

Punjab State Electricity Regulatory Commission Tariff Regulations, 2002

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Rule

PUNJAB-STATE-ELECTRICITY-REGULATORY-COMMISSION-TARIFF- of 2002

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Punjab State Electricity Regulatory Commission Tariff Regulations, 2002Published vide Punjab Notification No. PERC/Secy/Regulation-3 dated 5th February 2002No.PERC/Secy./Regulation-2. - In exercise of powers conferred on it by Section 22 & 29 of the Electricity Regulatory Commissions Act, 1998 (Central Act No. 14 of 1998) and all other powers enabling it in this behalf, the Punjab State. Electricity Regulatory Commission hereby makes the following Regulations, namely;

Chapter I

Short Title, Commencement and Interpretation

1.

(1)These Regulations may be called the Punjab State Electricity Regulatory Commission Tariff Regulations, 2002.(2)These shall come into force on the date of their publication in the Official Gazette.(3)They extend to the State of Punjab.(4)The Punjab General Clauses Act, 1898 (Act I of 1898) as amended from time shall apply to the interpretation of these Regulations unless the context indicates other wise.(5)Board means the Punjab State Electricity Board.(6)Words or expressions occurring in these Regulations and not specially defined herein shall bear the same meaning as in the Electricity Regulatory Commissions Act, 1998.

Chapter II

Tariff Fixation Guide Lines

2.

(1) No generating company functioning in the State, except the generating companies owned or controlled by the Central Government and the generating companies which have a composite scheme of generation and sale of electricity in more than one State, shall fix any tariff for supply of electricity within the State without the approval of such tariff by the Commission. (2) Neither the Board (or any of its successor entities) nor the utilities for transmission (intra-State transmission), distribution and supply of power shall charge any tariff without prior approval of the Commission. Provided that the existing tariff being charged by generating companies and other utilities shall, subject to any specific order passed by the Commission in this behalf to the contrary, continue to be charged until the revised tariff is notified by the Commission, without prejudice to the powers of the Commission within the scope of Section 22 and 29 of the Act. (3) Any generating company located within the State of Punjab except the generating companies owned or controlled by the Central Government and the generating companies which have a composite scheme of generation and sale of electricity in more than one State, proposing to enter into any agreement for supply of electricity within the State of Punjab with any buying party shall get the approval of the Commission for the tariff before entering into such contract.

3.

(1) The Commission shall determine the terms and conditions from time to time, including mechanism for fixation of tariff, and in doing so, shall be guided by the following: (a) The principles and their applications provided in sections 46, 57 and 57(A) of the Electricity (Supply) Act, 1948 and the Sixth Schedule there to; (b) In the case of Board or its successor entities, the principles under section 59 of the Electricity (Supply) Act 1948; (c) that the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency; (d) the factors which would encourage efficiency, economical use of the resources, good performance, optimum investments and other matters which the State Commission considers appropriate for the purpose of this Act; (e) the interest of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on the average cost of supply of energy; (f) the electricity generation, transmission, distribution and supply are conducted on commercial principles and (g) National power plans formulated by the Central Government. (2) Where the Commission departs from factors specified in sub-sections (a) to (f) above they shall record the reasons for such departure in writing. (3) The State Commission, while determining the tariff under this Act, shall not show undue preference to any consumer of electricity, but may differentiate according to the consumer's load factor, power factor, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. (4) The holder of each licence and other persons including the Board or its successor body authorized to transmit, sell, distribute or supply electricity

wholesale, bulk or retail in the State, shall observe the methodologies and procedures specified by the Commission from time to time in calculating the expected revenue from charges which it is permitted to recover and in determining tariffs to collect those revenues.(5)If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under this section, the State Government shall pay the amount to compensate the person affected by the grant of subsidy in the matter the State Commission may direct, to implement the subsidy provided for by the State Government.(6)The State Commission shall be guided by such directions in the matter of 'Cross Subsidy' considered in sub-section (3) above and direct subsidy' considered in sub-section (5) above as matters of policy involving public interest as the State Government may give to the Commission in writing according to section 39 of the Act.(7)The tariff allowed in any financial year shall be subject to the adjustment in any tariff to be fixed for subsequent period, if the Commission is satisfied for reasons to be recorded in writing that such adjustments for the excess or shortfall (i.e. in the 'Expected revenue amounts' - actually realized vis-a-vis estimated amounts) is necessary and the Commission is further satisfied that such excess or shortfall is not on account of any reason attributable to the Utility/ Board or any of its successor entities. Such excess or shortfall shall be treated as deferred revenue or expense while fixing the tariff.

Chapter III

Annual Revenue Reports and Tariff Filings

4. Filing of Annual Revenue Report.

(1)Each year, every utility and licensee shall file with the Commission a report for each of its Separate Business 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) above shall contain the following information:(a)the utility's/licensee's demand forecast by consumer class for the past, current and ensuing financial years 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 tariff approved for the relevant periods by consumer class;(c)a calculation of the utility's/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 periods 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 utility's/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(3)The utility/license 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) above.(4)Once the utility/licensee has provided all the requisite information, particulars, and comments required by the Commission and after the Commission has completed all related procedures, the Commission shall notify the utility/licensee of its decision as soon as may be possible in terms of section 29 of the Act.

5. Tariff Filings.

(1) If the Commission determines that a utility s/licensee's expected revenues differ significantly from the expected cost of services, it may order the utility/licensee to file an application within 90 days to amend its tariffs appropriately. (2) Utilities/Licensees are required to submit five copies of each tariff application 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 utility/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 and a copy of the order passed if any, by the Commission thereon for tariff filing. (b) The information to be provided by the utility/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 proposed 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 Rs. and percentages. terms. A. statement of the effect of the proposed tariff changes in each tariff class. (vi) An embedded cost study detailing functionalisation, classification and allocation of the revenue requirement into consumer classes, and determination of embedded cost 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 utility/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 utility's/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. (ix) A statement that calculates the amount of cross subsidy in the existing tariffs and in the proposed tariffs, and comparison of the two. (x) A written explanation supported by calculations of new/proposed tariff alongwith statement containing 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 tariff applicable to those consumers. This statement shall also include the tariff calculated without consideration of the subsidy for those consumers. The subsidy calculations shall also compare the situation in the year -in which the tariff is to be implemented with similar data for the previous year

and where relevant, the current year. The utility/licencee, may, submit any recent updates of information specified in Annual Revenue Report.(xi)Any other relevant information, as required by the license or specified by the Commission.(4)If the utility/licensee believes that the amendments being proposed are minor in nature and will not change significantly either the expected aggregate revenues or the bills of any class of consumer, the utility/licensee may request waiver of any of the requirements of paragraph (5) (3) (b) subject to the approval of the Commission.(5)Within 7 days after the Commission has notified the utility/licensee that it has received all necessary information, the utility/licensee shall arrange for publication of a notice of its tariff application and send copies to the Commission and relevant local authorities in accordance with the Conduct of Business Regulations of the Commission. The notice shall include a general description of the tariff amendment being applied for and its effect on the bills of different categories of consumers, and an invitation to submit written comments and objections to the tariff application to the Commission within 30 days. The utility/licensee shall also paste the notification in each of its offices.

6.

Section 29(2)(d) of the Act provides that the State Commission in determining the terms and conditions for fixation to tariff, shall inter-alia be guided by the factors which would encourage efficiency, economical use of the resources, good performance, optimum investments and other matters which the State Commission considers appropriate for the purpose of the Act. In view of above, each utility/licensee shall provide reports on the following performance indicators for the most recent three years alongwith the tariff application ;(1)Number and duration of supply interruptions on transmission and distribution networks separately for different system voltages. Details of steps proposed to improve performance and monitoring.(2)Places and periods, where and when voltage and/or frequency was beyond the prescribed limits on transmission and primary distribution networks. Details of investment, its phasing and steps proposed to improve performance and monitoring.(3)Places and period where and when the voltage was beyond the prescribed limits on secondary distribution (LT) networks. Details of investments, its phasing and steps taken to improve performance and monitoring.(4)Number of supply or connection applications pending for more than six months, categorised by the reason of pendency.(5)Numbers of fatal and non-fatal accidents differentiating between accidents involving humans and those involving animals. An analysis of steps to reduce such accidents must also be provided.(6)Number of inadequate or defective meters. Programme and phasing of investment for replacements.(7)Number of un-authorised connections (as a result of sample survey) to be reported by tariff category. Measures adopted to curb unauthorised consumption. Results and programme for the future.(8)Amount of revenue arrears at the beginning and at the end of the year analysed age-wise on a six-monthly basis. Reasons for non-collection and details of litigation involving collection of revenue of Rs. 10,000/- or more should also be provided.(9)Data should be provided for each consumer category indicating (i) the normal meter reading cycle and the number of meter readings not carried out in accordance with the, cycle, and (ii) the number of consumer bills not served within 15 days of the meter reading. Details of plans to improve the efficiency and punctuality of meter reading the dispatch of consumer bills and cash collection may also be furnished.(10)Plans, both short-term and long-term, for rationalization of existing manpower in furtherance of the need to link tariff adjustments to increases in the productivity of manpower resources and improvements

in efficiency through scientific engineering resources management so as to safeguard the interests of the consumers.(11)Plans, both short term and long term for improving and updating the organization strategies and systems and skills of human resources for increased productivity.(12)Plans for undertaking load research to determine the load profile of consumers supplied under each tariff. This is an essential requirement if future tariffs are to reflect costs.(13)Plans to improve the system power factor by providing an incentive for consumers to install correction capacitors.(14)Expansion plan for all capital investments.(15)Reports on energy audit already carried out shall be furnished.(16)Plans for determining the relationship between KWh consumed and the connected loads on which unmetered charges are based.(17)Programme for converting un-metered connections to metered supply, together with investment needed.(18)Method of assessing consumption when meter is not installed or is defective, together with basis for such assessment.(19)Programme for provision of cent percent metering from the sub-stations to 11 kv feeders and distribution transformers for total energy audit, together with investment needed and its Phasing.(20)Policy for distribution planning and management with a view to improve the quality of service, improve the revenue and reduce the T&D losses must be submitted alongwith the tariff filing,.

7. Fuel Surcharge Adjustment.

(1)No tariff may be amended more frequently than once in any financial year except that tariff rates shall be adjusted in accordance with fuel surcharge adjustment formula (F SA) in the tariff with the approval of the Commission.(2)The utility/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 or as may be otherwise directed by the Commission.(3)The utility/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.

8. Subsidies.

(1)If a utility/licensee proposes a tariff reflecting a subsidy to be provided by the State Government pursuant to Section 29 (5) 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 utility/licensee for the supply to the utilities'/licensees' consumers entitled to benefit from it. In publishing its tariff, the utility/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.

9. Inter Class Cross Subsidies.

(1)It is the Commission's policy that utility's/licensee's tariffs should reflect 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 utility/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, utilities/licensees 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.

10.

In the discharge of its functions, the State Commission shall be guided by such directions in the matters of policy involving public interest as the State Government may give to it in writing in terms of Section 39 of the Electricity Regulatory Commissions Act, 1998.

11. General.

- The utility/licensee shall publish a notice informing its consumers of each change in the tariff rate at least seven days before the change is required to be implemented.