



The Bihar Gazette

EXTRA ORDINARY

PUBLISHED BY AUTHORITY

26 Asadha 1940(S)
(NO.PATNA 659) PATNA, TUESDAY, 17TH JULY 2018

BIHAR ELECTRICITY REGULATORY COMMISSION, PATNA

**FIXATION OF CHARGES FOR SUPPLY OF ELECTRICITY
BY DISTRIBUTION LICENSEE**

NOTIFICATION

The 13th July, 2018

No. BERC-SMP-4/2018-07— In exercise of the powers conferred under section 181(2)(u) read with section 45 of the Electricity Act 2003 (36 of 2003) and all other powers enabling it in this behalf, the Bihar Electricity Regulatory Commission hereby makes the following Regulations providing for fixation of charges for supply of electricity by the distribution licensees:-

1. Short title, extent and commencement

- 1.1 These Regulations shall be called the Bihar Electricity Regulatory Commission **(Fixation of Charges for Supply of Electricity by Distribution Licensee) Regulations 2018.**
- 1.2 These Regulations shall apply to all distribution licensees including deemed licensees and all consumers within the State of Bihar.
- 1.3 These Regulations shall come into force from the date of their publication in the Official Gazette.

2. Definitions

2.1 In these Regulations, unless the context or subject matter otherwise requires:

- (a) "Act" means the Electricity Act, 2003 (36 of 2003);
- (b) "Authorised load" means connected or contracted load in kW, kVA or HP, as the case may be, duly sanctioned by the licensee to any consumer for the purpose of electric connection to that consumer's premises;
- (c) "Commission" means the Bihar Electricity Regulatory Commission;
- (d) "Consumer" means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under the Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be;

"Low Tension Consumer" if he obtains supply from the licensee at low voltage;

"High Tension Consumer" if he obtains supply from the licensee at high voltage;

"Extra High Tension Consumer" if he obtains supply from the licensee at extra high voltage;

- (e) "Connected Load" means aggregate of the manufacturer's rating of all energy consuming devices in kW or kVA or HP as the case may be, in the consumer's premises, which can be simultaneously used;
- (f) "Contract Demand" means the maximum load in kW, kVA or HP, as the case may be, agreed to be supplied by the licensee and contracted by the consumer and mentioned in the agreement.
- (g) "Distribution Licensee" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;

2.2 Words and expressions used and not defined in these regulations but defined in the Act shall have the meanings as assigned to them in the Act.

3. General Principles for fixation of charges

- 3.1 The commission shall endeavour to ensure that the charges recoverable from different consumer categories for supply of electricity as well as service to such consumers reflect the prudent and efficient cost of supply incurred by the distribution licensee towards efficiently providing service and supply to each consumer category to the extent possible.

Provided that the aggregate technical and commercial losses reasonably incurred by the distribution licensee shall also be taken into consideration while computing the cost incurred in the distribution process.

- 3.2 The Commission shall also endeavour to ensure that the charges recoverable from different consumer categories should be within $\pm 20\%$ of the cost of supply and such cross-subsidy shall progressively reduce. The distribution licensee shall submit a road-map in such a way that the cross-subsidy, from the present level is progressively reduced and charges recoverable from different consumer categories should reflect category wise cost of supply at the end of next control period i.e. FY 2021-22.

4. Categorization of Consumers

- 4.1 The categorization of consumers, and terms and conditions of supply, applicable to each category of consumers, shall be as fixed by the Commission from time to time in the tariff order or otherwise.
- 4.2 The categorization of consumers shall broadly be on the basis of the purpose for which the supply is required. However, each category may further be sub-categorized based on but not limited to voltage or geographical location or consumption of electricity.

5. Tariff Charges

- 5.1 The charges to be recovered from different consumer categories shall comprise but not limited to the following:
- i) **Fixed or Demand Charges:** A fixed or demand charges shall be recoverable by the distribution licensee to recover the expenses incurred on up gradation and up keeping of the fixed network which shall be linked to the contract demand in case of demand based

tariff; the connected/sanctioned load in case of connected/sanctioned load based tariff;

Provided that the licensee shall be entitled to recover fixed charges in full only if supply of power is maintained as per scheduled supply hours as approved by the Commission in tariff order from time to time unless the Commission orders regulation of supply under Section 23 of the Act. For this purpose the supply hours shall be reckoned at 33/11 KV substation.

Provided further that the scheduled duration of shutdown, if any, duly notified in advance shall be excluded while computing scheduled supply hours.

Provided also that consumers who have been charged with any offence under the Electricity Act warranting disconnection shall not be entitled to such benefits.

- ii) **Energy Charges:** Energy charges, in addition to the fixed charges, shall be recoverable by the distribution licensee to recover the expenses incurred towards purchase of electricity supplied to the consumer.
- iii) **Rentals:** Rentals shall be recoverable by the distribution licensee to recover the expenses incurred in providing electrical meter or plant for supply of electricity to the consumer.

Provided that if the electrical meter or plant is purchased and supplied by consumer, the distribution licensee shall not charge rental from such consumer.

- iv) **Miscellaneous Charges:** The Distribution licensee is authorised to recover miscellaneous charges which are incidental to the distribution business and retail supply of electricity and shall include but not limited to the following:

- a) Application fee towards new service connection, mutation of names, change of tariff category, reduction/enhancement of load, meter shifting at consumer's request, etc;
- b) Inspection fee towards inspection of installation at consumer's request;

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- c) Meter testing fee towards testing of meter accuracy at consumer's request;
 - d) Meter removal/re-fixing fee towards removal or re-fixing of meter at consumer's request;
 - e) Reconnection/Disconnection fee towards temporary/permanent disconnection or reconnection of supply at consumer's request;
 - f) Supervision Charges towards supervision of works by licensee being undertaken by consumer;
 - g) Connection Charges involving supervision, labour and establishment for new connection;
- v) Surcharge and Rebate:** The distribution licensee may levy surcharge from the consumers for availing power on lower voltage than the specified voltage, maintaining low power factor, poor load factor, delay in payment of bill, etc. Similarly, the distribution licensee may provide rebate to the consumers for availing power on higher voltage than the specified voltage, maintaining high power factor, high load factor, adopting energy conservation measures, etc.
- vi) Penal Charges for Excess Demand:** If maximum demand recorded in any month exceeds the prescribed limit fixed by the Commission in the Tariff order, penal charges may be levied at the rate determined by the Commission in its tariff order.
- 6. Method for determination of various charges**
- 6.1 The Commission, while determining various charges to be recovered from different consumer categories shall adopt the following methodologies:
- (a) Fixed or Demand Charges:** Total fixed expenses required to be incurred by the distribution licensee and admitted by the Commission during the tariff period in respect of expense towards Repair and Maintenance of the distribution system, employee expenses including contract and outsourced employees, administrative and general expenses including fees and charges payable by the licensee, Return on Equity and depreciation admissible to the licensee for fixed assets put into use, interest

charges on loans including working capital loan, and such other additional amounts as are approved by the Commission, distributed over sum 'of all consumers contract demand/sanctioned load in kW. Such fixed charge in Rs./kW shall further be converted into Rs./kVA or Rs./HP as the case may be for the purpose of fixation of category wise fixed charges in accordance with the conversion factor specified in tariff order from time to time.

- (b) **Energy Charges:** The expenses required to be incurred by the distribution licensee and admitted by the Commission during the tariff period on account of power purchase cost including reactive charges and peak supply surcharge and Fuel Cost Adjustment expenses; if any as well as inter-state and intra-state transmission charges including POSOCO, RLDC & SLDC charges shall be distributed over total consumption in kWh. Such energy charge in Rs./kWh shall further be converted into Rs./kVAh for the purpose of fixation of category wise energy charges.

Provided that the aggregate technical and commercial losses reasonably incurred by the distribution licensee shall also be taken into consideration while computing the power purchase cost incurred in the distribution process

- (c) **Rent for plant and meters:** The distribution licensee shall propose rental, on monthly basis, towards electrical meter or plant/equipment required to be provided by the licensee to the consumers for the tariff period as a part of tariff petition for recovery of the expenses, in part or full, required to be incurred by the distribution licensee during the tariff period on account of electric meter or electrical plant/ equipment and the Commission shall approve such meter or plant/equipment rent, after prudent check.
- (d) **Miscellaneous charges:** The distribution licensee shall propose miscellaneous charges which are incidental to the distribution business and retail supply of electricity for the tariff period as a part of tariff petition for recovery of such expenses, in part or full, required to be incurred by the distribution licensee during the tariff period and

the Commission shall approve such miscellaneous charges, after prudent check.

- (e) **Surcharge and Rebate:** The distribution licensee shall propose surcharge for availing power on lower voltage than the specified voltage, maintaining low power factor, poor load factor, delay in payment of bill, etc. and also propose rebate for availing power on higher voltage than the specified voltage, maintaining high power factor, high load factor, adopting energy conservation measures, etc. for the tariff period as a part of tariff petition and the Commission shall approve such surcharges/rebate, after prudent check.
- (f) **Penal Charges for Excess Demand:** If maximum demand recorded in any month exceeds the prescribed limit fixed by the Commission in the Tariff order, penal charges may be levied at the rate determined by the Commission in its tariff order.

- 6.2 After due scrutiny and consultation, the Commission shall accord approval for charges proposed by the licensee and in doing so shall consider the reasonableness and actual cost to the licensee and such charges shall be recoverable only after the approval of the Commission. Licensee shall not recover any charges without the specific approval of the Commission.

7. Power to remove difficulties

If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, do or undertake or direct the licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

8. Savings

- 8.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.
- 8.2 Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of these Regulations, if the

Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

- 8.3 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner as it deems fit.

9 Power to Amend and Review

The Commission may, at any time add, vary, alter, modify or amend any provisions of these regulations and schedule of miscellaneous charges after giving prior publicity and shall review and re-notify these regulations every three years after initial notification.

By order of the Commission

Nirad Prakash,
Secretary,
Bihar Electricity Regulatory Commission