

Tariff order for Tata Steel for FY 2005-06

Jharkhand State Electricity Regulatory Commission (JSERC)

SECTION 3: SUMMARY OF THE PROCEEDINGS OF THE PUBLIC HEARING

3.1 JSERC organised a public hearing on the petition submitted by Tata Steel for approval of its Annual Revenue Requirement (ARR) and determination of tariff for FY 2005-06 in Jamshedpur on December 20, 2005. No written objection was received till the last date of submission of the objections. However, The Public Hearing for Tata Steel's tariff petition was well attended. Forty nine stakeholders attended the Public Hearing. The queries raised during the hearing were replied to by the petitioner during the hearing itself. This Section summarizes the discussion held in the hearing. Annexure 3.1 gives the list of persons who attended the public hearing.

3.2 *Petition submitted for FY 2005-06*

3.2.1 *Tata Steel's submission*

Tata Steel explained in detail the reasons and the circumstances for the filing of the petition for determination of tariff for FY 2005-06. It was stated that present tariff petition proposes a reduction in HT and Commercial tariff and there is no change in the domestic category for the slab upto 400 kWh consumption. A new slab of greater than 400 kWh consumption has been proposed in the domestic category with a slight increase in tariff. There is no Annual Minimum Guarantee (AMG) charge for HT-1 consumers (100-500 kVA). Tata Steel also clarified that once the generation tariff of TPCL and DVC is finalized; it will be factored into the tariffs and will be passed through to the consumers. Increased incentive is proposed for consumers that achieve higher load factor. Also, a number of new measures have been proposed to upgrade the existing system, to improve quality. Measures are also being initiated for an efficient consumer interface, including a soon to be notified Consumer Grievance Handling Forum.

3.2.2 Comments from the Public

The following suggestion/ objection were received from the participants during the public hearing:

- (1) Tariff that for domestic consumer should not be raised much from the present tariff as it is likely to have huge financial burden on the consumers.
- (2) The quality of supply being provided by Tata Steel was appreciated. It was further mentioned that since industries in JSEB supply area are not enjoying reliable and good quality supply of electricity, they may also desire to shift to Tata Steel's area of supply. It was suggested that tariff of industrial/commercial/domestic consumers should not be raised, rather part of expected savings from power purchase from DVC and TPCL should be partly passed on to the consumers. TPCL has filed petition to the JSERC and DVC has filed tariff petition to the CERC.
- (3) Consumers have been facing some difficulty in bill deposit, primarily due to limited number of collection centres. Tata Steel was requested to increase the same to facilitate payment of bills on time.
- (4) Some of the other issues that were also raised in the hearing are summarized below :
 - i) It was submitted by a consumer that Tata Steel has not followed the provisions 9(11), 12(1), 2(i), 2(j), 2(k) of notification no. 324 of JSERC. Hence the tariff petition submitted should be rejected in the same manner as was done in the case of petition submitted by JSEB for increase in tariff in the recent past.
 - ii) Tata Steel has violated the provisions of Electricity Act and JSERC Regulations by creating the Power Business Division - JUSCO. JUSCO, which is a subsidiary Company of Tata Steel has made a substation at Sonari area and Jamshedpur area without permission from JSERC. Further, the Chief of JUSCO has applied for tariff fixation to JSERC and JUSCO has no license for carrying out the electricity business.
 - iii) There is rampant theft in the distribution area of Tata Steel and about 30%-35% of electricity is being stolen. The licensee is unable to prevent this theft. Earlier, the petitioner used to conduct raids but these have now been stopped.
 - iv) JUSCO has no workmen of its own and work is done through contract workers who are not paid wages as per the approved rates of the Ministry of Labour. Tata Steel is not paying taxes for laying underground cables to Jamshedpur Notified Area Committee. They do not collect electricity bills from Govt. offices. Tata Steel is collecting Rs. 3.50 /unit tariff from domestic consumers and Rs. 5.50/unit from commercial consumes. These are different from what is provided in Tariff charts of Tata Steel vide volume (II) RT-4 & 7.

- v) Tata Steel is collecting Rs. 1200 to 1500 from domestic consumers for pole replacement. Income from meter charges, miscellaneous charge etc are not properly shown. Further, expenditure are shown at various accounts are provided without supporting authenticated vouchers/documents.
 - vi) Tata Steel is supplying power to non-lease areas including to those consumers who have built houses in unauthorized manner and it supplies power to its own employees at reduced rates.
- (5) This consumer concluded by requesting the Commission to reject the tariff petition on the basis of above grounds.

3.2.3 Tata Steel's reply:

3.2.3.1 Tata Steel mentioned that public notice was published on 9/10/2005 & 10/10/2005. JSERC has accepted its ARR petition after scrutiny and getting answer to its various questions. Tata Steel has replied to the queries raised by the Commission. It was clarified that purchase of power from TPCL and DVC were as per the existing power purchase agreements. TPCL has submitted its ARR for Tariff determination to JSERC and DVC has submitted ARR for tariff determination to CERC. On fixation of new tariff, power purchase cost may come down. This benefit, if it happens, would be passed on to the consumer on direction by JSERC as power business of Tata Steel is now regulated as per EA-2003.

3.2.3.2 At present bills are sent through courier at average price of approximately Rs. 2.80 per delivery against higher postal sending charges otherwise. The petitioner is talking to State Bank of India so that electricity bills can also be deposited at larger number of collection points reducing inconvenience and time taken by consumer. SBI has prima facie agreed to extend bill collection through their Banks counters.

3.2.3.3 Tariff for entire consumers of Distribution business of Tata Steel would be same for particular class of consumer, though there could be difference in tariff between JSEB and Tata Steel distribution areas. Tata Steel would follow the rates approved by JSERC in conformity with provisions of EA – 2003.

3.2.3.4 Tata Steel permits Open Access on its distribution network as per JSERC regulations. Tata Steel is supplying power in Sonari Area as this area falls within its licensed area.

3.2.3.5 The present distribution business AT&C losses are around 11.5% and not around 30% as claimed by some consumers. Tata Steel has taken drive to check power theft and is also attempting to increase its revenue collection. Collection efficiency has been very good for all category of consumer except the State Government. There have been difficulties in collection from State Govt. agencies in past, but even here collection has improved from earlier levels due to proactive approach taken by the petitioner and is likely to improve further in future.

Tata Steel is concerned about difficulties of consumers in receiving bills and assures to address such issues.

Tata Steel assured its consumers that it would do everything to achieve satisfaction of consumers in its distribution area and welcomes constructive participation. Tata Steel is aiming excellence in quality power supply in the entire licensed area and consumer satisfaction.

3.2.4 Commission's Views :

3.2.4.1 A consumer claimed that the tariff petition has been filed by "JUSCO" and not by "Tata Steel Ltd." The Commission noted that "Tata Steel" is a Licensee and hence the petition has been correctly filed..

3.2.4.2 It appears that the objector did not have correct information regarding the tariff petition of Tata Steel. The various issues raised by the aforesaid consumer have been replied to by the Licensee and have found to be in order.

3.2.4.3 The Chairman welcomed the public participation and informed that public participation is essential for bringing development in consumer service and business development. Public participation would help to protect consumer interest.