



**TAMIL NADU ELECTRICITY REGULATORY COMMISSION**  
**Draft Notification No. TNERC/TR/5/2 –..... Dated.....-03-2021.**  
**(Comments invited by 19-04-2021)**

The following draft of amendments to the Tamil Nadu Electricity Regulatory commission (Terms and Conditions for Determination of Tariff) Regulations 2005, which it is proposed to make in exercise of the powers conferred by section 61 read with sub-section (1) of section 181 of the Electricity Act, 2003 (Central Act 36 of 2003) and all other powers enabling it in this behalf, is hereby published for information of all persons likely to be affected thereby, as required by sub section (3) of section 181 of the said Act.

2. Notice is hereby given that the draft amendments will be taken into consideration on or after the expiry of thirty days from the date of publication of this Notification in the TNERC website and that any objection or suggestion, which may be received from any person with respect thereto before the expiry of the aforesaid period will be considered by the Commission.

3. Objection or suggestion, if any, should be addressed in duplicate / with email to the Secretary, Tamil Nadu Electricity Regulatory Commission, 4<sup>th</sup> floor, SIDCO Corporate office building, Thiru.vi.ka. Industrial Estate, Guindy, Chennai 600 032 or should be sent by “email: tnerc@nic.in”.

## **DRAFT AMENDMENT**

In the said Tamil Nadu Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations 2005, -

(a) in regulation 2, in sub regulation (1) for clause (bb), the following clause shall be substituted, namely :-

**(bb) 'Operation and Maintenance Expenses' or 'O and M Expenses' means the expenditure incurred in operation and maintenance of the generating station, or part thereof / transmission system / distribution system, including the expenditure on employee cost, repair and maintenance, administration and general expenses, consumables, overheads and fuel other than used for generation of electricity.':**

(b) in regulation 24, to clause (vii), the following proviso shall be added namely :-

**“Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.”;**

(c) after regulation 28, following Regulation shall be inserted, namely :-

**“29. Provision for bad and Doubtful Debts**

**The Commission may consider and allow a provision for bad and doubtful debts upto 1% of receivables for writing off ;**

***Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual during the year, subject to the above ceiling or the value approved in the ARR whichever is less:***

***Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realized ; ”***

(d) in regulation 37, after clause (vi), following clause shall be added, namely :-

“(vii) (a) Where any of the Generating Station is directed by the State Load Despatch Centre to operate below Target plant availability factor but at or above technical minimum, such generating station may be compensated depending on the average unit loading duly taking into account the forced outages, planned outages, PLF, generation at generator terminal, energy sent out ex-bus, number of start-stop, secondary fuel oil consumption and auxiliary energy consumption, in due consideration of actual and normative operating parameters of station heat rate and auxiliary energy consumption on monthly basis duly supported by relevant data verified by SLDC.

Provided that:

(i) In case of coal / lignite based generating stations, following station heat rate degradation or actual heat rate, whichever is lower, shall be considered for the purpose of compensation:

<b>Sr. No</b>	<b>Unit loading as a % of Installed Capacity of the Unit</b>	<b>Increase in SHR (for supercritical units) (%)</b>	<b>Increase in SHR (for sub-critical units) (%)</b>
1	85-100	NIL	NIL
2	75-84.99	1.25	2.25
3	65-74.99	2	4
4	55-64.99	3	6

(ii) In case of coal / lignite based generating stations, the following Auxiliary Energy Consumption degradation or actual, whichever is lower, shall be considered for the purpose of compensation:

<b>Sl. No</b>	<b>Unit loading as a % of Installed Capacity of the Unit</b>	<b>% Degradation in AEC admissible</b>
1	85-100	NIL
2	75-84.99	0.35
3	65-74.99	0.65
4	55-64.99	1

**(b) Compensation for the Station Heat Rate and Auxiliary Energy consumption shall be worked out in terms of energy charges**

**(c) The compensation so computed shall be borne by the entity which has caused the plant to be operated at schedule lower than corresponding to Normative Plant Availability Factor up to technical minimum.**

**(d) No compensation for Heat Rate degradation and Auxiliary Energy Consumption shall be admissible if the actual Heat Rate and / or actual Auxiliary Energy Consumption are lower than the normative Station Heat Rate and / or normative Auxiliary Energy Consumption applicable to the unit or the generating station.**

**(e) There shall be reconciliation of the compensation at the end of the financial year in due consideration of actual operational parameters of station heat rate and auxiliary energy consumption.**

**(f) No compensation for Heat Rate degradation and Auxiliary Energy Consumption shall be admissible if the actual Heat Rate and / or actual Auxiliary Energy Consumption are lower than the normative station Heat Rate and / or normative Auxiliary Energy Consumption applicable to the unit or the generating station in a month or after annual reconciliation at the end of the year”;**

- (e) in regulation 68 –  
 (i) in sub-regulation (1), after clause (c), following clause (d) shall be added, namely :-

**“(d) a wheeling charges”**

- (ii) for sub-regulation (3) the following sub-regulation shall be substituted, namely :-

**“(3) Charges for actual electricity supplied, Fixed charges/Demand charges and Wheeling charges are tariff related charges and the Commission shall determine these charges on an application from the Distribution licensee.”**

- (f) in Regulation 70, the existing items shall be numbered as sub-regulation (1) and after sub-regulation (1), as so renumbered the following sub-regulation shall be added namely :-

**“(2) Under Regulation 6 (4) of this Tariff Regulations, every Distribution Licensee shall maintain separate accounting records towards the cost of the Distribution wires business and Retail supply business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately:**

**Provided that in case complete accounting segregation has not been done between its wire Business and Retail supply business, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Distribution wire business and Retail Supply business in accordance with the following Allocation Matrix:**

<b>Particulars</b>	<b>Distribution Wires Business (%)</b>	<b>Retail Supply Business (%)</b>
Cost of Power purchase	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation & Maintenance Expenses	65%	35%

Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital	10%	90%
Interest on Consumer Security Deposits	10%	90%
Income Tax	90%	10%
Return on Equity	90%	10%
Other Expenses	90%	10%
Non-Tariff Income	10%	90%

**The Wheeling charges of the Distribution Licensee shall be determined by the Commission on the basis of a petition for determination of Tariff filed by the Distribution Licensee in accordance with regulations 5 and 6, and shall be determined separately for all LT / HT consumers as applicable:**

***Provided that the Wheeling charges may be denominated in terms of Rs./kWh or Rs./kVAh or Rs./kW/month or Rs./kVA/month for the purpose of recovery from the Distribution network user, or any such denomination as may be stipulated by the Commission.”***

**( By Order of the Tamil Nadu Electricity Regulatory Commission )**

**(S.Chinnarajalu)  
Secretary**

## **EXPLANATORY STATEMENT**

It is proposed to amend the TNERC (Terms and Conditions for determination of Tariff Regulations) 2005 consistent with certain provisions of the Tariff Regulations of the Central Electricity Regulatory Commission and to provide certain other regulations considering the better norms adopted by other State Electricity Regulatory Commission and suitably fitting it to the conditions of this State.

2. The wheeling charges are proposed to ensure the recovery of Distribution network cost under appropriate head from the consumers and the charges will be well covered within the total Aggregate Revenue Requirement of the Licensee.

3. The amendments seek to give effect to the above proposal.

**(By order of the Tamil Nadu Electricity Regulatory Commission)**

**(S.Chinnarajalu)  
Secretary**

**STATEMENT SHOWING EXISTING PROVISION AND PROVISION AS AMENDED**

Existing provision	Proposed Amendment
<p><b>2. Definitions</b></p> <p>(1) XXXX XXXX</p> <p>(a) XXXX XXXX</p> <p>(bb) 'Operation and Maintenance Expenses' or 'O and M Expenses' means the expenditure incurred in operation and maintenance of the generating station, or part thereof / transmission system / distribution system, including the expenditure on employee cost, repair and maintenance and administration and general expenses.</p>	<p><b>2. Definitions</b></p> <p>(1) XXXX XXXX</p> <p>(a) XXXX XXXX</p> <p>(bb) 'Operation and Maintenance Expenses' or 'O and M Expenses' means the expenditure incurred in operation and maintenance of the generating station, or part thereof / transmission system / distribution system, including the expenditure on employee cost, repair and maintenance, administration and general expenses, consumables, overheads and fuel other than used for generation of electricity.</p>
<p><b>24. Depreciation</b></p> <p>(i) xxxx xxxx</p> <p>xxxx xxxx</p> <p>(vii) After the assets are fully depreciated the benefit of reduced tariff shall be made available to the consumer.</p>	<p><b>24. Depreciation</b></p> <p>(i) xxxx xxxx</p> <p>xxxx xxxx</p> <p>(vii) After the assets are fully depreciated the benefit of reduced tariff shall be made available to the consumer.</p> <p><i>Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.</i></p>



<p><b>29. “Bad and Doubtful Debts”</b></p> <p>“Omitted”</p>	<p><b>29. Provision for bad and Doubtful Debts</b></p> <p>The Commission may consider and allow a provision for bad and doubtful debts upto 1% of receivables for writing off.</p> <p><i>Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual during the year, subject to the above ceiling or the value approved in the ARR whichever is less.</i></p> <p><i>Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised.</i></p>
<p><b>37. Norms of Operation</b></p> <p>(i) Target availability for recovery of full capacity (fixed charges)</p> <p>xxxx    xxxx</p> <p>(vi) Stabilization period</p> <p>xxxx    xxxx</p>	<p><b>37. Norms of Operation</b></p> <p>(i) Target availability for recovery of full capacity (fixed charges)</p> <p>xxxx    xxxx</p> <p>(vi) Stabilization period</p> <p>xxxx    xxxx</p> <p><i>New insertion:</i></p>

“(vii) (a) Where any of the Generating Station is directed by the State Load Despatch Centre to operate below Target plant availability factor but at or above or above technical minimum, such generating station may be compensated depending on the average unit loading duly taking into account the forced outages, planned outages, PLF, generation at generator terminal, energy sent out ex-bus, number of start-stop, secondary fuel oil consumption and auxiliary energy consumption, in due consideration of actual and normative operating parameters of station heat rate and auxiliary energy consumption on monthly basis duly supported by relevant data verified by SLDC.

Provided that:

(i) In case of coal / lignite based generating stations, following station heat rate degradation or actual heat rate, whichever is lower, shall be considered for the purpose of compensation:

<b>Sr. No</b>	<b>Unit loading as a % of Installed Capacity of the Unit</b>	<b>Increase in SHR (for supercritical units) (%)</b>	<b>Increase in SHR (for sub-critical units) (%)</b>
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(ii) In case of coal / lignite based generating

stations, the following Auxiliary Energy Consumption degradation or actual, whichever is lower, shall be considered for the purpose of compensation:

<b>Sl. No</b>	<b>Unit loading as a % of Installed Capacity of the Unit</b>	<b>% Degradation in AEC admissible</b>
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(b) Compensation for the Station Heat Rate and Auxiliary Energy consumption shall be worked out in terms of energy charges

(c) The compensation so computed shall be borne by the entity which has caused the plant to be operated at schedule lower than corresponding to Normative Plant Availability Factor up to technical minimum.

(d) No compensation for Heat Rate degradation and Auxiliary Energy Consumption shall be admissible if the actual Heat Rate and / or actual Auxiliary Energy Consumption are lower than the normative Station Heat Rate and / or normative Auxiliary Energy Consumption applicable to the unit or the generating station.

	<p>(e) There shall be reconciliation of the compensation at the end of the financial year in due consideration of actual operational parameters of station heat rate and auxiliary energy consumption.</p> <p>(f) No compensation for Heat Rate degradation and Auxiliary Energy Consumption shall be admissible if the actual Heat Rate and / or actual Auxiliary Energy Consumption are lower than the normative station Heat Rate and / or normative Auxiliary Energy Consumption applicable to the unit or the generating station in a month or after annual reconciliation at the end of the year.</p>
<p><b>68. Component of tariff for supply of electricity. -</b></p> <p>(1) The charges for the electricity supplied by the Distribution licensee may include:-</p> <p>(a) a fixed charges / Demand Charges;</p> <p>(b) Charges for actual electricity supplied;</p> <p>(c) a rent or other charge in respect of meter or electrical plant provided by the Distribution licensee;</p> <p>(2) xxxx    xxxx</p>	<p><b>68. Component of tariff for supply of electricity. -</b></p> <p>(1) The charges for the electricity supplied by the Distribution licensee may include:-</p> <p>(a) xxxx        xxxx</p> <p>(b) xxxx        xxxx</p> <p>(c) xxxx        xxxx</p> <p>(d) a wheeling charges</p> <p>(2) xxxx    xxxx</p>

<p>(3) Charges for actual electricity supplied and Fixed charges are tariff related charges and the Commission shall determine these charges on an application from the Distribution licensee.</p>	<p>(3) Charges for actual electricity supplied, Fixed charges/Demand charges and Wheeling charges are tariff related charges and the Commission shall determine these charges on an application from the Distribution licensee.</p>
<p><b>70. The Aggregate Revenue Requirement of Distribution licensee</b></p> <p>The Aggregate Revenue Requirement of Distribution licensee consists of the following:-</p> <p>(i) xxxx    xxxx                xxxx    xxxx</p> <p>(x) xxxx    xxxx</p>	<p><b>70. The Aggregate Revenue Requirement of Distribution licensee</b></p> <p>(1) The Aggregate Revenue Requirement of Distribution licensee consists of the following:-</p> <p>(i) xxxx    xxxx                xxxx    xxxx</p> <p>(x) xxxx    xxxx</p> <p>(2) Under Regulation 6 (4) of this Tariff Regulations, every Distribution Licensee shall maintain separate accounting records towards the cost of the Distribution wires business and Retail supply business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately:</p> <p><i>Provided that in case complete accounting segregation has not been done between its wire</i></p>

*Business and Retail supply business, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Distribution wire business and Retail Supply business in accordance with the following Allocation Matrix:*

<b>Particulars</b>	<b>Distribution Wires Business (%)</b>	<b>Retail Supply Business (%)</b>
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The Wheeling charges of the Distribution Licensee shall be determined by the Commission on the basis of a petition for determination of Tariff filed by the Distribution Licensee in accordance

with regulations 5 and 6, and shall be determined separately for all LT / HT consumers as applicable:

*Provided that the Wheeling charges may be denominated in terms of Rs./kWh or Rs./kVAh or Rs./kW/month or Rs./kVA/month for the purpose of recovery from the Distribution network user, or any such denomination as may be stipulated by the Commission.*

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