KERALA STATE ELECTRICITY REGULATORY COMMISSION
Thiruvananthapuram

Petition No.TP-31 of 2007
Tariff Order OF COCHIN PORT TRUST FOR 2008-09

April 4, 2008

Present	: Shri. C.Balakrishnan Chairman Shri C.Abdulla, Member Shri.M.P.Aiyappan, Member
Cochin Port Trust Cochin-682 003	: Petitioner

O R D E R

The Kerala State Electricity Regulatory Commission having scrutinized the Petition on ARR&ERC for 2007-08 filed by Cochin Port Trust vide their letter No.CAD/costing/ARR & ERC-2007-08/2007 dated 10th May 2007 and having heard the views of the petitioner and consumers in the Commission's proceedings on the 26th September 2007 and 25th March 2008 and having considered other documents and materials on record passes the following order in exercise of the powers vested in it under the Electricity Act, 2003 in this behalf.

Sd/- M.P.Aiyappan Member	Sd/- C.Abdulla Member	Sd/- C.Balakrishnan Chairman

Authenticated copy for issue

Sd/-
Secretary-in-charge

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CHAPTER I

INTRODUCTION

1.1 PREAMBLE

Cochin Port Trust is a deemed distribution Licensee under the proviso to Section 14 of Electricity Act 2003, in accordance with the distribution license issued to the Port Trust by H.H. The Maharaja of erstwhile Cochin State for distribution of electricity in the Cochin Port Trust Area and nearby premises. Presently, Cochin Port Trust (CPT) receives power through two 11 kV feeders from the Kerala State Electricity Board (KSEB) to meet its own power requirements and to supply to the consumers within Cochin Port Trust area. Cochin Port Trust has totally 1282 Consumers comprising of 18 HT consumers, 786 domestic LT consumers and 478 non domestic LT consumers during the FY 2006-07.

The Commission had passed an order dated 30th March 2006 on petition No TP-12 filed by Cochin Port Trust in respect of ARR & ERC of the Licensee (Cochin Port Trust) for 2006-07. In that order, the Commission had approved an Annual Aggregate Revenue Requirement of Rs 1360.59 lakh and total Expected Revenue from Charges of Rs 1547.6 lakh for the year 2006-07 leaving a surplus of Rs 187.01 lakh. .

1.2 PROCEDURAL HISTORY

Cochin Port Trust (CPT) filed a petition for ARR and ERC for the financial year 2007-08 on 10th May 2007 which was placed before the Commission after initial scrutiny for the procedural requirements and the petition was admitted and registered as TP .31 of 2007.

Clarifications on the ARR&ERC were sought for vide letter dated 21st May 2007. Reply to the clarifications were received vide letter dated 14th June 2007.

As the next step in processing the petition, the Commission held proceedings for public hearing at Ernakulam on the 26th September, 2007.

CPT filed a tariff petition vide letter No. CAD/Costing/Tariff Petition/2007 dated 28th September 2007. This petition was not in the form prescribed and the prescribed fee was also not remitted along with the petition. CPT was intimated Vide letter dated 24th October 2007about the deficiencies in the tariff petition and the Licensee was directed to comply with the statutory requirements. Then CPT filed the tariff petition along with the required fee vide letter dated 25th February 2008. The abstract of the petition was published in The Hindu and The New Indian Express dailies on 17.03.08inviting public comments on or before 25.03.08.

Public hearing on the tariff proposal was conducted at Wellingdon Island on the 25th March, 2008. The Commission has thus ensured that due process contemplated under the governing Act and Regulations were followed and adequate opportunity was provided at every stage to all the individuals and organizations concerned, to express their views.

In finalizing the tariff order, the Commission has taken into consideration the materials filed by the Licensee, the clarifications furnished by them in the meetings with the Commission and further the views expressed by the Stakeholders during the proceedings held for hearing their objections.

CHAPTER II

ENERGY REQUIREMENT PROJECTIONS

2.1 METHODOLOGY

In assessing the demand and energy requirement for the three year period 2007-08 to 2009-10, the Licensee had estimated that the increase in number of consumers would be very small and hence the increase in sales would be almost the same as that of 2006-07. The total number of consumers in 2006-07 is given as 1282 and sales as 23.65 MU. The figures for 2007-08 to 2009-10 are as follows.

Year	No of consumers	Sales-MU
2006-07	1282	23.65
2007-08	1284	26.82
2008-09	1286 (projected)	26.95
2009-10	1286 (projected)	26.82

2.2 PROJECTIONS BY THE LICENSEE

The energy requirement projections for 2007-08 to 2009-10 including consumption for street lighting are as follows

Lakh units

Sl. No	Category	2007-08	2008-09	2009-10
1	HT	151.26	152.01	152.27
2	LT	71.14	71.49	72.15
3	Domestic	15.28	15.36	16.29
4	Self consumption	30.55	30.70	31.56
5	Street lighting	8.61	8.65	9.62
	GRAND TOTAL	276.84	278.21	281.89

2.3 OBSERVATIONS OF THE COMMISSION

Licensee has taken consumption for street lighting without taking in to consideration the revenue generated from the same. Consumption for street lighting cannot be included as a part of the A&G expenses. The same has to be included as self consumption and revenue added. Thus sales will be as follows.

2007-08 276.84 lakh units.

2008-09 278.21 lakh units

2009-10 281.89 lakh units.

Revenue will also change correspondingly.

CHAPTER III

A T & C LOSSES

3.1 INTRODUCTION

Licensee has recorded a sales figure of 275.45 lakh units for 2006-07 and the purchase from KSEB as 285.06 lakh units and a self generation of 1.05 lakh units resulting in a loss of 3.3%. For the year 2007-08, the sales figure is 276.84 lakh units and purchase from KSEB 286.48 lakh units and self generation 1.05 lakh units, resulting in a loss of 3.3%. Loss for the years 2008-09 and 2009-10 are projected as 3%.

3.2 OBSERVATIONS OF THE COMMISSION

Commission is of the view that loss should be brought down in a phased manner. and hence, Commission does not propose to change the loss figures.

CHAPTER IV

AGGREGATE REVENUE REQUIREMENT

4.1 INTRODUCTION

The ARR& ERC submitted by the Licensee projects a total expenditure of Rs 14.62 crore for 2007-08. The details in comparison with the provisions in respect of various items for the 4 year period from 2006-07are furnished below:

Rs. lakh

Sl No	Particulars	2006-07 (Approved)	2007-08	2008-09	2009-10
1	Power Purchase Cost	848.01	882.72	887.11	891.5
2	Interest & finance charges	132.68	145.88	407.96	407.96
3	Depreciation	43.72	64.14	154	154
4	Employee cost	173.72	206.44	195.12	196.09
5	Repair & Maintenance Cost	74.23	48.83	43.87	44.08
6	A&G Expenses	88.23	114.44	114.89	115.81
7	Total	1360.59	1462.45	1802.95	1809.44

4.2 PURCHASE OF POWER

4.2.1 The total cost for power purchase from KSEB for the three years by the Licensee are as follows.

Year	UNITS-MU	Fixed charges Rs lakh	Variable Charges Rs lakh	Electricity Duty-Rs lakh	Total Rs lakh
2007-08	28.543	195.25	594.88	92.59	882.72
2008-09	28.68	196.23	597.84	93.05	887.11
2009-10	28.88	197.20	600.80	93.51	891.50

Electricity Duty cannot be included as part of the expenditure. Section (3) Duty cannot be passed on to the consumers. Section 4 duty is collected from consumers and remitted to Govt. Hence this does not come under ARR. Also the revised tariff for purchase of power from KSEB is applicable from 1st December 2007 only. Further the Licensee will switch over to 110 KV supply from April 2009 and then onwards 110 KV tariff will be applicable for purchase of power from KSEB. Hence the revised cost for power purchase excluding electricity duty will be as follows.

Year	UNITS-MU	Fixed charges Rs lakh	Energy Charges Rs lakh	Total Rs lakh
2007-08	28.543	199.07	679.96	879.03
2008-09	28.68	196.23	817.38	1013.61
2009-10	28.88	189.46	794.20	983.66

4.3 INTEREST AND FINANCE CHARGES

4.3.1 The ARR has projected a total amount of Rs 145.88 lakh for 2007-08, Rs 407.96 lakh for 2008-09 and Rs 407.96 lakh for 2009-10 towards interest and finance charges.

4.3.2 OBSERVATIONS OF THE COMMISSION

Commission points out that the surplus from the electricity distribution activity of the Licensee should be used to reduce the debt burden and bring down the interest amount also. The Licensee expressed that the total loan received from Govt. of India is as high as Rs 500 Crore and hence the issue of restructuring of the loan is not easy as other financial institutions may not come forward to give loans at cheaper rates in view of the poor overall performance of the Port Trust which was established long ago when mechanization was low and manual labour content was very high. Commission during the discussions with the Licensee expressed that loans from REC and PFC are available at cheaper rates and Licensee should come out of the loan from Govt of India at least for the Electricity Distribution business which is a minor portfolio compared with the main activity of the CPT. However no change in the charges are proposed.

4.4 DEPRECIATION

4.4.1 Allocation for depreciation approved for 2006-07 and that projected by the Licensee for the year 2007-08, 2008-09 and 2009-10 are as follows.

	Approved for 2006-07-Rs lakh	2007-08 Rs lakh	2008-09 Rs lakh	2009-10 Rs lakh
Generating Plant	17.69	35.50	35.50	35.50
Sub stations	14.44	14.89	104.75	104.75
11 kv works	9.41	10.53	10.53	10.53
LT lines	0.71	1.79	1.79	1.79
Metering equipment	0.2	0.30	0.30	0.30
Misc equipment	0.99	0.89	0.89	0.89
Others	0.28	0.25	0.25	0.25
Total	43.72	64.14	154	154

4.4.2 OBSERVATIONS OF THE COMMISSION

During the discussions with the Licensee the utilization of D.G sets was takenup in detail. The Licensee agreed that all the sets are not available throughout the year as certain units will be on routine annual maintenance in addition to breakdown maintenances. Further only the smaller sets can be put to service without much delay. Larger sets will take considerable time to feed power into the network. Thus whenever KSEB supply fails, only the smaller sets will be available without much time delay for meeting the demand. This will require isolation of essential loads of Port Trust from other loads. Thus it can be concluded that power from D.G sets is mainly used for the Port Trust's own consumption. Also, consumers like Luxury hotels have their own standby D.G sets. Thus the capacity sharing of the D.G sets between Licensee's own consumption and for others cannot go beyond the ratio of 1:1. Therefore only 50% of the depreciation can be allowed to be debited to the distribution account. Further the new 110kV Substation in expected to be commissioned only by the end of 2008. Hence depreciation for the new Substation cannot be included in the year 2008-09.

	2007-08 Rs lakh	2008-09 Rs lakh	2009-10 Rs lakh
Generating Plant	17.69	17.69	17.69
Sub stations	14.89	14.89	89.85
11 kv works	10.53	10.53	10.53
LT lines	1.79	1.79	1.79
Metering equipment	0.30	0.30	0.30
Misc. equipment	0.89	0.89	0.89
Others	0.25	0.25	0.25
Total	46.34	46.34	121.3

4.5 EMPLOYEE COST

4.5.1 The ARR submitted by the Licensee projects an amount of Rs 206.44 lakh towards employee cost during 2007-08, Rs 195.12 lakh for 2008-09 and Rs 196.09 lakh for 2009-10. Approved cost for 2006-07 was Rs 173.72lakh.

It is noted that sixty technical personel, eleven non-technical personnel and three Assistant Engineers are utilized for managing the business.

4.5.2 OBSERVATIONS OF THE COMMISSION

Commission is of the opinion that the figures are very much on the higher side. Licensee stated that most of the staff were recruited during early periods when mechanization was very low and hence there is no scope for deploying the staff for other works and also that their salaries have reached the maximum of the pay scale. Commission pointed out that VRS can be offered. Licensee further clarified that wage revision for employees was due from 1st January 2007. Commission is of the view that the cost should be reduced gradually to 50% of the present level by 2011-12. hence 10% cut for 2008-09 and 20% cut for 2009-10 is proposed to be acieved. The revised figures will be:-

2007-08 Rs 206.44 lakh

2008-09 Rs 175.62 lakh

2009-10 Rs 156.87 lakh

4.6 REPAIR AND MAINTENANCE CHARGES

4.6.1 The approved amount for 2006-07 was Rs 74.23 lakh. The projected figures for subsequent three years are as follows.

2007-08	*Rs 48.83 lakh*
2008-09	*Rs 43.87 lakh*
2009-10	*Rs 44.08 lakh*

4.6.2 OBSERVATIONS OF THE COMMISSION

Major portion of the R&M charges are attributed to the Generating Plant. As already explained under 4.4.2, only 50% of the cost for the generating Plant can be allocated to distribution business. Hence in the case of R&M charges also, only 50% of the charges for Generating plant can be debited to distribution business. The revised figures for R&M will be as follows.

2007-08	*Rs 34.83 lakh*
2008-09	*Rs 29.66 lakh*
2009-10	*Rs 29.80 lakh*

4.7 ADMINISTRATION & GENERAL EXPENSES

4.7.1 The allocation for A&G expenses for the year 2006-07 is already approved and those projected for three years from 2007-08,is as follows

2006-07	*Rs 88.23 lakh*
2007-08	*Rs 114.44 lakh*
2008-09	*Rs 114.89 lakh*
2009-10	*Rs 115.81 lakh*

4.7.2 The A&G expenses consist of rent, taxes, insurance, legal charges, audit fees, and other charges such as travel expenses, freight, purchase related expenses, *etc.*

4.7.3 OBSERVATIONS OF THE COMMISSION

4.7.4 Commission has noted that the provision for security arrangements is very high. During the discussion with the licensee, it was stated that para-military forces are used as security personal and guarding of all transformer points is a statutory requirement and hence the high cost. Commission is of the opinion that Licensee should review the deployment of security and minimise the use of high cost methods and find out cheaper solutions such as fencing etc.

4.8 STATUTORY SURPLUS/RETURN ON EQUITY

4.8.1 Licensee has not claimed any amount under this head.

4.8.2 OBSERVATIONS OF THE COMMISSION

As the assets have been mobilized with loans from Govt of India , there is no equity contribution for the business. Licensee has claimed interest on all loans and hence ROE cannot be claimed.

4.9 OVERALL POSITION REGARDING AGGREGATE REVENUE REQUIREMENT FOR 2007-08 to 2009-10

Based on the above deliberations, the overall position regarding the Aggregate Revenue Requirement would be as below:

Rs.lakh

Item	2007-08	2008-09	2009-10
ROE	**-**	**-**	**-**
Power purchase	879.03	1013.61	983.66
Interest charges	145.88	407.96	407.96
Depreciation	46.34	46.34	121.3
Employee Cost	206.44	175.62	156.87
Repair & Maintenance	34.83	29.66	29.80
Administration & General	114.44	114.89	115.81
ARR	**1426.96**	**1788.08**	**1815.70**

CHAPTER V

REVENUE RECEIPTS

5.1 REVENUE FROM TARIFF INCOME

As already discussed under section 2.3 above, Licensee has not taken revenue from street lighting consumption. The average revenue from self-consumption is Rs 3.80 per unit. Assuming the same rate, revised figures for revenue as per the tariff in force before 1.4.2008 will be as follows.

2007-08 Rs 1675.78 lakh
2008-09 Rs 1684.12 lakh
2009-10 Rs 1691.99 lakh

5.2 REVENUE FROM NON-TARIFF INCOME

The revenue from Non-Tariff income has been projected as follows.

2007-08 Rs 1.48 lakh

2008-09 Rs 1.48 lakh

2009-10 Rs 1.49 lakh

5.3 EXPECTED REVENUE FROM CHARGES

Based on the above discussion, the Commission would place the expected revenue from charges as follows

Rs.Lakh

Year	Revenue from tariff	non-tariff income	Total
2007-08	1675.78	1.48	1677.26
2008-09	1684.12	1.48	1685.60
2009-10	1691.99	1.49	1693.48

CHAPTER VI

REVENUE STATUS

6.1 REVENUE GAP

Based on the above analysis and revisions, the gap between ARR&ERC is as follows.

Year	ARR	ERC	Surplus(+)/Deficit(-)
2007-08	1426.96	1677.26	+ 250.30
2008-09	1788.08	1685.60	-102.48
2009-10	1815.70	1693.48	-122.22

The surplus amount of Rs.250.30 lakh shall be utilized for the construction of 110 kV substation. As per the above, there will be revenue gap of Rs.102.48 lakhs and Rs.122.22 lakhs during 2008-09, 2009-10. The Commission proposes a revision of Tariff for 2008-09 so as to make up the revenue gap.

CHAPTER VII

COMMISSION'S DIRECTIVES

1) On finalization of accounts for 2007-08, Licence shall remit the actual audited accounts.

2) Licensee shall deploy excess tariff to other activities to the extent possible

3) Licensee should introduce Ring main system with SCADA for 11 kV.

4) Licensee shall intimate the date of commissioning of the 110 kV Substation.

CHAPTER VIII

TARIFF ORDER

8.1 BRIEF HISTORY

Cochin Port Trust vide letter CAD/Costing/Elec. Tariff revision proposal/2008 dated 25-02-2008 has filed tariff revision petition. Commission admitted the proposal of Cochin Port Trust vide its proceedings No KSERC/II/TP-52/2008 dated 27-2-2008 in its meeting held on 28-12-2007 and directed Cochin Port Trust to publish the same as provided in the KSERC (Tariff) Regulation, 2003, vide letter dated 4th March, 2008. Cochin Port Trust published the details in two English dailies for inviting comments from the Public.

8.2 SALIENT FEATURES OF THE COCHIN PORT TRUST TARIFF PETITION

A summary of the tariff revision petition submitted by the Cochin Port Trust is as follows:

1. LT-I Domestic

Particulars	Existing Tariff-Rs	Proposed Tariff Rs.
Domestic Consumers		
(a) Class I & II Port Employees staying in Port Quarter		
(i) Energy charges per unit	1.70	2.00
(ii) Tariff minimum payable per month	40.00	40.00
(b) Class III & IV Port Employees staying in Port Quarter		
(i) Energy Charges per unit		
Upto 100 Units	Free	Free
Above 100 “	2.80	3.00
(ii) Tariff minimum payable per month	40.00	40.00

(c) Employees of Central /State Govt./Public Sector Undertaking / Kendriya Vidyalaya Residing in Port Quarters		
(i) Energy charges per unit		
Upto 40 KWh		1.15
41 to 80 KWh		1.90
81 to 120 KWh		2.40
121 to 150 KWh	3.00	3.00
151 to 200 KWh	3.65	3.65
201 to 300 KWh	4.30	4.30
301 to 500 KWh	5.30	5.30
501 and above	5.45	5.45
(ii) Minimum charges payable per consumer per month	40.0	40.00
<u>LT-II. Colony supply</u> (Railways / Customs / Lakshwadeep / Kendriya Vidyalaya Port Trust School)		
Supply at a Single point is given at LT by Port for domestic use in staff quarters, street lighting & pumping water for domestic use		
(i) Fixed charges per month	Nil	2000
(ii) Energy charges per KWh	4.7	5.65

2. <u>Port Canteens operated by authorised Contractors</u>

	Existing Tariff-Rs	Proposed Tariff Rs.
(i) **Port Workshop Canteen**	Nil	Free
(ii) **Port Hospital Canteen**		
Upto 750 units	Nil	Free
Above 750 "	3.5	4.60
(iii) **Wharf canteens**		
Upto 500 Units	Nil	Free
Above 500 "	3.5	4.60

(iv) **All other Canteen**		
Upto 300 Units Above 300 "	Nil 3.5	Free 4.60

3. LT –VII(A)

	Existing Tariff-Rs	**Proposed Tariff Rs**
(i) Fixed charges per KW or part thereof per month		
Single Phase	50.00	50.00
Three phase	100.00	100.00
Energy charges per KWh	**Existing Tariff-Rs**	**Proposed Tariff Rs**
Upto 100 KWh	6.00	5.45
Upto 200 KWh	7.7	6.05
Upto 300 KWh	8.00	6.75
Upto 500 KWh	8.25	7.30
Above 500 KWh		8.25

4. Other LT consumers

	Existing Tariff-Rs	**Proposed Tariff Rs**
LT-VII(A) Govt. or aided Private Educational Institutions, Govt. Hospitals, premises of religious worship		
Fixed charges per KW or part thereof per month	40.00	40.00
Energy charges		
Upto 500 KWh	3.85	3.85
Above 500 KWh	5.20	5.20

LT I(b) <u>Merchant Navy Club</u>		
(a) Swimming Pool		
Energy charges per KWh	5.00	5.70
Fixed charges per month	1990	2000
(b) Seamen's Hostel & Club	**Existing Tariff-Rs**	**Proposed Tariff Rs**
Energy charges per KWh	3.5	4.60
LT-V Industry (Grinding / flour & rice mills)		
(i) Fixed charges per KW or part thereof per month	No category	45.00
(ii) Energy charges per KWh		3.25
(iv) <u>Tariff for electricity supply to Transit /Overflow Sheds, Warehouses etc.</u>		
Energy charges per KWh	25 to 315	3.85

5. <u>HT –IV Commercial</u>

	Existing Tariff-Rs	**Proposed Tariff Rs**
(i) Demand charges per KVA of **billing** demand per month	350.00	350.00
(ii) Energy charges (per KWh)	3.20	3.70

8.3 PUBLIC HEARING

The Commission conducted Public hearing at The Cochin Custom House Agents Association Conference Hall, Willington Island, Kochi on 25-03-08. Annexure I gives the list of persons who attended the public hearing. During the Public Hearing, Sri K.G.Nath, FA &CAO, Cochin Port Trust, presented the salient features of Tariff petition.

8.4 Response From Stake Holders

In response to the notification issued in the press on 17th January, 2008 inviting objections / suggestions etc from the general public and consumers, in respect of the tariff petition of Cochin Port Trust a total of 4 written objections were received.

8.4.1 PROPOSAL FOR DOMESTIC TARIFF IS DISCRIMINATORY.

It was pointed out by many consumers that domestic consumers are categorized under Class I & II the Port Employees Staying in the Port Quarters , Class III & IV Port Employees staying in the Port Quarters and Employees of Central/ State Government/ Public Sector Undertaking/ Kendriya Vidyalaya residing in Port quarters with rates varying from 115 Ps/ Unit to 545 Ps/Unit and free for consumption up to 100 units for Class III and IV staying in the Port Quarters and this is discriminatory as the consumption is for the same purpose. Further some domestic consumers are taking up the burden of the cross subsidy of providing free supply to some other consumer category by paying higher charges of 545 Ps/Unit as pointed out by many consumers. They requested that this discrimination is to be avoided by ordering uniform tariff for all consumers under domestic category.

Response of Cochin Port Trust

Cochin Port Trust pointed out that free and subsidized tariff is provided to the employees of the Port Trust by the Port Trust and the reduction in revenue because of the subsidized tariff is compensated by the Port Trust and adjusted in the Revenue Account.

8.4.2 FREQUENT VOLTAGE FLUCTUATIONS

It was pointed out by some of the consumers that there are frequent voltage fluctuations in the summer months in the Licensees area of operation.

Response of Cochin Port Trust

Cochin Port Trust pointed out that they are very proactive to consumers' complaints and voltage fluctuations are due to overloading of the system. They are proposing to construct a 110 kV substation at a total cost of Rs 23 crore. Once the sub station is commissioned most of the technical problems including voltage fluctuation shall be solved.

8.4.3 TWO PART TARIFF ONLY FOR PRIVATE LT CONSUMERS

It was pointed out by consumers that in the tariff proposal of Cochin Port Trust, private LT consumers (Commercial) are having fixed charges whereas Port Canteens are having single part tariff only with energy charges.

Response of Cochin Port Trust

Cochin Port Trust pointed out that any reduction in tariff for Port Canteens by way of reduction in fixed charges or energy charges shall be compensated by Cochin Port Trust and hence will not affect tariff of other consumer categories. The increase in Tariff became necessary because of the increase in Bulk Supply Tariff of KSEB.

8.4.4 If the Consumption of LT Commercial consumers exceeds a particular block (Slab), the entire consumption shall be charged under the next block

Cochin Port Lease Holders Association pointed out that this new condition is introduced by the Licensee on the plea of rationalization. The truth of the matter is that the licensee is now being compelled to bring its rates on par with KSEB. This exercise can hardly be termed as rationalization. So it was requested by the consumers that the old system of charging rates according to slabs, with the final slab rate being applicable to consumption over certain limit be maintained. It was pointed out that the consumers feel that it is unfair to charge every unit consumed at the highest rate just because the total consumption exceeds slab limits prescribed.

Response of Cochin Port Trust

Cochin Port Trust stated that this change was proposed to bring parity in tariff rates with those consumers in the neighbouring areas under KSEB's distribution system.

8.5 DECISION OF THE COMMISSION

The Commission has considered the tariff petition and the objections filed by various stakeholders. Many objectors have pointed out that the reduced rates for domestic category for employees of the port is discriminatory and should be made equal for all domestic consumers. Commission finds that the subsidy under Section 65 of the Electricity Act, 2003 is applicable only if the State Government requires the grant of any subsidy to any consumer or class of consumers. If Cochin Port Trust wants to give concession in tariff to their employees they can give it directly and not through the tariff. Hence the Commission rationalized the domestic tariff proposed by Cochin Port Trust with same rates for all consumers under domestic category. Further, there is considerable cross subsidy existing at present, especially in LT commercial category, which has to be brought down in a phased manner. However, it is also difficult to enhance tariff instantly, which has to be carried out only in stages. The Tariff policy has necessary directions for deciding the tariff in the longer horizon ie., by 2011. The Commission is of the view that stipulation has to be followed as a benchmark for arriving at a tariff in the stipulated period, at the same time minor deviations are required considering the practical implications.

In the present order the Commission has weighed the factors such as balancing among different category of consumers, minimum tariff increase for majority of the consumers, reduction in cross subsidy among the highly skewed category of consumers etc. This is apparent in the case of LT and HT commercial category and the Commission wishes to bring down the disparity between HT and LT commercial rates.

Hence Commission seeks to reduce the tariff for LT Commercial and to enhance tariff for HT category.

Based on the above, the Commission estimates that the changes in tariff would result in increase in revenue of Rs. 96.0 Lakh in 08-09 and Rs.115.63 Lakh in 09-10. The gap will thus be Rs.6.48 Lakh for 2008-09 and Rs.7.6 Lakh for 2009-10 and may be treated as regulatory asset. The Licensee shall submit the actual accounts for truing up.

The detailed schedule of terms and conditions of tariff for Retail supply to be effective from 1-04-2008 is given as schedule. The Commission directs that the schedule of terms and conditions shall be published by Cochin Port Trust as provided under Section 45(2) (b) of the Electricity Act 2003.

SCHEDULE OF TARIFF AND TERMS AND CONDITIONSFOR RETAIL SUPPLY BY COCHIN PORT TRUST WITH EFFECT FROM 01-04-2008

Unless the context otherwise requires words and expressions used in this schedule and defined in the Electricity Act, 2003 or the Regulations specified by the Kerala State Electricity Regulatory Commission and the Terms and Conditions of Supply approved by the Commission shall have the meaning respectively assigned to them in the Acts or Regulations mentioned above.

The tariff mentioned in this schedule shall apply to Consumers to whom the Cochin Port Trust has undertaken or undertakes to supply electricity not withstanding anything to the contrary contained in any agreement entered into with any consumer earlier by Cochin Port Trust/Government or any of the Tariff Regulations or rules and/or orders previously issued.

The rates specified in this schedule are exclusive of Electricity Duty and/or surcharge and/or any other cesses, taxes, minimum fees, duties and other impositions existing or that may be levied or imposed in future by the Government or the Commission, which are payable in addition to the charges as per the tariff mentioned in this Schedule.

PART A - HT TARIFF

General conditions for HT tariff

1. For the purpose of conversion from kVA to kW or vice versa, an average power factor of 0.9 shall be taken.
2. Billing demand shall be the recorded maximum demand for the month in kVA or 75% of the Contract demand (as per the agreement) whichever is higher.
3. When the actual maximum demand in a month exceeds the Contract demand as per the agreement the excess demand shall be charged at a rate of 150 percent of the demand charges applicable.
4. Power factor incentives/penalties as per Annexure B shall be applicable to HT consumers.

HT Tariff

This tariff shall be applicable to all High Tension consumers to whom Cochin Port Trust has undertaken or undertakes to supply energy. The expression High Tension (HT) consumer means a consumer who is supplied with electrical energy at a voltage of either 33,000 Volts, 22,000 Volts or 11,000 Volts under normal conditions, subject however to the percentage variation indicated in the agreement with Cochin Port Trust or allowed under the Kerala Electricity Supply Code, 2005 specified by the Kerala State Electricity Regulatory Commission.

HIGH TENSION (HT)

Normal Rates	
Demand Charges (Rs./kVA of Billing Demand/Month)	350
Energy Charge (Paise/kWh)	370

PART B - LOW TENSION (LT) TARIFF

The expression 'Low Tension Consumer' (LT) means a consumer who is supplied with electrical energy at low or medium voltage by Cochin Port Trust. The voltages however being subject to percentage variations allowed under Kerala Electricity Supply Code, 2005.

General Conditions

1. The tariff minimum payable by all LT consumers other than LT-I shall be the fixed charge of respective category.
2. All LT Industrial consumers are required to install static capacitors approved by ISI for power factor improvement, for their inductive load as recommended in the Annexure C attached and obtain the permission of the Licensee.
3. LT Industrial consumers who have not installed ISI approved capacitors of recommended value, the rate applicable shall be higher by 20% (both on fixed and energy charges).
4. For welding sets without ISI approved capacitors of recommended value the fixed charge and energy charge shall be higher by 30%.
5. In the event of static capacitor becoming faulty or unserviceable the consumer shall forthwith intimate the matter to the concerned Officer of Cochin Port Trust and the consumer shall make immediate arrangements for repair.
6. If the capacitor is not put back into service duly repaired and to the satisfaction of the licensee within one month, enhanced charges as per item 3 or 4 above shall be payable for the whole period during which the capacitor was faulty.
7. Consumers (other than LT-III Industrial) who have segregated their power loads may install ISI approved static capacitors for power factor improvement as recommended in the Annexure C to this Schedule and obtain approval of the licensee. In such cases they shall be eligible for a rebate of 5% on the energy charges only. The rebate shall be allowed for consumption from the billing month succeeding the month in which the approval has been obtained.

LOW TENSION – I (LT- I)

(a) The tariff applicable to supply of electrical energy for Domestic use (single phase/ three phase).

Slab	Energy charges (Paise/kWh)
Up to 40 kWh	115
41 to 80 kWh	190
81 to 120 kWh	240
121 to 150 kWh	300
151 to 200 kWh	365
201 to 300 kWh	430
301 to 500 kWh	530
501 and above	545

The tariff minimum charges payable per consumer per month is Rs 40 other than during the period of disconnection

LOW TENSION – II (LT- II) COLONIES

Tariff applicable to colonies of Railways, Customs, Lekshadeep and Kendriya Vidyalaya. Supply at single point is given at LT by Port for domestic use in staff quarters, street lighting and pumping water for domestic use

LT - II Colonies	
Fixed Charge (Rs./Month)	2000
Energy Charge (Paise/kWh)	565

Note: In Special cases where supply is given at more than one point each supply point shall be considered as separate consumer for the purpose of billing.

LOW TENSION – III (LT- III) – INDUSTRY

Tariff applicable for Grinding mills, flour mills, rice mills etc.

LT - III Industrial	
Fixed Charge Rs. per kW or part thereof per Month	45
Energy Charge (Paise/kWh)	325

LOW TENSION –IV (LT- IV) NON-DOMESTIC

LT IV (a)

Tariff applicable to Swimming Pool of Merchant Navy Club

LT - IV(a) Non-Domestic	
Fixed Charge Rs. per Month	2000
Energy Charge (Paise/kWh)	570

LT IV (b)

For Seamen's Hostel and Merchant Navy Club

LT - IV (b) Non-Domestic	
Energy Charge (Paise/kWh)	460

LT IV (c)

Tariff applicable to educational institutions, hospitals/clinics/dispensaries, premises of religious worship and Port canteens operated by authorized contractors

LT - IV (c)	
Fixed Charge Rs. per kW or part thereof per Month	40
Energy Charge (Paise/kWh)	Up to 500 kWh - 385 Above 500 kWh 520

LOW TENSION –V (LT- V) COMMERCIAL

LT V

All commercial establishments

LT - V Commercial	
Fixed Charge Rs. per kW or part thereof per Month	Single Phase – 50 Three Phase – 100
Energy Charge (Paise/kWh)	Up to 100 kWh - 545 Upto 200 kWh 605 Upto 300 kWh 675 Upto 500 kWh 730 Above 500 kWh 805

Note:-

If the consumption of consumers under LT V Commercial exceeds a particular block, the entire consumption shall be charged under the next block. For example if the consumption exceeds 100 units but does not exceed 200 units, the entire consumption is chargeable at the rates applicable to 200 units block

Authenticated copy for issue

Sd/-

Secretary (in charge)

Annexure - A

Differential Pricing Method

Billing will be the highest of the following

Recorded Maximum Demand between

Normal Time (6.00 hrs – 18 hrs) Or Peak Time (18 hrs- 22 hrs) Or 75% of the Contract Demand

1. Demand Charge = Normal Demand Charge + Time of use charge - Incentive

(a) Normal Demand Charge = Billing Demand x Ruling Demand Charge/kVA

(b) Time of use Charge = Demand during peak time in excess of 60% of Demand during normal time x Ruling Demand Charge/ kVA x 0.8 x 4/24

(c) Incentive = Demand during off peak time in excess of 60% of of the Demand during normal time (up to 120% of the Contract Demand) x Ruling Demand Charge/kVA x 0.25 x 8/24.

2. Excess Demand Charge = Excess Billing Demand x Demand charge/kVA x 0.5

(only if the recorded Maximum Demand during normal/peak time exceeds the contract demand)

3. The recorded Maximum Demand during Off peak hours in excess of 120% of the Contract Demand shall be charged only at the ruling tariff.

Note:- This will be applicable only when the recorded maximum demand during off peak hours exceeds billing demand. Normal ruling tariff only shall be charged for recorded maximum demand in excess of billing demand.

4. Energy Charge = Normal energy charge + Time of use charge - Incentive.

(a) Normal Energy Charge = (Normal Consumption + Peak Consumption+ Off peak consumption) x ruling energy charges/unit.

(b) Time of use charge (Only if the consumption during peak period exceeds 10% of energy consumption during the month) = (Peak consumption – 10% of the energy consumption during the month) X Ruling energy charge/unit X 0.80

(c) Incentive (Only if the consumption during Off-peak period exceeds 27.5% of energy consumption during the month) = (Off peak consumption – 27.5% of the total consumption) x ruling energy charges/Unit x 0.35

5. Total Monthly Charges = **(1) +(2) + (3) + (4).**

6. In respect of HT consumers having only one shift during day time and if they shift the working time to off peak time, they will not be eligible for incentive

7. (a) The ruling Demand Charge is the normal ruling rate applicable to Billing Demand.

(b) The ruling energy charge is the normal ruling rate applicable to energy

Annexure - B

Power factor incentive and penalty

The following incentive and penalty shall be applicable to HT and EHT consumers for power factor improvement

Power factor range	Incentive
Power factor between 0.9 to 1.00	0.15% of energy charges for each 0.01 unit increase in power factor from 0.9
Power factor range	**Penalty**
Power factor below 0.90	1% energy charge for every 0.01 fall in power factor from 0.90

ANNEXURE – C

Recommended values of Static capacitor in kVAR for power factor improvements

A. Induction Motors (LT)

Sl.No.	Total Motor Rating (HP)	KVAR rating of capacitors insisted	Sl.No.	Total Motor Rating (HP)	KVAR rating of capacitors insisted
1	Upto 3	1	8	Above 25 upto 30	10
2	Above 3 upto 5	2	9	Above 30 upto 40	12
3	Above 5 upto 7.5	3	10	Above 40 upto 50	14
4	Above 7.5 upto 10	4	11	Above 50 upto 60	18
5	Above 10 upto 15	5	12	Above 60 upto 80	22
6	Above 15 upto 20	6	13	Above 80 upto 100	25
7	Above 20 upto 25	7.5	14	Above 100 upto 130	35

B. WELDING TRANSFORMERS (LT)

Sl.No.	Rating of welding trans-formers in KVA	KVAR rating of capacitors insisted	Sl.No.	Rating of welding trans-formers in KVA	KVAR rating of capacitors insisted
1	1	1	16	16	12
2	2	2	17	17	13
3	3	2	18	18	13
4	4	3	19	19	14
5	5	4	20	20	15
6	6	4	21	Above 20 upto 22	16
7	7	5	22	Above 22 upto 24	17.5
8	8	6	23	Above 24 upto 26	18
9	9	7.5	24	Above 26 upto 28	20
10	10	7.5	25	Above 28 upto 30	21
11	11	8	26	Above 30 upto 35	24
12	12	9	27	Above 35 upto 40	27.5
13	13	10	28	Above 40 upto 45	32.5
14	14	10	29	Above 45 upto 50	35
15	15	11			