

Foreword

This is the fourth Tariff Order issued by the Commission. In February this year, the Assam Electricity Regulatory Commission became a multimember Commission to deliver its multidimensional functions as mandated in the Act.

The setting up of the Appellate Tribunal for Electricity in New Delhi under Section 110 of the Electricity Act 2003 and the notification of National Tariff Policy by the Government of India are two major milestones in the process of implementing the Electricity Act 2003. The open access regime is to be implemented nationwide within a stipulated time frame. The introduction of Multi Year Tariff (MYT) framework as per the National Tariff Policy is also a matter which has to be considered by the Regulator in right earnestness.

The Commission has already issued regulations for allowing open access facility to consumers. The transmission and wheeling charges, SLDC charge and cross-subsidy surcharge have also been worked out for this purpose in the Tariff Order. In terms of tariff implications, the present Order ensures that ASEB continues to recover its annual revenue requirement from Discoms as Bulk Supply Tariff (BST) excluding transmission network business which will be collected by AEGCL through the transmission tariff & SLDC charges as set by the Commission in this Order.

The Multi Year Tariff (MYT) regime will be of benefit to consumers as well to the utilities, enabling them to plan for the long term, without any apprehension of regulatory uncertainty. It was expected that a beginning in this direction would be made in 2006-07. But, this could not be adopted in 2006-07 and the Commission expects to do so from 2007-08.

The Commission has taken an initiative by stepping towards Cost of Supply (CoS) approach as a tool in the tariff exercise. The Order also indicates the required complementary changes

for introduction of Availability Based Tariff (ABT) at the State level between Discoms and Generators. The Commission also issues directions to the Licensees to improve their generation, transmission and distribution functions and also directs formation of Load Research Cells within the Discoms for gathering data to facilitate proper decision making and support to the regulatory functions

The progressive reduction and elimination of cross subsidy in terms of Electricity Act and National Tariff Policy will mean that the subsidized groups will not be able to pass on their burden to other categories with the implication that there will be increase in tariff for some section of consumers who are now cross subsidized by other categories of consumers. As such, the Commission preferred to step into these areas with utmost caution in order to avoid, to the extent possible, any adverse impact on any stakeholder in the process, especially on the larger segments of consumers of electricity. The State Government can give subsidy to the extent they consider appropriate as per provisions of Section 65 of the Electricity Act 2003 to minimize the discomforts that might be experienced by economically weaker sections of the public.

The formation of Consumer Grievance Forums in Discoms, should spur the Discoms to further improve the effectiveness of their interface with consumers. The Consumer Advocacy Cell (CAC), an initiative of the Commission is expected to play a vital role in this direction and support the Commission in its consumer centric initiatives.

The Commission after careful consideration and due deliberations undertook the exercises as envisaged in the Electricity Act 2003, concerned Regulations of the Commission in passing this Tariff Order.