



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

Order No T.O 1 - 109 dated 13/03/2008

Present : **Thiru S. Kabilan,** **Chairman**
 Thiru B. Jeyaraman, **Member**
 Thiru R.Rajupandi **Member**

**In the matter of : Provision of Tariff subsidy for the year 2008-09
 by the Government of Tamil Nadu.**

The Government of Tamil Nadu have issued policy direction under sub-section (1) of section 108 of the Electricity Act, 2003, for extension of free supply / concessional tariff to different categories of consumers as detailed below:

- I. Reduction in tariff to Domestic consumers from 16.06.2004.
- II. Free supply of electricity to Agricultural consumers under normal category from 01.04.2004.
- III. Free supply of electricity to Agricultural consumers under SFS category from 1.4.2006.
- IV. Free supply to Hut consumers from 1.4.2004.
- V. Reduction in tariff rate to Actual Places of public worship from 01.01.2006.
- VI. Reduction in tariff rate to powerloom consumers from 01.02.2006.
- VII. Free supply to powerloom consumers from 01.08.2006.
- VIII. Free supply to handloom consumers upto 100 units bi-monthly from 1.8.2006.
- IX. Reduction in tariff rates to street lights and public water supply under LT Tariff II A from 12.4.2007.

(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 10-01-2008, the TNEB have requested the Commission to approve the subsidy and schedule of payment of subsidy for 2008-09.

(4) The TNEB have sought for the following subsidy for the year 2008-09

Rs. in Crores

Sl. No.	Category of consumers	Subsidy for which approval sought for for 2008-09
I	Domestic	1220.13
II	Agricultural consumers under normal category	209.63
III	Agricultural consumers under SFS category	45.18
IV	Hut consumers	14.13
V	Actual place of public worship	6.80
VI	Powerloom consumers (reduction in tariff)	30.78
VII	Powerloom consumers free supply from 1.8.2006.	31.08
VIII	Handloom weavers (free supply)	16.80
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	48.58
Total		1623.11

(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 and 2007-08 and the subsidy claimed by TNEB for 2006-07, 2007-08 and 2008-09 are as below:

Year	Rs. in Crores	
	Subsidy approved	Subsidy claimed
2006-07	1009.32	1046.43
2007-08	1073.95	1109.21
2008-09	-	1220.13 (10% increase)

- (B) In this context, the Commission considered the following facts:
- (a) The subsidy of Rs.1046.43 crs. for 2006-07 arrived at by the TNEB cannot be accepted for the following reasons.
- (i) The TNEB have calculated subsidy for consumption upto 36 units also for which monthly minimum charges corresponding to the charges at the rate approved by the Commission has been collected.
- (ii) Some of the circles have furnished the actual consumption under lower slabs against higher slabs and such consumption has been consolidated and the subsidy arrived at.
- (iii) The consumption details furnished by the Coimbatore / South cannot be accepted as correct consumption, as the circle has furnished consumption for the first three slabs by multiplying the number of consumers with the maximum consumption in the slab.
- (iv) The TNEB is being asked to furnish the details of consumption upto 36 units bimonthly.
- (v) The revenue at the tariff rate approved by the Commission **(excluding the excess revenue due to collection of monthly minimum charges for Nil consumption and 0-60 units)** for the consumption furnished by the CE (and for the consumption pulled out by TNEB) shall be less than the revenue and subsidy accounted for in the Preliminary Accounts.
- (vi) Therefore the subsidy for 2008-09 cannot be considered based on Rs.1046.43 crs. claimed as subsidy for 2006-07 by TNEB.
- (vii) Under the above circumstances, pending receipt of correct details, the subsidy for 2008-09 is allowed based on the subsidy allowed for 2007-08.
- (viii) As regards the increase of 10% for 2008-09 sought for by TNEB, the Commission considered the following:
- (1) The TNEB has stated that, as per preliminary accounts for 2006-07 the growth rate for domestic consumer is 11.35%.
- (2) In the preliminary accounts, the consumption by domestic consumers has been furnished as 12307 MUs.
- (3) But in letter dated 25.10.2007, wherein revised subsidy for 2006-07 has been sought for, the consumption has been furnished as

12034 MUs However, in the consolidation done by the Commission staff, the consumption works out to 12036 MU. If this consumption is considered, the percentage of increase is 8.90% only as against 11.35% increase as per preliminary accounts.

(C) Considering the possible increase in consumption during 2007-08, the Commission accepts the increase of 10% proposed by TNEB for 2008-09.

(D) Therefore the subsidy for 2008-09 for reduction in tariff to Domestic consumers is approved as below:

Subsidy allowed for 2007-08 Rs.1073.95 cr.

Subsidy for 2008-09 with 10% increase is Rs.1073.95 x 1.10 = **1181.35 cr.**

II. **Agricultural consumers under normal category**

(a) The Commission approved a subsidy of Rs.206.10 cr. for 2006-07 and 2007-08. The TNEB subsequently furnished the actual connected load of agricultural service connection as on 31.3.2007 and has projected the subsidy as below:

Year ending	connected load	Charges @ Rs.250/HP Rs.in Cr.
31.3.2007	8158338	203.96
31.3.2008 (Estimated)	8270923 (1.38%)increase	206.77 (against Rs.206.10)
Estimated for 2008-09	8385062	209.63

(b) The Commission accepts the percentage of increase proposed by TNEB and approves a subsidy of Rs.209.63 crs. for extension of free supply of electricity to Agricultural Consumers under normal category during 2008-09.

III. **Agricultural consumers under SFS category**

The Commission approved a subsidy of Rs.37.48 cr. for 2006-07 considering the connected load of such service (under SFS) as on 31.3.2006 as 1499359 HP. Subsequently the TNEB furnished the connected load of agricultural consumers under SFS as 1595625 with an increase of 6.42%. Accordingly, the TNEB sought for a revised subsidy of Rs.39.89 crs. for 2006-07 and the Commission has approved the same.

By allowing 6.42% increase over the subsidy approved for 2006-07, the subsidy for 2008-09 is approved as **Rs.45.17 Crs** as below:

Year	Charges @ Rs.250/HP Rs.in Cr.
2006-07	39.89
2007-08 (Estimated)	42.45
2008-09 (Estimated)	45.17

IV. Hut consumers

- (a) The subsidy for hut consumers for 2006-07, 2007-08 approved by the Commission and the subsidy sought for by TNEB for 2006-07, 2007-08 and 2008-09 are tabulated below:

Rs. in Crores

Year	Subsidy approved by the Commission	Subsidy sought for by TNEB
2006-07	16.00	12.58 (based on 1048024 no. of consumers)
2007-08	12.25	13.33 (with 6% increase)
2008-09		14.13 (with 6% increase)

- (b) The TNEB have projected an increased of 6%.
(c) The growth in the number of consumers is as below:

Year	No. of consumers as per Accounts	% of increase
2004-05	981960	3.93%
2005-06	1020509	3.45%
2006-07	1055705	

- (d) The TNEB in letter dt.25.10.2007 have furnished the number of consumers as on 31.3.2007 as 1048024. In the preliminary accounts for 2006-07, the number of hut consumers has been furnished as **1055705**.
(e) The average increase will be 3.3% in case the number of consumers as furnished in the TNEB's letter is taken as correct. Therefore, the subsidy for 2008-09 is allowed as 13.48 cr. with 3.5% increase as detailed below:

Subsidy for 2006-07	:	Rs.12.58 cr.
Subsidy for 2007-08 with 3.5% increase	:	Rs.13.02 cr.

Subsidy for 2008-09 with 3.5% increase : Rs.13.48 cr.

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

- (a) 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 and 2007-08 and the approval sought for by the TNEB for 2006-07, 2007-08 and 2008-09 are as below:

Rs. in Crs.

Year	Subsidy approved by the Commission	Revised Subsidy sought for by TNEB
2006-07	3.64	6.05
2007-08	3.82	6.41
2008-09		6.80

- (b) The TNEB have claimed the subsidy of Rs.1.50 / unit for the entire consumption under the slab 0 – 120 units without considering the monthly minimum charges collected for consumption in the range of 1 – 33 units bimonthly. The TNEB have been asked to furnish such consumption so as to consider the claim for 2006-07. The details are awaited.
- (c) The tariff applicable to Actual Places of Public Worship is considered as below:

Energy Charges : Rs.3 / unit
Fixed Charges : Rs.10/service/month

The revenue for the consumption furnished by the TNEB in the letter dt.27.8.07 i.e. consolidated consumption of the details furnished by the CEs will be as below:

Rs.

59558569 units @ Rs.3/ unit	178675707
Fixed Charges @ Rs.10/ p.m. for 68949 consumers	8273880

	186949587
Less: Revenue assessed at reduced rate as per prel. Accounts	138111833

	48837754

- (d) Therefore, the subsidy for 2006-07 may be provisionally taken as Rs.5.00 crs. (taking into account the monthly minimum) pending receipt of information on the collection of monthly minimum charges.
- (e) The TNEB have proposed an increase of 6% to project subsidy for 2007-08 and 2008-09.

The number of consumers, consumption and percentage of increase from 2003-04 are as below:

Year	No. of consumers	% of increase	Consumption in MU	% of increase
2003-04	39246		44	
2004-05	46256	25.51	46	4.54
2005-06	46573	0.68	49	6.52
2006-07	60259	29.39	57	16.32

- (f) Considering the percentage of increase in consumption in 2005-06 and 2006-07, the increase of 6% proposed by TNEB is accepted. The subsidy for 2008-09 is fixed at Rs.5.62 crs. as below:

Subsidy for 2006-07	Rs.5.00 cr.
Subsidy for 2007-08 with 6% increase	Rs.5.30 cr.
Subsidy for 2008-09 with 6% increase	Rs.5.62 cr.

VI. Reduction in tariff to power loom consumers

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

Year	Subsidy approved Rs.in Cr.	Subsidy claimed Rs.in Cr.
2006-07	30.73	27.39
2007-08	32.56	29.03
2008-09		30.78

- (b) The details for 2006-07 were checked and the subsidy claim of Rs.27.39 cr. for 2006-07 was found correct.
- (c) The TNEB have claimed a growth rate of 6% over the year to arrive at the subsidy for 2007-08 and 2008-09.

- (d) The consumption as per the Annual Accounts of the TNEB for 2003-04 are as below:

Year	Consumption in MU	% of increase
2003-04	617	17.95
2004-05	666	7.94
2005-06	725	8.85
2006-07 (prel. accounts)	760	4.83

- (e) In view of the increased percentage of consumption in earlier years, the proposal of TNEB for 6% increase is accepted.
- (f) The subsidy of Rs.30.78 crores for 2008-09 for reduction in tariff to power loom consumers is therefore approved.

VII. Free supply to power loom consumers

- (a) The subsidy approved by the Commission for the period from 1.8.2006 to 31.3.2007 and 2007-08 and the subsidy claimed by the TNEB are as below:

Year	Subsidy approved by the Commission Rs.in Cr.	Subsidy claimed by TNEB Rs.in Cr.
2006-07 (1.8.06 – 31.3.07)	15.64	18.44
2007-08	24.86	29.32
2008-09		31.08

- (b) The claim submitted by the TNEB for the period from 1.8.06 to 31.3.07 was verified and it was found that the TNEB have claimed fixed charges erroneously for the consumers who have consumed less than 500 units and availed free supply.
- (c) The actual subsidy, with reference to the details furnished by the Regional Chief Engineers worked out to Rs.16.31 cr. for the period from 1.8.2006 to 31.3.2007.
- (d) The subsidy for 2008-09 is fixed at Rs.27.30 cr. as below:
- | | |
|--|--------------|
| I. Subsidy for the period from 1.8.06 to 31.3.07 | Rs.16.31 cr. |
| II. Subsidy for full year (16.31/ 8) x 12 | Rs.24.47 cr. |

III. Subsidy for 2007-08 with 6% increase	Rs.25.94 cr.
IV. Subsidy for 2008-09	Rs.27.50 cr.

VIII. Free supply to Handloom consumers upto 100 units bimonthly

- (a) A subsidy of Rs.11.20 Crs. for the period 01.08.2006 to 31.03.2007 was approved by the Commission based on the estimate that there were 4 lakh handloom weavers and annual subsidy would be Rs.16.80 cr. at the rate of Rs.70/- per service per assessment.
- (b) In the letter claiming subsidy for 2008-09, the TNEB have stated that the actual details of handloom weavers for the period from 8/06 to 3/07 is being consolidated and analysed. But, the TNEB have already furnished the region wise details of handloom weavers for the period from 1.8.2006 to 31.3.2007 (except SE Chennai North who have furnished the details for 5 months instead of 8 months) along with the details for domestic consumers.
- (c) The details furnished by the CEs show that there were only 99657 handloom weavers as on 31.3.2007.
- (d) The subsidy for the period from 1.8.2006 to 31.3.2007 works out to Rs.2.15 cr. at the rate of Rs.70/ consumer as against Rs.11.20 crores allowed for 2006-07 The Commission has allowed a subsidy of Rs.16.80 cr. for 2007-08.
- (e) At the estimated growth rate applicable for domestic consumers, the subsidy for 2008-09 will be Rs.4.88 cr. as below:
- | | | |
|-----------|---|-----------------|
| 31.3.2007 | : | 99657 consumers |
| 31.3.2008 | : | 105636 “ |
| 31.3.2009 | : | 116200 “ |
- (Subsidy at the rate of Rs.70/- per consumer for 6 assessment for 116200 consumers (116200 x 70 x 6) = Rs.4.88 cr.)
- (f) The Commission approves a subsidy of Rs.5.00 crs. Provisionally for 2008-09 for handloom weavers.

IX. Reduction in tariff to street light and public water supply works under LT Tariff II A.

The Government of Tamil Nadu have issued policy direction to collect reduced tariff for street lights and public water works of local bodies from 12.4.2007. The

Commission has approved a subsidy of Rs.44.44 crores for a period from 12.4.2007 to 31.3.2008.

The TNEB was asked to furnish the actual consumption details for the period from 12.4.2007 to 31.3.2008 before 30.6.2008.

The TNEB have sought for a subsidy of Rs.48.58 crores for 2008-09 with an increase of 6% over the subsidy allowed for 2006-07.

The consumption for the period from 2004-05 to 2006-07 under LT Tariff II A (street light and public waterworks) as per the Accounts of the TNEB are as below:

2004-05	1134 MU	5% of increase
2005-06	1179 MU	3.97 % of increase
2006-07	1295 MU	9.83% of increase

Pending receipt of actual consumption details for 2007-08 the Commission approves a subsidy of Rs.48.58 crores towards reduction of tariff under LT tariff IIA.

X. Adjustment of Excess Subsidy allowed for 2006-07

1. The Commission has arrived the excess subsidy received by TNEB for 2006-07 based on the actual details furnished by TNEB. as below:

a. Hut Consumers	Rs.3.42 Crs
b. Power Loom Consumers	Rs.2.66 Crs
c. Agricultural Consumers (Normal Category)	Rs.2.14 Crs
Total	Rs.8.22 Crs
Less: Balance subsidy payable for Agriculture (SFS)	Rs.2.41 Crs
Net Subsidy to be adjusted	Rs.5.81 Crs

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

Rs. in Crores

Sl. No.	Category of consumers	Approved by the Commission
I	Domestic	1181.35
II	Agricultural consumers under normal category	209.63
III	Agricultural consumers under SFS category	45.17
IV	Hut consumers	13.48
V	Actual place of public worship	5.62
VI	Powerloom consumers (reduction in tariff)	30.78

VII	Powerloom consumers free supply from 1.8.2006.	27.50
VIII	Handloom weavers (free supply)	5.00
IX	Street lights, public water supply under LT Tariff II A (Reduction in tariff)	48.58
X	Total	1567.11
XI	Adjustment of Excess Subsidy	5.81
XII	Net Subsidy for the year 2008-09	1561.30

(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 2008-09 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 be 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 2008-09 and to furnish the report before 30.09.2009.
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 01.04-2008 before 30.06.2008 and the connected load as on 01.07.2008 before 31.12.2008.

9. TNEB shall furnish the circle wise No. of Hut consumers as on 01.04-2008 before 30.06.2008 and No.of consumers as on 01.07.2008 before 31.12.2008.
10. Number of Handloom weavers who were extended free supply during the period from 01-08.2006 to 31-03-2007 may be verified and furnished to the Commission so as to regulate the subsidy for the period already paid.
11. 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.

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.

Copy to: The Secretary, Finance Department, Chennai 600 009.

Annexure

Subsidy Payable by Government for 2008-09

Sl. No.	Category	Subsidy period	Subsidy Rs. in Crs.	Payable on or before
1	Domestic	April 2008	98.51	31.03.2008
2	Agriculture	01.04.2008 to 30.09.2008	127.40	31.03.2008
3	Hut	01.04.2008 to 30.09.2008	6.74	31.03.2008
4	Actual place of public worship	01.04.2008 to 30.06.2008	1.41	31.03.2008
5	Power loom	01.04.2008 to 30.09.2008	29.14	31.03.2008
6	Handloom	01.04.2008 to 30.09.2008	2.50	31.03.2008
	Street Light & Public Water Supply	01.04.2008 to 30.09.2008	24.29	31.03.2008
7	Adjustment of Excess Subsidy paid in 2006-07		(-) 5.81	31.03.2008
7	Domestic	May 2008	98.44	30.04.2008
8	Domestic	June 2008	98.44	31.05.2008
9	Domestic	July 2008	98.44	30.06.2008
10	Actual place of public worship	01.07.2008 to 30.09.2008	1.41	30.06.2008
11	Domestic	August 2008	98.44	31.07.2008
12	Domestic	September 2008	98.44	31.08.2008
13	Domestic	October 2008	98.44	30.09.2008
14	Agriculture	01.10.2008 to 31.03.2009	127.40	30.09.2008
15	Hut	01.10.2008 to 31.03.2009	6.74	30.09.2008
16	Actual place of public worship	01.10.2008 to 31.12.2008	1.40	30.09.2008
17	Powerloom	01.10.2008 to 31.03.2009	29.14	30.09.2008
18	Handloom	1.10.2008 to 31.03.2009	2.50	30.09.2008
	Street Light & Public Water Supply	01.10.2008 to 31.03.2009	24.29	30.09.2008
19	Domestic	November 2008	98.44	31.10.2008
20	Domestic	December 2008	98.44	30.11.2008
21	Domestic	January 2009	98.44	31.12.2008
22	Actual Places of public worship	01.01.2009 to 31.03.2009	1.40	31.12.2008
23	Domestic	February 2009	98.44	31.01.2009
24	Domestic	March 2009	98.44	28.02.2009
			1561.30	

