



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
Phone Nos.(040)233976381/399/556 Fax No.(040)23397378 website

www.aperc.gov.in

From

The Joint Director (Engg.)
#11-4-660, 4th Floor, APERC,
Singareni Bhavan,
Hyderabad – 500 004

To

The Chairman & Managing Director,
APEPDCL, P&T Colony,
Seethammadara,
Visakhapatnam - 530013

Lr. No. E-202 / DD-Dist/ 2016, Dated 03 /10 /2016

Sir,

Sub: Multi-storied buildings – Levy and collection of development charges.

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During the interactive session held on 19-09-2016, between the Hon'ble Chairman of APERC and EPDCL officers, one ADE/APEPDCL made a representation on levy and collection of development charges (Regulation No. 04 of 2013) in case of multi-storied buildings and requested to reconsider as the DISCOM is incurring financial loss.

2) Prior to 1993, the then APSEB was not collecting either service line charges or development charges. The cost of service wire for first 30 metres (100 feet) was also borne by APSEB. APSEB has introduced concept of service line charges and development charges vide BP.Ms.No . 337 (Opn-Coml.) dated 03-11-1993.

3) The Commission has issued Regulation No. 03 of 2004 Under Section 46 of Electricity Act, 2003. As per the above regulation, the licensee is entitled to recover pro-rata cost of transformer (including structure), if a new transformer is to be installed or augmentation of transformer is to be done, due to non availability of transformer capacity. If load or capacity is available in the existing distribution transformer or power transformer, the DISCOM has to extend power supply without any charges. This leads to discrimination among the similarly placed consumers. This is explained with the help of an example, say two consumers needs a capacity of 1000 kVA. If capacity in power transformer is available in substation (a), he gets supply without any charges of transformer cost. If capacity in power transformer is not available in Substation (b), he has to pay pro-rata cost of transformer to avail power supply.

4) During 2006-07, some of the industrial consumers availed power supply without paying development charges, due to capacity availability in the transformers. On representation of DISCOMs, the Commission issued regulation no. 04 of 2013 dated 19-07-2013 after following due consultation process with all stakeholders.

5) The relevant provisions of (clause 8) of Regulation No. 04 of 2013 are extracted hereunder:

8 (3) The Distribution Licensee shall recover full cost of transformer in case of commercial complexes, apartments and multi storied buildings where a dedicated transformer is provided while extending new LT service connections. In such cases, the Distribution Licensee is not entitled to collect development charges and shall own the transformer and maintain it. The Distribution Licensee shall not extend power supply to any other consumer from the dedicated transformer other than the consumer who has borne the full cost of Transformer.

8 (4) In case of LT supply, the responsibility of erection of distribution transformer lies with the Distribution Licensee and shall not charge cost of transformer to any consumer except those consumers mentioned in para 3 above and levy only development charges.

6) **The dictionary meaning of Multi-storied building is mentioned below:**

A multi-story building is a building that supports two or more floors above ground. There is no formal restriction on the height of such a building or the number of floors a multi-story building may contain, though taller buildings do face more practical difficulties.

7) The Government of Andhra Pradesh issued AP Building Rules, 2012 (Municipal Administration and Urban Development Department) vide Go.Ms.No. 168 dated 07-04-2012. In the said GO in para 21 (b) is extracted hereunder:

“21 (b) For The first 15m height of the building (excluding stilt floor) there will be no levy of City Level Impact Fee.”

8) The Clause 36 (1) of CEA (Measures relating to Safety and Electric supply), Regulation 2010 reads as follows:

“(36) Provisions for supply and use of electricity in multi-storeyed building more than 15 metres in height:

(1) The connected load and voltage of supply above which Inspection is to be carried out by an Electrical Inspector for a multi-storeyed bulding of more than 15 m height shall be notified by the Appropriate Government.

(2) -----

(3) The supplier/owner of the installation shall provide at the point of commencement of supply a suitable isolating device with cut-out or breaker to operate on all phases except neutral in the 3 phase 4 wire circuit and fixed in a conspicuous position at not more than 2.75 metres above the ground so as to completely isolate the supply to the building in case of emergency.”

9) All LT consumers (Domestic /Commercial consumer) are availing power supply by paying only development charges and service line charges. In all residential colonies / villages / towns, all independent houses are being given power supply by collecting development charges and service line charges. In all these cases, no transformer cost is being collected even from a high

end consumer who owns independent bungalow having connected load, say, 15HP or 18HP. Collecting full cost of transformer from apartment owners amounts to discrimination.

10) The DISCOMs interpreted the meaning of Multi-storied building in their own way and issued circulars without the consent of the Commission. Under Section 46 of Electricity Act, 2003, the DISCOM is entitled to collect service line charges from the distribution mains upto the consumer connection point, whoever seeks power supply requirement U/s 43 of Electricity Act, 2003.

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.

11) The Commission received many representations on levy and collection of development charges from various categories of consumers.

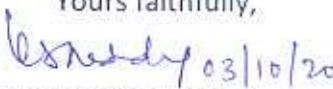
12) Considering provisions mentioned in para 7 & 8 above, 15 metres height is taken as the reference level to differentiate between a multi-storied building and high-rise building. In order to give equal treatment among similarly placed consumers, the Commission issued directions vide Lr.No. APERC/E-202/DD-Dist/2016 dated: 11-01-2016 and Lr.No. APERC/E-202/DD-Dist/2016 dated: 09-09-2016, which are more self explanatory in nature.

13) The Commission is allowing cost of fixed assets for the purpose of arriving at the capital base of upstream network from the distribution mains and upto the transmission boundary in the form of distribution business wheeling tariff and hence there is no loss to DISCOMs.

14) In the Distribution MYT order of 2014-15 to 2018-19, the Commission allowed the following capital investment.

APEPDCL: Total capex permitted for five years – Rs. 2719 crs. Out of total capex of Rs. 2719 crs, an amount of Rs. 1552 crs towards DTR unit additions and Rs. 68 crs towards new consumer capex was earmarked.

A copy of this letter may be communicated to the officer who made representation during the interactive session on 19-09-2016.

Yours faithfully,

Joint Director (Engg.)

Copy to:
The CMD, APSPDCL,
D.No:19-13-65/A, Srinivasapuram,
Tiruchanoor Road,
Tirupati – 517 503.