



**HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS NO. 33-36, SECTOR – 4, PANCHKULA – 134113, HARYANA**

Press Note

On

**Distribution and Retail supply Tariff Order for FY 2013-14
For UHBVNL & DHBVNL**

The Haryana Electricity Regulatory Commission has determined the Aggregate Revenue Requirement and the revised tariff which will be applicable w.e.f 1st April, 2013 to different categories of consumers in Haryana for supply of electricity. The detailed Distribution and Retail Supply tariff order is available on the website of the Commission i.e. herc.gov.in.

The cost of power generation in the State and that purchased from the Central sector thermal generation and IPPs (thermal) has seen a quantum jump in the recent past due to increase in price of domestic as well as imported coal and gas. The Discoms are at present in financial straits and hence sustainable improvement in their financial and operational performance requires implementation of financial and structural reforms over a longer time horizon. Given the ground realities obtaining in Haryana the pace of implementation of reforms since 1998 has varied from year to year. The electricity tariff in Haryana was revised by about 13% in FY 2010-11 after almost a decade. Thereafter there was a negligible increase in FY 2011-12 and about 18 % increase in FY 2012-13. Whereas the Fuel and Power price index prevailing in FY 2012 had moved up 69% from the base year FY 2005 and during the same period All Commodities Wholesale Price index moved up by 56%. Consequently, over the years, the mismatch between cost of electricity and price (tariff) of electricity in Haryana widened. The entire difference which

was recoverable from the electricity consumers in Haryana was deferred in the form of Regulatory Assets since FY 2008-09 and un-recovered Fuel Surcharge Adjustment for FY 2011-12. Hence in the present order, the Commission, as required by the National Tariff Policy of Government of India as well as judgments of the superior courts/tribunal, has attempted to address the issue of Regulatory Assets. The Commission notes with satisfaction that due to tariff re-alignment in the previous year the Discoms have reported revenue buoyancy, as a result the revenue gap in FY 2013-14 is substantially lower. Though the Commission is yet to true-up the FSA for FY 2011-12, tentatively the figure projected by the Discom is being used at present subject to final determination by the Commission.

While adjusting the past revenue gap including the unrecovered Regulatory Asset and FSA for FY 2011-12, the Commission in order to cushion the tariff shock to the electricity consumers, has decided to stagger the recovery from the Consumers over a period of three years. Thus the recovery of past revenue gap has been restricted to about 45% of the Regulatory Assets amounting to Rs. 1042.18 Crore and 40% of FSA for FY 2011-12 amounting to Rs. 978.548 Crore i.e. a total of Rs. 2020.73 Crore and the balance amounting to Rs. 2716.196 Crore stands deferred. The Commission expects that due to efficiency gains i.e. reduction in distribution losses, improvement in collection efficiency and plugging of revenue leakages due to slow, dead and defective meters and un-authorized connections, the revenue gap to be addressed in future may decline to a certain extent.

AP tube-well supply tariff in Haryana is highly subsidized by the Haryana Government. The AP Consumers pay only about 4% of their cost to serve while the balance 96% is borne by the Haryana Govt. in the shape of RE subsidy. The Commission has noted that the authenticity of AP connected load as well as the accuracy of AP Consumption submitted by the Discoms need reworking. The Commission has examined this issue at length including holding discussion with the senior officials of the Discoms as well as personal visit to some of the AP feeding sub-stations. All these have revealed that there are substantial non-AP loads on AP Connections including un-authorized usage and

theft. This inflates AP consumption and hence RE Subsidy burden of the State Govt. The Commission, after due diligence, has assessed the increase in sales to AP Consumers in FY 2013-14 to about 5% as against approximately 13% and 14% increase shown by UHBVNL and approximately 11% and 19% shown by DHBVNL in the past two financial years. Consequently in FY 2013-14 the increase in RE subsidy over the previous year is only about Rs. 392 Crore i.e. about 9.8%. There is further increase of about Rs. 487 Crore subsidy to the AP consumers due the impact of past liabilities of the AP Consumers to be discharged by the Haryana Govt.

The transmission and distribution losses in Haryana have declined from about 42% in 2001 to about 26% presently. A major part of the distribution losses are of commercial nature which the Commission believes can be quickly brought down. The Commission has considered the distribution loss reduction trajectory as per the Financial Re-Structuring Plan (FRP) submitted by the Discoms, which the Commission had accepted as reasonable. The combined distribution / AT & C loss trajectory for both the Discoms as projected by them in the FRP is as under:-

FY	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Distribution Loss (%)	26.1	23.8	22	20.3	18.7	17.4	16	15.1	14.2
AT&C (%)	29.7	26.8	24.4	22.2	20.4	18.8	17.1	15.8	14.8

The Commission, while examining the revenue requirement of the power utilities in Haryana, observed that employee cost is on the higher side when compared to some of the neighboring state, while employee output ratio is on the lower side. Thus the Commission has not allowed any new recruitment in FY 2013-14 even against the sanctioned posts. Hence, the power utilities have been directed to explore all possible alternatives including outsourcing to optimize employee's cost. An exception could, however, be made for senior/ supervisory technical staff when prior approval of the Commission is sought.

For FY 2014-15 onwards, the Commission has decided to switch over from cost plus regulatory regime to performance based regulations. The Multi Year Tariff Regulation notified by the Commission on 5.12.12 provides for incentive and penalty mechanism on performance of the power utilities vis-a- vis the benchmarks specified therein. Henceforth no inefficiencies of the power utilities shall be a pass through as in the earlier regime.

The Commission reiterates that mostly due to past uncovered revenue gap the Commission has increased the tariff on an average by about 13% from non AP consumer category, with the AP subsidy of Rs. 4853.4 Crore and MMC revenue of Rs. 52.99 Crore the total revenue gain to the Discoms in FY 2013-14 is estimated as Rs. 19197.989 Crore against the revenue requirement of Rs 19197.95 Crores including about 45% of the outstanding Regulatory Assets and 40% of FSA for FY 2011-12 assessed by the Commission for FY 2013-14, thereby leaving no revenue gap uncovered. Consequently, the Domestic Supply tariff for FY 2013-14 in Haryana, except for the high end consumers, shall be lower than FY 2012-13 tariffs of Uttar Pradesh and Delhi. After revision of tariffs for FY 2013-14, most of the neighboring States are likely to have tariffs higher than that approved for Haryana. Similarly the NDS tariff approved for Haryana in FY 2013-14 is lower than that of FY 2012-13 tariffs of Rajasthan and Delhi. Further the revised HT tariff (for supply at 11 kV) for FY 2013-14 is lower than FY 2012-13 tariffs of some states like Delhi, Rajasthan, Uttar Pradesh and Himachal Pradesh.

Additionally, to facilitate the loss reduction the Commission shall introduce new business model in term of deployment of retail supply licensee in Haryana other than UHBVNL and DHBVNL in small towns reporting high distribution losses. It is expected that the Discoms will vigorously adopt franchisee models also for distribution management. With all these efforts the Commission expects that a solid foundation shall be laid for sustainable improvement in the financial position of the Discoms in Haryana. Hence, with better cash flow the quality and quantity of power supplied to the electricity consumers in Haryana will also improve.

The salient features of the tariff order are as under:

- The Annual Revenue Requirement for both the Discoms has been determined at Rs. 17177.221 Crore for FY 2013-14 against Rs. 26199 Crore projected by UHBVNL / DHBVNL.
- After including past regulatory assets and FSA claims amounting to Rs. 2020.73 Crore, the total revenue required for both the Discoms works out to Rs. 19197.95 Crore which shall be entirely met by the revised tariff including AP subsidy of Rs.4853.4 Crore.
- If the Commission had attempted to liquidate the entire FSA of FY 2011-12 and the total amount of Regulatory Assets, an increase of about 34% in tariff would have been required across all consumer categories to meet the entire revenue gap. The Commission is well aware of the fact that financial condition of the UHBVNL & DHBVNL is far from good and unless the commission allows them to raise additional revenue to wipe out some of their losses, their financial condition would further worsen. This will neither be in the long term interest of consumers nor in the interest of the State. The Commission is of the considered opinion that financially strong and commercially viable electricity utilities are of paramount importance for the overall development/growth of the State. The Commission has accordingly come to the conclusion that tariff hike is a must for financial sustainability of the distribution utilities. At the same time Commission has felt that it would not be possible to cover the entire revenue gap through the tariff hike as it would result into a major tariff shock to the electricity consumers. The Commission has, therefore, decided on a moderate hike in the tariff of different categories of consumers. The approved tariff hike including AP subsidy of Rs. 4853.4 Crore and MMC of Rs.52.99 Crore for the two Discoms is expected to generate total revenue of about Rs. 19197.989 Crore thereby leaving no revenue gap unaddressed in FY 2013-14 which, the Commission feels will go a long way in improving their financial health. The Commission has restricted

recovery of past regulatory assets to 45% and FSA for 2011-12 to 40% leaving the balance for future.

- The tariff increase in case of the poorest among the domestic consumers with monthly consumption up to 40 units has been kept at 28 paisa per unit only. Further, some adjustment has been made in the slabs of the domestic tariff so as to moderate the additional burden on low – end consumers.
- The tariff payable by the Agriculture Pumpset (AP) consumers remains unchanged. The AP subsidy payable by the State Govt. has worked out to Rs. 4366 Crore without considering the impact of regulatory asset and FSA to be recovered in FY 2013-14 and Rs. 4853.4 Crore after including these impacts as against Rs. 3974 Crore in FY 2012-13. It is added that none of the consumer categories are contributing any cross-subsidy to AP consumers as entire subsidy is being paid by the State Govt.
- There will be no change in the peak load exemption charges.

A copy of the tariff structure indicating existing tariff and tariff approved by the Commission for the FY 2013-14 is enclosed.

Date: 30/03/2013
Place: Panchkula

Ram Pal
(Member)

Rohtash Dahiya
(Member)

R.N. Prasher
(Chairman)

Distribution & Retail Supply Tariff approved by the Commission for the FY 2013-14

Sr. No.	Tariff for 2012-13				Tariff for 2013-14			
	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC (Rs. per kW per month of the connected load or part thereof)
1	Domestic Supply				Domestic Supply			
					Category I: (Total consumption less than 100 units per month)			
	Upto 40 units per month	270/kWh	Nil	Rs. 80 upto 2 kW and Rs. 50 above 2 kW	0 - 40 units per month	298/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
	41 to 250 units per month	450/kWh	Nil		41-100 units per month	475/kWh	Nil	
					Category II: (Total consumption more than 100 units/month and upto 800 units/month)			
	251 to 400 units per month	525/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW	0 - 250 units per month	490/kWh	Nil	
	401 and above units per month	560/kWh	Nil		251 - 500 units per month	560/kWh	Nil	
					501 - 800 units per month	598/kWh	Nil	
					Category III: (Total consumption more than 800 units/month)			
					801 and above units per month	598/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
				(For total consumption of 801 units and above/month, there shall be single tariff & no slab benefit shall be admissible)		Any consumer who at his own cost installs kVAh meter may opt for kVAh tariff of 538/kVAh i.e. applicable tariff in kWh multiplied by 0.90 (standard power factor)		
2	Non Domestic				Non Domestic			
	Upto 5 kW (LT)	525 /kWh	Nil	Rs. 180 upto 5 kW and rs. 160 above 5 kW upto 20 kW	Upto 5 kW (LT)	585/kWh	Nil	Rs. 200 upto 5 kW and Rs. 185 above 5 kW upto 20 kW
	Above 5 kW and Up to 20 kW (LT)	550 /kWh	Nil		Above 5 kW and Up to 20 kW (LT)	610/kWh	Nil	

	Above 20 kW upto 50 kW (LT)	550/kWh	130/kW	Nil	Above 20 kW upto 50 kW (LT)	600/kWh	150/kW	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	575/kWh	150/kW	Nil	Existing consumers above 50 kW upto 70 kW (LT)	625/kWh	160/kW	Nil
	Consumers above 50 kW (HT)	525/kWh	130/kW	Nil	Consumers above 50 kW (HT)	585/kWh or 526/kVAh in case consumer opts for kVAh based billing	160/kW	Nil
3	HT Industry (above 50 kW)				HT Industry (above 50 kW)			
	Supply at 11 kV	470/kVAh	130 /kVA	Nil	Supply at 11 KV	530/kVAh	150/kVA	Nil
	Supply at 33 kV	460/kVAh	130 /kVA	Nil	Supply at 33 KV	520/kVAh	150/kVA	Nil
	Supply at 66 kV or 132 kV	450/kVAh	130 /kVA	Nil	Supply at 66 kV or 132 kV	510/kVAh	150/kVA	Nil
	Supply at 220 kV	440/kVAh	130 /kVA	Nil	Supply at 220 kV	500/kVAh	150/kVA	Nil
	Supply at 400 kV	435/kVAh	130 /kVA	Nil	Supply at 400 kV	495/kVAh	150/kVA	Nil
	Arc furnaces/ Steel Rolling Mills	470+18 Paisa per kVAh if supply is at 11 kV	130 /kVA	Nil	Arc furnaces/ Steel Rolling Mills	530+20 Paisa per kVAh if supply is at 11 kV	150/kVA	Nil
4	LT Industry - upto 50 kW				LT Industry - upto 50 kW			
	Up to 20 kW	535/kWh	Nil	Rs. 150 /kW	Upto 10 KW	585/kWh	Nil	Rs. 185/kWh
	Above 20 kW upto 50 kW	510/kWh	150 /kW	Nil	Above 20 KW and upto 50 KW	585/kWh or 526/kVAh in case of kVAh metering	170/kW	Nil
	Existing consumers Above 50 kW upto 70 kW (LT)	498/kVAh			Existing consumers Above 50 kW upto 70 kW (LT)	550 / kVAh		
5	Agriculture Tube-well Supply				Agriculture Tube-well Supply			
	Metered: (i) with motor upto 15 BHP	25 /kWh	Nil	Rs. 200 / BHP per year	Metered: (i) with motor upto 15 BHP	25/kWh	Nil	Rs. 200 / BHP per year
	(ii) with motor above 15 BHP	20 /kWh	Nil		(ii) with motor above 15 BHP	20/kWh	Nil	
Un-metered (Rs. / Per BHP / Month): (i) with motor upto 15 BHP	Nil	35	Nil	Un-metered (Rs. / Per BHP / Month): (i) with motor upto 15 BHP	Nil	35	Nil	

	(ii) with motor above 15 BHP	Nil	30	Nil	(ii) with motor above 15 BHP	Nil	30	Nil
6	Public Water Works	510 /kWh	150 /kW	Nil	Public Water Works	600/kWh	170/kW	Nil
7	Lift Irrigation	510 /kWh	150 /BHP	Nil	Lift Irrigation	600/kWh	170/BHP	Nil
8	MITC	510 /kWh	150 /BHP	Nil	MITC	600/kWh	170/BHP	Nil
9	Railway Traction				Railway Traction			
	Supply at 11 KV	530 / kWh	125 /kVA	Nil	Supply at 11 KV	525/kVAh	140/kVA	Nil
	Supply at 33 KV	520 /kWh	125 /kVA	Nil	Supply at 33 KV	520/kVAh	140/kVA	Nil
	Supply at 66 or 132 kv	510 /kWh	125 /kVA	Nil	Supply at 66 or 132 kv	510/kVAh	140/kVA	Nil
	Supply at 220 kv	500 /kWh	125 /kVA	Nil	Supply at 220 kv	505/kVAh	140/kVA	Nil
10	DMRC				DMRC			
	Supply at 66 kv	450 / kWh	125 /kVA	Nil	Supply at 66 kv	480/kVAh	140/kVA	Nil
	Supply at 132 kv	450 /kWh	125 /kVA	Nil	Supply at 132 kv	480/kVAh	140/kVA	Nil
11	Bulk Supply				Bulk Supply			
	Supply at LT	525 / kWh	130 /kW	Nil	Supply at LT	540/kVAh	150/kW	Nil
	Supply at 11 kv	515 /kWh	130 /kW	Nil	Supply at 11 kv	525/kVAh	150/kW	Nil
	Supply at 33 kv	505 /kWh	130 /kW	Nil	Supply at 33 kv	515/kVAh	150/kW	Nil
	Supply at 66 or 132 kv	500 /kWh	130 /kW	Nil	Supply at 66 or 132 kv	505/kVAh	150/kW	Nil
	Supply at 220 kv	495 /kWh	130 /kW	Nil	Supply at 220 kv	500/kVAh	150/kW	Nil
12	Bulk Supply (Domestic) (70 kW and above at 11 kv or above voltage)				Bulk Supply (Domestic) (70 kW and above at 11 kv or above voltage)			
	Bulk Supply Domestic	390 /kWh	Rs. 50 /kW of recorded demand	Nil	For total consumption in a month not exceeding 400 units/flat/dwelling unit (DU).	420 /kWh	Rs. 80 /kW of recorded demand	Nil
					For total consumption in a month between 401 - 800 units/flat/DU.	460 /kWh		
					For total consumption in a month of 801 units or more per flat per DU	510 /kWh		
13	Street Lighting	495 /kWh	Nil	Rs. 150 /kW	Street Lighting	600/kWh	Nil	Rs. 180/kW
14	Independent Hoarding / Decorative Lightning	695 /kWh	150 /kW	Nil	Independent Hoarding / Decorative Lightning	755/kWh	150/kW	Nil

15	Temporary Metered supply	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category	Temporary Metered supply	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category
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Notes:

1. Energy charges in case of Domestic consumers are telescopic in nature within the category in which they fall. In case of consumption more than 800 units/month, no slab benefit is admissible and tariff applicable will be 598 paisa/kWh for total consumption.
2. Energy charges for HT Industrial, existing LT Industrial consumers having load above 50 kW to 70 kW, Railway Traction and DMRC are in Paisa / kVAh.
3. Fixed charges for HT Industrial supply category are in Rs / kVA of Contract Demand. For Railways and DMRC, the fixed charges are in Rs / kVA of the billable demand. For all other consumer categories (except Bulk Supply Domestic), the fixed charges are in Rs. / kW of the sanctioned load or part thereof per month.
4. 80% of the connected load shall be taken into account for levying fixed charges where leviable in case of LT industrial Supply.
5. Fixed charges for unmetered AP consumers, MITC and lift irrigation category are in Rs. / per BHP / Month.
6. Fixed charges for Bulk Supply Domestic are in Rs. / kW of the recorded demand.
7. Under Bulk Supply (Domestic) category no benefit of lower slab shall be admissible in the higher consumption slabs. Total consumption shall be charged at a single tariff depending upon the average consumption/flat/residential unit for that month.
8. In case of single point supply as per HERC (Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Commercial cum Residential Complexes of Developers) Regulations, 2013, Bulk Supply (Domestic Supply) tariff shall be applicable. A rebate of 4% in case of supply at 11 kV and 5% in case of supply at higher voltage in the energy consumption as recorded at Single Point Supply meter shall be admissible. NDS load, if any, beyond the prescribed limit as per schedule of tariff, the NDS tariff shall be applicable on monthly consumption corresponding to the NDS load as detailed in the said Regulation.
9. In addition to the tariff as above, the Discoms shall levy FSA as per HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012
10. The above tariff does not include Electricity Duty, Municipal Tax and FSA.
11. The Bulk Supply (Domestic) Tariff shall apply to the consumer categories covered by the Single Point Supply Regulations notified by the Commission.
12. In case of Health and Educational Institutions having a total load exceeding 20 kW, these shall be treated as non –domestic category where the entire load is NDS. However if there is mixed load or there is some other category's load (other than Industrial) in the total load and if such other load exceeds 10 % of the total load then Bulk Supply tariff shall be applicable.
13. The Electricity Duty, Municipal Tax and FSA shall be charged at kWh.
14. The Schedule of tariff for supply of electricity by the Discoms shall get modified accordingly. The revised schedule shall be issued separately.