPL is a large company with a steel plant, its own coalmines and captive power plant with a total capacity of 165.70MW. The company has obtained a distribution licence only to enable it to supply electricity to industries in its own industrial area, which has been set up under a scheme of the State Government. Although their distribution licence includes not only the area of their own industrial park but also two villages adjoining the power plant, namely, Tumdi and Punjipathra in Gharghoda Tahsil of Raigarh district, as this is a very small part of the company's business, it has not been possible for the company to segregate the accounts for the distribution business as required under the provisions of the Act and the Regulations framed by this Commission. They are in the process of segregating and keeping separate accounts for their distribution business, which will take some time. The licensee has, therefore, prayed that he may be allowed further time to file the application for tariff and since nearly four months of the current financial year are almost over, allow them to file their regular application for retail tariff for the coming financial year i.e. 2007-08. Alternatively, it has been pleaded that the tariff for consumers for whom the licensee had already entered in the long-term agreement before grant of licence may be maintained as per the existing agreements while the tariff ceiling for other consumers to whom power is supplied/to be supplied after the grant of licence may be set at the applicable tariff category of the Chhattisgarh State Electricity Board (CSEB) which is the first licensee of the area.

4. Taking the second plea first, we are of the view that there can not be two tariffs for consumers of the same category, for some as per agreement entered before grant of distribution licence and for others at some other rate. This will be discriminatory and can not be permitted. The applicant can not also take recourse to the provision under Sec. 62(1) of the Act as, although the CSEB is the first licensee and JSPL the second in respect of the area of the licence, except for the two villages the CSEB has no presence in or around the industrial area. Therefore, although theoretically there are two licensees in the same area, given the circumstances of the case recourse to the above provision is not practicable and hence not acceptable.

5. We are, however, willing to consider the first plea of the applicant regarding segregation of accounts and maintenance of separate accounts in respect of the distribution business. Considering the size of JSPL and the insignificant size of its distribution business, segregation of accounts will not be a simple issue. The Commission would also like to take into account the fact that admittedly JSPL is supplying electricity to a number of industrial units in its industrial park under long-term agreement even before the distribution licence was granted to them. The tariff presently charged by them to industries in their industrial area is Rs.2.50\KWh while the CSEB's current average tariff for the same category industries i.e. HT Power Intensive Industries (HV-5) is Rs.3.37\KWh and for other HT Industries (HV-6) Rs.4.23\KWh. The Commission had allowed the present tariff to continue till retail tariff is determined by it. In the order dated 29.11.2005 approving the grant of distribution licence to JSPL, the Commission had specified that the retail tariff to be operative in the areas of two villages included in the licence shall be Rs.2.50\KWh or the CSEB's rate applicable to the same consumer categories, whichever is lower. Retail tariff as above shall now be operative till the Commission determines retail tariff on the basis of the application of the licensee. The JSPL shall submit the application for the year 2007-08 by end November, 2006 as required under our Tariff Regulations.

6. This may be registered as an Misc. Petition.

7. A copy of this order may be sent to the applicant. Case may be filed.

Sd/-
Member

Sd/-
Chairman