

**THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**

**SHIMLA**

**Petition No. 172/2012**

**IN THE MATTER OF –**

**Petition under regulation 14 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 for approval of Schedule of Service Connection Charges, containing normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations.**

**CORAM  
SUBHASH C. NEGI  
CHAIRMAN**

**ORDER**

The Commission notified HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 (herein after referred to as “the said Regulations of 2012” for the sake of brevity) vide notification NO.HPERC/419 dated 18.05.2012 which were published in the Rajpatra, HP on 23.05.2012.

2. The sub-regulation (2) of Regulation 5 of the said Regulation of 2012 inter alia provide that the distribution licensee shall recover the expenses in the shape of infrastructural development charges at the normative rates and associated terms and conditions, as may be approved by the Commission for the various slabs and categories based on the connected load or contract demand and /or supply voltages and /or nature of loads and /or geographical areas and /or tariff classification. As per various other provisions of the said Regulations of 2012, certain other expenses/charges etc. are also recoverable in addition to the aforesaid Infrastructural Development Charges.
3. The Commission notified the provisional arrangements with regard to the normative rates of Infrastructure Development Charges to be charged under sub-regulation (2) of Regulation 5 of the said Regulations of 2012 vide its notifications dated 29.05.2012 and 07.01.2013.

4. The HPSEB Ltd., filed petition vide their petition no. 172/2012 and MA No. 08/2013, under regulation 14 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 for approval of Schedule of Service Connection Charges, containing normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations of 2012. On the directions from the Commission, the HPSEB Ltd. published the said proposal in the abridged form by way of insertions in the two news papers i.e. "Amar Ujala" and "The Tribune" on 25<sup>th</sup> January, 2013 and again on 28<sup>th</sup> January, 2013. The full text of the petition was also made available on the website of HPSEBL. The salient features of the proposal/petition as published by HPSEBL are as under:

Sr. No.	Range of Connected Load and supply voltage	Category of Consumers	Normative rate of infrastructure development charges as per Regulation 5(2) per kVA /kW (in Rs.)
1	2	3	4
A)	Connected load up to 20 kW [ Supply Voltage LT 1-Phase/3-Phase]	Domestic Supply per kW on connected load( Single Part Tariff)	910
		Non-residential Supply per kW on connected load (single part tariff)	1220
B)	Connected load >20 kW and up to 50 kW [Supply Voltage 3phase LT]	All category of Consumers per kVA on contract demand	2740
C)	Connected load between 51 kW and 1000 kW for furnace/rolling mills and up to 2000 kW for general load[ 11 kV supply Voltage]	All category of Consumers per kVA on contract demand	4870
D)	Connected load between 1000 kW and 10000 kW for PIU and between 2000 and 10000 kW for general load [ Supply Voltage 33 kV ]	All category of Consumers per kVA on contract demand	4640
E)	Connected load between 1000 kW and 10000 kW for PIU and between 2000 and 10000 kW for general load [ Supply Voltage 66 kV ]	All category of Consumers per kVA on contract demand	4260
F)	Connected load between 10000 kW and above and load to be released at 132 kV or 220 kV	All category of Consumers per kVA on contract demand	4090

**In addition to above the expenses for providing Service line shall be as per cost data approved for the respective year.**

**Note:** i) Rates per kW in case of single part and per kVA in case of two part tariff for 22 kV consumers shall be calculated by multiplying the rates at 11 kV with 1.20 multiplication factor.

ii) The per kVA/kW rates have been worked out on the basis of normative line lengths for various sub-stations, utilisation factor of feeding lines and demand factor etc. for various category of consumers and are tentative. The charges shall be recovered as to be approved /notified by the Commission.

**The methodology adopted for working out the per kVA normative charges:** The per kVA normative charges have been worked out as per provisions of HPERC Regulations 419/2012. For the purpose of estimation of the cost, the cost data for the year 2011-12 which has been approved by the Commission, has been taken. The ratings of sub-stations, normative line lengths, utilisation factors of feeding lines etc. for different loads and supply voltages taken for working out the normative charges are as under:-

Sr. No.	Range of load and supply voltage	Works taken	Normative quantities taken ( Sub-Station rating and line lengths)	Demand factor taken	Utilisation factor of feeding line taken
A)	Connected load up to 20 kW [ Supply Voltage LT 1-Phase/3-Phase]	Incoming 11 kV line	1 km(0.25 km per DTR)	30% for domestic consumers and 40% for non-residential consumers	0.17
		DTRs			
		25kVA	1 No		
		63 kVA	1 No.		
		100 kVA	1 No.		
		250 kVA	1 No.		
		Outgoing feeder(LT)	0.5 km ( 0.125 km per DTR)		NA
B)	Connected load >20 kW and up to 50 kW [Supply Voltage 3phase LT]	Incoming 11 kV line	1 km(0.25 km per DTR)	NA	0.17
		DTRs			
		25kVA	1 No		
		63 kVA	1 No.		
		100 kVA	1 No.		
		250 kVA	1 No.		
		Outgoing feeder(LT)	0.5 km (0.125 km per DTR)		
C)	Connected load between 51 kW	Incoming Lines		NA	
		33 kV	12 km		0.24

	and 1000 kW for furnace/rolling mills and up to 2000 kW for general load[ 11 kV supply Voltage]	66 kV	25kM		0.63
		132 kV	26 kM		0.41
		Transformers/S.S tn.			
		33/11 kV	1 No.,3.15 MVA		
		66/11 kV	1 No.,20 MVA		
		132/11 kV	1 No.,31.5 MVA		
		Outgoing lines			
		11 kV	33 kM(11 kM per S/Stn.)		NA
D)	Connected load between 1000 kW and 10000 kW for PIU and between 2000 and 10000 kW for general load [ Supply Voltage 33 kV ]	Incoming Lines		NA	
		66 kV	25 kM		0.63
		132 kV	26kM		0.41
		220 kV	27 kM		0.16
		Transformers/S.S tn.			
		66/33 kV	1 No., 20 MVA		
		132/33 kV	1 No.,31.5 MVA		
		220/33 kV	1 No.,31.5 MVA		
		Outgoing lines			
		33 kV	36 kM(12 kM per S/Stn.)		NA
E)	Connected load between 1000 kW and 10000 kW for PIU and between 2000 and 10000 kW for general load [ Supply Voltage 66 kV ]	Incoming Lines		NA	
		220 kV	27 kM		0.51
		Transformers/S.S tn.			
		220/66 kV	1 No., 100 MVA		
		Outgoing lines			
		66 kV	25 kM		NA
F)	Connected load between 10000 kW and above and load to be released at 132 kV or 220 kV	Incoming Lines		NA	
		220 kV	27 kM		0.51
		Transformers/S.S tn.			
		220/132 kV	1 No., 100 MVA		
		Outgoing lines			
		132 kV	26 kM		NA

The per kVA cost has been worked out at each load range and voltages by applying demand factor /utilisation factors on the works envisaged as detailed above. The above petition is to recover the above service connection charges from the consumers to whom the connections have been released/shall be released w.e.f. 23.5.2012 i.e. the date of applicability of these regulations. The provisional normative rates charged , if any, shall be adjusted against these rates.

- Subsequently the HPERC also issued a public notice inviting objections/ suggestions on the aforesaid petition on 31<sup>st</sup> January, 2013 by way of insertions in the news papers i.e. "Amar Ujala" and "The Tribune". The stakeholders were requested to file their objections/ suggestions by 18<sup>th</sup> February, 2013 to HPSEBL.

6. The HPSEBL, vide MA no. 08/2013 of petition no. 172/2012, requested the Commission that petition for approval of schedule of service connection charges containing normative rates of Infrastructure Development Charges for the year 2012-13 be also considered for the FY 2013-14 with suitable cost escalation.
7. The time period for submitting the objections/suggestions on the said petition submitted by HPSEBL was extended upto 28.02.2013 keeping in view the submissions made by the HPSEBL vide their MA 08/2013. Accordingly, the Commission also issued another public notice in the news papers "Amar Ujala" and "The Tribune" on 15<sup>th</sup> February, 2013 requesting the stakeholders to submit their objections/suggestions on the schedule of service charges containing normative rates of Infrastructure Development Charges proposed by the HPSEBL vide their petition no. 172/2012 and MA no. 08/2013 by 7<sup>th</sup> March, 2013 to the HPSEBL. The full text of the petition and MA was also made available on the HPSEBL website.
8. The Comments were received from the following stakeholders on which HPSEBL also submitted their replies:

**Sr. No. Name of the Stakeholders**

- i.) Kala Amb Chamber of Commerce and industry, Trilokpur Road, Kala-Amb, Distt. Sirmour (HP)
- ii) Nalagarh Industrial Association, C/o Member Secretary, SWCA Nalagarh, Distt. Solan-174110
- iii) BBN Industries Association C/o SWCA, Industrial Area, Baddi, Distt Solan-173205
- iv) M/s Parwanoo Industries Association, C/o Himachal Pradesh Centre for Entrepreneurship Development, HPCED Building, Department of Industrial Complex, Sector-1, Parwanoo, Distt. Solan-173220
- v) Confederation of Indian Industry, Power Reform Panel, Northern Region Sector-31-A, Chandigarh -160030

9. The gist of comments received from the above stakeholders and the itemwise replies given by HPSEBL are briefly given as under:

<b>A</b>	<b>Kala Amb Chamber of Commerce and industry</b>	<b>Reply of HPSEBL</b>
(i)	It is submitted that Prima facie, the distribution licensee appears to be invoking the Jurisdiction of the Commission to approve the normative IDC Charges in a schedule to the	That the statement made in the objection that prima facie, the distribution licensee appears to be involving the jurisdiction of the Commission to approve the

	Commission's Regulations for recovery of expenditure for providing supply of electricity. This is strange and unprecedented mover on the part of the provisions of sanctions 61,62,63 of the Act by excluding what should rightly belong to these sections of the Act.	normative IDC charges in a schedule to the Commission's Regulations is completely denied. As per regulation 14 of HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012, HPSEBL has to file the service connection charges with the Commission for approval.
(ii)	It is submitted that heavy capital investment on so called infrastructure is normally recovered through tariffs and not from the persons requiring new or additional supplies of electricity thus creating deliberate discrimination between existing and the new consumers.	That the HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012 is applicable w.e.f. 23.5.2012 and there is no discrimination between existing and the new consumers
(iii)	It is submitted that the matter regarding the infrastructural Development charge is pending adjudication before the Hon'ble High Court Of Himachal Pradesh in several writ petitions. By filling the petition before the Commission for approval of IDC charges in a schedule to the Commission's Regulations, the distribution licensee has committed grave contempt of the Court. It is further submitted that knowing fully well that the entire matter regarding the IDC is pending adjudication before the Hon'ble High Court, the HPSEBL is not legally entitled for filing this petition before this Hon'ble Commission.	That the petition has been filed as per regulation 14 of HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012. That the said regulation has not been stayed by the Hon'ble Court.
(iv)	Repeated attempts on the part of the Licensee to enforce the so-called IDC on the industry and that too without any legal sanction is not the right spirit and this on the part of the Board will attract unnecessary litigation.	That the object is denied. HPSEBL has always acted as per regulations. The petition has also been filed as per the regulations.
<b>B</b>	<b>Nalagarh Industrial Association, BBINA, Parwanoo Industries Association</b>	
(i)	Power is being supplied to various industries by the HPSEBL (Respondent) at various voltage levels because the respondents is the only licensee in the State for distribution and supply of electricity. The members of the petitioner association are regularly paying the electricity bills in time.	No comments

(ii)	That power connection were obtained by the members of the Association from the HPSEB/HPSEBL (Respondent) by spending huge sum of money towards "expenditure for grant of connection" as per the rules and regulations prevalent at different time (some connections are of even before 2003) and as per demand raised by the Respondents.	That the proposal is for recovery of expenditure for supply of electricity to the consumers after notification of HPERC(Recovery of Expenditure for supply of Electricity) Regulations 2012 i.e. 23.5.2012. The regulation also provides mechanism for recovery of expenditure for additional load /contract demand.
(iii)	That in fulfillment of the requirement of section 46 of the Electricity Act 2003, in the year 2005 the Hon'ble Commission (HPERC) notified Regulation No.419 titled as "Recovery of expenditure regulations" (hereinafter called 2005 Regulations) in which the procedure to determine the expenditure required to be recovered from the applicant for the grant of new connection is detailed out. Proposal of the Respondents to charge a fixed amount per kVA taking shelter under those regulations of 2005 was under challenge in petition No. 82 of 2012 filed by the petitioner and another petition containing prayer for not allowing charge of fixed amount per kVA in addition the service line cost..	That the instant proposal has been submitted as per HPERC (Recovery of expenditure for supply of Electricity) Regulations, 2012 which has been notified by Hon'ble Commission on 23.5.2012 in supersession of HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2005. The new regulations provides for charging of infrastructure development charges on normative basis and accordingly the proposal has been submitted to Hon'ble Commission as per requirement under Regulation 14 of the said regulations.
(iv)	Even while those petition were pending for decision with the Hon'ble HPERC, the Hon'ble HPERC appears to have issued new Regulations of May 2012 which generated the present proposal of the Respondents the petitioner Association is not aware of any such Regulations as no copy thereof or the draft new regulation was sent to the Respondents although the petitioner associations are on the mailing list of the respondents. The respondents have taken over 8 months for preparing the proposal under question and that too without carrying out study on actual field conditions prevalent now and load anticipation/projections in various pockets of the State.	That the new regulation has not been framed by HPSEBL. The regulation has been notified by Hon'ble Commission after inviting comments/suggestions from various stakeholders as per practice being following by Hon'ble Commission for notification of Regulations. The proposal has been framed based on the guidelines issued in the Regulation therefore there is no need to do actual field study.
(v)	In the instant proposal an exorbitant flat charge per kVA has been fixed at different voltage levels throughout the State. This amount is stated to be the	That the per kVA charges, voltage wise have been worked out based on the cost data approved by Hon'ble

	<p>"Charges for the Feeding System" only. This is further in addition to the cost of the line actually used/erected for supplying power to the premises of an industry from the feeding substation.</p>	<p>Commission and are normative. The recovery of expenditure comprises of two components viz. Expenses for providing service line which is as per actual basis and expenses for the distribution system other than service lines which is on normative basis or actual basis as applicable.</p>
(vi)	<p>(a) That the proposal been issued in utter disregard of the provisions of the Act 2003, because:-Levy of uniform per kVA charge for IDC has been quashed by the HPERC earlier more once.(cases 4/2006 &amp; 268/05) and held that no uniform per kVA charges can be lived irrespective of location of the connection.</p> <p>(b) There is no scheme of cost sharing either in the Electricity Act of 1910 or 2003 and even the levy of PAC charges @ RS.1000/kW adjustable towards is against the provisions of the Act. 2003. The 1910 Act talks of only reasonable return on investment of the utility on capital works, which is being done through tariff.</p> <p>(c) The matter has already been considered by the Hon'ble APTEL in 2007 in the case of Maharashtra and it is held the recovery of the fixed charge is allowed through the tariff. Similar are the provision in the Electricity Act of 1910.</p> <p>(d) The Capital expenditure is passed to the consumers in the tariff order every year so the present proposal if approved would discourage the industrilsation of the State and the overall development of the State would suffer.</p>	<p>a) That HPERC in the exercise of the power conferred by section 46, read with section 181, of the Electricity Act,2003(36 of 2003) and all other powers has notified the HPERC(Recovery of Expenditure for supply of Electricity) Regulations, 2012. HPERC has also allowed HPSEBL to recovery the IDC charges under HPERC (Recovery of expenditure for supply of Electricity) Regulations 2005 as per provisions of those regulations.</p> <p>b) That section 43 of Act, 2003 clearly specify the charges to be paid by an applicant for supply of electricity which are to be decided by State Commission.</p> <p>c) That the proposal for service connection charges has been prepared based on the provisions of HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012 framed by Hon'ble HPERC as per Section 46 of the Act.</p> <p>d) That the proposal is to recover such proportions , as may be considered reasonable by the Commission , of expenses incurred, or to be incurred , for creation , including augmentation or additions, of</p>



		<p>the distribution system for the infrastructural development as a continuous and co-ordinated process. The regulations further provides that the commission may , while fixing the normative rates, restrict the rates worked out under the first proviso to Sub-Regulation 2 of Regulation 5 to such ceiling limits for respective categories as it may consider necessary.</p>
	<p>(e) Though the concept of capital cost sharing of power system is not agreed at alleged in the calculations of the proposal are based on several premises and assumptions such as utilization factor, capacities of the transformers to be installed for creating power system and lengths of the transmission lines and other lines.</p>	<p>e) That to work out the normative charges, the utilisation factors, rating of transformers and normative lengths of the lines have been taken and the basis of such quantities have also been detailed in the petition. The lengths of lines, utilisation factors are to be finalised by the Commission as per clause (ii) &amp; iv) of sub-regulation 2 of Regulation 5.</p>
	<p>(f) The costing can be substantially altered by making assumptions different from the chosen and adopted by the respondents. No basis have been given for adopting these assumptions.</p>	<p>f) That the basis for quantities and utilisation factors, demand factors are clearly detailed in the petition.</p>
	<p>(g) The redundancy of the lines has been assumed at 30% That straightaway means that the applicant would be paying 1.5 times the cost of the lines.</p>	<p>g) That the redundancy of 30 % has been kept in case of lines and not in the capacity of Sub-Stations to work out the rates. The redundancy has been kept in lines in order to meet out the demand of the consumers in case of any eventuality and for stability of the system network which results in benefits to the consumers.</p>
	<p>(h) The assumption that system would be replicated everywhere in the State is highly incorrect. System design/installation is governed by the load demand and space available.</p>	<p>h) That the proposal is to charge normative rates and not the actual rates so as to avoid un-necessary loading of the consumers where the system strengthening and up-gradation work is not done as the tariff is</p>

	<p>(i) No study has been carried out and supplied about the utilization factors adopted and model sought to be approved by the Hon'ble Commission. It is highly improbable that the Respondents would have to create similar power system in every pocket of the State leading to a uniform loading pattern and uniform charges.</p> <p>(j) The Commission has itself observed in the order dated 27.12.2012 in the petition No.82/2012 and others that the petitioners have got merit in challenging a uniform charges per kW of the load all over the State.</p> <p>(k) The Respondents are duty bound to create power system at their cost so that universal obligation of supplying power on demand could be met by them on the time frame fixed by the Commission.</p>	<p>uniform across the State.</p> <p>i) That as clarified vide viii) above, the tariff is uniform throughout the State and in case entire amount is to be taken in the ARR, entire consumers in the State would be penalise for creation of infrastructure in some specific areas. That the calculation of utilisation is clear in the petition. The sub-station capacity proposed has been divided by line capacity to calculate the utilisation factor. The line capacity has been worked out by taking the current carrying capacity of the conductor at 75 degree Centigrade as per IS:398 Part-IV-1994 as per Page No. 21 of the petition. The utilisation factor worked out is less than one which indicates that only the proportion of the lines capacity equal to the sub-station capacity has been charged for working out normative rates.</p> <p>j) No comments.</p> <p>k) HPSEBL has created/ is creating the system to cater to the load demand of the and the cost is to be recovered from the consumers and HPSEBL has no resource to fund the cost of such works. It would not be prudent to load the consumers with the infrastructure works created in some specific areas. In order to avoid this, the normative charges has been envisaged in the regulations proposed to be charged from the consumers as per demand and rest through capital</p>
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	<p>(l) The Hon'ble HPERC is enjoined to protect the interest of the consumers as per the Electricity Act 2003, so the Commission may get the matter examined independently through independent consultants/experts as far as existing model of power system is concerned so as to arrive at the correct assumptions for power system and planning &amp; required to be adopted in the State.</p>	<p>expenditure plan as proved in Regulation 18 of HPERC Regulations 419/2012.</p> <p>l) No comments.</p>
<b>C</b>	<b>Confederation of Indian Industry Northern Region Chandigarh</b>	
<b>i)</b>	<p>The proposal as such is very detrimental to the industrialization of the State.</p> <p>The normative charges as per approved cost data proposed by HPSEBL are very high as they have proposed in a manner that the total cost is recovered in advance from the consumers. Approval of such a proposal would mean that the distribution licensee will never make any capital expenditure on the distribution system. The schedule of service connection charges proposed is very high and probably nowhere in the entire country will we find such high service connection charges.</p> <p>We pray to the Hon'ble Commission to decide on the service connection charges very prudently and cautiously. In an eventuality that these charges are fixed on higher side, the result would be a large scale exodus of industry from the State. Before making any investment in an industry, any entrepreneur would compare such initial cost before deciding where to put an industry. The industry that was attracted to the State because of fiscal incentives is feared to move out once the fiscal incentives are over if these charges are not kept at a very minimal level.</p> <p>In our view, the total cost of creating</p>	<p>That the normative charges have been worked out as per methodology provided under Sub-Regulation 2 of Regulation 5 of HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012. The proposal does not provide for recovery of total cost in advance from the consumers. The normative charges as approved by Hon'ble Commission shall only be recovered and the rest of the amount shall be through Capital Expenditure plan.</p>

	<p>additional distribution infrastructure be recover through the tariff. Such expenditure should be allowed to the utility as capital expenditure. This capital expenditure is recoverable from the consumers through tariff in terms of interest and depreciation in ARR. Therefore, there is no need as such to fix such charge on account of IDC Ultimately; the consumer is bearing the cost of infrastructure either by way of advance charges or by way of tariff component.</p>	
ii)	<p>The licensee has also included the cost of transmission lines in the proposed schedule of charges. As per Electricity Act, 2003, the distribution licensee can only recover the charges directly for line etc. from the distribution mains. The cost of generation and transmission and also the cost of distribution mains have to be recovered from the consumers through tariff.</p>	<p>That the cost of EHV lines and Sub-Stations under HPSEBL has been taken in to consideration while working out the cost. The cost of distribution lines LT, HT &amp; EHV and sub-stations have been taken for working out the charges.</p>
iii)	<p>Judgment of APTEL in Appeal No. 22</p> <p>In the case of Maharashtra State Electricity Distribution Company Ltd., Prakashgad, Bandra (East), Mumbai Versus The Maharashtra Electricity Regulatory Commission Centre 1, 13<sup>th</sup> Floor, World Trade Centre, Cuffe Parade, Kolaba, Mumbai -400005</p> <p>We may take the opportunity to bring to the Hon'ble Commission attention to the above judgment the full content of which can be obtained from the website of the APTEL.</p> <p>An extract of the said judgment is reproduced below;</p> <p>“ 17. From the above scheme for recovery of expenses for providing supply connection to the consumers premises at the their request in different situations emerge as under:</p> <p>(a) In case of the situation described in para 14 above, the licensee has to develop schemes of projects after undertaking feasibility studies prior to making investment to carryout the</p>	<p>Being State specific and hence no comments</p>

	<p>required expansion to meet its universal obligations of providing supply connections to potential consumer in its area of supply in an economic and efficient manner. The investment is allowed to be recovered form the consumer through tariff. The cost of the supply connection from the nearest "Distribution mains to the premises of the consumers are to be recovered from the consumers as per approved schedule of Charges"</p> <p>(b) For meeting the demand of supply connection requiring the dedicated distribution facilities, as envisaged in para 15 above, the licensee is authorized to recover the reasonable expenses from the applicant based on 'schedules of charges' approved by the Commission.</p> <p>(c) For providing supply connection to an applicant that requires augmentation of distribution system, as mentioned in para 16 above, the licensee is authorized to recover form the applicant the expenses based on approved 'Schedule of Charges' only when the load applied for by the applicant is more than 25 per cent of the increased capacity created.</p> <p>" 18. In view of the above, it is clear that the "Service Line Charges" as proposed by the appellant are being allowed to be recovered through tariff. If the aforesaid proposal on "Service Line Charges" made by the appellant is accepted it will amount to doubling of the recovery of the expenses from the consumers. The appeal is accordingly dismissed."</p> <p>In the above judgment, the Service Line Charges are synonymous with IDC as both are meant for Infrastructure creation. It has been held by APTEL that such charges have to</p>	
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	be recovered through tariff. On the other hand the service connection charges, which are charges for the line from where the dedicated line is connected for a consumer, have to entirely borne by the consumer.	
iv)	There is no rationale in proposing a lower IDC for smaller category of consumers, particularly, domestic and consumers having connected load upto 5MW. The cost of distribution is higher for these categories as the voltage level is low.	The normative charges have been worked out as per HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012 and similar methodology has been adopted for all the consumers irrespective of voltages.

10. The Commission fixed a hearing on the aforesaid matter for 13<sup>th</sup> March, 2013.

The representatives of following stakeholders and HPSEBL participated in the hearing:

- (a) Confederation of Indian Industry, Northern Region, Chandigarh.
- (b) Nalagarh Industrial Association;
- (c) BBN Industries Association Baddi;
- (d) Parwanoo Industries Association.
- (e) The HPSEBL represented by Director (Operation) and other officers.
- (f) HP Power Transmission Corporation Ltd, Shimla; and
- (g) M/s Vardhaman Group, Baddi, Solan. .

11. While scrutinizing the written objections received from various stakeholders, the Commission noticed that two comments were generally common i.e. Infrastructure Development Charges should not be recovered because it is not as per law and that these charges are very high. On the legality of levy of charges, most of the comments are those raised in response to draft regulations notified during prior publication process. In order that Commission gets the considered comments, suggestions and objections from the stakeholders in the right perspective and with due focus to the context, the Commission thought it proper to clarify and communicate in the correct perspective. The Commission, however, made it clear that the said Regulations of 2012 have already been notified after following due process and the matter presently under consideration solely relates to fixing the normative rates of Infrastructure Development Charges as per the provisions

under sub regulation (2) of regulation 5 of the said Regulations of 2012. The Commission, also observed that even otherwise some of the comments given now by Industries Association on the proposal under consideration are already taken care by the provisions of the said Regulations of 2012 and the apprehensions expressed in this regard may automatically become superfluous once the provisions of regulations are captured thoroughly. For the benefit of the objectors (Industries Associations), the background as well as the provisions of the said Regulations of 2012 were explained in a reasonable detail during the hearing also, so as to remove any communication gaps. It was also explained that as per the universal supply obligation cast under section 43 of the Electricity Act, 2003, the distribution licensee has to provide supply of electricity within one month after receipt of application if the infrastructure is available to meet the load demands. However if the extension of infrastructure is required, the supply is to be given immediately after such extension or commissioning or within such period as may be specified by the Appropriate Commission. The distribution licensee would obviously require considerable funds and time for creating the infrastructure in anticipation of the load growths. Section 42 casts duty upon licensee to construct and maintain an efficient distribution system. Section 46 of the Act also mandates the State Commission to authorize the distribution licensee to charge from a person requiring a supply of electricity in pursuance of section 43 any expenses reasonably incurred in providing any electric line or electrical plan used for the purpose of giving that supply. In case sufficient funds are not made available to the distribution licensee for creating the infrastructure it may have to resort a system where it may propose estimates for the cost of new infrastructure and to create the same as and when requisitions for additional load are received. But this may lead to considerable time gaps before the supply can actually be provided. The earlier regulations envisage recovery of expenditure incurred for providing connection to the applicants seeking supply of power to them on case to case basis and the charges payable by the applicant consumers varied widely. The present Regulations of 2012, however, provide for the recovery of Infrastructure Development Charges on normative basis at the rates to be fixed by the Commission after considering the proposals, suggestions and objections etc. The Commission felt that this method of charging is more equitable and

transparent as the capacity building of the infrastructure is a continuous process. It was also brought to their notice that the Industries Association had themselves been advocating for levy of Infrastructure Development Charges at uniform rates.

12. It was also explained that the apprehension expressed by the Industries Association that the provisions allowed in the CAPEX Plan and the recovery through the Infrastructure Development Charges may lead to duplicity is not correct particularly in view of the specific provisions in the said Regulations of 2012.
13. The aforesaid discussions led to a general consensus that the Infrastructural development charges are required to be levied at normative rates which are now required to be approved/ fixed by the Commission in accordance with the provisions of the said Regulations of 2012 and that while doing so, the Commission shall consider the comments/objections on the issues related with the determination of the normative rates.
14. The representatives of the Industries Associations stated that they have not gone through the calculation part of the proposal and sought some time to enable them to send their considered comments on the proposal after going through the calculations and Regulations. On this, the Commission decided that comments be sent by 7<sup>th</sup> April, 2013 and thereafter the Commission shall decide the normative rates of Infrastructure Development Charges.
15. Sh. P. C. Dewan, representative of Kala Amb Chambers of Commerce and Industry also raised this issue during his presence in Court on 16.03.2013 in connection with an another case and he was also informed accordingly to send their comments by 7<sup>th</sup> April 2013. However, no further comments were received from them.
16. Subsequent to the hearing, the comments were received from Confederation of Indian Industry (Northern Region) which were also replied by HPSEBL as under:



Sr. No.	Suggestions/Objections by CII	Reply of HPSEBL
i)	The component of IDC that should be recovered from consumers initially at the time of new connection/increase of load should be slightly lower than the neighboring States so that, industrialization continues to grow in future.	The IDC has been proposed to be recovered from the consumer for new connection, additional load with increase in contract demand and increase in contract demand over & above sanctioned contract demand without any change in connected load. The IDC charges are regulated by the regulation which varies from State to State and is not comparable from other States.
ii)	The IDC should be around Rs.2000/- per kVA but not more than this for all categories of consumers. The balance if any, capital cost should be recovered through tariff.	The figure of Rs.2000/- per kVA has been suggested to be recovered as IDC charges but without justifications as discussed in the public hearing on 13.03.2013.
iii)	Revision of IDC should not be carried out on year to year basis for sake of convenience and these rates should be revised after 3 years interval.	The cost data is prepared for every financial year and as per provisions of (Recovery) Regulations, 2012, the charges are to be revised every year on the basis of approved cost data for every year along with the revision of Tariff.

17. The BBN Industries Association vide letter dated 8<sup>th</sup> April, 2013 (received on 10<sup>th</sup> April, 2013) also made submissions on the following lines:

- i) Under new Regulation (May, 2012) the regulator has fixed adhoc rate of Rs.2500/- per kW subject to change on getting actual cost estimate from HPSEBL. The HPSEBL has now given the calculation of Rs.4800/- per kW and the process of fixing it up is under way with HPERC.
- ii) The Board has considered upstream transmission lines in the IDC. Since the expenditure on upstream line is met out the CAPEX and the Board also claims depreciation on the same which is part of ARR. Hence, it is prayed that the upstream transmission line which are part of IDC should be deleted from the cost. HPSEBL is carrying out the works through CAPEX so all the expenditure should not be charged through Infrastructure Development Charges (IDC).
- iii) Moreover these charges both before May 2012 and after 2012 are prohibitive for new industrial development in the state and also to sustain

for existing Industry. We also herein submit the comparative charges of these progressive states have been stated to as under:

Sr. No.	Name of State	SSC/IDC
1.	Punjab	Rs.900/- per kVA
2.	Haryana	Rs.900/- per kVA
3.	Uttarakhand	Rs.1.90 lacs for 11 kVA connection Rs.10.00 lacs for 33 kVA connection
4.	Madhya Pradesh	Rs.750/- per kVA
5.	Rajasthan	Rs.440/- per kVA plus Rs.250/- per kVA backup charges

- iv) In order to discharge its universal obligation to supply electricity on request to the consumers premises as envisaged in section 43 of the EA-2003, the distribution licensee has a binding duty imposed by the section 42 (1) of the EA-2003 to develop and maintain an efficient coordinated and economical distribution system in his area of supply. The perimeter of the network of the 'distribution system' is determined by the numerous 'distributing mains geographically disappeared and catering to various pockets of consumers in all directions within the area of supply and implemented in pursuance to the utilities plan, to meet the projected growth in load and demand to facilitate making promote supply line connections to the consumers premises form the nearest distributing mains' in an efficient and economical manner as envisaged in section 42(1) and 43(1) of the EA-2003. As in most of these cases the charges are recovered downstream of substation and in some cases it covers substation as well but nowhere the cost of transmission line is added to these charges. While seeking intervention of the Commission in the matter, it has been suggested that the IDC in Himachal Pradesh should not be more than Rs.1000/- to Rs.1200/- per kW.

#### **Commission findings and analysis:**

18. The Commission now proceeds to address the main issues raised by the various objectors and to fix the normative rates of the Infrastructure Development Charges as per the said Regulations of 2012. The Commission finds it appropriate to deal with the matter in three Parts. Part-I (para 19) deals with the analysis of the comments received prior to the hearing, Part-II

(para 20) deals with the comments received after hearing and Part-III (paras 21-29) deals with finalization of the normative rates of Infrastructure Development Charges based on the Commission's findings.

## **PART-1**

19. The findings/analysis of the Commission on the comments received before the hearing and HPSEBL's replies thereon as per para 8 (main items A, B & C) are as under:

### **(A) Kala Amb Chamber of Commerce and Industry:**

(i) The plea of the objector that the licensee appears to be invoking the jurisdiction of the Commission to approve the normative Infrastructure Development Charges is not correct as the HPSEB Ltd. has only sought the approval of the Commission in line with the said Regulations of 2012.

(ii) Only a part of the capital investments is intended to be recovered through the Infrastructure Development Charges as already made clear in the said Regulations of 2012.

(iii) The matter which is stated to be pending before Hon'ble High Court pertains to recovery of the charges under the old Regulations of 2005 and does not, in any way restrict the Commission to discharge its functions under the said Regulations of 2012.

(iv) In order to implement the Electricity Act, 2003 which mandates recovery of such costs from the person seeking supply, the Commission has notified the said Regulations of 2012 and the normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations of 2012 are now to be approved/fixed by the Commission.

### **(B) Nalagarh Industrial Association, BBN Industries Association and Parwanoo Industries Association:**

(i) The matter which is presently under consideration of the Commission pertains to fixation/approval of the normative rates of Infrastructure Development Charges under sub-regulation (2)

of Regulation 5 of the said Regulations,2012 and has nothing to do with the regular payment of the electricity bills.

(ii) The proposed normative rates of Infrastructure Development Charges are sought to be recovered only from the prospective consumers applying for new connections or in case of enhancement of loads by the existing consumers.

(iii) As already explained under para 19(A) (iii) above, the matter which is stated to be pending before Hon'ble High Court pertains to recovery of the charges under the old Regulations of 2005 and does not, in any way restrict the Commission to discharge its functions under the said Regulations of 2012.

(iv) The said Regulations of 2012 have been notified after prior publication. Even otherwise the submission is not factually correct particularly in view of the fact that the Commission did receive comments of BBNIA and Parwanoo Industrial Association which were also duly considered by the Commission while finalizing the said Regulations of 2012.

(v) The proposal has been submitted by HPSEBL for approval of normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations of 2012. The objections do not bring out as to which of the provisions of the said Regulations 2012 have been violated.

(vi) (a & b)The charges are to be fixed under the said Regulations of 2012 and the issues raised are not relevant to the subject matter which is presently under consideration before the Commission.

(c) The facts of the cases in the matter of appeal No.22 of 2007 before Hon'ble APTEL ((Maharashtra State Electricity Distribution Co.) V/s Maharashtra Electricity Regulation Commission) are different from the subject matter under consideration of the Commission in the instant proposal. The decision of Hon'ble APTEL in the aforesaid appeal is based on

the clear-cut provision in the MERC Regulations that distribution licensee shall not be entitled to recover the expenses under regulation 3.3.4 of the MERC Regulations in cases where the load applied does not exceed 25% of the capacity that will be created by augmentation of the distribution system. The said Regulations of 2012 of this Commission do not contain any such provisions. It is the respective State Commission who is mandated under section 46 of the Act to provide for recovery of charges through the regulations so framed by it and the charges in Himachal Pradesh will be as per HPERC Regulations. As such the said decision of APTEL shall not be applicable in the instant case.

(d) The capital expenditure to be considered for pass through in the tariff shall get reduced to the extent of recovery of the Infrastructural Development Charges as already envisaged in the said Regulations of 2012.

(e) to (i) The HPSEBL has adequately clarified the position. The justification of fixing normative rates of Infrastructure Development Charges has been adequately addressed at the time of finalizing the said Regulations of 2012 and is not the subject matter under consideration at present. The issue was also clarified in the hearing on this matter on 13.03.2013. However, the Commission shall exercise its prudence while finalizing the normative rates of the Infrastructure Development Charges so as to keep these charges at a reasonable level only.

(j) The subject matter presently under consideration of the Commission pertains to fixation of the normative rates of Infrastructure Development Charges under sub-regulation (2) of Regulation 5 of the said Regulations of 2012. The Commission's order dated 27.12.2012 is not relevant to the present case.

(k) The HPSEBL has adequately clarified the position and the Commission also agrees to the same.

(l) The intention is not to recover the full costs of developing the power system through the Infrastructural Development Charges. The functions relating to power system planning are discharged by the State Transmission Utility and the distribution licensee under the Act and their CAPEX plans are approved by the Appropriate Commission(s).

**(C) Confederation of Indian Industry Northern Region Chandigarh:**

(i) The rates of Infrastructure Development Charges are required to be fixed under the said Regulations of 2012. The capital expenditure to be considered for pass through in the tariff shall however get correspondently reduced to the extent of recovery of the Infrastructure Development Charges. As such, this will reduce the burden on the existing consumers.

(ii) The HPSEBL has adequately clarified the position and the Commission also agrees to the same.

(iii) In view of the position already explained in para19 (B)(vi)(c) above the decision of APTEL in the stated appeal shall not be applicable in the instant case.

(iv) The calculations given by HPSEBL envisage lower rates for the smaller loads. In this connection, the Commission shall also like to mention that in cases where single part tariff is applicable, the Infrastructure Development Charges are to be recovered on the basis of per kW of connected load instead of contract demand for the higher loads. The connected load is generally higher, and in no case lesser, than the contract demand. The capital investments for the strengthening of systems for smaller loads take place in small phases as against the bulk investments for higher loads. Moreover, special grants etc. also remain available under various schemes of Central /State Government etc. from time to time, particularly for universal access to electricity.

## **Part- II**

20. The Commission finds it appropriate to consider the comments received after the hearing, in little more detail, as under:

(a) Analysis by the Commission on comments received from CII and HPSEBL's replies thereon (Para 16):

(i) The Commission intends to keep the Infrastructure Development Charges at reasonable level but doesn't agree to keep the same at a level lower than those prevailing in the neighboring states as this may necessitate additional burden on existing consumers through tariff. The Commission intends to maintain a balance.

(ii) The Commissions shall keep these suggestions in mind while fixing the normative rates of Infrastructure Development Charges.

(iii) The said Regulations of 2012 provide for annual review. However, the current proposal is for fixing the normative rates of Infrastructure Development Charges for two years (i.e. 2012-13 & 2013-14).

(b) Analysis by the Commission on comments received from BBNIA(Para 17):

(i) & (ii) The components to be included for the purpose of computing Infrastructure Development Charges have been clearly mentioned in the said Regulations of 2012. However, the Commission may, while fixing the normative rates of Infrastructure Development Charges restrict the same to appropriate limits if it finds the proposed charges to be on higher side.

(iii) The regulations came into force on 23.05.2012 and the matter which is presently under consideration of the Commission solely relates to approval/ fixing of the normative rates of Infrastructure Development Charges for the post regulation period. The comparative rates of Service Connection Charges/Infrastructure Development Charges of the neighboring states given by the M/s BBNIA has not been supported with copies of the relevant notifications. The Commission finds that the rates mentioned in the comparative statement for various states attract different conditions and do not necessarily reflect the charges actually payable by

applicants at least in some cases. For example; the Commission observes that in case of Punjab the charges have already been revised w.e.f. 01.10.2012 and in case of contract demands of 500 kVA or more, the applicant is liable to pay the actual expenditure in giving the connection or Rs.2200/- per kVA of contract demand, whichever is higher. The submission made by M/s BBNIA in this regard is therefore not based on facts. Similarly, in case of Madhya Pradesh the supply affording charges are recovered in addition to the cost of service line at the rates varying from Rs.30/- per kW to Rs.3750/- per kW for various categories of consumers.

- (iv) The works under the control of HPSEB Ltd. have only been included of the proposal for the normative rates of Infrastructure Development Charges. The commission finds it appropriate to fix the normative rates of the Infrastructure Development Charges at reasonable level so as to keep a balance between the new applicants /consumers as well as the existing consumers. However, the proposal to levy the charges @ Rs.1000/- to Rs.1200/-per kW for the industries may not be acceptable.

### **Part-III**

21. The Commission now proceeds to fix /approved the normative rates of Infrastructure Development Charges to be recovered under sub-regulation (2) of Regulation 5 of the said Regulations after due consideration of comments received by it and its findings as per preceding paras.

The Commission observes that HPSEBL has proposed the normative rates for Infrastructure Development Charges-

- i) at the rates varying from Rs. 910/- to Rs.1220/- per KW of connected load in case of the applicants to be covered under single part tariff.
  - ii) at the rates varying from Rs.2740/- to Rs.4870/-per kVA for the contact demand in case of the applicants to be covered under two part tariff.
22. The practice of payments by prospective consumers seeking electric connections for receiving power had been there in the past before 2003 as well as after coming of the Electricity Act,2003, in H.P. as well as in the other States. Prior to 2003 Act, State Government or the Electricity Boards had such policies and after 2003 Act, this duty is cast upon the regulator to provide for such charges by regulations. Since the charges are payable by



the future consumers, obviously the stakeholders would be the consumer groups and associations whose constituents would be the future consumers, new or expansion, and are mandated by their constituents to watch the interest of the consumer segment. Therefore, suggestions have largely, and rightly so, come from industry associations in various regions of the State, as well as from confederation of Indian Industry(CII), which is a national level industry association, having wider constituency in the H.P. as well as in the northern region. There is general consensus among these associations that the Infrastructure development charges need to be paid, yet the main concerns of these associations appear to the reasonability of the rates chargeable, which in their mind should be lesser than the neighboring areas so as to incentivize investment in HP and the range of rates in their suggestions vary from Rs. 1000/- per kVA to Rs.2000/- per kVA. M/s CII have suggested that the rates of the Infrastructure Development Charges may be kept Rs. 2000/- per kVA of the contact demand and M/s BBNIA have suggested rate of Rs.1000/- to Rs.1200/- per kW.

23. As already spelt out in the proceeding paragraphs the Commission wants to keep these rates at reasonable level so as to maintain a balance between the interest of the existing consumers and the new applicants. The rates should neither be too high to discourage the new applicants and should neither be too low so as to avoid any undue burden to existing consumer through tariff. Moreover, these Infrastructure Development Charges should not constitute very high percentage of the Capital expenditure incurred by the licensee for strength over the years. The Commission also intends to have a simplified structure of these normative rates.
24. The Commission after going through the calculations submitted by the HPSEBL also observes that there is a scope for reduction of the proposed rates if some of the assumptions taken into account are rationalised. Some of the factors that need to be taken into account are as under:-
  - (i) The normative lengths of the incoming and outgoing lines considered for the purpose of calculating the Infrastructure Development Charges are on higher side keeping in view the fact that in most of the cases only transformer capacities may need to be augmented/added at the existing sub-stations, at

least in the current period for which these charges are under determination.

- (ii) The works completed in the first two years against the CAPAX plan for the control period (2011-12 to 2013-14) constitute only a disproportionately low percentage as compared to the approved CAPEX plan.

25. The Commission is not fine tuning the calculations on the above basis keeping in view the fact the rates shall in any case be required to be restricted to reasonable limits in view of the discussion in the preceding paragraphs. The Commission also finds it appropriate to ignore the element of escalation for 2013-14 as demanded by HPSEBL for similar reasons. The third proviso of sub-regulation (2) of Regulation 5 of the said Regulations of 2012 specifically provides that the Commission may, while fixing the normative rates, restrict the rates worked out to such ceiling limits for respective categories as it may consider necessary.
26. After giving due consideration to the proposal submitted by distribution licensee in their petition, comments and suggestions received from the stakeholders, before and after the hearings on the above issue on 13.03.2013, various provisions of the HPERC(Recovery of Expenditure for Supply of Electricity) Regulations, 2012, and within the scope of section 46 of the Electricity Act, read with section 42(1), 43 and 61(b) and (c) the Commission decides to finalize the normative rates of the Infrastructure Development Charges, to be recovered from the applicants under sub regulation (2) of Regulation 5 of the said Regulations of 2012, for FY 2012-13 and FY 2013-14, and orders that such charges be recovered as per rates, terms & conditions contained in following paras 27 to 29 :
27. In case of applicants to whom supply is to be given under single part tariff (i.e. without any demand charges) as per the tariff order of the Commission, the distribution licensee shall recover the Infrastructure Development Charges under sub-regulation (2) of Regulation 5 of the HPERC(Recovery of Expenditure for Supply of Electricity) Regulation, 2012, at the following normative rates and associated terms and conditions:-

**(A) Normative rates of Infrastructure Development Charges for applicants under single part tariff.**

(i)	For domestic supply to BPL families upto 5 kW of connected load	Nil
(ii)	For others (not covered in (i) above)	
	(a) For the first 5 kW of connected load	Rs. 50/-per kW (or part thereof)
	(b) For the next 5 kW of connected load	Rs.100/- per kW (or part thereof) by which the connected load exceeds 5 kW
	(c) For the balance connected load in excess of 10 kW	Rs.250/- per kW (or part thereof) by which the connected load exceeds 10 kW.

**(B)** The rates as per para 26 (A) above shall be applicable for the demand notices to be issued under HPERC (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 on or after 1<sup>st</sup> June 2013 and shall continue to be applicable for the demand notices to be issued till 31.03.2014, or till any other subsequent date as may be prescribed by the Commission. During the intervening period i.e. from 1<sup>st</sup> May, 2013 to 31<sup>st</sup> May, 2013 the demand notices shall continue to be issued on the basis of the provisional arrangements notified by the Commission vide its notifications dated 29.05.2012 and 07.01.2013. All the demand notices issued under the said Regulations of 2012 during the period prior to 1<sup>st</sup> June 2013, on the basis of the provisional arrangements so notified by the Commission, shall be considered as final and no adjustment/recovery shall be made on this account for the demand notices issued during the said period.

**(C) Illustrations:**

- (i) For a connected load of 11.2 KW (which has to be considered as 12 KW as it includes a part of full KW) the applicant shall have to pay infrastructure development charges of Rs.1250/- (i.e. first 5kW @Rs.50/- per kW, next 5 kW @ Rs.100/- per kW and balance 2 kW @ Rs.250/- per kW).
- (ii) In case of additional connected load covered under sub clause (i) of clause (b) of sub regulation of (1) of Regulation 7 of the said Regulations of 2012, the rates(s) applicable under relevant higher slab(s) shall be applicable. To illustrate, if the connected load is increased from 7 KW to 12 KW, such charges shall be levied for 3 KW @ Rs. 100/- per KW, and for the remaining 2 KW @ 250/- per KW.

(iii) In case a BPL family having electric connection seeks enhancement of connected load to more than 5 kW the above charges shall be recoverable at the relevant slab rate after allowing admissible free limit up to 5 kW of connected load. For example, if a BPL family seeks enhancement of connected load from 3 kW to 9 kW an amount of Rs.400/- (i.e. Rs.100/- per kW for 4 kW) shall be charged.

28. In case of applicants to whom supply is to be given under two part tariff (i.e. with demand charges and energy charges) as per the tariff order of the Commission, the distribution licensee shall recover the Infrastructure Development Charges under sub-regulation (2) of Regulation 5 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulation, 2012, at the following rates and associated terms and conditions:-

**(A) Normative rates of Infrastructure Development Charges for applicants under two part tariff.**

(i)	For the first 30 kVA of contract demand	Rs.300/-per kVA (or part thereof) of the contract demand.
(ii)	For the next 20 kVA of the contract demand	Rs.500/- per kVA (or part thereof) by which the contract demand exceeds 30kVA
(iii)	For the next 50 kVA of the contract demand	Rs.1,000/- per kVA (or part thereof) by which the contract demand exceeds 50kVA
(iv)	For the balance contract demand, if any,	Rs.2000/- per kVA (or part thereof) by which the contract demand exceeds 100 kVA.

- (B)** These rates under para 27 (A) above shall be applicable for the demand notices issued or to be issued under the HPERC (Recovery of Expenditure for Supply of Electricity) Regulation, 2012, till 31.03.2014 or till any other subsequent date as may be prescribed by the Commission. The amount of normative Infrastructure Development Charges already demanded or recovered, under the said Regulations of 2012 ,from the applicant consumers by HPSEB Ltd. as per the notifications dated 29<sup>th</sup> May, 2012 and 07<sup>th</sup> January, 2013 shall be revised or adjusted as the case may be, as per the provisions of the said Regulations of 2012.

**(C) Illustrations:**

- (i) For a contract demand of 119.4 kVA (which has to be considered as 120 kVA as it includes a part of full kVA) the applicant shall have to pay infrastructure development charges of Rs.1,09,000/- (i.e. first 30kVA @Rs.300/- per kVA, next 20 kVA @ Rs.500/- per kVA,

next 50 kVA @ Rs.1000/- per kVA and balance 20 kVA @ Rs.2000/- per kVA).

(ii) In case of additional contract demand covered under sub clause (i) of clause (b) of sub regulation of (1) of Regulation 7 of the said Regulations of 2012, the rates(s) applicable under relevant higher slab(s) shall be applicable. To illustrate, if the contract demand is increased from 110 kVA to 140 kVA, such charges shall be levied for 30 kVA @ Rs. 2000/- per kVA. However, if the contract demand is increased from 60 kVA to 110 kVA, such charges shall be levied for 40 kVA @ Rs.1000/- per kVA and balance 10 kVA @ Rs.2000/- per kVA.

(iii) In case an applicant getting supply under single part tariff seeks enhancement of his connected load to a level at which he may be required to be charged under two part tariff and is also covered in sub clause (i) of clause (b) of sub regulation of (1) of Regulation 7 of the said Regulations of 2012, his existing contract demand in kVA (i.e before enhancement of his connected load ) for this limited purpose shall be worked out by applying power factor of 0.9 on his existing sanctioned connected load. For example, If a consumer having sanctioned connected load of 18 kW seeks enhancement of connected load with contract demand of 25 kVA and is covered under the said sub clause of the said Regulations of 2012, he shall be charged for 5 kVA @ Rs.300/- per kVA.

29. The normative rates of Infrastructure Development Charges as per paras 27 and 28 above are being fixed to account for the charges recoverable under sub regulation (2) of Regulation 5 of the HPERC (Recovery of Expenditure for Supply of Electricity) Regulation, 2012 and do not include any other expenses or charges etc. recoverable as per the various other provisions of the said Regulations of 2012, which shall have to be recovered separately as per the relevant provisions of the said Regulations of 2012.

HPSEBL shall accordingly take necessary action to implement these orders and the copies of relevant communications be also uploaded on website for wider publicity.

Date: 30.04.2013

**Sd/-**  
**(Subhash C. Negi)**  
**Chairman**