



## ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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### From

The Commission Secretary (I/c),  
#11-4-660, 4<sup>th</sup> Floor, APERC,  
Singareni Bhavan,  
Hyderabad – 500 004

### To

The Chairman & Managing Director  
APEPDCL, P&T Colony,  
Seethammadhara, Visakhapatnam.

The Chairman & Managing Director  
APSPDCL, D.No:19-13-65/A,  
Srinivasapuram, Tiruchanoor Road,  
Tirupati – 517 503

### **Lr.No. APERC/E- 202/DD-Dist/2016 dated: 09-09-2016**

Sir,

Sub: - Licensees' duty for supply of Electricity - Recovery of expenditure - Regulation No. 04 of 2013.

Ref: - i) Lr.No. APERC/E- 202/DD-Dist/2016 dated: 11-01-2016  
ii) Proceedings No. Secy/10/2015, Dt: 29-05-2015 of APERC.

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1. Commission issued guidelines vide proceedings cited in reference 2 on levy and collection of Service line charges and Development charges. Commission is receiving many representations on non-implementation of Regulation No. 4 of 2013. The Commission examined the representation(s) in detail. The following are the legal provisions under Section 45 and 46 of the Electricity Act, 2003.
2. The Regulation No. 04 of 2013 is issued Under Section 46 of Electricity Act, 2003, to recover expenses reasonably incurred by the Distribution Licensees in pursuance of Section 43 of Electricity Act, 2003. The thin difference between Section 45 and Section 46 of Electricity Act, 2003 is explained hereunder for understanding of DISCOMs.
3. Under Section 45 of Electricity Act, 2003, the DISCOMs are entitled to recover the charges for electricity supplied by the DISCOM and the charges may include:
  - (a) A fixed charge in addition to the charge for the actual electricity supplied;
  - (b) A rent or other charges in respect of any electrical meter or electrical plant provided by the Distribution Licensee.
4. The infrastructure cost connecting the transmission boundary to the distribution mains is to be recovered in the form of cost of fixed assets for the purpose of arriving at the capital base during the tariff determination process (Aggregate Revenue Requirement) filed U/s 45 read with 62 of Electricity Act, 2003.

While extending power supply to a new consumer by DISCOMs, the Commission made a provision under clause 8 of Regulation No. 4 of 2013, to recover a part of fixed cost on per kVA or kW basis in the name of Development charges by following shallow method from new consumers. The balance and other infrastructure costs are being allowed in the form of fixed charge in the tariff under Section 45 of the Electricity, Act 2003.

5. Under Section 46 of the Electricity Act, 2003, the DISCOMs are entitled to collect expenses that are incurred by a licensee while providing supply which are akin to service line charges. The Commission made a provision to recover estimated cost of line from the Distribution mains to the point of consumer premises, in the name of service line charges vide clause 7 of Regulation No. 04 of 2013.
6. To bring more clarity, Development charges and Service Line charges to be levied are explained below with the help of different examples for both HT supply and Lt Supply. Examples mentioned below are only illustrative but not exhaustive.

Examples:

**1. LT service connection:**

**(i) Case- 1**

No extension of LT line:

Charges to be collected:

- a) Security deposit
- b) Development charges.
- c) No charges shall be collected towards metering and allied equipment such as CT, meter box and connecting cables.

**(ii) Case-2:**

Extension of service connection involves erection of LT line, say 100 metres length.

Charges to be collected:

- a) Security deposit.
- b) Service line charges for 100 metres LT line.
- c) Development charges.
- d) No charges shall be collected for augmentation of transformer or augmentation of conductor capacity.
- e) No charges shall be collected towards metering and allied equipment such as CT, meter box and connecting cables.

**(iii) Case-3**

Extension of service connection involves, say, erection of 11 kV Transformer, 100 meters LT line and erection of 200 metres 11 kV line;

Charges to be collected:

- a) Security deposit.
- b) Service line charges for 100 metres LT line.
- c) Cost of 200 meters 11 kV line.
- d) Development charges.
- e) No charges shall be collected for Transformer, transformer structure.
- f) No charges shall be collected towards metering and allied equipment such as CT, PT, connecting cables, meter box and supporting structure of metering.

**(iv) Case – 4: Power supply to agricultural consumers (for HVDS)**

Extension of service connection involves, say, erection of 11 kV Transformer and erection of 240 metres 11 kV line;

Charges to be collected:

- a) Security deposit.
- b) No charges for first 180 metres of 11 kV line and charges shall be collected for the balance line length of 60 metres.
- c) Development charges.
- d) No charges shall be collected for Transformer, transformer structure.
- e) No charges shall be collected towards metering and allied equipment such as CT, connecting cables, meter box and supporting structure of metering.
- f) The earlier practice of exempting Rs. 50,000/- from the estimate cost shall be withdrawn henceforth.

\*Note:- If both 11 kV line of 100 metres and LT line of 150 metres is required to install to extend power supply, charges shall not be collected for 100 metres of 11 kV line and first 80 metres of LT line. Charges can be collected for the balance 70 metres of LT line.

**(v) Case – 5: Power supply to agricultural consumers (for LVDS)**

Extension of service connection involves, say, erection of 11 kV Transformer and erection of 240 metres of LT line;

Charges to be collected:

- a) Security deposit.
- b) No charges for first 180 metres of LT line and charges shall be collected for the balance line length of 60 metres.

- c) Development charges.
- d) No charges shall be collected for Transformer, transformer structure.
- e) No charges shall be collected towards metering and allied equipment such as CT, connecting cables, meter box and supporting structure of metering.
- f) The earlier practice of exempting Rs. 50,000/- from the estimate cost shall be withdrawn henceforth.

\*Note:- If both 11 kV line of 100 metres and LT line of 150 metres is required to install to extend power supply, charges shall not be collected for 100 metres of 11 kV line and first 80 metres of LT line. Charges can be collected for the balance 70 metres of LT line.

**(vi) Case-6:**

Applicable for multistoried buildings where the building height is above 15 meters, excluding stilt floor:

Extension of service connection involves, say, erection of 11 kV Transformer, 100 metres LT line and erection of 200 metres 11 kV line;

Charges to be collected

- a) Security deposit.
- b) Service line charges for 100 metres LT line.
- c) Cost of Transformer, Transformer structure and 200 metres 11kV line or Development charges whichever is higher.
- d) No charges shall be collected towards metering and allied equipment such as CT, PT, connecting cables, meter box and supporting structure of metering.

**(vii) Case-7:**

Applicable for multistoried buildings where the building height is 15 metres and below, excluding stilt floor:

Extension of service connection involves, say, erection of 11 kV Transformer, 100 metres LT line and erection of 200 metres 11 kV line;

Charges to be collected

- a) Security deposit.
- b) Service line charges for 100 metres LT line.
- c) Development charges.
- d) Cost of 200 metres 11 kV line.
- e) No charges shall be collected towards Transformer, Transformer structure.
- f) No charges shall be collected towards metering and allied equipment such as CT, PT, connecting cables, meter box and supporting structure of metering.

**2. HT Connections:**

**(i) Case -1**

Extension of 11 kV service connections with a contracted demand, say 1000 kVA involving 500 metres of 11 kV line.

Charges to be collected

- a) Security deposit for 1000 kVA.
- b) Service line charges for erection of 500 metres 11 kV line.
- c) Development charges for 1000 kVA demand.
- d) No charges shall be collected for augmentation of Power Transformer capacity or for augmentation of line capacity.
- e) No charges shall be collected towards metering and allied equipment such as CT, PT, connecting cables, meter box and supporting structure of metering.

**(ii) Case – 2**

Extension of 33 kV service connections with a contracted demand, say 4000 kVA involving 1000 metres of 33 kV line.

Charges to be collected

- a) Security deposit for 4000 kVA.
- b) Service line charges for erection of 1000 metres 33 kV line.
- c) Development charges for 4000 kVA demand.
- d) No charges shall be collected for augmentation of Power Transformer capacity or for augmentation of line capacity.
- e) No charges shall be collected towards metering and allied equipment such as CT, PT, connecting cables, meter box and supporting structure of metering.

7. The DISCOMs shall strictly implement the Regulation No. 4 of 2013, the Directions cited in reference (1) and proceedings cited in reference (2) and herein in true spirit to avoid any penal consequences under the provisions of the Electricity Act, 2003.

Yours faithfully,  
Sd/-  
Secretary<sup>(i/c)</sup>