

Relevant portion of the Retail Supply Tariff Order for FY 2007-08 is applicable to this case No.47/2006 (Cosboard)

Cosboard

The National Tariff policy deals with the subject of Cross-Subsidy in following terms

“For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

For example if the average cost of service is Rs.3 per unit, at the end of year 2010-2011 the tariff for the cross subsidized categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross-subsidising categories should not go beyond Rs 3.60 per unit.”

The present level of cross-subsidy is well within the target of $\pm 20\%$ of the average cost of supply. In other words what is required to be achieved by the end of the year 2010-2011 has been already achieved but the Commission finds that reduction or elimination of cross-subsidy in the present tariff fixation would entail the LT consumers of Orissa being burdened with much heavier tariff that they can sustain, especially in the absence of Govt. subsidy/subvention which is not forthcoming. This year's tariff does not therefore admit of any reduction in cross-subsidy.

The Cosboard has in Case No.47/2006 sought for allowing a discount tariff at the rate of 2.07p/u by eliminating cross –subsidy in its individual case. In a tariff design the Commission has to follow principles for general application and it is not possible to give specific relief to individual consumers. This would amount to discrimination in terms of S.62(3) of the Act and violation of Article 14 of the Constitution of India. Even in Cosboard's individual case it appears that it is getting power supply as a “Large Industry” category having 80% consumption ratio at the rate of 2.93p/u, as against the average cost of supply @Rs.2.95 p/u in the State. Thus Cosboard is itself subsidized, provided it operates efficiently enough so as to achieve 80% consumption ratio.