



Chhattisgarh State Electricity Regulatory Commission

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

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Petition No.32 of 2006(M)

In the matter of application for review of the order of the Commission passed on 28/06/06 in Petition No. 21 of 2006 (M)

Monnet Ispat and Energy Limited : Petitioner
Mandir Hasaud, Raipur

V/s

Chhattisgarh State Electricity Board : Respondent

ORDER **(Passed on 02/12/2006)**

This is an application for review of the order passed by this Commission on 28/06/06 in petition No. 21 of 2006 (M) in the matter of tariff applicable to the intake well pump house of the petitioner. The facts of this case in brief are that the company, formerly known as Monnet Ispat Ltd. and since March 2006 known as Monnet Ispat and Energy Ltd. (MIEL), 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 33 kV line and for the purpose of tariff it has been placed in tariff category HV-5 of tariff order 2005-06 (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. The water pump has a separate power connection from the CSEB with a contract demand of 500 KVA, on 33 KV line. Earlier, this connection was treated as industrial connection by then prevailing two part-tariff (33KV-7A). The CSEB started billing this connection by tariff category HV-6 of tariff order 2005-06 (Other industries) which attracted a higher tariff. The petitioner pleaded before the Commission 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 and requested that the tariff applicable to steel plant i.e. HV-5 be also made applicable to this connection.

The Commission vide the impugned order accepted the petitioner's plea and ordered that 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.

This order, however, also contained the following directions:

"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."

2. This petition has been filed for review this part of the order on the ground that as per the provision in Clause 5.2 of the Chhattisgarh State Electricity Supply Code read with Clause 4.17, a consumer can have more than one connection where there is distinct set up and staff or covered by different licenses or registration under any law and where they are not part of a single manufacturing process. MIEL, the company produces power, ferro alloys, sponge iron, MS ingot, MS billets in three separate units which have distinct staff for each unit besides having separate registration number from the Central Excise. The respondent CSEB has pointed out that the Commission had directed the Board in the impugned order that the petitioner be provided only a single connection in line with the provisions of the Supply Code. To comply with this, the CSEB was required to disconnect one out of two existing connections of the petitioner for which the respondent CSEB issued a three months notice on 12/07/06 as per the provisions under the subsisting agreement. The tariff applicable to the intake well pump connection was required to be changed if the petitioner decided to get his 132 KV power connection disconnected. Since the petitioner did not decide to get his 132 KV connection disconnected, hence the CSEB could not change the tariff for the intake well pump house. The Commission vide order dated 28/06/06 held that the water supply was initially meant for the steel plant of the then Monnet Ispat Ltd. for which that company had entered into formal supply agreement with the then Water Resource Department, Government of Madhya Pradesh. The petitioner now has a power plant

at the same location for which part of the same water is used. During hearing, the petitioner admitted this fact and also admitted that they have a separate connection at 132 KV to the power plant and the power connection to that plant attracts tariff under tariff category HV-6 of Tariff Order 2005-06. The petitioner reiterated that clause 5.2 read with clause 4.17 of the Supply Code clearly provides that such establishments/premises having distinct set up and staff, or covered by different licenses or registrations under any law are to be treated as separate establishments/premises for the purpose of availing supply provided they are not part of a single manufacturing process. Petitioner has contended that while Monnet Ispat and Energy Ltd. has industrial units producing power, Ferro alloys, sponge iron, MS Ingot, MS Billets these units are distinct. Thus, (i) Monnet Ispat and Energy Ltd. - produces sponge iron, MS Ingot; (ii) Monnet Ispat and Energy Ltd. (Unit-II) - produces sponge iron and MS Billets; (iii) Monnet Ispat and Energy Ltd. (Unit-III) - produces power and Ferro alloys. All these units have separate registration number from the Central Excise Department as well as Sales Tax Department. The three units have distinct staff. Under the above circumstances, the petitioner contends that the company is legally entitled to have two electricity connections under the provisions of the Supply Code. Respondent CSEB, however, has pleaded that on the basis of the records submitted by the petitioner, the power generating plant is a captive generating plant co-located with Ferro alloys unit. Hence the power generation will be the part of single process of manufacturing Ferro alloys. The two therefore can not be accepted as separate establishments for the purpose of giving separate connection as per the provisions of the Supply Code.

3. We have carefully considered the arguments of both sides. The relevant provisions of the Supply Code are as under:-

4.17 For the purpose of these terms and conditions of supply, establishments/premises

- (a) having distinct set up and staff, or
- (b) owned or leased by different persons, or
- (c) covered by different licenses or registrations under any law where such procedures are applicable, and
- (d) for domestic category households having relevant document from local authorities, identifying the premises as separate.

will be deemed to be separate establishments and each separate establishment will be given separate point of supply provided they are not part of a single manufacturing process. Power will be supplied to a consumer ordinarily at a single point for the entire premises.

5.2 Supply shall be given at a single point in the premises (refer clause 4.17) at the incoming terminals of the licensee's cut-outs/MCB/control switchgear. However in case of coal mines the licensee may provide supply at more than one point in the installation of the consumer having regard to the physical layout of the installation and the requirements of the consumer.

On critical examination of the provisions of the Supply Code as above and the records submitted by the petitioner, the Commission feels that the plea put forth by the petitioner is valid. The petitioner has indicated that Unit-III of Monnet Ispat and Energy Ltd is engaged in power generation as well as producing Ferro alloys. It has availed HV-6 tariff (Tariff Order 2005-06) which is meant for other HT industries. The power availed by them from the CSEB under this tariff can not be guaranteed to be used for the purpose of start-up only, it could be used for producing Ferro-alloys also for which there is separate tariff (HV-5 in Tariff Order 2005-06 and HV-4 in Tariff Order 2006-07). HV-5 tariff in tariff order 2005-06 is meant for power intensive industries and HV-4 in tariff order 2006-07 is meant for steel industries, whereas HV-6 tariff of Tariff Order 2005-06 is meant for Other industries which was subsequently made applicable for start-up power also. The Commission has now introduced a separate start up power tariff under the category of HV-6 for the year 2006-07, rates of which are on very much lower side. But the condition for availing this power is that the contract demand shall not exceed 10% of the capacity of the highest capacity unit of the generating station and power drawal shall be restricted to within 10% load factor in each month. Hence, consumers availing this tariff are not supposed to use power for industry purpose. Unit-III of MIEL has got ferro alloys plant also besides power generating unit.

4. In view of the facts brought before us we feel that the petitioner can have two different connections as different units have got separate establishments and different manufacturing process. We accordingly order that the petitioner may continue to have two different connections. To this extent, the order passed on 28/06/06 shall stand modified.

5. As regards the applicability of tariff, CSEB has stated that if the petitioner is allowed to retain both the connections then the applicable tariff for the intake well pump connection will be the higher tariff amongst the tariffs applicable to 33 KV and 132 KV industrial connections because in case of mixed use of power for different tariff categories the highest applicable tariff is applied. The petitioner has indicated that Unit-III of Monnet Ispat and Energy Ltd is engaged in power generation as well as producing ferro alloys. Hence, the power availed by them from the CSEB can not be guaranteed to be used for the purpose of start-up only, it could be used for producing ferro alloys also in the same unit or in other two units also as the premises remains the same. Besides, power can flow from one unit to the other unit amongst Unit I, II and III. Hence, the Commission agrees to the plea of the Board and decides that tariff HV-5 category of Tariff Order (2005-06) shall apply to both the connections up to 30/09/06 and tariff HV-4 category of prevailing tariff from 01/10/06. This shall also be applicable to the water pump connection. In view of the position brought out above, we also order that the petitioner can not avail of a start-up tariff for its power plant.

Sd/-
Member

Sd/-
Chairman

True Copy

(N.K. Rupwani)
Secretary