

## **HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA**

In the matter of draft amendment in the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) (First Amendment) Regulations, 2016.

**CORAM:**  
**S.K.B.S. Negi**  
**Chairman**

### **ORDER**

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 on 21<sup>st</sup> August, 2006 (hereinafter referred “the Principal Regulations, 2006”);

The sub-regulation (2) of Regulation 3 of the Principal Regulations, 2006 provides the cross subsidy surcharge formula as specified in the Tariff Policy, 2006.

The Ministry of Power, Govt. of India has notified the revised Tariff Policy on 28.01.2016. In para 8.5 of the Tariff Policy, 2016, the formula for cross subsidy surcharge computation has been revised. The formula for computation of cross subsidy surcharge given in the Principal Regulations, 2006, needs to be modified, to make it in-line with the formula given in the Tariff Policy, 2016.

Taking into consideration the above, the Commission notified the draft amendment i.e. HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) (First Amendment) Regulations, 2006 on 11.08.2016 and published the same in Rajpatra, Himachal Pradesh on 17.08.2016 in exercise of the power, conferred under sub-section (1) of section 181 of the Electricity Act, 2003 (36 of 2003);

As required vide sub-section (3) of the section 181 of the Act, the Commission invited public objections and suggestions by way of insertions in two News papers i.e. “Hindustan Times” and “Amar Ujala” on 21.08.2016 under Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005 and the full text of the draft amendment regulations was made available on the Commission’s website: [www.hperc.org](http://www.hperc.org).

The Commission, vide letter dated 23.08.2016, requested the major stakeholders, including Industries Associations, State Government, Directorate of Energy and Distribution Licensee to send their objections/ suggestions as per the aforesaid public notice.

The Directorate of Energy (DoE), has submitted that it is a welcome step to bring the cross subsidy surcharge formula in-line with the Tariff Policy, 2016. However, the distribution licensee i.e. Himachal Pradesh State

Electricity Board Limited (HPSEBL) have filed their comments/suggestions, on the aforesaid draft regulations as under:

#### **Amendment in Regulations 4-**

The Regulation 4 of the Principal Regulations, 2006 proposed to be substituted as:

“ 4. *Restriction of Cross Subsidy Surcharge-*

*The Commission may further restrict the cross subsidy surcharge determined for various categories of consumers in accordance with Regulation 3, to such rate(s) as it may consider appropriate for respective categories of consumers from time to time.”*

The HPSEBL requested, the Commission to restrict the cross subsidy by considering minimum between 20% of the tariff applicable to the category of consumers, availing open access and 20% of the cross subsidy surcharge same as computed in Table 183 of Second APR for 3<sup>rd</sup> MYT Control Period (FY 2015-19) & Determination of Tariff for FY 2017 & True-up of FY 2013 and FY 2014 of 2<sup>nd</sup> MYT Control Period for HPSEBL:-

Sr. No.	Description	Cross Subsidy Surcharge	20% of the Cross Subsidy Surcharge	20% of tariff applicable to respective category	Minimum of B and C
		(Rs./unit)	(Rs./unit)	(Rs./unit)	(Rs./unit)
		(A)	(B)	(C)	(D)
1	Large Industrial Power Supply EHT Consumers	1.95	0.39	1.05	0.39
2	Large Industrial Power Supply HT-2 Consumers	2.05	0.41	1.16	0.41
3	Irrigation & Drinking Water Supply Category-EHT Consumers	2.56	0.51	1.17	0.51
4	Irrigation & Drinking Water Supply Category-HT Consumers	1.83	0.37	1.21	0.37
5	Bulk Supply Category-EHT Consumers	2.59	0.52	1.18	0.52
6	Bulk Supply Category-HT Consumers	2.01	0.40	1.25	0.40

The Commission feels that the computations quoted by HPSEBL cannot form a part of the regulations and since the situations may vary from time to time, it may be not appropriate to lay down any definite or fixed formula for further restriction the cross subsidy surcharge rates, computed under Regulation 3. However, to make the provision more flexible and keeping in view the basic spirit of the comments given by HPSEB Ltd., the Commission decides to amend the Regulation 4 as under:

“The Commission may further restrict the cross subsidy surcharge computed in accordance with Regulation 3, in a manner as it may consider appropriate, from time to time for respective categories of consumers and also for different time of a day.”

The draft amendment regulations are finalized and approved as such and be notified accordingly.

Place: Shimla.

Date: 10<sup>th</sup> November, 2016.

Sd/-  
**(S.K.B.S Negi)**  
**Chairman**

**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA**  
**NOTIFICATION**

Shimla, the 10<sup>th</sup> November, 2016

No. HPERC/391.- The Himachal Pradesh Regulatory Commission, in exercise of the powers conferred by Section 42 and sub-sections (1) and (2) of Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, after previous publication, hereby makes the following amendment in regulations, namely:-

**REGULATIONS**

1. **Short title, extent and commencement.** - (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) (First Amendment) Regulations, 2016.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. **Amendment in Regulation 3.**- The sub-regulation (2) of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 shall be substituted as:-

“The cross subsidy surcharge shall be determined by the Commission on the methodology and surcharge formula, specified in the revised Tariff Policy, 2016, which is given as under:-

Surcharge formula:

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

- a) “S” is the surcharge;
- b) “T” is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;
- c) “C” is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;
- d) “D” is the aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level;
- e) “L” is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;
- f) “R” is the per unit cost of carrying regulatory assets.

Provided that the surcharge shall not exceed 20% of the tariff applicable to the respective category of the consumers, seeking open access.

Provided further that the Commission, while keeping the overall objectives of the Electricity Act in view, may review and vary the formula, taking into consideration the different circumstances

related to power supply, prevailing in the area of Distribution Licensee.

3. **Amendment in Regulation 4.**- The Regulation 4 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 shall be substituted as:

**“4. Restriction of Cross Subsidy Surcharge.-**

The Commission may further restrict the cross subsidy surcharge computed in accordance with Regulation 3, in a manner as it may consider appropriate, from time to time for respective categories of consumers and also for different time of a day.”

**By order of the Commission**

**Sd/-**  
(K.S. Dhaulta)  
**Secretary**