



BEFORE THE ELECTRICITY OMBUDSMAN, HARYANA

Haryana Electricity Regulatory Commission

Bays No. 33 - 36, Sector – 4, Panchkula-134109

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(Registered Post)

Appeal No. 22/2015
Received on : 25.05.2015
Registered on : 25.05.2015
Date of hearing: 18.06.2015,
24.07.2015
Date of Order: 27.07.2015

In the matter of:-

Complaint against non-implementation of the orders of CGRF, DHBVNL in case No. 875 / 2014 dated 26.05.2014 - Electric Arc Furnace Surcharge regarding.

Sh. Supreet Jain, Managing Director, M/s SRS Diecasting Pvt. Ltd., Unit – II, 132, Roz Ka Meo Industrial Estate, Sohna, Distt. Mewat – 122103.

Appellant/Complainant

Versus

DHBVNL

Respondents

Before:

Er. A.K. Jain, Electricity Ombudsman

Present on behalf of appellant:

- 1. Sh. Supreet Jain, Managing Director, M/s SRS Diecasting Pvt. Ltd., Roz Ka Meo, Distt. Mewat, Haryana - 122103**

Present on behalf of respondents:

- 1. Sh. Dharmender Ruhil, SDO, Op', Sub Division, DHBVN, Sohna.**
- 2. Sh. Balraj, ASSA / CA, Sub Division, DHBVN, Sohna,**
- 3. Sh. Suresh Kumar, M/R Sub Division, DHBVN, Sohna**

ORDER

M/s SRS Diecasting Pvt. Ltd, Unit II, 132, Roz-Ka-Meo, Industrial Estate, Sohna, Distt. Mewat has filed an appeal dated 22.5.2015 against non implementation of the orders of CGRF, DHBVNL, Hisar dated 26.5.2014 in case No. 875/2014 regarding charging of Arc furnace Surcharge in respect of their industrial electricity connection No.G41-INHT-0051.

In the appeal they have submitted as under: -

1. That they are running a pressure die casting unit for casting of aluminum components using electric resistance furnaces.
2. That in April, 2014, DHBVN imposed on us extra levy of 20 paisa per unit retrospectively from June, 2011 stating that we are using electric Arc Furnace.
3. That we filed a plea with CGRF against this charge.
4. That after hearing us in detail, the Forum accepted our plea vide order dated 26.5.14 and directed DHBVN to reverse the charges immediately and ensure that these charges are not put in other future bills.
5. That after the order of the Forum, XEN and SDO, DHBVN both visited our factory and they told us that they were satisfied that we are not using electric arc furnace and that the order of the Forum would be implemented.
6. That however, when we received the next bill, i.e. bill dated June, 2014, we were surprised that no credit has been given to us, which was due to us in terms of the order of the Forum.
7. That despite assurance by XEN / SDO that this would be taken care of in the next monthly bill, no credit was given in the subsequent months repeatedly.
8. That we paid the bills under protest.
9. That the appellant has prayed that the respondent department, DHBVN, Sohna may be ordered to reverse the Arc Furnace charges of 20 paisa per unit.

Alongwith the appeal, the appellant has attached copy of their letters dated 16.4.14, 17.5.14, 18.6.14, 17.7.14, 13.8.14, 16.9.14, 17.10.14, 17.11.14, 12.12.14, 17.1.15, 18.2.15, 16.3.15, 14.4.15 and 15.5.15 all addressed to respondent department requesting them to reverse the Arc Furnace charges and refund the amount already paid. All these letters have been duly received by the respondent department but no action has been taken by them.

The copy of the above appeal was sent to the respondents and respondent SDO directed to file his reply within fifteen days. The first date of hearing was fixed for 18.6.2015.

Proceedings on 18.6.2015

Both the parties were present. The appellant presented their case submitting that the 0.20 paisa surcharge applicable on arc furnaces / steel rolling mills is not applicable on their connection as they

have very small 50 KW odd capacity heating arrangement to melt aluminium. They further submitted that their's are small resistance furnaces and aluminium is melted in the small pots surrounded by heated elements as such should not be termed arc furnaces. The respondent SDO submitted written reply stating that summons were received on 16.6.2015 only and that too did not contain the copy of the appeal in the absence of which it is not possible to file the proper reply. This submission of the respondent SDO is not tenable as the notice of motion was issued through registered post as far back on 27.5.2015 addressed to all the concerned authorities (five Nos.) of DHBVN. He was advised to take a copy of the appeal along-with its Annexures now and file proper written reply. He also further submitted that the respondent department has already sought clarification from the Haryana Electricity Regulatory Commission whether the surcharge is applicable on furnaces used for aluminium metal. In support, he filed an e-mail dated 17.6.2015 received from G.M. / Commercial to S.E. / 'Op', Palwal reading as under: -

“In this context it is intimated that clarification on the issue was sought in the ARR filed for FY 2014-15 as under: -

‘The petitioner humbly submits that a surcharge of Rs.0.20 per unit is imposed on arc / induction furnaces / steel rolling furnaces. The Hon’ble Commission is requested to clarify whether this surcharge is also applicable on furnaces used for aluminium metal.’

The requisite clarification has not been provided by Hon’ble Commission in its order dated 7.5.2015. Nigam shall take up this issue in review petition to be filed against order passed by Hon’ble Commission on 7.5.15 on true up for FY 2013-14, ARR for FY 2014-15 and revised ARR for FY 2015-16.”

The surcharge is applicable due to huge inductive load of steel arc and induction furnaces and jerk load of steel rolling mills which strains the electrical system. In the instant case, these aluminium furnaces are of very small capacity having resistive load only as such surcharge is not applicable. The CGRF has very rightly ordered that the appellant consumer should be exempted of these charges as they do not fall under the arc furnace / steel rolling mills category. The Forum has ordered that charges should be reversed immediately and not put in any future bills from now onwards.

As an interim order, the respondents are directed to stop charging this surcharge on the appellant consumer with immediate effect. Regarding refund of surcharge already charged, the respondent department is given another one month time to prove their version with the clarification from the Hon’ble Commission. The next date of hearing is fixed for 24.7.2015 at 12.00 noon when the respondents filed their written reply and case will taken up for final decision.

On 24.7.15 also the respondents did not file their written reply. It was again verbally submitted.

by the respondents that DHBVN has referred the matter to HERC for clarification in this regard. HERC has not issued any clarification in this regard so far.

The appellant consumer submitted the technical brochures of the furnaces installed by them, the details of which are as under: -

Sr. No.	Description	Furnace Particulars
1	Make	WAN DAH, YOTA -Chinese
2	Input Power Supply	415 V, 3 Ph, 60 KW
3	Charged capacity	400 Kg
4	Mode of heating	Resistance heating with crucible
5	Maximum Temperature	950 deg C
6	Heating element	Resistance alloys

In addition the appellant submitted a comparison of electric arc furnace and electric resistance furnace stating that arc furnace is primarily used for steel melting and resistance furnace is for non ferrous metals such as aluminium, zinc, lead etc. The electric arc furnaces are normally very large size (minimum 1 ton to 400 tons) whereas resistance furnaces are generally smaller with crucible size of 50 kg to 500 kg only. The electric arc furnaces are direct heating type where current passes through the charge and resistance furnaces are indirect heating type where heat is transferred through conduction. Arc furnaces has jerk load, in comparison resistance furnaces are always 'ON', controlled by Thyristors.

It was further intimated by the appellant that in terms of interim order issued on 18.06.2015, the respondent department has stopped further charging of arc furnace surcharge but the previous refund has so far not been allowed.

Analysis of the case

Before the above appeal is considered on merits, it would be worthwhile if we understand the provision of extra surcharge on Arc Furnaces in the tariff structure. Heating/melting of metals in industry is a normal phenomena. Heating can be done by induction furnaces, Arc furnaces and simple resistance furnaces. In case of arc furnaces, as the name suggests, the heating is achieved by producing arc in the electric circuits. In induction type heating is achieved by way of transferring energy through induction wherein the charge is a part of the electro- magnetic circuit. Eddy currents are produced in the Charge due to induction which leads to heating of the mass of the metal. In case of the resistance furnaces heating is achieved by simple conduction from the heating elements to the metal held in crucibles. Arc furnace loads are jerking loads and lead to generation of harmonic currents, thereby straining and spoiling the quality of grid supply. Only because of this reason an extra surcharge is levied on arc furnaces. Similarly, induction furnaces are hugely inductive in nature and draw lot of reactive power.

In the instant case, the appellant consumer has installed small 60 KW purely resistive load furnaces and do not come under the category of arc furnaces. The contention of the respondents department before CGRF that 'furnace is a furnace' as such surcharge is applicable cannot be accepted. The resistance furnaces do not have jerk load nor inductive load and do not lead to straining of the system unnecessarily like Arc Furnaces and Induction loads. The CGRF has rightly allowed the complaint and ordered "that the appellant consumer should be exempted of these charges and do not fall under the category of arc furnace. All charges paid under this should be reversed immediately and it should be insured that these charges are not put in any future bills from now onwards".

The appellant consumer cannot be put to any financial hardship simply on the basis of respondents referring the matter to the Hon'ble HERC. They have not been able to produce any clarification from the HERC as such continuing of levy of surcharge further on the consumer will be of great injustice to him.

Keeping in view, the above discussions material on record and submission made by the parties the appeal succeeds and the orders of the CGRF are upheld. The respondent department DHBVN is directed to refund all the amount charged on this account to be adjusted in the next three energy bills reckoned from the date of this order. In case the charges are not reversed and refund not allowed within 3 months the respondent department will be liable to pay 12% interest on the unpaid amount.

Both the parties to bear their own costs. The file may be consigned to record.

Given under my hand on this day of 27th July, 2015.

(A.K. Jain)
Electricity Ombudsman

Dated 27th July, 2015

Endst. No. HERC/EO/Appeal No. 22/2015/1170-76

Dated:27.07.2015

A copy of the above is forwarded to the following: -

- 1. The Managing Director, DHBVNL, Vidyut Sadan, Vidyut Nagar, Hisar.**
- 2. The Legal Remembrancer, HVPNL, Shakti Bhawan, Sector-6, Panchkula.**
- 3. The Chief Engineer, 'Op.' DHBVNL, PO Power House, Punjabi Bagh, Near Metro Station, Delhi.**
- 4. The Superintending Engineer, 'Op' Circle, Palwal, Main Mathura Road, In front of PWD Rest House, Near Distt. Jail, Palwal.**
- 5. The Executive Engineer, Operation Division, DHBVNL, Sohna, 66 KVA Sub Station, Sohna, Distt. Gurgaon.**
- 6. The SDO / Op., Sub Division, Sohna, At Taoru Road, Near Market Committee Office, Sohna, Distt. Gurgaon.**
- 7. Sh. Supreet Jain, Managing Director, M/s SRS Diecasting Pvt. Ltd., Unit – II, 132, Roz Ka Meo Industrial Estate, Sohna, Distt. Mewat – 122103.**