



BSES Yamuna Power Limited

Revised True-up Petition for FY 2009-10
(Wheeling & Retail Supply)

Submitted to:
Delhi Electricity Regulatory Commission

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION,

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

PETITION NO:

IN THE MATTER OF:

Revised Petition/Application for seeking approval of finalizing up of FY 2009-10 and latest available information for FY 2009-10 is filed under Section 62 of the Electricity Act 2003 (hereinafter referred to as "Act"), read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Tariff) Regulations, 2007 (hereinafter referred to as "MYT Regulations"), Section 11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, Conduct of Business Regulation 2001 and Section 24 of the License for Distribution and Retail Supply of Electricity issued by the Honorable Delhi Electricity Regulatory Commission (hereinafter referred to as "Hon'ble Commission").

AND.....

IN THE MATTER OF:-

BSES Yamuna Power Limited ("BYPL")
Shakti Kiran Building, Karkardooma,
New Delhi - 110092


PETITIONER



AFFIDAVIT VERIFYING THE PETITION

I, Sai Krishna S/o Shri P. Satyanarayan, aged 36 years, having my office at Shakti Kiran Building, Karkardooma, New Delhi, do hereby solemnly affirm and state as follows:

1. I am the authorize signatory of BSES Yamuna Power Limited. That I am conversant with the facts and circumstances of this petition and I am duly authorized to file the petition accompanying documents/information duly paginated (Page No. 1 to 2.41).
2. That the statements made above in the accompanying application / petition are based on the records of the company and believed by me to be true.

Sai Krishna
DEPONENT
SAI KRISHNA
 Head (Regulatory Affairs)
 Authorized Signatory
 BSES Yamuna Power Limited: Respondent

VERIFICATION:-

I, Sai Krishna, the respondent hereby solemnly affirms that the contents of above affidavit are true to the best of my knowledge, no part of it is false and nothing material has been concealed there from.

Verified by me on this the 11th October' 2010 at New Delhi.

Sai Krishna
DEPONENT
SAI KRISHNA
 Head (Regulatory Affairs)
 Authorized Signatory
 BSES Yamuna Power Limited: Respondent

WITNESS:-
Haridas Maity
 Haridas Maity
 Manager
 BSES Yamuna Power Ltd.
 Shakti Kiran Building, Karkardooma
 New Delhi - 11009



[Signature]
ACCEPTED
 R. J. SHARMA
 BSES YAMUNA POWER LIMITED
 Delhi (India)

2010

Table of Contents

1. ARR AND REVENUE GAP DURING FY 2009-10.....	16
2. PERFORMANCE DURING FY 2009-10.....	16
2.1. AUGMENTATION / MAINTENANCE OF NETWORK.....	17
2.2. PEAK DEMAND MET.....	18
2.3. ACTUAL VIS-À-VIS PERFORMANCE STANDARDS DURING FY 2008-09.....	18
2.3.1. NORMAL FUSE-OFF CALLS.....	18
2.3.2. COMPLAINTS W.R.T. LINE BREAKDOWN.....	19
2.3.3. COMPLAINTS W.R.T. DISTRIBUTION TRANSFORMER FAILURE.....	19
2.3.4. COMPLAINTS W.R.T. SCHEDULED OUTAGES.....	20
2.3.5. RELIABILITY INDICES.....	20
2.3.6. FREQUENCY VARIATION.....	21
2.3.7. COMPLAINTS W.R.T. BILLING MISTAKES.....	21
2.3.8. COMPLAINTS W.R.T. FAULTY METERS.....	21
2.4. CUSTOMER CARE INITIATIVES.....	22
2.4.1. CUSTOMER RELATIONSHIP MANAGEMENT.....	22
2.4.2. CUSTOMER ASSISTANCE CENTRES.....	22
2.4.3. CENTRALIZED NO-SUPPLY CALL CENTER 39999808 (BYPL).....	22
2.4.4. CUSTOMER CARE CENTRES.....	23
2.4.5. DOOR STEP SERVICE.....	23
2.4.6. CHEQUE IN MAIL.....	23
2.4.7. BSES AAP KE DWAR.....	23
2.4.8. FREE ELECTRIC CHARGE PORTS.....	24
2.4.9. VISHISHT SAHYOGI MEETS.....	24
2.4.10. WORLD CONSUMER RIGHTS DAY.....	24
2.4.11. SMS SERVICE.....	24
2.4.12. ELECTRONIC DROP BOXES.....	25

2.4.13. EARTH HOUR CAMPAIGN	25
2.4.14. TRAINING	25
3. TRUING UP FOR FY 2009-10.....	25
3.1. SALES AND REVENUE FOR FY 09-10	26
3.2. RECONCILIATION OF BILLING AMOUNT	27
3.3. ACTUAL REVENUE REALIZED DURING FY 2009-10.....	27
3.4. AT&C LOSS.....	28
3.5. REVENUE FROM OVER-ACHIEVEMENT OF AT&C LOSS REDUCTION TARGET.....	29
3.6. REVENUE AVAILABLE FOR TARIFF DETERMINATION.....	29
3.7. POWER PURCHASE COST.....	30
3.8. ENERGY AVAILABILITY FROM DELHI BASED GENCOS (EXCLUDING DADRI).....	32
3.9. ENERGY AVAILABILITY FROM CENTRAL SECTOR GENERATING STATIONS (CSGS).....	33
3.10. ENERGY AVAILABILITY FROM NEW GENERATING STATIONS	35
3.11. TAX EXPENSES.....	36
3.12. SIXTH PAY COMMISSION ARREARS PAY OUT	36
3.13. IMPLICATIONS OF ROCE AND DEPRECIATION DUE TO DISALLOWANCE OF CAPITAL EXPENDITURE AND CAPITALISATION:	37
3.14. NON-TARIFF INCOME.....	38
4. ADDITIONAL COSTS DUE TO UNCONTROLLABLE FACTORS.....	41
4.1. LICENSE FEE PAID TO HON'BLE COMMISSION.....	41
4.2. BILL PRINTING EXPENSES.....	41
4.3. OPERATIONS AND MAINTENANCE COST.....	41
5. COSTS TOWARDS NEW INITIATIVES.....	42
5.1. CISF EXPENSES	43
5.2. CREDIT RATING	43
5.3. PAST PERIOD EXPENSES DUE TO IMPLEMENTATION OF ATE ORDER.....	44
5.4. INTEREST CAPITALIZED.....	45

6. ARR AND REVENUE GAP UP TO FY 2009-1045

7. COST OF SUPPLY MODEL.....46

7.1. ALLOCATION OF WHEELING ARR.....46

7.2. ALLOCATION OF SUPPLY MARGIN AND BALANCE OF RETAIL SUPPLY ARR.....48

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

File No. _____

Case No. _____

IN THE MATTER OF:-

Petition/Application for true up of FY 2009-10 under the Multi Year Tariff (hereinafter referred to as "MYT") framework for the financial year 2007-08 to FY 2010-11 (including the true up entitlement available pursuant to the order of the Hon'ble Appellate Tribunal for Electricity vide Order dated 30.10.2009 in Appeal no. 37 of 2008) is filed under Section 62 of the Electricity Act 2003 (hereinafter referred to as "Act"), read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as "MYT Regulations"), Section 11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, the Delhi Electricity Regulatory Commission (Conduct of Business) Regulation 2001 and Section 24 of the License for Distribution and Retail Supply of Electricity issued by the Honourable Delhi Electricity Regulatory Commission (hereinafter referred to as "Hon'ble Commission").

AND

IN THE MATTER OF:-

BSES Yamuna Power Limited ("BYPL")

BSES Bhawan, Nehru Place

New Delhi-110 019.

PETITIONER

THE PETITIONER RESPECTFULLY SHOWETH:

1. The Petitioner, BSES Yamuna Power Limited (hereinafter referred to as "Petitioner") a company incorporated under the Companies Act, 1956, and having its registered office at BYPL Shakti Kiran Building, Karkardooma, Delhi- 110 092, is a license holder for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply as specified in the "License for Distribution and Retail Supply of Electricity" issued by the Honourable Commission which came into force on 12th day of March 2004.
2. That the Petitioner in accordance with the Act, its license conditions and MYT Regulations is required to file true up of expenses for FY 2009-10. The Petitioner further submits that vide the present filing it requests the Hon'ble Commission to permit the true up as prayed for as it is urgently needed to deal with the outcomes of compliance with the Hon'ble Commission's orders and performance standards during FY 09-10, in particular, the large increase in power purchase costs and other uncontrollable costs. This unprecedented increase in power purchase costs [from Rs. 2.45 per unit (as estimated by the Hon'ble Commission for FY 09-10 i.e. total Power purchase cost approved is Rs. 1470.91 crores for 5994.67 MU) to Rs. 3.19 per unit (the actual i.e. total Power purchase cost incurred is Rs. 1818.56 crores for 5706.72 MU)] and other uncontrollable costs (on account of payment of salary arrears arising from the implementation of the 6th Pay Commission), without any mechanism for speedy recovery of these uncontrollable costs, has severely affected its liquidity position and operational ability. Hence, by way of the present petition the Petitioner seeks to re-file its Audited Accounts for 09-10 before the Hon'ble Commission and set out its entitlement on the basis of the actual audited numbers. It may be noted that these numbers and claims were always available with the Hon'ble Commission, however, the same

are being consolidated for the sake of convenience and proper consideration by the Hon'ble Commission

3. That the Hon'ble Commission has issued the Multi Year Tariff Order on 23.02.2008 for the control period of FY 2007-08 to FY 2010-11 (hereinafter referred to as the "MYT Tariff Order"). The Petitioner being aggrieved by certain findings of the Hon'ble Commission in the MYT Tariff Order had appealed before the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as the "ATE") vide Appeal No. 37/2008 seeking to set aside, modification, clarification and / or reconsideration of the MYT Tariff Order. The Hon'ble ATE subsequently issued its judgment in the matter vide its order dated 30.10.2009 (hereinafter referred to as the "ATE Order") wherein the ATE has stated that all dispensations given in judgment in Appeal no. 36 of 2008 shall apply in Appeal no. 37 of 2008. The petition is to be viewed in the backdrop of the aforesaid judgment. To assist the Hon'ble Commission to take a considered and informed decision to implement the aforesaid order of the Hon'ble ATE, the Petitioner has represented before the Hon'ble Commission separately on certain issues and has reserved its rights to file separate Petition on the remaining issues. The Petitioner respectfully states and submits that pending the Order of the Hon'ble Commission, nothing contained in this Petition should be treated as estopping, restricting or limiting or waiving the rights of the Petitioner to charges which it is permitted to recover under law which have been already spelt in its Petition to give effect to the ATE Order dated 30.10.2009 as well as its ARR Petition for FY 10-11 which are pending consideration before the Hon'ble Tribunal.

4. That the Hon'ble Commission has issued the Tariff Order on 28.05.2009 for FY 2009-10 (hereinafter referred to as the "Tariff Order for FY 2009-10"). The Petitioner has appealed before the Hon'ble ATE against the Tariff Order for FY 2009-10 vide Appeal No. 147/2009. The Petitioner

respectfully states and submits that pending the Order of the Hon'ble ATE, nothing contained in this Petition should be treated as estopping, restricting or limiting or waiving the rights of the Petitioner to charges which it is permitted to recover under law.

5. That in the event the Hon'ble ATE issues an order in the matter of BSES Yamuna Power Limited vs. Delhi Electricity Regulatory Commission & Others. (Appeal No. 147 of 2009) subsequent to filing of the present Petition / Application, the Hon'ble Commission is requested to implement the directions as may be issued by the Hon'ble Appellate Tribunal for Electricity as mandated under Section 62(4) of the Electricity Act, 2003.
6. That as per Section 11.2 and Section 8.8 of the MYT Regulations, the Petitioner is required to submit information as a part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Hon'ble Commission. Therefore, the Petitioner in this Petition has restricted itself to submission of actual and audited expenses for FY 2009-10, which would enable the Hon'ble Commission to finally true up the entitlements for FY 09-10.
7. That the Petitioner has filed herein the truing up of expenses for FY 2009-10 for its Wheeling Business and Retail Supply Business of the MYT first control period in terms of Section 62 of the Electricity Act 2003, read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4, Section 12.1 and Section 13.4 of the MYT Regulations, Section 11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, Conduct of Business Regulation 2001 and Section 24 of the Licence for Distribution and Retail Supply of Electricity issued by the Hon'ble Delhi Electricity Regulatory Commission (hereinafter referred to as "Hon'ble Commission").

8. That on 15.12.2009, the Petitioner had filed Petition before the Hon'ble Commission seeking True-Up of expenses incurred during FY 2008-09, Revised Aggregate Revenue Requirement (ARR) and corresponding Tariff adjustment for FY 2010-11 under the applicable provisions of the Electricity Act, 2003, read with the Delhi Electricity Reform Act, 2000 and the Distribution Tariff Regulations 30.05.2007.

9. That the Petitioner in its ARR Petition filed on 15.12.2009 respectfully submitted :

"V. That as per Section 11.2 and Section 8.8 of the MYT Regulations, the Petitioner is required to submit information as a part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Hon'ble Commission. Therefore, the Petitioner in this Petition has restricted itself to submissions of actual expenses for FY 2008-09. Moreover, the Petitioner reserves its right to submit additional audited information for FY 2009-10, if available at a later date for truing up before the issuance of the Tariff Order.

VI. That as per Section 11.1 of the MYT Regulations the Petitioner in this Petition requests the Hon'ble Commission to undertake a review of expenses approved in the MYT Order dated 23.02.2008 and 28.05.2009 and true up the uncontrollable expenses for the period FY 2009-10 and revised the ARR estimates for FY 2010-11 based on latest available information."

10. That the Petitioner's Petition for True-Up of FY 2008-09, Revised Aggregate Revenue Requirement (ARR) and corresponding Tariff adjustment for FY 2010-11 was:-

- a. Admitted by the Hon'ble Commission on 5th January 2010.
- b. In compliance with the principles as enshrined under Sections 61, 62 and 86(4) of the Electricity Act, 2003 the contents of the Petition

were publicized on 16th January 2010 in English, 16th January 2010 in Hindi and 16th January 2010 in Urdu. Dailies for inviting consumer/public responses, setting out the salient features of the Petition.

- c. Public Hearings took place on 23.02.2010 to 25.02.2010, when various stakeholders were heard.
- d. While the Petition was under adjudication by the Hon'ble Commission, inter-alia for tariff determination for FY 2010-11, due to developments known to the Hon'ble Commission, Government of NCT of Delhi issued a policy direction on 04.05.2010.
- e. DERC, speaking through majority, has stated in its response to the Order of the High Court of Delhi dated 09.09.2010 in W.P. (C) No. 4821 of 2010, that:
 - i. The financial health of the DISCOMs is adversely affected and the present tariff being recovered by the distribution licensees is not cost reflective on account of the following reasons:
 - a. Power purchase cost which should normally be around 80% of the total sale of energy has gone up to 96% in the year 2009-10;
 - b. After the implementation of the ABT Order, issued by CERC on 28.04.2010, the penal rates of overdrawal have increased significantly varying from Rs. 8.73 to Rs. 17.46 against the prevailing rate of Rs. 7.35. As a result of the same rate of UI has fallen down in the domain of Rs. 3/unit for overdrawal.
 - c. Further, rate of power sold in the Exchange which was assumed to be Rs. 5.75 per unit has dropped down to less than Rs. 4.00 per unit.
 - d. Certain power plants which were expected to commence, have got delayed, as a result of which the surplus energy

which was assumed to be available would not be available.

- e. Due to increase in the cost of fuel, both gas and coal, as per the orders of the Government of India, the cost of generation by the power stations supplying power to Delhi has also gone up. The additional fuel cost is recovered by the generating companies, as per the orders of the CERC, on a monthly basis from the distribution companies.
- ii. DISCOMs have already filed petitions on the issue of net power purchase cost adjustment which are pending before the Commission. It is proposed to list the above petitions and pass appropriate orders on the subject for quarterly adjustment of the net power purchase cost delinking it from the tariff order as it would be paisa per unit while the tariff would remain constant for a particular year.

11. That as per Section 11.1 of the MYT Regulations read with response of the Hon'ble Commission before the Hon'ble High Court, the Petitioner in this Petition requests the Hon'ble Commission to undertake a review of expenses approved in the MYT Order dated 23.02.2008 and 28.05.2009 and true up the uncontrollable expenses for the period FY 2009-10 based on latest audited accounts (enclosed in **Annexure 1**) and or latest available information in terms of the applicable laws and regulations.

12. The Petitioner submits that while the detailed reasoning for increase in power purchase cost is provided in the attached Explanatory Notes, it is pertinent to point out here that a net Power Purchase rate (after adjustment for Sale/Banking, etc.) of Rs. 3.19 per unit has been incurred in FY 2009-10 against the power purchase rate of Rs. 2.45 per unit estimated by the Hon'ble Commission. Such a significant variation in Power Purchase Rate for FY 2009-10 is primarily on account of various

factors including lower availability of cheaper power from Central Generating Stations due to their commissioning date being later than as estimated by the Hon'ble Commission / non availability of power from various projects, unprecedented increase in demand without commensurate increase in generation capacity required higher quantum of purchase of expensive power by way of bilateral transactions or through the exchange, Increase in the maximum UI Rates, which are looked upon as an economic signal for such transactions, has also resulted in increase in short term power procurement prices. Additionally, there has been significant increase in fuel cost.

13. The Petitioner would mention that apart from exceptional increase in power purchase costs the Hon'ble Commission has estimated average billing rate without Electricity Tax @ Rs.4.63 /unit (Rs. 2057 Cr/ 4445 MU's) whereas, actual average billing rate including Electricity Tax has been Rs 4.49 /unit (Rs. 1994 Cr/ 4330 MU's) which has further increased the revenue gap, thus adversely affecting the operations of the Petitioner.

Given the large Revenue Gap till date as highlighted in this petition if the same is not recovered after conducting true up from revision in tariff by Hon'ble Commission, financing of the said revenue gap will become increasingly difficult as the lenders are already expressing concern on the large unrecovered Revenue Gaps. The similar concern on Revenue Gap of the Petitioner has also been highlighted by Credit Rating Agency CARE in its latest report which is enclosed as Annexure 2

14. From the above, it is evident that the present rating which has been given by the credit rating agency is given on an assumption that the Licensee will be able to materialize its Regulatory Asset / Revenue Gap. Till date there is no suggested mechanism to amortize the Regulatory Asset /

Revenue Gap and therefore the credit rating of the Licensee may further drop. This is evident from the rating agency's own understanding and limitations to the rating process. The rating rationale provided by CARE with their letter dated May 25 2010 is enclosed as Annexure 3

15. In such a scenario, the Petitioner urges the Hon'ble Commission to take cognizance of the burgeoning gap and consider speedy true up of the Revenue Gap for FY 09-10 based on audited accounts.
16. In this context of large Revenue Gap primarily arising on account of uncontrollable factors as explained above, the Hon'ble Commission may in exercise of its inherent powers provided under the DERC Comprehensive Conduct of Business Regulations, 2001 and DERC (Terms And Conditions For Determination Of Wheeling Tariff And Retail Supply Tariff) regulations, 2007 consider immediate True Up and may provide for recovery of the same to make the tariff cost reflective and to avoid burdening the future consumers with past costs along with the additional burden of carrying costs leviable on deferred recovery.
17. The filing of the Petition should not be treated as curtailing any right or claim of the Petitioner, which it is permitted to recover in terms of its licence and Orders of the Hon'ble Commission, Hon'ble Appellate Tribunal for Electricity (including the principle of parity / equality in treatment of DISCOMs) and or any other proceedings relevant to the entitlement of the Petitioner.
18. That the Petitioner in the present petition has stated the assumptions at relevant sections, and has endeavoured to comply with the various applicable legal and regulatory directions of the Hon'ble Commission.

19. The Petitioner in the past has provided incentive in the form of a credit, equivalent to 50 percent of the increase in tariffs applicable to the domestic category since the Tariff Order for FY 2005-06 till the tariff Order issued on 23.02.2008. The balance 50% of the increase in Domestic tariff is being provided as subsidy to the Petitioner by the GoNCTD. The Petitioner submits that the adjustment/credit provided to the domestic consumers be first off-set against the consumer share in the additional revenue that may be generated as a result of over-achievement of the AT & C loss reduction targets during the control period under the MYT Regime as already communicated to the Hon'ble Commission earlier.

20. That based on the information available, the Petitioner has made bonafide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge its obligations to the best of its abilities. However, should any other information be available in future, the Petitioner reserves the right to file such additional information and consequently amend / revise the Application / Petition. The Petitioner is ready and willing to provide any other and further information in respect of the filing that the Hon'ble Commission may require to determine its entitlement in the tariff fixation process. Nothing presented in the Petition should be treated as restricting, estopping, waiving or limiting the rights of the Petitioner to charges which it is permitted to recover under law.

Prayer

In view of the above facts and circumstances, the Petitioner respectfully prays before the Hon'ble Commission, each prayer being without prejudice to others that it may be pleased to:

- a. Admit the Petition: BYPL requests the Hon'ble Commission to kindly admit the Revised True up Petition for FY 2009-10 based on the information provided therein. Any clarifications required by the Hon'ble Commission shall be provided as and when sought; and/or
- b. Consider and True Up the impact on account of uncontrollable factors such as power purchase costs, energy sales, 6th pay commission impact, and other uncontrollable costs as mentioned herein; and/or
- c. Ensure recovery of the large Revenue Gaps for FY 2009-10 which has impacted the Petitioner's ability to effectively carry on its operations and pay for power purchase costs in future; and/or
- d. To allow suitable Tariff revision so as to recover the revenue shortfall upto FY 2009 – 10 under the MYT Regime.
- e. To implement the directions issued by the Hon'ble ATE in the matter of BSES Yamuna Power Limited vs. Delhi Electricity Regulatory Commission & Others. (Appeal No. 37 of 2008).
- f. To implement the directions issued to the Hon'ble Commission by the Hon'ble Appellate Tribunal for Electricity in the matter in the matter of North Delhi Power Limited vs. Delhi Electricity Regulatory Commission & Others. (Appeal No. 153 of 2009 and Appeal No. 52 of 2008) in accordance with the principle of maintaining equity amongst DISCOMs.
- g. To approve all expenses in the trueing up while determining Aggregate Revenue Requirement without deferring any or part of the expense in the form of Regulatory Asset, unless otherwise consented by the Petitioner expressly in writing.

- h. To amortize the revenue from overachievement, upto FY 2009-10 against the adjustment / credit to Domestic consumers.
- i. To allow additions / alterations / changes/ modifications to the application at a future date.
- j. To allow any other relief, which the Hon'ble Commission deems fit.
- k. Condone any inadvertent Omissions / errors/ rounding off difference / shortcomings.

Prayed accordingly

Petitioner
BSES Yamuna Power Limited

1. ARR and Revenue Gap during FY 2009-10

The ARR estimated by the Petitioner vis-à-vis the ARR approved by the Hon'ble Commission in the MYT Tariff Order is tabulated below:

Particulars (in Rs. Cr.)	FY 09		
	DERC Approved	Actual	Difference
Expenditure (A)	1,952.75	2,807.35	854.60
Cost of power purchase	1,324.70	1,655.06	330.36
Inter-State Transmission charges	99.90	118.08	18.18
Intra-state Transmission (Delhi Transco) charges	46.40	45.43	(0.97)
O&M Expenses	224.80	243.93	19.13
Arrears of Sixth Pay Commission		123.99	123.99
Depreciation including Advance Against Depreciation	101.10	101.13	0.03
Any other Expense		2.19	2.19
RoCE	137.26	137.26	-
Additional Return	6.59	6.59	-
Income Tax	2.00	3.51	1.51
Expenses in terms of ATE order		91.92	91.92
Implications of ROCE and Depreciation due to disallowance of Capital Expenditure and Capitalisation		278.26	278.26
Energy Conservation	10.00		(10.00)
Less (B)	57.1	62.71	(5.61)
Other Income (Including income from wheeling charges)	46.8	62.71	(15.91)
Interest Capitalized	10.3		10.3
Aggregate Revenue Requirement (A-B)	1,895.65	2,744.64	848.99
Revenue at approved Tariffs	2,046.80	1,806.97	239.83
(Gap) / Surplus	151.15	(937.67)	(1,088.82)

2. Performance during FY 2009-10

BSES Yamuna Power Limited (BYPL) has striven hard for reducing AT&C losses and strengthening its operating system. The major highlights of the FY 2009-10 are as follows:-

- During the financial year, the Petitioner has overachieved its AT&C losses reduction target. As against a target of 26.26% specified by Hon'ble Commission in the MYT Order for the year, the Petitioner was able to achieve 23.11%.
- The Distribution losses for the year have been brought down to 23.11%.
- The Petitioner during the year has added 70,000 consumers to its billing fold.
- The Petitioner during the year has also augmented its distribution network apart from achieving the Performance Standard yardstick specified by the Hon'ble Commission, the details of which are discussed in the following sections.

2.1. Augmentation / Maintenance of Network

Table 9: Augmentation of Distribution Network

S No	Description	FY10	FY 09	FY 08
1	Number of power transformers	133	131	130
2	EHV capacity(MVA)	2708	2658	2638
3	EHV cable laid(Km)	769	764	760
4	Number of 66 and 33kV feeders	132	130	130
5	Shunt capacitors (MVAr)	926	878	850
6	Number of distribution transformers	3234	3223	3189
7	Distribution transformer capacity(MVA)	2286	2272	2249

8	Number of 11kV feeders	680	673	673
9	11kv cables laid (km)	1743	1735	1731
10	Total number of LT feeders	13250	13224	13201
11	LT Lines laid (KM)	5528	5512	5459

2.2. Peak Demand Met

Peak demand of 1118 MW was met in FY 09-10 as against the Peak demand of 956 MW met in FY 08-09.

2.3. Actual vis-à-vis Performance standards during FY 2008-09

2.3.1. Normal fuse-off calls

This head of complaints comprises the complaints made by the consumers to rectify their fuse which had blown out. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 10: Performance Standard – Normal Fuse Call

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within three hours for Urban areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	355002	353279	99.51%
Within eight hours for Rural areas				

Rectification of fault and thereafter restoration of normal power supply within twelve hours.	in Rural areas.			
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2.3.4. Complaints w.r.t. Scheduled outages

This includes the complaints made by the consumers for rectification of power supply caused due to interruptions due to scheduled outages, other than load shedding. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 13: Performance Standard – Scheduled Outage

		Number of	Number of complaints	
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- 2.3.2. Complaints w.r.t. Line breakdown

This head of complaints comprises the complaints made by the consumers to rectify their service line connections which have either broken and / or have snapped from the pole. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 11: Performance Standard – Line breakdown

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within six hours for Urban areas	At least 95% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	5114	5082	99.37%
Within twelve hours for Rural areas				

2.3.3. Complaints w.r.t. Distribution Transformer Failure

This head of complaints comprises the complaints made by the consumers to

Table 14: Performance Standard – Reliability Indices

Reliability Indices	FY 2008-09	FY 2009-10
SAIFI	2.68	2.8
SAIDI	3.1	3.1
MAIFI	0.01	0.0375

2.3.6. Frequency variation

In an integrated system operation the frequency constraints with the other network constraints viz. DTL, SLDC etc to maintain the supply frequency within specified time limits to maintain grid safety.

2.3.7. Complaints w.r.t. Billing Mistakes

This includes the complaints made by the consumers for rectification of their monthly consumption bills. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 15: Performance Standard – Billing Mistakes

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of Complaints received	Number of Bills modified	% Complied
Licensee shall maintain the percentage of bills requiring modifications following complaints to the total number of bills issued.	Not exceeding 0.2%	18493	18493	100%

2.3.8. Complaints w.r.t. Faulty Meters

The Supply code requires that the percentage of defective meters to the total number of meters installed should be less than 3%. The performance as on 31.03.2009 is as follows:

Table 16: Performance Standard – Faulty Meter

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of defective meters	Number of meters in service	% Complied
Licensee shall maintain the percentage of defective meters to the total number of meters in service.	Not exceeding 3%	8951	8951	100%

2.4. Customer Care Initiatives

2.4.1. Customer Relationship Management

On every 1st & 3rd Saturday of a month, GM / DGM (D) and Manager (O&M) are available in their respective Division offices to resolve RWA & its member Grievances.

2.4.2. Customer Assistance Centres

Strengthening of 45 Assistance Centers of BYPL by posting one Assistant Manager at each of these Centers, connecting the complaint centers with central database for faster response time to O&M complaints.

2.4.3. Centralized No-Supply Call Center 39999808 (BYPL)

Expansion of Centralized Call Centre by increasing seats up to 100 per day to ensure ease of logging of complaints by the consumers.

CLI – CTI (Caller Line Identification & Computer Telephony Integration) service launched for the benefit of the callers. Under this service once a caller's phone number is registered in our database, from the next call onwards the CSR would receive a pop – up of all the details about the customer before the call lands to the CSR. This facility enables us to greet the registered customer with his/her name when we receive calls & results in saving time for the customer in giving out their information again and again.

Self Service IVR functionality launched for the convenience of the customers thus facilitating them to fetch generic information related to billing & payments from the IVR on their own without talking to the CSR.

Out calling for restoration check for Emergency/SOS calls kick started at the call centre.

2.4.4. Customer Care Centres

Hotlines installed in CHDs witnessing higher footfalls thus offering one more option to the customers to address their queries

2.4.5. Door Step Service

A customer centric initiative was launched wherein all the requirements for New Connection, Load Change, Category Change, and Name Correction & Address Correction are provided at the premises of the consumer. Under this initiative the applicant has to call our helpline to register his request & post registration of request our officials get in touch with the customer to process his requests.

2.4.6. Cheque in Mail

A facility of Cheque in mail started by the company wherein customers can also post / courier their payments (cheque / draft) to the company in case they are out of station.

2.4.7. BSES AAP KE DWAR

The BSES AAP KE DWAR initiative was launched to help ensure superior customer care, satisfaction and trust. Under this initiative, a BSES official visited the area MLA's on every working day to collect all electricity related consumer grievances from the office of the MLA. These grievances were handled by the respective Business/O&M Managers on top priority. The elected representatives were informed /

updated about the resolution of these complaints within 2-3 working days from the date of receipt of the grievance.

2.4.8. Free Electric Charge Ports

In line with Delhi Government "Green" tag for the 2010 Commonwealth Games and commemorating the "National Energy Conservation Day", BSES Yamuna Power Limited (BYPL) launched a first of its kind initiative to recognize and facilitate those who use electric vehicles.

Under the initiative, BYPL is offering free charge facility to owners of REVA till 2010 Commonwealth Games – the electric car – at its various locations in Central and East Delhi.

2.4.9. Vishisht Sahyogi Meets

Regular meetings with Vishisht Sahyogi's are organized in which company's future plans are shared. Such meetings also provide opportunity to share views & ideas between company officials and Vishisht Sahyogi's. A one of its kind partnership initiative with eminent citizens and opinion makers of the society so as to make them our Brand Ambassadors and be our channel to understand the issues at the ground level.

2.4.10. World Consumer Rights Day

BYPL celebrated World Consumers Rights Day and launched its Citizens Charter.

2.4.11. SMS Service

SMS service was introduced 5-54-54-64 for the convenience of the customers. In case of a power outage, voltage fluctuation or an outage due to a meter issue, customer can simply SMS and register his complaint. Even one can get Bill and Payment details through SMS.

2.4.12. Electronic Drop Boxes

- For the convenience of customers one more payment option was added - Electronic Drop Box. It is a compact bill payments solution that accepts cheques and gives receipt on the spot.

2.4.13. Earth Hour Campaign

To promote the initiative and to share concern over climate change amongst its customers and employees, BYPL partnered with WWF in their campaign to conserve energy. BYPL was successful in energy conservation to the tune of 77 MW.

2.4.14. Training

- With a view to provide better services to our customers, Multitasking training was imparted to all the front desk executives in all the divisions of BYPL so that a front desk executive is able to process all type of customer requests/queries.
- A two day soft skills training programme titled "Muskaan" was organised for BYPL Customer Care Officers. The end objective of the programme was to make our Customer Care Officers more effective in their challenging role.
- Consumer News Letters/ Booklets
 1. Synergy.
 2. Regular interaction with RWAs/ Industrial Associations etc.

3. Truing up for FY 2009-10

The truing up for FY 2009-10 is sought based on better performance of the Petitioner w.r.t. AT&C Loss reduction than the targets specified in the MYT Tariff Order.

In terms of Section 4.2 (f) of the MYT Regulations, the variations in revenue / costs on account of uncontrollable factors like Sales and Power Purchase would be trued up. Consequently, the Petitioner has sought truing up of costs on account of uncontrollable factors (including issues requiring re-determination by the Hon'ble Commission in terms of the ATE order dated October 30, 2009 in Appeal No. 37 of 2008).

3.1. Sales and Revenue for FY 09-10

While the detailed category wise sales for FY 2009-10 are provided in Form R1, Form R3 and R3a, summary of the same is provided below:

Table 22: Estimated Sales as per True up Order vis-à-vis Actual Sales for FY 09-10

Category	Estimated in True Up Order			Actual FY 10		
	MUs	Rs Cr* (Net of E Tax)	Avg. Rate	MUs	Rs Cr (including E Tax)	Avg. Rate
Domestic	2193			2205	749	3.40
Non-Domestic	1476			1281	793	6.19
Industrial	482			455	237	5.21
Public Lighting	103			92	43	4.67
Agriculture	0			0	0	
DMRC	80			81	23	2.84
Others	111			216	99	4.58
Total	4445	2057	4.63	4330	1944	4.49

**The category wise break up revenue billed has not been provided by the Hon'ble Commission, hence computed by grossing up of Amount Collected i.e. Rs. 2046.79 Cr (refer Table 62 of True Up Order of FY 08) with Collection Efficiency i.e. 99.50% (refer Table 33 of True Up Order of FY 08).*

3.2. Reconciliation of Billing Amount

Table 23: Reconciliation of Billing Amount for FY 2009-10

Sl. No.	Particulars	Amount
		Rs. Cr.
1	Income from operations - Gross	2520.06
2	Temporary Billing	0.14
3	Income from Sale of Power	(369.75)
4	Unbilled Amt	(194.60)
5	Rebate	(0.03)
6	Street Light Material	(10.59)
7	Street Light Maintenance Charges	(1.32)
8	Billing Considered for AT&C Loss	1943.91

3.3. Actual Revenue Realized during FY 2009-10

The category wise revenue realized from the consumers during FY 2009-10 is tabulated below:

Table 24: revenue Realised during FY 09-10

S No	Description	Amount (Rs Cr)
1	Domestic	
1.a	JJ	0.1
1.b	Domestic Lighting/Fan & Power	686.4
1.c	CGHS	3.9
1.d	Plot	0.1
2	Non-Domestic	
2.a	NDLT-I	581
2.b	NDLT-II	0.8
2.c	MLHT	202.5
3	Industrial	
3.a	SIP	211.9
3.b	LIP	24

4	Agriculture	0.1
5	Mushroom Cultivation	0
6	Public Lighting	55.6
7	Delhi Jai Board	58.2
8	DIAL	
9	Railway	
10	DMRC	26.3
11	Temporary	
12	Staff	3.8
13	Worship/Hospitals (11 KV)	27.6
14	Theft	18.2
	SD Interest paid & adjusted against	
15	Arrears	
16	Subsidy	69.5
17	Rebate	0
Total		1969.8

The above information is audited and finds mention in the audited accounts enclosed in Annexure – 1 (Ref: Notes to account at Sl. No. 23).

3.4. AT&C Loss

Table 25: Computation of AT&C Loss Level for FY 2009-10

S No	Particular	UoM	FY 10
A	Units Consumed at BYPL Periphery for BYPL Consumers	MUs	5706.72
B	Units Billed	MUs	4330.1
C	Amount Billed	Rs Cr	1943.97

D	Distribution Loss	%	24.12
E	Amount Collected	Rs Cr	1969.79
F	Collection Efficiency	%	101.34
G	Units Realized	MUs	4387.88
H	AT&C Loss	%	23.11

3.5. Revenue from Over-achievement of AT&C Loss Reduction Target

The computation of Incentive for the Petitioner and Consumer's share in revenue from over-achievement of AT&C Loss Reduction Target is as follows:

Table 26: Computation of Incentive for the Petitioner and Consumer's Share

S No	Particulars	UoM	FY 09-10
A	Energy Input at DISCOM Periphery	MU	5706.72
C	Units Realized	MU	4387.88
D	ABR	Rs/Unit	4.49
E	AT & C loss achieved	%	23.11%
F	AT & C Incentive level as per MYT Order	%	26.26%
G	Over Achievement / (Under achievement)	%	3.15%
H	Total benefit on account of overachievement	Rs Crs	80.75
I	Amount to be retained by DISCOMs	Rs Crs	40.38
J	Amount to be passed to the consumers	Rs Crs	40.38

3.6. Revenue Available for Tariff Determination

Table 27: Amount of revenue available for meeting the ARR for FY 2009-10

Particular	Rs Cr	Remarks
Revenue Realized (Inclusive of DVB Arrears Collected, LPSC and E Tax)	1969.79	Refer Table No 16

Less. Electricity Tax Paid	82.07	
Revenue (Net of E Tax)	1887.72	
Less: BYPL's share on account of overachievement	40.38	Refer Table No 18
Net Revenue available for tariff determination before adjustment for DVB Arrears	1847.34	
Less: DVB Arrears	0	
Net Revenue available for tariff determination after adjustment for DVB Arrears to be paid to IPGCL	1847.34	

The revenue available for meeting the Annual Revenue Requirement for FY 2009-10 is Rs. 1847.34 Cr. This is due to overachievement of AT&C Loss Targets.

3.7. Power Purchase Cost

The Petitioner would like to highlight that the Hon'ble Commission had approved an average power purchase cost of Rs 2.45/Unit in the Tariff order for FY 2009-10. As against an estimated average power purchase cost of Rs 2.45/Unit by the Hon'ble Commission, Petitioner has actually incurred Rs 3.19/Unit in FY 2009-10. The month-wise details of Power purchase cost for FY 2009-10 have already been submitted to the Hon'ble commission.

The summary of Power purchase cost for FY 2009-10 approved by the Hon'ble Commission and the actual power purchase incurred by the Petitioner is summarised below:

Table 17: Power Purchase Cost for FY 2009-10 (Estimated by the Hon'ble Commission vs Actual Cost incurred)

Particulars	Estimated by DERC in True-up Order (A)			Actually incurred by BYPL (B)			Diff (B-A)		
	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate
Power Purchase from CSGS	4140.00	982.66	2.37	4015.33	1030.86	2.57	(124.67)	48.20	(3.87)
Power Purchase from New Generating Stations	848.00	244.74	2.89	98.00	30.44	3.72	(750.00)	(208.30)	2.78
Inter-State Bilateral Purchase	337.00	161.81	4.80	515.35	246.06	4.77	178.35	84.25	4.72
PGCIL losses	(175.90)			(219.76)			(43.86)		
Power Purchase from Delhi Stations	2289.00	602.78	2.63	2268.41	686.28	3.03	(20.59)	83.50	(40.56)
Intra-State Power Purchase	45.00	13.50	3.00	51.87	17.23	3.32	6.87	3.73	5.43
Power available at Delhi Periphery	7483.10	2005.49	2.68	6729.21	2016.88	3.00	(753.89)	11.39	(0.15)
DTL losses	(95.43)			(100.09)			(4.77)		
Power available to DISCOM	7387.67	2005.49	2.71	6629.12	2016.88	3.04	(758.55)	11.39	(0.15)
Less: Surplus Power sold/Banked/UI Sales	(1393.00)	(680.85)	4.89	(922.41)	(366.79)	3.98	470.59	314.06	6.67
Power required for BYPL's consumers	5994.67	1324.64	2.21	5706.72	1650.10	2.89	(287.95)	325.46	(11.30)
Other payments made					4.96			4.96	
Transmission charges									
PGCIL charges		99.87			118.08			18.21	
DTL/SLDC charges		46.40			45.43			(0.97)	
Total Power required for BYPL consumers	5994.67	1470.91	2.45	5706.72	1818.56	3.19	(287.95)	347.65	(12.07)

The reasons for significant increase in Power purchase costs for FY 2009-10 vis-à-vis the estimates of the Hon'ble Commission are enumerated as below:

Increase in cost of Power purchase from the existing plants due to substantial increase in coal prices;

Lower supply from existing plants than what has been considered by the Hon'ble Commission resulting in higher procurement of Power from bilateral sources, trading companies and power exchange at high cost;

No supply/very low supplies from new generating stations than that considered by the Hon'ble Commission;

Due to lower availability from existing/new generating stations, lower sales realisation from sale to others outside its licensed area.

Thus, the actual Power purchase cost arrived at for FY 2009-10 is Rs 1818.56 Cr for 5706.72 MU's (@Rs 3.19/Unit) consumed at BYPL periphery and made available for its consumers compared to Rs 1470.91 Cr for 5994.67 MU's (@2.45/Unit) estimated by the Hon'ble Commission.

The relevant Forms related to Power purchase i.e. Form F1, F1 (a), F1 (c), F1 (d), F1 (e) have been enclosed herewith based on the actual expenditure.

The details of Power purchase during FY 2009-10 from various sources are provided below:

3.8. Energy availability from Delhi based Gencos (excluding Dadri)

The actual net energy available along with total cost to BYPL from the generating stations based in Delhi as compared to the energy availability and cost estimated by the Hon'ble Commission for FY 2009-10 is summarized in the Table below:

Table 18: Comparison of Energy availability from Delhi Gencos as estimated by the Hon'ble Commission vs Actual for FY 2009-10

Generating Stations	Estimated by DERC in True-up Order (A)			Actual (B)			Diff (B-A)		
	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate
BTPS	983.00	269.45	2.74	1073.98	350.00	3.26	90.98	80.55	8.85
IP	182.00	58.57	3.22	75.47	28.30	3.75	(106.53)	(30.27)	2.84
Rajghat	208.00	62.42	3.00	168.20	54.97	3.27	(39.80)	(7.45)	1.87
GT	474.00	115.75	2.44	429.53	148.82	3.46	(44.47)	33.07	(7.43)
PPCL	442.00	96.59	2.19	521.24	104.20	2.00	79.24	7.61	0.96
Total	2289.00	602.78	2.63	2268.41	686.28	3.03	(20.59)	83.50	(40.56)

The overall reduction of Power available to the Petitioner from Delhi Gencos aggregates to 20.59 MU's primarily on account of decommissioning of IP station.

3.9. Energy availability from Central Sector Generating Stations (CSGS)

The actual net energy available along with total cost to BYPL from the existing Central Sector Generating Stations as compared to the energy availability and cost estimated by the Hon'ble Commission for FY 2009-10 is summarized in the Table below:

Table 19: Comparison of Energy availability from CSGS as estimated by the Hon'ble Commission vs Actual for FY 2009-10

Generating Stations	Estimated by DERC in True-up Order (A)			Actual (B)			Diff (B-A)		
	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate
<u>NTPC</u>									

ANTA GAS	89.00	21.80	2.45	68.88	19.68	2.86	(20.12)	(2.12)	1.05
AURAIYA GAS	137.00	38.44	2.81	128.60	32.25	2.51	(8.40)	(6.19)	7.37
DADRI GAS	153.00	44.74	2.92	151.59	40.80	2.69	(1.41)	(3.94)	28.01
FARAKKA	79.00	18.51	2.34	48.08	13.71	2.85	(30.92)	(4.80)	1.55
KAHALGAON	158.00	35.68	2.26	92.77	24.13	2.60	(65.23)	(11.55)	1.77
NCPP	1366.00	360.27	2.64	1562.08	459.12	2.94	196.08	98.85	5.04
RIHAND -I	216.00	41.73	1.93	238.88	43.06	1.80	22.88	1.33	0.58
RIHAND -II	291.00	55.12	1.89	273.98	59.74	2.18	(17.02)	4.62	(2.72)
SINGRAULI	342.00	46.22	1.35	340.21	47.85	1.41	(1.79)	1.63	(9.08)
UNCHAHAAR-I	53.00	11.99	2.26	51.03	12.58	2.46	(1.97)	0.59	(2.99)
UNCHAHAAR-II	106.00	22.60	2.13	99.29	25.61	2.58	(6.71)	3.01	(4.48)
UNCHAHAAR-III	63.00	15.12	2.40	66.39	18.77	2.83	3.39	3.65	10.75
KAHALGAON STAGE-II	297.00	83.16	2.80	145.02	38.98	2.69	(151.98)	(44.18)	2.91
TALCHER	0.00	0.00	0.00	0.74	0.22	2.93	0.74	0.22	2.93
NTPC Total	3350.00	795.38	2.37	3267.53	836.48	2.56	(82.47)	41.10	(4.98)
NHPC									
BAIRA SIUL	23.00	2.17	0.94	17.99	1.76	0.98	(5.01)	(0.41)	0.82
CHAMERA-I	35.00	5.38	1.54	44.25	5.99	1.35	9.25	0.61	0.66
CHAMERA-II	60.00	18.51	3.09	55.21	19.12	3.46	(4.79)	0.61	(1.28)
DHAULIGANGA	44.00	8.88	2.02	44.62	9.47	2.12	0.62	0.59	9.57
DULHASTI	87.00	26.72	3.07	85.40	39.25	4.60	(1.60)	12.53	(78.32)
SALAL	96.00	7.51	0.78	95.53	6.73	0.70	(0.47)	(0.78)	16.63
TANAKPUR	16.00	2.20	1.38	14.52	2.06	1.42	(1.48)	(0.14)	0.92
URI	76.00	11.66	1.53	80.48	11.29	1.40	4.48	-(0.37)	(0.82)
NHPC Total	437.00	83.03	1.90	437.99	95.67	2.18	0.99	12.64	127.78
OTHERS									

Tehri HEP	77.00	36.13	4.69	62.32	36.58	5.87	(14.68)	0.45	(0.31)
NJPC (Satluj)	193.00	51.54	2.67	195.72	51.68	2.64	2.72	0.14	0.52
TALA HEP	35.00	6.58	1.88	26.66	4.90	1.84	(8.34)	(1.68)	2.01
NUCLEAR									
NPCIL - RAPS - 3	4.00	1.10	2.75	2.43	0.74	3.05	(1.57)	(0.36)	2.29
NPCIL - RAPS - 4	4.00	1.07	2.68	2.19	0.62	2.85	(1.81)	(0.45)	2.46
NPCIL - NAPS	40.00	7.83	1.96	20.50	4.18	2.04	(19.50)	(3.65)	1.87
Nuclear Total	48.00	10.00	2.08	25.11	5.54	2.21	(22.89)	(4.46)	1.95
Total existing CSGS stations	4140.00	982.66	2.37	4015.33	1030.86	2.57	(124.67)	48.20	(3.87)

3.10. Energy availability from New Generating Stations

The actual net energy available along with total cost to BYPL from New Stations as compared to the energy availability and cost estimated by the Hon'ble Commission for FY 2009-10 is summarized in the Table below:

Table 20: Comparison of Energy availability from New Generating Stations as estimated by the Hon'ble Commission vs Actual for FY 2009-10

New Generating Stations	Estimated by DERC in True-up Order (A)			Actual (B)			Diff (B-A)		
	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate	MU	Rs Crs	Avg Rate
Sewa II	3.00	0.87	2.90				(3.00)	(0.87)	2.90
NPCIL - RAPS	48.00	13.92	2.90	9.54	2.77	2.90	(38.46)	(11.15)	2.90
Dadri Ext.	453.00	126.84	2.80	88.46	33.67	3.81	(364.54)	(93.17)	2.56
Koldam HEP	9.00	2.61	2.90				(9.00)	(2.61)	2.90
Mejia TPS (Unit 6)	57.00	17.10	3.00				(57.00)	(17.10)	3.00
Chandrapura (Unit 7 &	278.00	83.40	3.00				(278.00)	(83.40)	3.00

8)									
Future Stations Total	848.00	244.74	2.89	98.00	36.44	3.72	(750.00)	(208.30)	2.78

As inferred from above, BYPL received only 98 MU's from New stations which got commissioned in FY 2009-10 against 848 MU's estimated by the Hon'ble Commission primarily due to delay in commissioning of various Generating stations.

From the above, it is evident that the net Power purchase cost actually incurred by BYPL for FY 2009-10 was Rs 3.19/Unit against Rs 2.45/Unit estimated by the Hon'ble Commission.

3.11. Tax Expenses

The Hon'ble Commission in the MYT Regulations has treated Income tax as an expense recoverable from consumers through tariff. However, the tax on income is to be limited on the equity component of capital employed.

The Hon'ble Commission in its Tariff Order dated 28 May 2009 has considered the income tax provisionally at Rs 2 Crores per annum. The actual expenses on income tax, wealth tax and fringe benefit tax are Rs 0.0008 Crores for FY 2009-10 and Rs. 3.51 crores is the tax adjustment of earlier years.

3.12. Sixth Pay Commission Arrears Pay out

The Hon'ble Commission, while approving the Employee Cost for MYT Period as well as for Truing UP for FY 07 has considered 10% increase in salaries for BYPL – FRSR pay structure on implementation of 6th Pay Commission recommendations with the rider that the it shall be trued based on the actual impact as per Para 4.112 of the Tariff Order dated 23.02.2008 (MYT Order).

GoNCTD vide its letter dated 07.10.09 (Enclosed as **Annexure 4**) has conveyed the acceptance of recommendation of 6th Pay Commission by Lt. Governor and ordered to the Petitioner to pay the arrears arising on account of the same to the erstwhile employees of the DVB and accordingly most of the payments have been made by the Petitioner except for few items on which decision is awaited.

The Petitioner has vide its submission dated May 4th, 2010 (Enclosed) submitted the Audited Accounts for period ending 31.03.2010 recognizing the amount of Rs. 123.99 crores as the total impact for the period 1st Jan., 2006 to 31st March, 2010 i.e. till the end of FY 2009-2010.

3.13. Implications of ROCE and Depreciation due to disallowance of Capital Expenditure and Capitalisation:

The Hon'ble Commission in its MYT Order dated 23rd February 2008 has disapproved the Capital Expenditure and Capitalization on the following grounds:

- a) Disallowance of expenditure on account of delay in certification by the Electrical Inspector – Rs 391 crores.
- b) Disallowance of capital expenditure and asset capitalization on account of transaction with sister concern namely M/s. Reliance Energy Ltd (REL) – Rs 170 crores.
- c) Disallowance of Capital Expenditure due to other reasons not indicated in the tariff order – Rs 19 crores.

The consequent impact of Rs. 229.61 Crores on depreciation and RoCE due to the disallowance of Capex and Capitalization by the Hon'ble Commission is tabulated for each year in the table below. Therefore the total gap due to such disallowance including Carrying Cost thereon upto FY 10 is Rs 276.68 Cr.

Table 7: Implications of ROCE and Depreciation due to disallowance of Capital Expenditure and Capitalisation

FY 2006-07	54.00	
FY 2007-08	82.63	
FY 2008-09	57.75	
FY 2009-10	35.23	229.61
Carrying Cost on the above up to 31.03.2010		
FY 2006-07	19.08	
FY 2007-08	19.96	
FY 2008-09	8.03	
FY 2009-10	1.59	48.66
Total		278.27

3.14. Non-Tariff Income

The Petitioner for the purpose of computation of Non-Tariff Income has considered all incomes incidental to distribution business. Income from disposal of scrap, rents, investments other than contingency reserves, miscellaneous receipts, etc. are included while considering the Non-Tariff Income.

The Hon'ble Commission in its MYT Tariff Order dated 23.02.08 had preferred to true up the Non-Tariff Income at the end of the control period. Subsequently, the Hon'ble Commission in its Tariff Order dated 28.05.09 recognized that the joint reading of Clause 5.25 and Clause 5.27 of the MYT Regulations indicates that NTI being an integral part of the revenue requirement which is an uncontrollable parameter, shall be trued up at the end of each year of the Control Period. The Petitioner in this petition had adopted the same methodology.

Further, the Petitioner has challenged the inclusion of late payment surcharge and the inclusion of rebate obtained on power purchase as non-tariff income by the Hon'ble Commission before the ATE in Appeal Number 147 of 2009. The Petitioner reiterates its contentions and submissions in this regard and seeks for the exclusion of the aforesaid heads of claim from the determination of non-tariff income. This contention of the Petitioner is conclusively established by the order of the Hon'ble ATE in Appeal No. 233 of 2006 in the matter of M.P. Electricity Consumer Society's case wherein the ATE has upheld that the ARR does not include late payment surcharge. The Hon'ble ATE on the issue has held as set out hereinbelow:

*"On a consideration of contentions of all parties, we are inclined to agree with the decision of the Commission to **not include delayed surcharge revenue in the ARR** in view of the fact that the working capital amount has been reduced to the bare minimum, 100% collection is not happening as of now, and therefore, to meet its cash requirements, the Discoms will have to borrow from Banks to compensate for the outstanding payments from consumers".*

[Emphasis added]

Pending the decision of ATE, without prejudice to the contentions raised in the aforesaid Appeal (147 of 2009), the Petitioner has relied upon the above judgment and has not considered the amount of late payment surcharge as part of Non- tariff Income.

However, the Hon'ble ATE in its judgment dated 30.07.2010 in Appeal No. 153 of 2009 passed in case of NDPL vs. DERC has deliberated on the issue of LPSC and Rebate earned on account of early payments to Generating stations.

Further, under the head of excess of provisions written back is Rs. 93.01 crores as per audited accounts, Rs. 88.64 crores are the due bad debts

provisions written off which are not included while calculating non tariff income, since the provision for bad debts are not allowed as an expense while calculating ARR. The Non-Tariff Income considered by the Petitioner is tabulated below:

Table 28: Non-Tariff Income (in Rs. Cr.)

S No	Particulars	FY 09-10	
		True up Order	Actual
1	Interest on fixed deposits		0.01
2	Interest on Govt. of India Securities		0.46
3	Interest on loans and Advances to staff		0.01
4	Interest on Loans and Advances to other Licensee		0.00
5	Interest on Loans & Advances to Lesser		1.11
6	Street light maintenance charges		11.93
7	Miscellaneous charges from consumers (on energy)		26.94
8	Commission on collection of Electricity Duty for MCD		2.46
9	Write back of miscellaneous provisions		6.37
10	Penalties from Contractors		0.06
11	Sale of Scrap		6.43
12	Sale of Material		1.99
13	Miscellaneous income		4.88
14	Gain on sale of Fixed asset		0.04
	Total	46.81	62.71

4. Additional Costs due to uncontrollable factors

4.1. License Fee paid to Hon'ble Commission

As per the MYT Regulations Sales is an uncontrollable factor. As per Section 12 of the license condition, the Petitioner is liable to pay a license fee equivalent to 0.05% of the amount billed during previous financial year. Since the Sales and the amount Billed during the previous financial year is uncontrollable in nature, the License Fee paid to the Hon'ble Commission over and above the License Fee paid in FY 2006-07, consequently also becomes uncontrollable. During the year License Fee paid is Rs. 0.28 crores.

4.2. Bill Printing Expenses

As per the MYT Regulations Sales is an uncontrollable factor. Consequently, the increase in number of consumers is also uncontrollable in nature. Since the increase in number of consumers is uncontrollable in nature, the bill printing expenses incurred by the Petitioner to cater to the new consumers over and above the Bill Printing Expenses incurred by the Petitioner in FY 2006-07, consequently also becomes uncontrollable. Consequently, the same should be allowed in view of the observations of the ATE in Appeal No. 37 of 2008, as initiatives to meet with increased consumers.

The Bill Printing Expenses incurred by the Petitioner for FY 09-10 is Rs.1.00 crores.

4.3. Operations and Maintenance Cost

The Petitioner in the present ARR Petition has claimed the O&M Expenses of Rs. 243.93 Cr. as against the approved O&M expenses of Rs 224.80 Cr as per the MYT Order. Item-wise break-up of the O&M Cost has been highlighted in the table below:

Table 4: Bifurcation of O&M Expenses

(Rs Crores)

Particulars	As per Petitioner's Claim	As per Commission's Claim
Employee	131.41	166.12
R&M Expenses	56.95	56.95
A&G Expenses	43.40	43.40
Total	231.76	266.48
Efficiency	3%	3%
Net O&M	224.80	258.48
SVRS Payment as O&M Expenses	0	(14.55)
O&M Expenses	224.80	243.93

Employee expenses are estimated in accordance with the observations of the ATE in its order passed in the case of the Petitioner in Appeal No 37/2008. However, the same does not include arrears on account of Sixth Pay Commission recommendations.

5. Costs towards New Initiatives

It is submitted that the Hon'ble Commission in its submissions before the Hon'ble ATE had stated that it is willing to consider addition expenditure or new initiatives taken by the Petitioner during the MYT period and that the same shall be allowed if such expenditure are found to be justified. It was further clarified that the new initiatives also includes initiatives that are intended to cope with increased consumer base. The said submissions of the Hon'ble Commission also finds mention in the Order of the Hon'ble ATE dated 30.10.2009 in Appeal No. 37 of 2008 in the matter of BSES Yamuna Power Limited v. DERC and Ors. It is submitted that the Petitioner has duly taken certain initiatives and has incurred prudent expenditure for the same and the same may be allowed by the Hon'ble Commission.

5.1. CISF Expenses

The Petitioner has deployed CISF forces from FY 2007-08 to help curbing theft in its licensed area. The cost of the CISF forces includes salary and other allowances, vehicles, arms and ammunition, equipments and accommodation, etc., together with the impact of recommendations of the VIth Pay Commission. It is worthwhile to point out that the theft collection, which forms a part of the revenue, have considerably increased due to the deployment of these forces. This has resulted in better collection efficiency, which has been above 99.50% efficiency prescribed by this Hon'ble Commission in its MYT Order.

As this is an expenditure that is being incurred only from FY 2007-08 onwards, it has not formed part of the base expenditure for FY 2006-07. Consequently the said prudent and cost effective expenditure has not been factored in the normal escalation applied by the Hon'ble Commission while allowing O&M costs. Thus, this expenditure needs to be allowed separately.

The actual cost incurred by the Petitioner for FY 09-10 is Rs. 0.44 Crores.

5.2. Credit Rating

Hon'ble Commission has directed the Petitioner to get its credit rating done. The benefits from all these initiatives have greater economic/social values and far outweigh the costs associated with these activities, besides generating higher revenue from loss reduction, etc. These steps have been viewed positively by many stakeholders and are also in line with best utility practices. All these measures, essential for efficient operations of the licensee and enhanced customer satisfaction, have resulted in additional expenses than the budget stipulated by the Hon'ble Commission in the MYT Tariff Order dated 23.02.2008.

The actual cost incurred by the Petitioner for FY 09-10 is Rs. 0.17 Crores.

5.3. Past Period Expenses due to Implementation of ATE Order

The net impact of ATE Order is tabulated below.

Table 6: Past Period due to implementation of ATE

Opening Exp up to FY08	100.62	158.32
Expenses during the year	46.54	19.12
Carrying Cost on above	11.15	15.11
Closing	158.32	192.55
Expenses during the year	46.54	19.12
Employee Exps as per MYT order	133.57	123.42
SVRS	9.09	7.99
A&G	41.67	43.4
R&M	44.00	56.95
Total O&M as per MYT	228.33	231.76
Efficiency improvement	2%	3%
Net O&M Exp. Approved in MYT order (A)	223.76	224.81
O&M Exps as per ATE order		
Employee Exps as per ATE order	165.87	158.13
A&G as per MYT	41.67	43.4
R&M Exps	44.00	56.95
SVRS	9.09	7.99
	260.63	266.47
Efficiency improvement	2%	3%
Net O&M Exp. As per ATE impact (B)	255.42	258.48
SVRS payment as per High Court (C)	14.89	(14.55)
Net Expense during the year (A-B+C)	46.54	19.12

5.4. Interest Capitalized

It is submitted that the Hon'ble Commission has erroneously deducted capitalised interest from the ARR allowed for the MYT Period. The matter was contested before the Hon'ble ATE in appeal of 147 of 2009. The Hon'ble Commission in response has agreed to correct the said error vide its written submission before the ATE. Therefore it is requested that the Hon'ble Commission may give effect to the aforesaid submissions.

A. Total Revenue Gap

Against a Revenue Surplus of Rs. 151.17 Cr estimated by the Hon'ble Commission in the Tariff Order for FY 2009-10, a Revenue Gap of Rs. 937.67 Cr has been computed in view of the expenses explained above and based on the audited accounts for FY 2009-10.

6. ARR and Revenue Gap up to FY 2009-10

The variations in the ARR with the MYT Tariff Order as approved by the Hon'ble Commission are tabulated below:

Table 44: Computation of Annual Revenue Requirement (in Rs. Crores)

Particulars (in Rs. Cr.)	FY 09-10		
	DERC Approved	Actual	Difference
Expenditure (A)	1,952.75	2,807.35	854.60
Cost of power purchase	1,324.70	1,655.06	330.36
Inter-State Transmission charges	99.90	118.08	18.18
Intra-state Transmission (Delhi Transco) charges	46.40	45.43	(0.97)
O&M Expenses	224.80	243.93	19.13
Arrears of Sixth Pay Commission		123.99	123.99
Depreciation including Advance Against Depreciation	101.10	101.13	0.03
Any other Expense		2.19	2.19
RoCE	137.26	137.26	-
Additional Return	6.59	6.59	-
Income Tax	2.00	3.51	1.51
Expenses in terms of ATE order		91.92	91.92

Implications of ROCE and Depreciation due to disallowance of Capital Expenditure and Capitalisation		278.26	278.26
Energy Conservation	10.00		(10.00)
Less (B)	57.1	62.71	(5.61)
Other Income (Including income from wheeling charges)	46.8	62.71	(15.91)
Interest Capitalized	10.3		10.3
Aggregate Revenue Requirement (A-B)	1,895.65	2,744.64	848.99
Revenue at approved Tariffs	2,046.80	1,806.97	239.83
(Gap) / Surplus	151.15	(937.67)	(1,088.82)

7. Cost of Supply Model

As per Section 8.7 (c) of the MYT Regulations "Each tariff proposal submitted by the Distribution Licensee shall be supported with a cost-of-service model allocating the costs of the Licenced business to each category of consumers based on voltage-wise costs and losses";

The Petitioner in the following Sections has attempted to estimate the voltage wise cost (EHV, HV and LV) of Supply for FY 2009-10 in line with the approach adopted by the Hon'ble Commission in the MYT Tariff Order. For the purpose of bifurcation ARR across different Wheeling and Retail Supply and across different Voltage Level, the Petitioner has relied on the cost audit report enclosed in **Annexure - 5**

7.1: Allocation of Wheeling ARR

The Gross Energy Sales, Distribution Loss and Energy Input across different Voltages are tabulated below:

Table 47: Gross Energy-Sales, Distribution Loss and Energy Input across different Voltages

	EHV	HV	LV
Energy Sales			
FY 09-10	110.45	469.24	3750.31

Distribution loss			
FY 09-10	10.18%	11.13%	25.82%
Energy Input			
FY 09-10	122.97	528.03	5055.71

The Wheeling cost allocation asset-wise is tabulated below:

Table 48: Wheeling Cost Allocation Asset Wise

Voltage level	Unit	FY 10
EHV	Rs. Cr.	19.01
HV	Rs. Cr.	67.80
LV	Rs. Cr.	361.47
Total	Rs. Cr.	448.29

The Wheeling cost apportioned above to a particular assets category is thereby reallocated to different voltage levels in proportion of their contribution to the energy input at that level as shown below:

Table 49: Estimated Wheeling Cost Allocated to different Voltage

Voltage level	Unit	FY 10
EHV	Rs. Cr.	0.41
HV	Rs. Cr.	8.03
LV	Rs. Cr.	439.84
Total	Rs. Cr.	448.29

Based on the energy sales at the respective voltage level the Petitioner has estimated the Wheeling Charge per unit for different voltages as tabulated below:

Table 50: Estimated Wheeling Charge

Voltage level	Unit	FY 10
EHV	p/kWh	3.71
HV	p/kWh	17.12
LV	p/kWh	117.28
Average	p/kWh	103.53

7.2. Allocation of Supply Margin and Balance of Retail Supply ARR.

The Petitioner has further allocated the Retail Supply ARR (excluding Supply Margin) and the Supply Margin in the ratio of energy input as determined above for different voltage levels. The Petitioner thereafter has determined the Retail Supply charge and Supply Margin charge for a particular voltage level by considering energy sales at that particular voltage level as shown below:

Table 51: Retail Supply Charge

Voltage level	Unit	FY 10
EHV	p/kWh	361.69
HV	p/kWh	413.59
LV	p/kWh	475.80
Average	p/kWh	466.16

Table 52: Supply Margin Charge

Supply Margin Charge	Unit	FY 10
EHV	p/kWh	7.12
HV	p/kWh	54.99
LV	p/kWh	46.21
Average	p/kWh	46.17

The Cost of Supply as estimated by the Petitioner is tabulated below:

Table 53: Cost of Supply

Cost of Supply	Unit	Wheeling	RST	SM	Total
FY 10					
EHV	p/kWh	3.71	361.91	7.12	372.74
HV	p/kWh	17.12	413.59	54.99	485.70
LV	p/kWh	117.28	475.80	46.21	639.30
Average	p/kWh	103.53	466.16	46.17	615.85