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TANGEDCO
ACCOUNTS BRANCH

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Circular.Memo.No.CFC/FC/REV/AS.3/D.325 /17, dated.15.03.2017

Sub: Electricity- Clarification for verification of Captive Norms in
accordance with Electricity Rules -2005 - Issued- Reg.

Ref: 1. Lr.No.CFC/FC/REV/AAO/HT/D.638/2013 dated.08.10.2013.

2. Lr.No.CFC/FC/REV/AAO/HT/D.419/2014 dated.11.07.2014.

Several instructions have been issued in order to verify the CGP norms to collect Cross Subsidy Surcharge, wherever applicable. In continuation to the above, clarification has been sought for in this subject. Hence, clarification by way of sample illustrations is communicated. The Cross Subsidy Surcharge [CSS] shall be collected from each HT consumer wherever the Captive Generating Plant from whom the HT consumer consumes energy by way of adjustment, loses the Captive Generating Plant [CGP] status.

2.0) It is stated that verification of CGP status shall be done as per the provisions of Rule 3 of the Electricity Rule 2005 on financial year basis ie from 1st April to 31st March of the succeeding year. **The following illustrations are common for all CGPs i.e CGPs having Fossil fuel, wind, biomass etc.**

2.1) The general formula for calculating percentage of the captive consumption:

Total generation of the Financial year (-) Auxiliary consumption (if any)
= Aggregate generation (Available for captive use)

Total consumption for the Financial year
----- = ----- %
Aggregate generation

2.2) Auxiliary Consumption means, the quantum of energy consumed by auxiliary equipment of generating station and transformer losses within generating station. The

maximum percentage of auxiliary consumption is 10% of the Highest capacity of the generating unit of the generating station or as per the percentage of auxiliary consumption as specified in the Commission's Tariff regulations or the actual auxiliary consumption whichever is less.

2.3) The main aspects for verification of CGP status is with regard to "Ownership" and "Consumption".

2.4) "Ownership" in relation to a generating station or power plant set up by a company or any other body corporate shall mean the equity share capital with voting rights. In other cases like partnership company, etc., where capital is not issued by way of equity shares, then ownership shall mean propriety interest and control over the generating station or power plant.

2.5) "Special Purpose Vehicle" [SPV] shall mean a legal entity owning, operating and maintaining a generating station and with no other business or activity to be engaged in by the legal entity.

2.6). If Association of persons' [AOP] form generating plant with equity capital, verification of holding minimum 26% equity share capital with voting rights and minimum 51% consumption proportionate to the equity holding within a variation not exceeding ten percent by captive user(s) has to be verified as per Rule 3.

3.0) For verification of CGP status the following details may be obtained from each of the Generating Plant in a financial year. [The verification of CGP status shall be done by the SE/EDC concerned where the generating plant is located]

- a) Total Energy generated by the Generating plant [EWA - wise]
- b) Aux. consumption of the Generating plant [EWA-wise]
- c) Energy consumed at HT service connection (who is also a captive user) where Generating Plant is located.
- d) Appropriate documentary proof for the above such as log abstract, meter reading card for such consumption etc., may be obtained.
- e) When more than one unit of generating plant is available, the ABT meter(s) installed at the interface point will indicate the net energy generated. In this case

the details of Generating Plant have to be obtained from the company and the correctness of the details furnished by the Generating Plants shall be ensured by proper verification of documents.

- f) For verification of CGP status, the aggregate generation has to be taken Generating Plants wise in accordance with the Energy Wheeling Agreement, since CGP status has to be verified with respect to each particular generating plant, as per its EWA.**

- g) The Generating Plant should furnish affidavit providing the details of the equity share capital with voting rights holding and consumption by the captive consumer from the generation of each unit identified for such captive use for each month of the financial year. The affidavit containing the details shall be authenticated by the authorized signatory of the Generating Plant such as Managing Director, Whole time Director or Company Secretary along with the Generating Companies Auditor's certificate for Equity share holding with voting rights of each of the captive user(s) during each financial year. The authorization to authenticate the affidavit shall be by way of a Resolution of the Board of the Company. The affidavit should furnish along with audited balance sheet, Annual Return furnished to the Registrar of companies regarding Equity held by the Share holder and percentage of Equity held by captive users together with money payment receipt [Form V] paid by captive users and auditor's certificate clearly indicating investment in Equity Share Capital with voting rights by the captive users along with Form -II and also the details of investment in the Captive Generating plant. In case where the generating company does not have capital in the form of equity shares eg. Partnership company, affidavit shall be authenticated by the Managing Partner. The authorization shall mention to keep TANGEDCO informed of any change in the authorization. Further certificates confirming the correctness of the share holding of the captive consumer as evidenced in the Register of the Members [Share holder] should also be provided and also confirming that the shares are Equity Shares with voting rights. The equity share capital with voting rights certified by the Auditor shall be verified every Financial year with the share holding approval issued from the Headquarters office concerned and both should tally. The equity share holding with voting rights in a CGP held by each of the captive user shall also be cross-verified. No wheeling should be permitted for equity share holders to whom prior approval was not accorded by the Head Quarters TANGEDCO office concerned.**

- h) The adjustment shall be slot-wise and as per Regulation in force.**

- i) The verification of CGP status shall be done by the SE/EDC concerned where the Generating Plant is located. The SE/EDC where CGP is located, on verification of CGP status, if found that the CGP status is lost, it shall intimate the same to the Generating Plant and the Superintending Engineers concerned where the captive users (HT consumers) are located to collect Cross Subsidy Surcharge.
- j) The initial approval with respect to "Ownership" of each generating unit identified for captive use shall be issued by the Headquarters/TANGEDCO office concerned as per the Electricity Rules, 2005.

EXAMPLES:

Example: 1

The Generating Plant and the HT service(s) (Captive User) are the same person & situated in the same location or different location :

- a) At the first instance maintenance of equity share capital with voting rights not less than 26% in the Financial year as per the approval issued should be verified. If it is not maintained as per the approval, the CGP status will be lost and CSS has to be collected for adjusted units from HT consumers.
- b) The HT consumer has to consume not less 51% of the energy generated [aggregate generation].The captive consumption may be at the industry itself where the CGP co-exists or through open access.
- c) If the HT consumer fails to consume 51% of the energy as mentioned above the HT consumer is liable to pay CSS for the entire quantum of captively consumed energy.

(a).Total equity holding by the HT consumer(s) in CGP } 100%

(b) Aggregate Energy generated in a financial year in the CGP }
 } 10,000 units

(c) Minimum consumption by way of adjustment }
 required to Satisfy 51% consumption norms } 5,100 units = 51%
 51% of (b)

(d) Actual consumption by way of adjustment by the
 HT consumer } 5500 units = 55 %

(e) For the balance generated units , the CGP may
 Consume captively or may not } 4500 units

Since (d) is 5500 units which is more than 5100 units, minimum requirement in consumption for maintaining captive status of the CGP is satisfied and hence the Generating Plant has qualified as CGP. If the actual captive consumption is less than 5100 units in (c), the Captive status of the Generating Plant will be lost, therefore CSS shall be leviable for the entire adjusted units captively mentioned in (d) from the HT consumer(s)/User (s).

Example 2 : A generating company [X Limited] having 4 numbers captive generating plant and the HT service(s) (Captive User(s))are the same person, who holds 100% equity shares in the Generating Plant [the HT consumers of each Generating Plant may be situated in the same EDC or different EDCs] :

a). At the first instance maintenance of equity share capital with voting rights not less than 26% in the Financial year as per the approval issued by Headquarters should be verified. In case not maintained as per the approval, the CGP status will be lost and CSS has to be collected from HT consumers.

b). The method of arriving 51% of the aggregate electricity generated in such plant, determined on an annual basis consumed for the captive use in accordance with the Electricity Rules, 2005 is furnished below. The details of the energy generation and adjustment against consumption of the consumers for the financial year are furnished below:

c). Four number of CGP of X Ltd had executed Energy Wheeling Agreements to wheel the power to Two numbers of High Tension services, namely HT.SC.No.1 and HT.SC.No.34. The total number of CGPs had been installed with a capacity of 6.0 MW as follows:

Sl.No	GEN HT SC.No	Name of the Generating Plant	Capacity	Date Commissioning of	Date of separate EWAs executed
1.	2394	M/s. X Limited	1.5 MW	06.09.2008	07.12.2009
2.	2395	M/s. X Limited	1.5 MW	06.09.2008	07.12.2009
3.	2401	M/s. X Limited	1.5 MW	12.09.2008	07.12.2009
4.	2402	M/s. X Limited	1.5 MW	12.09.2008	07.12.2009

Total 6.0 MW

CGP wise aggregate generation for the Financial Year :

Sl.No	GEN HT SC.No	Aggregate Generation
1.	2394	3103200
2.	2395	3863568
3.	2401	3854109
4.	2402	3728544

Minimum consumption required to Satisfy 51% consumption GEN. SC. No wise

Sl.No	GEN HT SC.No	51 % Aggregate Generation
1.	2394	1582632
2.	2395	1970420
3.	2401	1965595
4.	2402	1901557

Adjustment from CGP against consumption in respect of the consumer HT.SC.No.1 and 34 of the financial year :

Captive norms verification has to be done in respect of each CGP in accordance with Electricity Rules - 2005. The adjustment has to be done in accordance with Energy Wheeling Agreement as approved by TNERC /TANGEDCO from time to time. The following table is total for Financial Year. During a Financial Year, for each bill month, table as below shall be prepared and such table may be summed up.

SL.No	GEN HT.No	Aggregate Generation [A.G]	Actual Adjustment towards Consumption		Total consumption	% of consumption against A.G
			HT.SC.No.1	HT.SC.No.34		
1.	2394	3103200	2529108	574092	3103200	100%
2.	2395	3863568	2470892	350282	2821174	73.01%
3.	2401	3854109				0%
4.	2402	3728544				0%
			5000000	924374		

In case of GEN HT.SC.No.2394 and 2395, which have separate EWAs, each of their captive consumption is more than 51% and therefore CGP status in respect of GEN.HT.SC.No.2394 and 2395 is satisfied.

From the above, in accordance with Rule, 3 of the Electricity Rules-2005, CGPs 2401 and 2402 have lost their captive status, since one of the twin rules for requirement of Captive Generating Plant i.e not less than fifty one percent of the aggregate electricity generated in such plant, determined on an annual basis has to be consumed for captive use is not satisfied by the said Generating Plants. Therefore, the CSS has to be levied on the captive users for the energy adjusted from CGPs those who do not fulfill the Captive Status. In this case, the Generating Plants 2401 and 2402 have lost their CGP status but **NO energy** has been adjusted from the captive status lost Generating Plants and hence levy of CSS does not arise. Balance unadjusted units i.e 10,42,394 units [3863568 - 2821174], 3854109 Units and 3728544 Units of the respective Generating Plant viz GEN.HT.SC.No.2395; 2401 and 2402 have to be treated as per their agreements.

Example 3

The Generating Plant [X Ltd] has a HT Service connection (Captive User) [both are same]. Apart from this HT Service connection, other two HT Service connections also hold equity share capital with voting rights in X Ltd [ASSOCIATION OF PERSONS [OR] AOPs].

- a) At the first instance maintenance of Equity share capital with voting rights not less than 26% in the Financial year as per the approval issued by Headquarters should be verified. In case it is not maintained as per the approval, the CGP status will be lost and CSS has to be collected from the HT consumers.
- b) The captive user(s) who hold Equity has to consume not less than 51% of the energy generated (aggregate generation) . The captive consumption may also be at the HT S/c itself where the CGP co-exists / through open access.

Illustration:

- Total equity in the company : 100%
- a) Equity held by three captive users 100% }
- (HT.SC.No.10 =74%, HT.SC.No.16 = 14% and HT.SC.No 7=12%)
- b) Energy generated in a financial year in a CGP }
(Aggregate generation) } 10,000 units
- c) Minimum consumption required to }
Satisfy 51% consumption norms } 5,100 units = 51%
(51% of (b))
- d) Assume actual captive consumption at the same location & } 5,500 units =
55% through OA
- e) The balance 4500 Units out of the Aggregate Generation of 10000 Units may
be utilized as per the Agreement in force.
- f) For deciding the captive status annually, the sum of the energy consumed by
the three captive users for the financial year ending shall be arrived at, and
the same shall be not be less than 5100 Units. [i.e 51% of A.G].
If consumption is less than 5100 units, then CGP status is not maintained, and
CSS has to be collected from the HT consumers for respective adjusted units.

In this case, the captive consumers have consumed more than 51% i.e 55%. This CGP is under AOP and hence the captive users have to consume in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent and the same has to be checked as follows:

% of equity Holding A	Energy consumption required to satisfy not less than 51% proportionate to share holding [A/100] X 5500 A = percentage share holding B	Allowable variation within +/-10% of B C	Adjusted units	Whether rule within +/-10% variation fulfilled
HT.SC.No.10 [74%]	4070	3663 (Min) to 4477 (Max)	4070	YES
HT.SC.No.16 [14%]	770	693 (Min) to 847 (Max)	770	YES
HT.SC.No.7 [12%]	660	594 (Min) to 726 (Max)	660	YES
TOTAL[100%]	5500		5500	

In this case, all the HT consumers have consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent and hence the Generating plant has satisfied the twin rule of Electricity Rule -3 of 2005 and therefore, the Generating Plant X Ltd qualifies as CGP. No CSS arises.

Example 4 : Association of persons/SPVs X Ltd comprising two users:

- a) At the first instance maintenance of equity share capital with voting rights not less than 26% in the Financial year as per the approval issued by Headquarters should be verified. In case it is not maintained as per the approval, the CGP status will be lost and CSS has to be collected.
- b) Total equity shares in X Ltd = 100%
- c) Equity Shares held by two captive users (14% +12%) = 26% out of above.
- d) Aggregate Generation in a financial year [A.G] } 10,000 units

- e) Minimum consumption required to Satisfy 51% consumption norms Collectively by two captive consumers {51% of c } } 5,100 units }
- f) actual units consumed by two users [5000 and 4000 Units respectively] } 9000 Units }
- g) For deciding the captive status annually, at the first instant the sum of the energy consumed by the two captive users for the year ending 31st March shall be arrived at, and the same shall be not be less than 5100 Units [51% of A.G]
- h) If (g) is not satisfied, CGP status is lost and for the entire energy adjusted by two users CSS shall be leviable. If (g) is satisfied, then apply proportionality Rule.
- i) The proportionate consumption by captive users according to their share holding may be carried out as per the table mentioned below.

User	% of equity holding in X Ltd	Energy consumption Required to satisfy not less than 51% proportionate to share holding= A/26X9000 (units)	Allowable variation within +/- 10% of B	Actual Adjusted units	Whether the rule within +/-10% variation fulfilled
	A	B	C		
User -1	14%	4846	4362 (min) - 5331(max)	5000	YES
User- 2	12%	4154	3739(min) - 4569(max)	4000	YES
TOTAL	26%	9000		9000	

As per the above statement, the Generating Plant , X Ltd qualifies as CGP.

Note:

(i). In this case, if any one of the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent as per the above table, then the Captive Generating Plant will lose the Captive Generating Plant status and CSS has to be collected from all the HT consumers /users for entire energy adjusted units.

(ii). Even though if collective consumption is more than 51% but if it is not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent, the CGP status will be lost and CSS has to be collected from each of the HT consumers/Users for the entire adjusted energy.

Example 5 : X Ltd formed as SPV having 4 Generating Plants with 5 users as AOP :

a). At the first instance maintenance of equity share capital with voting rights not less than 26% in the Financial year as per the approval issued by Headquarters should be verified. If it is not maintained as per the approval, the CGP status will be lost and CSS has to be collected from HT consumers/Users.

b). Four number of CGPs of X Ltd had executed Energy Wheeling Agreements to wheel their energy to Five number of HT users, namely HT.SC.No.1, of North EDC, with share holding 18% and HT.SC.No.2 of South EDC, with share holding 18%, and HT.SC.No.3 of West EDC, with share holding 14%, and HT.SC.No.4 of South EDC, with share holding 12% and HT.SC.No.5 of East EDC, with share holding 8%. Each of the 4 CGPs had been installed with a capacity of 15 MW as follows:

TABLE -I:

Sl.No	Gen Plant HT SC.No	Name of the Generating Plant	Capacity	Date of Commissioning	Date of separate EWAs executed
1.	241	M/s. X Limited	15 MW	05.09.2008	16.12.2008
2.	242	M/s. X Limited	15 MW	05.09.2008	16.12.2008
3.	243	M/s. X Limited	15 MW	06.09.2008	16.12.2008
4.	244	M/s. X Limited	15 MW	06.09.2008	16.12.2008

Total 60 MW

The Energy Generation details for financial year :

TABLE –II:

SC.NO.	Gen Plant HT.SC.No.	Total Generation	Auxiliary consumption [-]	Aggregate Generation	51% of Aggregate generation
(1)	(2)	(3)	(4)	(5)	(6)
1.	241	3103200	100000	3003200	1531632
2.	242	3863568	150000	3713568	1893920
3.	243	3854109	125000	3729109	1901845
4.	244	3728544	130000	3598544	1835257

Calculation of whether 51% of the generation has been consumed [Generating Plant wise]:

Table- III

Gener ating Plant HT.SC. No	Aggregate Generatio n [A.G]	Actual Adjustment against consumption					Total adjustm ent against consum ption	Whether Actual consumption exceeds minimum 51% consumption?
		HT.SC. No.1	HT.SC. No 2	HT.SC. No.3	HT.SC. No.4	HT.SC. No.5		
241	3003200	350000	510000	350000	253000	253000	1716000	YES #
242	3713568	430000	435000	500000	314497	314497	1993994	YES #
243	3729109	440000	440000	340000	400000	315000	1935000	YES #
244	3598544	520000	521000	405000	347000	231000	2024000	YES #

Since total adjustment is more than 51% of A.G as in column (6) of the table II above.

C). Now, as each of the Generating plant has satisfied the minimum consumption of 51%, the next step is to check the Rule of proportionately for each Generating Plant as below:

Calculation of proportionate consumption by captive users

CGP wise :

1. GEN.SC.No.241

% of equity Holding	Energy consumption required to satisfy not less than 51% proportionate to share holding [A/70] X1716000 A = percentage share holding	Allowable variation within +/- 10% of B	Adjusted units	Whether the rule within +/-10% variation fulfilled
A	B	C		
HT.SC.No.1 [18%]	441257	397131 (Min) to 485383 (Max)	350000	NO
HT.SC.No.2 [18%]	441257	397131 (Min) to 485383 (Max)	510000	NO
HT.SC.No.3 [14%]	343200	308880 (Min) to 377520 (Max)	350000	YES
HT.SC.No.4 [12%]	294171	264754 (Min) to 323589 (Max)	253000	NO
HT.SC.NO.5 [8%]	196114	176503 (Min) to 215726 (Max)	253000	NO
TOTAL [70%]	1716000		1716000	

1. As far as concerned HT.SC.No.1 and HT.SC.No.4, the HT consumers have consumed below - 10% variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

2. As far as concerned HT.SC.No.2 and HT.SC.No.5, the HT consumers have consumed beyond the +10 variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

3. As far as concerned HT.SC.No.3, the HT consumer has consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

4. In the present case, HT.SC.No.1,2,4 and 5 have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent, thereby the captive users have not satisfied the above rule and hence the captive status of the above Generating plant is lost. Therefore, the cross subsidy surcharge has to be collected for **the entire adjusted units of Gen S/c.No.241 i.e 1716000**, payable by each HT S/c. No to the extent of their adjusted units concerned.

2. GEN.SC.No.242

% of equity Holding A	Energy consumption required to satisfy not less 51% proportionate to share holding [A/70] X1993994 A = percentage share holding B	Allowable within variation +/- 10% of B C	Adjusted units	Whether the rule within +/-10% variation fulfilled
HT.SC.No.1 [18%]	512741	461467 (Min) to 564015 (Max)	430000	NO
HT.SC.No.2 [18%]	512741	461467 (Min) to 564015 (Max)	435000	NO
HT.SC.No.3 [14%]	398799	358919 (Min) to 438679 (Max)	500000	NO
HT.SC.No.4 [12%]	341828	307645 (Min) to 376010 (Max)	314497	YES
HT.SC.NO.5 [8%]	227885	205097 (Min) to 250674 (Max)	314497	NO
TOTAL [70%]	1993994		1993994	

1. As far as concerned HT.SC.No.1 and HT.SC.No.2, the HT consumers have consumed below - 10% variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

2. As far as concerned HT.SC.No.3 and HT.SC.No.5, the HT consumers have consumed beyond the +10 variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

3. As far as concerned HT.SC.No.4, the HT consumer has consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

4. In the present case, HT.SC.No.1,2,3 and 5 have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent, thereby the captive users have not satisfied the above rule and hence the captive status of the above Generating plant will lose. Therefore, the cross subsidy surcharge has to be collected for **the entire adjusted units of Gen S/c.No.242 i.e 1993994 units**, payable by each HT S/c.No to the extent of their adjusted units concerned.

3. GEN.SC.No.243

% of equity Holding A	Energy consumption required to satisfy not less than 51% proportionate to share holding [A/70] X 1935000 A = percentage share holding B	Allowable variation within +/- 10% of B C	Adjusted units	Whether the rule Within +/-10% variation fulfilled
HT.SC.No.1 [18%]	497571	447814 (Min) to 547329 (Max)	440000	NO
HT.SC.No.2 [18%]	497571	447814 (Min) to 547329 (Max)	440000	NO
HT.SC.No.3 [14%]	387000	348300 (Min) to 425700 (Max)	340000	NO
HT.SC.No.4 [12%]	331714	298543 (Min) to 364886 (Max)	400000	NO
HT.SC.NO.5 [8%]	221143	199029 (Min) to 243257 (Max)	315000	NO
TOTAL [70%]	1935000		1935000	

1. As far as concerned HT.SC.No.1,2 and 3, the HT consumer has consumed below - 10% variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

3. As far as concerned HT.SC.No.4 and HT.SC.No.5, the HT consumers have consumed beyond the +10 variation as mentioned in the column C and thereby the HT consumers have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent.

4. In the present case, all the HT consumers/users have not consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent, thereby the captive users have not satisfied the above rule and hence the captive status of the above Generating plant will lose. Therefore, the cross subsidy surcharge has to be collected for **the entire adjusted units of Gen S/c.No.243 i.e 1935000 units**, payable by each HT S/c.No to the extent of their adjusted units concerned.

4. GEN.SC.No.244

% of equity Holding A	Energy consumption required to satisfy not less than 51% proportionate to share holding [A/70] X 2024000 A = percentage share holding B	Allowable variation 10% +/- of B C	Adjusted units	Whether the rule +/-10% variation fulfilled
HT.SC.No.1 [18%]	520457	468411 (Min) to 572503 (Max)	520000	YES
HT.SC.No.2 [18%]	520457	468411 (Min) to 572503 (Max)	521000	YES
HT.SC.No.3 [14%]	404800	364320 (Min) to 445280 (Max)	405000	YES
HT.SC.No.4 [12%]	346971	312274 (Min) to 381669 (Max)	347000	YES
HT.SC.No.5 [8%]	231314	208183 (Min) to 254446 (Max)	231000	YES
TOTAL [70%]	2024000		2024000	

1. In this case all the HT consumers have consumed in proportion to their shares in ownership of the power plant within a variation not exceeding ten percent and hence the Generating plant has satisfied the twin rule of Electricity Rule -3 of 2005 thereby the Generating Plant GEN .SC.No. 244 qualifies as CGP.

d). It may be ensured that even if the consumption [by way of captive adjustment] of NOT LESS THAN 51% of the AG of each generating plant is collectively fulfilled by its captive users, it shall be mandatory that each of the captive user consume [adjust] in proportion to their shares in the ownership of the power plant within a variation not exceeding ten percent. If not, the captive generating plant status will be lost and the CSS is leviable on the entire adjusted units of that Generating Plant from the respective HT consumers/Users.

Example 6 :

If a generating station with two units of 50 MW each (A and B units) totaling 100 MW and if Unit A is pre-identified for captive use it is sufficient for the captive user/users to hold not less than 13% of the share holding in the generating company ie 13% Equity with voting rights for 50 MW (and 26% for 100 MW) . Such captive user/users shall consume not less than 51% of the energy generated in A unit identified for captive use. (see examples [for SPVs] for calculations take the equity as 13% in the denominator in column B)

Example 7 :

A generating station has two unit viz., Unit A of 100 MW and unit B of 200 MW. In case the captive user desires to identify Unit A of 100 MW as the Captive Generating Plant, the captive user shall hold not less than 8.666 percent of the equity shares in the company (being the twenty six percent proportionate to Unit A of 100 MW) and not less than fifty one percent of the electricity generated in Unit A determined on an annual basis is to be consumed by the captive user. However, in case the

consumer desires to identify Unit B of 200 MW as the Captive Generating Plant, the captive user ought to hold minimum of 17.333 percent of the equity shares in the company (being the twenty six percent proportionate to Unit B of 200 MW) and ought to have consumed not less than fifty one percent of the electricity generated in Unit B determined on an annual basis.[For verification method see examples for SPVs].

3. Further, if the Generating Plant declares themselves as Captive Generating Plant and wheel power to their captive users from the middle of the financial year, in such case, the generation from the date of Energy Wheeling Agreement to their captive users upto the end of the respective financial year shall alone have to be taken into account as aggregate generation for verification of captive norms.

4. The above illustrations are common for verification of CGP status in respect of all type of CGPs such as Fossil Fuel based CGPs/NCES based CGPs.

5. Hence, all the Superintending Engineers of Distribution Circles are hereby informed to follow above instructions scrupulously.

[By Order of CMD]

Sd/-15.03.2017

Chief Financial Controller/Revenue
TANGEDCO

To

All the Superintending Engineers of Distribution Circles.

Copy to

All the Chief Engineers/Distribution Region.

The Chief Internal Audit Officer/BOAB/Chennai.

The Chief Engineer/NCES/Chennai.

The Superintending Engineer/Chairman's Office.

The Deputy Chief Internal Audit Officers/Distribution Regions.

The Chief Engineer/PPP/Chennai.

The Chief Financial Controller/TANTRANSCO and Regulatory Cell.

The Chief Engineer/Grid Operation/ Chennai.

Copy to APO/Tamil Development – for publication in gazette.