



TAMIL NADU ELECTRICITY OMBUDSMAN

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Present : Thiru A. Dharmaraj, Electricity Ombudsman

Appeal Petition No. 16 of 2015

M/s Orion Ventures,
Near Basin Bridge Road,
BBQ Depot,
Chennai-600 079.

. Appellant

(Represented by Thiru V.T.Kothandam, Electrical Consultant,
Thiru Reagan, Manager and Thiru T. Dayanithi, Legal advisor)

Vs

1. The Assistant Engineer O & M,
Choolai section,
Chennai EDC / Central,
TANGEDCO,
Basin Bridge Railway Station Road
Pullianthoppu, Chennai.
2. The Executive Engineer O & M,
Egmore Division,
Chennai EDC / Central,
TANGEDCO,
Cooks Road, Chennai.
3. The Superintending Engineer,
Chennai EDC / Central,
TANGEDCO,
110/33 KV Valluvarkottam Complex,
Nungambakkam, Chennai 600 034.

..... Respondents
(Thiru G. Maheshkumar, EE/Egmore &
Thiru S. Elangovan, AE/Choolai)

Date of hearing : 21.4.2015

Date of Order : 20 .7.2015

The Petition dated 4.2.2015 filed by M/s. Orion Ventures was registered as Appeal Petition No.16 of 2015. The above appeal petition came up for hearing before the Electricity Ombudsman on 21.4.2015. Upon perusing the appeal petition

filed by the Appellant, counter affidavit filed by the Respondent and after hearing both sides, the Electricity Ombudsman passes the following order.

ORDER

1. Prayer of the appellant:

The Appellant prayed that they are to be billed under Industrial Tariff III B and the demand notice issued for the audit shortfall amount of Rs.3,21,312/- shall be set aside.

2. History of the case:

2.1. M/s. Orian Ventures are running a Mechanised Laundry at Basin Bridge Railway Land exclusively for washing of Railway upper class Linen clothes, bedsheets and towels as per contract awarded to them. They obtained a service connection on 8.10.2011 under Tariff III B for a connected load of 145 HP (110 KW).

2.2. The Assistant Engineer / Choolai sent a demand notice on 13.4.2013 to pay a sum of Rs.3,21,312/- as audit shortfall for adopting a wrong tariff from 12/2011 to 12/2012.

2.3. M/s. Orian Ventures filed a petition before the CGRF on 17.1.2014 against the above demand.

2.4. The CGRF of Chennai / EDC Central had rejected the Appellant's petition.

2.5. Aggrieved by the order of the CGRF, the Appellant filed this appeal petition before the Electricity Ombudsman. As the Appellant has not paid the 25% of the shortfall amount, the Appellant was requested to pay 25% of the amount as ordered by the CGRF with the licensee vide letter dated 18.1.2015. The Appellant has paid Rs.80,328/- towards 25% of the shortfall amount and furnished the appeal petition in the format. The same was registered as Appeal Petition No. 16 of 2015.

3. Contentions of the Appellant:

3.1. They are running a Mechanised Laundry at Basin Bridge Railway Land exclusively for washing of Railway upper class Linen clothes, bedsheets and towels in hygienic manner as per the Railway Tender contract awarded to them.

3.2. They have obtained TNEB service connection on 8.10.2011 vide SC No.141-03-106 under Tariff III B (Industrial) for a CL of 145 HP (110 KW)

3.3. They have installed sophisticated and imported machineries, steam boilers in their industry at a cost of more than 1 crore rupees for washing the railway clothes in a hygienic manner.

3.4. Their Industry is registered as Small Scale Service Industry in the Tamil Nadu Industries and Commerce Department, as per the norms of the above Department as the cost of investment on Machineries and Equipment is more than 1 crore.

3.5. The Assistant Engineer / Choolai TNEB has sent them a notice on 13.4.2013 enclosing a copy of the Audit Report demanding to pay a sum of Rs.3,21,312/- as Audit shortfall for adoption of wrong tariff.

3.6. They have made representation to the TNEB officials and finally addressed to the Chairman, CGRF on 17.1.2014 for their grievances Redressal along with relevant documents. They also submitted additional supporting documents on 22.1.2014, 8.4.2014, 26.5.2014.

3.7. The Chairman / CGRF has conducted an enquiry on 26.6.2014 and they have attended the enquiry and explained the nature of their business with machinery details and also produced relevant records such as SSI Registration Certificate, etc. The Chairman, CGRF has sent his final orders on 17.12.2014

3.8. They find that the findings of the Chairman are shocking and not based on actual facts and genuine records and representation made by them. The findings are one sided and not justified. It is also contradiction against SSI norms and guidelines in force.

3.9. The Chairman, CGRF has stated in his findings that their industry are carrying out other kind of service in addition to the laundry works as per the report of TANGEDCO furnished to CGRF.

3.10. Mechanised Laundry is meant exclusively for Railway Department Laundry works only and no other service is carried out in their industry. If any other work other than laundry work is carried out, it is violation of terms and conditions of the Railway Tender Contract. Their Industry is frequently inspected and supervised by the Railway Department officials.

3.11. Further as per the findings of the Chairman, CGRF, they have not requested any concessional tariff applicable for Tiny / Cottage Industry as they are aware that only industrial consumers with CL of 10 HP and below are eligible to be treated as Tiny / Cottage Industry.

3.12. In their Industry they have installed 2 nos. of steam boilers. As per TNERC Tariff Order No.3/2010 dated 31.7.2010 clause 2.19.17 Laundries which installed steam boilers with CL of more than 10 HP are to be considered for billing under concessional Tariff III A. They have not requested that concession but only requested to charge under Tariff III B Industrial purpose which is higher than tiny / cottage industrial tariff.

3.13. The Audit stated that the Tariff to their Industry is to be revised based on TNERC Tariff Order 3/2010 dated 31.7.2010. It is found that nowhere in the TNERC Tariff Order 3/2010 dated 31.7.2010 mechanized laundries to be billed under commercial Tariff V.

3.14. In the findings of the Chairman CGRF it is stated that as per clause 6.19 (IV) of Tariff Order dated 20.6.2013 industries engaged in the manufacture or production of goods may apply for service connection under LT Tariff III B on production of certificate from District Industries Center.

3.15. In this connection, they have further submitted that the Audit shortfall amount due to tariff dispute for an amount of Rs.3,21,312/- is only pertaining to the period December 2011 to December 2012 that is prior to the above mentioned Tariff Order, but the Chairman, CGRF has cited the tariff order clause 6.19 IV dated 20.6.2013 in his findings which is contradiction and not justified as the Tariff Order quoted by the CGRF is pertaining to the period of June 2013, whereas the disputed tariff amount is for the year 2011-12. It clearly indicates that CGRF findings are not based on actual records and facts.

3.16. They further submitted that the TN Industries and Commerce Department has classified small scale industry in two categories one as production oriented and other as service oriented.

3.17. Service oriented small scale industries are also coming under Industrial category preview only. They have invested more than 1 crore rupee on the machineries and equipment with connected load of 145 HP and they are under small scale service industries which is eligible to get all industrial category benefits except government subsidy and DG set subsidy.

3.18. They have submitted that many SSI Service Industries in Tamil Nadu are being billed under Industrial Tariff III B including Industries who have been awarded Railway contract works. They should not be penalized just because they are running Mechanized Laundry Industry on contract basis to the Railway Department.

4. Contentions of the Respondent:

4.1. The appeal itself is not at all maintainable and liable to be dismissed in limini on the ground that there is no illegality and infirmity in the impugned order passed by the Consumer Grievance Redressal Forum.

4.2. The Appellant is running a mechanical laundry and contracted with Southern Railway and service rendered for purely commercial purpose.

4.3. Initially service connection was effected under Tariff III B based on the SSI Certificate which was obtained through on line by the appellant and current consumption bills charged under III B accordingly as per the Appellant's service application.

4.4. The SSI issuing authority issued the certificate through online inspection. The service connection was inspected fully by TANGEDCO Team and came to a conclusion that the Appellant service connection is being utilised for purely commercial purpose instead of Industrial purpose as sought by the appellant from the date of getting original service connection.

4.5. Eventhough the Appellant have SSI Certificate with him, the service connection is being utilized for commercial nature rather than production or other works. The Respondent further stated that SSI Units Tariff might have been under III A or III B according to usage by the Appellant but the TANGEDCO after the thorough inspection found that the said service connection was utilized for the commercial purpose and have changed the Tariff accordingly.

4.6. The Appellant had submitted that as per findings of CGRF, the appellant should have engaged manufacture or production of goods as per Clause 6.19 (VI) of Tariff Order dated 20.6.2013 for Industries and he might apply for service connection under LT Tariff III B on production of certificate from District Industries Center. The Respondent further submitted that the TANGEDCO found that the Appellant company is engaged with neither any kind of manufacturing nor production of goods and the appeal may be quashed.

5. Hearing held by the Electricity Ombudsman

5.1. To enable the Appellant and the Respondents to put forth their arguments in person a hearing was conducted before the Electricity Ombudsman on 21.4.2015.

5.2. Thiru V.T. Kothandam, Electrical consultant, Thiru Reagan, Manager and Thiru T. Dayanithi, the Legal advisor attended the hearing on behalf of the Appellant.

5.3. Thiru G. Mahesh Kumar, EE/Egmore, the Respondent-2 herein and Thiru S. Elangovan, AE / O&M Choolai the Respondent-1 herein have attended the hearing and put forth their arguments.

6. Arguments of the Appellant:

6.1. Thiru V.T. Kothandam reiterated the arguments given in the Appeal Petition.

6.2. He argued that the power laundries in Tamil Nadu which are having connected load more than 10 HP are being charged under Tariff III B. Hence the same tariff has to be fixed for them also.

6.3. He argued that they are registered as SSI under service category. Hence as a SSI, they shall be charged under III B only.

6.4. He also submitted his written argument on the hearing date. The arguments given in the written argument are furnished below:-

- (i) They have submitted that the Department of Industries & Commerce, Govt. of Tamil Nadu has classified Industries under two category namely manufacturing Industry and service Industry. Nearly 30 to 40% of Industries are service oriented industries only and the service Industries are treated on par with production industry except availing of Government subsidy and Diesel Generator subsidy. It is clearly mentioned in Dept. of Industries and Commerce Notification that service Industries where the investment on plant and machineries is more than 10 lakhs and upto 2 crores is classified as Small Service Industries. Based on these Rules and Regulations only the Department issues SSI Registration Certificate.
- (ii) In their Mechanised Laundry Industry they have invested more than 1 crore on plant and machineries such as washing extractor, dryers, ironer and folding machine and boilers and their total connected load is 145 HP (110 kw) out of which 95% amounts machineries and equipments and 5% lighting and they are treated as small service industry and the Department of Industries and Commerce have issued SSI certificate for which they are eligible.
- (iii) The Government of Tamil Nadu and the Central Government are encouraging online Registration only and as such they have obtained their SSI Registration online. The SSI Department inspected their

industry and confirmed the details furnished by them and ascertained the facts are genuine in their Industry.

- (iv) They have submitted that their mechanised laundry is exclusively for the Railway Department laundry works only and the work is carried out on contract basis which does not mean that the work is commercial activity. As the tariff fixed is only on the nature of the industry, i.e. laundry industry under small service industry category, it is not justified to penalise us since they are doing the work on contract to the Railways.
- (v) The Railway Department has awarded the laundry works on contract at different states of the country to different contractors and nowhere except in Tamil Nadu the tariff for our Industry is under dispute. In all other States the respective Electricity Board fixed Industrial Tariff only for this laundry works.
- (vi) Even in Trivandrum, Kerala State where they have taken up similar laundry contract work for Railways, the tariff fixed by the Kerala State Electricity Board is Industrial Tariff only
- (vii) They further submitted that only laundry work is carried out at the Industrial site at Basin Bridge and the delivery of washed linen clothes carried out at Egmore and Central Railway Stations which are part of the contract and this has been misunderstood by the TNEB officials.
- (viii) There are number of power laundries in Tamil Nadu wherein connected load is more than 20 HP and the laundry industries are being charged under Industrial Tariff only. They are also doing laundry work for the general public on commercial basis only. Since they are running the laundry for the Railways they should not be penalised just because they are running mechanical laundry industry on contract basis to the Railway Department.

7. Arguments of the Respondent:

7.1. Thiru Maheshkumar, EE / O & M / Egmore, the Respondent 2 herein and Thiru S. Elangovan, AE, Choolai, the Respondent (1) herein have reiterated the arguments given in their Appeal Petition.

7.2. The EE/Egmore argued that the Industrial Tariff is applicable only for the manufacturing Industries and not for the service Industries. Hence he argued that the tariff to be adopted for the Appellant is Tariff V only.

7.3. He also argued that the Laundry Industry do not manufacture any goods, it only cleans the cloth. Hence, it cannot be treated as a Manufacturing Industry and charged under Tariff III B.

7.4. He also informed as the tariff adopted is under dispute, the service is still charged under Tariff III B.

7.5. He also argued that SSI Certificate alone cannot qualify a service to be charged under Tariff III B. The nature of Industry which is categorized under manufacturing alone comes under Tariff III B.

8. Written argument of the Appellant:

The Appellant has stated the following in his written arguments dated 27.4.2015.

8.1. Their mechanical laundry is the first kind of laundry in Tamil Nadu wherein they have installed machineries and boilers with an investment of more than 1 crore rupees, and the total connected load is 145 HP (110 Kw) On the basis of rules and norms in force in the Tamil Nadu Department of Industries and Commerce, they have obtained SSI certificate and categorized under small scale service industry.

8.2. They have enquired with the Department of Industries and Commerce Tamil Nadu and they have confirmed that they are eligible for all benefits available for SSI in Tamil Nadu except availing Government subsidy and DG set subsidy. They have also informed that they will not decide on the Tariff as it is not within their jurisdiction.

8.3. It is understood that some of the major power laundries in Chennai such as Tip Top Laundries at PH Road, near Kellys, Chennai and Washup Laundry functioning at Sholinganallur, Chennai which have connected load of more than 10 HP are being billed as Industrial Tariff III B only.

8.4. If the above laundries are billed under industrial Tariff III B, the same tariff may be consider for their mechanized laundry which is having connected load of 145 HP (110 Kw) and doing similar laundry work.

8.5. They have also informed that in T.O. of TNEB in the year 2014 only it was clearly mentioned that production and manufacturing Industries registered as SSI are eligible for Industrial Tariff III B. In the Tariff Orders prior to the year 2014, there was no clear mention of billing laundry industries with connected load of more than 10 HP under Commercial Tariff.

9. Findings of the Electricity Ombudsman:

9.1. I have heard the arguments of the both Appellants and the Respondent. On a careful consideration of the submissions, I find the issue to be decided is whether the contention of the Appellant that they are to be charged under LT Tariff III B during the disputed period is correct ?

9.2. The Appellant argued that they are registered as small scale industry in the Tamil Nadu Industries and Commerce Depart. They also informed that they have been registered under the service category. The Appellants argued that as per the tariff order all SSI Industries having more than 10 HP load has to be categorised under III B only.

9.3. The Appellant also argued that as per the norms of Industries Department, they are eligible for all benefits available for SSI in Tamil Nadu except availing Government subsidy and DG set subsidy. Hence contended that the tariff applicable to SSI has to be adopted for them also.

9.4. The Appellant also argued that some of the major power laundries in Chennai such as Tip Top Laundries at P.H. Road near Kelleys, Chennai and Washup Laundry functioning at Sholinganallur, Chennai which are having a connected load of more than 10 HP are billed as Industrial Tariff III B. Hence, argued their mechanised laundry with a connected load 145 HP (110 KW) may also be given the same tariff. They have also informed in Kerala also they have been charged under Industrial tariff.

9.5. The Appellant also argued that they have installed boilers and as per Clause 2.18.17 of TNERC Tariff Order No.3/2010 dated 31.7.2010 Industries which installed steam boilers with C.L. of more than 10 HP are to be considered for billing under concessional Tariff III A. they have not requested concessional tariff but requested to charge their service under Tariff III B which is higher than Tiny / Cottage Industrial Tariff.

9.6. The Appellant also argued that nowhere in Tariff Order No.3/2010 dated 31.7.2010, it has been stated that Mechanised laundries to be billed under Tariff V.

9.7. The Appellant also informed that in Tariff Order of TNEB in the year 2014 only, it is clearly mentioned that production and manufacturing industries registered as SSI are eligible for III B. In the orders prior to 2014 there is no clear mention of billing laundry Industries with connected load of more than 10 HP under Commercial Tariff.

9.8. The Respondent argued though the Appellant has obtained a SSI Certificate, the service connection is utilised for commercial purpose rather than for production.

The Respondent also argued that the SSI certificate is issued under service category only and not on production category.

9.9. The Respondent argued that the SSI issuing authority issues certificate through online. But during the inspection conducted by TANGEDCO authorities, it was found that the service was utilised purely for commercial purpose instead of industrial purpose.

9.10. As the issue is categorisation of tariff for the Appellant's laundry unit with a connected load of 110 KW, the relevant Tariff Orders have to be referred. As the disputed period is from 8.10.2011 to 12/2012 and the Appellant also cited tariff order issued in the year 2014, the following Tariff Orders are to be referred.

1. Order No.3 of 2010 dt.31.7.2010 from 1.8.2010 to 31.3.2012
2. Order No.1 of 2012 dt.30.3.2012 from 1.4.2012 to 30.6.2013
3. Order No.9 of 2014 dt.11.12.2014 from 12.12.2014

The above Tariff Orders are analysed one by one to know about the categorisation of the Appellant's laundry unit.

9.11 Order No.3 of 2010 dt.31.7.2010 valid for the period from 1.8.2010 to 31.3.2012

9.11.1 As the Appellant has cited para 2.19.17 of the TNERC's Tariff Order No.3/2010 dated 31.7.2010 and argued that laundries with steam boiler with a connected load of more than 10 HP are to be considered for billing under III B.

The relevant para 2.19.7 of Tariff Order No. 3 of 2010 is extracted below:-

"2.19.7 Tariff to steam laundries may be changed from LT III B to LT III A (1) where the connected load is more than 10 HP as the steam laundries normally require more than 20 HP."

9.11.2. The above para comes under the Chapter 2 which deals with issue wise summary view, comments and suggestions, response of TNEB and ruling of the Commission. The para 2.19.7 deals with the views, comments and suggestions received from various stakeholders only and not tariff categorisation. The Commission views were given in Clause 2.29 of the said tariff order and there is no specific view on the subject matter of this case. Regarding tariff categorisation, the Commission has remarked that tariff categorisation is dealt in tariff schedule vide Clause 2.29.6.

9.11.3. In view of the points discussed in the previous para, I am unable to accept the argument of the Appellant that as per the TNERC's Order the laundries which installed

steam boilers with CL of more than 10 HP are to be considered for billing under Tariff III B.

9.11.4. As the Appellant has argued that in Tariff Order No.3 dated 31.7.2010, nowhere it was mentioned that mechanised laundries to be billed under commercial tariff. Para 9.11.21 of Tariff Order 3 of 2010 dated 31.7.2010 is extracted below :-

“ 9.11.21 LOW TENSION TARIFF V :

Tariff	Consumption slabs – Range in kWh(units) and billing period (one or two months)	Energy charges in paise / kWhr	Fixed charges (Rupees / Month)	Monthly minimum (in Rupees)
Low Tension Tariff V	From 0 to 50 units per month (or) 0 to 100 units for two months	430	30	40
	From 51 to 100 units per month (or) 101 to 200 units for two months	530	30	
	From 101 and above per month (or) 201 and above for two months	650	30	

(1) This tariff is applicable to all Commercial establishments and consumers not categorized under LT IA, IB, IC, IIA, IIB (1), II B (2), IIC, IIIA (I), III A (2), IIIB, and IV.

(2) IT Enabled Services / private communication providers will be charged under this tariff.

(3) All consumers under this category shall have ISI marked motor and motor loads of 3 HP and more shall install adequate power factor improvement capacitors (ISI marked). Non-compliance shall invite compensation charges as per TNEB's terms and conditions. The services having a connected load of 25 HP and above shall be covered under the power factor penalty system as in (5) below.

(4) “The tariff is also applicable for L.T. supply for construction activities of residential building/complex till the completion of construction activities”.

(5) xxx xxxx xxxx

9.11.5. On a careful reading of Clause 9.11.21(1) of the Tariff Order, it is noted that Tariff V is applicable to all commercial establishments and consumers not categorised under other LT tariff. Hence, if the activity of the establishment is commercial or if it is not categorized under any of the LT tariff viz. I A, IB, IC, II A, II B (1), II B (2), II C, III A(1), III A(2), III Band IV. It has to be categorized under Tariff V.

9.11.6. As the Appellant has argued that they are to be classified under Tariff III B, the relevant para 9.11.19 of the Tariff schedule for Tariff III B is extracted below:-

“9.11.19 LOW TENSION TARIFF III-B:

<i>Tariff</i>	<i>Consumption slabs Range in kWh(units) and billing period (one or two months)</i>	<i>Energy charges in paise / kWhr</i>	<i>Fixed charges (Rupees / Month)</i>	<i>Monthly minimum (in Rupees)</i>
<i>Low Tension Tariff III-B</i>	<i>From 0 to 750 units per month (or) 0 to 1500 units for two months</i>	<i>400</i>	<i>30</i>	<i>40 / kw</i>
	<i>From 751 and above per month (or) 1501 and above for two months</i>	<i>500</i>	<i>300</i>	

(1) This tariff is applicable to all industries not covered under LT Tariff III A (1) and III-A (2), Common effluent treatment plants, Dairy units, Coffee grinding, Ice factory, body building units, saw mill, rice mills, flour Mills, prawn farming, poultry farms, fish culture, battery charging units and Information Technology Services Information Technology Services as defined in the Information Communication Policy (ICT Policy) 2008 of Government of Tamil Nadu.

The definition is reproduced below:

“IT services are broadly defined as systems integration, processing services, information services outsourcing, packaged software support and installation, hardware support and installation.”

(2) Supply to welding sets shall be charged 15% extra.

(3) xxxx xxxx xxxx

9.11.7. On a careful reading of clause 9.11.19 (1) of the said Tariff Order, it is noticed that Tariff III B is applicable to all Industries not covered under LT Tariff III A (1) and III A (2) Common Effluent Treatment Plants, Dairy Units, Coffee grinding units, Ice Factory, body building units, saw mills, rice mills, flour mills. Prawn farming, poultry farms, fish culture, battery charging units and IT services. Besides, supply to welding sets also charged under the category with 15% extra.

9.11.8. The Appellant’s Mechanised laundry is not covered in III A (1). As per Clause 9.11 7(1) of the Tariff Order No.3 of 2010, LT Tariff III A(1) is applicable to Cottage and Tiny Industries, Micro Enterprises engaged in manufacture or production of goods pertaining to any Industry specified in first schedule to Industries Act 1951 with a connected load not exceeding 10 HP.

9.11.9. The Appellant’s Industry is not covered under III A (2) also. As per para 9.11.18(1), this tariff is applicable to Braided Cords Manufacturers, related ancillary tiny industries engaged in warping, twisting and winding.

9.11.10 As it has been specified that all the Industries not covered under LT Tariff III A(1) & A(2), I am of the view that any Industry not covered under III A (1) or III A (2) will fall on the III B category.

9.11.11 As any industry not covered under tariff III A(1) & III A(2), has to be categorised under IIIB, the definition of industry has to be referred. But, the definition of industry is not find a place in Electricity Act 2003, Supply Code, Distribution Code, and the Tariff Order. Hence, I have referred the dictionary for the meaning of Industry. The meaning of industry given in Oxford Dictionary is given below :

- Industry :
- (1) Manufacture of goods in factories
 - (2) a branch of economic or commercial activity
 - (3) hard work

9.11.12 One of the meanings given for industry is manufacture of goods in factories and I think the above is relevant to the case on hand.

9.11.13 Further, the Appellant's industry (viz) washing and laundry service does not find a place in first schedule to industries (Development & Regulations) Act 1951. Their enterprise has been registered as small enterprises under the service category and not under manufacturing category.

9.11.14 As the Dictionary meaning of industry is manufacture of goods in factories and as the Appellant's enterprises is registered as a small enterprise under service category, I am of the view that the Appellant's washing & laundry service could not be classified under tariff category III-B as per Tariff Order No. 3 of 2010.

9.12. Tariff Order No.1 of 2012 dt.30.3.2012 applicable for the period from 1.4.2012

9.12.1. The para 10.19 Low Tension Tariff III-B given in the Tariff Order is extracted below:-

"10.19 Low Tension Tariff III-B:

<i>Tariff</i>	<i>Fixed Charges (Rupees per kW per month)</i>	<i>Energy Charges in Paise per kWh</i>
<i>Low Tension Tariff III-B</i>	<i>30</i>	<i>550 "</i>

10.19.1. *This tariff is applicable to all industries not covered under LT Tariff III A (1) and III-A (2). All industries covered under LT Tariff III A (1) and III A (2) shall also fall under this tariff category if the connected load of such industries exceeds 10 HP.*

10.19.2 *This tariff is also applicable to Welding sets irrespective of its capacity.*

10.19.3 *Information Technology services as defined in the ICT Policy 2008 of Government of Tamil Nadu and amended from time to time. The definition is reproduced below: "IT services are broadly defined as systems integration, processing services, information services outsourcing, packaged software support and installation, hardware support and installation.*

10.19.4 *xxxx xxxx xxxx"*

10.19.5 *Supply to welding sets shall be charged 15% extra.*

10.19.6 *The intending consumers applying for service connection under LT Tariff III B claiming to have established the industries engaged in the manufacture or production of goods shall produce certificate from the District Industries centre."*

9.12.2. On a careful reading of para 10.19.1 the said Tariff Order, it is noted that LT Tariff III B is applicable to all Industries not covered under Tariff III A (1) and (2). All Industries covered under Tariff III A (1) and III A (2) shall also fall under this category if the connected load of such Industries exceeds 10 HP.

9.12.3. On a careful reading of para 10.19.6, it is noted that the intending consumers applying for service connection under LT Tariff III B have established industries engaged in the manufacture or production of goods and have produced certificate from the District Industries centre.

9.12.4. The Appellant has produced acknowledgement issued by the Department of Industries and Commerce Department in support of the Company filed the Memorandum for a service Enterprises under small category. In this connection, it is to be noted that the Industries & Commerce Department has categorised the Enterprises in two categories viz. (1) Manufacturing and (2) service. As the Appellants are caregorised under service category, it is established that they are not coming under Manufacturing Enterprises or Manufacturing Industries.

9.12.5. As per the above, the Appellant is small scale service enterprises only and not a Manufacturing Industry.

9.12.6. As per clause 10.19.6 of the Tariff Order No.1 of 2012 only the Industries who are engaged in Manufacturing or production of goods shall be eligible to be categorised as III B. Hence being a service enterprises it is held that, the Appellant is not eligible to be categorised under III B as per Tariff Order No.1 of 2012 dated 30.3.2012.

9.13. **Tariff Order SMT No.9 of 2014 dated 11.12.2014 applicable for the period from 12.12.2014 to till the issue of next order**

9.13.1. The tariff schedule for LT tariff given in Clause 6.19 is extracted below:

“6.19 Low Tension Tariff III-B :

Tariff	Commission's determined tariff	
	Fixed Charges (Rupees per kW per month)	Energy Charges in Paise per kWh
Low Tension Tariff III-B	35	635

- i. *This tariff is applicable to all industries not covered under LT Tariff III A (1) and III-A (2). All industries covered under LT Tariff III A (1) and III A (2) shall also fall under this tariff category if the connected load of such industries exceeds 10 HP.*
- ii. *This tariff is also applicable to Welding sets irrespective of its capacity. Supply to welding sets shall be charged 15% extra.*
- iii. *xxx xxxx xxxxx”*
- iv. *The intending consumers applying for service connection under LT Tariff III B claiming to have established the industries engaged in the manufacture or production of goods shall produce certificate from the District Industries centre.*

9.13.2. As per clause 6.19 (iv) the consumer applying for LT Tariff III B shall establish an industry engaged in manufacturing or production of goods.

9.13.3. As the Appellant's Industry is categorized as service enterprise by the Department of Industries & Commerce, I am of the view that they are not to be categorised under LT III B as per Tariff Order SMT No.9 of 2014 dated 11.12.2014.

9.14. In this connection, it is to be noted that in the written argument dated 27.4.2014, the Appellant has agreed that as per the Tariff Order 2014, their service connection cannot be categorised under LT Tariff III B as it has been clearly mentioned that production and manufacturing industries registered as SSI are eligible for III B. In the tariff orders prior to the year 2014, there is no mention of billing laundry industry with connected load of more than 10 HP under Commercial category and hence requested to categorise them under Tariff III B upto 2014 Tariff Order.

9.15. As the same wording as specified in para no. 10.19.6 of Tariff Order No.1 of 2012, dated 30.3.2012, are specified in para no.6.19.(iv) of SMT order No.9 of 2014 dated 11.12.2014, the arguments of the Appellant that before issuing of Tariff Order for 2014 (i.e.) SMT No.9 of 2014, there is no mention of production and manufacturing industries registered as SSI alone is eligible for IIIB is not correct. The tariff order no.1 of 2012 and SMT order no.9 of 2014 have the same para.

9.17. Another argument putforth by the Appellant is similar laundries with connected load of more than 10 HP are charged under III B, and hence the same treatment may be given to them also.

9.18. If the mechanised laundry with a connected load of more than 10 HP is charged under LT Tariff III B elsewhere by the licensee, it is a mistake done by the staff of the licensee. The categorisation is wrong and has to be corrected. Hence, I am unable to accept the above argument of the Appellant to categorise them as LT Tariff III B.

9.19. Regarding the argument of the Appellant that in the Kerala State, their service was categorised under industrial category, it is informed that as the service in question is in Tamil Nadu, the tariff order issued by the Hon'ble Tamil Nadu Electricity Regualtory Commission alone binding.

9.20 As per my findings in para 9.11.14 & 9.12.6, above, the Appellant's mechanised laundry is a service oriented enterprises and cannot be classified as a manufacturing industry. As the Industry is not a manufacturing unit, it cannot be categorised to Tariff III B for the periods covered in Tariff order No.3 of 2010 dt.31.7.2010 and Tariff Order No.1 of 2012 dated 30.3.2012.

10. Conclusion :

- 10.1. In view of my findings in para 9.20, the Appellants Service Connection No. 141-03-106 could not be categorised under Tariff III B and hence to be categorised under tariff V for the disputed period. Hence, the audit short fall amount of Rs,3,21,312/- levied for the period from 12/2011 to 12/2012 is confirmed.
- 10.2. With the above findings the AP.No.16 of 2015 is finally disposed off by the Electricity Ombudsman. No costs.

(A. Dharmaraj)
Electricity Ombudsman

To

1) M/s Orion Ventures,
Near Basin Bridge Road,
BBQ Depot,
Chennai-600 079.

2) The Assistant Engineer O & M,
Choolai section,
Chennai EDC / Central,
TANGEDCO,
Basin Bridge Railway Station Road
Pullianthoppu, Chennai.

3) The Executive Engineer O & M,
Egmore Division,
Chennai EDC / Central,
TANGEDCO,
Cooks Road, Chennai.

4) The Superintending Engineer,
Chennai EDC / Central,
TANGEDCO,
110/33 KV Valluvarkottam Complex,
Nungambakkam, Chennai 600 034.

5) The Chairman,
(Superintending Engineer),
Consumer Grievance Redressal Forum,
Chennai Electricity Distribution Circle/Central,
TANGEDCO,
110/33 KV Valluvar Kottam SS Complex,
MGR Salai, Nungambakkam,
Chennai-600034.

6) The Chairman & Managing Director,
TANGEDCO,
NPKR Malaigai,
144, Anna Salai,
Chennai – 600 002.

7) The Secretary
Tamil Nadu Electricity Regulatory Commission
No.19A, Rukmini Lakshmi pathy Salai
Egmore,
Chennai – 600 008.

8) The Assistant Director (Computer) - **FOR HOSTING IN THE TNEO WEBSITE PLEASE**
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