



**TAMIL NADU
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(Supplement)**

NOTIFICATIONS BY HEADS OF DEPARTMENTS, ETC.

**TAMIL NADU ELECTRICITY REGULATORY COMMISSION
CHENNAI**

TARIFF REGULATIONS

Notification No. TNERC / TR / 5 / 1 dated 19.7.2002

In exercise of the powers conferred on it by section 58 of the Electricity Regulatory Commissions Act, 1998 (Act No.14 of 1998) and all powers enabling it in that behalf, the Tamil Nadu Electricity Regulatory Commission hereby makes the following regulations.

1. Short title, Commencement and object

(1) These Regulations may be called the "TAMIL NADU ELECTRICITY REGULATORY COMMISSION - TARIFF REGULATIONS, 2002."

(2) The object of these Regulations are

(a) to stipulate tariff fixation guidelines.

(b) to establish procedure for tariff approval by the Commission and

(c) to stipulate a periodical information system to enable the Commission to monitor the implementation of its orders in tariff related matters.

(3) These Regulations shall come into force on the date of their publication in the Tamil Nadu Government Gazette.

(4) They extend to the State of Tamil Nadu.

2. Definitions

(1) In these Regulations, unless the context otherwise requires,

'Utility' means licensee or Board or any of its successors.

(2) Words or expressions occurring in these Regulations and not defined herein but defined in the regulations published by the Commission or the Electricity Regulatory Commissions Act 1998 or the Electricity (Supply) Act 1948 or the Indian Electricity Act 1910 shall bear the same meaning respectively assigned to them in those Acts / Regulations.

3. Scope and exclusions

(1) These Regulations shall apply with the provisions of sections 22, 29 and 30 of the Act

(a) in determining the tariff for electricity for wholesale, bulk, grid or retail as the case may be,

(b) in determining the tariff for the use of the transmission facilities and

(c) in regulating power purchase and procurement process by the transmission and distribution utilities including the price at which power shall be purchased from Generating companies, Generating stations or other sources for transmission, sale, distribution and supply in the State.

4. Requirement of approval by Commission for the tariff.

(1) No generating company functioning in the State except the generating companies owned or controlled by the Central Government and the generating companies which have a composite scheme of generation and sale of electricity in more than one State, shall fix any tariff for supply of electricity without the approval of such tariff by the Commission

(2) Neither the Board or any of its successor entities nor any utility shall charge any tariff for transmission (intra-State transmission), distribution and supply of electricity without prior approval of the Commission.

Provided that the existing tariff being charged by generating companies and other utilities shall continue to be charged after the date of effect of these Regulations until revision of tariff by the Commission or for such period as may be specified by a notification, without prejudice to the powers of the Commission, within the scope of section 22 of the Act.

5. Requirement of Commission's approval for sale agreement by generating companies

Any generating company located within the State of Tamil Nadu, except the generating companies owned or controlled by the Central Government and the generating companies which have a composite scheme of generation and sale of electricity in more than one State as specified in clause 4 (1), proposing to enter into any agreement for supply of electricity with any buying party shall get the approval of the Commission for the tariff before entering into such contract.

6. Tariff fixation guidelines

(1) The methodology and procedures for calculating the expected revenue and for determining the tariffs may be provided by the Commission from time to time in accordance with the provisions of Section 29 and Section 30 of the Act.

(2) The tariff allowed in any financial year shall be subject to the adjustment in any tariff to be fixed for subsequent period, if the Commission is satisfied for reasons to be recorded in writing that such adjustments for the excess or shortfall (i.e. in the "Expected revenue amounts" - actually realized vis-a-vis estimated amounts) is necessary and the Commission is further satisfied that such excess or shortfall is not on account of any reason attributable to the Utility/ Board or any of its successor entities. Such excess or shortfall shall be treated as deferred revenue or expense while fixing the tariff.

(3) Without prejudice to the generality of the powers of the Commission in regulating the tariff, the Commission may keep in view, while determining the tariff the factors such as:

(i) the need to link tariff adjustments to increase the productivity of capital employed and improvement in efficiency so as to safeguard the interest of the consumers;

(ii) the need to rationalise tariffs on the basis of the actual cost of generation, transmission, distribution and supply of electricity;

(iii) the unbundling of costs so as to enable rational allocation of costs;

(iv) the need to transparently provide the appropriate incentive in a non discriminatory manner, for a continuous enhancement in the efficiency of generation, transmission, distribution and supply as also upgradation in the levels of service;

(v) the stimulation of competitive conditions where markets do not exist and the progressive introduction of competitive conditions;

(vi) the least cost adoption of environmental standards;

(vii) the provision of a level playing field for all utilities so as to promote the progressive involvement of the private sector in generation, transmission, distribution and supply; and

(viii) the need for healthy growth of the industry.

(4) The Commission shall also regulate charges payable to the State Transmission Utility and other utilities for wheeling of power within the State.

(5) The Commission may approve differential tariffs linked to factors like time of usage of electricity like peak and non peak hours, etc.

7. Procedure to obtain tariff approval

(1) Utilities engaged in generation, transmission, distribution and supply of electricity who require to get their tariff approved or reviewed by the Commission, shall evolve tariff proposals in accordance with the clause 6 of these Regulations.

(2) All petitions for approval of tariff or revision for generation, transmission, distribution and supply shall be made only in accordance with the Tamil Nadu Electricity Regulatory Commission Conduct of Business Regulations.

(3) All petitions for approval of tariff or revision for generation, transmission, distribution and supply shall accompany the fees as prescribed in Tamil Nadu Electricity Regulatory Commission Fees and Fines Regulations.

8. Furnishing of documents to assess the calculations

(1) The Commission shall be entitled to require the Licensee / Board or any of its successor entities to give such other or further information, particulars and documents as the Commission may consider appropriate to enable the Commission to assess the petitioner's calculations.

(2) The licensee / Board or any of its successor entities shall supply all the information, particulars and documents directed to be furnished by the Commission.

(3) (a) The Commission may get the books and records of the utilities concerned, examined by its officers and / or by Consultants at any point of time during the pendency of the petition or otherwise. The report of the officers / Consultants shall be made available to the parties concerned and they shall be given opportunity to offer comments on the reports in the manner as prescribed in the Tamil Nadu Electricity Regulatory Commission Conduct of Business Regulations.

(b) The Commission may order that the books and records of any utility concerned be subject to a cost audit by a duly appointed practicing Cost and Works / Chartered Accountant.

9. Commission's right to include stipulations in approval

The Commission may approve the appropriate tariff with such stipulations as may be considered necessary and as may be specified in the order.

10. Publication of tariff

The licensee / Board or any of its successor entities shall publish the tariff as approved by the Commission, in the manner as may be provided in the order.

The tariff published shall be in force until any amendment / revision to the tariff is approved by the Commission and published.

11. Penalty for tariff charges different from approved tariffs

Any utility found to be charging a tariff different from the one approved by the Commission shall be deemed to have not complied with the directions of the Commission and shall be liable to penalties under section 45 of the Act, without prejudice to any other penalty to which it may be liable under any other Act. Any excess charge of tariff by any utility in any year shall be dealt with as per the directions of the Commission.

12. Procedure for review / revision of tariff

The Commission on its own, or being satisfied that there is need to review the tariff of any utility shall initiate the process of revision in accordance with these Regulations. The proceedings for suo motu review of the tariff shall be the same as set out for petition in Tamil Nadu Electricity Regulatory Commission Conduct of Business Regulations.

13. Periodic returns to monitor implementation

The utilities shall submit returns at regular intervals as may be prescribed, containing operational and cost data to enable the Commission to monitor the implementation of its order and reassess the bases on which tariff was approved.

(By Order of Tamil Nadu Electricity Regulatory Commission)

**R. BALASUBRAMANIAN
SECRETARY**