

A7: TARIFF RELATED OTHER ISSUES

Tariff Rationalization

Petitioner's submission

- 7.1 The petitioner has submitted that, the average cost of supply for JUSCO is around Rs. 6.32 per unit in FY 2009-10, without taking into account past recoveries on account of revenue gap in FY 2007-08 and FY 2008-09. As against this, total revenue per unit (from all consumer categories) is estimated to be Rs.4.88/kWh with the average realization from the Domestic and Non-Domestic consumer categories being very low and in the range of Rs. 1.26 per unit to Rs. 1.86 per unit.
- 7.2 The petitioner has proposed rationalization of tariffs on account of relevant provisions in 61 (g) of the Electricity Act which states that the "Appropriate Commission shall be guided by the objective that the tariff should reflect the cost of supply and reduce the cross subsidies within a period to be specified by the Commission". The petitioner has also referred to the provisions of the National Tariff Policy which also states that "the tariff progressively reflects the cost of supply of electricity".

View of the Commission

- 7.3 The Commission restates that as the effective time period remaining for the tariff year is less and as there is no increase in tariff envisaged by the Commission for FY 2009-10, it is reasonable to avoid any change in tariffs for any category.
- 7.4 In regard of the provisions of the Section 61 (g) and the National Tariff Policy for ensuring that the tariffs reflect the cost of supply of electricity, the Commission feels that it is important for the petitioner to determine the cost of supply for each category and then compare the same with the revenue recovered from the respective categories. The Commission has given relevant directives to the petitioner for conducting the Cost of Supply study in the Directives section of this order.

Load Factor Rebate

Petitioner's submission

- 7.5 The petitioner has proposed minor changes in the load factor rebate slab for HT consumers with the prime objective to induce HT consumers to improve the load factor. The petitioner submitted that the proposed move would enable the licensee to improve the efficiency of the network system and to reduce the per unit power purchase cost.

Table 30 Existing and Proposed Load Factor Rebate for HT category

Load Factor	Load Factor Rebate	
	<i>Existing</i>	<i>Proposed</i>
40-60 %	5%	Nil
60-70 %	7.5%	7.5%
70-100 %	10%	7.5%

Views of the Commission

7.6 The Commission appreciate the intentions of the petitioner in taking steps to improve the efficiency of the network by inducing the HT consumers to improve their load factors. Accordingly, the Commission approves the abolishment of load factor rebates on load factors below 60%. Meanwhile, the Commission feels that it is also important that the HT consumers maintaining high load factor are suitably incentivised and the load factor rebate for the slab of HT consumers maintaining load factor above 70% should not be reduced. This will lead to increase in revenue from sale of electricity which will reduce the revenue gap of the petitioner

7.7 The changes approved in the Load factor rebate are mentioned below

Table 31 Existing and Approved Load Factor Rebate for HT category

Load Factor	Load Factor Rebate	
	<i>Existing</i>	<i>Approved</i>
40-60 %	5%	Nil
60-70 %	7.5%	7.5%
70-100 %	10%	10%

Rebate for Staggering of Weekly Holiday

Petitioner's submission

7.8 The petitioner has submitted that the load factor of the system is reasonably better for six days of the week. However, on the seventh day the load drops on account of Sunday which is industrial holiday. On account of this, the power contracted for Sunday is not utilized optimally, thus increasing the overall per unit power purchase cost.

7.9 The petitioner has submitted that to overcome this problem and to encourage consumers to start staggering their holidays, it has proposed a scheme namely, “Non Sunday Off Scheme”, for consumers who voluntarily propose to shift their holidays to days other than Sundays. Under the scheme, while the consumer can propose an alternate day for holidays, the decision to accept the choice of the day would be at the discretion of the licensee.

7.10 The proposed rebate for staggering day is as follows

Table 32 Proposed additional rebate for Staggering Day

Criteria	Additional Tariff Rebate/Penalty (% of Energy Charges)
Customer Opted and sanctioned for Non Sunday Off Scheme and a) Max. Demand on declared off day is less than 20% of Max. Demand recorded for the month; and b) Energy recorded on declared off day is less than 20% of the Average Energy drawn during the month on a particular day	A rebate of 1.25% on total bill amount excluding duty, arrears, and other charges not specifically for that particular month.
Customer opted and sanctioned for Non Sunday Off scheme and Non-Compliance of either a) or b).	A penalty of 2.5% on total bill amount excluding duty, arrears, and other charges not specifically for that particular month

Views of the Commission

7.11 The Commission approves of the scheme and directs the petitioner to prepare a circular for implementation of the scheme along with the terms and conditions and submit the same to the Commission for approval. The timelines for this are given in the directive section of this order.

Monthly Minimum Charges

Petitioner's submission

7.12 The petitioner has proposed to increase the MMC for the HT category. The petitioner has submitted that the existing charges are too low compared with the power availability being given to the consumers as well as to incentivise the consumers to optimize its power requirement/ demand while applying for new power connection.

Views of the Commission

7.13 The Commission restates that as the effective time period remaining for the tariff year is less and as there is no increase in tariff envisaged by the Commission for FY 2009-10, the Commission does not approve any change proposed changes in tariff.

Miscellaneous Charges

Petitioner's submission

7.14 The petitioner has proposed to increase the miscellaneous charges for various activities, as given in the petition for FY 2009-10 filed by JUSCO.

Views of the Commission

- 7.15 The Commission feels that there is no immediate need to change/revise the miscellaneous charges for this tariff period as the effective time period remaining for the tariff year is less and implementing the same at this point of time may cause undue hardship to the consumers.
- 7.16 The Commission has also observed that the petitioner has proposed the increase of miscellaneous charges without considering its effect on the ARR through the change in NTI. **The Commission directs the petitioner to consider the impact of the proposed miscellaneous charges and show separate calculations for NTI at existing miscellaneous charges and NTI at proposed miscellaneous charges with details while filing the ARR for FY 2010-11.**