



# Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur - 492 001 (C.G.)

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**Petition No.39 of 2005**

**In the matter of application for categorization of tariff for intake-well pump house by M/s Jayaswals Nico Limited.**

**Jayaswls Neco Limited**

Siltara Growth Centre, Siltara, Raipur.

.... Petitioner

**V/s**

Chhattisgarh State Electricity Board  
Raipur

.... Respondent

**ORDER**

(Passed on 24.12.2005)

The facts of this case are that M/s Jayaswals Nico Limited, the petitioner, has an integrated steel plant in Siltara, Raipur for which electricity supply is being availed from the Chhattisgarh State Electricity Board (CSEB or Board, for short). Their contract demand is 19 MVA on 132 KV line. In the tariff order passed by this Commission, for the year 2005-06, on 15.6.2005, in petition No.5 of 2005, this industry has been placed for the purpose of tariff in HV-5 category. The water requirement of the steel plant is met from a source (river Kharun) some 8 kms. away from the plant. The petitioner, therefore, has taken a separate connection for the pump house for pumping water through 150 KW HT motors installed in the pump house and the connection is for a contract demand of 350 KVA on 33 KV. The petitioner has stated that earlier prior to the tariff order of the Commission aforementioned, this connection was treated as industrial connection under two-part tariff, but after the order this has been billed under general purpose non-industrial tariff (HV-8) category. After the petitioner approached this Commission through this petition, this has been changed by the CSEB to HV-6 tariff category which is meant for 'other industries' not covered under any other tariff category for industries i.e. HV-1 to HV-5. The contention of the petitioner is that looking to their large water requirement they had to lift water from Kharun river, which is 8 kms. away from the steel plant and had to take a separate electricity connection from the nearest 33 KV line. Had water been available nearby or within the premises of the steel plant, the connection would have been in HV-5 tariff category only i.e. the category in which the steel plant has been placed. It is not logical

to apply a different tariff to a connection meant for supply of water to the steel plant, only because it is a separate connection. The petitioner has further stated that it neither sells water nor water is their product. The sole purpose of pumping water from the river is for use in the steel plant and hence the tariff applicable to the steel plant should also apply to the pumping station. The petitioner prays for change of his tariff category for the connection for his pump house from HV-6 to HV-5.

2. The petitioner has also referred to the provision of sub-section 3 of section 66 of the Electricity Act, 2003 (Act, for short) under which the Commission may differentiate tariff interalia according to 'the nature of supply and the purpose for which the supply is required'. The petitioner's simple argument is that since the purpose for which water is being pumped is for use in the steel plant, this utility of the plant should also be placed in the same tariff category as the plant.

3. The Board, on the other hand, has submitted that the petitioner's water pump was placed in HV-8, (General purpose non-industrial) tariff category by mistake which has since been corrected and the utility has been rightly categorized in HV6. The CSEB has pleaded that tariff category HV-5 is applicable to power intensive Steel industries like mini steel plants, rolling mills, sponge iron plants, ferro alloys etc. come under this category. CSEB has added that if the water supply for these industries are catered for by using the same connection as the main industrial unit, the tariff applicable to the water supply will be the same as of the industry. But the same treatment can not be extended to an independent power connection for the pump house which is apart from the industry. It has been pleaded that end use can not be the basis of tariff category in such cases. The example of coal mining is cited in this connection. If coal is mined from captive mines for use by a particular industry the coal mining operation will not be eligible for industrial tariff. The Board further submits that the water supply connection of Jindal Steel & Power Ltd., Raigarh; PIL, Champa; Chhattisgarh Electric Supply Company, Raipur units were of being billed under HV-6 category.

4. We have heard the parties at length. The only issue in this case is whether power supply to an ancillary utility of an industry may be placed in a different tariff category on the ground that it has a separate power connection. There is no doubt that had the power connection been the same, that is, the electric supply to the steel plant catered

for the pump house, the tariff applicable to the latter would have been the same as for the plant. This is as per the practice being followed by the Board which is logical as it avoids multiplicity of power supply connections which can have different tariffs. The CSEB in their reply dated 6.12.2005 has also accepted this position. Now the question is should electric supply to the pump house which is in the nature of an ancillary utility of the industry for supply of water to the industry be charged at a different rate than steel industry on the sole ground that it has a separate connection. The answer to the above question would have been easier had there been a separate tariff applicable to electricity supplied to water supply/other utilities of industries. Since there is no such tariff category it is not possible to have a straight answer to this question. In the context of this case we feel that it is necessary to examine in which tariff category the water supply has been placed by the Board and whether it is logical and if not whether it can be placed in any other tariff category as given in our tariff order dated 15.6.2005.

5. Initially the Board had charged the power consumption of pump house at a rate applicable to category HV-8 which is a general purpose non-industrial tariff (applicable for supply to establishments like the railways [other than traction], hospitals, offices, hotels, institutions etc. having mixed load]. This has been subsequently changed by the Board and the petitioner has been billed under tariff category of HV-6. The applicability of this tariff is as under:-

“HV-6 : Other HT Industries

Applicability : This tariff is applicable to electro-chemical and electro-thermal units and all other industries not covered under categories HV-1 to HV-5 for power, lights, fans, coolers, etc. which shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting etc., and residential use therein.”

It is to be noted that the language of the applicability clause is the same as for other industries, like cement factories (HV-3), heavy industries (HV-4), power intensive industries (HV-5). It is quite clear that this tariff category is applicable to any industry which is not covered under the other HT tariff categories. If the tariff category is to be decided on the basis of a separate connection, the electrical connection for the pump house in this case is clearly not for an industry. Power consumption by motors for

pumping water as ancillary to an industry can not itself be classified as an industry. There is no processing of any raw material or any value addition. That being so, we have examined the other tariff categories applicable to HT connections to see if this utility can be placed in any of them. In our tariff order of 15.6.2005 there are 11 HT tariff categories; HV-1 to HV-11. HV-1 is applicable to railway traction; HV-2 to coal mining ; HV-3 to cement factories; HV-4 to heavy industries; HV-5 to power intensive industries including steel plants; HV-6 to other industries; HV-6(a) to industries working with low load factor; HV-7 is for general purpose residential colonies; HV-8 for general purpose non-industrial use; HV-9 of public utility works; HV-10 for HT irrigation and HV-11 for temporary HT connections. Pumping of water can not be placed in any of the above tariff categories. In view of this it would only be logical to charge this ancillary at the same rate at which the industry is being charged.

6. In the light of the above discussion we are of the view that the connection to pump house which is ancillary of the petitioner's steel plant should be charged at the same rate as the steel plant i.e. HV-5. It would not be rational to charge at the same rate as the industry if the ancillary is within the premises of the industry and draws power from the same connection, and charge it at a different rate because it has a separate connection. We, however, do not agree with the petitioner that this should be covered under section 62(3) of the Electricity Act, 2003. This provision lays down the basis on which the Commission may differentiate in tariff and relates to determination of tariff. It broadly indicates factors, which may form the basis on which differential rates of tariff may be fixed. The purpose for which the electric supply is required at the pump house is for pumping water and not for producing steel. Therefore, strictly speaking the provision of section 62(3) of the Act can not be invoked in this case. We are in favour the same tariff as for the steel plant as it appears to be most logical.

7. The Board has submitted that in case of some other steel plants also their water works have been placed in tariff category HV-6. We do not know the exact circumstances under which this has been done and hence would not like to draw a parallel between the present case and these.

8. The petition is thus accepted. It is ordered that electric connection of the pumping house of the petitioner on 33 KV line may be placed in the same tariff category as the steel plant (HV-5) as applicable at 33 KV supply.

**Sd/-  
MEMBER**

**Sd/-  
CHAIRMAN**

**True Copy**

(N.K.Rupwani)  
**Secretary**