
respective local languages of the region, besides English, having wide circulation in their respective areas of supply and also upload the Tariff Order on its website.

- 7) Ordered accordingly. The documents giving detailed reasons, grounds and conditions attached in this order are its Integral part.

Sd/-
(M.K. Goel)
Chairperson

Place: Gurugram
Date: 31st May 2021

(Certified Copy)



(Rakesh Kumar)
Secretary

1. Chapter 1: Introduction

1.1. About Joint Electricity Regulatory Commission (JERC)

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as “the Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated 2nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “the JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated 30th May 2008.

JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and the Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting the interest of consumers and ensuring the supply of electricity to all areas.

1.2. Andaman & Nicobar Islands

Andaman & Nicobar Islands (hereinafter referred to as “A&N”) is a cluster of islands scattered in the Bay of Bengal and a designated Union Territory of India. These islands are separated from the rest of India by more than 1000 kms. The total area of the territory is 8,249 sq.km out of which the forest cover is about 7,589 sq. km. (92%). A&N is having population of 379,944 as per census provisional records and average growth rate of population is 6.68%. These islands are divided in three districts, viz., Andaman, Nicobar and North & Middle Andaman. The seat of the Administration is at Port Blair (South Andaman) in which 14.14 sq. km. area is under the jurisdiction of Port Blair Municipal Council.

The tempo of economic development has tremendously accelerated along with all-round expansion in the areas/ sectors, viz., (i) Shipping Services, (ii) Civil Supplies, (iii) Education, (iv) Fisheries, (v) Tourism & Information Technology, (vi) Health, (vii) Industries, (viii) Rural Development, (ix) Social Welfare, (x) Transport, (xi) Increase in District Headquarters, (xii) Central Government Department, (xiii) Public Undertaking & other offices, (xiv) Services & Utilities, (xv) Defence Establishment, (xvi) Commercial Organisations/Business Centres, etc. Thus, these islands have reached the take off stage for total economic transformation. All these economic and infrastructure developments require power as a vital input and to play a key role for achieving overall transformation.

For operational purpose the area has been divided into 7 divisions and 26 sub-divisions.

Andaman Group of Islands



1.3. About Electricity Department Andaman & Nicobar Administration (EDA&N)

The Electricity Department of Andaman & Nicobar Administration (hereinafter referred to as “EDA&N” or “Utility” or “Petitioner”) is solely responsible for power supply in the Union Territory (UT). Power requirements of EDA&N are met by own generating stations as well as power purchase.

Due to the geographical and topographical peculiarities of these islands including separation by sea over great distances, there is no single power grid for the entire electrified islands, instead, power house at various islands caters independently to the power requirements of area/islands.

EDA&N is operating and maintaining power generation, transmission and distribution system network in these islands for providing electric power supply to general public. It implements various Planned and Non-Planned schemes for augmentation of Diesel Generating Capacity, establishment of new power plants and T&D Systems. EDA&N is also functioning as a Nodal Agency for implementing renewable energy programme of the Ministry of New & Renewable Energy (MNRE) on these islands. Presently, EDA&N is headed by a Superintending Engineer, along with seven Executive Engineers and around thirty-eight Assistant Engineers for carrying out the task of power generation, transmission and distribution to the general public including schemes under renewable energy sources.

The key duties being discharged by EDA&N are:

- Laying and operating of electric lines, sub-stations and electrical plants that are primarily maintained for the purpose of distributing electricity in the area of Andaman & Nicobar Islands.

- Operating and maintaining sub-stations and dedicated transmission lines connected therewith as per the provisions of the Act and the rules framed there under;
- Generation of electricity for the supply of electricity required within the boundary of the UT and for the distribution of the same in the most economical and efficient manner;
- Supplying electricity, as soon as practicable to any person requiring such supply, within its competency to do so under the said Act;
- Implementation of schemes for distribution and generally for promoting the use of electricity within the UT.

The current demand mainly comprises of the domestic and commercial category, which contributed approximately 75% to the total sales of the EDA&N.

1.4. Multi Year Tariff Regulations, 2018

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018 (hereinafter referred to as MYT Regulations, 2018) on August 10, 2018. These Regulations are applicable in the 2nd MYT Control Period comprising of three financial years from FY 2019- 20 to FY 2021-22. These Regulations are applicable to all the generation companies, transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry.

1.5. Filing and Admission of the Present Petition

The present Petition was admitted on April 23, 2021 and marked as Petition No. 44/2021. The Commission and the Petitioner subsequently uploaded the Petition on their respective websites.

1.6. Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted, and certain deficiencies were observed. Accordingly, discrepancy notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, revenue from retail tariff, capitalization, tariff proposal etc. The Petitioner submitted its response to the issues through various letters/emails.

The Commission conducted the Technical Validation Session (TVS) with the Petitioner through video conference, during which the discrepancies in the Petition were conveyed and additional information required by the Commission was sought. Subsequently, the Petitioner submitted replies to the issues raised in this session and provided documentary evidence to substantiate its claims regarding various submissions. The following table provides the list of interactions with the Petitioner along with the dates:

Table 3: List of interactions with the Petitioner

S. No	Subject	Date
1	Issue of First Discrepancy Note	26.04.2021
2	Reply received from the Petitioner with regard to first discrepancy Note	04.05.2021
3	Issue of Second Discrepancy Note	30.04.2021
4	Reply received from the Petitioner with regard to Second discrepancy Note	11.05.2021
5	Issue of Third Discrepancy Note	12.05.2021
6	Technical Validation Session	12.05.2021
7	Reply received from the Petitioner with regard to Third discrepancy Note	22.05.2021
8	Virtual Public hearing	18.05.2021

S. No	Subject	Date
9	Petitioner's reply to the Stakeholders' comments sought by the Commission	25.05.2021

1.7. Notice for Public Hearing

The Petitioner published the Public Notices for inviting suggestions/ comments from stakeholders on the Tariff Petition as given below:

Table 4: Details of Public Notices published by the Petitioner

S. No.	Date	Name of Newspaper	Language
1	April 23, 2021	Sanmarg	Hindi
2	April 27, 2021	Sanmarg	Hindi
3	May 14, 2021	Sanmarg	Hindi
4	April 23, 2021	Arthik Lipi	Bengali
5	April 27, 2021	Arthik Lipi	Bengali
6	May 14, 2021	Arthik Lipi	Bengali
7	April 23, 2021	Andaman Express	English
8	May 14, 2021	Andaman Express	English
9	April 23, 2021	The Echo of India	English
10	May 14, 2021	The Echo of India	English

In the absence of publication of regular newspapers in the UT of Andaman & Nicobar Islands, the Commission directed the Petitioner to make public announcements and to advertise in the local cable network giving wide publicity to the Public Hearing mentioning the date and time.

The Petitioner uploaded the Petition on its website (<https://vidyut.andaman.gov.in/>) for inviting objections and suggestions on the Petition. The Commission also uploaded the Tariff Petition and the Public Notice on its website www.jercuts.gov.in giving due intimation to stakeholders, consumers, objectors and the public at large about the Public Hearing to be conducted by the Commission on May 18, 2021 through Video Conferencing due to ongoing COVID19 pandemic.

1.8. Public Hearing

The COVID-19 pandemic has adversely impacted the movement of people as per the guidelines of GoI. These guidelines have also suggested avoiding of travel and gathering of people as far as possible. In view of above, the physical conduct of proceedings by the Commission was not possible. So, the Commission deemed it fit to provide an access to all the stakeholders by conducting proceedings remotely, by the use of audio and video enabled hearings in the matters of Petition submitted by Electricity Department Andaman & Nicobar Administration. Therefore, the Commission has decided that the comments/suggestions of the stakeholders need to be heard virtually through video conferencing for seeking their opinion.

Accordingly, the Virtual Public Hearing was held on May 18, 2021 from 11:30 AM to discuss the issues, if any, related to the Petition filed by the Petitioner. The issues and concerns raised by the stakeholders in writing and as voiced by them during the Public Hearing have been examined by the Commission. The names of the stakeholders who attended the Public Hearing are provided in Annexure-I. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission have been summarized in Chapter 2 of this Order.

2. Chapter 2: Public Hearing

2.1. Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the Petition on the website and also publish the same in the newspapers in an abridged form in the given format duly inviting suggestions/ comments from the public as per the provisions of the MYT Regulations, 2018.

The Public Hearing was held on 18th May 2021 through Video Conferencing on the Petition for the APR of the FY 2020-21, Aggregate Revenue Requirement (ARR) and Tariff for the FY 2021-22. During the Public Hearing, a few stakeholders who had submitted their comments in writing also presented their views in person before the Commission. Other participants from the general public, who had not submitted written suggestions/ comments earlier, were also given an equal opportunity to present their views/ suggestions in respect to the Petition.

The list of the Stakeholders is attached as **Annexure 1** of this Order.

2.2. Suggestions/ Comments of the Stakeholders, Petitioner's Response and Commission's Views

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/ comments/ observations to make the Electricity Distribution Sector responsive and efficient. The Commission has noted the concerns of all the stakeholders and has tried to address them to the extent possible in the Chapters on tariff design and Directives. The Commission while finalizing the Tariff Order has suitably considered relevant observations. The submissions of the stakeholders, Petitioner's response and views of the Commission are summarized below:

2.2.1. Free Electricity

Stakeholders' Comments

The stakeholder submitted that rental free electricity upto 100 unit as done by Delhi for initial 200 units may be introduced.

Petitioner's Response

It is submitted that the proposal of Tariff Petition containing Tariff Schedule for FY 2021-22 for different categories with various slabs approved by Administration has been submitted to JERC which will be implemented after according approval of the Commission. However, the revision in tariff schedule as proposed may be considered in the next Tariff for FY 2022-23 in consultation with the commission and in view of APR & ARR.

Commission's View

The Commission would like to highlight that the average cost of supply in case of Andaman & Nicobar Islands is very high in comparison to Delhi, thereby making it difficult to provide rental free electricity. Further, UT Administration is already providing budgetary support to Electricity Department thus subsidizing the consumers to great extent. The Commission has discussed the principles adopted for approving the Tariff in Chapter 7 of the Tariff Order.

2.2.2. Rebate on advance payment

Stakeholders' Comments

Stakeholder submitted that one month free electricity or 15% rebate (whichever is beneficial for consumer) may be approved on advance payment may be kept in the domestic connection.

Petitioner's Response

It is submitted that the proposal of Tariff Petition containing Tariff Schedule for FY 2021-22 for different categories with various slabs approved by Administration has been submitted to JERC which will be implemented after according approval of the Commission. However, the revision in tariff schedule as proposed may be considered in the next Tariff for FY 2022-23 in consultation with the commission and in view of APR & ARR.

Commission's View

The Commission appreciates the stakeholder's submission and informs the stakeholder to take benefit of advance payment rebate or prompt payment rebate as per the terms and conditions of the Tariff Order.

2.2.3. Reduced Tariffs in higher slab for Domestic and Commercial Category**Stakeholders' Comments**

Stakeholder submitted that the energy charges for the domestic connection may be reviewed and fixed @ INR 3.50 upto 300 Unit and similarly, for the commercial connection may be reviewed and fixed @ 9.50 upto 500 Units.

Petitioner's Response

It is submitted that the proposal of Tariff Petition containing Tariff Schedule for FY 2021-22 for different categories with various slabs approved by Administration has been submitted to JERC which will be implemented after according approval of the Commission. However, the revision in tariff schedule as proposed may be considered in the next Tariff for FY 2022-23 in consultation with the commission and in view of APR & ARR.

Commission's View

The Commission has noted the concern of the stakeholder's and the same is discussed in the principles adopted for approving the Tariff in Chapter 7 of the Tariff Order.

2.2.4. Steep tariff hike for Commercial and Industrial Category**Stakeholders' Comments**

Some of the stakeholders submitted that the proposed increase in commercial tariff from present INR 12.00 to INR 13.50 for unit consumed between 500 to 1000 and from INR 12.00 to INR 15.00 beyond 1000 units which is a new addition to the slabs. In case of Hotel sector where the electricity is the basic ingredient it is bound to be more than 1000 units per month as we known each room need to have A/C, Geyser, TV apart from different Freeze in the kitchen etc. and the illumination has to be more than normal in this sector. Thus, we find a straight 25% increase in the Hotel sector. This is beyond a logical increase of any price.

Similarly, the proposed increase in the industrial category from INR 8.00 to INR 12.00 for units consumed between 500 to 1000 units and INR 8.00 to INR 15.00 for units more than 1000. Since, the Hotels will fall in the 1000 Plus category and the increase is 87.5%. This is unimaginable and beyond any logic. We are to mention here that there is a judgement to charge industrial rate of tariff to the Hotels in these Islands and the same is before the Hon'ble Court for implementation. Under the present circumstances if this is accepted giving the industry status to the Hotel sector is not going to benefit the sector in any manner rather ultimately tariff equal to commercial will be charged even if this is giving an industry status.

Similar concerns were raised by the Cinema exhibition business and other business owners.

Petitioner's Response

It is submitted that the factors and rational behind new tariff structure for F.Y. 2021-22 are:

- (i) A hike of more than 6-7% in fuel cost over the last one year is also a factor to be considered for proposing increase in the tariff rates in tariff schedule and structure for further reduction in net gap between net revenue requirement and revenue realized.
- (ii) It is observed that the high value consumers (1000 & above) have average consumption to the tune of 5-25 times as compared to average consumption of normal consumers in all categories which is on higher side.
- (iii) The Demand Side Management and Energy Conservation needs to be promoted by encouraging consumers to use energy efficient appliances instead of conventional appliances and to install Rooftop Solar plants so as to reduce consumption thereby reducing the consumption of depleting fossil fuels.

Commission's View

The steep hike proposed by the Petitioner will be detrimental to the industrial and commercial category consumers in addition to the hardship being faced due to the ongoing COVID19 pandemic and therefore, the Commission has only approved a marginal hike in the existing tariff while keeping the existing slab structure. Further, the Commission has discussed the principles adopted for approving the Tariff in Chapter 7 of the Tariff Order.

2.2.5. Hike in Government Connections Category

Stakeholders' Comments

Stakeholder submitted that the Domestic, Industrial and Commercial consumers have been targeted the most and the Government consumers have been untouched, if other have been considered for increased tariff, why the Government consumers have been left untouched.

Petitioner's Response

It is submitted that the Government consumers in the A&N Islands also includes Schools, Institutions, Hospitals, Hostels etc. Hence, a separate methodology / category will be scrutinized and shall be proposed under different Govt. categories during the next tariff proposal F.Y. 2022-23 by taking into consideration various rationales in consultation with the Commission.

Commission's View

The Commission has noted the concern of the stakeholder's and discussed the principles adopted for approving the Tariff in Chapter 7 of the Tariff Order.

2.2.6. Reduction in cost of generation

Stakeholders' Comments

Stakeholder submitted that the A&N Administration should take actions for reducing their cost of generation instead of passing on their burden directly to its consumers. The Administration should take more steps to harness alternate sources of energy generation apart from the present Diesel based Generation.

Petitioner's Response

It is submitted that the various steps have been taken by the A&N Administration:

- (i) Solar Tariff to encourage consumers to adopt Rooftop Solar Plants and to reduce their dependency on the grid.
- (ii) Thrust given for installation of Renewable and Clean Source of Energy.

Commission's View

The Commission appreciates the stakeholder's suggestions and directs the Petitioner to explore the avenues of increasing the renewable generation including solar and wind energy. Further, the Commission welcomed the proposal for solar tariffs and allowed the same in the previous tariff order and directs the Petitioner to replace the diesel-based generation with the cheaper sources of alternate generation to the maximum extent possible.

2.2.7. Discounts due to ongoing pandemic

Stakeholders' Comments

Stakeholder submitted that it is shocking to know that the Electricity Department of Andaman and Nicobar is proposing to increase the tariff for FY 2021-22 when the country is ravaged by the pandemic. The hike in tariff has been proposed for not only commercial but also for domestic and industrial. The burden of such tariff hike will be detrimental to public and commercial establishments at large. This will hamper our road to recovery when the Pandemic ends. The department instead of proposing such a hike in tariff should instead give rate cuts and discounts which will aid our recovery. But what is being proposed is the exact opposite of recovery.

Petitioner's Response

It is submitted that the proposal of Tariff Petition containing Tariff Schedule for FY 2021-22 for different categories with various slabs approved by Administration has been submitted to JERC which will be implemented after according approval of the Commission. However, the revision in tariff schedule as proposed may be considered in the next Tariff for FY 2022-23 in consultation with the commission and in view of APR & ARR.

Commission's View

The Commission has noted the concerns of the stakeholder's and understands that proposed increase in tariff will burden the consumers and slow down the already crippling industry in the UT of Andaman & Nicobar Islands and therefore, the Commission has only approved a marginal hike in the existing tariff while keeping the existing slab structure. Further, the Commission has discussed the principles adopted for approving the Tariff in Chapter 7 of the Tariff Order.

2.2.8. Non-Compliance of the Commission's Directives

Stakeholders' Comments

Stakeholder submitted that as per the Tariff Order in earlier petition No 23/2019 dated 18.05.2020 several directions has not been compiled. For example, in chapter 2.2.2, the commission's direction for modifying the billing system has not been adhered thereby defeating the very purpose of the suggestions of the stakeholders and due to which the consumers could not avail the benefit of the proposed incentive for making advance payment. The petitioner has not yet conducted the energy audit again as already directed in the order dated 18.05.2020. In absence of the significant energy audit, the proposal for revision of the tariff may not be entertained until the petitioner conducts an independent energy audit. The employees cost shown in format 15 is inadequate. The detailed break up in the revenue from existing tariff may be obtained in format 26 in full shape. The tariff norms for energy are incomplete in the Format 2G wherein it is stated that "details provided vide separate Annexure" is missing in the petition. The direction of the commission for furnishing of slab wise details not yet compiled. Similarly, separate and breakup of O&M expenses, station wise has not been prepared in Format 11G. In Format 14 at Sl.No 5, the number of employees recruited has been mentioned which seems to be false and incorrect. As per my knowledge, no selection process has been taken place during this period. However, the Veracity of the same to be ascertained.

Petitioner's Response

It is submitted that the proposal of Tariff Petition containing Tariff Schedule for FY 2021-22 for different categories with various slabs approved by Administration has been submitted to JERC which will be implemented

after according approval of the Commission. However, the revision in tariff schedule as proposed may be considered in the next Tariff for FY 2022-23 in consultation with the commission and in view of APR & ARR.

Commission's View

The Commission appreciates the views of the stakeholder's and is concerned about the non-compliance of the Commission's directives in said Order. The Commission directs the Petitioner to modify the billing system immediately to incorporate the rebate on early payment and comply with the pending directives within the time frame stipulated for each directive as discussed in Chapter 8 of this Order.

2.2.9. Charging of Hotel industry consumers under the Commercial Category

Stakeholders' Comments

Stakeholder submitted that those Hotels which are recognized as an Industry under the MSME Act are to be charged Industrial rate, presently capped at Rs.8 per/kWh (kilowatt hour). This applicability was confirmed by the Ld. JERC, Gurugram vide Order dt- 02.12.2020 in Petition No. 30 of 2020 titled "Sea Shell Hotels and Resorts & Ann vs. Supt. Engineer, EDA&N", wherein the Ld. JERC was pleased to direct the Electricity Dept. to charge the Hotels in the Industrial Category (@ Rs,8 per kWh) in place of Commercial Category (which was @ Rs.12 per kWh) as directed by the Ld. JERC through its Tariff Order dated 20.05.2019 (which was assailed in the said Petition). The aforesaid Order was passed on the basis of an Affidavit filed by the Electricity Dept acknowledging its mistake of wrongly charging the Hotels under the Commercial category and in fact prayed before the Ld. Commission that Hotels, fulfilling the required criteria be charged as an Industry.

Despite the aforesaid acknowledgment by the Dept. itself and in complete violation of the direction passed by Ld. JERC, the EDA&N has wrongfully been over-charging the Hotels at Commercial rates. To our shock and dismay, the Department has now served a Notice to one of our member Hotel, asking to pay the enhanced commercial rates, failing which it would disconnect their electricity connection. Such act by the Department is completely contrary and in derogation of the directions passed by the Ld. Commission and is liable to be punished for being in willful contempt of the said Order. We, therefore, request the Ld. Commission to exercise its power under Regulation 70(i) of the (Conduct of Business) Regulations, 2009 and take suo-moto cognizance of the blatant violation and take appropriate action against the Department, which has approached the Ld. Commission with unclean hands and is liable to be penalized/punished. For completeness, it is also pertinent to submit that a writ petition has already been preferred by a few consumer Hotels before the Hon'ble Calcutta High Court in this regard and the same is pending adjudication.

Petitioner's Response

It is submitted that hoteliers in A&N Islands vide Administrative Order No 3-20(2)/2017/Power dated 27.05.2011 were charged under industrial category. As per JERC's Tariff order dated 20.05.2019, the Hotel establishments were charged under commercial category from industrial category. A draft review petition in respect of JERC Order dated 02.12.2020 is under approval of competent authority for filing before JERC as implementation of the above order at this instance will incur huge arrears to be paid by the exchequer.

Commission's View

The Commission noted the concerns of the stakeholder's and directs the Petitioner to strictly comply with the Review Order dated December 2, 2020. Wherein the Hotel industry consumers have been categorised under the Industrial category and charging them under the Commercial category is considered as the non-compliance of the Commission's said Order which attracts penal action in the Electricity Act, 2003.