

**BEFORE THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION
CHENNAI**

Order No T.O. 1 - 72 dated 10.02. 2006

Present : **Hon'ble Thiru. A.Balraj,** **Chairman**
 Hon'ble Thiru S.Thangarathnam, **Member**
 Hon'ble Thiru B.Jayaraman, **Member**

In the matter of : Reduction of tariff to power looms

The TNEB in their letter No. X/CFC/Dir/T.Cell/powerlooms/D 42/2006 dated 3.2.2006 have submitted the following:

- (i) The Government of Tamil Nadu have announced reduction in electricity tariff to power loom consumers as detailed below:

(a) Existing

<u>Bi monthly consumption</u>	<u>Energy Charges</u>	Rs./Unit
(i) Upto 500 units	1.40	
(ii) 501 to 1500 units	2.25	
(iii) 1501 and above	2.50	

(b) To be reduced as

<u>Bi monthly consumption</u>	<u>Energy Charges</u>	Rs./Unit
(i) Upto 1000 units	1.00	
(ii) 1001 to 1500 units	2.25	
(iii) 1501 and above	2.50	

- (ii) Due to the above reduction in Tariff, the reduction in revenue to Board will be **Rs.30.73 cr.**

(iii) Necessary commitment letter of Government of Tamil Nadu to provide adequate subsidy to TNEB under section 65 of the Electricity Act 2003 would be obtained and submitted to the Commission separately.

2. The TNEB have requested the Commission to issue direction

(i) to TNEB to collect charges from the power loom consumers under LT Tariff III A (2) as follows:

(a)	Upto 1000 units	Rs. 1.00 per unit
(b)	1001 to 1500 units	Rs. 2.25 per unit
(c)	1501 and above	Rs. 2.50 per unit

(ii) To Government of Tamil Nadu to provide tariff subsidy of Rs.30.73 cr. per annum to compensate the above loss.

3. The Government, Energy Dept., in Letter No.910/C3/2005 dated 6.2.2006 have committed to provide subsidy to compensate the shortfall in revenue to TNEB.

4. The tariff ordered by the Commission in its Tariff Order dated 15.3.03 will continue to be applicable till the Commission revise the tariff on application from TNEB for revision of tariff. The tariff determined by the Commission for power loom consumers is as below:

<u>Slab</u>	<u>Energy Charges P/kwh</u>
0 – 250 units per month or 0 – 500 units for 2 months	140
251 to 750 units per month 501 to 1500 units for 2 months	225
751 and above for one month or 1500 and above for 2 months	250

5. Section 65 of the Electricity Act 2003 relating to provision of subsidy by State Government reads as follows:

"If the State Government requests the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission, under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided by the State Commission"

Provided that no such direction by the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the Commission shall be applicable from the date of issue of orders of the Commission in this regard.

6. The Government have announced their desire to grant subsidy to power loom consumers and have committed to pay the amount in advance to compensate the loss in revenue to TNEB.
7. The Commission, therefore issue following directive to the TNEB and schedule of payment of subsidy by the Government of Tamil Nadu.
 - (i) The TNEB shall collect energy charges from the power loom consumers covered under **LT TARIFF III (A) (2)** under the following rates **from 01.02.2006**.

<u>Consumption – slab wise</u>	<u>Energy Charges / Paise kwhr.</u>
From 0 – 500 units per month or 0 – 1000 units for 2 months	100
501 to 750 units per month or 1001 units to 1500 units for 2 months	225
751 and above for one month or 1501 and above for 2 months	250

- (ii) The TNEB have estimated the annual consumption by the power loom consumers as 725 million units and the shortfall in revenue to the TNEB as Rs.30,.73 cr. due to the reduction of tariff for the first slab from 140 paise / unit to 100 paise / unit and also by increasing the consumption range for the first slab from 0 – 500

units (bimonthly) to 0 – 1000 units (bimonthly). The Government shall pay the subsidy in advance in quarterly instalments as per the following schedule for the FY 05 -06.

S. No.	Subsidy period quarter end.	Subsidy Rs. in cr.	Payable by Date
1	31.03.2006	5.12	15.2.2006

- (iii) The TNEB shall send proposal for payment of subsidy for 06 – 07 along with subsidy for other categories viz. Agriculture and Hut.
- (iv) The TNEB shall reconcile the actual consumption and subsidy for the period from 01.02.2006 to 31.03.2006 before 30.06.2006 and report the variation if any for orders on further adjustment of subsidy already received.
- (v) The Government as well as the TNEB will have to abide the provision under section 65 of the Electricity Act 2003 which reads as below:

"Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard"

(By Order of the Commission)

**R.Balasubramanian
Secretary**

To

The Chairman, Tamil Nadu Electricity Board, Chennai 600 002.

The Special Commissioner & Secretary to Government,
Energy Department, Chennai 600 009.

c.c.to: A.D. (C) – for hosting in website

c.c.to: Legal Procedure Consultant