

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 2 of 2015
Date of Order: 05.06.2015**

Present: Smt.Romila Dubey, Chairperson
Shri Gurinder Jit Singh, Member

In the matter of : Petition under Clause 23 of General Conditions of Tariff issued by the Commission read with Regulation 5.8 of Punjab State Electricity Regulatory Commission (Electricity Supply Code and Related Matters) Regulations, 2007 (as amended) and Clause 4.4 of Supply Code 2014 and Section 62 of the Electricity Act, 2003 for modification of the General Conditions of Tariff and Schedule of Tariff to charge the lowest tariff applicable to any category and/or creating separate category for Power Intensive Chlor-Alkali Units promoted by the Government of Punjab directly or through its Corporations and Consuming Bulk Power.

AND

In the matter of: Punjab Alkalies & Chemicals Limited, SCO 125-127, Sector 17-B, Post Box No.152, Chandigarh through its General Manager (Materials & HR), Shri M.P.S.Rana

-----Petitioner

Versus

1. Punjab State Power Corporation Limited, through its Secretary, The Mall, Patiala
2. State of Punjab through its Secretary, Department of Power, Civil Secretariat-II, Sector-9. Punjab, Chandigarh.

-----Respondents

ORDER

Punjab Alkalies & Chemicals Limited (PACL) has filed this petition under Clause 23 of General Conditions of Tariff read with Regulations 4.4 and 5.8 of Punjab State Electricity Regulatory Commission (Electricity Supply Code and Related Matters) Regulations, 2007 (as amended vide Notification No.PSERC/Secy./Regu.97 dated 5th Nov. 2014)) and Section 62 of the Electricity Act, 2003 seeking modification of the 'General Conditions of Tariff' and Schedule of Tariff to charge the lowest tariff applicable to any category of consumers and/or creating separate category for petitioner's Power Intensive Chlor Alkali plant at Naya Nangal, District Ropar, Punjab. PACL has submitted that it was promoted by Punjab State Industrial Development Corporation (PSIDC), a wholly owned Punjab Government company. PSIDC holds 44% Equity Shares in PACL.

2. The petitioner has submitted as under:-

- (i) PACL had set up its 100 TPD Caustic Soda Plant based on Mercury Cell Technology in the year 1982-83. Commercial production of this unit commenced in January, 1984. The plant was converted into 200 TPD Caustic Soda Plant based on Membrane Cell Technology in December, 1998. In the meantime (before 1998), the petitioner had set up 100 TPD Caustic Soda Plant based on Membrane Cell Technology and thus has a total capacity of 300 TPD since December, 1998. The plant

produces Chlorine, Hydrochloric Acid, Hydrogen Gas, Bleaching Power etc. as by products.

- (ii) PACL is directly employing 470 persons and provides indirect employment to 5000 persons through transportation of materials etc. in a notified industrially backward Kandi Area of the State.
- (iii) The main inputs for the plant are Common Salt (Sodium Chloride) and Electricity. The cost of Power (Electricity) is about 60% of the total cost of production.
- (iv) The plant of the petitioner is located very close to Bhakra HEP of BBMB and receiving supply directly from it. NFL Nangal, a similarly situated unit of Central Government is receiving power from BBMB at a very concessional rate.
- (v) The petitioner is Large Supply (LS) industrial consumer with sanctioned load of 58.876 MW and Contract Demand of 40 MVA catered at 66 kV through 66 kV Sub-station of erstwhile PSEB (now PSPCL) directly fed from Bhakra Left Bank Generating Station having very low, less than 50 paise per unit, cost of generation and negligible Transmission & Distribution losses.
- (vi) The petitioner Company has been suffering losses mainly on account of continuous increase in power tariff during past more than 10 years. The competitors of the petitioner Company have their own captive plants with cost of power of only ₹3.00 to ₹4.00 per unit as against the power tariff of the petitioner being ₹7.37 per unit.
- (vii) There is sharp decrease in the prices of Caustic Soda in the international market. Consequently prices of Caustic Soda Lye, the product of the plant, has also decreased in

India adding further to the financial distress of the petitioner.

- (viii) The Commission has full powers to determine / re-determine tariff and re-classify the category of the petitioner, keeping in view the particular position of the petitioner in terms of Section 62 of the Electricity Act, 2003, clause 23 of General Conditions of Tariff, Regulation 5.8 of PSERC (Electricity Supply Code and Related Matters) Regulations, 2007 as amended and Clause 4.4 of the Supply Code, 2014 on the grounds mentioned above.

3. PACL prayed for either modifying the General Conditions of Tariff and Schedule of Tariff to charge lowest tariff applicable to any category and / or for creating a separate category for Power Intensive Chlor / Alkali Units promoted by the Government of Punjab directly or through its Corporations and consuming Bulk Power and for charging, therefore, tariff equal to the lowest tariff applicable to any category.

4. The petition was admitted vide Order dated 21.01.2015 and respondents were directed to file reply by 10.03.2015 with copy to the petitioner to file rejoinder, if any, by 16.03.2015 with copy to the respondents. PSPCL filed reply dated 09.03.2015. PSPCL submitted that connection of PACL would have been connected at 66 kV as per instructions of PSEB (now PSPCL) prevailing at that time, although as per clause 4.2 (vi) of Supply Code 2014 as now applicable, the petitioner would have to be connected at 132 / 220 kV. The tariff is being uniformly made applicable to all LS

consumers of the State including the petitioner. PSPCL has nothing to do with the financial crisis of the petitioner. The creation of different categories of the consumers like the petitioner comes under the purview of the Commission as per applicable law (Section 62 of the Electricity Act, 2003) and Regulations (Reg. 5.8 and Reg. 4.4 of the Supply Code). T & D losses of the petitioner may be less due to the length of line being short, but lower tariff can not be allowed only on this ground as many other industrial consumers may fall under such situation. The Commission has already taken care of cost of supply and has allowed rebate at the rate of ₹0.30 per kVAh for 132 / 220 kV supply, @ ₹0.25 per kVAh for 66 / 33 kV supply and ₹0.20 per kVAh for 11 kV supply in the Tariff Order for FY 2014-15. PSPCL admitted that LS consumers are partly cross-subsidizing Agricultural tube-wells, Small Power Industry and Domestic Consumers, but so do the Commercial, Bulk and Railway Traction consumers. The cross-subsidization has remained within $\pm 20\%$ of cost of supply being charged to LS consumers. PSPCL also submitted that the Commission has full powers to determine / re-determine the tariff in the case of petitioner and charging the lower tariff to the petitioner comes under the purview of the Commission.

5. The petitioner filed rejoinder to the reply of PSPCL during hearing of the petition on 17.03.2015 and virtually reiterated all the pleas taken in the petition and repeated its prayer.

6. Government of Punjab, Department of Power, Respondent No.2 in the petition filed a short reply dated 01.04.2015 and submitted that PACL comes under Power Intensive Unit and NFL

comes under General Industry in the Industrial Consumers LS category and are charged as per tariff rates approved by the Commission for the respective categories. No concessional tariff has been allowed to NFL. This is within the purview of the Commission to decide the tariff for each category of consumers.

7. PSPCL filed reply dated 15.04.2015 to the rejoinder of the petitioner and submitted that the Chlor Alkali Industry has been declared power intensive industry, so the tariff for power intensive industry decided by the Commission is applicable uniformly in the whole State of Punjab.

8. The petitioner filed rejoinder dated 25.05.2015 to the reply dated 15.04.2015 filed by PSPCL (to the rejoinder of the petitioner to the main reply of PSPCL) and to the reply filed by Department of Power, Govt. of Punjab. The petitioner submitted that tariff in 1983 was one of the lowest in the country at the time of setting up of the project and has become one of the highest in the country in 2013-14 having additional financial impact on PACL. The petitioner further submitted that as per the information available with the petitioner, NFL is getting some power from BBMB / PSPCL at concessional rate.

After hearing the petitioner and PSPCL on 26.05.2015, the Commission decided to close the further hearing of the case and Order was reserved. The parties were directed to file Written Submissions by 29.05.2015. Only the petitioner has filed Written Submissions dated 29.05.2015.

9. The Commission has gone through the petition, replies of the respondents, rejoinders of the petitioner and Written Submissions of the petitioner.

The Petitioner has prayed to treat its connection for Chloro-Alkali Unit promoted by the Govt. of Punjab as a separate category to charge lowest tariff applicable to any category instead of as a Power Intensive Industry. PSPCL opposed the submission of the Petitioner on the ground that the power as a raw material is being used by the Petitioner. The connection of the Petitioner is being fed from 66 KV feeder which help it to get continuous uninterrupted power supply. There is no provision in the Act to give cheap power to any factory located near the generating station. The provisions of section 62 of Electricity Act, 2003 cannot be applied merely on the basis of location of a factory near the generating station. Moreover, the Company incurring a loss cannot be allowed low tariff only on the basis of its losses.

Section 62 (3) of the electricity Act, 2003 provides that:

“The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer’s load factor, Power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required”.

The submission of the petitioner that PSPCL was supplying power to NFL at concessional rates has not been found

to be correct. In fact, NFL is receiving power from two suppliers i.e. from BBMB as 'Common Pool Consumer' and from PSPCL as an Power Intensive Industrial Consumer. As a Common Pool Consumer of BBMB, PACL is receiving power at the tariff decided by BBMB, which may be somewhat lower than the tariff determined by this Commission for PSPCL power supply to various categories of consumers. PSPCL has categorically submitted that it is charging tariff to PACL for the power supplied at the rates applicable to all other LS Power Intensive Industrial Consumers of the State. PACL has also submitted in its rejoinder dated 25.05.2015 that as per information of the petitioner, NFL Nangal continues to get some portion of power from BBMB at concessional rates as a Common Pool Consumer.

The grounds for differentiating tariff as provided in Section 62(3) of the Act is not applicable in the present case of the petitioner. The Commission would not like to burden other consumers of the State by giving power supply to PACL at the lowest tariff applicable to any category. Further, the Commission do not agree to the proposal of creating a separate category in respect of industry of the petitioner. No relief can be granted on the grounds given by the petitioner.

The petition is disposed of, accordingly.

Sd/-

(Gurinder Jit Singh)
Member

Chandigarh
Dated: 05.06.2015

Sd/-

(Romila Dubey)
Chairperson