

## **PRESS NOTE**

### **MULTI YEAR TARIFF OF BRIHANMUMBAI ELECTRIC SUPPLY AND TRANSPORT UNDERTAKING (BEST) APPLICABLE WITH EFFECT FROM 1 SEPTEMBER, 2013**

1. The Commission had last revised the tariffs of the Brihanmumbai Electric Supply and Transport Undertaking (BEST) with effect from 1 June, 2012. BEST's Petition for approval of Truing Up of FY 2010-11 and FY 2011-12, and Aggregate Revenue Requirement (ARR) and determination of Multi Year Tariff for the second Control Period (FY 2012-13 to FY 2015-16) was admitted by the Commission on 2 May, 2013.
2. The Commission invited suggestions from consumers and all other stakeholders and held the Public Hearing on 14 June, 2013 at Centrum Hall- 1<sup>st</sup> Floor, Centre 1, World Trade Centre, Cuffe Parade, Mumbai - 400005. Consumer Representatives also participated actively in this process. The Commission, after considering all representations and issues raised during the Public Hearing and through written submissions, has determined the ARR and Tariff for FY 2012-13 to FY 2015-16 for BEST, through its Order dated 28 August, 2013. The revised Tariffs will come into force from 1 September, 2013.
3. The salient features of the Commission's Order are as follows:
  - a) The Commission has approved the Aggregate Revenue Requirement (ARR) of Rs. 3882.57 Crore, Rs. 5624.75 Crore, Rs. 5719.42 Crore, and Rs. 5616.29 Crore for FY 2012-13, FY 2013-14, FY 2014-15, and FY 2015-16, respectively, as compared to the ARR of Rs. 4131.77 Crore, Rs. 6537.43 Crore, Rs. 5962.36 Crore, and Rs. 5209.35 Crore projected by BEST in its Petition for the respective years, primarily due to the following reasons:
    - i. Projection of sales and sales revenue based on the actual sales in FY 2012-13
    - ii. Reduction in the power purchase cost due to consideration of the tariffs approved by the Commission for TPC-G, which is the primary supplier of BEST, and consideration of cheaper sources of power vis-a-vis costly generation sources.
    - iii. Difference in the revenue gap approved after Truing-Up for FY 2010-11 and for FY 2011-12.
    - iv. Recovery of the entire revenue gap has been allowed in this Control Period only and no carry forward has been allowed unlike BEST's proposal of carrying forward an amount of Rs. 1533.71 Crore into the next Control Period.
  - b) The Commission has approved the revenue gap for tariff recovery of Rs. 387.68 Crore, Rs. 451.86 Crore, and Rs. 531.91 crore for FY 2013-14, FY 2014-15, and FY 2015-16, respectively.

- c) As regards the Transport Division deficit sought to be recovered from the consumers of the Electricity Supply Division by BEST, the Honourable Supreme Court, in its Judgment dated February 8, 2011, ruled that "*In our opinion it would not be correct to hold that despite the third proviso to Section 51 of the Act, the distribution licensee must not only maintain separate accounts for each of its businesses but must also ensure that the electricity distribution business should not subsidize the other business undertakings*".
- d) Thus, the Honourable Supreme Court has ruled that as per the EA 2003, BEST's Electric Supply Division can subsidise the Transport Division, since it is a Local Authority that has been engaged in the business of electricity distribution since before the commencement of the EA 2003.
- e) Based on the above ruling, the Commission vide its Order dated 26 December, 2012 in Case No. 80 of 2012 approved an amount of Rs. 1187.71 Crore pertaining to the Transport deficit for FY 2004-05 to FY 2008-09. Further, in the present Order, the Commission has approved net Transport Deficit of Rs. 279.85 Crore and Rs. 264.69 Crore for FY 2010-11 and FY 2011-12, respectively. Thus, the transport deficit forms the major part of the total revenue gap to be recovered from the consumers.
- f) The Transport Division Loss Recovery (TDLR) Charges have been retained at the existing level, as proposed by BEST.
- g) To avoid any kind of tariff shock to the consumers, the Commission has approved an average tariff increase of 8.90%, 8.61% and 8.42% for FY 2013-14, FY 2014-15, and FY 2015-16, respectively as against a claim of 20%, 7% and 7% sought by BEST for the respective years.**
- h) The Commission has approved average cost of supply of BEST (after including past recoveries and Transport Deficit) as Rs 9.97 per kWh, Rs 10.93 per kWh, and Rs 11.94 per kWh, for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.
- i) The Commission has considered the suggestions and objections of the consumers and consumer representatives while developing the Tariff Philosophy and designing the Tariffs.
- j) In this Order, the Commission has increased the tariffs in general, while at the same time, reducing the cross-subsidy over the levels approved by the Commission in the previous Tariff Order dated 16 May, 2012.
- k) The Commission had raised the demand charges by around 25-30% in the previous Tariff Order and therefore, the same has not been increased further in this Order.

Also, the Commission has tried to ensure that the fixed charges being charged by all Distribution Licensees operating in the Mumbai licence area are similar.

- l) The Commission has approved the distribution loss target of 7.50%, 7.00%, 6.75%, and 6.50% for FY 2012-13, FY 2013-14, FY 2014-15, and FY 2015-16, respectively, as against the distribution loss target of 8.50%, 8.00%, 7.50% and 7.00% for the respective years.
- m) The Commission has directed BEST to file its Mid-term Performance Review Petition by 30 November, 2014.
- n) The rebates/incentives and disincentives have been retained at the earlier levels.
- o) The comparison of existing and revised tariffs applicable for BEST's consumers for FY 2013-14 applicable from 1 September, 2013 has been given in **Annexure 1**.
- p) The revised tariffs applicable for BEST's consumers for FY 2014-15 (applicable from 1 April, 2014) and for FY 2015-16 ( Applicable from 1 April, 2015) has been given in **Annexure 2**.
- q) The category-wise reduction in cross-subsidy is given in **Annexure 3**.
- r) The Commission's detailed Order on Truing up of the ARR of BEST for FY 2010-11 and FY 2011-12, and ARR and MYT Tariff for FY 2012-13 to FY 2015-16 can be downloaded from the Commission's website [www.mercindia.org.in](http://www.mercindia.org.in)

**Annexure 1: Category-wise Existing and Revised Tariffs for BEST's Consumers applicable from 1 September, 2013**

Tariff Category	Slabs	FY 11-12 (implemented in FY 12-13)					FY 13-14				
		Components of tariff					Components of tariff				
		Single phase meter (Rs./ connection / month)	Three phase meter (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	TDLR (Rs. / kWh)	Single phase meter (Rs./ connection / month)	Three phase (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	TDLR (Rs. / kWh)
LT I - BPL	0 - 30	3			0.44	0.12	3.00			0.55	0.12
LT I - Residential	0 - 100	40			2.06	0.55	40.00			2.45	0.55
	101 - 300	75	150.00		3.81	1.03	75.00	150.00		4.50	1.03
	301 - 500	75	150.00		5.36	1.44	75.00	150.00		6.35	1.44
	> 500	100	150.00		6.86	1.85	100.00	150.00		8.00	1.85
LT II A - Commercial upto 20 kW	0 - 500	250			5.50	1.48	250.00			6.55	1.48
	> 500	250			8.16	2.20	250.00			9.05	2.20
LT II B - Commercial > 20 kW & <=50 kW	all units			200.00	8.00	2.15			200.00	8.45	2.15
LT II C - Commercial above 50 kW	all units			200.00	8.09	2.18			200.00	8.85	2.18
LT III - LT Industrial upto 20 kW	0 - 500	325			5.21	1.40	325.00			5.70	1.40
	> 500	425			7.28	1.96	425.00			7.70	1.96
LT-IV A - LT Industrial >20 kW	all units			200.00	6.52	1.75			200.00	7.25	1.75
LT-IV B - LT Industrial >100 kW	all units			200.00	6.39	1.72			200.00	7.40	1.72
LT V - Advertisement & Hoardings	all units	400			11.75	3.16	400.00			13.50	3.16
LT-VI - Street Lighting	all units			200.00	5.66	1.52			200.00	6.75	1.52
LT VII (A) - Temporary Religious	all units	200			3.23	0.87	200.00			3.50	0.87
LT VII (B) - Temporary - Others	all units	200			9.39	2.53	400.00			10.50	2.53
LT-VIII - Crematorium & Burial Grounds	all units	150			3.10	0.83	200.00			3.75	0.83
LT IX A - Hospitals & Edu Inst. below 20 kW	all units	250			6.80	1.83	250.00			7.30	1.83
LT IX B - Hospitals & Edu Inst. Above 20 kW	all units			200.00	6.80	1.83			200.00	7.30	1.83
<b>HT Category</b>											
HT I - Industry	all units			200.00	5.90	1.59			200.00	6.90	1.59
HT II - Commercial	all units			200.00	6.35	1.71			200.00	7.50	1.71
HT III - Group Housing Society	all units			200.00	3.40	0.91			200.00	5.37	0.91
HT IV - Temporary Supply	all units	250			8.65	2.33	250.00			10.00	2.33
HT V - Hospitals & Edu Inst.	all units			200.00	5.60	1.51			200.00	6.60	1.51

**Annexure 2: Category-wise Revised Tariffs for BEST's Consumers for FY 2014-15 and FY 2015-16**

Tariff Category	Slabs	FY 14-15					FY 15-16				
		Components of tariff					Components of tariff				
		Single phase meter (Rs./ connection / month)	Three phase meter (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	TDLR (Rs. / kWh)	Single phase meter (Rs./ connection / month)	Three phase meter (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	TDLR (Rs. / kWh)
LT I - BPL	0 - 30	3.00			0.80	0.12	3.00			1.00	0.12
LT I - Residential	0 - 100	40.00			2.65	0.55	40.00			3.00	0.55
	101 - 300	75.00	150.00		5.35	1.03	75.00	150.00		6.40	1.03
	301 - 500	75.00	150.00		7.50	1.44	75.00	150.00		8.80	1.44
	> 500	100.00	150.00		9.55	1.85	100.00	150.00		10.80	1.85
LT II A - Commercial upto 20 kW	0 - 500	250.00			7.45	1.48	250.00			8.45	1.48
	> 500	250.00			10.00	2.20	250.00			10.95	2.20
LT II B - Commercial > 20 kW & <=50 kW	all units			200.00	9.30	2.15			200.00	10.30	2.15
LT II C - Commercial above 50 kW	all units			200.00	9.70	2.18			200.00	10.70	2.18
LT III - LT Industrial upto 20 kW	0 - 500	325.00			6.35	1.40	325.00			7.00	1.40
	> 500	425.00			8.55	1.96	425.00			9.30	1.96
LT-IV A - LT Industrial >20 kW	all units			200.00	8.10	1.75			200.00	8.90	1.75
LT-IV B - LT Industrial >100 kW	all units			200.00	8.25	1.72			200.00	8.90	1.72
LT V - Advertisement & Hoardings	all units	400.00			14.35	3.16	400.00			15.00	3.16
LT-VI - Street Lighting	all units			200.00	7.90	1.52			200.00	8.90	1.52
LT VII (A) - Temporary Religious	all units	200.00			4.40	0.87	200.00			4.90	0.87
LT VII (B) - Temporary - Others	all units	400.00			11.50	2.53	400.00			12.50	2.53
LT-VIII - Crematorium & Burial Grounds	all units	200.00			4.55	0.83	200.00			5.10	0.83
LT IX A - Hospitals & Edu Inst. below 20 kW	all units	250.00			8.30	1.83	250.00			9.00	1.83
LT IX B - Hospitals & Edu Inst. Above 20 kW	all units			200.00	8.30	1.83			200.00	9.00	1.83
<b>HT Category</b>											
HT I - Industry	all units			200.00	8.00	1.59			200.00	9.00	1.59
HT II - Commercial	all units			200.00	8.60	1.71			200.00	9.70	1.71
HT III - Group Housing Society	all units			200.00	5.97	0.91			200.00	6.65	0.91
HT IV - Temporary Supply	all units	250.00			11.25	2.33	250.00			12.00	2.33
HT V - Hospitals & Edu Inst.	all units			200.00	7.75	1.51			200.00	8.80	1.51

**Annexure 3: Category-wise Cross-subsidy approved by the Commission**

Category	Ratio of Average Billing Rate to Average Cost of Supply (%)			
	Tariff Order dated 16 May, 2013	Revised Tariff FY 2013-14	Revised Tariff FY 2014-15	Revised Tariff FY 2015-16
<b>HT Category</b>				
HT I - Industry	104%	102%	103%	102%
HT II - Commercial	112%	109%	110%	110%
HT III - Group Housing Society	64%	75%	75%	75%
HT IV - Temporary Supply	141%	141%	140%	134%
HT V - Hospitals & Edu Inst.	100%	99%	101%	101%
<b>LT Category</b>				
LT I - BPL	8%	8%	9%	0%
LT I - Residential	67%	67%	68%	70%
LT II A - Commercial upto 20 kW	122%	118%	115%	113%
LT II B - Commercial > 20 kW & <=50 kW	139%	129%	125%	123%
LT II C - Commercial above 50 kW	140%	134%	130%	127%
LT III - LT Industrial upto 20 kW	113%	109%	106%	103%
LT-IV A - LT Industrial >20 kW	115%	112%	110%	108%
LT-IV B - LT Industrial >100 kW	112%	110%	108%	105%
LT V - Advertisement & Hoardings	206%	206%	195%	184%
LT-VI - Street Lighting	101%	101%	102%	102%
LT VII (A) - Temporary Religious	100%	51%	55%	54%
LT VII (B) - Temporary - Others	153%	151%	147%	143%
LT-VIII - Crematorium & Burial Grounds	51%	52%	55%	55%
LT IX A - Hospitals & Edu Inst. below 20 kW	114%	109%	108%	104%
LT IX B - Hospitals & Edu Inst. Above 20 kW	119%	112%	112%	108%