

26 June, 2015

PRESS NOTE

DISTRIBUTION TARIFF FOR FY 2015-16 (w.e.f. 1st JUNE, 2015)

**1. Reliance Infrastructure Limited - Distribution (RInfra-D)
&
The Tata Power Company Limited - Distribution (TPC-D)**

A. Distribution Tariff for RInfra-D and TPC-D:

RInfra-D's Petition (Case No. 4 of 2015) for Mid-Term Review and determination of revised Tariff for FY 2015-16 was admitted by the Commission on 13 February, 2015, while TPC-D's Petition (Case No. 18 of 2015) for Mid-Term Review and determination of revised Tariff for FY 2015-16 was admitted by the Commission on 24 February, 2015. The Commission invited suggestions/objections from consumers and all other stakeholders and held a Public Hearing on 16 March, 2015 for RInfra-D and on 20 March, 2015 for TPC-D at Centrum Hall, Centre 1, World Trade Centre, Cuffe Parade, Mumbai- 400 005. Consumer Representatives also participated in this process. The Commission has taken due cognisance of issues raised by the stakeholders during the public process, and has addressed them to the extent possible. **The revised Tariffs shall come into force from 1 June, 2015.**

B. TPC-D's Licence for supplying electricity in the city and suburbs of Mumbai ended on 14 August, 2014, and the Commission vide its Order dated 14 August, 2014, granted the Distribution Licence to TPC-D for the entire geographical area of the city of Mumbai and parts of Mira Bhayander, for a period of 25 years. As part of the Licence conditions, TPC-D is obliged to approach the Commission for approval of a roll-out plan for the entire licensed area. This plan is currently under consideration of the Commission. Vide Order dated 28 November, 2014, the Appellate Tribunal for Electricity (APTEL) has asked the Commission to finalise the protocol for change-over of consumers from one Licensee to another, which is also under consideration of the Commission. The impact of the roll-out plan and the revised protocol may be felt in the next year, i.e., FY 2016-17.

C. The salient features of the Commission's Tariff Orders are as follows:

1. The Commission has been guided by the principles of ensuring that consumers are not burdened with the impact of unnecessary tariff increase, while at the same time, the financial health and credibility of the Licensees as well as their ability to serve the consumer is not adversely affected.
2. The Commission has determined the ARR and category-wise Tariff for consumers of the Licensees in accordance with the Electricity Act, 2003, MERC MYT

Regulations, 2011, Judgments issued by the higher Courts, and Tariff Policy notified by the Government of India.

3. The expenses incurred by the Licensees have been allowed after prudence check and in accordance with the normative expenses allowed in the MERC MYT Regulations, which are linked to achievement of normative operational performance levels for parameters like Distribution Loss, O&M expenses, etc.
4. Mumbai is an island city faced with a unique situation, where it has multiple distribution licensees, viz., RInfra-D, Brihan Mumbai Electric Supply & Transport Undertaking (BEST), and The Tata Power Company Limited – Distribution Business (TPC-D), in the same area of supply. TPC-D's licence area overlaps the licence area of RInfra-D and BEST, who are supplying electricity in the suburbs and city areas, respectively. All three have different cost of supply, consumer mix, consumption mix, wheeling losses and Wheeling Charges, inter-category cross-subsidy, etc., and hence, different tariffs for the same category of consumer, depending on the Licensee for that area.
5. The Commission has dealt with the complexities of the above situation, while determining the tariffs of RInfra-D and TPC-D.
6. The Commission has taken into consideration the generation cost and transmission charges approved by the Commission in the respective Orders for Generation Companies and Transmission Licensees, while determining the ARR and Tariff for the Distribution Licensees.
7. In the case of RInfra-D, the Commission has had to take a separate view on the cost of power purchase from Vidarbha Industries Private Limited (VIPL), a Company in which RInfra-D has indirect ownership control as per RInfra-D's own submission. In the Petition for approval of PPA between RInfra-D and VIPL, RInfra-D had submitted that VIPL would source coal under the FSA, however, VIPL has not entered into the FSA and has procured expensive coal from other sources, which has resulted in steep increase in the power purchase cost, as compared to that approved in RInfra-D's MYT Order, which RInfra-D has proposed to pass on to the consumers. Since, RInfra-D has not sought the Commission's prior approval for this deviation from the PPA, the Commission has not considered the excess power purchase cost. RInfra-D was also required to seek the Commission's prior approval for power purchase expenses in excess of 105% of the approved power purchase cost, which it has not done. The Commission feels that it will not be fair to burden the consumer on account of such increase in power purchase costs. Hence, the Commission has restricted the cost of power purchase from VIPL to the tariff approved for VIPL in a separate Order.
8. For RInfra-D, the Commission has allowed power purchase expenses of Rs. 14570 crore as compared to Rs. 15733 crore sought by RInfra-D over the period from FY 2012-13 to FY 2015-16.
9. The Commission has allowed Transmission Charges of Rs. 1440 crore as compared to Rs. 1626 crore sought by RInfra-D over the period from FY 2012-13 to FY 2015-16. In the case of TPC-D, there seems to have been a conscious yet unrealistic under-estimation of the cost of power purchase, which, while it may have reduced

the tariff for a short while, would have certainly increased in the truing up. The Commission is not inclined to accept such unrealistic assumptions, when the actual cost is available with TPC-D. Hence, the Commission has approved the power purchase expenses of Rs. 12208 crore as compared to Rs. 12019 crore sought by TPC-D over the period from FY 2012-13 to FY 2015-16, as approved in the Order for TPC-G. The Commission has allowed Transmission Charges of Rs. 1355 crore as compared to Rs. 1597 crore sought by TPC-D over the period from FY 2012-13 to FY 2015-16.

10. The Commission has allowed Income Tax for the period from FY 2012-13 to FY 2015-16 as follows:
 - i. RInfra-D - Rs. 118 crore as compared to Rs. 353 crore sought
 - ii. TPC-D - Rs. 81 crore as compared to Rs. 135 crore sought
11. The Commission has allowed cumulative revenue gap for the period from FY 2012-13 to FY 2015-16 as follows:
 - i. RInfra-D - Rs. 313 Crore as compared to Rs. 1947 Crore sought
 - ii. TPC-D - Rs. 760 crore as compared to Rs. 1673 crore sought
12. The Commission has approved the Average Cost of Supply (ACOS) for FY 2015-16 as follows:
 - i. RInfra-D - Rs 8.23 per kWh as compared to Rs. 10.28 per kWh sought
 - ii. TPC-D - Rs 7.71 per kWh as compared to Rs. 10.11 per kWh sought.
13. The Commission has approved the Wheeling Charges for FY 2015-16 as follows:
 - i. RInfra-D - Rs. 0.94 per kWh for HT and Rs. 1.80 per kWh for LT categories
 - ii. TPC-D - Rs. 0.36 per kWh for HT and Rs. 0.77 per kWh for LT categories
14. The Commission has approved overall increase in average Tariff over the revised tariffs being charged w.e.f. 1 April, 2015, as follows:
 - i. RInfra-D - 5.2%
 - ii. TPC-D - 3.9 %
15. The Commission has formed a new sub-category called "Government Educational Institutions & Hospitals" under "Public Services" in both LT and HT categories. The Tariff for the "Government Educational Institutions & Hospitals" category has been kept close to the ACOS. For TPC-D, the Commission has separated the Metro and Monorail sub-category, which was earlier categorised under Railways category.
16. The Commission has ensured that the cross-subsidies are reduced, and are within the band of $\pm 20\%$ of ACOS, to the extent possible, and in cases, where the cross-subsidies could not be reduced, the cross-subsidies have been retained at existing levels.
17. Keeping in mind that the Cross-Subsidy Surcharge (CSS) has a major impact on the billing for change-over and Open Access consumers, the Commission has modified the formula for computing the CSS.
18. The comparison of existing and revised Tariffs for FY 2015-16 applicable for RInfra-D's and TPC-D's consumers has been given in **Annexure 1** and **Annexure 2**, respectively.
19. The Commission's detailed Order for RInfra-D and TPC-D can be downloaded from the Commission's website www.mercindia.org.in/ www.merc.gov.in.

Annexure 1: Category-wise Tariff for RInfra-D's consumers effective from 1 June, 2015 for FY 2015-16

Consumer Category	Existing RInfra-D Tariff w.e.f. 1 April 2015 (FY 2015-16, as per MYT Order + FAC)								Revised RInfra-D Tariff Approved by the Commission for FY 2015-16 w.e.f. 1 June 2015								
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Wheeling Charge (Rs/kWh)	Variable Charges					Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Wheeling Charge (Rs/kWh)	Variable Charges					Average Tariff Increase (%)
				Energy Charge (Rs/kWh)	FAC (Rs/kWh)	Regulatory Asset Charges (Rs/kWh)	Total Variable Charges (Rs/kWh)	Total Variable Charges (Rs/kWh)				Energy Charge (Rs/kWh)	Regulatory Asset Charges (Rs/kWh)	Total Variable Charges (Rs/kWh)	Total Variable Charges (Rs/kWh)		
Low Tension - LT																	
LT I : LT -Residential																	
LT I - Below Poverty Line	5		1.27	0.30	0.33	0.27	0.90	2.17	10		1.80	0.65	0.27	0.92	2.72		
LT -I Residential (Single Phase)																	5%
0-100	40		1.27	2.03	0.75	0.56	3.34	4.61	50		1.80	2.43	0.56	2.99	4.79		5%
101-300	75		1.27	3.18	1.11	0.75	5.04	6.31	75		1.80	3.99	0.75	4.74	6.54		3%
301-500	75		1.27	3.98	1.29	0.89	6.16	7.43	75		1.80	5.57	0.89	6.46	8.26		11%
500 and above	100		1.27	5.23	1.68	1.07	7.98	9.25	100		1.80	7.21	1.07	8.28	10.08		9%
LT - II Commercial																	
LT II (a) - 0-20 kW	250		1.27	3.73	1.55	0.84	6.12	7.39	275		1.80	5.42	0.84	6.26	8.05		9%
LT II (a) TOD Option	250		1.27	3.73	1.55	0.84	6.12	7.39	275		1.80	5.42	0.84	6.26	8.05		
LT II (b) - 20-50 kW		200	1.27	4.73	1.96	1.01	7.70	8.97		220	1.80	6.33	1.01	7.34	9.14		3%
LT II (c) - above 50 kW		200	1.27	5.98	2.08	1.22	9.28	10.55		220	1.80	7.26	1.22	8.48	10.27		-2%
LT III - LT Industrial upto 20 kW	250		1.27	4.48	1.50	0.97	6.95	8.22	275		1.80	6.08	0.97	7.05	8.85		8%
LT IV - LT Industrial above 20 kW		200	1.27	4.23	1.50	0.93	6.66	7.93		220	1.80	6.03	0.93	6.96	8.76		11%
LT-V : LT- Advertisements and Hoardings	400		1.27	11.73	3.46	2.19	17.38	18.65	450		1.80	14.83	2.19	17.02	18.82		2%
LT VI: LT -Street Lights		200	1.27	4.23	1.62	0.93	6.78	8.05		220	1.80	4.19	0.93	5.12	6.91		-9%
LT-VII (A): LT - Temporary Supply Religious	200		1.27	3.73	1.27	0.84	5.84	7.11	225		1.80	4.84	0.84	5.68	7.48		5%
LT-VII (B): LT - Temporary Supply Others	200		1.27	12.73	3.44	2.36	18.53	19.80	450		1.80	16.07	2.36	18.43	20.22		3%
LT VIII: LT - Crematorium & Burial Grounds	200		1.27	3.83	1.08	0.86	5.77	7.04	225		1.80	4.80	0.86	5.66	7.45		6%
LT IX: LT -Agriculture	20		1.27	0.73	0.39	0.34	1.46	2.73	25		1.80	1.01	0.34	1.35	3.15		15%
LT X: LT -Public Service	250		1.27	4.18	1.55	0.92	6.65	7.92	275		1.80	6.37	0.92	7.29	9.09		3%
HT																	
HT I: HT-Industry		200	0.65	5.55	1.50	1.04	8.09	8.74		220	0.94	7.27	1.04	8.31	9.25		7%
HTII : HT- Commercial		200	0.65	6.30	1.84	1.17	9.31	9.96		220	0.94	8.48	1.17	9.65	10.59		7%
HT III: HT-Group Housing Society		200	0.65	5.15	1.34	0.98	7.47	8.12		220	0.94	6.40	0.98	7.38	8.32		3%
HTIV : HT - Temporary Supply	200		0.65	8.35	2.35	1.52	12.22	12.87	450		0.94	10.61	1.52	12.13	13.07		2%
HT V - Railway																	
a) 22 kV/33 kV		200	0.65	5.35	1.66	1.01	8.02	8.67		220	0.94	7.37	1.01	8.38	9.32		8%
b) 100 kV																	
HT VI - Public Service		200	0.65	5.35	1.66	1.01	8.02	8.67		220	0.94	6.36	1.01	7.37	8.31		-8%

Annexure 2: Category-wise Tariff for TPC-D's consumers effective from 1 June, 2015 for FY 2015-16

Consumer Category	Existing TPC-D Tariff w.e.f 1 April, 2015 (FY 2015-16, as per MYT Order + zero FAC)					Revised TPC-D Tariff Approved by the Commission for FY 2015-16, w.e.f. 1 June, 2015							
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Wheeling Charge (Rs/kWh)	Energy Charge (Rs/kWh)	Total Variable Charges incl. Whlg Chgs (Rs/kWh)	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Wheeling Charge (Rs/kWh)	Variable Charges			Total Variable Charges incl Whlg Chg (Rs/kWh)	Average Tariff Increase (%)
									Energy Charge (Rs/kWh)	Regulatory Asset Charges (Rs/kWh)	Total Variable Charges (Rs/kWh)		
Low Tension - LT													
LT I: LT-Residential													
LT I - Below Poverty Line	3		1.81	0.47	2.28	10		0.77	0.60	0.03	0.63	1.41	
LT -I Residential (Single Phase)													-1%
0-100	40		1.81	0.81	2.62	50		0.77	1.21	0.07	1.28	2.05	-17%
101-300	75		1.81	2.75	4.56	75		0.77	3.25	0.19	3.44	4.21	-7%
301-500	75		1.81	6.38	8.19	75		0.77	7.23	0.42	7.65	8.42	3%
500 and above	100		1.81	8.46	10.27	100		0.77	9.31	0.54	9.85	10.63	3%
LT - II Commercial													-3%
LT II (a) - 0-20 kW	250		1.81	6.50	8.31	275		0.77	7.50	0.43	7.93	8.70	5%
LT II (a) TOD Option													
LT II (b) - 20-50 kW		200	1.81	6.81	8.62		220	0.77	6.01	0.35	6.36	7.13	-12%
LT II (c) - above 50 kW		200	1.81	7.46	9.27		220	0.77	7.62	0.44	8.06	8.84	-3%
LT III - LT Industrial upto 20 kW	250		1.81	5.80	7.61	275		0.77	6.90	0.40	7.30	8.07	6%
LT IV - LT Industrial above 20 kW		200	1.81	6.75	8.56		220	0.77	7.35	0.42	7.77	8.55	1%
LT-V : LT- Advertisements and Hoardings	400		1.81	17.26	19.07	450		0.77	14.26	0.82	15.08	15.85	-15%
LT VI: LT -Street Lights		200	1.81	5.05	6.86		220	0.77	5.55	0.32	5.87	6.65	
LT-VII (A): LT - Temporary Supply Religious	200		1.81	3.15	4.96	225		0.77	3.85	0.22	4.07	4.85	-2%
LT-VII (B): LT - Temporary Supply Others	400		1.81	14.10	15.91	450		0.77	13.10	0.76	13.86	14.64	-8%
LT VIII: LT - Crematorium & Burial Grounds	200		1.81	2.90	4.71	225		0.77	3.40	0.20	3.60	4.37	
LT IX: LT -Agriculture													
LT X: LT -Public Service	250		1.81	6.33	8.14	275		0.77	7.53	0.43	7.96	8.74	7%
HT													
HT I: HT-Industry		200	0.92	7.90	8.82		220	0.36	8.44	0.49	8.93	9.29	6%
HTII : HT- Commercial		200	0.92	8.24	9.16		220	0.36	8.11	0.47	8.58	8.94	-1%
HT III: HT-Group Housing Society		200	0.92	12.05	12.97		220	0.36	9.05	0.52	9.57	9.93	
HTIV : HT - Temporary Supply	200		0.92	12.80	13.72	450		0.36	11.80	0.68	12.48	12.84	-6%
HT V - Railway													0%
a) 22 kV/33 kV		200	0.92	7.76	8.68		220	0.36	7.74	0.45	8.19	8.55	0%
b) 100 kV		200	0.92	7.63	8.55		220	0.36	7.63	0.44	8.07	8.43	0%
HT VI - Public Service		200	0.92	8.16	9.08		220	0.36	8.38	0.48	8.86	9.22	1%