

ASSAM ELECTRICITY REGULATORY COMMISSION
Guwahati

Present

Shri Jayanta Barkakati, Chairperson

Dr. Rajani Kanta Gogoi, Member

Petition No. 6/2010

Assam Power Distribution Company Limited (APDCL) - Petitioner

ORDER

(Passed on: 21/06/2012)

- 1) The Assam Power Distribution Company Limited (APDCL) filed petition for approval of the Annual Revenue Requirement (hereinafter called as 'ARR') for the period FY 2010-11 to FY 2012-13, True-up for the period FY 2007-08 & FY 2008-09 and determination of tariff for the FY 2010-11 on 01/02/2010 under Section 62 of the Electricity Act, 2003.
- 2) The Commission, in exercise of its powers vested under Sections 61 and 62 of the Electricity Act, 2003 and all other powers enabling on its behalf and taking into consideration the submissions made by the petitioner, objections and suggestions received from stake holders and all other relevant materials on record, issued the Tariff Order on 16th May 2011 making it effective from 24th May, 2011.
- 3) In the above Tariff Order, for want of certain needful information such as Voltage wise distribution costs, Voltage wise distribution losses, energy input and energy sales at different voltages from APDCL, the Commission could not determine the Wheeling Charges and therefore, stated in the Section 9.4 of the order as follows :-

"The Commission will determine the Wheeling Charges after receiving the above data from APDCL".
- 4) The Commission continued to receive additional data and clarifications from APDCL as late as 30.04.2012.
- 5) The Commission, in continuation of the order passed on 16.05.2011 now determines the Wheeling Charges and Cross Subsidy Surcharge payable by HT-II industry Open Access customers for use of distribution system of APDCL at 27 Paise/kWh and at 23 Paise/kWh respectively for FY 2010-11 with effect from 24th May, 2011 till further order passed by the Commission in this regard. The detailed computation of the Wheeling Charges and Cross Subsidy Surcharge is provided in Annexure-1 and Annexure-2 respectively.
- 6) Before parting, it would be worth mentioning that while passing this order there has been some delay which could not be avoided and the factors attributed for the same have been stated herein above.

Sd/-
(Dr. R. K. Gogoi)
Member, AERC

Sd/-
(J. Barkakati)
Chairperson, AERC

**WHEELING CHARGES FOR DISTRIBUTION OPEN ACCESS CONSUMERS AT 33KV
VOLTAGE LEVEL**

- (1) APDCL in their petition has allocated the entire ARR cost towards wheeling cost i.e without segregating the cost into wires business and retail supply business.
- (2) For allocation of costs between the wires business and retail supply business the following allocation matrix is considered by the commission.

Table-1: Allocation matrix for separation of wheeling and retail supply cost

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0%	100%
2	Employee expenses	60%	40%
3	Repair & Maintenance expenses	90%	10%
4	Administration and General Expenses	50%	50%
5	Depreciation	90%	10%
6	Interest and Finance charges	90%	10%
7	Interest on working capital	10%	90%
8	Security Deposit	0%	100%
9	Bad debts written off	0%	100%
10	Income tax	90%	10%
11	Return on Equity	90%	10%
12	Other income	10%	90%
13	Non tariff income	0%	100%

- (3) Based on the above allocation the approved ARR for APDCL for wires business and retail supply business are computed for FY 2010-11 for APDCL as given below:

Table-2: Allocation of ARR between wheeling and retail supply business for FY 2010-11

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0.00	1363.61
2	Employee expenses	278.81	185.88
3	Repair & Maintenance expenses	23.83	2.65
4	Administration and General Expenses	7.09	7.08
5	Depreciation	19.66	2.18
6	Interest and Finance charges	4.23	0.47
7	Interest on working capital	4.02	36.21
8	Security Deposit	0.00	12.47
9	Bad debts written off	-	-
10	Income tax	4.09	0.45
11	Return on Equity	20.51	2.28
12	Total expenditure	362.24	1613.28
13	Less: Other income	9.57	86.12
14	Less: Non - tariff income	0.00	67.20
15	ARR	352.67	1459.96

- (4) The wheeling charges for the distribution open access consumers at 33KV voltage level has been determined from distribution ARR as arrived in the table 2 above

Table-3: Wheeling charges approved by the Commission for FY 2010-11

Sr. No.	Particulars	Unit	Approved
1	Employee Cost	Rs. Cr	278.81
2	R & M expenses	Rs. Cr	23.83
3	A & G expenses	Rs. Cr	7.09
4	Depreciation	Rs. Cr	19.66
5	Interest & Finance charges	Rs. Cr	4.23
6	Return on equity	Rs. Cr	20.51
7	Income tax	Rs. Cr	4.09
8	Interest on working capital	Rs. Cr	4.02
9	Total expenditure	Rs. Cr	362.24
10	Less: Other Income	Rs. Cr	9.57
11	Net ARR	Rs. Cr	352.67
12	Total energy input into Distribution system	MU	4640
13	Total distribution cost	Rs. Cr	352.67
14	Distribution cost for wires business for 33 kV voltage level (assuming 35% of cost at 33 kV)	Rs. Cr	123.43
15	Wheeling charges for 33 kV voltage level	Paise / kWh	27

- (5) The wheeling charges, as given above are applicable for use of distribution system of APDCL by other licensees or generating companies or captive power plants or consumers who are permitted open access under section 42 (2) of the Electricity Act, 2003.

CROSS SUBSIDY SURCHARGE

- (1) The open access consumers are liable to pay the cross subsidy surcharge to compensate the utility for any loss of revenue due to the shifting of the consumer to the open access system. The cross subsidy surcharge for open access customer is to be calculated as per the following recommended in the National Tariff Policy.

$$S = T - [C (1 + L / 100) + D]$$

Where,

S is the Surcharge

T is the overall Tariff payable by the relevant category of consumers

C is the weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power

D is the Wheeling charges

L is the system losses for the applicable voltage level expressed as a percentage

- (2) In accordance with Regulation 4.3 of AERC Open Access Regulation, 2005 consumers with a connected load of 3 MW and above shall be allowed open access with effect from 01-04-2008. Accordingly, HT category V (C): HT-II Industry consumers may likely opt for open access.
- (3) The cross subsidy surcharge based on the above formula for HT-II industry category is worked out as shown in the table below:

Table-1: Cross subsidy surcharge for FY 2010-11

Sr. No.	Particulars	Unit	Amount
1	T	Rs./ kWh	4.82
2	C	Rs./kWh	3.82
3	D	Paise/kWh	27
4	L	%	13.04
5	S = cross subsidy surcharge	Paise/kWh	23

- (4) The Cross subsidy surcharge as given above, payable by the HT Industries-II (above 150 KVA) opting open access at 33 kV voltage level is 23 Paise/kWh.