

**JOINT ELECTRICITY REGULATORY COMMISSION FOR  
THE STATE OF GOA AND UNION TERRITORIES  
GURGAON**

Quorum \*  
Sh. S.K.Chaturvedi, Chairperson  
**Petition No. 139/2014**  
**Date of Order 08.08.2014**

**In the matter of**

Petition for seeking approval of Joint Electricity Regulatory Commission for State of Goa and UTs for exemption from claiming of FPPCA from Domestic Consumers category for Quarters I and II of the Financial Year 2013-14 by providing subsidy by the Government of Puducherry.

**And in the matter of**

Electricity Department, Puducherry

..... Petitioner

**Present for petitioner**

1. Shri K. Mathivanan, Superintending Engineer, ED-Puducherry.
2. Shri A.S. Jitendra Rao, Executive Engineer, ED- Puducherry.
3. Shri T. Chanemougam, Executive Engineer, ED-Puducherry.

**Order**

The petitioner – ED Puducherry has filed the present petition for seeking approval of the Commission for exemption from claiming of FPPCA from Domestic Consumers of UT Puducherry for Quarters I and II of the Financial Year 2013-14 by providing subsidy by the Government of Puducherry.

The petition was received in the Commission on 08.07.2014. The petition was examined and found as per JERC (Conduct of Business) Regulations, 2009 and provisions of the Electricity Act, 2003.

The brief facts of the petition are that the petitioner in pursuance of the provisions in the Tariff Order dated 10.04.2013 for the year 2013-14, the EDP has worked out the FPPCA claim for the first and second quarters of the year 2013-14 and the same is being recovered from the month of March 2014 from all category of consumers other than the domestic consumers as decided by the Government of Puducherry. The Government of Puducherry has decided to exempt the domestic category consumers from claiming the FPPCA for the first and second quarters of the FY 2013-14 and has agreed to compensate the amount exempted by providing the subsidy to the Electricity Department, Puducherry in consonance with the provisions under Section 65 of the EA, 2003, as detailed below:-

S.No.	Consumption slabs for domestic consumers category	Subsidy rates proposed per unit of electricity for the quarters I&II of 2013-14.	
		Quarter I	Quarter II
1.	0-100	9	8
2.	101-200	13	11
3.	201-300	23	19
4.	Above 300	29	24

The case of the petitioner further is that cost implication of the department on account of exempting the domestic consumer category from payment of FPPCA charges for the first and second quarters of the FY 2013-14, as proposed by the Govt. of Puducherry is around Rs. 4.97 crores.

The details working is given in the table below:-

S. No.	Consumption slabs for domestic consumers category	Subsidy rates proposed per unit of electricity for the quarters I&II of 2013-14.					
		Paise Per Unit					
		Quarter I			Quarter II		
	Units	Million Units	Rate PPU	Amount In lakh (Rs.)	Million Units	Rate PPU	Amount In lakh (Rs.)
1.	0-100	53.3	9	49.77	53.33	8	42.66
2.	101-200	34.75	13	45.18	33.52	11	36.87
3.	201-300	19.53	23	44.92	18.84	19	35.8
4.	Above 300	46.42	29	134.61	44.77	24	107.45
				<b>274.48</b>			<b>222.78</b>

The total cost of subsidy is estimated Rs. 4.97 crores.

The petitioner submits that entire funds required of ED-Puducherry is provided through the budgetary provisions of the Govt. of Puducherry and accounts of EDP are centrally maintained under Govt. accounting system. The amount of compensation payable to EDP by Govt. of Puducherry on account of grant of subsidy as required under Section 65 of the EA, 2003 shall be accounted for during truing up. The petitioner shall discount the compensation amount to the extent approved in its proposal for truing up for FY 2013-14. The petitioner has prayed that in public interest the proposal be considered and necessary order be passed.

The Commission admitted the petition on 10.07.2014. The Commission sent hearing notice to the petitioner for 08.08.2014. The Commission heard the representatives of the petitioner in Court Room of the Commission.

The Commission heard the representatives of the petitioner at length and has gone through the petition, Section 65 of the Electricity Act, 2003 and JERC (Terms and Conditions for Determination of Tariff) First Amendments, Regulations, 2012 carefully and thoroughly.

After hearing the representatives of the petitioner and going through the petition the Commission is of the opinion that the petitioner has filed the present petition for considering the same by the Commission for exemption of claiming of FPPCA from Domestic Consumers of UT Puducherry for Quarters I and II of the Financial Year 2013-14 by providing subsidy by the Government of Puducherry.

Before proceeding further the Commission is of the opinion that it is worth reproducing provisions of Regulation 7 (3) (1) of JERC (Terms and Conditions for Determination of Tariff) First Amendments, Regulations, 2012 which runs as under:-

**Quote**

*The licensee shall compute fuel and power procurement cost variations on quarterly basis and adjustment shall be made in consumers bills starting after a month following the end of the quarter on units billed in the month under consideration. For example, Fuel & Power Purchase Cost Adjustment (FPPCA) for the quarter April-May- June shall be made in the month of July and shall be reflected in the consumer bills raised in the months of August-September and October on the units billed for the months August-September and October respectively. The formula shall be applicable from 1<sup>st</sup> April of 2012 for the purpose of consideration of Fuel and Power Purchase Cost Adjustment. FPPCA shall be done for all consumer categories except Below Poverty Line (BPL) and Agriculture consumers.*

**Unquote**

The provisions of Section 65 of the EA, 2003 are also reproduced for ready reference as under:-

## Quote

*If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under Section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, within in advance in such manner as may be specified, by the State Commission the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government: Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by State Commission shall be applicable from the date of issue of orders by the Commission in this regard.*

## Unquote

From reading of provisions of Section 65 of the EA, 2003 it is clear that the subsidy grant by the State Government to any consumer or class of consumers in the tariff is to be paid in advance. The Commission took note of the order dated 16.06.2014 issued by Joint Secretary (Power) to the Govt. of Puducherry conveying the approval of the Govt. of Puducherry for exemption of domestic consumers from claiming FPPCA for the first two quarters of FY 2013-14 by way of providing subsidy to an extent of Rs. 4.97 crores. The Commission observed that it was a "fait accompli" situation; however, the Department shall ensure that the Revenue of the Department and the subsidy from the Govt. of Puducherry for FY 2013-14 towards the exemption as approved is properly reflected in the accounts of the Department and the exempted amount shall not affect the Revenue Gap (Surplus) if any at the time of "true-up" of FY 2013-14 accounts.

The Commission is concerned about the delay of the petitioner in finalization and billing of FPPCA from the consumers for FY 2013-14.

From the bare reading of Regulation 7 (3) (1) of JERC (Terms and Conditions for Determination of Tariff) First Amendment to the Regulations, 2012 it is clear that the petitioner – licensee is required to compute FPPCA quarterly and the FPPCA shall be adjusted after one month following the end of the quarter on unit billed in the month under consideration. The petitioner was required to compute FPPCA of first quarter of FY 2013-14 in the bill of month of July. Similarly the petitioner was required to compute FPPCA of Second quarter of FY 2013-14 in the bill of month of October.

Therefore, the Commission directed the petitioner to adhere to the provisions of the Regulation 7 (3) (1) of JERC (Terms and Conditions for Determination of Tariff) First Amendment to the Regulations, 2012 in future for timely billing of Fuel & Power Purchase Cost Adjustment.

Sd/-

(S.K.Chaturvedi)

Chairman

**Member (Vacant)**

- \* As per Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 "Quorum is two". Whereas as per proviso of Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 if Chairperson or the Member is prevented from attending hearing of which he has been given notice the Member or the Chairman as the case may be attending the meeting shall validly constitute the Quorum. Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, 2003 no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. So the Chairperson only constitute a valid Quorum.

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(Keerti Tewari)

Secretary