



CAG

Citizen consumer and civic Action Group

CAG's Comments on the Petition for determination of tariff (T.P.No.1 of 2022)

1. General comments:

The non-revision of the tariff for eight years cannot be the sole reason for the increase. The proposed tariff petition does not help the consumers, it is imposing unreasonable hikes and additional charges against connections. The same has been opposed by submitting the following comments/suggestions.

- a. The Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) has not complied with Section 64(2) of Electricity Act, 2003 and Clause 7(2) of the Tamil Nadu Electricity Regulatory Commission (TNERC) (Terms and Conditions for Determination of Tariff) Regulations, 2005 by failing to publish the contents of the application in an abridged form in English and Tamil newspapers having wide circulation. There is no abridged form available on the website as well. Furthermore, they have failed to upload a digital copy of the proposed petition. The scanned version is not consumer friendly.
- b. TANGEDCO has not provided a Tamil version of the proposed petition. This prevents consumers from participating and giving comments on the tariff petition. It is submitted that the petition be translated and made available in Tamil language and an abridged version in simple language so consumers can understand.
- c. The consumer price index cannot be a good indicator for tariff increase as TANGEDCO's expenditure primarily relates to materials and goods while consumer price index relates to overall price increase. If public services are linked to price index it will only increase citizen's burden.

It is submitted that the Commission make an independent assessment of the costs, taking into account discom's costs and revenue for tariff purpose. There could be period of profits which does not allow any price increase.



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- d. For the consumer to enable taking up taking up of “Voluntary giving up of subsidies”, the Commission may incorporate some percentage of rebates on the electricity bill.
- e. It is noted that Fixed charges are changed to Fixed Charge per kW or based on contracted load. This creates immense hardship for commercial and industrial consumers at the LT category level as charges will go up astronomically. It will have an immediate effect in goods and service provided by the enterprise as all costs are a pass through.

It is submitted that the calculation of fixed charges should be continued as per the existing model .

Additional Comments

Incorporation of DSOP in the Tariff Petition: TANGEDCO should ensure that statistics pertaining to Distribution Standards of Performance be incorporated in the Tariff Petition by TNERC. This will highlight the level of efficiency of the utility in responding to consumer complaints and redressal. As per Audit Report (Public Sector Undertakings) for the year ended 31 March 2015 by Comptroller and Auditor General – *“Inordinate delay in providing service connection resulted in foregoing potential revenue of Rs. 2.27 crore”*[1]

Incorporation of CGRF Cases: TANGEDCO should also incorporate statistics of CGRF cases in its tariff petition. This will help understand the grievances of the consumers, including what kind of action has been taken to alleviate pain and suffering of consumers. Further, judgements should be tabulated and divided to understand how TANGEDCO is favourably inclined towards consumers by listing out number of decisions and type of cases decided in favour of consumers and utility separately. This should be done for each distribution circle. Low Tension Tariff I-A: (Refer to 7.7.1):

- a. The bi-monthly tariff for consumers is proposed to be increased for consumers who are consuming 500 units in a billing cycle to around 112%. For example, if a consumer consumed 500 units in a billing cycle (ie., two months) he/she will be paying Rs. 1130 based on the existing tariff. However due to the tariff revision, the same consumer will be paying Rs. 2400. This is an almost 112% increase in tariff. However, if a consumer consumed 1200 units in a billing cycle



(ie., two months) he/she will be paying Rs. 6400 based on the existing tariff. However due the tariff revision, the same consumer will be paying Rs. 9000. This is an almost 41% increase in tariff.

- b. It is submitted that the majority of **middle-class** consumers fall between the 500 units and 1000 units bracket. It will create unnecessary hardship on them. It is submitted that tariffs should be reduced to affordable limits.
- c. The proposal to provide only one service connection to a house/residence/premises is understood in the context where consumers try to freeride the system to maximise the subsidy through usage of multiple meters. Under the proposal, an additional connection would be permitted only if it is rented or leased out to a different family occupying a separate portion of the premises. Specific targeting of tenants is unfair towards people from lower economic groups, who cannot afford to pay the rent in the first place. Hence this charge must be removed. Where there are no fixed charges for the house/residence/premises imposing additional connection bi-monthly fixed charges of Rs.450 is contradictory to LT tariff I-A. It is submitted that this additional charge must be removed from the petition. It is submitted that TANGEDCO should give greater focus on monitoring and compliance by consumers through enforcement than unnecessary penalizing them. (Refer to 7.1.7.c)
- d. The restriction for the supply used in the house/residence/premises for facilities to domestic animals and growing trees with a total contract load not exceeding 2 kW should be continued as per the existing tariff. Since the total contract load's purpose has not changed and it must be charged under LT Tariff I-A. The commission may see it in the light to promoting the environment and green coverage. These are key measures to combat climate change. (Refer to 7.1.7.d)
- e. It is proposed to shift Public conveniences, Integrated woman sanitary Complexes, Community Nutrition Centres, Anganwadi Centres, Nutritious Meal Centres and Electric crematorium of local bodies to LT tariff II-A from existing 1-A If charged under II-A it will unnecessarily increase the cost of such social services on the state exchequer. The government will have to make



additional tax and budgetary provision in the state budget. It is submitted to continue with the existing tariff. (Refer to 7.1.7.e, 7.1.7.f)

- f. It is suggested that consulting rooms of “ any professionals” must not be restricted to the seven categories provided in 7.1.7.g. It is suggested that more types of professions must be considered for this tariff such as beautician, tailor, artist, etc. The term “technical consultants” needs to be defined. It will provide gainful employment to poor and marginalised citizens. It is also in line with Government of India’s policy of skilling India. (Refer to 7.1.7.g)
- g. The services which were charged under the existing LT Tariff 1A (Refer to 6.2.1.1.h of T.P. No.1 of 2017) shall be retained. It is requested to charge it under LT domestic because the purpose has not changed. (Refer to 7.1.7. h)
- h. The minimum demand provided in the proposed petition for domestic load will be detrimental to the consumer who actually consumes less. The existing procedure must be followed. It is proposed that the calculation of demand to be considered for domestic consumers should be based on consumption. . (Refer to 7.1.7. j)
- i. It is submitted that all public libraries (without restrictions based on area) must be included in LT tariff I-A with the subsidy in order to truly promote reading habits among the general public. (Refer to 7.1.7. l)

With respect to LT tariff I A, the following suggestions are given (Refer to 8.2.2):

- a. Calculation for Tariff 1-A must be retained as the existing tariff. Consumers who are consuming below 500 units are more in numbers and the proposed tariff petition has increased the slab for 0 - 400 units for Rs.4.5/unit. There should be tariff slabs like the existing tariff schedule (between 0-100, 100-200, 200 - 500 units) which will be equitable.
- b. Proposed tariff of ₹11 per unit for those consuming above 1,000 units is extremely high.

3. Low Tension Tariff I-B: (Refer to 8.2.3):



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- a. It is suggested that the existing tariff must be continued. An increment of the fixed charge and energy charge will result in a loss to the government by way of subsidy. (Refer to 8.2.3)
4. Low Tension Tariff LT I-D: (Refer to 8.2.5)
 - a. Introduction of separate categories for common lighting, water supply, lifts, sewage treatment plants at ₹8 per unit with fixed charges of ₹100 per unit (kilowatt) must be scrapped because these amenities are utilised by domestic consumers in their premises. They cannot be charged a higher tariff, this should remain in LT I-A category.(Refer to 8.2.5.1)
 5. Low Tension Tariff II-A (Refer to 8.2.6):
 - a. It is proposed that parks, swimming pools of government/local bodies with free entry, water fountains of local bodies must be charged under LT tariff I-A to reduce the burden of the government and promote healthy lifestyle among the community. (Refer to 8.2.6.9)
 6. Low Tension Tariff II-B (1): (Refer to 8.2.7):
 - a. It is submitted that all public libraries (exceeding 200 sq ft) must be included in LT tariff I-A with subsidy in order to truly promote reading habits among the general public. (Refer to 8.2.7.1.viii)
 - b. It is submitted that libraries offering free services (exceeding 200 sq ft) must be included in LT tariff I-A with the subsidy to promote reading habits among the public. . (Refer to 8.2.7.2.ii)
 7. Low Tension Tariff II-C: (Refer to 7.1.11):
 - a. The places of worship have been divided into two; public and private. There has been no information on the tariff applicable to private temples. It is unclear on what constitutes private temples as the definition based on opening and closing times given by TANGEDCO are erroneous. “Private” temples could be shut down for maintenance and upkeep due to heavy inflow of worshippers. It is submitted that proper definition may be given by TNERC for tariff purposes. (Refer to 8.2.9.1)



8. Low Tension Tariff III-B: (Refer to 8.2.12)

- a. The proposed fixed charges for Micro Small Medium Enterprises (contract load >12 kW) category have increased by 17 times and tariff has been given an 18% hike. This is an undue increase for the MSMEs to bear, the industry has already suffered huge losses due to the COVID 19 pandemic and it can result in many of these units shutting down. It is suggested that the existing tariff model for MSMEs must be continued to let them recover. (Refer to 8.2.12.1)

9. Low Tension Tariff V : (Refer to 8.2.14)

- a. It is submitted that several consumers are mentioned again in HT Tariff III. It is submitted that there is a duplication of consumer mentioned in HT Tariff III creating an error in the tariff category.
- b. The low-tension commercial consumers who were paying fixed charges per connection on the monthly basis as per existing tariff are forced to pay the fixed charges per kW per month like the High Tension consumers. It will increase the burden of small LT commercial consumers such as photocopiers (xerox shops), public telephone booths, ice cream parlors, computer centers etc. They will be forced to increase the cost of service or will have to shut down their business. (Refer to 8.2.14.1)
- c. The proposed increase in tariff for installing Public Charging Stations (PCS) for Electric Vehicles (EV) at petrol bunks will discourage more installations. In order to promote EV to the consumers, the public charging stations should be brought under tariff LT I-A. (Refer to 8.2.14.1)
- d. The proposed addition of 5% extra energy charges for lavish illumination in marriage halls is unreasonable. This hike would result in an added burden on the consumer who is booking the hall. (Refer to 8.2.14.2)
- e. LT Tariff VI: It is submitted that adding Circus under temporary service category will not be proper as they are travelling and make a living through their trade. It is submitted that circuses will also have animals, birds etc. in their premises which will require light to provide security. Levying such a heavy



tariff on them will be detrimental to their welfare and income. It is submitted that the

10. General:(Refer to 7.1.18)

- a. Rural hospitals: The present petition only made a review of existing hospitals but has not mentioned any special tariff category for such infrastructure. It is submitted that There must be a separate tariff category with a lower tariff, for hospitals serving in rural areas. (Refer to 7.1.18.c)
- b. Collection of meter rent for smart meters for LT services will not be reasonable because under the existing model consumers have already paid full price for meter. Consumers would rather continue with their old meters instead of shifting to smart meters. There is no apparent benefit or justification for a consumer to get a smart meter and pay rent for the same. The existing model must be followed. (Refer to 7.1.18.f.3)
- c. Time of Day (TOD) tariffs must be differentiated according to industry/sector and use. For example, it is not reasonable for a hospital under LT V to adhere to time of day tariff as patients may need 24 hour care using various electrical equipment. On the other hand, industries may be more amenable to such measures. In the same light, commercial establishments which require illumination for the period of their business hours cannot expect to adhere to TOD. It is submitted that the commission makes a differential approach in the sectors that can adhere and cannot adhere. The Commission should list out the industries where TOD is applicable.