



ASSAM ELECTRICITY REGULATORY COMMISSION

FILE NO. AERC.615/2017/B

Petition No.: 07/2017

ORDER SHEET

31.07.2017

Before the Assam Electricity Regulatory Commission
ASEB Campus, Dwarandhar,
G. S. Road, Sixth Mile, Guwahati – 781 022

M/s Star Cements Limited

-----Petitioner

Assam Electricity Grid Corporation Limited (AEGCL)

----- Respondent

In the matter of

Review Petition No. 7 of 2017 for review of AEGCL's Tariff Order dated March 31, 2017 regarding Truing up for FY 2014-15 and FY 2015-16, ARR for FY 2016-17 to FY 2018-19 and Tariff for FY 2017-18.

CORAM

Shri Naba Kumar Das, Chairperson
Shri Dipak Chakravarty, Member
Shri Subhash C. Das, Member

ORDER

1. M/s Star Cements Limited (formerly known as Cement Manufacturing Co. Ltd) (herein after referred as "the Petitioner") has filed a review Petition before the Commission for review of AEGCL's Tariff Order dated March 31, 2017 regarding the Truing up for FY 2014-15 and FY 2015-16, ARR for FY 2016-17 to FY 2018-19 and Tariff for FY 2017-18 on May 15, 2017.
2. The Petitioner has prayed that STOA charges for Collective Transaction should be 42 paise/kWh in place of approved STOA charges of 72 paise/kWh. The salient submission of the Petitioner are as under:
 - 2.1. The Commission in Tariff Order for AEGCL for FY 2017-18 has approved net recovery of Rs. 657.84 Crore from APDCL including any other Long Term or Medium Term beneficiary, after excluding PGCIL Charges of Rs. 534.55 Crore. Therefore, the STU charges to be collected by AEGCL from the Long Term & Medium Term Beneficiary including APDCL is of Rs. 0.72/kWh, after considering the energy to be handled of 9084.16 MU.
 - 2.2. The Commission has approved the applicable Transmission Charges for STOA as Rs. 10,071.01/AEGCL /MW/Day, which has negligible difference with previously approved charges of Rs. 10,018.64/MW/Day in Tariff Order dated July 24, 2015.
Previously approved Transmission Charge of Rs. 10,018,64/MW/Day was collected by AEGCL/SLDC on per unit basis by dividing by 24 hours i.e. (Rs. 10,018.64/24 Hrs) = Rs. 417.44/MWh or 42 paise/kWh. The said charge on per unit basis was collected by AEGCL/SLDC for Short-Term Collective Transactions in Power Exchanges during FY 2015-16 and FY 2016-17.
 - 2.3. The Commission in the Tariff Order for AEGCL has determined Transmission Charges for collective transactions as 72 paise/kWh for

first time, even after approving Short-Term Open Access Charges of Rs. 10,071.01/MW/Day which comes to Rs. 419.62/MWh with round the clock availability of the transmission system. This discriminatory approach for STOA charges for Collective Transactions is contradictory with approved STOA transmission charges.

- 2.4. The application of long term transmission charges of Rs. 0.72/kWh for Collective Transaction together with CSS of Rs. 1.31/kWh for HT category is a repeated cost impact on the consumers since APDCL is paying the transmission licensee on regular basis. Together increase of CSS and STU charges is more than Rs. 1/kWh, which not only will hamper the spirit of Open Access but also make industries unviable for productions.
3. The Petitioner filed a review Petition on May 15, 2017 i.e., within the stipulated time, as specified in Regulation 34 of the AERC (Conduct of Business) Regulations, 2004, from date of issue of the Order in Petition No. 37 of 2016 dated March 31, 2017. Accordingly, the same was admitted.
4. The Commission vide Letter dated May 31, 2017 directed AEGCL to submit its views and comments on the review Petition.
5. Further, the Commission vide Notice dated June 09, 2017 scheduled a Hearing on the Review Petition on July 7, 2017.
6. AEGCL vide letter dated June 30, 2017 requested the Commission to settle the issue of STOA Charges determined in Tariff Order dated March 31, 2017 as per AERC norms.
7. As scheduled, a Hearing on Review Petition was held on July 7, 2017 in the Court Room of the Commission. Mr. Sumanta Chand represented the Petitioner and Mr. T.N. Devchoudhury, Mr. A. K. Goswami & Mr. P. K. Baishya represented the Respondent.

Analysis and Decision

8. Having heard the Petitioner and AEGCL and after taking on record the submissions made by the Petitioner and AEGCL, the Commission's analysis and decision arrived at is discussed in the following paragraphs:
 - 8.1. The Commission in AEGCL's Tariff Order dated March 31, 2017 has separately determined the Annual Transmission Charges for APDCL and Transmission System Access Charges for Open Access Consumers. The Annual Transmission Charges for APDCL are equal to Net ARR approved for recovery for FY 2017-18, which included the PGCIL Charges.
 - 8.2. Moreover, while determining the Transmission System Access Charges for Open Access Consumers, the Commission has excluded PGCIL charges, which are pertaining to power purchase by APDCL, from the approved Net ARR for recovery for FY 2017-18. The relevant extract of the Order is as under:

"6.2.5 Transmission System Access Charges

The Commission notes that ARR for AEGCL includes PGCIL Charges which are pertaining to purchase of power by APDCL. Hence, for the purpose of determining transmission system access charges, the Commission has excluded the PGCIL charges from the approved Net ARR for FY 2017-18, which works out to Rs. 657.84 Crore.

For short-term open access customers, the transmission charges shall be as follows:

Short Term Rate (ST-Rate) per day = Net Transmission ARR excluding PGCIL Charges / Annual Maximum peak * 365 = Rs. 10,071.01 per MW per day.

*For collective short-term open access transactions through Power Exchanges, the transmission charges shall be: **Rs. 0.72 per kWh**"*

- 8.3. The Commission is of view that STOA Transmission Charges for Collective Transaction need to be computed by considering the energy corresponding to the Maximum Contracted Capacity rather than directly dividing the STOA Charge by 24. The Commission has computed the per unit Transmission Charges as shown in the following Table:

Sl.No.	Particulars	Unit	FY 2017-18
1	Net ARR of AEGCL	Rs. Crore	1192.39
2	Less: PGCIL charges	Rs. Crore	534.55
3	Net ARR for usage of Transmission system	Rs. Crore	657.84
4	Estimated Energy supplied on Transmission system	MU	9076.22
5	STOA charges per unit	Rs./kWh	0.72

- 8.4. The Commission further notes that if the STOA Transmission Charges are derived as per the methodology proposed by the Petitioner, then it would not be appropriate representation of equitable Transmission Charges after changing the denomination from Rs./MW/Day to Rs./kWh.
- 8.5. The Petitioner contended that in previous Tariff Orders, the Commission has determined STOA Transmission Charges of Rs. 0.42/kWh. In this regard, the Commission clarifies that it has determined the STOA Transmission Charges in terms of Re./kWh in Tariff Order for FY 2017-18 for first time. In the previous Orders, the Commission had approved STOA Transmission Charges in terms of Rs./MW/Day only. Based on this, AEGCL was supposed to issue bills based on Rs./MW/Day and not in terms of kWh as the Commission had not determined per unit rate. For instance, if a consumer had been allotted 10 MW capacity but used only 5 MW of capacity, AEGCL should have billed for entire allotted capacity of 10 MW and not for energy drawn corresponding to 5 MW. The Transmission Charges of Rs. 0.69/kWh applicable for APDCL was also available. During the Hearing, AEGCL confirmed that it has billed Open Access Consumer in FY 2015-16 and FY 2016-17 at Transmission Charge of Rs. 0.69 /kWh as applicable for APDCL. The Commission notes that if the Petitioner has been billed at Transmission Charges of Rs. 0.42/kWh, then it has benefitted from the erroneous billing by AEGCL on lower per unit basis as AEGCL has collected lesser revenue than what it should have.
- 8.6. In Tariff Order for AEGCL and APDCL, the Commission has promoted the Open Access keeping in view the spirit and objective of the Electricity Act, 2003. Hence, it may not be concluded that the OA consumers are burdened with the approved level of charges.
- 8.7. Further, it may be noted that APDCL & AEGCL are different companies, hence, charges levied by one company should not be compared with the other. If the STOA Transmission Charges are not levied for Collective Transaction, AEGCL will lose the Revenue to meet the total ARR. Further, while computing the Net ARR of AEGCL, the revenue to be earned by AEGCL from Open Access consumers have been deducted from the total ARR.

In view of the above, the Commission rules that there is no error apparent on face of record regarding the computation of Short Term Open Access Transmission Charges for Collective Transaction for FY 2017-18 as Rs. 0.72/kWh. The Commission finds no merit in the submission of the Petitioner. Hence, no relief has been granted against this review Petition.

With the above observations and decisions on the issue submitted for review, the Review Petition (Petition No 7/2017) filed by the Petitioner stands disposed of.

(S. C. Das)
Member, AERC

(D. Chakravarty)
Member, AERC

(N. K. Das)
Chairperson, AERC