



Tamilnadu Electricity Regulatory Commission

(Terms and Conditions for Determination of Tariff) (Amendment) Regulations

Notification No. TNERC/TR/5/2-1, dated 09/05/2006.

WHEREAS it is considered necessary to create a fund called '**Hydro Balancing** Fund' to take care of fluctuation in hydro generation due to vagaries of nature;

WHEREAS it is considered necessary to issue amending Regulations to the regulations in Tamil Nadu Electricity Regulatory Commission (Terms & Conditions for Determination of Tariff) Regulations 2005 to provide for creation and utilization of such fund and the Amending Regulation shall be subject to the condition of previous publication and accordingly undergone such previous publications;

NOW, therefore, in exercise of the powers conferred on it by section 61 read with section 181 of the Electricity Act 2003 (Central Act 36 of 2003) and all other powers enabling it in this behalf, the Tamil Nadu Electricity Regulatory Commission hereby specifies the following amending Regulations to the Tamil Nadu Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2005 issued under Notification No. TNERC/TR/5/2 dt.24.06.2005 and published in Part VI Section 2 (Supplement) of Tamil Nadu Government Gazette dated 3rd August 2005.

Amending Regulations

(1) Short title and Commencement

- (1) These Regulations may be called Tamil Nadu Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (Amendment) Regulations 2006.
- (2) These Regulations shall come into force on the date of their publication in the Tamil Nadu Government Gazette

(2) Substitution of new regulation 76 for existing regulation 76

In the TNERC (Terms and Conditions for Determination of Tariff) Regulations 2005, for the Regulation 76, the following new regulation shall be substituted, namely;

"76 – Hydro Balancing Fund

- (1) There shall be created a fund called "Hydro Balancing Fund" to take care of any financial loss to the Distribution Licensee (owning Generating Stations including hydro station), on account of increase in quantum of power purchase due to adverse monsoon resulting in reduction in hydro generation.
- (2) The average contribution of power by the hydro generations in a normal monsoon year shall be at the overall average Plant Load Factor of 25% and the licensee shall estimate quantum of generation from his hydro stations at 25% PLF of the total installed capacity of all the stations as at 31st March of preceding year.
- (3) When the hydro generation in a particular year exceeds 25% PLF, the amount equivalent to the cost of power for such excess hydro generation calculated at the weighted average per unit power purchase cost in that year shall be credited to "Hydro Balancing Fund" debiting the A/c provision for Hydro Balancing Fund. This will be in addition to the Hydel Swing Support Scheme, if any sanctioned by the Government.
- (4) The Distribution Licensee may either invest the amount in easily convertible Government securities or utilize it as internal resources.
- (5) The interest earned on such investments also will have to be credited to the Fund. In case it is utilized as internal resources, a return equivalent to Bank rate notified by Reserve Bank of India shall be credited to the fund.
- (6) When the hydro generation in a particular year is less than 25% PLF, the amount equivalent to cost of power for the shortfall in generation calculated at the weighted average per unit power purchase cost in that year shall be transferred from "Hydro Balancing Fund" to the revenue

account of the licensee. If the fund is insufficient, it will be adjusted only to the extent of fund availability.

- (7) The Distribution Licensee / TNEB shall also draw from the 'Hydel Swing Support Subsidy Fund' maintained by the Government to meet the shortfall if any required.
- (8) In case there is still a shortfall left unadjusted as above, such shortfall shall be allowed to be carried forward / to be adjusted in the ensuing years as regulatory asset.

/By order of the Commission/

**Secretary
Tamil Nadu Electricity Regulatory Commission**