

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY
COMMISSION AT SHIMLA**

**CASE NO: 219/2014
CORAM
SUBHASH CHANDER NEGI**

IN THE MATTER OF:

Approval of the Aggregate Revenue Requirement (ARR) for FY16 and the First Annual Performance Review (APR) of the Third MYT Order for the Control Period (FY15-FY19) under sections 62, 64 and 86 of the Electricity Act, 2003

ORDER

A1: BACKGROUND AND HISTORY

1.1 HPSEBL, in the tariff filings for the FY2015-16, vide Miscellaneous Application 52/2015 dated 2nd April, 2015 had submitted a proposal for revision in the Line Maintenance and Lamp Renewal Charges covered under clause 4 of “Schedule – Street Lighting Supply” under “Part-III Schedule of Tariff” of the MYT Order dated 12th June, 2014. HPSEBL submitted that these charges need revision as they have not been changed since FY 2001-02. This proposal of HPSEBL could not be taken up during the ARR/ tariff determination exercise for FY2015-16, decided by the Commission vide its Order dated 10th April, 2015, as the process of due consultations and inviting public objections could not be completed. The Line Maintenance and Lamp Renewal charges as applicable for FY2014-15 were continued for FY2015-16 in the Order dated 10th April, 2015. The Commission consequently took up the matter of reviewing these charges.

1.2 The existing and proposed Line maintenance and Lamp Renewal Charges as per submission of HPSEBL are as follows:

Table 1: Existing and Proposed Line Maintenance and Lamp Renewal Charges

Description	Existing Monthly Charges			Proposed Monthly Charges		
	Material (Rs.)	Labour (Rs.)	Total (Rs.)	Material (Rs.)	Labour (Rs.)	Total (Rs.)
Bulb (All Watts)	7.00	7.00	14.00	Not to be installed		
MVL (125W & 250W)	28.00/83.00	12.00	40.00/95.00	75.00/140.00	30.00	105.00/170.00
Fluorescent Tubes (20W & 40W)	9.00 to 36.00	12.00	30.00 to 40.00		20.00 to 25.00	50.00 to 65.00
SVL (70W to 400W)	NA	18.00	-	80.00 to 335.00	30.00	110.00 to 365.00
CFL	NA	18.00	-	20.00	20.00	40.00
T-5 Tube	NA	18.00	-	40.00	30.00	70.00
High Mast	NA	18.00	-	Type of Wattage of lamps	180.00	Material Charges+180.00

A2: OBJECTIONS FILED AND ISSUES RAISED

2.1 The Commission invited objections/ suggestions of stakeholders/ general public vide Public Notice dated 27th May, 2015 published in “The Tribune” and “Amar Ujala”. The Last date of filing of objections was 15th June, 2015. The communication inviting objections was also sent to all the stakeholders vide following letters:

- i) HPERC/MYT3APR1/HPSEBL/2014-15-535-86 dated 12.05.2015.
- ii) HPERC/MYT3APR1/HPSEBL/2014-15-300-51 dated 27.05.2015.

- 2.2 In response, the objections/ suggestions from following stakeholders were received:
- i) Executive Officer, Municipal Council, Ghumarwin, Distt. Bilaspur.
 - ii) Executive Officer, Municipal Council, Hamirpur.
 - iii) President, Municipal Council, Theog, Distt. Shimla.
 - iv) Secretary, Nagar Panchayat, Talai, Distt. Bilaspur.
 - v) Executive Officer, Municipal Council, Paonta Sahib, Distt. Sirmaur.
- 2.3 All the above objectors have opposed the proposal for increase in the Line Maintenance and Lamp Renewal Charges citing poor financial health of local bodies and the public welfare nature of street lighting. Some objectors have suggested that the increase in these charges should not be more than 30%. It has also been suggested that in view of non availability of trained manpower with HPSEBL to repair and maintain high mast lights, the services of private agencies are taken and hence increase in charges is not justified.
- 2.4 HPSEBL vide its letter No. HPSEBL/CE-(Comm.)/SERC-26/2015-3610 dated 20.06.2015 has submitted the detailed analysis of both material and labour components of the proposed Line Maintenance and Lamp Renewal Charges. The material charges have been worked out for each type of light fitting by considering a percentage replacement of its parts such as lamps/ tubes, ballast, ignitor etc. every year. The charges have been calculated in Rs. / point / year and these charges in terms of Rs/ point/ month are lower than the existing charges and do not support the claim of HPSEBL for increase in the material charges. The labour charges for each category of lighting have been calculated by considering an average number of light fittings of a specific type being repaired by a gang comprising of one lineman and two T/mates daily. The daily wages approved by GoHP for these categories of workmen have been considered in the analysis.
- 2.5 To bring in efficiency and quality in the operation and maintenance of street lights, the Commission had also invited objections on its proposal that the material required for the maintenance of street lights of all consumers covered under "Street Lighting Supply" Schedule should henceforth be supplied by HPSEBL only due to following advantages:
- i) Efficient and effective services can be delivered to the general public if both the components i.e. material as well as labour are provided by single agency.
 - ii) Since HPSEBL has expertise in the power sector, the general public will be benefited if HPSEBL manages material for street lighting consumers in addition to the labour component being provided by it presently.
 - iii) The benefit of economies of scale can be availed if material for all street lighting consumers is procured by single agency i.e. HPSEBL throughout the State.
 - iv) Better services can be provided to the general public through efficient inventory management at different locations in the State.
- 2.6 In response, HPSEBL has submitted that it has no objection to the implementation of this proposal. No other objection/ suggestion have been received in this matter.

A3: Observations and Orders of the Commission

- 3.1 The Commission undertook the exercise of rationalization of line maintenance and lamp renewal charges. These charges have remained same since last 15 years and need to be reviewed in the wake of changes in material as well as labour rates.
- 3.2 The local bodies are opposing any increase in line maintenance and lamp renewal charges owing to their poor financial health. However Section 45 of the Electricity Act, 2003 provides that the price for supply of electricity has to be charges by the

distribution licensee. Therefore reasonable cost incurred by HPSEBL for the maintenance of street lights has to be recovered by levying line maintenance and lamp renewal charges. The local bodies can meet these charges from the revenue collected through electricity tax and other taxes levied by such local bodies.

- 3.3 The Commission has worked out the material component of monthly maintenance charges (Rs./point/month) on the basis of average cost of different accessories for each type of light fitting and their expected life cycle.
- 3.4 With the advancement in the technology, highly energy efficient lighting solutions have come up such as LEDs and Metal Halide etc. The Commission feels that these energy efficient lighting techniques are need of the hour and existing low efficiency fixtures should be replaced with such high efficiency fixtures in a phased manner. The Commission has therefore worked out the material as well as labour component of monthly maintenance charges for these lighting technologies also.
- 3.5 The Commission has worked out the labour charges for each category of lighting by considering an average number of fittings being repaired by a gang comprising of one lineman and two T/mates, on the same pattern as submitted by HPSEBL.
- 3.6 The material and labour component of the line maintenance and lamp renewal charges have been calculated based on the above methodology and are accordingly being rationalized. The existing and revised line maintenance and lamp renewal charges now approved by the Commission, in cases where HPSEBL is providing the material, are as follows:

Table 2: Existing and Approved Line Maintenance and Lamp Renewal Charges (Where material is also provided by HPSEBL)

Description	Existing Charges (Rs./point/month)	Revised Charges (Rs./point/month)
Fluorescent Tube 4' 1x40 W	35	35
Fluorescent Tube 4' 2x40 W	48	42
Fluorescent Tube 2' 1x20 W	21	31
Fluorescent Tube 2' 2x20 W	35	45
MVL up to 125 W	40	49
MVL above 125 W	95	91
SVL up to 150 W		68
SVL above 150 W		105
CFL		63
T-5 Tube light		48
Metal Halide up to 150 W		102
Metal Halide above 150 W		140
LED		150
High Mast Light		No. of lamps of any of above category x charges applicable for each point of such category

- 3.7 In cases where the material and accessories required for the maintenance are provided by the Street Lighting Consumers and replacement is done by HPSEBL, only labour is to be charged by HPSEBL. The existing and revised charges now approved by the Commission for such consumers are as follows:

Table 3: Existing and Approved Line Maintenance and Lamp Renewal Charges (Where only labour is provided by HPSEBL)

Description	Existing Charges (Rs./point/month)	Revised Charges (Rs./point/month)
Fluorescent Tube 4' 1x40 W	12	25
Fluorescent Tube 4' 2x40 W	12	30
Fluorescent Tube 2' 1x20 W	12	25
Fluorescent Tube 2' 2x20 W	12	30
MVL up to 125 W	12	35

Description	Existing Charges (Rs./point/month)	Revised Charges (Rs./point/month)
MVL above 125 W	12	35
SVL up to 150 W	18	35
SVL above 150 W	18	35
CFL		25
T-5 Tube light		35
Metal Halide up to 150 W		35
Metal Halide above 150 W		35
LED		35
High Mast Light		No. of lamps of any of above category x charges applicable for each point of such category
Any other special fixture not covered above		35

- 3.8 At most of the locations including major towns of the State such as Shimla, Mandi, Dharamsala, Hamirpur, Kullu, Bilaspur etc. the material for maintenance of the street lights is being provided by the local bodies. The Commission feels that the material required for maintenance of street lighting should be provided by HPSEBL to harness the benefits outlined in para 1.7. However the Commission leaves it to the mutual agreement of the HPSEBL and local bodies to decide as to which agency should provide the material required for the maintenance of the street lights.
- 3.9 The Commission orders that clause 4 of “Schedule – Street Lighting Supply” under “Part-III Schedule of Tariff” in the Tariff Order for FY2015-16 issued on 10th April, 2015 shall be amended to above extent. This amendment shall come in to force with effect from 1st October, 2015.

Shimla.
Dated: July 4, 2015.

Sd/-
(Subhash Chander Negi)
Chairman