



## Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

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### Petition No.34 of 2005 (M)

#### In the matter of review of Chhattisgarh State Electricity Board's decision for implementation of new category HV-6 for 132 KV consumers

Hy-Grade Pellets Ltd., Palanar Road, Kirandul .... **Petitioner**

**V/s.**

Chhattisgarh State Electricity Board .... **Respondent**

#### **ORDER (Passed on 31/12/2005)**

The petitioner M/s Hy-Grade Pellets Ltd. has an iron ore beneficiation plant at Kirandul in Dantawada district and is availing power supply from the Chhattisgarh State Electricity Board (CSEB, for short), with a contract demand of 15 MVA at 132 KV. The plant has been set up to process iron ore fines supplied by National Mineral Development Corporation (NMDC) Ltd., from its iron ore mines at Kirandul. The process mainly consists of grinding, washing, cleaning of ore to a certain degree of purification and pumping it in the form of slurry to the pellet plant at Visakhapatnam, where the fines are converted into pellets. The pellets are then used elsewhere for making steel.

2. The petitioner claims that its industry is a power intensive industry having a contract demand of 15 MVA. The plant has been recently installed and is presently under trial run w.e.f. 25/06/05. The petitioner has submitted that though full capacity of the plant has not been attained till now, there is gradual increase in consumption of energy as well as rise in the maximum demand and consequent increase in the load factor. The tariff for the year 2005-06 has been determined by the Commission and the tariff order issued on 15/06/05, making it applicable from 01<sup>st</sup> July 2005. As per this order he was billed by the CSEB in July, 2005 in HV-5 category (Power-Intensive Industry), apparently treating its beneficiation plant as a power-intensive industry like mini steel plant, sponge iron plant etc. Subsequently, in the month of August 2005 a different tariff was applied and the petitioner was billed in HV-6, Other HT Industries category. The petitioner further states that CSEB had proposed only one category in its tariff petition for 132 / 220 KV (EHT) industrial consumers and public hearing took place on that proposal. However, the tariff order issued on 15/06/05 did not have this category. Hence it was not possible for the petitioner to take any objection at that time. According to the petitioner, due to wrong categorization for tariff purposes, and placing him in HV-6 tariff category, he would have to bear an additional financial burden amounting to Rs. 30 lakh per month, when the plant goes in to full production.

3. CSEB, the respondent, has made mainly two points. The first is that since 'power-intensive industry' has not been defined in the tariff order dated 15.6.2005 (passed in Petition No. 5 of 2005), the Board is not clear as to whether a particular industry drawing power on extra high voltage should be classified as such an industry or not. Secondly, they have submitted that the petitioner's industry does not fall under any of the HT tariff categories and hence had to be classified as HV-6 Other HT Industries only. But in the tariff order, HV-6 covered supply upto only 33 KV and did not cover EHT consumers (220/132 kV). On a reference being made to the Commission seeking clarification in respect of three such industries on 2.8.05, the Commission clarified, vide its letter dated 29.8.05, that the present HV-6 category would also include industries which receive supply on extra high voltage including the petitioner, and also indicated the tariff applicable to them. The CSEB has accordingly made HV-6 tariff applicable to the petitioner. The Board has pleaded that any change now would adversely affect its revenues and would not be justified.

4. We have heard the parties at length and would agree that there has been some confusion because of (i) power-intensive industries having not been defined in the tariff order, and (ii) EHT consumers not been included in HV-6 other HT industries tariff category. The Board had made a reference that there were three industries which did not fall in any of the HT tariff categories i.e. HV-1 to HV-5 and should be logically placed in HV-6. They could not do so as HV-6 did not prescribe any tariff for industries receiving supply at extra high voltage. The clarification given by the Commission on this reference was in the above context. The reference did not elaborate on the consumption pattern of the petitioner and stated categorically that the industry did not fall in any other HT tariff category. However, after hearing the petitioner and looking at his power consumption pattern we feel that the petitioner is a 'power-intensive industry'. This has been indirectly conceded by the Board by first billing him under HV-5 category and by their submission before the Commission that although its power consumption is high since power-intensive industry has not been defined by the Commission they would not like to place the petitioner in that category.

5. According to the tariff order of 15.6.2005, HV-5 is applicable to power-intensive industry upto 20 MVA contract demand and as examples of such industries mini steel plant with rolling mills, sponge iron plant, ferro alloys industry etc. have been cited. The fact that there is a minimum consumption prescribed for such industries drawing power at 220/132 KV, at 30% LF, would indicate that the intention of the Commission was clearly not to classify only steel industries as 'power-intensive' but industries with high load factor. Such industries should also include those which require substantial power in the manufacturing process and those whose cost of power per unit of production (product manufacture) is high. If we judge the petitioner by these criteria, which would appear to be the broad criteria for classification of power-intensive industry, it is established that

the petitioner is indeed a power– intensive industry. The petitioner has a contract demand of 15 MVA on 132 KV from the CSEB. Its connected load is 29.15 MW. In course of hearing, the petitioner gave a presentation on its process of converting the iron ore fines into slurry. The process being one of beneficiation of iron ore fines, involves grinding of the ore in a ball mill, mixing water and pumping the slurry. The ball mill has a connected load of 18 MW, the conveyor belt of 1 MW and the auxiliary load is of 1.5 MW. Even if we leave out the pumps, which have a connected load of 8.65 MW, the ball mill and auxiliaries alone come to more than 20 MW. It is also observed by the Commission that within a span of five months since its commission, and in course only of the trial run, the petitioner industry has consumed nearly 58.60 lakh units in the month of Nov. 2005 and the load factor has exceeded 60% with respect to the contract demand. The recorded MD during this month was 12.72 MVA. From the data furnished by the petitioner it is observed that there is a steady rise in the MD, consumption and load factor from the day of the commissioning of the plant. The plant has a monthly capacity of processing 3 lakh tones of ore and the present utilization of its capacity is only 50%. Thus with half the capacity utilization the plant has already recorded an LF of over 60%. Such an industry in our view should be classified as power–intensive industry.

6. In view of the discussion above, the Commission is of the view that for the purpose of tariff the petitioner industry should be classified in HV-5 category and not in HV-6. It would appear that the CSEB had initially classified the industry as such and changed over to HV-6 perhaps partly because it is not a steel industry and partly because of the clarification issued by the Commission aforementioned. We direct that HV-5 tariff category be made applicable to the petitioner w.e.f. 1<sup>st</sup> July, 2005, the date on which the tariff order came into effect.

Sd/-  
**Member**

Sd/-  
**Chairman**

**True Copy**

**(N.K. Rupwani)**  
**Secretary**