

# **Haryana Electricity Regulatory Commission (Tariff) Regulations, 1999**

HARYANA

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## **Haryana Electricity Regulatory Commission (Tariff) Regulations, 1999**

### **Rule**

### **HARYANA-ELECTRICITY-REGULATORY-COMMISSION-TARIFF-REGU of 1999**

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Haryana Electricity Regulatory Commission (Tariff) Regulations, 1999Published vide Haryana Notification No. 7/99 dated 10.11.1999Haryana Electricity Regulatory Commission, Panchkula, HaryanaNo. 7/99. - In the exercise of powers conferred on it by sub-section (2) of Section 9, sub-section (3) of Section 12, sub-section (2) of section 26 and section 54 of the Haryana Electricity Reform Act, 1997 (Act 10 of 1998) and all powers enabling it in that behalf, the Haryana Electricity Regulatory Commission hereby makes the following Regulations, namely :-

## **Chapter I**

### **Short title, Commencement and Interpretation**

#### **1. Short title, Commencement and Interpretation.**

(1)These Regulations may be called the Haryana Electricity Regulatory Commission (Tariff) Regulations, 1999.(2)They shall come into force on the date of their publication in the Official Gazette.(3)They extend to the State of Haryana.(4)The Punjab General Clauses Act, 1898 (Act 1 of 1898) as applicable to the State of Haryana shall apply to the interpretation of these Regulations.(5)Words or expressions occurring in these Regulations and not specially defined herein shall bear the same meaning as in the Haryana Electricity Reforms Act, 1997 (Act 10 of 1998).

## **Chapter II**

# **Annual Revenue Reports and Tariff Filings**

### **2. Filing of Annual Revenue Report.**

(1) Each year, at the time required by its licence, each licensee shall file with the Commission a report for each of its Separate Businesses on its expected aggregate revenue from charges under its currently approved tariff and its expected cost of service. (2) The report referred to in paragraph (1) shall contain the following information:-(a) the licensee's demand forecast by consumer class for the ensuring financial year and the derivation of the forecast; (b) a calculation of expected aggregate revenue that would result from the above demand during the same period under the currently approved tariff by consumer class; (c) a calculation of the licensee's estimated costs of providing the service required by the level of demand indicated in sub-paragraph (a) above for each consumer class during the same period calculated in accordance with the financial principles and their applications in the Sixth Schedule to the Electricity (Supply) Act, 1948, or such other principles the Commission may prescribe from time to time; (d) the licensee's general explanation of how it proposes to deal with any significant divergence between the revenue and cost figures provided in sub-sections (b) and (c) above; and (e) such other information as the Commission may direct from time to time. (2) The licensee shall furnish to the Commission when required such information, particulars, and documents as the Commission may require from time to time for the purpose of validating the report submitted pursuant to paragraph (2). (4) Once the licensee has provided all the requisite information, particulars, and comments required by the Commission, the Commission shall notify the licensee of its decision in terms of sub-section (5) of section 26 of the Act within the time set forth in the Act.

### **3. Tariff Filings.**

(1) If the Commission determines that a licensee's expected revenues differ significantly from the revenue it is permitted to recover under its licence, it may order the licensee to file an application within 90 days to amend its tariffs appropriately. (2) Licensees are required to submit five copies of each tariff applicable to the Secretary. (3) Tariff application shall include the following : (a) Where the proposed date of implementation falls within a financial year for which the Commission has previously determined a permitted aggregate revenue requirement, the filing of proposed tariff should be accompanied by a copy of the relevant Annual Revenue Report as submitted by the licensee, plus a copy of the order passed by the Commission in relation to that report. Where no determination of a permitted aggregate revenue requirement has been made for the financial year in which the proposed tariff is to be implemented, the filing of proposed tariff should be accompanied by the Annual Revenue Report for that financial year. (b) The information to be provided by the licensee must include -(i) A statement of the current tariff rates and all applicable terms and conditions, and the expected full year revenue from the current tariff rates in the year in which the new tariff is to be implemented. (ii) A statement of the proposed tariff rate prices and changes, including a full statement of all applicable terms and conditions. This statement should be shown in a form appropriate to the proposed tariff structure. Details should also be supplied of the publicity

intended to be given to new tariff options when they are to be implemented.(iii)A statement of the expected full-year revenue of the proposed tariff for the year in which the tariff is to be implemented.(iv)If the proposed tariff is to be introduced after the start of the financial year, a statement of the proportion of expected revenue and quantities supplied under each proposed rate during the remaining months of the financial year shall be included.(v)A statement of the estimated change in annual expected revenue that would result from the proposed tariff changes in the year in which they are to be implemented, stated in Rupees and percentage terms. A statement of the effect of the proposed tariff changes on a typical small, average and large consumer in each tariff class. For this purpose, a typical small consumer is defined such that within the tariff class, 90% of the consumers supplied under that tariff within a 12 months period would have greater total expenditure on tariff charges than small consumer. Similarly, a typical large consumer is defined such that 90% of the consumers supplied under the tariff would have lesser expenditure over a 12 month period than the typical large consumer. The average consumer shall be defined as a consumers having expenditure on tariff charges equal to the average expenditure in that tariff class.(vi)An embedded cost study detailing functionalization, classification, and allocation of the revenue requirement into consumer classes, and determinations of embedded code based tariffs, free of external subsidies and cross-subsidies. The study shall include all relevant details and methods used in determination of tariffs for each consumer class. If the licensee proposes cost-based tariffs for all consumers classes, the proposed tariff must be the result of the embedded cost study.(vii)A study of marginal costs of the licensee's business, including time-differentiated, short-term marginal costs by voltage level and a written explanation of the methods used to calculate marginal costs. In addition, the statement shall include a comparison of the percentage of marginal costs recovered by the current and proposed tariff for each tariff class.(viii)A written explanation of the rationale for the proposed tariff changes, including justification of the return on equity being requested.(ix)A statement that calculates the amount of cross subsidy in the existing tariffs and in the proposed tariffs, and compares the two. If the proposed tariffs include a cross subsidy, a statement is required, as applicable, to show how this complies with any planned transition period by the Commission.(x)A statement containing full details of the calculation of any subsidy received, due or assumed to be due from the State Government, the consumers to whom it is directed and documentation showing how the subsidy is reflected in the current and proposed tariffs applicable to those consumers. This statement shall also include the tariffs calculated without consideration of the subsidy for those consumers. The subsidy calculations shall also compare the situation in the year in which the tariffs is to be implemented with similar data for the previous year and, where relevant, the current year.(xi)A written explanation, supported by calculations of tariff rates, of any proposed new tariff.(xii)The licensee may, if he so wishes, submit any more recent updates of information specified in Sections 6, 7 and 8 of the Annual Revenue Report Guidelines available at the time of the tariff filing.(xiii)Any other information, as required by the relevant license or specified by the Commission.(4)If the licensee believes that the amendments being proposed are minor in nature and will not change significantly either the expected aggregate revenue or the bills of any class of consumer, the licensee may request waiver of any of the requirement of paragraph (3)(b) subject to the approval of the Commission.(5)Within 7 days after the Commission has notified the licensee that it has received all necessary information, the licensee shall arrange for publication of a notice of its tariff application in accordance with Section 26(6) of the Act and send copies to the Commission Advisory Committee and relevant local authorities in accordance with Chapter II of the

Conduct of Business Regulations. The notice shall include a general description of the tariff amendment being applied for and its effect on the typical residential consumer's bill, and an invitation to submit written comments and objections to the tariff application to the Commission within 30 days. The licensee shall also post the notification in each of its offices.

#### 4. Fuel Surcharge Adjustment.

(1) No tariff may be amended more frequently than once in any financial year except that tariff rates shall be adjusted quarterly in accordance with any fuel surcharge adjustment formula (FSA) incorporated in the tariff with the approval of the Commission. (2) Unless otherwise agreed by the Commission, an FSA shall be in the following form:  $-A_i - PPC_i - 1 - OF_i - 1 - EP_{Ri} - 1 + BB_i$  where:  $A_i$  is the amount by which the licensee's revenues under the relevant tariff are to be increased or decreased during quarter  $i$  (a negative number representing a reduction and a positive number representing an increase in revenues)  $PPC_i = 1$  is the licensee cost of purchased power for the actual level of sales and the allowed level of loss in the post recent quarter ending before quarter  $i$ , calculated as  $P_{i-1} \times Q_{ACTi-1} \times (1 + L)$  where:  $P_{i-1}$  is the actual average cost of purchased power incurred by the licensee in the most recent quarter ending before quarter  $i$ ,  $Q_{ACTi-1}$  is the actual level of sales experienced by the licensee in the most recent quarter ending before quarter  $i$ ,  $L$  is the average level of energy losses allowed by the Commission in the cost of service and reflected in the licensee's tariffs,  $OF_i - 1$  are any purchased power costs actually incurred by the licensee in the most recent quarter ending before quarter  $i$  that are disallowed by the Commission as having been incurred in breach of its economic purchasing obligation.  $EP_{Ri} - 1$  is the aggregate amount of the charges that the licensee is deemed to have recovered from its tariffs in the most recent quarter before quarter  $i$ , which is given by the formula:  $EP_{i-1} \times Q_{i-1} \times (1 + L)$  where:  $EP_{i-1}$  is the average charge for purchased power for the most recent quarter ending before quarter  $i$  as determined by the Commission in the licensee's tariff.  $Q_{i-1}$  is the quantity of power deemed to have been sold by the licensee in the most recent quarter ending before quarter  $i$ , as determined by the Commission in the licensee's tariffs.  $B_i$  is a balancing fraction reflecting the extent to which the licensee has under-adjusted or over-adjusted its tariffs through previous fuel surcharge adjustments and is calculated as follows:  $B_i = B_{i-1} + A_{i-1} - R_{i-1}$  where:  $R_{i-1}$  is the total amount of fuel surcharges accruing due to the licensee from its sales to consumers in the quarter immediately preceding quarter  $i$ . (3) The licensee shall allocate the FSA to each class of consumers using the energy cost allocation Factors for each class contained in the currently approved tariff. (4) The licensee shall provide the Commission with its calculation of each fuel surcharge adjustment required to be made pursuant to its tariff before it is implemented and shall provide the Commission with such documentation and other information as it may require for the purpose of verifying the correctness of the adjustment.

#### 5. Subsidies.

(1) If a licensee proposes a tariff reflecting a subsidy to be provided by the State Government pursuant to Section 12(3) of the Act, the tariff application shall also include a tariff calculated without the subsidy. (2) A tariff reflecting a subsidy shall not be implemented except to the extent that the State Government has agreed in writing to pay the subsidy to the licensee for the supply to the licensee's consumers entitled to benefit from it. In publishing its tariff, the licensee shall inform

its consumers that the approved tariff calculated without the subsidy shall apply if the State Government subsidy is not so paid as determined by the Commission.

## **6. Inter-class Cross Subsidies.**

(1) It is the Commission's policy that licensee's tariffs should effect the reasonable cost of providing service to each consumer class in order to encourage efficiency, the economic use of resources, good performance and optimum investment and to ensure that consumers pay for electricity in a fair, reasonable and commercial manner. Each licensee is, therefore, required to adopt and submit to the Commission for its approval by the time specified in its license a plan for the identification and progressive elimination of any cross-subsidies in its tariffs. (2) In each tariff application, licensee shall include a report on how far they have implemented the plan approved by the Commission for the elimination of cross-subsidies and the measures being proposed in the current application to implement the plan.

## **7. General.**

- The licensee shall publish a notice informing its consumers of each change in the tariff rate within seven days after the change is required to be implemented and such change shall take effect seven days after such notice is published.