



(2) In the Policy direction, the Government have committed to provide subsidy to meet the shortfall in revenue to TNEB under section 65 of the Electricity Act 2003.

(3) In the letter dated 18-12-2008, the TNEB have requested the Commission to approve the subsidy and schedule of payment of subsidy for 2009-10.

(4) The TNEB have sought for the following subsidy for the year 2009-10

**Rs. in Crores**

<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Subsidy for which approval sought for for 2009-10</b>
I	Domestic	1300.00
II	Agricultural consumers under normal category	210.00
III	Agricultural consumers under SFS category	53.00
IV	Hut consumers	15.00
V	Actual place of public worship	6.00
VI	Powerloom consumers (reduction in tariff)	33.00
VII	Powerloom consumers free supply from 1.8.2006.	30.00
VIII	Handloom weavers (free supply)	5.50
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	51.50
<b>Total</b>		<b>1704.00</b>

(5) The Commission has considered the claims made by the TNEB for different categories of consumers as below:

**I. Domestic Consumers**

(A) The subsidy for domestic consumers approved by the Commission for 2006-07, 2007-08 and 2008-09 and the subsidy claimed by TNEB are as below:

**Rs. in Crores**

<b>Year</b>	<b>Subsidy approved</b>	<b>Subsidy claimed</b>
2006-07	1031.57 (reconciled)	1046.43
2007-08	1073.95	1109.21
2008-09	1181.35	1220.13 (10% increase)
2009-10		1300.00 (10% increase)

- (B) In this context, the Commission considered the following facts:
- (i) The TNEB has requested to allow subsidy of Rs.1300.00 Crs. for 2009-10 adopting 10% growth rate based on the subsidy of Rs.1181.35 Cr. allowed for 2008-09.
  - (ii) However, the subsidy of Rs.1181.35 Cr. allowed to TNEB for 2008-09 is a provisional subsidy which may include consumption covered under MM (Monthly Minimum) charges also which does not require subsidy payment. Therefore this cannot be taken for calculating subsidy for 2009-10.
  - (iii) But the TNEB has furnished slabwise consumption and reconciliation statements for 2006-07 and claimed a revised subsidy of Rs. 1046.43 Cr. Against this the Commission has approved a subsidy of Rs. 1031.57 Cr. after obtaining revised slabwise consumption from the Coimbatore Region and after deleting the consumption covered under MM (Monthly Minimum) as it does not require any subsidy. This

amount of Rs.1031.57 Cr. may be taken as the basis for calculating the subsidy for 2009-10 as it is a reconciled figure.

(iv) As regards the growth rate of 10% for 2009-10 sought for by the TNEB, it is to be stated that the TNEB has not given any justification for the same.

(v) The growth rate as per the accounts of TNEB is as below.

Year	Consumption in MU	Growth Rate in %
2005-06 (Actuals)	11052	
2006-07 (Actuals)	12034	8.9
2007-08 (Pre.ASA)	12813	6.4
2008-09 (BE)	13717	7.1

(C) Considering the possible increase in consumption during 2009-10, growth rate of 8% is adopted for 2009-10.

(D) Therefore subsidy for 2009-10 for reduction in tariff to Domestic consumers is approved for **Rs.1269.56 Cr.** as below:

Subsidy approved on reconciliation for 2006-07      Rs.1031.57 Cr.

Subsidy for 2007-08 (6.4% Growth)  $1031.57 \times 1.064$       Rs.1097.59 Cr.

Subsidy for 2008-09 (7.1% Growth)  $1097.59 \times 1.071$       Rs.1175.52 Cr.

Subsidy for 2009-10 (8% Growth)  $1175.52 \times 1.08$       **Rs.1269.56 Cr.**

## II. **Agricultural consumers under normal category**

The Commission has approved a subsidy of Rs.206.10 Cr. for 2007-08 and Rs. 209.63 Cr. for 2008-09. The TNEB has subsequently furnished the actual connected

load of agricultural service connection as on 31.3.2008 and based on such load details, the subsidy has been projected as below:

<b>Year ending</b>	<b>connected load</b>	<b>Charges @ Rs.250/HP Rs.in Cr.</b>
31.3.2008	8238881	205.97
31.3.2009 (Estimated)	8321270 (1.01%)increase	208.03(against 209.63)
Estimated for 2009-10	8404482	210.11 (or say 210/- cr)

The Commission accepts the percentage of increase proposed and the subsidy of **Rs.210.00 Cr.** sought for 2009-10 for agricultural consumers under normal category is approved.

### **III.Agricultural consumers under SFS category**

The Commission had approved a subsidy of Rs.42.24 Cr. 2007-08 taking the connected load of such service (under SFS) as on 31.3.2007 as 1689621 HP. Subsequently the TNEB has furnished the connected load of agricultural consumers under SFS as 1752645 HP with an increase of 9.85% over the previous year (2006-07 - 1595625 HP). Accordingly, the TNEB has sought for revised subsidy of Rs.43.82 Cr. for 2007-08 and the Commission has approved the same.

By allowing 10% increase for 2008-09 and 2009-10, the subsidy for 2009-10 has been projected as below:

<b>Year</b>	<b>Connected load HP</b>	<b>Charges @ Rs.250/HP Rs.in Cr.</b>
2007-08	1752645 (actual)	43.82
2008-09 (Estimated)	1927910 (10% increase)	48.20
2009-10 (Estimated)	2120700 (10% increase)	53.02 (or say 53/- cr)

The Commission accepts the percentage of increase proposed and the subsidy of **Rs.53.00 Cr.** sought for 2009-10 for agricultural consumers under SFS category is approved.

#### **IV.Hut consumers**

The Commission approved a subsidy of Rs. 12.25 Cr. for 2007-08 and Rs.13.48 Cr. for 2008-09. Subsequently the TNEB furnished actual number of Hut consumers as 1114379 for 2007-08 with an increase of 6.30% over the previous year (2006-07 with 1048024 Hut consumers) . Accordingly, the TNEB sought for a revised subsidy of Rs.13.37 Cr. for 2007-08 and the Commission has approved the same.

By allowing 6% increase for 2008-09 and 2009-10, the subsidy for 2009-10 has been projected as below:

<b>Year</b>	<b>Number of Hut Consumers</b>	<b>Charges @ Rs.120/ Hut Consumer Rs.in Cr.</b>
2007-08	1114379 (actual)	13.37
2008-09 (Estimated)	1181242 (6% increase)	14.17
2009-10 (Estimated)	1252116 (6% increase)	15.02 (or say 15/- cr)

The Commission accepts the percentage of increase proposed and the subsidy of **Rs.15.00 Cr.** sought for 2009-10 for free supply to Hut consumers is approved.

#### **V.Reduction in Tariff rate to Actual Places of Public Worship**

The subsidy approved by the Commission for reduction in tariff to the consumers under LT Tariff II C - Actual places of public worship for the years 2006-07 to 2008-09 and the approval sought for by the TNEB are as below:

Rs. in Cr.

Year	Subsidy approved by the Commission	Subsidy sought for by TNEB
2006-07	5.49 (actual)	6.05
2007-08	3.82	6.41
2008-09	5.62	6.80
2009-10		6.00

The TNEB has furnished actual consumption and reconciliation statement for 2006-07 and claimed a revised subsidy of Rs.6.05 Cr. for 2006-07(Provisional subsidy for 2006-07 Rs. 3.64 Cr.). Against this, the Commission approved a revised subsidy of Rs.5.49 Cr. after deleting the consumption covered under the MM(Monthly Minimum) charges as it does not require subsidy.

The TNEB has sought for a subsidy of Rs 6.00 Cr. for 2009-10 based on the subsidy allowed for 2008-09 with a growth rate of 6%.

By allowing 6% increase for 2009-10, the subsidy is approved for **Rs.5.95 Cr.** for 2009-10 for reduction in tariff rate to actual places of public worship as below:

Subsidy approved for 2008-09 Rs.5.62 Cr.

Subsidy payable for 2009-10 (6% growth)  $5.62 \times 1.06$  Rs.5.95 Cr.

#### **VI.Reduction in tariff to power loom consumers**

The subsidy approved for 2008-09 was Rs.30.78 Cr. with 6% growth rate over the previous year. The TNEB has sought for a subsidy of Rs.33.00 Cr. for 2009-10 based on the subsidy approved for 2008-09 with the same growth rate of 6% as below:

Subsidy approved for 2008-09 Rs.30.78 Cr.

Subsidy payable for 2009-10 (6% growth)  $30.78 \times 1.06$  Rs.32.62 Cr.

As per the accounts of the TNEB, the growth rate for 2007-08 is 2.97% and for 2008-09 is 9.67% as below:

Year	Consumption in MU	Growth Rate
2006-07(Actual)	643	
2007-08 (Pre.ASA)	662	2.95%
2008-09(BE)	726	9.67%

In view of the increasing trend, in the year 2008-09, the growth rate of 6% is accepted and the Commission approves subsidy of **Rs.32.62 Cr.** for 2009-10 for Reduction in tariff to powerloom consumers.

#### **VII.Free supply to power loom consumers**

The subsidy approved by the Commission for free supply to powerloom consumers for the years 2006-07 to 2008-09 and the approval sought for by the TNEB are as below:

Rs. in Cr.

<b>Year</b>	<b>Subsidy approved by the Commission</b>	<b>Subsidy sought for by TNEB</b>
2006-07	15.64	18.44
2007-08	24.86	29.32
2008-09	27.50	31.08
2009-10		30.00

The TNEB has sought for a subsidy of Rs.30.00 Cr. for 2009-10 based on the subsidy approved for 2008-09 with the same growth rate of 6% as below:



Subsidy approved for 2008-09 Rs.27.50 Cr.

Subsidy payable for 2009-10 (6% growth)  $27.50 \times 1.06$  Rs.29.15 Cr.

As the claim is reasonable, the Commission approves the subsidy of **Rs.29.15 Cr.** for free supply to powerloom consumers for 2009-10.

#### **VIII.Free supply to Handloom consumers upto 100 units bimonthly**

The subsidy approved for 2008-09 was Rs.5.00 Cr. with a growth rate of 10% as applicable to Domestic consumers.

The TNEB has sought for a subsidy of Rs.5.50 Cr. based on the subsidy for the last year with the same growth rate of 10%.

However, 8% is the approved growth rate for 2009-10 for Domestic Category and therefore the subsidy for free supply to Handloom consumers is approved at **Rs.5.40 Cr.** for 2009-10 as below:

Subsidy approved for 2008-09 Rs.5.00Cr.

Subsidy payable for 2009-10 (8% growth)  $5.00 \times 1.08$  Rs.5.40 Cr.

#### **IX.Reduction in tariff to street light and public water supply works.**

The subsidy approved for 2007-08 was Rs.44.44 Cr. and for 2008-09 was Rs.48.58 Cr. with 6% growth rate over the previous year. The TNEB has sought for a subsidy of Rs.51.49 Cr. for 2009-10 based on the subsidy approved for 2008-09 with the same growth rate of 6% as below:

Subsidy approved for 2008-09 Rs.48.58 Cr.

Subsidy payable for 2009-10 (6% growth)  $48.58 \times 1.06$  Rs.51.49 Cr.

The growth rate as per the accounts of the TNEB is as below:

Year	Consumption in MU	Growth Rate
2004-05	1134	5%
2005-06	1179	3.97%
2006-07(Actual)	1295	9.84%
2007-08 (Pre.ASA)	1314	1.47%
2008-09(BE)	1424	8.37%

Even though the growth rate is not consistent, in view of the increasing trend in the year 2008-09, the growth rate at 6% is accepted and the Commission approves the subsidy of **Rs.51.49 Cr.** for Reduction in tariff to street light and public water supply works for 2009-10.

**X.Payment of additional subsidy / adjustment of excess subsidy:**

The Commission has approved payment of additional subsidy / adjustment of excess subsidy after due reconciliation based on slabwise consumption / consumption covered under MM (Monthly Minimum)/connected load details and other details obtained from the TNEB as below:

**Rs. in Cr.**

Year	Tariff Category	Provisional Subsidy		Revised Subsidy		Additional subsidy payable/ Excess subsidy recoverable
		Claimed	Approved	Claimed	Approved	
Additional subsidy						
2005-06	Temples	0.91	0.91	1.39	1.26	0.35
2006-07	Temples	3.64	3.64	6.05	5.49	1.85
2006-07	Domestic	1011.24	1009.32	1046.42	1031.57	22.25
2007-08	Agri-SFS	42.24	42.24	43.82	43.82	1.58
2007-08	HUT	16.00	12.25	13.37	13.37	1.12
<b>Total (A)</b>						<b>27.15</b>
Excess subsidy						
2004-05	HUT	16.91	16.00	11.78	11.78	(-) 4.22
2005-06	HUT	16.00	16.00	12.25	12.25	(-) 3.75
2006-07	Handloom	11.20	11.20	2.73	2.73	(-) 8.47
2007-08	Agriculture	206.10	206.10	205.97	205.97	(-) 0.13
<b>Total (B)</b>						<b>(-)16.57</b>

**Net subsidy payable (A-B) Rs.27.15 cr – Rs. 16.57 cr ) Rs. 10.58 Cr.**

(6) The subsidy payable by Government of Tamil Nadu to comply with the policy directions is as below:

**Rs. in Crores**

<b>Sl. No.</b>	<b>Category of consumers</b>	<b>Approved by the Commission</b>
I	Domestic	1269.56
II	Agricultural consumers under normal category	210.00
III	Agricultural consumers under SFS category	53.00
IV	Hut consumers	15.00
V	Actual place of public worship	5.95
VI	Powerloom consumers (reduction in tariff)	32.62
VII	Powerloom consumers free supply from 1.8.2006.	29.15
VIII	Handloom weavers (free supply)	5.40
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	51.49
		<b>1672.17</b>

(7) **Directives:**

1. The Government of Tamil Nadu shall provide the above subsidy in advance in the manner specified in the annexure to this order for the year 2009-10 to compensate the short fall in revenue to TNEB consequent to the extension of free supply / reduction of tariff as per the policy direction.
2. The TNEB shall extend free supply / collect reduced tariff as per the policy directives of the Government of Tamil Nadu.
3. The Government of Tamil Nadu as well the TNEB will have to abide by 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 provision 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."*

4. The TNEB shall reconcile the subsidy allowed with the actual consumption and revenue assessed for 2009-10 and to furnish the report before 30.09.2010.
5. Wherever monthly minimum is collected, the quantum of consumption for which monthly minimum is admissible as per the tariff order dated 15-03-2003 shall be taken into account while computing subsidy based on actual.
6. While furnishing the actual consumption details it should be ensured that slab wise consumption are furnished correctly.
7. Also it should be ensured that the details are furnished by the CEs uniformly in the same format.
8. The TNEB shall furnish the actual connected load of Agricultural consumers as on 01.04-2009 before 30.06.2009 and the connected load as on 01.07.2009 before 31.12.2009.
9. TNEB shall furnish the circle wise No. of Hut consumers as on 01.04-2009 before 30.06.2009 and number of consumers as on 01.07.2009 before 31.12.2009.
10. While the Chief Engineer/ Distribution, Coimbatore furnished details of power loom consumers under LT tariff III A (2) who were **not** extended free supply, all other Regions have furnished that free supply has been extended to all the consumers under LT tariff IIIA (2). This requires detailed examination on the applicability of free supply to powerloom consumers viz-a-viz Govt. directives. A report on the same shall be sent to the Commission.
11. The details of subsidy computed in this Order will be revised in the event of tariff revision and subject to the policy directives of Government during and after such revision.

(By Order of the Commission)

Encl.: Annexure

Secretary  
Tamil Nadu Electricity Regulatory Commission

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

The Secretary to Government, Energy Department, Chennai 600 009.

Copy to: The Principal Secretary to Government, Finance Department, Chennai-9.

## Annexure

## Subsidy Payable by Government for 2009-10

Sl. No.	Category	Subsidy period	Subsidy Rs. in Crs.	Payable on or before
1	Domestic	April 2009	105.87	31.03.2009
2	Agriculture	01.04.2009 to 30.09.2009	131.50	31.03.2009
3	Hut	01.04.2009 to 30.09.2009	7.50	31.03.2009
4	Actual place of public worship	01.04.2009 to 30.06.2009	1.51	31.03.2009
5	Power loom	01.04.2009 to 30.09.2009	30.89	31.03.2009
6	Handloom	01.04.2009 to 30.09.2009	2.70	31.03.2009
7	Street Light & Public Water Supply	01.04.2009 to 30.09.2009	25.75	31.03.2009
8	Additional subsidy payable relating to earlier years as in clause 5.(X) above		10.58	31.03.2009
9	Domestic	May 2009	105.79	30.04.2009
10	Domestic	June 2009	105.79	31.05.2009
11	Domestic	July 2009	105.79	30.06.2009
12	Actual place of public worship	01.07.2009 to 30.09.2009	1.48	30.06.2009
13	Domestic	August 2009	105.79	31.07.2009
14	Domestic	September 2009	105.79	31.08.2009
15	Domestic	October 2009	105.79	30.09.2009
16	Agriculture	01.10.2009 to 31.03.2010	131.50	30.09.2009
17	Hut	01.10.2009 to 31.03.2010	7.50	30.09.2009
18	Actual place of public worship	01.10.2009 to 31.12.2009	1.48	30.09.2009
19	Powerloom	01.10.2009 to 31.03.2010	30.88	30.09.2009
20	Handloom	1.10.2009 to 31.03.2010	2.70	30.09.2009
21	Street Light & Public Water Supply	01.10.2009 to 31.03.2010	25.74	30.09.2009
22	Domestic	November 2009	105.79	31.10.2009
23	Domestic	December 2009	105.79	30.11.2009
24	Domestic	January 2010	105.79	31.12.2009
25	Actual Places of public worship	01.01.2010 to 31.03.2010	1.48	31.12.2009
26	Domestic	February 2010	105.79	31.01.2010
27	Domestic	March 2010	105.79	28.02.2010
			<b>1682.75</b>	

