

Electricity Tariff Fixation Rules, 2050 (1994)

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<u>Amendments</u>	<u>Publication Date</u>
1. Electricity Tariff Fixation (First Amendment) Rules, 2050	2050.10.11
2. Electricity Tariff Fixation (Second Amendment) Rules, 2051	2051.4.31
3. Electricity Tariff Fixation (Third Amendment) Rules, 2056	2056.1.24

In exercise of the power conferred by Section 40 of Electricity Act, 2049, Government of Nepal has made the following Rules:

Chapter-1

Preliminary

- Short Title and Commencement:** (1) These Rules may be called "Electricity Tariff Fixation Rules, 2050."
(2) These Rules shall come into force immediately.
- Definition:** Unless the subject or the context otherwise requires, in these Rules,-
 - "Act" means Electricity Act, 2049.
 - "Commission" means Commission constituted pursuant to Rule 3.
 - "Tariff" means the fee charged to the consumer for the electricity services rendered to them by the licensee.
 - "Chairperson" means the chairperson of the Commission.
 - "Member" means member of the Commission and the term also denotes the Chairperson of the Commission.
 - "Secretary" means the Secretary of the Commission.

Chapter-2

Electricity Tariff Fixation Commission

- Formation of the Electricity Tariff Fixation Commission:** (1) Electricity Tariff Fixation Commission having the following chairperson and members, shall be

constituted for the provision of Sub-section (1) of Section 17 of the Act, to fix electricity tariff and other charges of the electricity supplied and distributed by the licensee or Government of Nepal.

- (a) Person prescribed by Government of Nepal
from non- governmental sector - Chairperson
- (b) Representative, Ministry of Water
Resources - Member
- (c) Economist, as prescribed by Government of
Nepal from non- governmental sector - Member
- (d) Person as prescribed by Government of
Nepal among the licensee of the electricity
generation, transmission or distribution or
his representative - Member
- (e) Representative, Federation of Nepal
Chamber of Commerce and Industry - Member
- (f) Person as prescribed by Government of
Nepal from among the consumers - Member

(2) The Director General of the Electricity Development Centre shall be the Secretary of the Commission and the Electricity Development Centre shall work as the Secretariat of the Commission.

(3) The Commission may invite the concerning experts in the field of electricity to take part as an observer in its meetings.

(4) The tenure of the Chairperson and member pursuant to Clause (c), (d) and (f) of Sub-rule (1) of the Commission shall be of three years and the tenure may be extended for one more period to the Chairperson and Members who have completed their tenure.

(5) Government of Nepal may change or reorganize the Commission pursuant to Sub-rule (2) by publishing a Notification in the Nepal Gazette.

4. **Function, Duties and Powers of the Commission:** (1) In addition to the powers provided in the Act, the Commission shall have the following function, duties and powers:

- (a) To fix electricity tariff and other charges pursuant to Sub-section (1) of Section 17 of the Act.
- (b) To review tariff rates and other charges to be charged to the consumers against the services rendered to them through the generation, transmission or distribution of the electricity by the licensee.
- (c) The Commission in connection of its work may deploy any member, staff or expert to any place in Nepal as it deems necessary.

(2) The Commission may constitute a committee or Sub-committee in the conveniorship of its members to submit a study report on any subject related to its jurisdiction. The function, duties, rights and procedures of such committee shall be as prescribed by the Commission.

5. **Meeting Procedures of the Commission:** The meeting procedure of the Commission shall be as follows:

- (1) The meeting of the Commission shall be held on such a time, date and venue as prescribed by the Chairperson.
- (2) The Chairperson of the Commission shall preside over the meeting and in the absence of the chairperson; a member chosen by the members present in the meeting from among themselves shall preside over the meeting.
- (3) The presence of three fourth members from among the total member of the Commission shall be the quorum.
- (4) The opinion of the majority of the members present at the meeting shall prevail for decision of the Commission.

- (5) The decision of the Commission shall be recorded by the Secretary in the minute and shall cause the signature of the members present in the meeting.
- (6) The decision of the Commission shall be certified by the Secretary.
- (7) The other necessary procedures of the meeting of the Commission shall be as prescribed by the Commission itself.

Chapter-3

Procedures Relating to Fixation of Tariff and Other Charges

- 6 Fixation of Tariff and Other Charges:** •(1) The Commission while fixing the electricity tariff and other charges pursuant to Sub-section (3) of Section 17 of the Act, shall fix it on the basis of the rate of depreciation, reasonable profit, mode of the operation of the plant, changes in consumer's price index, royalty and the policy adopted by Government of Nepal in relation to development of electricity etc. The marginal cost of the electricity generation, the exchange rate of convertible foreign currency, cost of the fuel to be used for the production of electricity and the financial agreement entered between the licensee and the financial institution providing loan or investing capital in the concerned electricity project shall also be taken as basis while fixing tariff in this way.

Provided that, while fixing electricity made available tariff and other charges of the electricity provided by Government of Nepal itself or by the corporate body upon which Government of Nepal has share investment of more than 50 percent, the Commission shall fix the tariff and other charges in a way of abiding the financial arrangement entered by Government of Nepal or by such corporate body with the financial institutions in relation to the concerned electricity project. In case the cost of the fuel to be used in the production of electricity ♦ or consumer price index is changed, the commission shall also fix the appropriate formula for changing the rate of tariff on the proportion of change in the cost of fuel or consumer price index, on the basis of which Government of

• Amended by second amendment .

♦ Inserted by the third Amendment .

Nepal or such corporate body shall change themselves in the tariff structure, accordingly while making changes in the electricity tariff, [♦]the Commission may change it not exceeding more than five percent in the prevailing Electricity Tariff and only once a year.

(2) While determining electricity tariff rate and other charges pursuant to Sub-rule (1), the Commission may fix the tariff rate and other charges taking into consideration of the types of consumers, social liability, cross subsidies and including potential for demand side management.

(3) While fixing or reviewing electricity tariff rate and other charges pursuant to Sub-section (1) and (2), the commission may give attention also over the organizational efficiency of the licensee.

7. Application to be Submitted for the Fixation of the Electricity Tariff and

Other Charges: The licensee, for distribution of electricity, shall submit an application to the Commission in the format as prescribed in Schedule-1, stating the following particulars for the fixation of the electricity tariff rate and other charges to be levied on the consumers for the electricity services rendered to them.

- (a) The basis for the fixation for the proposed new tariff, (to be attached along with the financial and technical report and other documents to justify those basis).
- (b) If the tariff rate is to be changed, the basis for such changes, (to be attached along with the financial and technical report and other documents to justify those reasons).
- (c) An index of rates, clearly stating the present tariff rate, the proposed tariff rate, (The index shall show the existing and proposed tariff for domestic, commercial, industrial and other types of consumers along with the proposed percentage increase).

[♦] Inserted by the third Amendment .

(d) Other relevant matters like the financial covenants on which the licensee has expressed consent with financial institutions.

8. Examination Over An Application: (1) The Commission, on the receipt of an application submitted by the applicant for the fixation of tariff and other charges pursuant to Rule 7, shall examine the application as to whether or not the necessary documents, particulars, or reports have been submitted with the application.

(2) While examining the application pursuant to sub-rule (1), if the applicant has not submitted any document, particulars or reports, the Commission shall issue a notice by prescribing the reasonable period to the concerned applicant within Thirty Five days from the date of the registration of the application, to submit such document, particulars or report.

(3) The date of the submission of the document, particulars or reports as requested within the period as prescribed in the notice issued pursuant to Sub-rule (2) shall be deemed to be the date of the submission the application.

9. Tariff and other Charges to be Fixed: (1) After receipt of an application pursuant to Rule 7, the Commission, after examining the application pursuant to Rule 8, shall fix the electricity tariff and other charges within Sixty Days from the date of submission of application in accordance with the proposal of the applicant, or if deems necessary make amendment thereto.

(2) While fixing tariff and other charges pursuant to Sub-rule (1) the date of the commencement of the fixed or changed rate shall be prescribed.

(3) If the Commission, after examining the application pursuant to Rule 8, deems it unnecessary to change tariff and other charges proposed by the applicant, it shall notify the concerned applicant of such matter within Sixty Days from the date of the submission of the application.

- ✚9A. **Tariff need not to be Fixed till the License is not Received:** Notwithstanding anything contained in Rule 7, the person or corporate body distributing electricity prior to the commencement of the Act, shall not have to get fixed the electricity tariff and other charges from the Commission, till they do not receive license pursuant to Sub-section (3) of Section 4 of the Act.
10. **Notice to be Published:** The fixed tariff rate and other charges as determined by the Commission pursuant to Rule 9 shall be published in a notification for the general public.

Chapter- 4

Miscellaneous

11. **Consultation may be Taken:** While determining tariff rate and other charges pursuant to the Act and these Rules, the Commission may consult with any person, as it deems appropriate.
12. **To Cooperate:** Governmental or non-governmental organization and individual shall have to cooperate in the functioning of the Commission.
13. **Financial Arrangement:** (1) Government of Nepal shall make available the necessary funds to the Commission for its functioning.
- (2) The Commission, for its functioning, may expend necessary amount received pursuant to Sub-rule (1).
14. **Facilities:** The remuneration and other facilities of the members of the Commission shall be as fixed by the Government of Nepal from time to time.
15. **Liaison with Government of Nepal:** While keeping liaison with Government of Nepal the Commission shall do so through the Ministry of Water Resources.

✚ Inserted by First Amendment.

Schedule-1

(Relating to Rule 7)

Application for Fixation of Tariff and Other Charges

The Chairperson,
Electricity Tariff Fixation Commission

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Sir,

I/We have submitted this application stating the following particulars for the fixation/review of the electricity tariff and other charges to be levied on the consumers by my/our institution, as I am/we are about to provide/providing the electricity services after getting license for the distribution of electricity pursuant to Electricity Act, 2049 and Electricity Tariff Fixation Rules, 2050.

1. Name and address of person or corporate body:
2. Type of electricity production:
3. License number and date of issuance:
4. Validity of license:
5. Area where electricity is distributed or to be distributed:
6. Other particulars (pursuant to Rule 7 of the Electricity Tariff Fixation Rules, 2050):

The statements mentioned as above are true, in case proved as false I agree to be punished as per law.

Seal in case of corporate body:

Name, address of the applicant or of the person filing application on behalf of the corporate body:

Designation:

Signature:

Date: