

Press Note

Electricity Tariff Order for 2018-19 issued on 04.05.2018 – Salient Features thereof

1. HPSEBL had projected the Annual Revenue Requirement of Rs. 6954.71 Crore for FY 2018-19 which includes True-Up gap of Rs. 365.47 Crore for FY16 (Based on Final audited account) and True-Up gap of Rs. 252.03 crore for FY17 (Based on provisional audited account).
2. Total revenue income & expenditure approved for HPSEBL for FY 2018-19 are Rs. 5396 crore & Rs 5389.26 crore respectively.
3. The Commission has allowed an amount of Rs. 41.92 crore against demand of Rs. 365.47 crore for True-up gap of FY16 by HPSEBL. The commission has not considered the true up gap of Rs. 252.03 crore for FY17 as the same was not based on final audited accounts.
4. The Commission has also approved a provisional amount of Rs. 200 crore towards arrears liability accruing on account of 7th Pay Commission against the total demand of Rs. 672.18 crore made by HPSEBL on this account.
5. Considering the revenue from existing tariff, a revenue gap of Rs. 138.00 Cr. has been observed for FY19. Therefore, the Commission has approved an overall tariff increase to meet up this gap.
6. In accordance with provisions of Section 65 of the Electricity Act, 2003, the Commission in terms of sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 in giving effect to the HP Govt subsidy has accordingly made the provisions.
7. The effective energy charges for Domestic Supply category, as proposed by the GoHP after accounting for Government subsidy, shall be as under:-

Subsidized tariff for Domestic category of consumers

| Particulars | Units/month | Approved Tariff for FY19 (Rs./kWh) | GoHP Subsidy for FY19 (Rs./kWh) | Effective Tariff after subsidy (Rs./kWh) |
|--------------------|-------------------|------------------------------------|---------------------------------|--|
| Lifeline consumers | 0-60 | 3.30 | 2.30 | 1.00 |
| Other consumers | 0-125 | 3.90 | 2.40 | 1.50 |
| | 126-300 | 4.80 | 1.90 | 2.90 |
| | Above 300 | 5.40 | 1.05 | 4.35 |
| | Prepaid consumers | | 4.80 | 1.90 |

8. Though there has been increase in the rates of energy charges for Domestic category of the consumers as is evident from the previous table, but the same has been kept at the level of last year after accounting for the subsidy provisions made in budget by Government of HP. The Govt. of Himachal Pradesh has made a provision of Rs. 475 Cr. in the financial budget for 2018-19 for providing rollback subsidy to electricity consumers of domestic and agriculture categories during the year. **Therefore, there is no effective increase in energy charges for Domestic category of the consumers of the State and they will continue to pay the same energy charges as were paying earlier.**

9. **For Agricultural consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the energy charges shall be Rs 0.75 per kWh to the consumer category up to 20 kW under single part tariff and Rs. 0.75 per kVAh only for LT category under two part tariff. These revised energy charges on the account of Government subsidy would only be applicable to agricultural and allied activities and which are paid for by individuals/ user groups but shall not be applicable for government supply.**

10. The average increase in tariff for other categories of the consumers are as under:-

| | |
|-------------------------------|------|
| Industrial Power Supply | 1.5% |
| Non Domestic Non Commercial | 1.5% |
| Commercial | 2.5% |
| Drinking Water Pumping Supply | 3.0% |

Note: - There has been no increase in energy charges for Bulk Supply, Public Lighting and Temporary Supply category of consumers

11. Increase in Night Time Concession Charges for Industrial consumers

In view to encourage consumption of electricity during night hours by industrial consumers, the Commission has increased the night time concession for EHT and HT-2 Industrial category of consumers as follows:

- a) 40 p/kVAh for the month of June, July and August has been increased to 60 p/kVAh
- b) 20 p/kVAh for other months has been increased to 40 p/kVAh

12. Peak Time Charges

Peak time charges wherever applicable has been kept at the previous year level only except for a very marginal increase of 7.5 paise per kWh for small industries having contract demand less than or equal to 20 kVA.

13. Rebate on energy charge for excess consumption for existing industrial consumers

The Commission has approved the proposal of the HPSEBL to allow a **rebate of 10% discount on energy charges for additional power consumption** beyond the level of FY 2017-18 for existing Industrial units.

14. Rebate on energy charge for new industries

For new Industrial category of consumers coming into production after 01.04.2018, the Commission finds merit in the proposal of the Petitioner and has **approved energy charges at 10% lower than the notified tariff for the respective categories for a period of three years beginning with FY 2018-19. As a result, net saving in energy charges shall be 46 to 47.5 paise per unit for small Industrial Consumers, 46 paise per unit for medium Industrial Consumers and 42 to 46 paise per unit for Large Industrial Consumers.**

15. Pre-paid tariff for NDNC category of consumers

The Commission has granted in-principle approval for pre-paid metering for consumers under NDNC category. However, the same shall be optional at this point and the applicable tariff for such consumers shall have a rebate of 10 paise per unit with no fixed charges.

16. Domestic Tariff for Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas

Heritage hotels covered under HP Govt Heritage Tourism Policy, Incredible India bed-and-breakfast units and Home stay units in rural areas as approved by the District Tourism Development Officer have been placed under domestic category as per the HP Govt./ Gol Policies. However, the energy charges for such consumers shall be 30% higher than the net energy charges payable (net off subsidy) by the consumers in the respective slab of domestic category.

17. Wheeling Charges for Renewable Generator

In accordance with section 86(1)(e) read with section 61(h) of the Electricity Act, 2003, the Commission, for the promotion of renewable can provide suitable measures for connectivity with the grid. The small hydroelectric projects up to an installed capacity of 25 MW are covered under the renewable energy sources. In order to promote generation from these renewable sources, the Commission decides that the wheeling charges payable by the Small Hydro Projects covered under renewable energy sources shall be comparable to the wheeling charges for the EHV category of open access consumers i.e. 65 paise/ unit for FY19. However the renewable energy generator shall have to bear the losses as per the actual connected voltage level.

18. Wheeling Charges for Embedded Consumers availing Short Term Open Access

The consumers availing short term open access while simultaneously maintaining their contract demand with the distribution licensee shall, in addition to the applicable demand charges, pay wheeling charges @50% of the wheeling rates applicable at respective voltage levels. Such consumers shall, however, have to pay the distribution losses applicable at relevant voltage levels.

19. Additional Surcharge for power procurement through Open Access

The Commission has determined the Additional Surcharge for the consumers availing short-term open access as 54 paise per unit which is a marginal increase of 3 paise per unit.

20. Infrastructure Development Charges

There is no increase in the Infrastructure Development Charges.

21. Average Realization as % of Average Cost of Supply for FY19

| Consumer Category | FY19 Approved Tariff |
|-------------------------------|-----------------------------|
| Industrial Power Supply | 103% |
| Domestic | 91% |
| Irrigation and Drinking Water | 107% |
| Commercial | 109% |
| Bulk Supply | 114% |
| NDNC | 107% |

22. The Commission has increased marginally the fixed charges for various categories as given below:

- a) For domestic consumers and agriculture by Rs. 10/consumer/month
- b) for NDNC, Commercial (0-20 kVA), small industries and street lighting by Rs. 20/consumer/month

23. HPSEBL has been directed to ensure quality and reliability of the power to its consumers in the state of HP.

24. The above revised tariffs in respect of all categories of the consumers shall be effective retrospectively from April 1, 2018.

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