

Discussion note

During 2009 to 2014, the DISCOMs have implemented power cuts/ load shedding in the entire State due to power shortage prevailed in those days. Many new industries which were started during 2009 to 2014 became sick due to power cuts and load shedding.

Present Power scenario

The tariff proposals for 2016-17 and 2017-18 were made based on the forecast of HT industrial sales of 14871 MU and 14448 MU in both the Distribution Companies. Against the forecasted sales, the actual sales achieved were 12171 MU and 13086 MU under HT Category-1. In the present year, i.e., for FY2018-19, the DISCOMs estimated 14174 MU. The HT –I industrial sales estimate approved by the Commission for 2015-16 to 2017-18 and industrial sales achieved are furnished below.

HT-I	HT industrial sales approved in the Tariff Order in (MU)			
	2015-16	2016-17	2017-18	2018-19
EPDCL	6600	5956	5702	6737
SPDCL	10309	8915	8745	7437
State	16910	14871	14448	14174
HT-I	Actuals industrial sales achieved (MU)			Estimated
	2015-16	2016-17	2017-18	2018-19
EPDCL	4772	5284	6305	6737
SPDCL	7506	6888	6731	7437
State	12277	12171	13036*	14174
Difference (Actuals - approved) in MU	-4632	-2699	-1412	
MW	-529	-308	-161	
* First half year (H1) is actual and Second half year (H2) is estimated based on H1 actuals				

Source: ARR filings of FY2018-19 and earlier Tariff orders.

It is noted that The DISCOMs fell short of 2699 MU and 1412 MU for the years FY 2016-17 and 2017-18 respectively. Had the DISCOMs realized the anticipated sales, the DISCOMs would have earned around Rs 1620 crs. in the year 2016-17 and Rs 840 crs. in the year 2017-18.

For FY 2018-19, the DISCOMs have considered 9% growth rate over previous year HT industrial sales of 2017-18 and proposed HT industrial sales forecast of 14174 MU for FY 2018-19.

Need for revival of Sick industries:

The DISCOMs have made conservative estimate of HT sales of 14174 MU for FY2018-19 which is 274 MU lesser than 2017-18 estimated quantity of 1444 MU. The DISCOMs have forecasted a surplus energy of 4630 MU for FY 2018-19. The corresponding capacity is 528 MW.

Thus, the TRANSCO and the Two DISCOMs have a formidable task of achieving 9% increase in HT Industrial sales during 2018-19. Such a high level of growth in sales of energy requires intensive power marketing strategies to be pursued by the utilities apart from maintaining reliable and un-interrupted quality power supply. However, revival of closed units on account of sickness need to be addressed at the earliest so that the units can become productive, create employment, generate taxes for Government and at the same time improve power consumption and help the Electrical Sector to achieve targeted sales.

In this context, the provisions of the Clause 5.9.4.2 and 5.9.4.3 of the GTCS are brought to the kind notice of Hon'ble Commission. The conditions read as follows:

“5.9.4.2 Deration of CMD or Termination of Agreement in respect of HT Supply: The consumer may seek reduction of contracted maximum demand or termination of the HT Agreement after the expiry of the minimum period of the Agreement by giving not less than one month notice in writing expressing his intention to do so. However, if for any reason the consumer chooses to derate the CMD or terminate the Agreement, before the expiry of the minimum one year period of the Agreement, the CMD will be derated or the Agreement will be terminated with effect from the date of expiry of the initial one year period of the Agreement or after expiry of one month notice period whichever is later. The Company can also terminate the HT Agreement, at any time giving one month notice if the consumer violates the terms of the HT Agreement, or the GTCS or the provision of any law touching the Agreement including the Act and rules made thereunder, and AP Electricity Reforms Act, 1998. On termination of the HT Agreement the consumer shall pay all sums due under the Agreement as on the date of its termination.

5.9.4.3 Termination of LT Agreement and HT Agreement on account of disconnection:

Where any Consumer, whose supply is disconnected for non-payment of any amount due to the Company on any account, fails to pay such dues and regularise his account within three Months from the date of disconnection, the Company may if it thinks fit after completion of 3 Months period, issue one Month notice for termination of the LT or HT Agreement, as the case may be. If the Consumer still fails to regularise the account, the Company shall terminate the Agreement with immediate effect from the date of expiry of the said one-Month notice. Such termination shall be without prejudice to the rights and obligations incurred or accrued prior to such termination.

Provided that where the Company fails to issue notice or terminate the Agreement as prescribed above, the Consumer shall not be liable to pay the Minimum Charges for the period beyond 4 Months from the date of disconnection and the Agreement shall be deemed to have been terminated at the end of 4 Months period from the date of disconnection.

Provided further that where the minimum period of the Agreement is not yet completed by the date of such termination, the Consumer shall be liable to pay the Minimum Charges as per the existing tariff conditions calculated up to the date of completion of the period of Agreement.

In case of Consumers, who were sanctioned phased Contracted Demand and supply released for initial or intermediary phased demands, the Consumer may seek deferment or cancellation of further phased demands scheduled beyond minimum period of Agreement by giving three Months notice in advance or in lieu thereof pay three Months charges towards such deferment or cancellation of phased demands.”

For various reasons, this condition is not being strictly implemented, with the result, the liability of minimum charges during closure period piles up to huge extent in many cases.

HT industrial units which are under disconnection and are closed for a period more than 6 months would be allowed to revive their industries on the following conditions:

- (i) To make payment of actual CC charges due upto the date of disconnection along with 1.5% interest per month for four (4) months as onetime payment plus minimum charges as applicable for a period of 4 months (on a notional application of provisions of Clause 5.9.4.3 of GTCS) without interest.
- (ii) If a consumer seeks for installments, installments may be given for a maximum period of 12 months and it is purely discretion of the DISCOM.
- (iii) No installments shall be granted for initial security deposit. The DISCOM may consider taking bank guarantee for Security Deposit.
- (iv) They will not be eligible for any other concessions if any available for new Industrial units under the State Industrial Policy.
- (v) Industries which are revived under this policy will not be allowed to avail open access for a period of three years.