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Power tariff in TN to stay steady

CHENNAI, JANUARY 31:

Electricity prices for the consumer will remain steady in Tamil Nadu for one more year with the utility not seeking any tariff revision from the Regulator while filing the Aggregate Revenue Requirement for 2017-18.

The Tamil Nadu Generation and Distribution Corporation has filed the ARR for the period 2016-17 to 2018-19 today with the Tamil Nadu Electricity Regulatory Commission.

UDAY reprieve

It has taken into account the benefits of the Centre's UDAY scheme which envisages the government taking over the lion's share of TANGEDCO's accumulated debt.

The state government entered into an agreement with the Centre on January 9 to participate in the scheme to rejuvenate cash-strapped state utilities.

TANGEDCO has called for feedback from stakeholders on its ARR petition.

According to the information available on the utility's website, the total ARR for 2017-18 is ₹ 52,277 crore, including power purchase cost of ₹ 25,890 crore; fuel cost of ₹ 9,060 crore; interest outgo of ₹ 5,835 crore; operation and maintenance cost of ₹ 6,999 crore among other expenditure.

Revenue

Its revenue at existing tariff is ₹ 49,827 crore with government grant of ₹ 2,343 crore from financial restructuring. This leaves a gap of ₹ 107 crore.

Tamil Nadu's power consumption during 2015-16 was about 6,500 crore units and is estimated to be growing at about 8 per cent annually.

Tamil Nadu's net benefit under UDAY (Ujwal DISCOM Assurance Yojana) Scheme, is estimated at about ₹ 11,000 crore from savings in interest cost, reduction in transmission losses, interventions in energy efficiency and coal reforms. The state government takes over 75 per cent of the utility's debt of ₹ 30,420 crore.

The balance of about ₹ 7,600 crore will be re-priced or issued as State guaranteed Discom bonds, at coupon rates around 3-4 per cent less than the average existing interest rate.

The state will save about ₹ 950 crore in annual interest cost through reduction of debt and lower interest rates on the balance debt.