

Jharkhand State Electricity Regulatory Commission (Methods and principles for fixation of charges including cross subsidy charges recoverable by distribution licensee) Regulations, 2006]¹

No. JSERC/74/390 dated the 12th April, 2006.—In exercise of the powers under Sections 39(2), 42(2) and 45 read with section 181(1) and 181(2)(k), (p) and (u) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Jharkhand State Electricity Regulatory Commission hereby makes the following Regulations providing for methods and principles for fixation of charges recoverable by the distribution licensee for supply of electricity:—

1. Short title, extent and commencement

- 1.1 These Regulations shall be called the Jharkhand State Electricity Regulatory Commission (Methods and principles for fixation of charges including cross subsidy charges recoverable by distribution licensee) Regulations 2006.
- 1.2 These Regulations shall apply to all distribution licensees including deemed licensees operating within the State of Jharkhand State and all consumers receiving supply as per proviso 1 of section-43 (2) of the Electricity Act 2003.
- 1.3 These Regulations shall come into force from the date of their publication in the official gazette.

2. Definitions.

1.4 In these Regulations, unless the context or subject matter otherwise requires:—

- (a) "Act" means the Electricity Act, 2003 (36 of 2003);
- (b) "Commission" means the Jharkhand State Electricity Regulatory Commission;

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- (c) "*Distribution Licensee*" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (d) "*Extra High Tension (EHT) Consumer*" means a consumer who is supplied electricity at a voltage higher than 33000 volts;
- (e) "*High Tension (HT) Consumer*" means a consumer who is supplied electricity at a voltage higher than 440 volts but not exceeding 33000 volts;
- (f) "*Low Tension (LT) Consumer*" means a consumer who is supplied electricity at a Voltage up to 440 Volts;
- (g) "*Authorised load*" means load duly sanctioned by the utility to any consumer for the purpose of electric connection to that consumer's premises. This shall be expressed in kWA, kVA or HP units and shall be determined as per procedure laid down in Electricity-Supply Code at relevant clauses;
- (h) "*Words and expressions*" used and not defined in these regulations but defined in the Act shall have the meanings as assigned to them in the Act.

3. General Principles for fixation of charges.

- 1.5 The Commission shall endeavour to ensure that the charges recoverable from different consumer categories for the actual electricity consumed by the consumer as well as the expenses incurred on its debery (wheeling) and consumer care services reflect the efficient cost incurred by the distribution licensee towards providing service and supply to each consumer category to the extent possible. The extent of cross subsidy given to or recovered from each category of consumers shall be shown in the schedule of charges approved by the Commission from time to time. Also, the extent of system loss incurred by the distribution licensee in different areas in its jurisdiction in respect of EHT, HT and LT consumers shall also be taken into consideration while computing the cost incurred in the distribution process.
- 1.6 The charges to be recovered from the consumers for supply of electricity may include all or any of the following:—
 - (i) **Fixed charges.**—A fixed charge in addition to the charge for the actual electricity supplied to recover the expenditure on fixed network, while the licensee incurs to maintain and upgrade network for sub transmission shall be recoverable by the licensee. For HT consumers and LT consumers with demand based tariff, the fixed charges shall be linked to their full contract demand. For LT consumers, the fixed charges shall be linked to their connected load (authorised load for domestic and non-domestic connections). The licensee shall be entitled to receive fixed charges in full only if supply of power is maintained as per scheduled supply hours as approved or ordered by the Commission in tariff order from time to time unless the

Commission orders regulation of supply under Section-23 of the Act. For this purpose the supply hours shall be reckoned at 33 / 11KV substation. Routine maintenance of network in the aggregate duration in a month shall be a factor kept in consideration while fixing the supply duration norms. The licensee shall prepare a supply duration index for each 33/11KV sub-station each month and a discount or rebate in the fixed charges may be allowed to the consumer if the index falls below the level fixed by the Commission. The licensee shall intimate the supply duration index for each month to the consumer through the bill sent to the consumer.

Revenue earned by the licensee from fixed charge shall be counted towards the total expected revenue of the licensee and shall be disclosed for public information at the time of determination of tariff.

- (ii) **Energy Charges.**—These are recoverable from the consumers to meet the cost incurred by the distribution licensee towards purchase of electricity supplied to the consumer and shall reflect the average cost of power purchased by the distribution licensee during different parts of a year. Energy charges for all units shall be recoverable by the licensee at the tariff approved by the Commission.
- (iii) **Loss Compensation Charges.**—The loss compensation charges shall be recoverable from consumers to meet the cost incurred by the distribution licensee towards aggregate transmission and distribution losses at the voltage of supply and in different areas and shall be limited to the level approved by the Commission in the tariff order applicable for any relevant period.
- (iv) Distribution licensee will be entitled to recover rent or other charges for meter or electrical plant/equipment provided by the licensee at different stages of distribution system as approved by the Commission.
- (v) Special charges authorised to be recovered under sections 46 and 47 of Electricity Act, 2003. These charges are recoverable by the licensee as these are incidental to the business of distribution and retail supply of electricity to particular consumers, as for example:
 - (a) *Fee for test of meters at consumer's request at premises:* For test at laboratory separate charges shall be payable.
 - (b) *New Service Connection or load enhancement:* Separate charges payable for disconnection/reconnection charges. (Explanation: When new connection or upgradation is sought for a load of more than 10KW, the licensee may recover the proportionate cost of transformer if the load required is more than 10KW and may additionally recover proportionate cost of sub-station if the load required is more than 200KW).
 - (c) Cost of burnt or damaged meters if responsibility can be fixed on consumers.
 - (d) Shifting of connection (including shifting of meter) from one premises to another or another site within the same premises at the request of the consumer.

- (e) Supervision charges for specific services of capital intensive or labour intensive nature.
 - (f) Hiring of licensee's plants and equipments.
 - (g) Fee for verification of old dues/records or obtaining duplicate copies of bills or documents.
 - (h) Fee for special meter reading when requested by consumers.
 - (i) Maintenance of public streetlights or other equipment when requested by a consumer.
 - (j) Replacement of fuses/glass/meter seals or meter reading cards.
 - (k) Resealing of meters, MD indicators and instruments of the licensee in the consumer premises if seal is found broken.
 - (l) Re-rating of installations where done at the request of the consumer.
 - (m) Testing of installations at consumer's request.
 - (n) Any other service provided by the licensee on the request of the consumers.
- (vi) *Cross subsidy charge or support:* In terms of the Section 61(g) of the Act, the Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The determination of tariff is done based on various factors as enumerated in Section-62(3) of the Electricity Act, 2003. Due to differential tariff for various categories of consumers, some consumers shall pay the tariff more than the cost of supply i.e. subsidizing category of consumers and some shall pay less than the cost of supply i.e. subsidized category of consumers. The difference between the tariff and cost of supply is termed as cross subsidy charge or support. While determining the tariff, the Commission has to balance the amount of cross subsidy payable by subsidizing category of consumers and the amount of cross subsidy receivable by subsidized category of consumers. Section-61(g) of the Act also stipulates that tariff shall progressively reduce. As per clause 8.3(2) of National Tariff Policy, tariff should be brought within $\pm 20\%$ of the average cost of supply latest by the end of year 2010-2011.
- 1.7 After due scrutiny and consultation, the Commission shall accord approval for charges; proposed by the licensee and in doing so shall consider the reasonableness and actual cost to the licensee and such charges shall be recoverable only after the approval of the Commission. Licensee shall not recover any charges without the specific approval of the Commission.

4. General:

1.8 BI-Annual Publication of Information:

Licensee must keep account of revenue (demand raised) accruing on account of fixed charges, energy charges, Metering charges,

Billing and recovery/realisation charges, Miscellaneous Service charges, any other charges and arrears payable for each administrative unit of division level and the revenue (demand raised) and collected for each category of consumers under each of the components of tariff (including sub-category whenever provided) and the compiled data at company level must be published for public information and presented to the Commission in January and July each year for half year ending in September and March respectively. This information must also be placed on the website of the licensee. The Distribution Licensee is to publish abstract of statement of accounts six monthly as required under Companies Act.

1.9 Tariff Categories and Intimation of Tariff Rates to Consumers:

The Commission, while determining the tariff for retail sale and wheeling of electricity under Section-61(i) shall provide consumer category wise details of charges to be recovered by the distribution licensee and may also lay down special conditions for seasonal surcharge. Time of use surcharge and power factor, load factor, reactive energy charges etc. The licensee shall send a tariff card within two months of tariff order to each consumer showing the details of various charges recoverable from the particular category or sub-category in which any consumer is listed as per current agreement.

1.10 Demand Based Tariff:

The demand-based tariff shall be applicable to all consumers with connected load of 10KW and above. However, consumers with connected load of 25BHP(18KW/23KVA) or more shall have KVA based demand tariff.

1.11 Power factor, load factor, demand side Management and quality of supply:

The Commission may consider providing rebate to consumers for maintaining appropriate power factor, achieving higher load factor or for implementation of energy conservation measures. The Commission may provide incentive or penalty in its tariff structure for adherence to or deviation from the standards approved by the Commission in its regulations on performance standards.