

BEFORE THE CONSUMER GRIEVANCES REDRESSAL FORUM
OF NORTHERN POWER DISTRIBUTION COMPANY OF A.P.
LIMITED: WARANGAL.

29th Day of July, 2010.

Present : Sri. S. Surender : Chairman
Sri. K. Ramesh : Member (Legal)

C.G. No. 280/2010 of Adilabad Circle

Between

Sri. P.D. Agarwal
Dy. General Manager Electrical
M/s. Sirpur Paper Mills Limited
S.C. No. ADB-009
Sirpur Khagaz Nagar
Adilabad-Dist. 504296 A.P.

Complainant

AND

1. Divisional Engineer/Operation/Sirpur Khagaz Nagar.
2. Senior Accounts Officer/Operation Circle/NPDCL/Adilabad.
3. Superintending Engineer/Operation/Adilabad.
4. General Manager/Revenue/NPDCL/Warangal.

Respondents

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Sri. P.D. Agarwal, Dy. General Manager Electrical, M/s. Sirpur Paper Mills Limited, Sirpur Khagaz Nagar, H.T. S.C. No. ADB-009, Adilabad-Dist., hereinafter called as the complainant in complaint dated. 05-07-10, received and registered on 12-07-10, under Clause 5(7) of APERC Regulation 1 of 2004 read with Section 42(5) of Electricity Act 2003, stated the following :-

- i. they have received bill for the month of June 2010 on 30.06.10, from Senior Accounts Officer/Operation Circle/Adilabad, stating that APNPDCL paid excess amount Rs. 372144/- towards incentive for the month of April 2009. The APNPDCL added the incentive amount with the power bill June 2010.

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- ii. As per the APERC guidelines, Lr. No. APERC/E-205/DD-Dist/2009/Dt. 29.04.09 (copy enclosed) the load factor incentive for HT Consumer must be calculated as per contracted maximum demand only. Earlier APNPDCL used to calculate incentive on the basis of billed maximum demand.
- iii. As per Lr. No. SE/OP/ADB/SAO/HT/D. No. 2153/Dt. 26.06.10, April 2009 power bill was divided into two parts i.e., from 22.03.09 to 31.03.09 and from 01.04.09 to 22.04.09. The Senior Accounts Officer/Operation Circle/Adilabad had calculated load factor incentive taking into account BMD for 1st half and CMD for record spell in (from 01.04.09 to 22.04.09) which is wrong.
- iv. The earlier APNPDCL as per APERC letter calculated April 09 power bill taking into account of billed maximum demand. Accordingly they had got incentive on load factor Rs. 8,77,432/-. Presently, APNPDCL asking M/s. SPM Limited that they have paid excess incentive during April 2009, about 3,72,144/- taking into account CMD into consideration.
- v. They have strongly protest about the action of APNPDCL they were requested the grievance cell to look into matter and do justice. They have issued the APERC Regulations on 29.04.09. It is unfair on the part of APNPDCL. Now the Senior Accounts Officer/Operation Circle/Adilabad implementing the APERC orders from 1st April 2009.
- vi. For the month of May 2009, power bill the load factor incentive was calculated taking into account CMD as per APERC order on 29.04.09. As the energy meter reading from 22.04.09 to 22.05.09 represents May 2009 power bill. From 22.04.09 to 28.04.09 (6 days) for calculating power bill BMD must be taken into account i.e., BMD 10800 KVA. Please look into the matter and pay us the difference of incentive amount by taking BMD into consideration for six days.

Consumption from 22.04.09 to 28.04.09 -	1277000 KWH
Power Factor in this Month -	0.95
BMD in the month of May 2009 -	10800 KVA
Load Factor up to 28.04.09 on BMD -	0.86
Load Factor up to 28.04.09 on CMD -	0.72
Incentive up to 28.04.09 on BMD -	Rs. 4,63,066/-
Incentive up to 28.04.09 ON CMD -	Rs. 3,81,807/-
Difference -	Rs. 81,259/-

2. As a sequel to the above complaint, Divisional Engineer/ Operation/ Sirpur Khagaz Nagar, Senior Accounts Officer/Operation Circle/Adilabad, Superintending Engineer/Operation/Adilabad and General Manager/ Revenue/Warangal, were directed to file their written submissions vide notice dated. 12.07.2010.

The Senior Accounts Officer/Operation Circle/Adilabad, in his filings received on 14-07-2010, stated the following :-

- i. incentive is being allowed by taking the billing M.D. for calculating the load factory for incentives up to 04/2009.
- ii. in the reference Lr. No. APERC/E-205/DD-Dist/2009/ Dt. 29.04.09, the APERC has issued the guidelines methodology for computation of load factor incentive, the APERC guidelines are communicated to this vide U.D. Note No. CGM/P&RAC/NPDCL/RAC/F. ESH/D. No. 50/09/Dt. 06.05.09 and Endt. No. CGM(EXP)/GM(R)/AO/JAO/HT/D. No. 114/Dt. 12.05.09. In this orders date of effect of new methodology not mentioned, where as the new methodology was adopted by this office in the month of 05/2009.
- iii. the Internal Audit was conducted during the month of 04/2010 and proposed the shortfall for 04/2009 bill by adopting the APERC incentive methodology (Excess incentive allowed in 04/2009).

The General Manager/Revenue/NPDCL/Warangal, in his filings received on 24-07-2010, stated the following :-

- i. It is to submit that the Hon'ble APERC has approved Tariff Order FY 2009-10 with effect from Dt. 01.04.09 on 20th March 2009, wherein it is stated that, "the procedure for computing the load factor incentive shall be as per the methodology to be communicated separately by the commission" vide Part 'A' – HT Tariffs, HT Category – I, Notes 1 (c) .
- ii. Further the Hon'ble Commission has desired that all DISCOMs shall adopt a uniform procedure to calculate load factor incentive

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and DISCOMs have directed to follow the methodology furnished in the Annexure to Lr. No. APERC/E-205/DD-Dist./2009/Dt. 29.04.09 wherein stated that, load factor shall be calculated with respect to CMD only consumers who exceeded the contracted maximum demand are not eligible for load factor incentive vide Annexure Para (2) of Lr. No. APERC/E-205/DD-Dist./2009/Dt. 24.09.09.

- iii. Thereafter, the Hon'ble APERC directed the DISCOMs that, the DISCOMs shall limit the load factor incentive to extent of overall load factor or actual load factor whichever is less and to back bill whenever the DISCOM have paid incentive wrongly in excess of entitlement by considering higher DISCOM load factor that over all load factor, vide Para 4 (i) of Lr. No. APERC/E-205/DD-Dist/2009/Dt. 22.12.09, and also directed to submit a monthly return on the progress made in recovery the amounts.
- iv. In view of the above facts "load factor incentive has been revised from dated. 01.04.2009 and M/s. Sirpur Paper Mills Limited, asked to pay the excess incentive allowed during April 2009.

3. Analysis of the Case :-

Prior to April 2009, the load factor for HT consumers was calculated based on the billed M.D., while approving the Tariff Order for FY-2009-10, the Hon'ble Commission recorded that the procedure for calculation of load factor will be communicated separately. Accordingly the Hon'ble Commission communicated the procedure on 29-04-2009.

The Commission directed all the DISCOMs to publish the charges / tariffs for FY-2009-10, in two english and two telugu daily news papers during last week of March 2009.

Accordingly the tariffs/charges for FY-2009-10, were published by the licensee, wherein it was informed that the procedure for calculation of load factor will be communicated separately by APERC.

In this case, the respondents have wrongly calculated the load factor taking into consideration of the billed maximum demand instead of taking into account of contract maximum demand by which an amount of Rs. 3,72,144/- was paid excess towards load factor incentive to the complainant i.e., M/s. Sirpur Paper Mills Limited, Sirpur Khagaz Nagar, for the month of 04/2009. Later on the Internal Audit was conducted during the month of 04/10 and proposed the Short fall for 04/2009 bill adopting the APERC incentive methodology (Excess incentive allowed in 04/2009). Accordingly the respondents have added the excess amount of incentive paid to the complainant along with power bill amount of 06/2010 in the bill and issued to the complainant for payment.

The APERC while communicating the guidelines informed as follows :-

- i. the load factor of any consumer can be unity in theory. In practice it should be less than one.
- ii. the Commission observed that **DISCOMs** are giving load factor incentive with a load factor of more than 100% which is practically not possible.

The APERC, issued guidelines for calculation of load factor for incentive to be followed by all the **Four DISCOMs** in the State, to avoid incentive to in-disciplined consumers who are exceeding the CMD, and causing more burden on the system. The incentive should be given to only disciplined consumers.

4. **ORDER :-**

In view of the above, there is no irregularity on the part of the respondents in adopting the revised procedure for calculation of load factor.

The complainant is also requested to clear the amount as per the revised load factor incentive applicable to them and bills served by the respondents within 15 days.

The respondents are directed to calculate the load factor incentive as per the guidelines issued by the APERC from time to time only, in future cases. The respondents are further directed to submit a detailed compliance report based on this order issued to this Forum within 30 days, from the date of receipt of this order.

5. If the complainant is aggrieved by the order of the forum he may represent to Vidyut Ombudsman, APERC, Singareni Bhavan, IVth Floor, Red Hills, Hyderabad-500 004, within (30) days of receipt of this order as specified in clause (9) of Regulation 1 of 2004 of A.P. Electricity Regulatory Commission of A.P.

Signed on 29th day of July, 2010.

**K. RAMESH
MEMBER (LEGAL)**

**S. SURENDER
CHAIRMAN**

Endt. No./CM/C.G.R.F/NPDCL/C.G. No. 280/2010-1 Dt. 29.07.2010.

Copy to :

The Assistant Divisional Engineer/Operation/Sirpur Khagaz Nagar.
The General Manager (IT)/Corporate Office/NPDCL/Warangal.

(He is requested to place the order in the Company's Website).

Sri. Dr. A. Sudharshan Reddy, President, Centre for Environmental Studies,
H. No. 2-2-421, Kishanpura, Hanamkonda, Warangal-Dist.

Copy to : The Stock file.

//FORWARDED BY ORDER //

**Member (Legal)
Consumer Grievances Redressal Forum.**

