

Before the Karnataka Electricity Regulatory Commission, Bangalore

Dated this the 10th November 2004

Present

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| 1. Sri. Philipose Matthai | - | Chairman |
| 2. Sri. H.S. Subramanya | - | Member |
| 3. Sri. S.D.Ukkali | - | Member |

Case No: OP - 1/2004

Between

The Hukkeri Rural Electric Co-operative Society Ltd.,
Hukkeri
Belgaum District,
Through its Managing Director

Petitioner
(By Sri Shivakumar Kalloor, Adv.)

and

1. The Managing Director,
KPTCL,
Kaveri Bhavan,
Bangalore+
2. The Chief Engineer (Ele),
Load Dispatch Center,
KPTCL,
Race Course Road,
Bangalore

Respondents
(By Sri S. Sriranga, Adv.)

This is a dispute between the Petitioner and the Respondents regarding the accounting of 33 KV losses within the area of operation of Hukkeri Rural Electric Cooperative Society, Hukkeri, Belgaum District. The facts of this case, in brief, are as under:

- i) The Petitioner is a Society registered under the Karnataka Co. Operative Societies Act and is a holder of supply license granted by the Commission under Section 19 of the Karnataka Electric Reforms Act, 1999. The Society is engaged in the business of supplying electrical energy within the area of whole of Hukeri Taluk in Belgaum District.
- ii) The Society purchases bulk power from the Respondent No. 1, since 1970, and distribute the same to various categories of consumers in Hukeri Taluk. The Petitioner is the only Society of its kind in Karnataka, which is engaged in such business.
- iii) The Respondent No. 1 is a holder of transmission license granted by the Commission, under Section 19 of the KER Act 1999 and is engaged in the business of transmission and supply of electrical energy in the State of Karnataka. It also holds the license of "bulk supply" of electrical energy.
- iv) It is contended by the Petitioner that the monthly energy bill for the bulk power supply purchased by the Petitioner was used to be based on the consumption of energy of meter reading recorded at 11 KV supply points. The bills up to May 2003 were claimed on the basis of consumption recorded at the meter readings at 11 KV supplies. However, from June 2003 onwards the bulk power supply bill is being claimed by the Respondents on the basis of energy consumption recorded at 33 KV supply points and include the transmission losses of 33 KV transformer and line losses within the area of supply of the Society. As a result, the Petitioner is being asked to pay for the 33 KV losses within the area of supply though the supply license granted to the Petitioner does not include 33 KV lines and stations as per schedule-1 of the supply license. The Petitioner objected for charging 33 KV losses to him since supply is at 11 KV to the Society. The

Respondent did not revise the bills and continued to account the 33 KV losses to the account of the Petitioner.

- v) Aggrieved by the enhanced bill, the Society has approached the Commission with a request to issue necessary instructions to Respondent No. 1 and 2 not to charge 33 KV losses to the Petitioner and withdraw the excess bulk power supply bill from June 2003.

2. The Respondents have put in appearance and have filed a statement of objections. The following points in brief, have been made in the statement of objections.

- i) The Petition is not maintainable due to non-joinder of necessary and proper parties, and the Hubli Electric Supply Company has not been made a party to the proceedings.
- ii) The Petitioner, in effect, is seeking a review of the Tariff Order, 2003, which is not maintainable either in law or on facts.
- iii) The Respondent has tried to correct the billing errors, which resulted due to not accounting of auxiliary consumption of such stations at Sankeshwara, Hattargi, Hukeri dam-I and Hukeri-II. Therefore, the Petitioner was billed on the basis of reading at interface points at 33 KV banks at first Hukeri and second Hukeri and 11 KV banks at Hukeri-I and Hukeri-II.
- iv) The billing made by the Respondents is in accordance with the directives of the Commission contained in Tariff Order 2003, in view of the following. -

- a) 33 KV losses should not be included in calculating transmission loss of KPTCL (as per Para 5.1.4 of Tariff Order 2003).
- b) Bulk supply tariff has been determined by the Commission considering only transmission loss up to 66 KV voltage systems excluding 33 KV system loss (para 5.1.4 of Tariff Order 2003). Bulk supply tariff to all licensees is to be uniform for FY-04 (as per Para 5.2.8 of the Tariff Order).
- c) The mode adopted in taking meter readings at 33 KV Bank I and Bank II of Hukeri 110/33 11 KV substation from June 2003 onwards including the 33 KV line loss in the bills, against the earlier practice of taking the meter readings at 11 KV. Banks at Sankeshwara and Hattargi 33/11 KV substations is as per KERC Tariff Order dated 10.03.2003.
- d) KPTCL/ HESCOM is maintaining 33/11 KV substations at Sankeshwara and Hattargi to exclusively cater to the needs of society and to honour the intention of Commission mentioned in the license stating that the distribution system of licensee i.e., the Petitioner, does not include 33 KV lines and Stations.
- e) Even in the agreement dated 03.03.1981 between erstwhile Karnataka Electricity Board and the Society, clause-7 of the agreement makes it clear that the power losses in the equipment etc., between the point of supply and point of actual metering as laid down in the general conditions

and miscellaneous charges for power supply will be added on to the actual quantity of power recorded and the sum total thereof is to be reckoned for billing purposes.

- v) Power is transmitted at 33 KV through two different lines up to two receiving Stations viz., Hattargi and Sankeshwara, where it is stepped down to 11 KV. The transmission lines at 33 KV belong to HESCOM, which is a distribution Company. The said two lines exclusively cater to the Petitioner. There is no other distribution of power, which is transmitted through these lines. The transmission loss occurring while transmitting power at 33 KV has to be borne by the Petitioner. The KPTCL has no objection to deliver power to the Petitioner at a supply point on the 33 KV line and it is for the Petitioner to make arrangement to step down power to the distribution level. Since, the Petitioner is not in a position to receive power at 33 KV, the KPTCL has been utilizing the distribution lines of HESCOM to deliver power at 11 KV to the Petitioner. The losses if any, occasioned on this count has to be borne by the Petitioner. This was specifically provided for in the erstwhile agreement between KEB and the Petitioner. The same principle is now applied.

3. The learned Counsel for the Petitioner has filed the written arguments and the learned Counsel for the Respondents stated that the statement of objections may be taken as his arguments and that he had nothing more to add.

4. We have carefully considered various points urged before us. The Petitioner Society is engaged in the business of distribution of electrical energy within the area of Hukeri Taluk in Belgaum District, since 12.10.1970. We

understand that several such Societies were established in those periods but this is the only Society, which is still functioning in the State. We also understand that the performance of this Society is satisfactory and that there are no complaints from any category of consumers of this area. This Society has entered into an agreement, on 03.03.1981, with the erstwhile KEB (now KPTCL) for supply of bulk power which is however not valid in view of Clause 15 (C) of the Agreement in view of the issue of supply license by the Commission. Clause-6 of this agreement reads as below:

"SYSTEM OF SUPPLY:

6. The supply of electrical energy to the licensee shall be in the form of three phase alternating current at a frequency of fifty cycles per second and a pressure of eleven thousand volts subject to the tolerance limits prescribed under the Acts and Rules".

Evidently, the Respondents have to supply electrical energy in bulk at 11 KV only to the Petitioner. The Society is also holding a supply license issued by the Commission. Schedule-1 of this license clearly states that the distribution system of the licensee shall not include 33 KV lines and stations.

5. The KPTCL was unbundled in June 2002 and the distribution companies were formed. The KPTCL became only the transmission company thereafter. The nominal voltage of a transmission system is above 66 KV and that of the distribution system is 33 KV and below. The present dispute arose after the formation of distribution companies (ESCOMS), which deal in the voltages of the range 33 KV and below. The Petitioner Society is the only distribution agency, which deals with the system voltage of 11 KV. Therefore, the Respondent thought it fit to include the distribution losses of 33 KV lines, which exclusively cater the needs of the Society, in the bills of the Petitioner. The Respondents claim that they have included these losses to the Petitioner's account, in accordance with the directives in the Tariff Order, 2003.

6. The Respondent considers that it is responsible for the transmission losses up to the interface points of ESCOMS, and the transmission/distribution losses of 33 KV within the jurisdiction of the respective supply companies have to be accounted by the ESCOMS. There is nothing wrong in this kind of categorization of the transmission and distribution losses, in general. However, the interface points at which energy is supplied to the Petitioner are at 11 KV level as per the ERC filing of the Society. This will also be in violation of the supply license issued by the Commission to the Petitioner Society. According to the license conditions KPTCL/ESCOM has to maintain 33/11 KV sub stations at Sankeshwara and Hattargi within the jurisdiction of the Petitioner Society.

7. The Respondent relies upon Para 5.1.4 of the Tariff Order, 2003, which deals with Transmission Losses. In these paragraphs, the Commission has accepted the projected transmission losses of the Respondent at 6.39% for FY-03, as projected by KPTCL. This loss includes the losses from the generation stations up to interface points with ESCOMS. Since the transmission loss up to interface points up to 33 KV and 11 KV have been considered, it obviously includes losses up to interface points pertaining to Hukeri Society also as per the Table 41 page no. 89 of the Tariff Order, 2003. KPTCL had proposed in their ERC for FY 04, input to Hukeri Society as 142 MU at 33 KV and 11 KV. The bulk supply to Hukeri Society has been considered by the Commission as 138 MU which is the input at 11 KV level according to ERC filing by Hukeri Society. Since the Bulk Supply tariff has been determined considering the energy input at the 11 KV metering points of the Hukeri Society, the question of adding 33 KV transformer and line losses does not arise.

8. The Respondent also relies upon Para 5.2.8 of the Tariff Order, 2003, which deals in bulk supply tariff. It is true that the Commission has accepted that the bulk supply tariff for all licensees including the Petitioner Society should be uniform. This is again the proposal of the KPTCL, which was accepted by the Commission.

9. Under these circumstances, we **allow** this petition before us and direct the Respondent not to include 33 KV transformer and line losses to the account of the Petitioner Society and to revise all the bills, which have been preferred by including such losses. The Respondent is also directed to consider input at 11 KV Bus for the Hukeri Society in the ERCs in future and also enter into a fresh Bulk Supply agreement. It is so ordered.

(Philipose Matthai)

(H.S.Subramanya)

(S.D.Ukkali)