

BEFORE THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION,
CHENNAI

Order No T.O. 1 - 90 dated 08/09/2006

Present : **Hon'ble Thiru S.Thangarathnam, Member**
 Hon'ble Thiru B.Jeyaraman, Member

In the matter of : **Provision of Tariff subsidy to provide free electricity to agricultural consumers under SFS, Handloom consumers and powerloom consumers.**

The TNEB in the letter dated 4.8.2006 have stated that , Government of Tamil Nadu in the Budget for 2006-07, placed in the Assembly, have announced free supply to the following categories of consumers and that the Government would pay subsidy to compensate the shortfall in revenue to TNEB.

A) Agricultural Consumers under SFS

- (i) The Agricultural consumers under SFS will be supplied electricity at **free of cost from 01.04.2006.**
- (ii) There are **2,39,511** service connections under Self Financed Scheme (SFS) with connected load of **14,99,353** HP as on **31.3.2006.**
- (iii) The subsidy @ Rs.250 / HP / annum will be **Rs. 37.48 crs**
- (iv) The Government of Tamil Nadu have also allocated a budget provision of **Rs.37.48 cr.** for **2006-07.**

B) Handloom consumers

- (i) The Government have announced that **free power supply upto 100 units** bimonthly will be given to Handloom Weavers who are having their own work shed and are engaged in weaving **with effect from 01.08.2006.**

- (ii) There are about 4 lakh Handloom weavers' families. The Handloom Weavers are consuming around 100 units bimonthly.
- (iii) A sum of Rs.70/- bimonthly is payable by the handloom consumers for the consumption of 100 units as below:

0 – 50 units @ 65 paise / unit	Rs.32.50
51 – 100 units @ 75 paise / unit	Rs.37.50

	Rs.70.00

- (iv) The shortfall in revenue per annum will be **Rs.16.8 cr.(400000x70x 6)**
- (v) The subsidy payable for 8 months (i.e.) from 01.08.06 to 31.3.07 will be **Rs.11.20 cr.** and the Government in the budget have allocated this amount for payment of subsidy for 2006-07.
- (vi) When the consumption by the handloom weavers exceeds 100 units, normal billing will be adopted and Rs.70/- will be credited to the C.C. charges.

C) Power loom weavers

- (i) The Government have announced that **free supply upto 500 units bi-monthly** will be given to power loom weavers who run their own power loom with effect from **01.08.2006**.
- (ii) There are about 78200 Power loom consumers with a connected load upto 10 HP.
- (iii) Electricity Charges @ Re.1/ unit is collected for the consumption of 500 units and hence subsidy per annum payable by Government will be **Rs.23.46 cr. (78200 x 500 x 6)**
- (iv) The subsidy payable for 2006-07 (for 8 months from 01.08.06 to 31.3.07) will be **Rs.15.64 cr.** The Government of Tamil Nadu has allocated Rs.15.46 cr. in the Budget for 2006-07 to provide tariff subsidy to compensate the revenue loss to TNEB.

(2) The TNEB requested the Commission to issue following directives to TNEB and to Government.

A) To TNEB

- (i) To extend **free power supply to Agricultural consumers under Self Financing Scheme from 01.04.2006.**
- (ii) To extend **free supply upto 100 units bi monthly to handloom weavers** who are having their own work shed and are engaged in weaving **with effect from 01.08.2006.**
- (iii) To extend **free supply upto 500 units bi monthly to power loom weavers** who run their own power looms **with effect from 01.08.2006.**

B) To Government of Tamil Nadu

To provide the following subsidy (which sums upto the 77.24 cr. for **one full year**) to compensate the loss in Revenue to TNEB consequent to extension of free supply **under section 65 of the Electricity Act 2003**

- (i) **Rs.37.48 cr. per annum for Agricultural Consumers under SFS**
- (ii) **Rs.16.80 cr. per annum for Handloom weavers**
- (iii) **Rs.23.46 cr. per annum for Power loom weavers.**

(3) In this context, the Commission considered the following:

- (i) The Government have proposed to extend free power supply upto 100 units bi-monthly to handloom weavers **who are having their own work sheds and are engaged in weaving.** As per the Commission's Tariff Order, Domestic Tariff (**LT Tariff I A**) is applicable to "**Handloom in the residence of handloom weaver** (regardless of the fact whether outside labour is employed or not) and to handlooms in sheds, where energy is availed only for lighting and fans." Hence there is no separate classification for handloom weavers **who are having their own work sheds and are engaged in weaving.** Accordingly, when such a concession is extended to a limited section in the domestic category, such services will have to be dealt with distinctly.
- (ii) The number of power loom consumers is stated to be 78200. The number of consumers as on 31.03.2005 as furnished in the Balance Sheet and Annual Accounts for the year 2004-05 was 65332. Thus there is an increase of 19.7%.
- (iii) The subsidy, as a sequel to the Government's decision for the new concessions extended to SFS agricultural services, handloom and

power loom services works out to a sum of Rs 64.14 crs as detailed below for 2006-07.

	Rs. in crores
(a) Agricultural consumers under SFS	37.48
(b) Handloom weavers (01.08.06 – 31.3.07)	11.20
(c) Power loom weavers (01.08.06 – 31.03.07)	15.46

	64.14

(4) In Commission's Order No. T.O.1 – 81 dated 26.04.2006, the Commission ordered payment of following subsidy for the year 2006-07.

a. Domestic consumers		- Rs. 1009.32 Cr.
b. Agricultural consumers		
2006-07	Rs. 206.10.	
Balance 2004-05	Rs. 4.85	
2005-06	<u>Rs. 7.46</u>	- Rs. 218.41 Cr.
c. Hut consumers		- Rs. 16.00 Cr.
d. Actual place of public worship		- Rs. 3.64 Cr
e. Power loom		<u>- Rs. 30.73 Cr</u>
	Total	<u>- Rs. 1278.10 Cr.</u>

TNEB have now come out with certain actual data with regard to domestic and normal agricultural services for the year 2005-06 and have requested for revising the subsidy payable by Government during the current year as detailed below:.

(a) Revision of subsidy for domestic category :

- (i) The subsidy of Rs.1009.32 cr. for domestic consumers for 2006-07 was arrived at as below, pending receipt of actual consumption details for the full year of 2005-06.

(i) The actual subsidy payable for 2005-06 based on actual slab wise consumption for the period from 01.04.05 to 31.12.05 and for projected consumption for the period from 1.1.06 to	Rs.952.19 crs
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31.3.06.	
(ii) The subsidy payable for 2006-07 with 6% increase (952.19 x 0.06)	Rs 1009.32 crs

- (ii) The TNEB in letter No. D/230/06 dt.29.6.06 furnished the actual consumption details for the period from 01.01.06 to 31.03.06 and claimed that the subsidy for 2005-06 has to be Rs.955.04 cr. as against Rs.952.19 cr.
- (iii) The details furnished by the TNEB were verified. Slabwise consumption was pulled out for each assessment furnished by each Region and the slab wise consumption consolidated. It was found that the subsidy payable for 2005-06 should be Rs.955.81 cr.
- (iv) An amount of Rs.954 cr. has already been released by the Government for 2005-06 ,for this category .Thus the balance subsidy for domestic consumers' payable by the Government to TNEB is Rs.1.81 cr.

(b) Revision of subsidy for agricultural (normal) category

- (i) In their proposal for sanction of subsidy for 2006-07 for agricultural consumers, the TNEB had stated that the connected load of Agricultural service as on 28.02.06 was 81,13,875 HP and there would be an addition of 24476 HP in 3/06 and the total connected load would be 81,38,351 HP . The subsidy for 2005-06 was arrived at Rs.203.46 cr. (8138351 x 250).
- (ii) Now the TNEB in letter D 236/06 dt.29.6.06 have stated that the connected load of Agricultural service as at 31.3.2006 was 80,47,073 HP.
- (iii) Hence the subsidy payable by Government for 2005-06 should have been Rs.201.18 cr. (8047073 x 250). The Government have already paid Rs 196 crs plus 7.46 crs (totaling Rs 203.46 crs) as subsidy for Agricultural consumers for 2005-06. Thus the TNEB have received an excess amount of Rs 2.28 crs , which has to be adjusted in the forthcoming payments.

(5) The Government of Tamil Nadu in the following letters have issued policy directives for free supply and given commitment to provide subsidy.

(a) Letter Ms.No.75/2006 dt.11.8.06 free supply to Agricultural consumers under SFS from 01.04.2006 and to provide a subsidy of Rs.37.48 cr. per annum.

(b) Letter Ms.No.90 dt.6.9.2006 – free supply to Handloom weavers and powerloom consumers from 01.08.2006 and to provide a subsidy of Rs.16.8 cr. for full year towards free supply to Handloom weavers and a subsidy of Rs.23.48 cr. for a full year towards free supply to power loom consumers.

(6) As the Government of Tamil Nadu have committed to provide subsidy, the Commission orders the following :

(i) The TNEB shall:-

(a) **extend free power supply to Agricultural consumers under Self Financing Scheme from 01.04.2006.**

(b) **extend free supply upto 100 units bi monthly to handloom weavers** who are having their own work shed and are engaged in weaving; **with effect from 01.08.2006.**

(c) **extend free supply upto 500 units bi monthly to power loom weavers** who run their own power looms **with effect from 01.08.2006.**

(ii) Government of Tamil Nadu shall provide the following subsidy for the year 2006-07, to compensate the loss in Revenue to TNEB consequent to the new concessions announced by them.

	Rs. in crores
(a) Agricultural consumers under SFS	37.48
(b) Handloom weavers (01.08.06 – 31.3.07)	11.20
(c) Power loom weavers (01.08.06 – 31.03.07)	15.46

	64.14

(7) These subsidies shall be regulated as per the schedule in the Annexure to this order.

(8) Based on the actuals, the subsidy received by TNEB for 2005-06 towards domestic and agricultural category have been reworked and it is found that a sum of 47 lakhs (Domestic (+)1.81 crs and agricultural (-) 2.28 crs) has been paid in excess by the Government to TNEB. Accordingly Government may deduct this sum from the next subsidy payment.

(9) The Government as well as the TNEB will have to abide by the provision under section 65 of the Electricity Act 2003 which reads as follows:

"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 Government in this regard."

(10) The following directives are issued to TNEB.

- a. The TNEB shall reconcile the actual number of Agricultural consumers under SFS and the connected load with the amount received as subsidy for the year 2006-07.
- b. The TNEB shall collect and intimate actual number of handloom weavers who have their own work sheds and engaged in weaving. The consumption upto the 100 units bi monthly by such consumers may be reconciled with the subsidy received for 2006-07.
- c. The TNEB shall furnish the slabwise consumption by the power loom consumers and the reconcile the consumption with the subsidy received for 2006-07.
- d. The TNEB shall furnish the reconciliation before 30.09.2007.

Encl: Annexure

(By Order of the Commission)

**R. Balasubramanian
Secretary**

To
The Chairman, Tamil Nadu Electricity Board, Chennai 600 002.
The Principal Secretary to Government, Energy Department, Chennai 600 009.

Annexure

Subsidy payable by Government for 2006-07 towards the concessions allowed for hand loom / power loom and SFS agricultural services shall be regulated as in the **schedule** given below:

Sl. No.	Subsidised category	Subsidy period	Subsidy Rs. in Crs.	Payable on or before
1	Handloom Weavers	01.08.2006 to 30.09.2006	2.80	30.09.2006
2	Agricultural services under SFS	01.04.2006 to 30.09.2006	18.74	30.09.2006
3	Power loom weavers	01.08.2006 to 30.09.2006	3.86	30.09.2006
4	Power loom	01.10.2006 to 31.03.2007	11.60	30.09.2006
5	Handloom	01.10.2006 to 31.03.2007	8.40	30.09.2006
6	Agriculture Services under SFS	01.10.2006 to 31.03.2007	18.74	30.09.2006
Total			64.14	